Financial Report 2023

ANDRITZ

ENGINEERED SUCCESS

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	2023	2022	2021	2020	2019
Order intake	MEUR	8,551.9	9,263.4	7,879.7	6,108.0	7,282.0
Order backlog (as of end of period)	MEUR	9,872.6	9,976.5	8,165.8	6,774.0	7,777.6
Revenue	MEUR	8,660.0	7,542.9	6,463.0	6,699.6	6,673.9
Return on sales	%	7.9	7.6	7.4	4.7	3.6
EBITDA	MEUR	910.2	825.5	718.3	571.1	537.6
EBITA[1)]	MEUR	741.9	648.5	546.5	391.7	343.2
Comparable EBITA	MEUR	757.1	644.3	549.9	471.1	456.0
Earnings Before Interest and Taxes (EBIT)	MEUR	685.2	572.7	479.6	315.0	237.9
Earnings Before Taxes (EBT)	MEUR	688.2	540.9	439.6	280.9	180.9
Net income (including non-controlling interests)	MEUR	504.3	402.6	321.7	203.7	122.8
Net income (without non-controlling interests)	MEUR	510.2	409.6	325.5	207.1	127.8
Cash flow from operating activities	MEUR	375.0	710.8	529.6	461.5	821.6
Capital expenditure	MEUR	226.2	184.4	160.1	131.8	157.1
Free cash flow	MEUR	148.8	526.4	369.5	329.7	664.5
Free cash flow per share	EUR	1.5	5.3	3.7	3.3	6.4
Employees (as of end of period; without apprentices)	-	29,717	29,094	26,804	27,232	29,513
Non-current assets	MEUR	2,615.1	2,571.2	2,585.2	2,497.5	2,705.5
Current assets	MEUR	5,882.2	5,920.6	5,087.6	4,559.2	4,528.6
Total equity	MEUR	2,157.5	1,834.7	1,567.3	1,255.7	1,219.6
Total assets	MEUR	8,497.3	8,491.8	7,672.8	7,056.7	7,234.1
Equity ratio	%	25.4	21.6	20.4	17.8	16.9
Return on equity	%	31.9	29.5	28.0	22.4	14.8
Return on investment	%	8.1	6.7	6.3	4.5	3.3
Liquid funds	MEUR	1,787.2	2,051.1	1,837.9	1,719.3	1,609.8
Net liquidity	MEUR	912.7	983.0	703.3	420.9	244.9
Net debt	MEUR	-583.3	-660.1	-287.7	35.1	205.7
Net working capital	MEUR	72.0	-324.4	-150.1	-48.8	-134.0
Capital employed	MEUR	1,462.3	1,049.5	1,211.5	1,345.1	1,470.4
Gearing	%	-27.0	-36.0	-18.4	2.8	16.9
EBITDA margin	%	10.5	10.9	11.1	8.5	8.1
EBITA margin	%	8.6	8.6	8.5	5.8	5.1
Comparable EBITA margin	%	8.7	8.5	8.5	7.0	6.8
EBIT margin	%	7.9	7.6	7.4	4.7	3.6
Net income margin	%	5.8	5.3	5.0	3.0	1.8
Earnings per share	EUR	5.15	4.14	3.28	2.08	1.27
ROE	%	23.4	21.9	20.5	16.2	10.1
EV/EBITDA	-	5.4	5.6	5.6	6.1	7.0
Depreciation and amortization/sales	%	2.6	3.2	3.6	3.8	4.1

1) Amortization and impairment of identifiable assets acquired in a business combination and recognized separately from goodwill amount to 56.7 MEUR (2022: 65.6 MEUR); impairment of goodwill amounts to 0.0 MEUR (2022: 10.2 MEUR).

All figures according to IFRS. Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

Pulp & Paper

	Unit	2023	2022	2021	2020	2019
Order intake	MEUR	3,119.4	4,296.4	3,774.7	2,961.1	3,632.5
Order backlog (as of end of period)	MEUR	3,229.5	4,207.8	3,377.2	2,591.0	3,164.3
Revenue	MEUR	4,096.3	3,513.8	3,070.6	3,339.0	2,869.5
EBITDA	MEUR	505.0	462.1	423.4	399.6	351.4
EBITDA margin	%	12.3	13.2	13.8	12.0	12.2
EBITA	MEUR	421.7	378.9	346.0	322.7	271.0
EBITA margin	%	10.3	10.8	11.3	9.7	9.4
Comparable EBITA	MEUR	427.9	384.7	356.4	331.3	281.5
Comparable EBITA margin	%	10.4	10.9	11.6	9.9	9.8
Capital expenditure	MEUR	121.1	105.5	90.6	64.1	63.3
Employees (as of end of period; without apprentices)	-	13,615	13,525	11,668	11,127	11,984

Metals

	Unit	2023	2022	2021	2020	2019
Order intake	MEUR	2,124.5	2,008.6	1,778.8	1,143.6	1,582.2
Order backlog (as of end of period)	MEUR	2,183.1	1,938.1	1,541.7	1,181.6	1,532.7
Revenue	MEUR	1,840.5	1,621.2	1,366.1	1,420.5	1,636.9
EBITDA	MEUR	125.3	100.9	81.7	5.5	-1.5
EBITDA margin	%	6.8	6.2	6.0	0.4	-0.1
EBITA	MEUR	89.4	62.3	38.4	-46.7	-73.8
EBITA margin	%	4.9	3.8	2.8	-3.3	-4.5
Comparable EBITA	MEUR	91.2	59.3	27.1	-11.5	8.6
Comparable EBITA margin	%	5.0	3.7	2.0	-0.8	0.5
Capital expenditure	MEUR	34.7	31.8	25.5	26.5	30.8
Employees (as of end of period; without apprentices)	-	6,199	6,085	5,930	6,513	7,485

Hydro

	Unit	2023	2022	2021	2020	2019
Order intake	MEUR	2,020.9	1,720.5	1,565.2	1,335.4	1,350.2
Order backlog (as of end of period)	MEUR	3,398.8	2,878.4	2,747.8	2,587.9	2,661.0
Revenue	MEUR	1,521.7	1,313.0	1,345.1	1,296.0	1,470.7
EBITDA	MEUR	113.9	107.7	133.0	98.5	134.1
EBITDA margin	%	7.5	8.2	9.9	7.6	9.1
EBITA	MEUR	88.1	72.3	95.4	62.0	105.9
EBITA margin	%	5.8	5.5	7.1	4.8	7.2
Comparable EBITA	MEUR	95.1	73.8	99.8	91.0	119.8
Comparable EBITA margin	%	6.2	5.6	7.4	7.0	8.1
Capital expenditure	MEUR	35.6	22.8	28.7	29.7	51.8
Employees (as of end of period; without apprentices)	-	5,782	6,102	6,628	6,941	7,202

Separation

	Unit	2023	2022	2021	2020	2019
Order intake	MEUR	1,287.1	1,237.9	761.0	667.9	717.1
Order backlog (as of end of period)	MEUR	1,061.2	952.2	499.1	413.5	419.6
Revenue	MEUR	1,201.5	1,094.9	681.2	644.1	696.8
EBITDA	MEUR	166.0	154.8	80.2	67.5	53.6
EBITDA margin	%	13.8	14.1	11.8	10.5	7.7
EBITA	MEUR	142.7	135.0	66.7	53.7	40.1
EBITA margin	%	11.9	12.3	9.8	8.3	5.8
Comparable EBITA	MEUR	142.9	126.5	66.6	60.3	46.1
Comparable EBITA margin	%	11.9	11.6	9.8	9.4	6.6
Capital expenditure	MEUR	34.8	24.3	15.3	11.5	11.2
Employees (as of end of period; without apprentices)	-	4,121	3,382	2,578	2,651	2,842

The Pumps business (previously reported in the Hydro business area) and some products of the Pulp & Paper business area that are mainly supplied to customers outside the pulp & paper industry are reported in the Separation business area as of January 1, 2023. The reference figures of the previous year have been adjusted to match the new reporting structure.

MANAGEMENT REPORT

MANAGEMENT REPORT

A) GENERAL ECONOMIC CONDITIONS

As in previous years, the general conditions in the 2023 financial year were characterized by a variety of challenges, including ongoing geopolitical tensions, ongoing inflationary pressure in many countries, and the ongoing consequences of the Covid-19 pandemic in some parts of the world.

Geopolitical tensions, in particular Russia's war of aggression against Ukraine, the war in Israel and the conflicts in neighboring regions, as well as the strained relations between China and the USA, continued to create uncertainty in global trade. Trade restrictions and sanctions influenced the availability of raw materials and intermediate products.

The rise in inflation rates in many countries, driven by increased energy prices and supply chain bottlenecks, has led to noticeable declines in private consumption, which in turn resulted in lower utilization of production capacity for many of our customers. The tightening of monetary policy, initiated by many central banks to curb inflation with a significant increase in interest rates, led to a noticeable increase in financing costs for investments on the part of our customers and significantly reduced the willingness to invest in new systems plants and machines.

Overall, due to the difficult conditions, the global economy has not yet entered a phase of recovery, contrary to initial forecasts, although growth rates varied greatly in different regions of the world.

In Europe, economic growth in the reporting period fell again significantly compared to the previous year to less than 1%, while in the USA there was a slight improvement in growth rates to 2.5%, driven by private consumption, which plays a key role in the US economy at around 70% of gross domestic product. China's economy recorded an increase in growth to around 5.2% in the reporting period supported by significantly reduced interest rates, despite the burdens from the real estate sector.

Despite these generally rather difficult conditions, positive developments were also recorded in some economic areas relevant to ANDRITZ, driven by, among other things, technological change, and digitalization as well as investments in sustainability and environmental protection.

Source growth rates: Bloomberg

B) MARKET DEVELOPMENT

1. Pulp & Paper

The Pulp & Paper business area experienced satisfactory project and investment activity focused on modernizing existing pulp & paper mills. However, the market for greenfield pulp mills significantly decelerated after a few highly active years. In the power boiler sector, the good investment activity of the previous years continued. The service business encountered a slight slowdown due to the cyclical downturn in pulp & paper production.

2. Metals

The Metals Forming sector (Schuler) for the automotive and automotive supplying industry saw good project and investment activity during the reporting period. Orders for press lines in both the middle and the higher price as well as quality segments were awarded by international car manufacturers and their suppliers. In the growing market for battery production, strategically important orders were awarded both for pilot lines for the assembly of Li-Ion and All-solid-state batteries as well as for series cell formation plants.

Project activity in the Metals Processing sector (equipment for the production and processing of stainless-steel strip, carbon steel strip, and of aluminum strip) was very favorable during the reporting year. Especially driven through investments in stainless steel and solid order intake in the other areas in the first quarters.

3. Hydro

The global investment and project activity for electromechanical equipment for hydropower stations saw again an upward trend in the 2023 financial year, primarily due to the good earnings situation of many customers as a result of the rise in global energy prices and the global demand for renewable energy supplies. Storage necessities due to large installations in volatile solar and wind projects have driven forward the market of pumped storage hydropower plants as well as synchronous condensers for grid stability. Projects in this market segment as well as medium- and large-scale modernization and new contracts to supply equipment for conventional hydroelectric power stations were awarded during the reporting period – particularly in Asia, Europe, North America, and South America.

4. Separation

The global markets for solid/liquid separation equipment developed very favorably during the 2023 financial year. Very good project and investment activity was noted in the Separation sector (dewatering and drying of municipal and industrial sewage sludge dewatering and drying). The Feed & Biofuel sector as well as the Pumps market had a stable development.

C) BUSINESS DEVELOPMENT

1. Changes in the reporting structure

The Pumps business (previously reported in the Hydro business area) and some products of the Pulp & Paper business area that are mainly supplied to customers outside of the pulp & paper industry are reported in the Separation business area as of January 1, 2023. The reference figures of the previous year have been adjusted to match the new reporting structure.

2. Order intake

The order intake of the ANDRITZ GROUP developed satisfactorily during the 2023 financial year despite the unchanged difficult overall economic conditions, and amounted to 8,551.9 MEUR, which was below the record level of the previous year (-7.7% versus 2022: 9,263.4 MEUR). Due to the economic situation, particularly because of the lower order intake of larger orders in Pulp and Paper, where in the previous year a large order for a complete pulp mill in the upper three-digit million-euro range was recorded. However, order intake increased in the business areas Hydro, Metals, and Separation.

The business areas' development in detail:

- Pulp & Paper: Order intake amounted to 3,119.4 MEUR and was thus 27.4% below the record level of the previous year (2022: 4,296.4 MEUR), which included a large pulp mill order in Asia. The Service business area saw a solid development compared to the previous year's reference period.

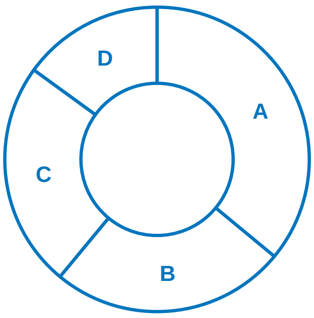
- Metals: During the reporting year, the business area again reached a new record level with an order intake of 2,124.5 MEUR (+5.8% versus 2022: 2,008.6 MEUR). This significant increase is primarily attributable to the Metals Processing sector, which succeeded in booking a large order for the supply of a complete green hydrogen plant and some medium-sized orders. Order intake in the Metals Forming business area developed solidly compared with the previous year's reference period.

- Hydro: At 2,020.9 MEUR, order intake reached again a very favorable level and increased by 17.5% compared to the previous year's reference figure (2022: 1,720.5 MEUR). The business area secured two large and several medium-sized orders to supply electromechanical equipment for new hydropower plants and to modernize existing hydropower plants.

- Separation: At 1,287.1 MEUR, order intake also reached a new record level (+4.0% versus 2022: 1,237.9 MEUR). The solid/liquid separation division showed a very good development during the reporting period, the Pumps division showed a solid development. Order intake in the Feed & Biofuel division, however, declined compared to the previous year's reference period.

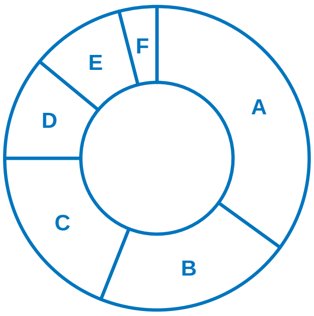
	Unit	2023	2022	+/-
Pulp & Paper	MEUR	3,119.4	4,296.4	-27.4%
Metals	MEUR	2,124.5	2,008.6	+5.8%
Hydro	MEUR	2,020.9	1,720.5	+17.5%
Separation	MEUR	1,287.1	1,237.9	+4.0%

Order intake by business area
2023 (2022) in %



A	Pulp & Paper	36	(46)
B	Metals	25	(22)
C	Hydro	24	(19)
D	Separation	15	(13)

Order intake by region
2023 (2022) in %



A	Europe	35	(27)
B	North America	21	(27)
C	Asia (without China)	19	(21)
D	China	11	(12)
E	South America	10	(10)
F	Africa, Australia	4	(3)

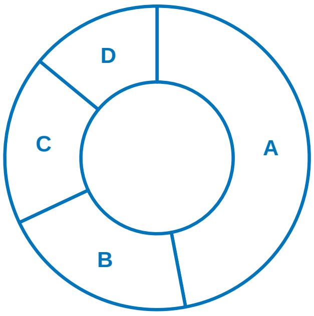
3. Revenue

Revenue of the ANDRITZ GROUP developed very favorably in the 2023 financial year, and once again, reached a new record level of 8,660.0 MEUR (+14.8% versus 2022: 7,542.9 MEUR) due to the high order intake in the previous year. All four business areas were able to significantly increase their revenue compared to the previous year.

The business areas' revenue development at a glance:

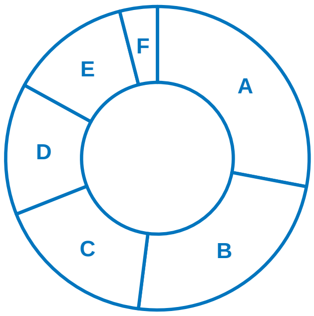
	Unit	2023	2022	+/-
Pulp & Paper	MEUR	4,096.3	3,513.8	+16.6%
Metals	MEUR	1,840.5	1,621.2	+13.5%
Hydro	MEUR	1,521.7	1,313.0	+15.9%
Separation	MEUR	1,201.5	1,094.9	+9.7%

Revenue by business area
2023 (2022) in %



A	Pulp & Paper	47	(47)
B	Metals	21	(21)
C	Hydro	18	(17)
D	Separation	14	(15)

Revenue by region
2023 (2022) in %



A	Europe	28	(29)
B	North America	24	(23)
C	Asia (without China)	17	(17)
D	South America	14	(15)
E	China	13	(12)
F	Africa, Australia	4	(4)

Share of service revenue of Group and business area revenue in %:

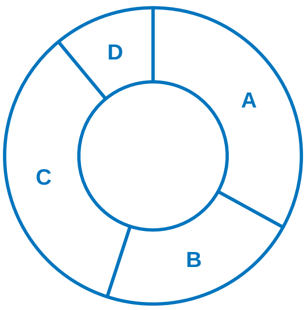
	2023	2022
ANDRITZ GROUP	38	40
Pulp & Paper	42	44
Metals	25	25
Hydro	38	41
Separation	49	46

With stable to slightly increasing service revenue, the share of the service business declined slightly due to the strong increase in revenue in the capital business.

4. Order backlog

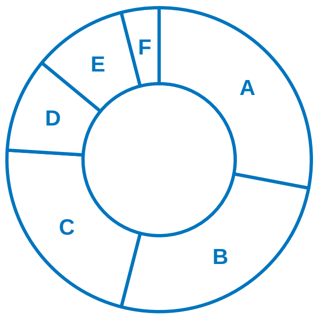
As of December 31, 2023, the order backlog of the ANDRITZ GROUP amounted to 9,872.6 MEUR (-1.0% versus December 31, 2022: 9,976.5 MEUR). While the order backlog in the business areas Metals, Hydro, and Separation increased, the order backlog in the Pulp & Paper business area decreased as a result of the scheduled execution of large orders contained in the backlog.

Order backlog by business area as of 31.12.2023 (31.12.2022) in %



A	Pulp & Paper	33	(42)
B	Metals	22	(19)
C	Hydro	34	(29)
D	Separation	11	(10)

Order backlog by business area as of 31.12.2023 (31.12.2022) in %



A	Europe	28	(21)
B	Asia (without China)	26	(25)
C	North America	22	(25)
D	South America	10	(13)
E	China	10	(12)
F	Africa, Australia	4	(4)

5. Earnings

a) EBITA

The operating result (EBITA) increased in line with revenue and reached a new record level of 741.9 MEUR (+14.4% versus 2022: 648.5 MEUR). All four business areas recorded – in some cases – a significant increase in operating result. Profitability (EBITA margin) remained unchanged at 8.6% (2022: 8.6%).

The comparable EBITA of the Group amounted to 757.1 MEUR and thus was also significantly higher than the reference figure for the previous year (2022: 644.3 MEUR). The comparable EBITA margin rose to 8.7% and increased compared to the previous year (2022: 8.5%).

Development of profitability by business area:

- In the Pulp & Paper business area, profitability amounted to 10.3% and was slightly below the high reference figure for the previous year (2022: 10.8%). The slightly lower profitability compared to the previous year is largely attributable to the changed order mix (higher proportion of large projects) and execution of some low-margin large orders. The comparable EBITA margin amounted to 10.4% (2022: 10.9%).

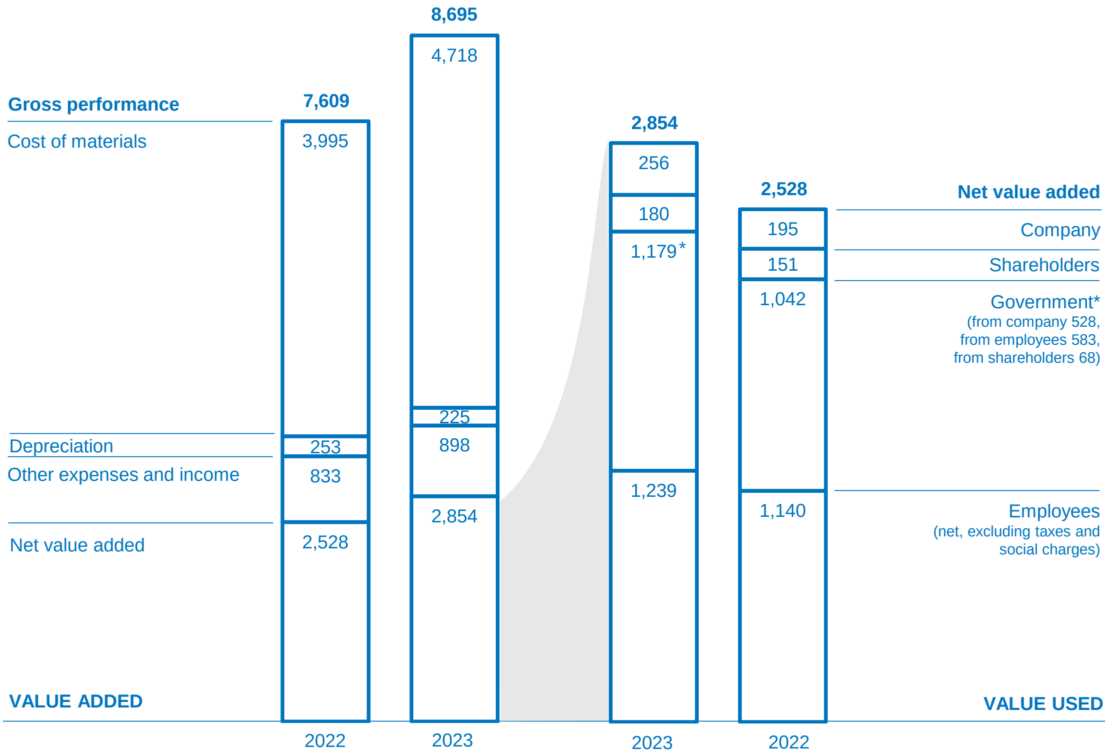
- The EBITA margin in the Metals business area increased to 4.9% (2022: 3.8%), thus further continuing its upward trend. Both the Metals Forming sector (Schuler) as well as the Metals Processing sector recorded a strong increase in profitability. The comparable EBITA margin amounted to 5.0% (2022: 3.7%).

- Profitability in the Hydro business area increased to 5.8% (2022: 5.5%). The comparable EBITA margin amounted to 6.2% (2022: 5.6%).

- In the Separation business area, the EBITA margin at 11.9% again reached a very favourable level (2022: 12.3%). The previous year’s reference period included a positive one-off effect in the Pumps division. The comparable EBITA margin amounted to 11.9% (2022: 11.6%).

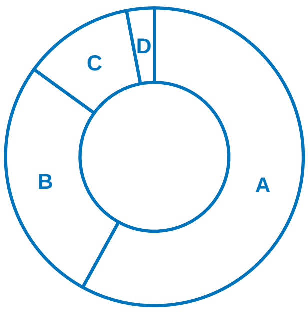
b) Value added

Net value added increased by 12.9% in the 2023 financial year to 2,854 MEUR (2022: 2,528 MEUR). Regarding the distribution of the value added among the key stakeholders 1,239 MEUR (2022: 1,140 MEUR) were attributable to employees. Based on the dividend proposal for the 2023 financial year, the share of value added attributable to shareholders after tax increased to 180 MEUR (2022: 151 MEUR). The state and the social security systems participate in the value added through taxes and social charges with 1,179 MEUR (2022: 1,042 MEUR). The share of value added remaining in the company amounted to 256 MEUR (2022: 195 MEUR).



c) Expense structure

Distribution of total expenses 2023 (2022) in %



A	Cost of materials	58	(56)
B	Personnel expenses	27	(28)
C	Other expenses	12	(13)
D	Depreciation	3	(3)

Cost of materials amounted to 4,718.3 MEUR in the 2023 financial year and were thus significantly above the level of the previous year (2022: 3,995.2 MEUR). As a result of the sales growth and the higher proportion of capital orders, the cost of materials to revenue ratio increased to 54.5% (2022: 53.0%). Personnel expenses, at 2,165.8 MEUR, were significantly above the level of the previous year (2022: 1,986.8 MEUR) due to the volume-related increase in personnel but also due to the relatively high collectively agreed salary increase in some countries as a result of general inflation. The personnel expenses to revenue ratio decreased to 25.0% (2022: 26.3%).

Other expenses amounted to 1,024.6 MEUR in the reporting period (2022: 941.0 MEUR) and mainly include freight expenses, sales expenses, administrative and legal expenses, travel expenses as well as repairs and maintenance. Other income, at 124.2 MEUR, was significantly below the level of the previous year (2022: 139.3 MEUR) and mainly includes government grants (mainly research bonus), rental income, income from scrap materials as well as profits on disposal of intangible assets and property, plant, and equipment.

The depreciation of property, plant, and equipment and amortization of intangible assets amounted to 225.0 MEUR in 2023 (2022: 242.6 MEUR). Thereof 54.8 MEUR (2022: 72.0 MEUR) are attributable to amortization of intangible assets and 161.9 MEUR (2022: 163.5 MEUR) to depreciation of property, plant, and equipment. The impairment losses recognized were 8.3 MEUR in 2023 (2022: 7.1 MEUR), mainly for brand names and technical equipment.

In 2023 no goodwill impairment was recognized (2022: 10.2 MEUR). The goodwill impairment of the previous year was related to the Hydro business area.

The financial result improved to 3.0 MEUR (2022: -31.8 MEUR). The net interest result increased, on the one hand, due to active liquidity management (repayment of Schuldscheindarlehen in the amount of 165.5 MEUR in 2023 (2022: 58,0 MEUR)) and, on the other hand, through the gross liquidity which was invested with significantly better interest rates due to the positive interest rate environment.

At 1,787.2 MEUR, gross liquidity is significantly lower compared to the previous year (2022: 2,051.1 MEUR), which is due to an increase in net working capital as part of the scheduled processing of large orders. The significant decrease in other financial result compared to the previous year is mainly attributable to the valuation of securities on the balance sheet date. These are mainly temporary effects that will be reversed in following periods.

The tax rate increased from 25.6% in the previous year to 26.7%. The previous year included a one-off effect from the capitalization of loss carryforwards resulting from the active management of tax groups.

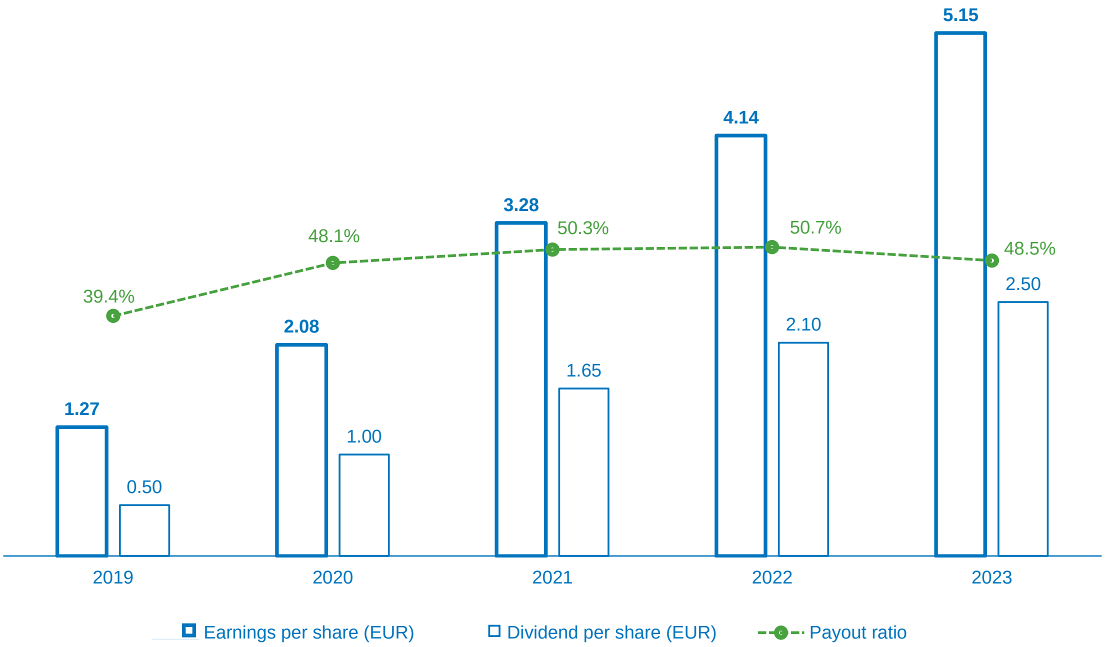
More information in the notes to the consolidated financial statements chapter C) 16. Income taxes.

The net income (including non-controlling interests) amounted to 504.3 MEUR (+25.3% versus 2022: 402.6 MEUR), of which 510.2 MEUR (2022: 409.6 MEUR) are attributable to the shareholders of the parent company and -5.9 MEUR (2022: -7.0 MEUR) to non-controlling interests.

More information in the notes to the consolidated financial statements chapter F) 33. Equity.

d) Earnings and dividend per share

The earnings per share increased significantly to 5.15 EUR (2022: 4.14 EUR). At the Annual General Meeting on March 21, 2024, the Executive Board will propose a dividend of 2.50 EUR per share (2022: 2.10 EUR) for the 2023 financial year. This is equal to a payout ratio of 48.5% (2022: 50.7%).



Dividend for 2023: Proposal to the Annual General Meeting.

6. Financial position

a) Net worth position and capital structure

Total assets amounted to 8,497.3 MEUR (December 31, 2022: 8,491.8 MEUR). The equity ratio increased to 25.4% (December 31, 2022: 21.6%).

Assets

A	Non-current: 31%	2,615.1 MEUR
B	Current: 48%	4,110.0 MEUR
C	Cash and cash equivalents and marketable securities: 21%	1,772.2 MEUR

Shareholders' equity and liabilities

A	Shareholders' equity incl. non-controlling interests: 25%	2,157.5 MEUR
B	Financial liabilities: 13%	1,142.6 MEUR
C	Other non-current liabilities: 8%	678.4 MEUR
D	Other current liabilities: 54%	4,518.8 MEUR

On the asset side, property, plant, and equipment (1,247.5 MEUR), goodwill (826.3 MEUR), deferred tax assets (211.7 MEUR), and intangible assets other than goodwill (142.8 MEUR) were the most important items in non-current assets (2,615.1 MEUR). The most important items in other current assets (4,110.0 MEUR) are trade accounts receivable and contract assets (2,315.4 MEUR) as well as inventories (1,165.3 MEUR).

On the liabilities side, other current liabilities (4,518.8 MEUR) mainly include contract liabilities from revenue recognized over time (1,419.6 MEUR), trade accounts payable (1,022.9 MEUR), and provisions (418.4 MEUR). The most important items in other liabilities (1,206.2 MEUR) are accruals and outstanding order-related costs (632.5 MEUR) as well as unused vacation and other personnel-related accruals (337.9 MEUR). Non-current liabilities (678.4 MEUR) largely contain provisions for employee benefits (333.6 MEUR), other provisions (201.0 MEUR), and deferred tax liabilities (115.0 MEUR).

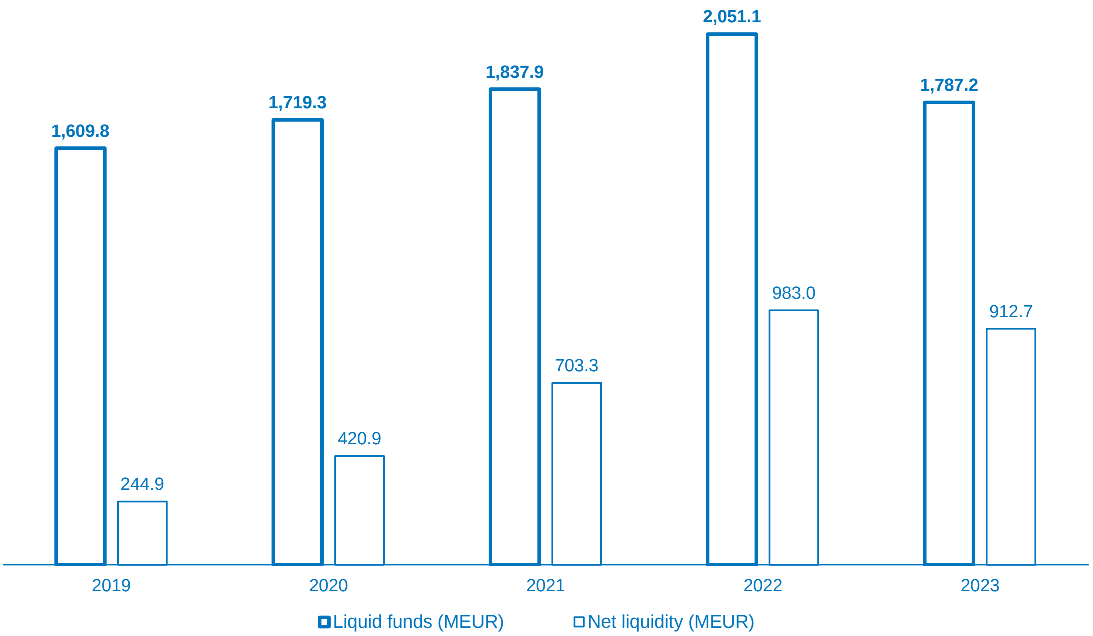
b) Treasury shares

As of December 31, 2023, the company held 4,789,540 treasury shares, i.e. 4.6% of the share capital, with a market value of 270.1 MEUR – mainly for servicing stock option programs and issuing shares to employees.

More information in the notes to the consolidated financial statements chapter F) 33. Equity.

c) Liquid funds and net liquidity

Liquid funds decreased to 1,787.2 MEUR (December 31, 2022: 2,051.1 MEUR), while net liquidity amounted to 912.7 MEUR (December 31, 2022: 983.0 MEUR).



At the end of 2023, the ANDRITZ GROUP's liquidity position remained very strong with cash and cash equivalents in the amount of 1,507.1 MEUR, term deposits of 112.9 MEUR, and other short-term securities of 167.2 MEUR. The Group's financial liabilities comprised Schuldscheindarlehen of 728.7 MEUR, an OeKB bank loan of 85.0 MEUR and other bank liabilities of 60.8 MEUR, mainly in regulated countries such as India. In 2023, ANDRITZ AG has made repayments of maturing Schuldscheindarlehen in the amount of 165.5 MEUR (2022: 58.0 MEUR repaid early).

d) Credit and surety lines

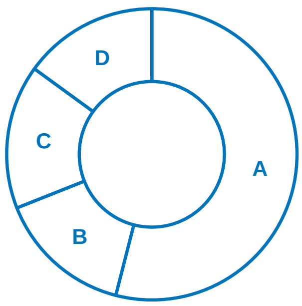
In addition to the high liquid funds, the ANDRITZ GROUP also had the following credit and surety lines for performance of contracts, down payments, guarantees, and so on, at its disposal as of December 31, 2023:

- Credit lines: 119 MEUR, thereof 2 MEUR utilized
- Surety lines: 6,594 MEUR, thereof 3,318 MEUR utilized

7. Capital expenditure

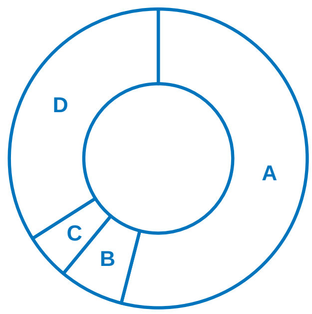
Investments in property, plant, and equipment and intangible assets amounted to 226.2 MEUR in the 2023 financial year and were thus significantly above the previous year's level (2022: 184.4 MEUR). Investments are distributed across the business areas as follows:

Capital expenditure by business area 2023 (2022) in %



A	Pulp & Paper	54	(57)
B	Metals	15	(17)
C	Hydro	16	(13)
D	Separation	15	(13)

Capital expenditure by category 2023 (2022) in %



A	Manufacturing	54	(61)
B	IT	7	(10)
C	Research and Development	5	(4)
D	Others	34	(25)

As in previous years, investments mainly focused on workshop modernizations and targeted selected extension projects to support growth, particularly in Europe and China.

8. Cash flow

The cash flow from operating activities, at 375.0 MEUR, was significantly below the reference figure of the previous year (2022: 710.8 MEUR). The decrease is mainly due to changes in net working capital (-337.4 MEUR in 2023 compared to 151.1 MEUR in 2022) and results mainly from the scheduled processing of large scale orders as well as lower advance and partial payments received as a result of lower order intake.

After deduction of investments in property, plant, and equipment and intangible assets in the amount of 226.2 MEUR (2022: 184.4 MEUR) the free cash flow amounted to 148.8 MEUR (2022: 526.4 MEUR).

The cash flow from investing activities amounted to 266.9 MEUR (2022: -190.5 MEUR). The significant change is due to lower payments made for the purchase of non-current and current financial assets.

The cash flow from financing activities amounted to -410.6 MEUR (2022: -301.3 MEUR). The change mainly resulted from higher payments made for bank loans and other financial liabilities (-296.6 MEUR in 2023 compared to -90.3 MEUR in 2022), as well as higher dividends paid (-208.3 MEUR in 2023 compared to -163.8 MEUR in 2022).

In the financial year 2023, the issue of own shares lead to inflows of 8.5 MEUR as part of the share option program for managers, whereas own shares of 16.0 MEUR were bought back in 2022.

9. Acquisitions

ANDRITZ GROUP acquired the Dedert Group based in the USA and Denmark in October 2023. Dedert is one of the leading international suppliers of dryer and evaporator technologies. This acquisition further extends the broad range of dewatering and drying solutions and strengthens ANDRITZ's position in the food and beverage industry as well as chemical, and mining industries. The company operates subsidiaries in Canada, Mexico, and China. The acquisition expands the existing product range in the Separation business area.

ANDRITZ has acquired Dan-Web Machinery A/S, headquartered in Galten, Denmark in June 2023. Dan-Web is a leading supplier of a wide range of technologies for the production of airlaid nonwovens. With this acquisition, ANDRITZ is adding competence in airlaid technology to its comprehensive product portfolio, which already includes air-through bonding, needlepunch, spunlace, spunbond, wetlaid/WetlaceTM, as well as converting of nonwovens, also textile finishing, textile recycling, and natural fiber processing technologies. ANDRITZ has been cooperating with Dan-Web for many years for the supply of airlaid systems when providing complete production lines.

In January 2023 ANDRITZ acquired Imagine That Inc. based in San Jose, USA. Imagine That is a provider of simulation software and complements the ANDRITZ Metris Digital Solution portfolio. Through this expansion, ANDRITZ can help customers realize the full potential of plants, equipment, and physical assets from feasibility and engineering design to operation and maintenance. The existing customers of ANDRITZ and Imagine That Inc. will benefit greatly from ANDRITZ's vision, technology, and resources in developing the next generation of digital solutions.

ANDRITZ acquired assets along with key patents and intellectual properties from SFA Handels GmbH, a Swiss innovator in air and water-cooled grate technology, in December 2023. SFA Handels GmbH is a leader in grate technology for waste and biomass boilers. This acquisition enhances the vibrating grate technology of ANDRITZ TEP D.O.O., the power boiler division, and reinforces ANDRITZ's leadership in the grate boiler market. These boilers are crucial for biomass and waste incineration, supporting a circular economy and transition to green energy.

ANDRITZ acquired Scitech-Service Oy headquartered in Helsinki, Finland in July 2023. Scitech-Service offers technical development services for biomass processing, globally in the areas of pulp manufacture (paper, board, dissolving, fluff- and high-yield grades), viscose production and other regenerated cellulose products as well as biobased chemicals. The acquisition includes the subsidiary Experimentis Oy, a biomass fractionation laboratory with wide selection R&D of reactors.

ANDRITZ signed an agreement with Flowserve Corporation based in Texas, USA, to take over its NAF AB business in October 2023. NAF AB engineers, designs, and builds Flowserve's NAF control valve portfolio. It is a leading supplier with long-standing experience in providing process control valves for pulp and paper and other related industries. Based in Linköping, Sweden, the company has been a successful provider of process control valves for more than 100 years. This acquisition further extends and strengthens ANDRITZ's product and service portfolio in the field of process control.

More information in the notes to the consolidated financial statements chapter B) 4. Consolidation scope.

More information in the notes to the consolidated financial statements chapter B) 5. Acquisitions.

D) RISK MANAGEMENT

The ANDRITZ GROUP is a globally operating company serving a large variety of industrial markets and customers. As such, the Group is subject to a series of risks that are inextricably linked to entrepreneurs. The main, higher-level risks pursuant to Section 243 (1) of the Austrian Commercial Code (Unternehmensgesetzbuch UGB) include:

- Strategic risks
- Operational risks
- Risks relating to financial instruments

The active risk management practiced by the ANDRITZ GROUP for many years now serves both to safeguard the company's existence in the long term as well as to increase its value and is thus an essential success factor for the entire Group. For the purposes of value-oriented company management, risk management is an integral part of the business processes and extends over all strategic and operative levels.

The planning and controlling process within the entire ANDRITZ GROUP is an integral part of risk monitoring and control. Continuous controlling and regular reporting are intended to increase the likelihood of identifying major risks at an early stage and to allow countermeasures to be implemented if necessary. Nevertheless, there can be no guarantee that all risks can be detected in time with the monitoring and risk control systems currently in use.

The war in Ukraine and the resulting sanctions against Russia led to a sharp price increase and high volatility, respectively, in energy and of many raw materials and industrial semi-finished products. As a result, the inflation rate rose significantly in many countries. If the prices for raw materials, energy and sub-supplies rise again due to further or new conflicts (e.g. disputes in the Red Sea), this could have a negative impact on the financial development of the ANDRITZ GROUP.

In addition to the current risks listed above, there are numerous risks whose occurrence could have a negative impact on economic development. These include, among other things, escalating trade conflicts between economically important countries and increasing political instability. The high national debt of many countries also represents a risk in the medium to long term.

ANDRITZ is committed to transparently presenting climate-related opportunities as well as risks. Identifying and analyzing climate-related risks is part of the overall risk management approach.

More information in Chapter G) 4. Non-financial risks.

The ANDRITZ GROUP's risks described below are monitored continuously. ANDRITZ is ready to react to and to counter these risks.

1. Strategic risks

a) Political risks

The countries in which the Group is active include some that are classified as politically risky or very risky. Terrorist activities or acts of war or political changes could result in orders being suspended. Political developments are monitored continuously in all countries and regions in which the Group operates and substantial political risks are reviewed before entering new countries. Changes to legislation in individual countries could lead to changed production conditions and different investment behavior. Risks related to deliveries to countries with average to very high political risks are typically covered by insurance.

However, the prerequisites for full hedging of these risks are not always available. The measures and procedures in this respect are specified in the credit risk policy applying throughout the Group.

b) Regulatory risks

Regulatory risks include both tax risks and compliance risks.

The ANDRITZ group companies are subject to local tax laws in the respective countries and have to pay income taxes, import duties as well as other taxes. Changes in legislation or other regulations, also including regulations on import duties and so on, and different interpretations of the regulations applying in each case can result in subsequent tax and duty burdens. As a result, taxes and customs duties can be exposed to either positive or negative fluctuations.

In Austria and other countries where the ANDRITZ GROUP conducts business, there are a variety of legal regulations to be observed, including anti-trust and anti-bribery laws or compliance rules in the supply chain. The Group has established a Compliance Committee to monitor compliance with these regulations and adopted a number of compliance policies, including policies prohibiting insider trading, violation of the applicable anti-trust and anti-bribery laws for the protection of personal data, and also a global Code of Business Conduct and Ethics and a supplier code of conduct. While the Group strives with a large number of measures to make sure that such policies are observed, there can be no assurance that violations will not be committed due to individual misconduct. Any such violation could impact the financial position and reputation of the Group and may also lead to the cancellation of existing orders.

c) Competitive position

The ANDRITZ GROUP does business in highly competitive markets in which only a few large suppliers bid for only a few large orders. In addition, there are many small companies competing locally that have a comparatively low-cost base. Losing a large-scale customer represents an additional risk. This competitive situation or a possible change in the competition structure can have a negative effect on order intake and on sales margins of the Group.

The Group counters this risk with continuous research and development work, product innovations and regular cost optimizations. There is, however, no guarantee that the Group can also maintain its current market position in the future.

As the Group's competitive position is also based on proprietary technologies, the increase in product piracy, cyber attacks, and industrial espionage facilitated by the digital era and the resulting theft of intellectual property can also have an adverse effect on the Group's competitive position. The Group protects its intellectual property wherever possible, but there can be no assurance that these efforts will always be adequate.

With increasing attention to environmentally friendly products, those products from companies that place a low priority on environmental friendliness could be sustainably substituted for ecological products by customers. Failure to adopt sustainable practices or offer environmentally friendly alternatives could result in reputational damage and reduced attractiveness in markets where sustainability is a key concern. The ANDRITZ GROUP counteracts this risk by promoting sustainable research and innovation projects, acquiring sustainable technologies, and thereby creating new sustainable products and adapting existing products to new specifications.

d) Customer concentration

In many of the industries served by the ANDRITZ GROUP, there is a trend towards consolidations and mergers. This applies above all to the pulp and paper industry and also to the steel industry. Such consolidations may result in the Group having to negotiate in the future with fewer customers, but who have greater purchasing power. Dependence on individual key customers may increase, and this could also have direct consequences for the Group’s business activities.

e) Volatility of order intake

Some customers and industries served by ANDRITZ are directly dependent on general economic developments and thus subject to frequent fluctuations in the demand for their products. This is especially true for the Pulp & Paper and the Metals business areas, but all business areas may be affected.

The prices for equipment and products supplied by ANDRITZ in these segments are, in part, directly dependent on the prevailing relationship between supply and demand for the goods produced by such equipment and products of ANDRITZ. Possible price fluctuations therefore canhave a direct influence on each customer’s capital investment decisions, with subsequent impact on the Group’s order intake. This may lead to some volatility in the development of the Group’s order intake.

The Group’s future success depends on whether a sufficient amount of new contracts can be secured, among other things. It can be difficult to predict when an order for which the ANDRITZ GROUP has provided a quotation will actually be awarded. Contract awards are often affected by events outside the control of the Group, such as general economic conditions, the granting of governmental approvals, interest rates and the securing of project financing.

In addition, natural disasters, pandemics or epidemics as well as geopolitical tensions (military conflicts, trade disputes) could also have a negative effect on the development of order intake, liquidity, and the financial structure of the Group.

f) Acquisition and integration of complementary business segments

One of the ANDRITZ GROUP’s main strategic goals is to become a full-line supplier in all of its business areas through organic growth and complementary acquisitions. In the course of implementing this strategy, the Group has acquired and integrated a wide range of companies since 1990 with worldwide operations.

However, there is no guarantee that the Group will be successful in identifying and acquiring appropriate acquisition candidates in the future, or that suitable candidates and sufficient funding will even be available for large acquisitions. In the past, ANDRITZ was largely successful in integrating newly acquired companies. However, there is no guarantee that planned objectives and synergies can be realized entirely for all acquisitions in the future (including the ongoing integration of the most recently acquired companies), or that the Group will not be confronted with new or legacy risks that have not been identified or accurately evaluated.

Depending on the market position in individual countries or regions as well as the size of planned acquisitions, transactions are subject to a regulatory assessment and approval procedure under the laws on fair competition. As a result, there may be delays in mergers or acquisitions, or some takeovers may even be prohibited in individual cases. In the interest of minimizing risks, ANDRITZ reviews them in great detail beforehand with national and international legal and business experts.

g) Human resources

The ANDRITZ GROUP seeks to be an attractive employer for its employees and to retain them in the company for long-term. High quality standards in the selection process guarantee that the most suitable candidates are recruited for the positions becoming vacant. However, there is no guarantee that employees will not leave the company again after a short time. This can lead not only to considerable costs, but also to quality problems or an impairment of customers and service orientation. ANDRITZ tries to keep employee turnover to a minimum by offering training and international career opportunities, incentive plans and targeted employer branding activities.

h) Digitalization

Based on extensive and long-term experience as a supplier of technologies and systems for various branches of industry, ANDRITZ offers a broad portfolio of smart, digital solutions based on industry standards. These solutions help customers substantially in achieving their production, sustainability, and corporate goals.

The innovative digitalization solutions from ANDRITZ are marketed together under the technology brand Metris - ANDRITZ Digital Solutions and have been tested in diverse reference systems around the world as tools to assist customers in the area of plant and process optimization as well as comprehensive plant management.

Metris technologies are the very latest state of the art, they are subject to constant further development and can be tailored to individual customer requirements. ANDRITZ considers digitalization to be a vital growth sector for the future and hence will continue to focus heavily on the development of digital products and solutions. The main focus lies on cybersecurity, the use of artificial intelligence (AI) and the most advanced technologies available on the market.

However, the rapid developments in the digitalization sector also present a risk if ANDRITZ were not to succeed in developing and offering the products and solutions demanded by the market with the necessary speed. In addition, a higher degree of digitalization can lead to a greater risk of cyber attacks on ANDRITZ and its customers. To minimize this risk, ANDRITZ consistently applies the cybersecurity standards IEC 62443-2-4 and IEC 62443-4-1. Compliance with these cybersecurity standards has been audited and certified by TÜV (Technischer Überwachungsverein; i.e. technical inspection association for testing, inspecting, and certifying technologies, products, and systems to ensure potential hazards and prevent damages).

i) Planning risks

The risk of inconsistency between strategic objectives, corporate strategy, available resources and the market situation can lead to operational challenges and increased costs. If strategic goals do not align with the overall practiced corporate strategy or do not take available resources into account, this can lead to unnecessary planning and evaluation effort. This misalignment can result in increased costs due to inefficiencies as the organization may invest resources in pursuit of goals that are not feasible or realistic given market conditions.

Insufficient synchronization between strategic elements may also affect ANDRITZ's ability to adapt to market changes, which may have an impact on competitiveness. It is critical for the ANDRITZ GROUP to ensure coherence between its strategic objectives, corporate strategy, available resources, and prevailing market dynamics in order to mitigate such risks and improve overall operational effectiveness.

2. Operational risks

a) Purchasing

The suppliers of ANDRITZ GROUP are regularly evaluated in order to identify potential threats (relating to ability to deliver, quality management, financial situation, etc.) and risks in a timely manner and ensure transparent management of the risks.

The risk assessment of the supply chain also includes cyber attacks on supply chain networks, procurement systems and sensitive data as well as compliance requirements for purchasing activities. These aspects influence the purchasing decisions of the entire ANDRITZ GROUP.

Geopolitical tensions and the imposition of sanctions against specific countries or entities that are involved in conflicts are impacting the structure of supply chain networks over the medium to long term. The divisions are therefore kept continuously informed of current and potential future international conflicts, sanctions and trade regulations. This ensures that the ANDRITZ GROUP remains fully empowered to take action and ensure compliance with statutory requirements and societal expectations.

Global and regional crises, political and economic conflicts, or natural disasters can result in suppliers being unable to manufacture and deliver goods ordered by ANDRITZ on schedule, which, in turn, could lead to ANDRITZ being unable to fulfill its obligations toward customers on time. To minimize these risks and ensure the successful completion of the projects, Group Supply Chain Management works closely with the divisions to systematically establish procurement alternatives.

b) Manufacturing

In manufacturing, ANDRITZ relies on a targeted make-or-buy strategy in order to better balance the fluctuations in capacity utilization that are typical for project-related business and make best possible use of the company’s own manufacturing capacities. Process-relevant key components for ANDRITZ plants and products are mainly manufactured and assembled in the Group’s own workshops, whereas simple components are purchased from qualified suppliers, who are subjected to regular checks on quality, on-time delivery, and compliance.

Essential success factors to ensure short lead times and on-time production in manufacturing are precise planning as well as high commitment and flexibility on the part of employees. ANDRITZ uses a flexible contingent of temporary workers, especially in Europe, to better cope with fluctuations in workload. However, it may not always be possible to compensate immediately for larger fluctuations in capacity utilization, which could in turn have a negative impact on earnings development of the Group.

c) Project risks

In connection with deliveries of equipment and services, the ANDRITZ GROUP is usually contractually obliged to provide services and meet deadlines. If the guaranteed services are not achieved or deadlines are not met, staggered contractual penalties usually must be paid or corrective measures have to be taken at the Group's expense. If the system performance falls short of the guaranteed values, if deadlines are significantly exceeded or if the customer does not accept the takeover of the system for other reasons of non-fulfillment of the services promised by the ANDRITZ GROUP, the customer could have the right to withdraw from the contract and to retain the subject matter of the contract to be returned to ANDRITZ with full compensation for costs and damages. Such an event could have a negative impact on the Group's financial situation.

Many of ANDRITZ’s projects are based on long-term, fixed price contracts. The sales and operating margins realized in a fixed price contract may vary from original estimates as a result of changes in costs (especially fluctuating material costs and sharply rising energy prices), particularly on projects that include engineering and/or construction of complete plants, and where labor services have to be sourced from third parties. ANDRITZ was largely able to make up for the sharply rising raw material and material prices in the 2023 financial year by implementing various operative measures. Dealing with rising costs for materials and outsourced components is and will continue to be a challenge. Further significant increases in raw material prices could have a negative effect on the Group’s financial development in the future.

As certain parts of systems to be supplied are outsourced, the Group may be forced to quote to customers at a fixed price without the exact cost of the parts purchased being stated in advance. While ANDRITZ makes estimates using empirical data and quotes from potential suppliers, these estimates may not always be quite exact. Such problems and losses may have a negative impact on the Group's financial performance. Lessons learned in the past form the basis of ongoing development of existing tools for consistent use in future projects.

In individual projects, ANDRITZ has responsibility for plant-wide engineering and/or installation and construction of factories in addition to the supply of ANDRITZ equipment and systems. These contracts bear the risks discussed above, but also entail certain risks relating to greater on-site responsibilities, including environmental matters, local labor conditions as well as risks relating to geology, construction, and installation of the plants.

Additionally, the Group is exposed to the risks inherent in managing the third parties providing construction, installation, and engineering services on these projects. These are mainly strikes or other work interruptions that may lead to delays in commissioning or failure to meet deadlines. The Group has put risk management procedures in place, including insurance programs, contract policies, and project management discipline, to reduce these EPC-related risks (EPC: Engineering, Procurement, Construction) as far as contracts allow.

Nevertheless, there is no guarantee that these procedures are sufficient to prevent negative financial consequences. The Group has experienced significant losses on certain past projects in this regard and similar difficulties and losses may occur in the future in a way that would adversely affect the Group’s financial condition.

The ANDRITZ GROUP participates in many EPC- and other projects together with third parties with whom it shares a series of risks. While the Group attempts to make sure that risks in such projects are properly allocated, there can be no guarantee that this will always be successful. Moreover, the inability of one of the Group’s consortium partners to fulfill its obligations (including indemnity obligations towards the Group) may have an adverse effect on the financial results and the liquidity of the Group.

d) Limitations of liability

Liabilities arising out of the Group's contracts may include liabilities for customers' loss of profits and other liabilities that can vastly exceed the value of the contract in question. While the ANDRITZ GROUP endeavors to include appropriate limitations of liability in its contracts, there can be no assurance that sufficient limitations will in fact be in place in all contracts or that such limitations will be enforceable under the applicable law.

e) Government contracts

A certain amount of the orders is placed by government entities. In connection with these projects, the Group may be more exposed to the performance, liability, and EPC/turnkey contract risks described above because it may not always be able to obtain its desired contractual safeguards due to public bid requirements and local laws.

f) Legal proceedings

In the course of its business, the ANDRITZ GROUP is party to numerous legal proceedings before administrative, judicial courts and before arbitration tribunals. The substantial majority of such proceedings (such as contract and project disputes, product liability claims, and intellectual property litigation) can be considered typical of the Group's business. Where appropriate, the ANDRITZ GROUP makes provisions to cover the expected outcome of proceedings to the extent that negative outcomes are likely and reliable estimates can be made.

There is no guarantee, however, that these provisions will be sufficient. Given the amounts at stake in some of these disputes, a negative decision for ANDRITZ in one or several of these legal disputes may have a significant, adverse effect on the earnings and liquidity position of the Group.

The product liability area includes some recent cases involving alleged physical injuries and/or deaths due to asbestos exposure.

More information in the notes to the consolidated financial statements G) 39. Contingent Assets and Liabilities.

g) Currencies

A significant portion of the Group's revenue and costs from orders concluded by Group companies is not settled in the respective functional currency, but in other currencies, above all in US dollars. The currencies may be subject to considerable fluctuations in exchange rates. Currency risks in connection with orders that are not invoiced in euros are minimized by derivatives, in particular forward contracts and swaps.

Although the Group attempts to hedge the net currency exposure of those orders, not invoiced in the respective functional currency of the group company, with forward contracts, currency fluctuations can result in the recognition of exchange rate losses in the Group's financial statements.

Development of exchange rates may also have translation effects on the Group's revenue and earnings, whose values are converted into euros. In addition, shifts in exchange rates may affect ANDRITZ's position relative to its competitors, although many competitors of ANDRITZ are also based in the euro zone.

As some of the larger ANDRITZ customers are headquartered outside the euro zone, changes in exchange rates may lead to a delay in project decision by these customers.

h) Cyber risks, hacker attacks

The increasing digitalization and networking of plants and machinery require highly effective and efficient solutions to maintain data security. Unauthorized access to or copying of sensitive company data as well as insufficient system availability as a result of hacker attacks are substantial risks to which ANDRITZ is increasingly exposed. This may not only affect ANDRITZ's own systems, but also Industrial-Internet-of-Things (IIoT) solutions installed by ANDRITZ at customers' premises. ANDRITZ counters cyber risks and potential hacker attacks by using the latest IT security technologies (for example firewall systems) and by strict control of access rights. One focus lies on continuous further development of security measures.

To further reduce unauthorized accessing of IT systems, penetration tests are conducted at regular intervals. Cyber attacks should be detected at an early stage with the aid of an optimized IT infrastructure so that they can be prevented successfully. Special online training is provided to avert possible cyber attacks and raise employees' awareness further. However, unauthorized access to and loss of sensitive and confidential data both at ANDRITZ and at its customers' premises as a result of cyber attacks cannot be ruled out, nor can any resulting financial losses for which ANDRITZ may be held responsible. Moreover, major damage or outage of the IT systems can disrupt ANDRITZ's ongoing business operations.

3. Risks relating to financial instruments

The principal financial risks include payment default, liquidity risks, and market risks, such as exchange rate risks, interest rate risks, and raw material price risks.

A detailed presentation of all financial risks of the ANDRITZ GROUP can be found in the notes to the consolidated financial statements.

More information in the notes to the consolidated financial statements F) 35. Risk management – risks relating to financial instruments.

4. Internal control and risk management system

The international business activities by ANDRITZ not only provide opportunities but also involve risks in the short, medium, and long term. ANDRITZ thus has a group-wide internal control and steering system (ICS) whose main task is to identify nascent risks at an early stage and – if possible – to implement countermeasures promptly. This system is an important element of active corporate management. However, there is no guarantee that these monitoring and control systems are effective enough.

The Executive Board is responsible for implementing and monitoring the ICS for the accounting process and financial reporting. For this purpose, binding group-wide regulations, policies, and guidelines have been adopted for the major business risks and also for the financial reporting process.

The accounting department, which includes financial accounting, reports directly to the Executive Board. Various organizational measures ensure that the legal requirements are fulfilled. In particular, appropriate regulations ensure that entries in the books and other records must be complete, correct, timely, and orderly.

The entire process from procurement to payment is subject to standard group-wide policies and guidelines that are intended to minimize any essential risks these processes may entail.

These measures and rules include segregation of functions, signature authorization matrices, and signatory powers for authorizing payments applying on a collective basis only and being restricted to a small number of employees (four-eyes principle).

Control measures relating to IT security play an important role in this context. For example, segregation of duties is enhanced by the generally restrictive assignment of IT authorization by the financial software used (SAP). The safety standards in this financial software are also guaranteed by automated business process controls installed directly within the system.

Group-wide uniform accounting and valuation principles for the recording, posting, and accounting of business transactions are regulated in the ANDRITZ GROUP IFRS Accounting Policy and are binding for all group companies. Automatic controls in the consolidation and reporting system are in use in order to avoid misrepresentation as effectively as possible, as are numerous manual checks. The control measures range from review and discussion of interim results by the management to specific reconciliation of accounts.

By using a standardized, group-wide financial reporting system, together with ad-hoc reporting on major events, the Group endeavors to ensure that the Executive Board is properly and promptly informed on all relevant issues. The Supervisory Board is informed in Supervisory Board meetings held at least once every quarter on the current business development, including operative planning and the medium-term strategy of the Group. In special cases – for example acquisitions, restructuring, and so on – information is provided directly to the Supervisory Board. In addition, all Supervisory Board members receive a monthly report with the most important financial figures including comments. Internal control and risk management are among the topics dealt with during audit committee meetings.

Internal Auditing, set up as an executive department reporting to the Executive Board, audits individual processes or group companies according to an audit schedule defined for each year as well as conducting ad-hoc audits in special cases. In addition, Internal Auditing monitors compliance with legal provisions and internal directives. It is active in reporting and assessing the audit results as an independent, internal department that is not bound by instructions from outside bodies. Internal Auditing reports to the Executive Board and Audit Committee at regular intervals on the audits conducted and the results thereof as well as on the current implementation status of report findings.

The auditor of the Group's financial statements assesses the risk management functionality in the ANDRITZ GROUP and reports on it to the Supervisory Board and the Executive Board. The risk management functionality was checked in 2023 by the auditor of the Group's financial statements.

E) CONSOLIDATED CORPORATE GOVERNANCE REPORT

The consolidated corporate governance report for the financial year 2023 is available on the ANDRITZ website andritz.com/governance-en.

F) EVENTS AFTER THE REPORTING DATE

There were no events of material significance after the balance sheet date.

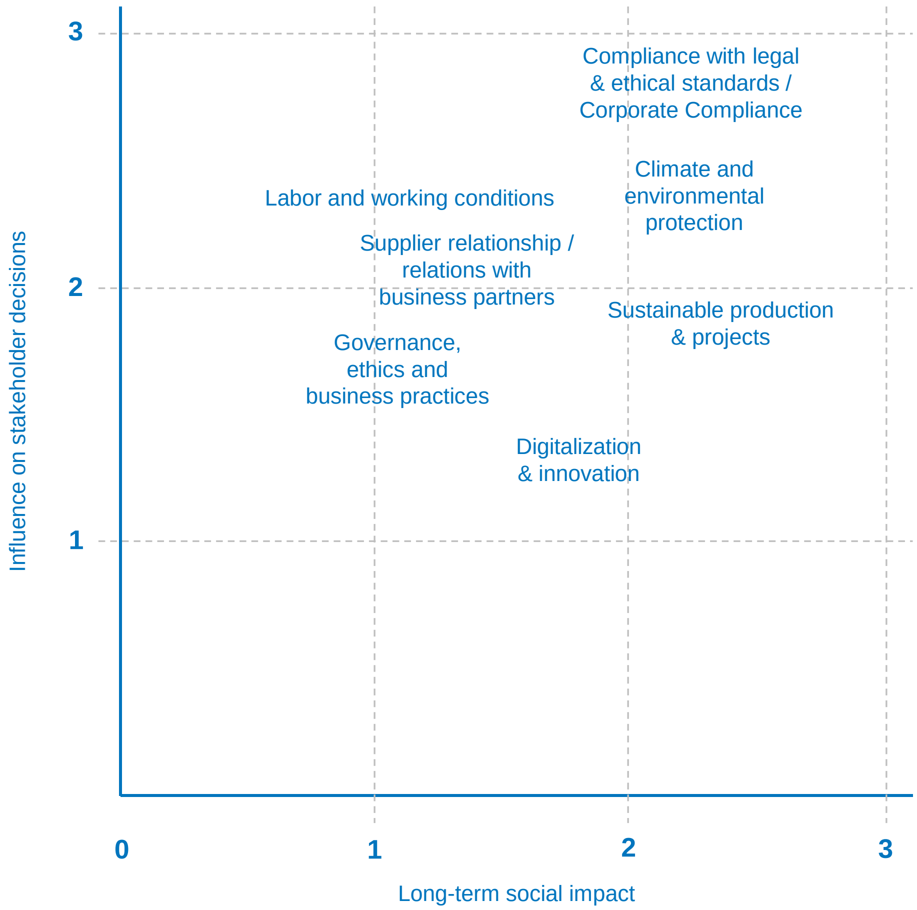
G) CONSOLIDATED NON-FINANCIAL STATEMENT

The following section describes the non-financial performance indicators on social, employee, and environmental matters and in respect of human rights. Information on measures to combat bribery and corruption is provided in the Consolidated Corporate Governance Report on the ANDRITZ website andritz.com/governance-en.

The reporting of non-financial performance indicators is carried out on a quarterly basis as part of Group reporting and is largely in line with the scope of financial reporting. With regard to environmental matters, data is collected via a separate application, the ESG Cockpit, in which 86% of the fully consolidated companies entered their data in the reporting year. Smaller office locations are not included for reasons of materiality. The development of non-financial performance indicators during the year is an integral part of reporting to the Supervisory Board.

1. Materiality analysis

The ANDRITZ GROUP publishes information on the topic of sustainability in accordance with the criteria of the Global Reporting Initiative (GRI). A list of all Key Performance Indicators (KPIs) reported, including comments, is provided in the "GRI Index" on the ANDRITZ website andritz.com.



0 = not relevant / no impact
1 = rather relevant / low impact
2 = relevant / medium impact
3 = very relevant / high impact

Stakeholder surveys and interviews with relevant stakeholders have already been conducted several times in order to establish the main reporting topics and relevant fields of activity for the ANDRITZ GROUP.

Hence, the topics with the greatest influence on the social impact of ANDRITZ's business activities and on the decisions that stakeholders make with respect to their business relations with ANDRITZ are:

- Compliance with legal and ethical standards/corporate compliance
- Climate and environmental protection
- Responsible working conditions, safety at work and health care
- Fair dealings with suppliers and business partners
- Sustainable production and projects as well as product safety
- Responsible company management, ethics, and business practices
- Digitalization and innovation

The different weighting of the topics is illustrated in the graphic above.

In the reporting year, ANDRITZ started to conduct a new materiality analysis as part of the implementation of the Corporate Sustainability Reporting Directive (CSRD). This requires an assessment of double materiality, according to which companies must report both on how sustainability topics impact their business (outside-in / financial materiality) and on how their business activities impact society and the environment (inside-out / impact materiality). The double materiality analysis forms the basis for the future sustainability reporting according to CSRD.

2. We Care – the ANDRITZ sustainability program

ANDRITZ has set comprehensive, ambitious environmental, social, and governance targets as part of its "We Care" sustainability program presented in June 2021, which will enable the company to make the greatest contribution to a sustainable future for all stakeholders. The main focus in the Environment area lies on climate protection, conservation of resources, and offering sustainable solutions and products. "ANDRITZ as an attractive employer" as well as occupational health and safety are the main topics in the Social core topic. In the Governance topic, the focus lies on fair and ethical business practices, comprehensive risk management, and scrupulous supplier management.

In the reporting year, several measures were implemented to achieve the targets. The positive effects of the measures are clearly evident.

Goals: Environment

Goal	Measuring variable	Base year 2019	2021	2022	2023	Goal 2025
Reduce CO_2 emissions (scope 1+2) by 50%*	Tons CO_2e/ Million EUR revenue	28.1**	29.3**	18.6**	18.0 (corresponds to -35.9% vs. 2019)	14.0**
Reduce water consumption by 10%*	m^3/Million EUR revenue	158.3	180.6	153.6	130.6 (corresponds to -17.5% vs. 2019)	142.5
Reduce waste volume by 10%*	Tons/Million EUR revenue	10.7	7.8	7.0	8.7 (corresponds to -18.7% vs. 2019)	9.6
Increase revenue from sustainable solutions and products to over 50% of revenue	% of total revenue	46***	42	45	45	>50

Note: Only the revenue of the included locations was used.

* Compared to base year 2019
** The values were adapted due to an incorrect CO_2 factor.
*** The value refers to 2020 as no comparable data is available for 2019.

It was possible to further reduce the **CO_2 emissions** (Scope 1 and 2) of the ANDRITZ GROUP during the reporting year. Compared to the base year 2019, emissions in relation to sales were reduced by 35.9%. The largest reduction was achieved by switching many ANDRITZ locations to low-CO_2 electricity from renewable energy sources. Internal electricity production with photovoltaic systems was also increased. PV systems entered into operation at 15 locations (in total, 20 locations already have PV systems), and more locations will follow in 2024. Additional efficiency measures were also implemented, such as switching to LED lighting. To further promote careful use of energy at the production locations, a special energy assessment program was developed during the reporting year. This aims at reinforcing the culture of improvement at the production locations, identifying savings potential, and implementing corresponding reduction measures. The assessment has already been successfully conducted at individual locations with high energy consumption and will be continued during 2024.

ANDRITZ joined the **Science Based Targets initiative (SBTi)** at the beginning of 2023 to demonstrate its determination to contribute to the 1.5°C target of the Paris Agreement. The commitment to SBTi provides ANDRITZ with the opportunity to have greenhouse gas reduction targets evaluated and validated by an independent organization based on the findings of climate science. In line with the SBTi commitment, ANDRITZ will develop comprehensive goals for the reduction of greenhouse gas emissions (Scope 1, 2 and 3) by no later than the end of 2024 and submit these to SBTi.

Water consumption as a percentage of sales was reduced by 17.5% in the reporting year compared with 2019, and the **waste volume**, also as a percentage of sales, was reduced by 18.7%. This means that both goals established for the end of 2025 were already achieved in 2023. For 2024, it has been decided to reduce the water consumption and the waste volume by 5% relative to the previous year. The efforts to achieve additional reductions in 2024 will focus on the five largest consumers, where targeted measures will be implemented. A revision of the internal ANDRITZ packing standard based on principles of the circular economy is also planned.

Sustainable products and solutions accounted for 45% of sales in the reporting year. Particular attention in 2023 was given to the "Special Growth Projects". These seven projects are being pursued intensively within the Group with the aim of making a meaningful contribution to the Group's future growth. They all have in common that they address current megatrends and serve fast-growing markets that are driven by efforts to achieve greater sustainability. Some of the projects are still in early stages, while others are already well advanced. The latter include, for example, the projects concerning carbon capture, green hydrogen, and battery production for e-mobility. The Special Growth Projects are intended to yield significant increases in the share of sales of sustainable products and solutions in the coming years.

Goals: Social

Goal	Measuring variable	Base year 2019	2021	2022	2023	Goal 2025 resp. % p.a.
Reduce annual accident frequency rate (> 1 day's absence) by 30% compared to the preceding year	Accidents causing one or more days of absence per 1 million working hours	6.1	3.1	2.8	2.6	-30% p.a.
Reduction of the voluntary fluctuation rate	% of total employees	6.0	6.5	6.0	5.1	<4.5
Increase the proportion of female employees	% of total employees	16.2	16.6	16.4	17.0	20

In the Social area, the **occupational accident frequency rate** in 2023 was further reduced compared to the previous year, although the goal of reducing the accident frequency rate by 30% compared to the previous year was not achieved. ANDRITZ has implemented many initiatives and measures on occupational safety in recent years, which are reflected in a significant reduction in the occupational accident frequency rate by about 60% compared with the baseline value in 2019.

ANDRITZ pursues a zero-accidents goal and takes further measures in this area for a proactive safety culture in order to prevent accidents. All incidents and accidents are recorded, investigated, and analyzed – irrespective of their severity. In addition, injuries that result in absences from work are documented in a Group accident database. Furthermore, a lessons-learned report is compiled and published in the intranet. Experience from actual incidents and near-accidents as well as good/best practices are collected and used to improve the safety culture. In consideration of the need for improvement identified with respect to personal safety behavior, specific intensive training on behavior-based safety principles will be conducted throughout the entire ANDRITZ organization during 2024.

The **voluntary fluctuation rate** was decreased during the reporting year to 5.1%. ANDRITZ has taken a number of measures in this area to convincingly communicate ANDRITZ's added value as an employer, to build up an appealing employer brand, and thus to present the company as attractively as possible on the recruiting market.

The **proportion of female employees** was increased to 17.0%. Measures to increase the proportion of women in the long term include increased promotion of women for management positions and increased support in reconciling family and work life. The company-run kindergarten set up beside the headquarters of the ANDRITZ GROUP in Graz as well as at the Vienna location and the flexible working hours available to employees with young children are examples of these measures. When creating office space as part of new building projects, consideration is always given to the topic of new child care facilities for the children of employees. In addition, a strict equal opportunities policy is considered very important in the recruitment process.

Goals: Governance

Goal	Measuring variable	2019	2021	2022	2023	Goal 2025
No event-driven profit warnings	Number of event-driven profit warnings	0	0	0	0	0
No compliance violations	Number of incidents of corruption	0	0	0	0	0
	Number of antitrust violations	0	0	0	0	0
Coverage of 85% of the supply volume* by assessed suppliers by 2025	% of supply volume with assessed suppliers	78**	82	82	90	85

* Cumulative external purchasing volume by suppliers with an average annual purchasing volume of more than EUR 250,000.
** The figure refers to 2020 as no comparable data is available for 2019.

As in previous years, there were no **event-driven profit warnings in** 2023. Furthermore, there were **no cases of corruption or competition** within the ANDRITZ GROUP. This can be attributed above all to the effective compliance management system and the anti-corruption management system, which are certified according to ISO 37301 and ISO 37001.

ANDRITZ is also well on track for the ESG governance goal in the area of **supplier compliance** in relation to the target of 85% set for 2025. With 89.5% of the suppliers assessed in the supplier relationship management (SRM) tool in 2023, this goal was achieved early. A reassessment of the evaluation process and the goal is planned for 2024.

3. EU Taxonomy

The EU Taxonomy Regulation 2020/852 of June 18, 2020, is part of the EU Sustainable Finance Action Plan and aims to define sustainable economic activities. Thus, it is a significant regulatory step towards promoting transparency in the sustainability sector. It is intended to direct investment flows towards a sustainability transformation in line with the European Green Deal.

Pursuant to Article 8 of the Regulation, ANDRITZ has been obliged to report on the form and extent of the economic activities that qualify as environmentally sustainable according to the EU Taxonomy classification system since 2021.

In June 2023, Delegated Regulation 2021/2139 was expanded to define new economic activities for the first two climate objectives of climate change mitigation and climate change adaptation. Furthermore, Delegated Regulation 2023/2486 was published containing the economic activities for the four additional environmental objectives: sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. ANDRITZ reports the taxonomy eligibility for all relevant new economic activities. For the relevant economic activities from Delegated Regulation 2021/2139, ANDRITZ reports (as in the previous reporting year) the proportions of both taxonomy-eligible and taxonomy-aligned economic activities.

While a match between the activity descriptions and the economic activities of the company is sufficient for the identification of taxonomy eligibility, taxonomy alignment requires the fulfillment of the technical screening criteria relevant for the economic activity. These are to ensure that the taxonomy-eligible economic activity makes a substantial contribution to one of the six environmental objectives, does no significant harm to the remaining five environmental objectives, and meets minimum social safeguards. Taxonomy alignment requires the cumulative fulfillment of all three requirements.

Taxonomy eligibility

As in 2022, ANDRITZ classifies individual product groups (described below under 3.a) as taxonomy-eligible according to the definition of economic activities 3.1. “Manufacture of renewable energy technologies” and 3.6. “Manufacture of other low carbon technologies”. With the publication of the new delegated regulation, it is now also possible to classify product groups as taxonomy-eligible according to the definition of the economic activities 3.20. “Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation” and 5.1. “Repair, refurbishment and remanufacturing”.

Taxonomy alignment

After applying and reviewing the technical screening criteria, ANDRITZ continues to classify the products assigned to economic activity 3.1. as taxonomy-aligned. The products falling under economic activity 3.20. have also now been added. For details, see 3.b).

For the products assigned to economic activity 3.6., it is not possible for ANDRITZ to demonstrate taxonomy alignment at this stage because the technical screening criteria have not yet been clearly defined by the EU Commission (in particular, the criteria for a material contribution to climate change mitigation). In order to make a significant contribution to climate change mitigation, the technologies must be shown to result in significant life-cycle greenhouse gas emissions savings, according to the currently available definition. However, no clear definition exists yet for the term “significant”. In addition, to satisfy taxonomy alignment, the technology must be better than the best performing alternative technology available on the market in terms of greenhouse gas emissions. Here, too, it is currently not possible to prove that ANDRITZ’s technologies meet these criteria because there is yet no international database on which to base these checks.

The taxonomy-eligible and taxonomy-aligned economic activities applicable to the ANDRITZ GROUP are shown below together with the financial key performance indicators (turnover, capital expenditure, and operating expenditure) and the corresponding qualitative information to be reported pursuant to Article 8 of the EU Taxonomy Regulation.

Challenges of the EU Taxonomy

All information from ANDRITZ is based on the status of the definitions and interpretation of the EU Taxonomy at the time this report is published.

Before providing more details on the taxonomy-eligible and taxonomy-aligned economic activities, ANDRITZ wishes to point out that the EU Taxonomy cannot be equated with ANDRITZ’s own definition of sustainable products and solutions that was published before the EU Taxonomy. ANDRITZ’s own definition of sustainable products and solutions (as used in the ESG goals and their achievement described above in chapter 2. We Care) includes equipment, technologies, and systems that help customers achieve their sustainability goals. They help protect the environment, contribute to decarbonization, reduce the consumption of valuable resources, such as water, and promote a circular economy.

In contrast, the EU Taxonomy concentrates in its definitions of the first two climate objectives primarily on industrial economic activities that are energy-intensive and emit large quantities of CO_2, without taking the respective supply chains into full consideration. For these activities, the EU Taxonomy contains very precise descriptions and technical screening criteria in order to determine the conditions under which an economic activity can be classified as taxonomy-eligible or taxonomy-aligned. As a supplier of technologies and systems that enable and push forward the green transformation, ANDRITZ believes it has not been taken into consideration sufficiently in the first two climate objectives of the EU Taxonomy. The ANDRITZ product portfolio contains a large number of technologies that make a significant contribution towards climate neutrality in many industries.

Part of ANDRITZ's service business falls under the new delegated regulation with the four additional environmental goals, in particular under the environmental objective concerning the circular economy. The assumption that additional products from the business areas of Separation, Pulp & Paper, and Metals which did not fall under the first two environmental objectives are covered by the environmental objectives "Sustainable use and protection of water and marine resources", "Transition to a circular economy", and "Pollution prevention and control" has not been confirmed. The economic activities in question refer explicitly to the construction, modernization, and operation of complete plants. In these areas, ANDRITZ generally supplies components and machines as parts of plants, meaning that these projects were classified as not taxonomy-eligible.

a) Identification of taxonomy-eligible turnover

In identifying the taxonomy-eligible product groups for the environmental objectives of climate change mitigation and transition to a circular economy, ANDRITZ has adhered strictly to the European Commission's wording in the description of sustainable economic activities – also, in particular, to the definition of economic activity 3.6., "Manufacture of other low carbon technologies", which says that only those low carbon technologies that lead to a substantial reduction in greenhouse gas emissions in downstream industries may be classified as taxonomy-eligible.

Finally, on the basis of the published delegated regulations and the FAQs of the EU Commission, the following product groups were classified by ANDRITZ as taxonomy-eligible in pursuit of the environmental goal of **climate change mitigation**:

Economic activity 3.1. "Manufacture of renewable energy technologies":

- **Electromechanical equipment for hydropower stations** (Hydro business area)
- **Biomass and black liquor boilers, evaporators, technologies for gasification and combustion of bark, wood dust, and wood waste** (Pulp & Paper business area)
- **Plants for the production of biomethanol** (Pulp & Paper business area)

Economic activity 3.6. "Manufacture of other low carbon technologies":

- **Presses and press lines for the production of electric vehicle components**: car body and structural elements, metal housings for batteries, electrical steel for motors (Metals business area)
- **Plants and systems for lightweight vehicle construction**: laser welding systems to produce tailor welded blanks, continuous galvanizing lines and cold-rolling mills for the production of high-strength steel grades (AHSS/UHSS), processing and heat-treatment lines for the production of aluminum sheet for lightweight bodywork (Metals business area)

- **Plants for CO_2 capture** for downstream transport and storage/further processing of CO_2 according to economic activities 5.11. "Transport of CO_2" and 5.12. "Underground permanent geological storage of CO_2" (Pulp & Paper business area)

Economic activity 3.20. "Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change":

- **Synchronous condensers** (Hydro business area)

For the environmental objective **transition to a circular economy**, the following ANDRITZ product groups have been classified as taxonomy-eligible:

Economic activity 5.1. "Repair, refurbishment, and remanufacturing":

- Repairs and refurbishment services for the **process areas of pulp and paper plants** (Pulp & Paper business area)
- Repairs and refurbishment services in connection with **rolls for paper machines** (Pulp & Paper business area)
- Repairs and refurbishment services for **mechanical, hydraulic, and servo presses** as well as for **punching and forming plants** (Metals business area)
- Repairs and refurbishment services for **machines in the food industry** (Separation business area)

Explanation of the taxonomy relevance of the business areas

Hydro

ANDRITZ Hydro is one of the globally leading suppliers of electromechanical equipment and services for hydropower plants. With over 180 years of experience and an installed fleet of more than 470 GW output, the business area provides complete solutions for hydropower plants of all sizes as well as services for plant diagnosis, refurbishment, modernization, and upgrade of existing hydropower plants.

The business area offers a complete product portfolio with turbines, generators, and additional equipment of all types and sizes – "from water to wire" – for large and small hydro applications, pumped storage power stations, and tidal energy turbines for marine energy projects. As hydropower and pumped storage power stations are also designed for hydraulic and environmental conditions specific to the location, the associated electromechanical equipment is also planned and designed accordingly. Virtually every turbine, every generator, and the general plant layout are in general "project-specific individual solutions".

ANDRITZ supplies products and systems that form an integral part of a hydropower plant. Therefore, the contractual scope of supply usually includes the planning, engineering, delivery, installation, and commissioning of the equipment, and these are therefore grouped together as an integrated performance obligation under IFRS 15 and collectively under economic activity 3.1. in the EU Taxonomy.

The service sector offers plant diagnosis, rehab, modernization, and upgrades to existing hydropower plants. The range extends from complex upgrades to small spare part deliveries. All ANDRITZ solutions meet the specific customer requirements, are environmentally friendly, and support operations management. The scope of supply normally consists of repairs, reconditioning, or complete replacement of components and plant parts.

The product portfolio in the service sector also contains general services such as technical support, training, spare parts management, and service contracts to comply with all technical, economic, and legal requirements. Special services can be offered for life cycle and risk analysis and for operation and maintenance. At the moment, this product offering in the service area cannot be assigned to any economic activity of the EU Taxonomy due to the definition of the six environmental objectives.

Newly added here are synchronous condensers, which are indispensable for stabilization of the power grid, especially in connection with the rising share of variable renewable energy sources. They can supply significant quantities of reactive power and short-circuit power to maintain grid stability by compensating for fluctuations. This makes it possible to further improve the integration of solar and wind energy into the energy infrastructure. ANDRITZ's activities in this area are grouped together under economic activity 3.20. in the EU Taxonomy.

Pulp & Paper

The Pulp & Paper business area provides sustainable technology, automation, and service solutions for the production of all types of pulp, paper, board, and tissue. The technologies and services focus on increased production efficiency and lower overall operating costs as well as innovative decarbonization strategies and autonomous plant operation. This business area also includes boilers for power generation, flue gas cleaning systems, various nonwoven technologies, and panelboard (MDF) production systems.

With waste-to-value recycling, shredding, and energy solutions, waste and by-product streams from production are converted into valuable secondary raw materials as well as into sustainable resources for energy generation. State-of-the-art IIoT technologies as part of Metris digitalization solutions complete the comprehensive product offering.

The Pulp & Paper business area contains a large number of products and technologies that can contribute towards the environmental objectives of the EU’s Green Deal. However, not all of these correspond to the defined economic activities and descriptions of the six environmental objectives.

The following section explains which products from the Pulp & Paper business area can be classified as economic activities within the meaning of the environmental objective **climate change mitigation**:

- **Modern biomass boilers** are subdivided into bubbling fluidized bed (BFB) and circulating fluidized bed (CFB) technologies. Both generate steam and electricity from biomass and biogenic residual materials.

- **Black liquor boilers** are used in pulp production to generate energy by burning the inorganic components in the black liquor (mainly lignin). The inorganic components in the black liquor are fully re-utilized by means of a closed-loop system for the production of the chemicals needed to pulp the wood.

- **Evaporators** are a preliminary stage that precede the black liquor boilers. Their primary goal is to produce a stable flow of black liquor containing a high proportion of solids for efficient combustion in the black liquor boiler. In a multi-stage process, the solids content in the black liquor is increased from around 15% to approximately 80% by the evaporators.

  Black liquor is burned in order to generate electricity and process heat in the form of steam. Modern black liquor boilers generate around twice as much electricity as the entire pulp mill consumes. The surplus “green” electricity is fed into the national grid.

The black liquor is classified by reputable organizations like the IEA (International Energy Agency), the IPCC (Intergovernmental Panel on Climate Change), the FAO (Food and Agriculture Organization) of the United Nations, and the EU – according to the EU Renewable Energy Directive (RED II) – as a renewable, CO_2-neutral, and biomass-based fuel that contributes towards reducing greenhouse gas emissions.

- **Gasification plants** use the wood waste (bark, wood dust, etc.) from pulp production to produce gas with this biomass in order to replace 100% of the fossil fuels used to fire the lime kiln. Hence, this technology makes a contribution towards substantially reducing greenhouse gas emissions.

- **Plants for the production of biomethanol:** ANDRITZ has developed a new process that produces high-purity biomethanol from the non-volatile gases arising during pulp production. This biomethanol can either be re-used in the mill or put to commercial use, for example as biofuel in the transport sector (biodiesel for shipping). This achieves substantial savings in greenhouse gas emissions.

As in the Hydro sector, the sale of these products and services also entails integrated performance obligations within the meaning of IFRS 15 and falls under economic activities 3.1. and 3.6. in the EU Taxonomy.

The following section explains which products from the Pulp & Paper business area can be classified as economic activities within the meaning of the environmental objective **circular economy**:

- Repairs and refurbishment services for individual process areas in pulp and paper plants. These include services for pulpers, refiners, dewatering systems, tissue machines, and paper/board machines, services for technologies in the area of wood and biomass processing as well as services for cooking, washing, bleaching, wet processing, drying, cutting, and baling systems.

- Repairs and upgrades in connection with rolls for the clothing of paper machines.

ANDRITZ's service activities in these areas are grouped together in the EU Taxonomy under economic activity 5.1.

Metals

The Metals business area is – via the Schuler Group – a technological and market leader in metal forming. Schuler supplies presses, automation solutions, dies, process know-how, and service for the entire metal-working industry and for lightweight vehicle construction. In the service area, this business area offers repair and refurbishing services for mechanical, hydraulic, and servo presses as well as for punching and forming plants, among other services. In the e-mobility sector, Schuler supplies plants for economical serial production of components for e-vehicles – car body and structural elements, metal housings for batteries, and electrical steel for motors. In addition, in the lightweight vehicle construction sector, ANDRITZ offers laser welding systems to produce tailor welded blanks, continuous galvanizing lines and cold-rolling mills for the production of high-strength steel grades (AHSS/UHSS) as well as processing and heat-treatment lines for the production of aluminum sheet for lightweight bodywork. The products from ANDRITZ and Schuler make a substantial contribution towards reducing greenhouse gas emissions in downstream industries.

The sale of these products and services is an integrated performance obligation within the meaning of IFRS 15, and they are therefore also grouped together in the EU Taxonomy under economic activity 3.6. The service activities are grouped under economic activity 5.1.

Separation

ANDRITZ Separation provides mechanical and thermal technologies as well as services and the related automation solutions for solid/liquid separation, serving the chemical, environmental, food, and the mining and minerals industries. The customized, innovative solutions focus on minimizing the use of resources and achieving the highest process efficiency, thus making a substantial contribution towards sustainable environmental protection.

In addition, the business area offers technologies and services for the production of animal feed and biomass pellets. Pumps for irrigation, water supply, and flood control are also part of this business area’s portfolio. In the service area, this business area offers repair services for machines in the food industry, such as the ANDRITZ decanter centrifuge F, the ANDRITZ horizontal peeler centrifuge, the ANDRITZ Gouda contact drum dryer, and the ANDRITZ Gouda paddle dryer.

ANDRITZ's service activities in these areas are grouped together in the EU taxonomy under economic activity 5.1.

b) Identification of taxonomy-aligned turnover

In identifying the taxonomy-aligned product groups for the environmental objective of climate change mitigation, ANDRITZ strictly followed the wording of the technical screening criteria of the economic activities according to Delegated Regulation 2021/2139.

Finally, on the basis of the published Delegated Regulations and the FAQs of the EU Commission, the following ANDRITZ product groups were classified as taxonomy-aligned when pursuing the environmental goal of climate change mitigation:

Economic activity 3.1. “Manufacture of renewable energy technologies”:

- **Electromechanical equipment for hydropower stations** (Hydro business area)

- **Biomass and black liquor boilers, evaporators, technologies for gasification and combustion of bark, wood dust, and wood waste** (Pulp & Paper business area)

- **Plants for the production of biomethanol** (Pulp & Paper business area)

Economic activity 3.20. “Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change”:

- **Synchronous condensers** (Hydro business area)

Review of the technical screening criteria for the products in economic activities 3.1. and 3.20.

For economic activity 3.1., a substantial contribution to climate change mitigation is given if the economic activity produces renewable energy technologies. This is the case for all products classified by ANDRITZ in economic activity 3.1.

For economic activity 3.20., a significant contribution to climate change mitigation exists because the synchronous condensers from ANDRITZ fall under e) demand response and load shifting equipment, systems and services that increase the flexibility of the electricity system and support grid stability. They therefore contribute to the expansion of renewable energies.

The following section explains in more detail how ANDRITZ has demonstrated that the economic activities do no significant harm to the remaining five environmental objectives. In addition to the products, the sites that produce the taxonomy-eligible products were analyzed in greater detail.

Environmental Goal	Avoidance of significant impairment
Climate change adaptation	Climate risk and vulnerability assessments were carried out at all ANDRITZ manufacturing sites that produce taxonomy-eligible products assigned to economic activities 3.1. and 3.20. Chronic and acute climate risks were assessed today, 10 years from now, and 30 years from now. The risk of climatic hazards for the analyzed manufacturing sites is currently assessed as low to medium. Therefore, it was also not necessary to define adaptation measures.
Sustainable use and protection of water and marine resources	All relevant sites operate an environmental management system in accordance with ISO 14001. In this, the water resource management plays a central role. In addition, a valid permit has been issued for all sites, and any requirements and stipulations imposed by the authorities regarding water have been implemented.
Transition to a circular economy	The products assigned to economic activities 3.1. and 3.20. are largely made of steel, a material that can be recycled again and again. The products are also designed to last for several decades. Repairs, refurbishments, or modernizations can be carried out without any problems. All relevant sites have a waste management concept and follow the waste hierarchy (avoidance, reuse, recycling, recovery, disposal). ANDRITZ reports all substances of very high concern (SVHCs) to the European Chemicals Agency (ECHA) and to customers via the SCIP database.
Pollution prevention and control	Parts lists are available for all self designed products. The metallic materials used are stored in the ANDRITZ Material Code (AMC) system, which provides information on the composition of the materials. From this it can be concluded, for example, that self designed components do not contain mercury. ANDRITZ reports all substances of very high concern (SVHCs) to the European Chemicals Agency (ECHA) via the SCIP database, and to customers if ANDRITZ receives this information from suppliers. This is currently the case for lead in metallic materials. ANDRITZ does not use any substances subject to authorization according to Annex XIV. The requirements for restricted substances (Annex XVII) currently affect ANDRITZ in part. Audits were conducted for compliance with the content requirements for substances of very high concern. ANDRITZ's goal is to eliminate and substitute SVHCs in all products by the end of 2023. Suppliers are also expected to report SVHCs to ANDRITZ. This is required in the order forms.
Protection and restoration of biodiversity and ecosystems	All relevant sites operate an environmental management system in accordance with ISO 14001. In addition, a valid permit has been issued for all of them and any conditions imposed by the authorities with regard to biodiversity have been implemented. No Environmental Impact Assessment (EIA) has been requested by the Authority for any of the relevant sites in the past. However, in the course of reviewing the DNSH criterion, an EIA screening was again conducted. This assessment also concluded that an EIA was not necessary. Furthermore, no site is located in biodiversity sensitive areas. Sites in the vicinity of biodiversity sensitive areas have no negative impact on them.

Compliance with minimum safeguard requirements

The so-called minimum safeguards pursuant to Article 18 of the EU Taxonomy Regulation (EU) 2020/852 are intended to ensure that an economic activity is only taxonomy-aligned if it also meets international human rights standards and regulations on bribery and corruption, taxation, and fair competition. The minimum safeguard requirements are specified at the ANDRITZ GROUP level.

Topics	Minimum safeguards
Human rights	ANDRITZ gives top priority to the protection of human rights in its business activities. Compliance with the requirements of the UN Global Compact and the OECD Guidelines for Multinational Enterprises is therefore laid down in the ANDRITZ Code of Conduct and Ethics as well as in the Code of Conduct and Ethics for Suppliers. All ANDRITZ suppliers must complete a mandatory compliance and sustainability questionnaire during the onboarding process and receive a rating. If this is too low, measures are taken together with the supplier or no business relationship is established. In addition, compliance and sustainability audits including follow-ups are carried out on site at suppliers in China and India. Human rights violations automatically lead to non-compliance. Within ANDRITZ, compliance with the Code of Conduct and Ethics is verified by internal audits. Human rights violations can also be reported anonymously by both employees and all other stakeholders via the online-based whistleblowing system “Speak UP!”. There are no final convictions in this area.
Bribery and corruption	ANDRITZ has an Anti-Corruption and Anti-Bribery Policy. Employees must regularly complete online training on these topics. There are no final convictions in this area.
Taxation	According to the ANDRITZ tax statement, all ANDRITZ companies are subject to the local tax laws of the respective countries and must pay income and other taxes. As part of the ANDRITZ Code of Conduct, all business transactions must fully and clearly comply with legal and other regulations. Tax risks are identified, analyzed, and taken into account appropriately. ANDRITZ's handling of tax risk is integrated into the Group-wide monitoring and control system (ICS), whose main task is to identify emerging risks at an early stage and – if possible – to take countermeasures. This is an important element of active corporate management. The ANDRITZ Executive Board is responsible for implementing and monitoring the ICS. Binding regulations, policies and guidelines have been implemented throughout the Group for this purpose. There are no final convictions in this area.
Fair competition	ANDRITZ has a Global Competition and Antitrust Compliance Policy. Employees who have external contact with customers, suppliers or competitors must regularly complete online training on this topic. There are no final convictions in this area.

c) Key performance indicators (KPIs) (disclosure pursuant to Annex I – 1.2.2.1)

Turnover

Turnover in the denominator includes the turnover reported in accordance with IAS 1.82(a) and corresponds to the turnover according to the consolidated income statement (see Notes to the Consolidated Financial Statements).

Taxonomy-aligned turnover in the numerator consists of turnover generated by the provision of services and the supply of goods within the definitional area of activity 3.1. “Manufacturing of renewable energy technologies” and 3.20. “Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change”. The typical contractual scope of supply under activity 3.1. includes the design, engineering, delivery, installation, and commissioning of the equipment and is therefore aggregated under IFRS 15 as an integrated performance obligation and in the EU Taxonomy as a whole under activity 3.1. The performance obligations identified in accordance with the provisions of IFRS 15.22 et seq. were reviewed for consistency with the EU Taxonomy. A separation of integrated performance obligations within the meaning of IFRS 15.29 has not been made for EU Taxonomy purposes.

All turnover in the taxonomy-eligible product groups described above has been considered in the taxonomy-eligible turnover.

	Proportion of turnover/Total turnover	
	Aligned per objective	**Eligible per objective**
Climate Change Mitigation (CCM)	23.7%	27.9%
Climate Change Adaptation (CCA)		
Water and Marine Resources (WTR)		
Circular Economy (CE)		5.9%
Pollution Prevention and Control (PPC)		
Biodiversity and ecosystems (BIO)		

Declaration form: Proportion of **turnover** from goods or services related to taxonomy-aligned economic activities – disclosure for the year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*MEUR*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CCM 3.1. Manufacture of renewable energy	CCM 3.1.	2,020.5	23.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	23.2%	E	
CCM 3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20.	35.2	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,055.7**	**23.7%**	**100%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**23.2%**		
Of which Enabling		**2,055.7**	**23.7%**	**100%**						Y	Y	Y	Y	Y	Y	Y	23.2%	E	
Of which Transitional																			

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
CCM 3.6. Manufacture of other low carbon technologies	CCM 3.6.	361.0	4.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.7%		
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1.	514.8	5.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**875.8**	**10.1%**	**41%**				**59%**									**4.7%**		
A. Turnover of Taxonomy eligible activities (A1+A2)		**2,931.5**	**33.9%**	**82%**				**18%**									**27.9%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**5,728.5**	**66.1%**																
TOTAL		**8,660.0**	**100%**																

Capital expenditure (CapEx)

Capital expenditure as defined in the EU Taxonomy comprises additions to intangible assets other than goodwill and also additions to property, plant, and equipment, including rights of use from lease arrangements and plant additions from acquisitions. Purchased assets from acquisitions are also included. Advance payments for assets under construction in the amount of MEUR 19.3 (2022: MEUR 7.6) were deducted. Details are provided in the Notes to the Consolidated Financial Statements in section D) Non-current assets and liabilities, under sub-section 18. Property, plant and equipment, sub-section 19. Rights of use from lease arrangements and lease obligations, and sub-section 21. Intangible assets other than goodwill.

All investments in the taxonomy-eligible product groups described above have been considered in the taxonomy-eligible capital expenditure. Furthermore, the following individual, sustainable capital expenditures that enable ANDRITZ to reduce its own greenhouse gas emissions and lower its consumption of water and energy were included in accordance with the EU Taxonomy:

- Water treatment and waste management (5.2. Renewal of water collection, treatment, and supply systems)
- Electrically powered vehicles (6.5. Transport by motorbikes, passenger cars, and light commercial vehicles)
- Sustainable renovation and maintenance of buildings (7.2. Renovation of existing buildings)
- Charging stations for electric vehicles (7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- Installation of photovoltaic systems (7.6. Installation, maintenance, and repair of renewable energy technologies)

All investments in the taxonomy-aligned product groups described above have been considered in the taxonomy-aligned capital expenditure. Furthermore, no other individual sustainable capital expenditures were included in accordance with the EU Taxonomy.

To avoid double counting in the CapEx KPIs (and OpEx KPIs), these capital or operating expenditures related to purchased output and individual measures that were already considered under “Category a” (i.e., capital or operating expenditures related to assets or processes associated with revenue-generating economic activities, this relates in particular to our production buildings) were only recorded once.

	Proportion of CapEx/Total CapEx	
	Aligned per objective	**Eligible per objective**
Climate Change Mitigation (CCM)	13.0%	18.2%
Climate Change Adaptation (CCA)		
Water and Marine Resources (WTR)		
Circular Economy (CE)		7.1%
Pollution Prevention and Control (PPC)		
Biodiversity and ecosystems (BIO)		

Declaration form: Proportion of **CapEx** from goods or services related to taxonomy-aligned economic activities – disclosure for the year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CCM 3.1. Manufacture of renewable energy technologies	CCM 3.1.	32.5	12.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	24.2%	E	
CCM 3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20.	0.6	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**33.1**	**13.0%**	**100%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**24.2%**		
Of which Enabling		**33.1**	**13.0%**	**100%**						Y	Y	Y	Y	Y	Y	Y	24.2%	E	
Of which Transitional																			

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
CCM 3.6. Manufacture of other low carbon technologies	CCM 3.6.	6.6	2.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.9%	
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1.	18.1	7.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A	
CCM 5.2. Renewal of water collection, treatment, and supply systems	CCM 5.2.	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
CCM 6.5. Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5.	0.9	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%	
CCM 7.2. Renovation of existing buildings	CCM 7.2.	1.5	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
CCM 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to	CCM 7.4.	0.2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%	
CCM 7.6. Installation, maintenance, and repair of renewable energy technologies	CCM 7.6.	4.2	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**31.6**	**12.4%**	**43%**				**57%**									**18.9%**	
A. CapEx of Taxonomy eligible activities (A1+A2)		**64.7**	**25.3%**	**72%**				**28%**									**43.0%**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities		**190.8**	**74.7%**															
TOTAL		**255.5**	**100%**															

Operating expenditure (OpEx)

Operating expenditures according to the Delegated Regulation 2021/2178 include direct as well as non-capitalized costs that ensure maintaining the functionality of the fixed assets[1]. Accordingly, the following operating expenditures are to be included in the denominator for the OpEx KPI[2]:

- Maintenance materials and supplies
- Personnel costs incurred for the repair of machinery
- Personnel costs incurred due to the cleaning of machines
- IT costs incurred as a result of maintenance
- Expenses for short-term leases

The numerator reflects those operating expenditures associated with the processes or assets of taxonomy-aligned economic activities. This includes training and other adjustment requirements within the workforce as well as research and development costs. Also, for investments that are still in the planning stage and aim to expand taxonomy-aligned economic activities, the OpEx calculation must take into account the operating expenditures just mentioned[3].

With respect to the business model of the ANDRITZ GROUP, operating expenditure essentially in the form of research and development and also maintenance falls into this category. All operating expenditures in the taxonomy-eligible product groups and investments described above have been considered in the taxonomy-eligible operating expenditure. The total amount of non-capitalized research and development expenses included in the income statement is reported in the Notes to the Consolidated Financial Statements in section D) 21. Intangible assets other than goodwill reported under a) Research and development costs. Descriptions of ANDRITZ's research and development activities can also be found in the above-mentioned section.

ANDRITZ GROUP IFRS Accounting Policy defines that expenses from the research phase are not suitable for capitalization but are recorded directly as expenditure. Expenses in the development phase must be capitalized if strict criteria are met.

	Proportion of OpEx/Total OpEx	
	Aligned per objective	**Eligible per objective**
Climate Change Mitigation (CCM)	18.9%	23.1%
Climate Change Adaptation (CCA)		
Water and Marine Resources (WTR)		
Circular Economy (CE)		8.7%
Pollution Prevention and Control (PPC)		
Biodiversity and ecosystems (BIO)		

[1] Delegated Regulation 2021/2178, p. 10, available at: https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32021R2178&from=EN
[2] FAQ on Delegated Regulation 2021/2178, available at: https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq-part-2_en.pdf
[3] Delegated Regulation 2021/2178, p. 10, available at: https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32021R2178&from=EN

Declaration form: Proportion of **OpEx** from goods or services related to taxonomy-aligned economic activities – disclosure for the year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, year N (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
Text		*MEUR*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CCM 3.1. Manufacture of renewable energy technologies	CCM 3.1.	46.1	18.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	19.3%	E	
CCM 3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20.	0.5	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**46.6**	**18.9%**	**100%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**19.3%**		
Of which Enabling		**46.6**	**18.9%**	**100%**						Y	Y	Y	Y	Y	Y	Y	19.3%	E	
Of which Transitional																			

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
CCM 3.6. Manufacture of other low carbon technologies	CCM 3.6.	10.5	4.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.9%		
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1.	21.5	8.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**32.0**	**13.0%**	**33%**				**67%**									**3.9%**		
A. OpEx of Taxonomy eligible activities (A1+A2)		**78.6**	**31.8%**	**73%**				**27%**									**23.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**168.5**	**68.2%**																
TOTAL		**247.1**	**100%**																

Nuclear and fossil gas related activities

ANDRITZ does not carry out any activities in the field of nuclear energy and fossil gas according to the definitions of the Delegated Regulation 2022/1214. No further information is therefore provided.

Template 1 – Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

4. Non-financial risks

Risk management is an integral part of all business processes and extends over all strategic and operational levels of the ANDRITZ GROUP. The non-financial risks described below (pursuant to § 267a (3) No. 5 UGB – the Austrian Commercial Code) deal with possible risks relating to environmental, employee and social affairs, the fight against bribery and corruption, and respect for human rights.

Non-financial risks for the company as well as for its environment can arise from the company's own business activities or from business relationships. The focus on non-financial risks was increased in the past, not only as a result of rising demands by the stakeholders, but also increasingly due to statutory regulations. In addition to financial losses, the possible consequences of non-financial risks also include loss of reputation or becoming less attractive as an employer.

a) Human resources

The ANDRITZ GROUP's goal is to retain its employees within the company for the long term. It therefore attaches great importance to being an attractive employer. This includes providing a safe and healthy working environment for all employees, applying the principle of equal treatment and avoiding any form of discrimination, harassment or retaliation. However, it is impossible to exclude the possibility of some employees feeling that they have been treated unequally or unfairly. There are different means of lodging a complaint in such cases, for example to the respective local HR organization, the Works Council, or using the online Group-wide whistleblower system "Speak UP!"

Working conditions that are perceived to be unsatisfactory can lower the motivation and enthusiasm of employees and subsequently have a negative impact on productivity. Resulting increases in sick leave or employee turnover rates could lead to additional costs for ANDRITZ.

Hence, ANDRITZ attaches great importance to professional promotion and raising the level of employees' skills. However, this is only possible with the personal commitment of each individual employee. Consequently, a lack of willingness to undertake further training can result in employees not being adequately qualified. ANDRITZ could become less attractive as an employer if there are insufficient opportunities for further professional and personal development, and this may deter potential employees from applying for jobs. As a result, the company is increasingly seeking to address the changes in the professional world and the new expectations on the part of employees. This includes creating a good work-life balance, for example, to which ANDRITZ contributes by providing more flexible working hours.

b) Supply chain management

Adherence to internationally applicable environmental and social standards is very important to ANDRITZ, especially in work with suppliers. Possible breaches (e.g. child labor, disregarding safety regulations, underpayment, incorrect disposal of hazardous substances, and so on) may not only harm ANDRITZ's own image, but also jeopardize its existing or future business relationships with customers. Payment of fines or penalties may also be a possible consequence of such breach. This could have a negative impact on the Group's business development.

ANDRITZ therefore endeavors to forge ahead with the implementation of internationally recognized environmental and social standards, such as ISO 14001, the principles of the UN Global Compact, the labor standards of the International Labour Organization (ILO), laws to prevent modern slavery and the OECD principles for multinationals. ANDRITZ is also committed to monitoring whether these standards are adhered to.

The ANDRITZ Code of Conduct and Ethics for Suppliers sets out the minimum requirements for companies that want to work with ANDRITZ. In addition, a questionnaire on compliance and sustainability must be completed in the course of the supplier onboarding. Serious violations can result in termination of the business relationship with suppliers and potentially the global blacklisting of the external partner.

c) Environmental protection inside and outside the company

The systems and plants supplied by ANDRITZ comply with the highest environmental and safety standards and fulfill the respective legal requirements of the countries in which they are installed. Nevertheless, incorrect operation, maintenance errors or other unforeseen and uncontrollable occurrences can lead to serious injury or death or to significant property damage, and ANDRITZ could possibly be held liable for this.

Professionally qualified waste managers draw up and supervise waste management plans and ensure that these hazardous substances are handled correctly at the production sites. The waste managers are also responsible for fulfillment of the general obligations relating to collection, transport, storage and treatment of waste. The hazardous waste generated during operations is stored in lockable rooms until it is collected by the disposal company. Appropriate records are kept on quantities of hazardous and non-hazardous waste as well as waste oil. Nevertheless, there can be no guarantee that hazardous waste is disposed in accordance with to the regulations or that environmental damage is prevented. Sometimes hazardous chemicals and materials are also used during installation and other work on job sites. In the event of an accident, for example spillage of hazardous materials, a fire, or an explosion, ANDRITZ could be held liable for property damage, personal injury, or environmental damage.

d) Risks due to climate change

Risks for the ANDRITZ GROUP due to climate change include physical risks as well as transition risks. Physical risks result from the impacts of climate change. In particular, these include extreme weather phenomena, such as storms, flooding, forest fires and extreme heat, which can damage company locations or job sites and result in supply chain interruptions. This could lead, in turn, to a loss of manufacturing capacities and possibly also entail other consequential damages. Extreme weather phenomena could also result in damage to the transport infrastructure and thus have a severe impact on the logistics sector, which is handled by external service providers for ANDRITZ. Delays and shortfalls in freight transport could have a substantial negative effect on the production process and on the progress of projects. As a result, the freight transport process must be adapted if necessary to the new general conditions caused by climate change. Furthermore, we expect that certain measures to adjust to changing climate conditions will be necessary in the medium term.

Climate changes in the longer term and the consequences, such as temperature changes, rising sea levels, water shortages or a loss of biological species diversity, could also have a negative impact on ANDRITZ. Hence, there is a need to implement long-term corrective measures. In accordance with the EU Taxonomy Regulation, climate risk and vulnerability analyses were conducted at the manufacturing sites producing taxonomy-eligible goods. Both chronic and acute risks were assessed for today, for 10 years from now and for 30 years from now. The risk of climate hazards for the analyzed manufacturing sites is currently assessed as low.

The climate changes worldwide in the past few years have also resulted in extreme price volatility for some raw materials. Further changes in the climate could result in rising input prices for production, energy, transport and insurance. Measures have already been implemented at individual ANDRITZ locations to enhance energy efficiency, particularly in the production process. Photovoltaic systems were also installed at several manufacturing sites in 2023, and further installations are planned for 2024. This not only increases the share of renewable energy and yields cost reductions, but also makes ANDRITZ somewhat more independent from an electricity market that has been highly unpredictable of late.

Transition risks occur due to the move to a climate-resilient economy with low CO_2 emissions. Higher taxation on fossil fuels or CO_2 emissions (such as via the Carbon Border Adjustment Mechanism, CBAM) could result in additional costs. We are striving to continuously lower our greenhouse gas emissions (Scope 1 and 2), with the goal of a 50% reduction by 2025 compared with 2019. We are currently working on establishing targets for the reduction of Scope 3 emissions.

On the product side, climate change causes a risk of certain products possibly no longer being sold successfully or even becoming unsaleable. ANDRITZ addresses these risks with a broad product portfolio of sustainable technologies. The company currently generates 45% of its total revenue from products and solutions that contribute to decarbonization (including technologies for producing renewable energy, e-mobility and green hydrogen), the circular economy (including recycling technologies and technologies for the use of side streams) and environmental protection (including technologies for prevention of air pollution and for water treatment). This percentage is to be increased further in the future.

A regulatory risk can arise relating to government measures implemented in response to climate change. This can happen in many different ways, and it is often difficult for companies to make long-term investment and operational decisions because climate policy at national, EU and international level changes frequently.

e) Work and travel safety

The safety of all employees who work under the responsibility of the ANDRITZ GROUP is always our highest priority. In particular, our activities in production and on job sites pose a number of health and safety risks that must be avoided, mitigated and monitored. Under certain circumstances, the Group can be held liable in the event of industrial accidents suffered by ANDRITZ employees or persons working on behalf of the company or if third parties are hurt in accidents.

Although ANDRITZ is firmly convinced that all work accidents can and must be prevented, we cannot always keep our employees from becoming injured at work or on the way to work. All accidents are thoroughly investigated to learn any lessons and prevent similar accidents through additional improvement measures.

The results of the accident investigations show that most work accidents within the organization can be attributed to human factors. For this reason, ANDRITZ defines and reinforces the necessary safe procedures through specific behavior-based safety campaigns and trainings.

Other key factors for creating a safe work environment include a structured approach to continuously strengthening our management system, procedures and processes, both at our own locations and at job sites, as well as clearly defining safe work methods based on systematic identification of existing and potential dangers, evaluating the associated risks and defining suitable and effective prevention and monitoring measures for all activities and processes at ANDRITZ.

Another fundamental aspect of accident prevention is the precise planning and coordination of the various work activities alongside appropriate training, skills and experience on the part of the employees.

The ANDRITZ travel safety program is controlled by a Group-wide travel risk management policy. The primary objective of this program is to ensure that assignments abroad can be performed as smoothly as possible and that employees return home safely. For this purpose, Group Corporate Security constantly monitors and analyzes the situation in high-risk countries and provides support to project managers and travelers in the form of prevention and contingency plans. In turn, this helps to minimize disruptions in operations (productivity fluctuations) and thus to also increase customer satisfaction.

In addition, travelers and project managers have several tools and services at their disposal. A country portal that can also be accessed via a smartphone app offers country-specific information, risk analyses, and practical tips on the topics of travel health care and safety as well as updates on current developments. Travelers are also informed here at short notice of any sudden or imminent events (political unrest, strikes, difficult weather conditions, airport closures, outbreaks of disease, etc.) that may have an impact on project execution or travel.

Project managers, site managers and travelers should be able to make the best possible travel preparations with the information provided and be ready for a changed situation on site. There are currently also multilingual information pages on the conflict between Russia and Ukraine.

The travel helplines are another important service. The experts at the ANDRITZ Medical Travel Helpline and Security Travel Helpline are available to employees around the clock to answer any questions before departure and during the journey. The helplines also liaise with local transport companies or service providers at the traveler’s destination or organize classic emergency support and even evacuation in extreme cases.

f) Compliance

Willful or negligent breaches of laws, internal rules or regulations by members of staff or executives pose potential risks to ANDRITZ. Compliance violations can result in fines, loss of profit and loss of revenue captured by unfair means or dubious business partners. They can also lead to claims for damages from contract partners or third parties, exclusion from public tenders, loss of image, fewer business opportunities, government sanctions and jeopardizing of company assets. The consequences for employees may be disciplinary measures or even dismissal and possibly also criminal prosecution or claims for damages.

In order to prevent these risks, the individual departments monitor compliance with the law and with internal policies. The Group-wide compliance management system (CMS) introduced by Group Corporate Compliance is additionally focused on measures in the area of capital market law, competition law, fighting corruption, data protection, export controls, human rights, equal treatment/non-discrimination and supply chain compliance. To ensure that the compliance measures are effective and observed in practice and that the CMS is continuously improved, it has been certified according to ISO 37301, and the anti-corruption management system has been certified according to ISO 37001. The management systems are also subjected to internal and external audits.

An important foundation of the CMS is the systematic detection of compliance risks. Compliance measures for risk minimization are established on this basis. For example, regular training is conducted on the basis of the Code of Conduct and Ethics and other policies that apply throughout the Group. Depending on their area of work, employees and managers receive individually tailored training, conducted both online and in person. Every region has a Regional Compliance Officer, who reports directly to the Group Compliance Officer. Furthermore, Compliance Directors have been appointed at the executive management level in all key companies and are responsible for implementation of compliance measures at their companies.

For better monitoring of the risks at the company level and to simplify the analysis, compliance performance indicators (CPIs) were introduced for the various compliance fields. These are presented to the compliance directors within a compliance cockpit on a quarterly basis. The compliance cockpit is also used to assign, record and monitor both general compliance tasks and tasks specifically tailored to the individual companies. The Executive Board and Supervisory Board regularly monitor the implementation of compliance measures and are kept informed in this regard by the Group Compliance Officer.

We offer an anonymous whistleblower system and encourage all employees, business partners and other stakeholders to contact us and share any concerns they may have. The ANDRITZ system fully complies with the EU Whistleblowing Directive and the implementing laws of the EU Member States.

The main measures and activities in the area of compliance are also described in the consolidated Corporate Governance Report, which can be found on the ANDRITZ website: andritz.com/governance-en.

g) Data protection

Appropriate protection of the personal data of third parties, such as customers, suppliers, employees and all other ANDRITZ stakeholders, minimizes the risk of data protection breaches that can not only damage the company’s reputation but also result in expensive penalties.

In order to comply with the statutory requirements and also define specific instructions and precise internal regulations, there is a Group-wide guideline on the subject of data protection, which deals in particular with the collection, processing, storage and maintenance of personal data. Corresponding data protection processes as well as annexes to the data protection guideline covering non-EU states, such as Brazil and China, have been introduced based on the relevant applicable national laws.

In addition, data protection coordinators, who are responsible for compliance with all the relevant requirements of the EU General Data Protection Regulation (GDPR) in the business areas, Group functions and subsidiaries, have been appointed and trained.

Additional measures have also been taken to satisfy all requirements of data protection laws, such as conducting quality checks of the databases concerning the documentation and handling of the processes that involve personal data. Nevertheless, the risk of infringing this law cannot be excluded. Penalties can be up to four percent of the Group's revenue, which again creates a substantial risk for ANDRITZ.

As a result of increasing incidents in the business world, ANDRITZ is also looking very closely at the possibility of attacks on its computer systems. System users are manipulated by criminals using tricks like phishing mails in order to access internal and sensitive data and information or trigger unwarranted payments. In this context, a group-wide safe payments policy has been implemented. Furthermore, the instructions for secure payment transactions have been tightened, and employees are constantly alerted to this topic by means of reminders and information provided in the intranet and the employee magazine as well as via phishing simulations and trainings.

h) Innovation

The business success of the ANDRITZ GROUP depends to a large extent on the company's technical know-how and the resulting development of new products and technologies. The ANDRITZ Innovation Management (AIM) initiative promotes innovations and provides an opportunity for all employees to suggest ideas for new products. Internal startup contests are regularly held and have yielded successful projects in the past. The large number of ideas submitted reflects the wealth of know-how, innovative power and commitment of the employees. However, innovation projects are often time-consuming and cost-intensive. Some projects fail to establish themselves on the market and have to be discontinued even though substantial financial and human resources have been invested in their development.

5. Responsible human resources management

The Group Human Resources Management (GHR) function is responsible for developing and implementing the global human resources strategy. GHR's aim is to provide the best possible support on human resources issues to all areas of the ANDRITZ GROUP and hence contribute towards achieving the long-term corporate goals. The main areas of focus include succession planning, talent management, change management, employer branding, talent acquisition, organization and service management, further development of the corporate culture (#1ANDRITZway), education and vocational training, global mobility, the remuneration strategy, digitalization, and achieving the ESG goals of the social focus.

The Global HR team is composed of employees from very different cultures, with diverse work experience and perspectives, thus utilizing all the benefits of ANDRITZ's international orientation. The core team of the Group function consists of HR competence centers in Graz, Vienna, Helsinki, Bratislava, Porto Alegre, and the USA. The team members at the competence centers develop strategies as well as processes, systems, and tools to implement the strategies in their respective special fields together with international HR specialists. In this way, they can provide services for the entire organization, especially for the local HR organizations.

In addition, there are global HR Business Partners working at different locations worldwide. They advise and provide support to the respective business units in strategic and individual HR matters. Their job is to manage relevant HR activities in the respective business unit, to communicate important essential information on human resources topics, and to exchange important information with the local HR managers.

a) Human resources management 2023

In 2023, the global and local HR departments were focused on a number of key topics: the continuing development of the corporat culture program #1ANDRITZway, improving leadership capabilities and employee awareness, and launching the first #1ANDRITZway survey for all employees. In addition, the first employee engagement survey was conducted with a response rate of 70%. A number of improvement measures have been derived from the results and are now being implemented. A further four regional talent programs also took place as ANDRITZ looks to strengthen its internal talent pipeline for succession planning. Another area of major emphasis consisted of the ESG goals to decrease the voluntary turnover rate and increase the proportion of female employees.

Other major topics included the digitalization of global core processes and the further development of the master data management system (#APeople) to map and document all HR data uniformly across the Group. This employee master data is needed in many IT systems and in various processes, including as the basis for management decisions. In addition to master data management, #APeople contains various modules for the main processes in HR management, such as recruitment, onboarding of new employees, and conducting employee performance reviews. In 2023, Schuler was integrated into this system, creating a global HR system covering the entire ANDRITZ GROUP.

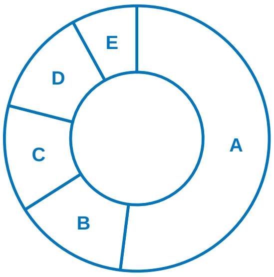
b) #1ANDRITZway – core behavior principles

The #1ANDRITZway initiative is a further development of the ONE ANDRITZ corporate culture campaign that has been running within the Group for some years. #1ANDRITZway defines four basic behavior principles applying to collaboration within the ANDRITZ GROUP: customer orientation, sense of responsibility, joint commitment, and openness. The initiative was rolled out even more broadly in the ANDRITZ GROUP in 2023. The #1ANDRITZway survey showed that 68% of employees often or always apply the core behavior principles in their working environment. ANDRITZ has defined the target of increasing this to over 70% by 2026.

c) Diversity

At the end of December 2023, ANDRITZ had employees from more than 80 countries. 34 languages are spoken in the company. ANDRITZ depends on this diversity and is committed to a multi-cultural working environment with international career perspectives. The exchange of knowledge and experience between employees of different origins, religions, and cultures as well as different ages creates positive effects for the Group.

Employees by region
as of 31.12.2023 (31.12.2022) in %



A	Europe	52	(52)
B	South America	14	(14)
C	North America	13	(13)
D	China	13	(13)
E	Asia (without China), Africa, Australia	8	(8)

The proportion of female employees in 2023 was 17.0% (2022: 16.4%). One of the ESG goals of the ANDRITZ GROUP is to increase the share of women to 20% by the end of 2025. A further goal is to increase the proportion of women in management positions (including the Management Board), where the proportion of women is currently 12.8%. Measures to achieve these goals include increased promotion of women for management positions and increased support in reconciling work and family life. One focus is on increasing the proportion of women and underrepresented groups in succession planning.

Employees by gender

	Absolute 2023	Absolute 2022	Percentage 2023	Percentage 2022
Men	24,654	24,332	83.0%	83.6%
Women	5,063	4,762	17.0%	16.4%
TOTAL	**29,717**	**29,094**	**100.0%**	**100.0%**

d) Education and vocational training

All ANDRITZ employees are offered sound education and training as well as international career opportunities. The development programs with training and learning opportunities for various target groups are intended to encourage all employees to acquire new or enhanced skills, knowledge, and perspectives.

The most important tool to enhance personal development and good collaboration at the company locations is the performance review that is usually conducted once a year – in some areas several times per year. This employee performance review is used to discuss work content and goals, and future development is one of the central themes. Feedback is provided on the current job status and #1ANDRITZway, and future prospects are considered. At the same time, the employees' questions and concerns can be discussed.

Performance reviews were conducted with 66.7% (2022: 68.8%) of the staff in the reporting year, including 90% of salaried employees. With the successful introduction of #APerformance, the employee performance review module, a significant increase will be evident in the coming years.

In this context, talent management and succession planning play an important role at ANDRITZ. Talent management is a continuous process that enables managers to gain a better overview of the potential and skills of internal succession candidates and of their willingness to take on responsibility. The company has used different programs to develop future managers within the company for many years now – for example, the ANDRITZ Global Talent Program or the ANDRITZ Global Leadership Program.

The goal of ANDRITZ succession planning is to ensure smooth succession for all key positions and sufficient management capacities for new business opportunities. 350 key positions were defined worldwide for this purpose, and potential successors were named. This process is continuing on an ongoing basis.

e) Training of apprentices and collaboration with universities

Training of young, skilled workers has a long tradition at ANDRITZ – for example, apprentices have been trained at the Graz location ever since 1922. The young people receive both theoretical and practical training, and they are also better prepared for their future careers by attending English courses, safety, and quality training as well as team-building training. As of the end of 2023, 642 apprentices were being trained at ANDRITZ locations worldwide (2022: 629 apprentices).

In addition, ANDRITZ has the opportunity to address highly qualified young talents through collaboration with universities and other educational institutions. Efforts are made to attract and secure them for the company in the long term. Students receive support for their final theses and are employed in various ways during their courses of study. Cooperation between ANDRITZ and universities / technical colleges was intensified in 2023.

f) Employer branding – ANDRITZ as an attractive employer

The goals of employer branding activities are convincing communication of the added value of ANDRITZ as an employer, building up an appealing employer brand, and thus making the company as attractive as possible in the recruiting market.

These activities center around ANDRITZ employer value positioning (“ANDRITZ – where passion meets career”), which replies to the question of what the company stands for as an employer and what the central claim is towards potential and existing employees. It sets the agenda for all employer branding measures. These are various internal and external measures (including the careers page on the company web site or LinkedIn).

There is also a strong focus on incorporating employees into the company in the onboarding process. Shortly after starting work for the company, new employees are asked via the internal net promoter score whether they would recommend ANDRITZ to others as an employer. This score has risen constantly in the past few years due to a large number of measures implemented.

In 2023, 4,645 new employees were recruited, 15% of whom were over 50, 55% between 30 and 50, and 30% under 30 years old. Age distribution in the company has been very well balanced for many years. The average age is 44. More than half of the employees (57%) are between 30 and 50 years old (2022: 58%). The proportion of under-thirties is 12% (2022: 12%). 31% of the employees are over 50 years of age (2022: 30%).

ANDRITZ believes it is important to commit its employees to the company in the long term. This is also reflected in the figures. The average period of employment within the Group is 11.1 years. The staff fluctuation rate amounted to 11.4% or 3,376 employees in 2023 (2022: 12.0% or 3,471 employees). Of these, 5.1% or 1,504 employees (2022: 6.0% or 1,732 employees) left the company voluntarily and 4.1% or 1,218 employees (2022: 3.9% or 1,119 employees) had their employment terminated.

Fluctuation by gender and age group

	Contracts terminated 2023	Contracts terminated 2022	Fluctuation rate 2023*	Fluctuation rate 2022*
Men	2,905	2,969	11.7%	12.6%
Women	471	502	9.4%	10.8%
< 30 years old	641	706	17.5%	21.5%
30-50 years	1,702	1,847	10.1%	11.3%
> 50 years old	1,033	918	11.0%	10.6%
TOTAL	**3,376**	**3,471**	**11.4%**	**12.0%**

* Calculation of fluctuation rate: contracts terminated in relation to the average number of employees. Contracts terminated include dismissals by the employer and resignation of employees.

g) Equal treatment and fairness towards all employees

ANDRITZ's goal is to provide its workforce with a working environment offering equal opportunities, attractive means of further personal development, and fair pay for all, regardless of the location. These basic rights apply to all employees throughout the Group. They include the legal right of employees to co-determination and compliance with the principles and standards of the International Labour Organization (ILO) concerning the freedom of association, the abolition of forced labor, child labor and discrimination, as well as a fair and performance-based wage or salary.

Regular and event-driven meetings are held by the ANDRITZ AG Executive Board and the members of the Works Council to ensure and support an open and transparent exchange of information between both bodies. The company supports the formation of internal committees representing employees' interests. Freedom of assembly applies at all locations in accordance with the respective local legislation.

ANDRITZ does not condone or tolerate any form of employee harassment or discrimination of employees due to gender, age, origin, religion, nationality, and so on. The working environment should be free of intimidating and offensive behavior for every employee. This is clearly documented in the Group-wide Code of Business Conduct and Ethics and in the HR policy applying throughout the Group. Possible ways of lodging a complaint have also been defined. The notification periods for communication of significant changes in operations (closure of company locations, layoffs, etc.) are defined in a policy applying Group-wide.

h) Personnel expenses and social benefits

Personnel expenses amounted to 2,165.8 MEUR in the reporting year (2022: 1,986.8 MEUR). ANDRITZ remunerates its employees fairly and in line with the respectively applicable wage or collective agreement regulations. Collective agreements exist with 55.8% of the staff. For the remainder of the staff, individual agreements are established on the basis of qualifications and professional experience as well as statutory requirements, and the remuneration is in line with the respective markets.

Average salaries for women amounted to approximately 90% of average salaries for men during the reporting period. This difference results from the fact that the proportion of women in management positions and higher-paid clerk and specialist positions is below 50%. Targeted measures have been taken to change this situation.

ANDRITZ also provides child-care support to employees, for example by entering into part-time employment contracts. Several locations have company-run kindergarten facilities, some of which also focus on technical skills. In addition, the company supports part-time contracts for fathers or other forms of support with child care. ANDRITZ allows employees to work from home, making it easier to balance work and family life.

In countries where the social welfare system is less well-developed than in Europe, employees receive voluntary social benefits ranging from accident insurance to contributions to pension funds as well as life insurance policies and support for dependents.

i) Respecting human rights in the execution of projects

ANDRITZ respects and supports internationally recognized human rights and maintains the principle of equal opportunities regardless of gender, religion, origin, nationality, age, sexual orientation, or disability. ANDRITZ considers it a duty to use every opportunity to promote compliance with human rights – both inside and outside the company.

The ANDRITZ business activities contribute towards economic, ecological, and social progress. But sometimes these activities also have a negative effect on individuals. The company endeavors in collaboration with the respective customers to draw up and implement compensatory measures or to help the customer implement them.

Before participating in large-scale projects, due diligence audits are conducted in order to determine their potential effects on human beings and their environment. The resulting data and findings are evaluated and analyzed. Participation in projects is then decided on this basis. Furthermore, as a member of the IHA (International Hydropower Association), ANDRITZ Hydro is fully committed to the San José Declaration on Sustainable Hydropower, which includes a stop to new hydropower projects in UNESCO World Heritage Sites, and also supports the worldwide establishment of the Hydropower Sustainability Standard.

6. Supply chain management

The Group Supply Chain Management (GSC) function defines the strategy and general conditions for collaboration with around 30,500 ANDRITZ GROUP suppliers worldwide. Approximately 2,600 of these suppliers cover almost 80% of the external purchasing volume. GSC supports the entire purchasing and distribution process together with all relevant stakeholders (purchasing managers in the regions and divisions as well as the respective management personnel). To provide optimal support to the business units, GSC is involved in sales and order processing at an early stage – with a focus on project supply chain management. The global key account, category, and project management for suppliers makes it easier to bundle purchases and allows a transparent and coordinated approach with regard to new or alternative suppliers. Another important focus of GSC is the development of a future strategy for selected projects and suppliers.

In addition to strategic alignment, the department is also responsible for Group-wide supply chain training as well as supplier compliance and sustainability. Other fields of activities are promoting digitalization, innovation, and process development within supply chain management plus management of material not needed directly in manufacturing, all services relevant for all business units (e.g. energy, IT, or business travel), and logistics.

The Supply Chain Executive Team acts as the decision-making and implementation body for the divisions and regions. It is made up of the respective purchasing or supply chain managers of the business units and regions. This committee not only puts the basic supply chain management processes and minimum standards in operations into practice in the respective area of responsibility but also aligns the consequences and actions to be taken in the event of nonconformities with agreed minimum standards.

Once again, the year 2023 presented Group Supply Chain Management with a number of challenges. Alongside market contractions due to political conflicts, such as those between Russia and Ukraine, in the Middle East, or between China and the USA as well as Taiwan, continuous reevaluation of procurement concepts was also necessitated by the high inflation in many economic regions. However, the international raw materials and product purchasing market relaxed in many locations due to the already low global economic growth. This had the effect of freeing up production resources for many suppliers.

GSC is responding with various measures to further optimize ANDRITZ's supply chains and keep them stable. These include, in particular, aiming at additional diversification and flexibility with regard to the supplier base in close coordination with the divisions (renewal and localization of the technical parameters) and the Sales teams (increasing transparency and flexibility in the supply chain structure already during the bidding phase). Reducing supply chain dependencies and continuously optimizing purchasing concepts with alternative production and supply options in other regions were also top priorities in 2023.

Furthermore, the safety inventories of special materials and standard parts built up over recent years were further reduced and adapted to the current conditions. The supply chain risk management processes establish transparency to aid in earlier identification of potential supply bottlenecks, such as in political crisis regions. This enables appropriate measures to be taken in the Group as quickly as possible.

A particularly important aspect of ANDRITZ Supply Chain Management's work in 2023 was the realignment of cooperation between the divisions and the successful establishment of globally coordinated supply chain processes. GSC also supported the implementation of alternative technical solutions, the development of new markets and the holistic coordination and optimization of resources. This approach of finding joint solutions for the project, product, and machine business also paves the way for ANDRITZ to successfully develop new business fields such as textile recycling plants, green hydrogen plants, and battery production plants.

ANDRITZ expects that the high inflation, political conflicts, high energy prices, and current sensitivities in supply chain structures will continue to play a major role in the orientation of all Group Supply Chain processes in 2024.

a) Project and supplier management

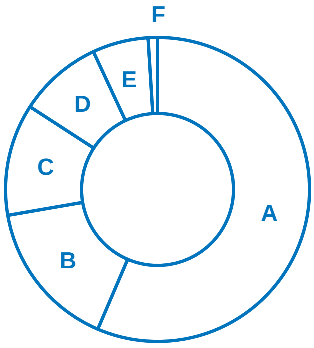
ANDRITZ relies on long-term partnerships and remains in close contact with its suppliers at all times during the entire execution of a project. If there are critical components or new suppliers, ANDRITZ frequently establishes a detailed production monitoring process on site. The requirement for being an ANDRITZ supplier is compliance with strict criteria in terms of quality, costs, and on-time performance as well as an appropriate stance towards occupational health and safety, compliance, and sustainability. All suppliers must agree to and sign the contents of the ANDRITZ Supplier Code of Conduct and Ethics.

ANDRITZ employs extensive knowledge of markets to identify potential suppliers capable of not only satisfying all requirements but also offering competitive conditions. The active use of market intelligence systems enables detailed evaluation of the supplier performance compared to the industry standard and also takes aspects such as innovation and competitiveness into account.

The continuous market surveillance further allows ANDRITZ to identify potential risks in the supply chains at an early stage and take proactive measures for risk minimization in order to avoid negative impacts on the business activities. In addition, forecasts of global resource availability based on current market data help to avoid bottlenecks in the global supply chain. Alternative supplier sources are identified in this way to ensure continuous support of the production processes. The ability of ANDRITZ to respond quickly to changing market trends enables flexible adaptation of the supply chains to customer needs and market conditions. This holistic approach strengthens ANDRITZ's position in the supplier relationship and contributes to continuous optimization of the business processes.

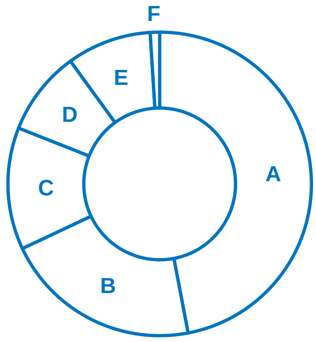
In procurement of materials, ANDRITZ tries to source goods from suppliers near its manufacturing facilities and which are also manufactured locally. This means that long transport routes can be largely avoided. This is also reflected in both diagrams. In 2023, 57% of the external purchasing volume was generated in Europe, 16% in China, and 12% in North America. The company's manufacturing capacity was 47% in Europe, 21% in China, and 13% in North America.

Purchasing volume by region as of 31.12.2023 (31.12.2022) in %



A	Europe	57	(55)
B	China	16	(18)
C	North America	12	(12)
D	South America	9	(9)
E	Asia (without China)	6	(6)
F	Rest of the world	1	(0)

Manufacturing capacity by region as of 31.12.2023 (31.12.2022) in %



A	Europe	47	(47)
B	China	21	(20)
C	North America	13	(15)
D	South America	9	(9)
E	Asia (without China)	9	(8)
F	Rest of the world	1	(1)

b) Consumption of materials

Project materials and services account for the largest share of materials required (43.8%), measured on the basis of the external costs. This includes mechanical parts, electrical components, structural steel and conveying technology, mechanical structures, installation work, and start-up/commissioning. 32.2% is spent on manufacturing materials such as sheet metal, screens, bars, profiles, or cast and forged parts. 24.0% relates to overheads for material, services, and investments.

c) Logistics

The Global Logistics team assists the business units with the logistical implementation of customer projects. Other important tasks in the logistics department are defining transport standards and guidelines, calling for tenders, negotiating framework agreements with logistics service providers, and conducting internal training courses. As ANDRITZ does not have its own vehicle fleet, transport services are purchased from third parties on a project-specific basis. This results primarily in indirect greenhouse gas emissions, which will in future be reported under Scope 3. Global Logistics is in close communication with the corresponding internal departments to define a certain minimum dataset to be reported by the transport service providers for the emissions calculation. A joint effort is also under way to investigate how emissions tracking can be standardized in the area of logistics. In addition, Global Logistics is working on a corresponding contract clause for transport contracts that requires the provision of emissions data by the respective transport service providers. As a result of these measures, accurate greenhouse gas emission calculations in the area of logistics should be possible in the future.

d) Sustainability in the supply chain

There has been a supplier compliance and sustainability officer in the Group Supply Chain Management function (GSC) since 2015. This function provides support to the local purchasing organization in terms of supplier compliance and sustainability, monitors the compliance watchlist and blacklisting process, initiates training courses, and coordinates the activities of regional auditors in China and India. In addition, this function is responsible for implementing the ANDRITZ Supplier Code of Conduct and Ethics.

New suppliers must deal with the topic of compliance and sustainability during the qualifying process. Collaboration with ANDRITZ is only possible after the supplier has agreed in writing to the content of the ANDRITZ Supplier Code of Conduct, which was compiled in 2015 on the basis of the general Code of Business Conduct and Ethics and is continuously updated. During the onboarding process, suppliers must also complete a mandatory compliance and sustainability questionnaire. This was revised during the reporting year and adapted to the German Supply Chain Due Diligence Act, among other things. The ANDRITZ Supplier Relationship Management (SRM) tool is used to handle this process. All suppliers are reviewed, approved/qualified, and documented with this tool.

As part of the ANDRITZ sustainability strategy, the goal was formulated in 2021 that 85% of the supply volume (cumulative external purchasing volume through suppliers with an average annual purchasing volume of more than EUR 250,000 in one of the last two consecutive years) should be covered by suppliers evaluated in the SRM tool by the end of 2025. By the end of 2023, this coverage was 89.5%, meaning that the goal has already been achieved. A reassessment of the evaluation process and the goal are planned for 2024.

In order to explain the content of the Supplier Code and the operations involved in the qualification process in the SRM system, training is offered for suppliers and for staff in the ANDRITZ purchasing organization. Webinars and lectures on these topics have also been held regularly for several years.

Supplier compliance and sustainability management in China and India

In 2017, ANDRITZ launched the Supplier Compliance and Sustainability Audit (SCSA) program in China and India, focusing on conducting audits and deriving corrective measures at suppliers. Since the regional auditors began their work, 177 audits (including follow-up) have been conducted in India with 96 suppliers, of which 34 audits took place in 2023. In China, 204 audits (including follow-up) have been conducted with 142 suppliers, of which 30 audits took place in 2023.

In China and India, the same number of on-site audits were performed in 2023 as before the COVID-19 pandemic. The remote audits introduced during the COVID-19 pandemic due to the travel restrictions have been continued. These represent a promising alternative for saving costs and improving efficiency. For this reason, they should continue to take place in addition to the on-site audits. Work also continued to support suppliers to the point that they are able to build up and implement their own compliance management system and realize compliance and sustainability ("from audit to compliance"). In 2024, this is to be reinforced by means of classroom training and eLearning as well as individual support.

Greenhouse gas emissions along the supply chain

Another focus during the reporting year was on greenhouse gas emissions in the upstream supply chain, especially emissions resulting from the procurement of raw materials, products, and machinery. This posed a major challenge and will be intensively continued in 2024 to enable high-quality data reporting for the purchased emissions in the future. Processes must be adapted in 2024 to ensure sufficient data for the greenhouse gas calculation with emissions factors. Moreover, suppliers to ANDRITZ must also be informed step by step and prepared so that they can provide primary data as soon as possible. This primary data is required to increase the level of accuracy of the emissions calculation. In addition, the European Carbon Border Adjustment Mechanism (CBAM) entered into force on 1 October 2023 for importing specific goods into the EU. The reporting obligations for these CBAM products also require primary data from our suppliers.

German Supply Chain Due Diligence Act (LkSG)

The Supply Chain Due Diligence Act was passed in Germany in 2021 and is entering into force in stages as of 2023. A similar law, the Corporate Sustainability Due Diligence Directive (CSDDD), is also being prepared at EU level. Among other things, the laws are intended to improve the international human rights situation by defining the requirements of responsible supply chain management. Compliance with the LkSG was implemented in 2023, resulting in more intense evaluation of all ANDRITZ suppliers than before with respect to ESG risks. Risks are identified and corresponding measures are implemented to establish transparency and ensure that due diligence obligations are also complied with and implemented on the part of the suppliers.

7. Quality management

Quality management in the ANDRITZ GROUP covers products and applications, business processes, as well as safety and environmental topics. Harmonized standards worldwide improve the general understanding of processes and functions, encourage collaboration, and assign clear areas of responsibility. Each business area has its own quality, safety, and environment managers. The organizational structure aims to make these topics part of everyday business by means of harmonized quality, safety, and environmental strategies for all business areas.

The most important instrument in the ANDRITZ quality organization is the business process manual, which defines the structure of the management system for the entire Group. It defines the processes and responsibilities for process management and provides guidelines for implementation of the individual steps. In the year 2022, work began on updating and expanding the business process manual in order to meet the requirements of a growing company. This was successfully completed during the reporting year. All of the measures described in the manual are intended to increase transparency, minimize risks, enable continuous improvement, increase the efficiency of collaboration, assist employees with their everyday work, and, above all, build trust. The quality requirements for everyday work have been structured specifically for the respective business area and at local level and are easy to find in the company's intranet.

Quality management accompanies a customer project from the awarding of the contract to its completion. ISO certifications are demanded by customers and have become an essential part of doing business. Requiring clear processes and continuous improvement, they ensure the reliability of our products and services. External verifications confirm consistent and effective implementation of the standards. In the meantime, 92% (2022: 95%) of the employees are covered according to ISO 9001 (quality management systems), 79% (2022: 75%) according to ISO 14001 (environmental management systems), and 74% (2022: 70%) according to ISO 45001 (occupational health and safety management systems). The decline in ISO 9001 certifications is due to new acquisitions that have not yet been certified.

In the year 2023, ANDRITZ received a multi-site certification that forms the basis for the certificates of all integrated sites and promotes the achievement of comprehensive certification. In this way, we are seeking to contribute towards practical implementation of our #1ANDRITZ core behavior principles and strengthen the exchange of information via management systems. The number of sites covered by the multi-site certification is constantly growing. As part of the ESG strategy, ANDRITZ has set itself the goal of covering all sites with the multi-site certification for ISO 9001, ISO 14001, and ISO 45001 by the end of 2025.

Furthermore, ANDRITZ holds a portfolio of more than 37 different certifications. In addition to quality, health and safety, as well as environmental management standards, sustainability and governance are ensured via certified energy and compliance management systems. Information security and cyber security certifications assure ANDRITZ customers that they can trust in our digital solutions, while certifications for a number of technical standards (such as ISO, IEC, and ASME) demonstrate our technology leadership.

A new instrument developed by ANDRITZ to improve quality control for sub-supplies was successfully launched during the reporting year. This tool makes it easier to plan the need for quality resources, enables inspections to be conducted on time, and provides a general overview of the quality situation in projects. It therefore offers great added value for quality assurance. Nevertheless, further improvements are under way with the goal of increasing the level of digitalization in quality assurance.

In 2024, ANDRITZ will also continue its efforts to improve quality management. The main focus will be placed on a double-digit reduction in non-conformities (NC) and the associated costs. The main axes of improvement will be more refined NC reporting with enhanced data quality, enhanced data analytics capabilities, and intensified feedback loops between the managing directors and the Quality Management team. This approach applies to all business units, including manufacturing, supply chain management, and project operations. ANDRITZ would like to be viewed by its customers as a world-class supplier, and one of the key success factors for achieving this is continuous and rigorous quality management.

a) Occupational health and safety

Health and safety at the workplace have top priority at ANDRITZ. The goal is to create a safe, healthy, and pleasant working environment for all staff working under ANDRITZ's responsibility and for all other stakeholders. ANDRITZ is striving for a zero-accidents target and a proactive safety culture in order to prevent work accidents and illnesses.

The Group Quality and Safety Management (GQS) function defines the strategy and measures to be implemented within the entire ANDRITZ organization by all relevant parties. The health and safety team provides support in the implementation and ensures that the rules and regulations are observed. Management is responsible for ensuring safe and healthy conditions at every company workplace by supporting the employees in complying with the applicable policies, rules, and instructions, providing suitable means and resources, ensuring adequate training and communication, and reinforcing safe behavior principles while discouraging unwanted ones.

All employees are invited to actively participate in the continual improvement of the health and safety management system and have the right to refuse to perform or stop performing work that they consider unsafe without having to fear disciplinary measures.

In addition to the legal requirements, the ANDRITZ health, safety, and environmental management policy is the minimum standard for all ANDRITZ locations. Furthermore, additional policies to improve safety can be defined at each location. ANDRITZ also undertakes to obey all conventions of the International Labour Organization (ILO) in connection with occupational health and safety.

Safety in day-to-day work

For the areas of health and safety, ANDRITZ not only has regulations, guidelines, and goals to be achieved; it also has guiding values to be observed during daily work. ANDRITZ expects all its staff to act as safety leaders, taking care of themselves and all other people present at the workplace. The strengthening of the safety culture at ANDRITZ is facilitated by a network of qualified, motivated, and experienced occupational health and safety experts, who are active at all levels of the company. Dedicated health and safety professionals are also active on all major job sites.

Numerous companies of the ANDRITZ GROUP have long operated with a certified occupational health and safety management system according to the internationally recognized standard ISO 45001. The certification of the remaining sites will take place gradually as part of the multi-site certification. Proper implementation of all requirements of the ISO standards is ensured through systematic internal and external audits.

Furthermore, annual and mid-term strategy plans are developed at the Group level and cascaded within the organization, including all necessary integrations to fulfill local needs and requirements. The correct and timely implementation of the defined measures is closely followed up at all management levels on a periodic basis, making it possible to adapt the plans if they prove ineffective or if new needs emerge.

In consideration of the challenges in recent years, the ANDRITZ GROUP has established a permanent Global Emergency Committee (GEMCO), which involves the relevant Group functions and is led by Group Quality and Safety. This committee monitors the global situation, identifies existing and potential threats at a very early stage, and defines specific action plans to prevent critical situations and/or develop the necessary resilience to handle them properly.

All incidents are reported, investigated, and analyzed – irrespective of their severity. In addition, all injuries subject to mandatory reporting are collected in a shared Group incident database, together with the associated report on lessons learned. Thanks to an efficient alerting system, relevant information about reported incidents is distributed within the organization. ANDRITZ GROUP Quality and Safety is also implementing a health and safety IT solution that will facilitate and support the execution of important processes, such as incident reporting and investigation, hazard reporting, and monitoring/improving performance in the area of occupational health and safety. The new IT solution will go live in the first quarter of 2024.

Furthermore, health and safety training courses remain an important pillar of the established ANDRITZ management system. All new employees must complete online training on safety in the workplace and take a refresher course every two years. In addition, there are some safety training courses for management staff and for employees working in manufacturing. Each location must compile a qualification matrix and an annual safety training schedule. Alongside the existing specific modules, which are included in the career development of senior project managers and site managers, a module for senior site supervisors was also introduced in 2023. In consideration of the identified need for improvement in terms of personal safety conduct, specific intensive training in behavior-based safety principles will be held in 2024 throughout the entire ANDRITZ organization.

Industrial accidents

	2023	2022
Accidents at work (with one or more days of absence)	156	152
Accidents at work (with more than three days of absence)*	132	125
Accident frequency (accidents causing one or more days absence per 1 million working hours)	2.6	2.8
Accident frequency (accidents with more than three days of absence per 1 million working hours)	2.3	2.3
Fatal accidents at work	0	0
Severity of accidents (absence periods in hours per accident)	230	165
Number of medical treatment injuries at work	580	494

* included in accidents at work (with one or more days of absence)

Even though the health and safety performance of the ANDRITZ GROUP has improved considerably since the implementation of the global health and safety initiative in 2016 and a continuous reduction in work accidents has been achieved, ANDRITZ is unfortunately confronted with a flattening of the health and safety performance due to reaching a certain behavioral plateau. Nevertheless, the accident rate (accidents causing one or more days of absence per 1 million working hours) declined again in 2023, falling 7% compared to the result in 2022.

Subcontractors are also included in the safety efforts. They are are selected on the basis of specific criteria to guarantee that they can perform the contractual work safely. Services by external companies and third parties are monitored and assessed in regard to health and safety aspects to facilitate the further development of their potential and eliminate any observed shortcomings.

b) Environmental management

Environmental protection, including the reduction of greenhouse gas emissions, the avoidance of environmental pollution, and conservation of natural resources, is an important concern and goal at ANDRITZ. The ANDRITZ Health, Safety, and Environmental Management policy defines the goals and requirements not only for health and safety matters but also for environmental management in the ANDRITZ GROUP.

The environmental function is part of Group Quality and Safety Management (GQS) and led by the Director Group Environmental Management. The ESG targets, which also include the environmental targets, were defined by the Executive Board. From this, the environmental strategy and measures were derived, which are implemented within the complete ANDRITZ organization by all relevant parties. The environmental team provides support in the implementation and ensures that the rules and regulations are observed.

The environmental data for the ANDRITZ GROUP includes manufacturing and office sites owned and controlled by ANDRITZ. In the reporting year, 86% of the fully consolidated companies reported environmental data. Smaller office locations were not included for reasons of materiality.

46% of all reporting locations are located in Europe, 24% in North America, 19% in Asia (incl. China), 10% in South America, and 1% in Australia. The key consumption figures for 2023 are based on approximate values for some sites, as the figures for the fourth quarter of 2023 were not all available yet at the copy deadline. As a result, there may be subsequent adjustments to the figures for the previous periods.

All six main groups of manufacturing processes are used at all ANDRITZ production sites worldwide: forming and casting mainly uses electrical equipment, particularly induction furnaces. The other processes, such as rolling, pressing, machining, welding, weaving, soldering, and gluing are also performed with the aid of electrically powered machines. Only hardening and annealing processes use primarily gas-powered machinery.

Environmental roadmap

In 2023, an environmental roadmap for the ANDRITZ GROUP was developed which covers the strategy until 2026. The roadmap has seven pillars covering water and waste, Scope 1, Scope 2, and Scope 3, manufacturing and office sites, products as well as materials and suppliers. Each pillar includes action plans to reach the ESG targets. Some examples for 2024 are: reworking the ANDRITZ packaging standard, implementing greenhouse gas emission accounting and management software, converting to green/renewable electricity (100% green/renewable electricity is the target for 2025), conducting energy assessments, expanding on-site generation of renewable energy (photovoltaic), holding innovation workshops for sustainable products and workshops for substituting substances of very high concern (SVHCs), and developing a global sustainable sourcing strategy.

Energy and GHG emissions

The bulk of energy and fuel consumption (district heating, heating oil, natural gas) is used to heat company premises. Natural gas is needed primarily to operate hardening and annealing furnaces. Liquid gas is often used as process energy in metal processing. Gasoline and diesel are mainly used for company vehicles. At some locations, diesel is also used for emergency generators in order to compensate for supply bottlenecks. ANDRITZ strives to reduce energy and fuel consumption. Annual fluctuations in consumption in manufacturing are largely due to the varying workload and make detailed comparisons with previous years difficult. Increases also occur as a result of acquisitions.

The amount of purchased electricity for 2023 decreased compared to 2022 and amounted to 284,962,570 kWh (2022: 311,432,783 kWh). 48% (2022: 43%) of the electricity purchased already comes from green/renewable energy sources. ANDRITZ aims to further increase the share of purchased electricity from renewable energy sources and to promote its own electricity production through photovoltaic plants. In the reporting year, several photovoltaic plants were installed and further are planned for 2024. ANDRITZ generated 4,179,155 kWh in the reporting year from its own PV plants.

Energy consumption*

	Unit	2023	2022
Externally procured heating	**kWh**	**58,781,863**	**58,823,260**
District heating	kWh	58,781,863	58,823,260
Non-renewable energy carriers for heating	**kWh**	**136,069,033**	**175,910,971**
Fuel oil	kWh	2,512,913	2,985,174
Natural gas	kWh	133,556,120	172,925,797
Renewable energy carriers for heating	**kWh**	**8,630**	**0**
HVO diesel	kWh	8,630	0
Non-renewable energy carriers for process heating	**kWh**	**128,821,488**	**138,753,872**
Gasoline	kWh	5,473,477	2,727,751
Diesel	kWh	11,124,970	6,924,714
Diesel for emergency generator	kWh	1,336,773	1,334,245
Natural gas	kWh	103,564,591	118,633,733
Liquid (petrol) gas	kWh	7,283,424	9,133,429
Hydrogen	kWh	38,253	0
Renewable energy carriers for process heating	**kWh**	**849,267**	**31,571**
HVO diesel	kWh	849,267	31,571

* The key consumption figures are based on projected approximate values to maintain comparability as the complete figures for the 4th quarter of 2023 were not all available before the copy deadline. Due to adjustments made to the consumption figures, the retrospective changes have resulted.

An important goal of the ANDRITZ sustainability program “We Care” is that of reducing greenhouse gas emissions (Scope 1 + 2) in relation to sales by 50% compared to 2019. Direct emissions (Scope 1, primarily from the manufacturing sector) declined to 53,194 t of CO_2e in 2023 (2022: 60,906 t CO_2e). Indirect emissions (Scope 2, from the use of purchased electricity, heat, or steam) amounted to 81,035 t of CO_2e (2022: 73,739 t CO_2e). Although the Scope 2 emissions increased, an improvement in the intensity goal from 18.6 to 18.0 was achieved. A more detailed overview of the ESG goals can be found in chapter G) 2.

Water

Total water consumption in the reporting year was 1,678,832 m^3 (2022: 1,297,474 m^3). The water supply comes primarily from the public water system, but a few locations also use surface water or groundwater. The water is discharged primarily to third parties, for example to the municipal wastewater disposal service. Water consumption consists of process water for production plants (including cooling water) as well as water for drinking and for hygiene purposes. A small amount is also needed for hydraulic test stands. Some industrial water is used to generate steam or cool annealing furnaces, or it evaporates in air-conditioning systems.

Waste

ANDRITZ focuses great attention on the conservation and re-use of materials and raw materials in the course of its business. The efficient use of materials, keeping rejects and waste to a minimum, and economical energy consumption in material processing all play an important role here.

The largest share of waste comes from steel used in the manufacturing process. Metal waste is separated into different types and then recycled. Other recyclable materials like plastic from packaging, waste from wooden crates, cardboard packaging, and waste paper are collected and recycled. Non-hazardous residual waste and hazardous waste are collected according to the legal provisions and taken away by disposal companies.

Special attention is paid to observing all official regulations and record-keeping obligations, particularly when disposing of hazardous substances. All in all, 54,905,356 kg of waste was produced during the reporting year (2022: 51,279,906 kg). 70% of this waste was recycled.

A detailed list of consumption figures can be found in the ESG Data Overview 2023 on the ANDRITZ website andritz.com.

8. Manufacturing

ANDRITZ produces custom-tailored machines, key components, plants, systems, as well as spare and wear parts at around 144 service and manufacturing locations worldwide. Around two-thirds of these locations are in Europe and North America and one third in Asia and South America. The majority of the locations manufacture on an order-related basis for one business unit, while a few locations manufacture for several or all business units. The manufacturing facilities focus on order execution in conformity with the contract, highest production quality, highly qualified and skilled workers employed in manufacturing, proactive capacity management, and assigning specialists to product design and quality management.

ANDRITZ's manufacturing strategy aims to produce critical key components in terms of technology and quality in its own production shops. Everything else is purchased from qualified suppliers. With this procedure, it is possible to compensate effectively for any fluctuations in workload and thus make optimum use of manufacturing capacities. Precise planning, high commitment, and great flexibility on the part of the staff make short lead times and on-time production possible. Investments in manufacturing are concentrated on the one hand on building up and expanding manufacturing capacities in the emerging markets of Asia and South America and on modernizing existing locations in Central Europe and North America on the other hand. Roughly 65% of the manufacturing investments fall within the area of service and wear parts production.

The optimization and improvement projects in manufacturing are also focused on careful handling of available resources and automation of processes in addition to adapting process management to exact scheduling.

ANDRITZ uses the Manufacturing Execution System (MES) to control and monitor manufacturing in real time. With this system, it is possible to link all important information on planning, lead time, and costs as well as machinery and operating data on one platform, and the system can also be adapted to local requirements if necessary. The MES was implemented as a pilot project at the Graz manufacturing location and is now used in 22 manufacturing locations in Europe, North America, and South America.

To further promote the careful use of energy in manufacturing, a special "Energy Assessment" for production was developed during the reporting period. The goal of this assessment is to strengthen the culture of improvement at the production locations, identify potential for saving energy, and implement corresponding reduction measures. The assessment has already been successfully completed at individual locations with high energy consumption and will be continued in 2024.

The ANDRITZ Production System (oneAPS) plays a key role in continuous improvement of the production processes. It defines the basic principles applying to manufacturing Group-wide and provides tools and processes for achieving a lean and effective production process. The overriding goal is to anchor a culture of continuous improvement firmly within the company in order to achieve sustainably excellent results in the manufacture of its products.

The Group Manufacturing Management department offers comprehensive training on the topic of oneAPS. Around 320 employees at 54 manufacturing locations have taken part in various oneAPS training courses since 2017 and developed their process improvement skills further. The improvement projects implemented in the course of the training led to significant productivity increases or cost reductions. They will be included as best practices in the new oneAPS platform to share and further expand knowledge between locations. The platform can be used by all employees of the ANDRITZ GROUP and offers the basis for interactive virtual training by means of videos, games, exercises, and training documents.

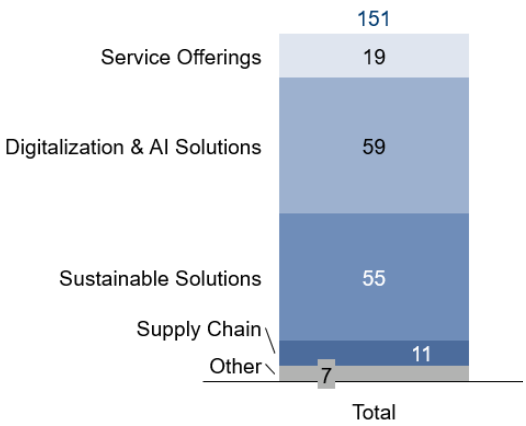
9. Innovation management and digitalization initiatives

ANDRITZ Ventures (AV) is a part of the Group Business Development function and supports all ANDRITZ GROUP business areas in their innovation and digitalization activities. The goal of AV is to help the business areas achieve technological leadership in their market segments. In the 2023 business year, it focused particularly on the Special Growth Projects, on training and education in the area of innovation, and on open innovation. The ANDRITZ Ventures Startup Contest was a special highlight of the year. As ANDRITZ sees digitalization as a major growth area for the future, AV will place a special focus in the 2024 business year on developing digital products and solutions through the introduction of a new agile innovation format.

ANDRITZ Ventures Startup Contest

The ANDRITZ Ventures Startup Contest is a structured program that invites all employees to submit innovative suggestions for products, services and business models, to develop them, and finally, to launch them successfully on the market. The fourth installment of the program began during the 2023 business year, with a focus on topics closely allied with the strategic goals of the ANDRITZ GROUP: “Sustainable Solutions,” “Digitalization & AI Solutions,” “Service Offerings” and “Supply Chain.”

A total of 151 ideas were submitted by enthusiastic employees and then evaluated and prioritized by internal experts. The most promising ideas will be implemented in the 2024 business year by the in-house entrepreneurs with the support of experienced coaches.



Special Growth Projects program

Aiming for sustainable and profitable growth, ANDRITZ increasingly relies on its own innovation and an entrepreneurial spirit within the Group. The Group is currently intensively pursuing seven “Special Growth Projects” with the common goal of making a meaningful contribution to the company’s future growth. All of these projects are focused on current megatrends, address rapidly growing markets and are driven by the efforts toward greater sustainability.

The Special Growth Projects support the growth goals of ANDRITZ while further broadening the Group's range of sustainable solutions. They are being entirely implemented by ANDRITZ teams acting in a spirit of innovation and entrepreneurship. Given the strong market dynamics, two key success factors for the projects consist of a fast and agile approach plus open collaboration in line with the #1ANDRITZway initiative.

Some of the projects are just getting started, while others have already reached an advanced stage. The latter include projects for CO_2 separation, green hydrogen and battery production for e-mobility. Backed by the Executive Board and with the assistance of an overarching program management team, the project managers work with their teams to define and achieve their goals.

Especially given the diverse starting points and maturity levels of the various projects, there are many advantages to combining them in a common program. The project teams have the opportunity to connect and profit from the ideas and experiences of others. After all, the challenges are similar for all the projects: analyzing markets and competitors, defining the product and service offering, developing the business model, and – last but not least – building an effective team.

To ensure successful implementation of the defined strategies, the project managers utilize the proven method of policy deployment. They are supported in this by Group Quality and Safety Management. Policy deployment aids in the practical, consistent and transparent realization of visions and strategies. A standardized tool assists with defining the specific activities, carrying them out and regularly evaluating their progress.

Innovation trainings and culture

One important accomplishment in the past business year was the extension of the existing training and education offering with a focus on innovation and venture building. The goal was to directly promote and foster the methodological competence of ANDRITZ employees in the area of modern innovation techniques and innovation management while also supporting opportunities for networking among the employees. This involved the creation of a special program for 30 select ANDRITZ employees, which was designed in cooperation with renowned partners, universities and experts in the field.

Open innovation

AV initiates collaborations, strategic partnerships and investments in startups with the goal of strengthening the ANDRITZ technology portfolio. A broad spectrum of innovation partners is also maintained with the aim of connecting internal and external stakeholders, promoting the exchange of ideas and knowledge, and creating positive, sustainable added value for the ANDRITZ GROUP by means of inspiration and collaboration.

10. Research and development

Research and development (R&D) is an important part of the ANDRITZ corporate strategy and an essential foundation on which to create organic growth and maintain the ability to compete in the long term. The ANDRITZ research and development activities concentrate on launching products and technologies on the market that protect the environment, are economical with energy and resources, and extend the life cycle of plant and machinery. In the meantime, a significant proportion of revenue is obtained with sustainable solutions and products. Another important area of focus is digitalization. The research and development activities are also reinforced through collaboration with universities and research institutes as well as joint projects with customers.

In the past few years, life cycle assessments (LCAs) were conducted for several products and plants in order to analyze their impact on the environment over their entire life cycle. This includes production, the utilization phase, and disposal as well as all related processes before and after (e.g. production of materials and supplies).

Considering the entire life cycle prevents possible negative impacts being moved to other life cycle phases. These analyses are to be extended in the future and considered in the product development phase. On the other hand, product development can also influence the production and installation processes through design of the products. In addition, better use is to be made of materials during production in order to produce less waste.

The ANDRITZ GROUP spent MEUR 139.3 (2022: MEUR 113.8) on research and development activities during the reporting period. Research and development expenses, including order-related development work, amounted to around 3% of revenue.

The ANDRITZ GROUP holds approximately 6,550 patent rights. 79% of these patent rights have already been granted, and the remainder is under review. In addition, the Group owns around 2,445 trademarks.

The following selected projects from the business areas represent a part of the diverse research and development spectrum of the past business year:

a) Pulp & Paper

Avoiding the use of fossil fuels, increasing energy efficiency, and thereby reducing greenhouse gas emissions in pulp and paper production are the focus areas of the business area's research and development activities, with the aim of helping customers achieve their sustainability goals. This is why the CircleToZero™ program was launched, with the aim of developing value-added solutions for pulp and paper mills by reducing emissions and waste, minimizing freshwater consumption, and utilizing side streams.

To achieve this, all R&D activities follow the "Reduce, Reuse, Refine" principle. "Reduce" means causing as few emissions as possible by optimizing existing processes. A new recovery boiler concept with ultra-low emissions and maximum energy efficiency has been developed and is already in the productization phase. The best examples of "Reuse" and "Refine" are found in the SulfoLoop sulfuric acid plant, where commercial-grade concentrated sulfuric acid is produced in the pulp mill itself, and the ANDRITZ KraftAnol biomethanol plant, which offers kraft pulp mills the most direct and cost-efficient way to produce commercial-grade biomethanol.

In the future, it should be possible to operate highly efficient pulp mills that have zero emissions and zero waste, and are thus CO_2 neutral. Furthermore, ANDRITZ is continuously working on the reduction of freshwater usage at pulp mills. Various technologies, such as the "kidney concept" that can be deployed in different parts of the mills, are under development at the moment.

In the paper industry, ANDRITZ R&D activities focus on technologies and services for sustainable fiber treatment and sustainable tissue, paper, and board production. Based on the five pillars of energy, fiber, water, and chemical savings as well as digitalization, intensive research and testing is being carried out in the Fiber R&D Centers (Austria, China, USA), the Tissue Innovation and Application Center (PrimeLineTIAC, Austria), the Paper Technology Center (Germany), and the Felts and Fabrics R&D Center in Gloggnitz (Austria). The developments also focus on the circular economy with fiber conservation and the use of alternative raw materials as well as on recycling of press felt and forming fabric materials. The aim is to reduce the carbon footprint of tissue and paper production, such as by increasing the dry content after the press, by using an alternative process for starch application in packaging paper, or through energy-efficient and more environmentally friendly drying concepts.

Due to new European regulations to be implemented by 2025 for the recycling of textile waste, many textile manufacturers are increasingly asking for new technologies for textile recycling. ANDRITZ covers several segments in the textile industry value chain: technologies for automated textile sorting, for textile fiber preparation, and for mechanical and chemical textile recycling. In addition, ANDRITZ is active in numerous R&D activities with partners worldwide. For example, with Nouvelles Fibres Textiles (France), which recently successfully started up France's first industrial plant for automated sorting and recycling lines. This represents a unique technical offering which extends from the clothes to be sorted to the fibers ready for use in spinning or nonwoven technologies.

The Nonwoven area focuses on the development of technologies for the production of more sustainable nonwoven roll goods and converted products. ANDRITZ offers numerous processes for this market segment. In the latest process developments, all types of natural fibers, recycled fibers, and pulp are used as raw materials. Various technologies are available, such as solutions for the production of 100% biodegradable wipes, recycling solutions for absorbent hygiene products, and many more.

The Clean Air Technologies area focuses its R&D activities on technologies to reduce emissions (particulate matter, gaseous pollutants, and carbon dioxide) from industrial processes. In view of increasingly stringent emission regulations, ANDRITZ offers its customers various solutions to meet their individual requirements, including carbon capture technologies that enable new and existing plants to operate profitably and reduce their carbon footprint.

Carbon capture technology is a key step for the production of e-fuel in pulp mills, which emit the largest amount of available biogenic CO_2 compared to other industrial plants. Today, this CO_2 is released into the atmosphere and contributes to the mills' emissions. ANDRITZ wants to convert these emissions into new value-added products by capturing the CO_2 and combining it with green hydrogen to use it for the production of e-fuel. Based on Group-wide collaboration, ANDRITZ offers the complete technology package for e-fuel production.

Furthermore, ANDRITZ will be participating in a new R&D program together with other companies, universities, and research institutions beginning in 2024. The Emission Free Pulping research program intends to find ways to improve energy efficiency, enhance the efficiency of wood usage and conversion to products, achieve emission-free pulping (with a special focus on carbon dioxide emissions), and significantly reduce water usage in the processes.

b) Metals

In the Metals business area, research focuses on the reduction of greenhouse gas emissions from the plants supplied, on the avoidance of pollutants through regeneration concepts for end products of the process chains, and on the catalytic conversion of gaseous pollutants such as NOx. Automation and digitalization are further priorities to enable intelligent operation of the plants by the customer.

The combination of electrification and highly efficient burner systems already capable of burning hydrogen opens up for our customers a broad field of hybrid heating possibilities for diverse heat treatment applications. Plus, the further development of digital solutions helps customers operate plants efficiently and thus as economically as possible. Precise forecasts, configurations, and recordings are made possible by machine learning process parameters. In a digitalization project on a continuous hot-dip galvanizing plant, for example, the use of digital solutions based on analysis of the process and material data achieved a reduction in the gas consumption of the radiant tube soaking (RTS) zone of about 4.5% during the period studied.

Furthermore, various soft sensors were trained with machine learning models using real process data to permit continued production even after certain sensors have failed (such as the layer thickness measurement). The trained layer thickness soft sensor achieved an accuracy of 89%. It is expected that this technology will someday make it possible to predict sensor failures, identify sensor drift, and forecast future measurement values. This would in turn yield additional potential for reductions (material, energy). In addition, work is being done to continuously minimize the thermal losses of the plants through special lining concepts and energy recovery systems.

The most important innovations within the existing product portfolio include the “Green Steel Continuous Galvanizing Line” (CGL). On one hand, the gas-fired jet pipes are to be replaced by electric jet pipes that can be powered by green electricity. This leads to a drastic reduction in local CO_2 emissions. Other advantages are elimination of NOx emissions, a 40% increase in efficiency, and a much simpler process as there are no more gas pipes. On the other hand, the fossil fuels for the burners in the directly fired part of the furnace are to be replaced with green hydrogen. By developing ANDRITZ hydrogen burners for the furnace section, CO_2 emissions can be reduced as well. Furthermore, work is continuing on the development of hybrid systems that combine electric heating using renewable energy sources and gas heating (e.g. biogas or hydrogen) for preheating and heat treatment furnaces. Customers thus have access to customized heating systems for each mode of operation. Initial industrial-scale pilot plants are already being implemented on customer premises.

Non-grain-oriented (NGO) electrical steel strip plays an important role in the area of electromobility. NGO is used in the manufacturing of motors (stators and rotors) for electric drives. The eddy current losses in the motors depend heavily on the thickness of the electrical steel strip, with the optimal material thickness being that of a film. Following the successful development and market introduction of the “Sundwig MonoBock” (a 20-roll mill for the production of cold-rolled strips), the rolling mills product group has continued development of this multi-roll mill so that electrical steel strip can also be produced in film thickness in the future. In parallel to this, the proven S6-high rolling mill (an 18-roll mill) has also been improved to pursue the trend towards thinner final thicknesses.

With the aim of becoming a complete provider for NGO production, ANDRITZ is working on a new furnace concept for the production of electrical steel strip. The NGOs created with these furnaces feature higher efficiency and can be integrated directly into all mechanical systems already offered by ANDRITZ. The focus lies here on a fully modular design, which enables rapid installation as well as simple operation and maintenance of the furnaces.

The business area is also directing significant R&D effort towards electrolyzers for generating green hydrogen from renewable energy. This project was initially launched as a start-up within the ANDRITZ GROUP and is now being continued and expanded as a separate division within the business area. Priority is given to the development of systems based on PEM (proton exchange membrane) and AEL (alkaline electrolysis) technologies. Another area of investigation is SOEL (solid oxide electrolysis) technology for high-temperature electrolysis.

In the hydrogen sector, work is continuing on welding and press technology to develop the mass production of fuel cells (used to generate energy from hydrogen) in order to power buses and trucks. Alongside the collaboration between ANDRITZ Soutec and ANDRITZ subsidiary Schuler in the area of plant technology for large-scale protection of fuel cells, developments during the reporting year also included special development work by ANDRITZ Kaiser on the manufacturing of fuel cells, in particular of bipolar plates. The ToP-Line press technology was employed to create a special press line (KSH2 16,000 and KSH2 19,000) that fulfills the highest requirements with regard to the manufacturing of bipolar plates. The machines have pressing forces of 16,000 kN and 19,000 kN, are produced with an innovative biometric casting process, and can deliver maximum precision thanks to specially developed automatic ram tilt compensation. Two plants have already been delivered and are being used by customers to produce bipolar plates. Additional orders have been placed and are in progress. The machines of the ToP-Line KSH2 series are being enhanced with innovative, newly developed push-pull systems that have been designed and built specifically for the feeding of extra-thin stainless steel strips.

In the Metals Forming division, ANDRITZ subsidiary Schuler presented further developments for lightweight automotive construction in addition to the topics of digitalization and electromobility in the reporting year. Components made of high-strength aluminum sheet are increasingly being used in vehicles to save weight. Schuler now offers a new process for hot forming on hydraulic presses, in which the light metal is heated within a very short time by means of contact heating and formed in a water-cooled die. All process steps take place in the tool so that, unlike the form hardening of sheet steel, a separate furnace is no longer required. This significantly reduces the space required for the system as well as the investment and operating costs. The technology enables the production of lightweight and high-strength parts with significantly higher degrees of forming compared to cold forming and much greater freedom of design. The result is highly complex geometries and a tensile strength of 300 to 400 newtons per square millimeter.

In addition to lines for the production of car body and structural parts, Schuler also offers presses for the stamping and packaging of electrical sheets for energy-efficient motors as well as systems for the production of cylindrical and prismatic battery cell housings. A renowned car manufacturer in Germany has now placed an order with Schuler for a pilot line for the assembly of solid-state batteries, the successor to the lithium-ion batteries currently in widespread use. In addition to its expertise in forming technology, the project also incorporates its know-how in battery cell production, which was supplemented by the acquisition of the Italian Sovema Group.

Schuler collects applications for networking forming technology in the "Digital Suite". "Shopfloor Operations Management" (SOM) is the latest addition to the package. In the event of an unexpected plant shutdown, the application automatically retrieves the relevant data from the plant control system to log the cause and presents it clearly together with other performance indicators. SOM shows at a glance what the current production situation is and thus reveals potential problems at an early stage. The performance indicators can be compared with previous shifts and orders in order to optimize processes in the future. The reporting therefore forms the ideal basis for the daily store floor meeting. A 30% increase in the availability of a system is quite realistic.

The direct integration of SOM into the plant control system ensures the best possible data quality, including exact time stamps. The precise production data also ensures more realistic cost calculations. Full connectivity to customer ERP/MES systems and open data interfaces to AI solutions are also guaranteed. External causes of system downtime - such as the forklift truck delivering the required blanks too late - can be recorded quickly and easily via a user-friendly terminal for machine data acquisition. Individual notes are just as possible as addressing specific issues to the responsible person with the help of a ticketing system.

c) Hydro

As a leading manufacturer of pumped storage power plants, ANDRITZ contributes decisively to the promotion of renewable energy and is thus a strong partner in the field of sustainability. The use of renewable energy sources such as solar and wind power is crucial to the reduction of greenhouse gas emissions and dependence on fossil fuels. Continuous research and development by ANDRITZ in the pumped storage sector is a key part of this effort in that it increases the overall efficiency and reliability of renewable energy systems. Compared to other energy storage systems, large amounts of energy can be stored in the reservoirs of pumped storage plants. In case of short-term power demand, pumped storage plants can secure grid stability due to the advantage of a very short reaction time. This is especially the case for variable-speed pumped turbines and motor generators.

Another important component in this area is the development of synchronous condensers. These are essential for stabilizing the power grid, especially in the context of an increased share of variable renewable energy. Synchronous condensers can provide considerable amounts of reactive power and short circuit power for maintaining grid stability by compensating for fluctuations. This makes it possible to further improve the integration of solar and wind power into the energy infrastructure.

Research and development work to improve the technology of hydropower plants and synchronous condensers leads to higher reliability and performance while also remaining environmentally friendly. This allows our customers to use renewable energy more efficiently and to achieve their sustainability goals.

d) Separation

ANDRITZ is a global supplier of state-of-the-art separation technology. With this leading position, our new innovations enable customers to have the right answer to upcoming challenges triggered by a fast-changing world.

Focused development work on decanter centrifuges, an all-purpose Solid-Liquid Separation technology, has expanded their application range even further. Design and process optimizations enable the production of biogas as an alternative to fossil fuels. To help meet the growing demand for non-dairy products, we introduced a decanter for the production of oat milk. Together with our Turbex technology, an efficient extraction solution for producing high-quality extracts from plants and natural products, this represents an innovative solution for the overall valorization of raw materials in the food sector.

The proven three-phase decanter centrifuges were further improved and adapted to the requirements of recovering high-purity oil from contaminated sources, including crude oil, various oil-containing sludges, and residues from the cleaning of lakes, lagoons, or tanks as well as API separator sludge. This enhancement is part of ANDRITZ's efforts in collaboration with customers to conserve resources and reduce environmental impact. The inclusion of machines for ATEX zones 1 and 2 in the ANDRITZ portfolio is important for applications in the oil and gas industry. These are suitable for use in plants in which an explosive atmosphere may arise under normal operating conditions.

Overall optimization of customer processes is necessary to reduce consumption of energy and production additives. Our AI-powered technologies like Metris addIQ ARGOS and Metris addIQ RheoScan play a major role in this quest. The Metris addIQ radar feed controller enables increased throughput and improved product quality while featuring a modern, maintenance-friendly design.

ANDRITZ Feed & Biofuel is one of the world's leading suppliers of technology and services for the animal feed, aqua feed, pet food, and biofuel industries. During the reporting year, the focus was placed on Modular Plant Solutions as an integrated approach for fine-tuning logistics, ensuring uncompromised quality, and achieving cost-effectiveness. This is exemplified by a substantial reduction in crane time from 90 to 7 days compared with conventional plants, ensuring considerable time and cost savings.

The essence of the Modular Plant Solution offering lies in smooth integration and global expertise, ensuring modules optimized for efficient logistics and guaranteeing rapid and precise on-site deployment. Tailored for regions and businesses with limited competencies or resources, the Modular Plant Solution approach leverages global expertise to facilitate trouble-free installations.

The establishment of the Automation & Digitalization business unit represents a significant milestone and a pivotal component of the overarching Feed & Biofuel Strategy, further fortifying the commitment to innovation, comprehensive plant solutions, and efficiency. The primary objective is to harness the transformative power of automation and digital technologies, strategically applied to streamline processes and provide added value to customers around the world.

During the reporting year, ANDRITZ opened a leading-edge testing and research center for the food and feed industry in Waddinxveen, The Netherlands. The Food Innovation Xperience center is a development and technology hub where customers and ANDRITZ experts team up to turn visions into reality. This facility is equipped with the latest technologies to conduct feasibility studies, pilot plant tests for scale-up, and R&D activities under food-grade or ATEX conditions.

e) Automation

ANDRITZ Automation has been operating successfully in the plant automation sector for over 35 years. In the meantime, the digital solutions from ANDRITZ Digital Solutions – sold under the umbrella brand Metris – are among the leading solutions in industry. In the 2023 reporting year, a special development focus was placed on autonomous operation of entire plants as well as minimization of the risks of cyber attacks.

With the aid of the autonomous Metris solutions, it is possible to optimize the raw material input, lower the related emissions, and reduce any additional manual intervention needed to a corresponding minimum. A main focus lies on helping customers in their efforts to make their production processes more sustainable. In addition, research work also concentrated on further developing digital twin technologies for online/offline simulation and on predicting future production scenarios.

During the reporting year, the specially developed Soft PLC Metris X, which is an integral part of the Metris platform, was successfully put to use for the first time in the in-house pilot plant TIAC (Tissue Innovation and Application Center). With this seamlessly integrated, hardware-independent automation solution, the complete data from all plant processes is incorporated into the plant control, enabling our customers to implement additional process optimizations, such as reducing raw material input and energy use while simultaneously increasing product quality.

H) OUTLOOK

Economic experts predict the global economy to continue to grow only moderately by around 3% in 2024. This would mean a further slight reduction in growth compared to 2023.

Ongoing geopolitical conflicts, continued high prices – particulary for energy and raw materials – as well as the slowly falling interest rates are the main reasons for this assessment. Growth rates in Europe are expected to be slightly above 1%, which would be a very small improvement compared to 2023.

No further significant stimulus is expected from the USA and economic growth in China will continue to weaken slightly according to the latest forecasts. Growth in emerging and developing countries will remain at the 2023 level at around 4% in 2024.

Despite these difficult macroeconomic conditions, the outlook, and expectations for the ANDRITZ business areas for 2024 are basically unchanged compared to the previous year.

ANDRITZ currently has no concrete indications that the general conditions described above will have a significant negative impact on the project and investment activities of the markets and customers served by ANDRITZ in 2024. Any remaining customer reluctance to place orders for large-scale investments to expand capacity will be compensated by intensive project activities relating to the modification of plants to increase efficiency and sustainability.

- Pulp & Paper: From today's perspective, project and investment activity is expected to improve again over the course of the year. After almost two years of restraint with regard to the awarding of contracts for large-scale investments to expand capacity, the first projects for new plants should be awarded. Project activity in connection with modernizations and modification is expected to remain stable. The investments planned by many pulp and paper producers in the area of sustainability should also have a supporting effect.

- Metals: In the Metals Forming sector (Schuler), the slight increase in project and investment activity is expected to continue. Individual medium-sized/large orders are expected to be awarded, particularly in the area of electromobility. In the Metals Processing sector, the market environment is expected to remain solid in 2024.

- Hydro: In the Hydro business area, the good project and investment activity of the previous year is expected to continue. The global initiatives to promote renewable energies and the increasing need to store large amounts of energy to compensate for the volatility of energy generation from wind and solar power should have a supporting effect in the medium term, particularly in the area of pumped storage power plants.

- Separation: Continued good project and investment activity is expected in both the Solid-Liquid Separation and Feed & Biofuel divisions. The market for Pumps, which have been assigned to this business area since 2023, is expected to remain stable.

Due to the continued good business development and the high order backlog at the end of the fiscal year 2023, ANDRITZ currently expects to continue its growth path in the fiscal year 2024 and anticipates an increase in both revenue and earnings compared to 2023, albeit with lower growth rates compared to the two previous years.

However, should the development of the global economy, that is forecasted by market researchers for 2024, worsen significantly, this could have negative effects on processing of orders and on order intake, and hence, a negative impact on ANDRITZ’s financial development. In particular, this could necessitate capacity adjustments, which would require financial provisions and could have a negative impact on the ANDRITZ GROUP’s earnings.

I) SHARES AND SHAREHOLDER STRUCTURE

Disclosure according to section 243a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB)
The capital stock of ANDRITZ AG as of December 31, 2023, amounted to 104,000,000 EUR. The proportionate amount of the capital is 1.00 EUR per no-par value share. There are no limitations concerning the voting rights or the transfer of shares.

ANDRITZ has a stable and well-balanced shareholder structure. Around 31.5% of the ANDRITZ AG share capital is held partly directly and partly indirectly by Custos Privatstiftung and by Wolfgang Leitner, a member of the ANDRITZ AG Supervisory Board, respectively. 30.72% belongs to Custos Vermögensverwaltungs GmbH and 0.77% to Cerberus Vermögensverwaltung GmbH. The company itself holds around 4.5% of the shares. With a free float of around 64%, national and international institutional investors and private investors make up the majority of the shareholders. Around 45% of the shares are held by institutional investors. Most of the institutional investors come from the UK, Austria, and Germany, while the bulk of the private investors are from Austria and Germany.

At present, there is no authorized capital. The Annual General Meeting held on March 29, 2023, authorized the Executive Board to purchase treasury shares up to the maximum amount permitted by law for a period of 30 months as from October 1, 2023, and to cancel these company shares where appropriate with the approval of the Supervisory Board without having to consult the Annual General Meeting again beforehand. There is no authorization of the members of the Executive Board – especially regarding the possibility of issuing or buying back shares – that does not result directly from legal stipulations.

As far as is known to the company, there are no holders of shares with special controlling rights. Furthermore, there are no stipulations regarding the appointment and recall of the members of the Executive Board and the Supervisory Board, nor regarding modifications to the company's Articles of Association that do not result directly from legal stipulations.

There are no significant agreements in which the company participates that would become effective, change, or end in the event of a change in the control of the company following a takeover bid.

According to the terms of the "Schuldscheindarlehen" issued in June 2017, August 2018, and May 2019, all lenders are entitled to accelerate maturity of the amount corresponding to their contributions to the "Schuldscheindarlehen" and to require immediate repayment of this principal amount plus the interest accumulating up to the day of repayment in the event of a change of control. Acceleration of maturity shall only apply if the corresponding notice of termination is given within 30 days after the change of control is announced.

Compensation agreements exist between the company and members of its Executive Board for the event of a change of control. No such compensation agreements exist for the members of the Supervisory Board or any employees.

Graz, February 26, 2024

The Executive Board of ANDRITZ AG

Joachim Schönbeck	Dietmar Heinisser	Norbert Nettesheim	Jarno Nymark	Frédéric Sauze
President & CEO		CFO		

Disclaimer:
Certain statements contained in the annual financial report 2023 and in the annual report 2023 constitute "forward-looking statements." These statements, which contain the words "believe," "intend," "expect," and words of a similar meaning, reflect the Executive Board's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.
The annual financial report 2023 and the annual report 2023 contain assumptions and forecasts which were based on the information available up to the copy deadline on February 26, 2024. If the premises for these assumptions and forecasts do not occur, or risks indicated in the chapter "corporate risks" and in the management report in the annual financial report 2023 do arise, actual results may vary from the forecasts made in the annual financial report 2023 and the annual report 2023. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

Consolidated financial statements 2023 of the ANDRITZ GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE 2023 FINANCIAL YEAR

(in MEUR)	Chapter	2023	2022
Revenue	**9.**	**8,660.0**	**7,542.9**
Changes in inventories of finished goods and work in progress		27.8	61.7
Other own work capitalized		6.9	4.6
Other income	10.	124.2	139.3
Cost of materials	11.	-4,718.3	-3,995.2
Personnel expenses	12.	-2,165.8	-1,986.8
Other expenses	13.	-1,024.6	-941.0
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)		**910.2**	**825.5**
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	14.	-225.0	-242.6
Impairment of goodwill	20.	0.0	-10.2
Earnings Before Interest and Taxes (EBIT)		**685.2**	**572.7**
Result from investments accounted for using the equity method	6./15.	2.4	0.8
Interest income		68.5	41.0
Interest expense		-48.9	-32.3
Other financial result		-19.0	-41.3
Financial result	**15.**	**3.0**	**-31.8**
Earnings Before Taxes (EBT)		**688.2**	**540.9**
Income taxes	16.	-183.9	-138.3
NET INCOME		**504.3**	**402.6**
Net income attributable to owners of the parent		510.2	409.6
Net income allocated to non-controlling interests	33.	-5.9	-7.0
Basic earnings per no-par value share (in EUR)	17.	5.15	4.14
Diluted earnings per no-par value share (in EUR)	17.	5.13	4.13
Proposed dividend per no-par value share (in EUR)	33.	2.50	2.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2023 FINANCIAL YEAR

(in MEUR)	Chapter	2023	2022
NET INCOME		**504.3**	**402.6**
Remeasurement of defined benefit plans	22.	-3.4	26.3
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	30.	-1.3	-1.8
Other comprehensive income (after income taxes) that will not be reclassified to the income statement in subsequent periods		**-4.7**	**24.5**
Currency translation of foreign operations		-21.3	14.6
Cash flow hedges	34.	35.3	1.6
Other comprehensive income (after income taxes) which can be reclassified to the income statement in subsequent periods		**14.0**	**16.2**
OTHER COMPREHENSIVE INCOME (AFTER INCOME TAXES)		**9.3**	**40.7**
TOTAL COMPREHENSIVE INCOME		**513.6**	**443.3**
Total comprehensive income attributable to owners of the parent		519.3	449.3
Total comprehensive income allocated to non-controlling interests		-5.7	-6.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023

(in MEUR)	Chapter	2023	2022
ASSETS			
Property, plant, and equipment	18./19.	1,247.5	1,213.8
Goodwill	20.	826.3	787.0
Intangible assets other than goodwill	21.	142.8	160.1
Investments accounted for using the equity method	6.	16.1	13.7
Investments and other financial assets	31.	70.1	71.9
Other receivables and assets	25.	100.6	85.0
Deferred tax assets	16.	211.7	239.7
Non-current assets		**2,615.1**	**2,571.2**
Inventories	26.	1,165.3	1,135.5
Advance payments made	27.	178.5	219.9
Trade accounts receivable	24.	1,076.0	1,065.1
Contract assets	9.	1,239.4	1,047.5
Current tax assets		27.6	36.6
Investments	31.	265.1	728.9
Cash and cash equivalents	32.	1,507.1	1,302.0
Other receivables and assets	25.	418.0	380.1
Current assets other than assets held for sale		**5,877.0**	**5,915.6**
Assets held for sale	37.	5.2	5.0
Current assets		**5,882.2**	**5,920.6**
TOTAL ASSETS		**8,497.3**	**8,491.8**
EQUITY AND LIABILITIES			
Share capital		104.0	104.0
Capital reserves		36.5	36.5
Retained earnings and other reserves		2,037.2	1,708.1
Equity attributable to owners of the parent		**2,177.7**	**1,848.6**
Non-controlling interests		-20.2	-13.9
Total equity	**33.**	**2,157.5**	**1,834.7**
Bank loans and other financial liabilities	36.	503.7	827.5
Lease liabilities	19.	161.1	162.6
Provisions for employee benefits	22.	333.6	312.4
Provisions	23.	201.0	185.4
Other liabilities	29.	28.8	28.6
Deferred tax liabilities	16.	115.0	121.3
Non-current liabilities		**1,343.2**	**1,637.8**
Bank loans and other financial liabilities	36.	429.4	253.4
Lease liabilities	19.	48.4	44.8
Trade accounts payable	28.	1,022.9	983.0
Contract liabilities from sales recognized over time	9.	1,419.6	1,547.5
Contract liabilities from sales recognized at a point in time	9.	357.0	400.5
Provisions for employee benefits	22.	19.6	15.4
Provisions	23.	418.4	445.1
Current tax liabilities		75.1	105.8
Other liabilities	29.	1,206.2	1,223.8
Current liabilities		**4,996.6**	**5,019.3**
TOTAL EQUITY AND LIABILITIES		**8,497.3**	**8,491.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 2023 FINANCIAL YEAR

(in MEUR)	Chapter	2023	2022
Net income		**504.3**	**402.6**
Income taxes		183.9	138.3
Interest result	15.	-19.6	-8.7
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment		225.0	252.8
Result from investments accounted for using the equity method	6./15.	-2.4	-0.8
Gains/losses from disposal of fixed and financial assets		-7.4	-34.5
Other non-cash income/expenses		101.3	93.3
Change in net working capital	36.	-337.4	151.1
Changes in provisions and other assets and liabilities		-108.1	-131.3
Interest received		62.3	32.6
Interest paid		-34.4	-19.1
Dividends received		0.9	1.7
Income taxes paid		-193.4	-167.2
CASH FLOW FROM OPERATING ACTIVITIES	**36.**	**375.0**	**710.8**
Payments made for property, plant, and equipment and intangible assets		-170.8	-155.0
Payments received for disposals of property, plant, and equipment and intangible assets		15.6	46.2
Payments made for non-current and current financial assets		-174.3	-636.5
Payments received for disposal of non-current and current financial assets		632.8	616.8
Net cash flow from company acquisitions	36.	-36.4	-62.0
CASH FLOW FROM INVESTING ACTIVITIES	**36.**	**266.9**	**-190.5**
Payments received from bank loans and other financial liabilities	36.	136.4	28.2
Payments made for bank loans and other financial liabilities	36.	-296.6	-90.3
Payments made for lease liabilities	36.	-50.6	-59.3
Dividends paid	33.	-208.3	-163.8
Purchase of non-controlling interests and payments to former shareholders	36.	0.0	-0.1
Proceeds from re-issuance of treasury shares	33.	8.5	0.0
Purchase of treasury shares	33.	0.0	-16.0
CASH FLOW FROM FINANCING ACTIVITIES	**36.**	**-410.6**	**-301.3**
CHANGES IN CASH AND CASH EQUIVALENTS		**231.3**	**219.0**
Currency translation adjustments		-26.3	-4.0
Changes in consolidation scope		0.0	0.2
Valuation allowance		0.1	-0.2
Cash and cash equivalents at the beginning of the period	32.	1,302.0	1,087.0
Cash and cash equivalents at the end of the period	32.	1,507.1	1,302.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 2023 FINANCIAL YEAR

									Attributable to owners of the parent	Non-controlling interests	Total equity
(in MEUR)	Chapter	Share capital	Capital reserves	Retained earnings	Fair value reserve	Reserve of remeasurements of defined benefit plans	Reserve of exchange differences on translation	Treasury shares	Total		
BALANCE AS OF JANUARY 1, 2022		**104.0**	**36.5**	**1,792.5**	**0.4**	**-67.1**	**-103.5**	**-188.2**	**1,574.6**	**-7.3**	**1,567.3**
Net income				409.6					409.6	-7.0	402.6
Other comprehensive income					-0.2	26.3	13.6		39.7	1.0	40.7
Total comprehensive income				**409.6**	**-0.2**	**26.3**	**13.6**		**449.3**	**-6.0**	**443.3**
Dividends	33.			-163.1					-163.1	-0.6	-163.7
Change in treasury shares	33.			-0.2				-13.7	-13.9		-13.9
Change from share option programs	33.			-2.0					-2.0		-2.0
Hyperinflation	38.			3.7					3.7		3.7
Transfers and other changes				-0.5		0.8	-0.3		0.0		0.0
BALANCE AS OF DECEMBER 31, 2022		**104.0**	**36.5**	**2,040.0**	**0.2**	**-40.0**	**-90.2**	**-201.9**	**1,848.6**	**-13.9**	**1,834.7**
BALANCE AS OF JANUARY 1, 2023		**104.0**	**36.5**	**2,040.0**	**0.2**	**-40.0**	**-90.2**	**-201.9**	**1,848.6**	**-13.9**	**1,834.7**
Net income				510.2					510.2	-5.9	504.3
Other comprehensive income					34.0	-3.4	-21.5		9.1	0.2	9.3
Total comprehensive income				**510.2**	**34.0**	**-3.4**	**-21.5**		**519.3**	**-5.7**	**513.6**
Dividends	33.			-207.7					-207.7	-0.6	-208.3
Change in treasury shares	33.			-1.8				12.2	10.4		10.4
Change from share option programs	33.			3.1					3.1		3.1
Hyperinflation	38.			4.0					4.0		4.0
Transfers and other changes				0.5			-0.5		0.0		0.0
BALANCE AS OF DECEMBER 31, 2023		**104.0**	**36.5**	**2,348.3**	**34.2**	**-43.4**	**-112.2**	**-189.7**	**2,177.7**	**-20.2**	**2,157.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

A — General information and legal bases

B — Information on the structure of ANDRITZ

C — Result of the year

D — Non-current assets and liabilities

E — Net working capital

F — Financial and capital structure, financial instruments, and risk management

G — Other information

A) GENERAL INFORMATION AND LEGAL BASES

1. General information

ANDRITZ AG is an Aktiengesellschaft incorporated under the laws of the Republic of Austria and has been listed on the Vienna Stock Exchange since June 2001. The registered office of ANDRITZ AG, the parent company of the ANDRITZ GROUP, is at Stattegger Strasse 18, 8045 Graz, Austria. The ANDRITZ GROUP (the “Group” or “ANDRITZ”) is a leading producer of high-technology industrial machinery and operates through four strategic operating segments: Pulp & Paper, Metals, Hydro, and Separation.

The consolidated financial statements are prepared under the responsibility of the Executive Board of ANDRITZ AG and are acknowledged by the Supervisory Board and the Annual General Meeting. On February 22, 2024, the Executive Board approved the consolidated financial statements for the year ending December 31, 2023.

Various amounts and percentages set out in the consolidated financial statements have been rounded. As a result, totals may differ from the amounts shown. If not stated otherwise, amounts are given in million euros (MEUR).

2. Accounting principles

The financial statements were prepared in accordance with all International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union, whose application have been mandatory for 2023. All interpretations published by the IFRS Interpretations Committee (IFRS IC), which also have to be observed for 2023, have been applied. The consolidated financial statements meet the requirements of section 245a UGB (Austrian Commercial Code) on exempting consolidated financial statements according to internationally accepted accounting standards. Going concern is the basis for accounting and valuation of the assets and liabilities.

a) Newly-applicable standards and interpretations

ANDRITZ has applied the following new or amended standards issued by the IASB and the interpretations issued by the IFRS IC for the financial year beginning on January 1, 2023:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IFRS 17	Insurance contracts incl. amendments of IFRS 17	January 1, 2023	November 19, 2021
IAS 8	Amendment: Definition of accounting estimates	January 1, 2023	March 2, 2022
IAS 1	Amendment: Disclosure of accounting policies	January 1, 2023	March 2, 2022
IAS 12	Amendment: Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	August 11, 2022
IAS 12	International Tax Reform – Pillar Two Model Rules	January 1, 2023	November 8, 2023

IFRS 17 sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts.

The amendment to **IAS 8** concerns the distinction between accounting policies and accounting estimates. The definition of “change in accounting estimates” is replaced by a definition of “accounting estimates”.

The amendment to **IAS 1** regarding disclosure on accounting policies is intended to clarify which accounting policies must be stated in the financial statements.

The amendment to **IAS 12** restricts the scope of the initial recognition exemption, according to which no deferred tax asset or deferred tax liability is to be recognized at the time an asset or liability is added. If deductible and taxable temporary differences of the same amount arise in a transaction, these are no longer subject to the exception rule, so that deferred tax assets and deferred tax liabilities must be formed.

The amendment to **IAS 12** introduces a temporary exception to theaccounting for deferred taxes arising from the implementation of global minimum taxation (Pillar Two regulations of the OECD). This is intended to help ensure the consistency of the financial statements while facilitating the implementation of the regulations. Targeted disclosure requirements will also be introduced to help investors better understand the impact on the company of the supplementary taxes resulting from the reform, particularly before country-specific legislation implementing the minimum taxation comes into effect.

These amendments of the standards do not have any or no material effect at ANDRITZ.

b) Standards and interpretations that have been published but not yet applied

The International Accounting Standards Board is working on numerous projects that will only have an impact on business years from 2024 onwards. ANDRITZ has not applied the following accounting pronouncements that have been published by the IASB, but are not yet effective:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IFRS 16	Amendment: Subsequent measurement of leases as part of a sale-and-lease-back	January 1, 2024	November 20, 2023
IAS 1	Amendment: Classification of liabilities as current or non-current	January 1, 2024	December 19, 2023
IAS 1	Amendment: Non-current liabilities with covenants	January 1, 2024	December 19, 2023
IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024	open
IAS 21	Amendment: Lack of Exchangeability	January 1, 2025	open

The amendment to **IFRS 16** contains requirements for the subsequent measurement of leases as part of a sale-and-lease-back for seller-lessees. Subsequent measurement of lease liabilities will be standardized to prevent inappropriate profit realization.

The amendment to **IAS 1** concerns the adjustment of the assessment criteria for the classification of liabilities as current or non-current. In future, only rights that exist at the end of the reporting period should be decisive for the classification of a liability. In addition, further guidelines for the interpretation of the criterion “right to postpone the fulfillment of the debt for at least twelve months” as well as explanations on the characteristic “fulfillment” were included.

The second amendment to **IAS 1** clarifies that only covenants that a company must meet on or before the balance sheet date affect the classification of liabilities as current or non-current. However, an entity must disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within 12 months.

The amendments to **IAS 7 and IFRS 7** are intended to increase the transparency of supplier finance arrangements and their impact on liabilities, cash flows, and liquidity risk. The changes supplement the existing disclosure requirements by requiring companies to provide qualitative and quantitative information about supplier finance arrangements.

The amendments to **IAS 21** require the use of a consistent approach in assessing whether a currency is convertible into another currency and, if this is not the case, in determining the exchange rate to be used and the required disclosures in the notes.

These new or amended standards are not expected to have any or no material effect at ANDRITZ.

3. Accounting policies and use of discretionary judgments and estimates

ANDRITZ describes the accounting policies as well as the use of discretionary judgments and estimates in the respective chapters.

a) Accounting policies

In the respective chapters, the accounting policies are indicated as follows:

ACCOUNTING POLICIES

ANDRITZ has consistently applied all accounting policies described in these consolidated financial statements in all periods presented, except for the amendments resulting from the first-time application of new standards in chapter 2.a) Newly-applicable standards and interpretations. The following section describes the general accounting policies:

Consolidation principles

The basis for the consolidated financial statements is the individual financial statements of all fully consolidated companies applying uniform group-wide standards and in accordance with IFRS regulations. Intercompany receivables, liabilities, and internal business transactions, including interim results within the Group, were eliminated. The consolidated financial statements were prepared based on uniform accounting principles for comparable business transactions.

Currency translation

The consolidated financial statements are compiled in euros.

Foreign currency transactions

Foreign currency transactions are recorded in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized in the income statement in the period in which they arise.

Foreign subsidiaries

Foreign consolidated subsidiaries are regarded as foreign operations because they are financially, economically, and organizationally autonomous. Their functional currencies are generally their respective local currencies. Items of the statement of financial position of foreign subsidiaries are translated at year-end rates to the presentation currency (euros). Expenses and income are translated using the average exchange rates for the year. All resulting translation differences are included in the item “Reserve of exchange differences on translation” in equity.

Hyperinflation

The financial statements (and comparative figures) of foreign subsidiaries whose functional currency is the currency of a country with severe hyperinflation must be restated in relation to changes in the purchasing power of the currency. A revaluation is carried out in accordance with IAS 29.

Read more in chapter 38. Effects of hyperinflation.

Major exchange rates

The exchange rates used for foreign currency translation of major currencies are as follows:

In number of units per 1 EUR		Rate at reporting date		Average rate for year	
Currency		**December 31, 2023**	**December 31, 2022**	**2023**	**2022**
BRL	Brazilian real	5.36	5.64	5.40	5.44
CAD	Canadian dollar	1.46	1.44	1.46	1.37
CHF	Swiss franc	0.93	0.98	0.97	1.00
CNY	Chinese renminbi yuan	7.85	7.36	7.66	7.08
DKK	Danish krone	7.45	7.44	7.45	7.44
GBP	British pound	0.87	0.89	0.87	0.85
INR	Indian rupee	91.90	88.17	89.30	82.69
SEK	Swedish krona	11.10	11.12	11.48	10.63
USD	US dollar	1.11	1.07	1.08	1.05

b) Use of discretionary judgments and estimates

Preparation of the consolidated financial statements requires the management to make discretionary judgments, estimates, and assumptions that can affect the applied accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions are reviewed regularly. Revisions of estimates are recognized prospectively. The Group has made key assumptions concerning the future and has identified material sources of estimation uncertainties and discretionary judgments.

The war in Ukraine, the Middle East conflict, and other geopolitical developments have been and will be continuously monitored in order to best counteract any future effects on the ANDRITZ GROUP. Currently, these geopolitical developments have no direct, significant impact on the net asset, financial position, and earnings of ANDRITZ.

ANDRITZ addresses climate-related risks in the respective chapters.

In the respective chapters, the use of discretionary judgments and estimates is indicated as follows:

! **SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS**

B) INFORMATION ON THE STRUCTURE OF ANDRITZ

4. Consolidation scope

ACCOUNTING POLICIES

The consolidated financial statements include ANDRITZ AG and those companies it controls directly or indirectly. ANDRITZ controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power of disposition over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control is lost. Changes in the Group's share in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any related non-controlling interests, and other components of equity. Any resulting gain or loss is recognized through profit or loss.

In case the influence on the Group's assets, liabilities, financial position, and profit or loss of companies controlled is of minor importance, the decision on including them into the consolidation scope is made based on quantitative and qualitative considerations. The shares in non-consolidated companies are recorded in item "Investments and other financial assets".

The consolidation scope has changed as follows:

		2023		2022
	Full consolidation	Equity method	Full consolidation	Equity method
Balance as of January 1	**168**	**4**	**165**	**4**
Acquisitions of companies	6		9	
New foundations	0		1	
Changes in consolidation type	2	-2	-2	
Mergers and liquidations	-6		-5	
Balance as of December 31	**170**	**2**	**168**	**4**
Thereof attributable to:				
Domestic companies	7	0	7	0
Foreign companies	163	2	161	4

Due to quantitative and qualitative considerations, 49 companies (2022: 48) controlled by ANDRITZ were not consolidated and 9 associated companies (2022: 7) were not accounted for using the equity method, respectively.

Changes in consolidation type

In the financial year 2023, ANDRITZ no longer consolidated the following companies that were previously accounted for using the equity method because of non-fulfillment of the materiality criteria:

- Enmas ANDRITZ Pvt. Ltd., India
- VA Brazil Oy, Finland

There was no significant effect from the disposal of these companies in 2023.

In the comparison period, ANDRITZ no longer consolidated ANDRITZ Pumps Germany GmbH, Germany, and ANDRITZ HYDRO SAS, France, because of non-fulfillment of the materiality criteria. The disposal of these subsidiaries resulted in a loss of 0.4 MEUR in 2022, which is included in other expenses.

Read more in chapter 42. Group companies.

5. Acquisitions

ACCOUNTING POLICIES

Business combinations are accounted for by applying the acquisition method if the acquired set of activities and assets meets the definition of a business and the Group has gained control. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at least a resource usage and a substantial process and whether the acquired group is able to provide goods or services.

The purchase price is offset against the revalued net assets of the acquired company. In doing so, the values at the acquisition date, which is the date on which control of the acquiree was obtained, are used as a basis. Differences in value are fully recognized. The acquired identifiable assets, liabilities, and contingent liabilities are generally recognized at their fair values in the consolidated statement of financial position, irrespective of the extent attributable to non-controlling interests. Application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the intangible assets and property, plant, and equipment acquired, the liabilities assumed at the acquisition date, and the useful lives of the intangible assets and the property, plant, and equipment acquired.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. It is general practice within the ANDRITZ GROUP to use the partial goodwill method.

In step acquisitions, where a company is acquired in several stages, the fair values of the acquired entity's assets and liabilities are measured in accordance with IFRS 3 – Business Combinations at the date on which control is obtained. Any resulting adjustments to the fair value of the existing interest are recognized in profit or loss. The carrying amount of the assets and liabilities already recognized in the statement of financial position is then adjusted accordingly.

a) Dedert-Group

ANDRITZ GROUP has signed an agreement to acquire 100% of the shares of Dedert-Group. The headquarters of the main entity of Dedert Group are in Holewood, Illinois, USA. The closing of the transaction took place in October 2023. Dedert is one of the leading international suppliers of dryer and evaporator technologies. Dedert-Group, with around 100 employees has an annual revenue of approximately 80 MEUR and operates subsidiaries in Canada, Denmark, Mexico, and China. The acquisition expands the existing product range in the Separation operating segment. As a result of this acquisition, four fully consolidated companies entered the consolidation scope of ANDRITZ.

b) Dan-Web Machinery A/S

ANDRITZ has signed an agreement to acquire 100% of the shares of Dan-Web Machinery A/S, headquartered in Galten, Denmark. The closing of the transaction took place in June 2023. The acquisition expands the existing product range in the Pulp & Paper operating segment. The company, with around 50 employees, has an annual revenue of approximately 14 MEUR. Dan-Web Machinery A/S was included in the consolidation scope of ANDRITZ.

c) Imagine That Inc.

ANDRITZ has signed a contract to acquire 100% of the shares of Imagine That Inc. in San Jose, USA. The closing of the transaction took place in January 2023. The company, with around five employees, has an annual revenue of approximately 1.1 MEUR. The acquisition is assigned to the Metals business segment. Imagine That Inc. was included in ANDRITZ's scope of consolidation as a fully consolidated company.

d) SFA

ANDRITZ has acquired assets along with key patents and intellectual properties from SFA Handels GmbH. Five employees were taken on. The acquisition expands the existing product range in the Pulp & Paper operating segment. The closing of the transaction took place in December 2023.

e) Scitech-Service Oy

ANDRITZ has signed a contract to acquire 100% of the shares of Scitech-Service Oy, headquartered in Helsinki, Finland. The closing of the transaction took place in July 2023. The acquisition includes Scitech-Service Oy’s subsidiary Experimentis Oy, headquartered in Rauma, Finland. The companies, with around 15 employees, have an annual revenue of approximately 2 MEUR. Due to the insignificance of this acquisition, no fully consolidated companies were included in the ANDRITZ scope of consolidation.

f) NAF

ANDRITZ has signed an agreement with Flowserve Corporation based in Texas, USA, to take over the business of NAF AB. The signing of the transaction took place in October 2023. The closing of the transaction is subject to approval by the respective authorities. The closing is expected to take place in 2024.

g) Preliminary fair values at the acquisition date

The preliminary fair values of the assets acquired and liabilities assumed are as follows:

(in MEUR)	Metals	Pulp & Paper	Separation	Total
Intangible assets other than goodwill	2.7	7.0	30.1	39.8
Property, plant, and equipment	0.0	4.4	3.8	8.2
Investments and other financial assets	0.0	0.0	0.9	0.9
Inventories	0.0	3.8	1.9	5.7
Advance payments made	0.0	0.0	3.2	3.2
Trade accounts receivable	0.1	0.1	14.3	14.5
Contract assets	0.0	0.0	3.6	3.6
Cash and cash equivalents	0.2	1.9	7.3	9.4
Current tax assets	0.0	0.0	0.8	0.8
Other receivables and assets	0.0	0.4	3.7	4.1
Deferred tax liabilities	-0.7	-0.9	-0.5	-2.1
Bank loans and other financial liabilities	0.0	0.0	-14.6	-14.6
Provisions	0.0	-0.8	-9.3	-10.1
Lease liabilities	0.0	-4.0	-1.3	-5.3
Trade accounts payable	0.0	-0.5	-4.3	-4.8
Contract liabilities from sales recognized over time	0.0	-0.1	-12.4	-12.5
Contract liabilities from sales recognized at a point in time	0.0	-4.6	-0.3	-4.9
Current tax liabilities	0.0	0.0	-0.2	-0.2
Other liabilities	-0.5	-4.6	-18.9	-24.0
Net assets	**1.8**	**2.1**	**7.8**	**11.7**
Total comprehensive income allocated to non-controlling interests	0.0	0.0	0.0	0.0
Goodwill	0.0	12.9	32.0	44.9
CONSIDERATION TRANSFERRED	**1.8**	**15.0**	**39.8**	**56.6**

The goodwill of the acquired companies mainly results from the skills and professional talent of the workforce and the expected synergies from the integration into the ANDRITZ GROUP.

The initial accounting of the assets acquired and liabilities assumed is based on preliminary figures, because valuations have not been finalized yet. The final evaluation of the balance sheet items is carried out according to the regulations of IFRS 3 (revised) – Business Combinations.

Transaction costs directly related to the business combinations are recognized as an expense incurred in the period (in other expenses). The acquired receivables do not contain any receivables expected to be uncollectible.

The acquisitions have contributed 16.3 MEUR to the ANDRITZ GROUP's revenue and -1.1 MEUR to the ANDRITZ GROUP's EBIT since their first-time consolidation. If the businesses had been acquired at the beginning of the financial year 2023, they would have contributed 87.9 MEUR to the ANDRITZ GROUP's revenue and 3.7 MEUR to the ANDRITZ GROUP's EBIT.

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The first-time inclusion of individual assets acquired and liabilities assumed is based on preliminary values due to time constraints and not yet final valuations. If, within a year after the acquisition date, new and essential information becomes available about facts and circumstances that existed at the acquisition date and that would have led to corrections of the preliminarily recognized amounts or to additional provisions, the accounting of the acquisitions will be adjusted.

Depending on the type of asset and the availability of information, intangible assets are determined using a suitable valuation method. The fair values of land and buildings are generally determined by external experts. In addition to the assumptions about the future development of the estimated cash flows, these valuations are also significantly influenced by the discount rates used. Similar to the assets acquired and liabilities assumed, all available information about the circumstances at the time of acquisition is also used for the initial accounting of contingent purchase price liabilities.

Climate-related risks and opportunities were considered in determining the fair value of the acquired intangible assets and property, plant, and equipment, the liabilities assumed at the time of acquisition, and the useful life of the acquired assets and property, plant, and equipment based on the best estimate of future developments according to relevance. Opportunities and risks of environmental issues in acquisitions are already addressed in the purchase process as part of the due diligence.

6. Investments accounted for using the equity method

ACCOUNTING POLICIES

Associated companies are entities, which the Group has significant influence on, but does not have control or joint control over the financial and operating policies.

Joint ventures are entities over which ANDRITZ and one or more parties exercise joint control and have rights to their net assets.

Associated companies and joint ventures are accounted for at equity and are initially recorded at cost.

Company	Main office	Operating segment	Category	2023	2022
Enmas ANDRITZ Pvt. Ltd.	Chennai, India	PP	Associated company	-	40.00%
VA Brazil Oy	Espoo, Finland	PP	Associated company	-	40.00%
Psiori GmbH	Freiburg im Breisgau, Germany	ME	Associated company	25.10%	25.10%
Smart Press Shop GmbH & Co KG	Halle (Saale), Germany	ME	Joint venture	50.00%	50.00%

Due to non-fulfillment of the materiality criteria, Enmas ANDRITZ Pvt. Ltd., India, and VA Brazil Oy, Finland, were deconsolidated at the beginning of the financial year.

The joint venture Smart Press Shop GmbH & Co KG is controlled jointly by Schuler Group GmbH and Dr. Ing. h. c. F. Porsche Aktiengesellschaft. The purpose is the highly flexible production of sophisticated chassis parts with pioneering technologies.

The summarized financial information for associated companies and joint ventures is shown in an aggregated form because each company can be considered individually immaterial. The following overview shows the items of the statement of financial position and the income statement for companies accounted for using the equity method:

(in MEUR)	2023		2022	
	Associated companies	Joint ventures	Associated companies	Joint ventures
DISCLOSURES ON FINANCIAL POSITION				
Non-current assets	4.9	130.1	5.3	133.6
Current assets	2.7	21.0	4.5	25.5
thereof cash and cash equivalents	0.6	2.2	0.2	6.9
Assets	**7.6**	**151.1**	**9.8**	**159.1**
Non-current liabilities	0.0	110.4	0.0	119.5
Current liabilities	0.8	13.6	4.5	16.4
Liabilities	**0.8**	**124.0**	**4.5**	**135.9**
DISCLOSURES ON THE INCOME STATEMENT				
Revenue	5.8	78.5	4.9	48.2
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	-0.2	-7.4	-0.2	-5.2
Interest result	0.0	-3.2	0.0	-2.1
Result for the year	0.6	3.9	-0.6	1.3

ANDRITZ has the following share of income of companies accounted for using the equity method:

(in MEUR)	2023			2022		
	Associated companies	Joint ventures	Total	Associated companies	Joint ventures	Total
Share of net income	0.2	1.9	2.1	-0.1	0.6	0.5
Share of other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Share of total comprehensive income	**0.2**	**1.9**	**2.1**	**-0.1**	**0.6**	**0.5**
thereof not recognized in the consolidated financial statements	0.0	0.0	0.0	0.0	0.0	0.0
thereof recognized in the consolidated financial statements	**0.2**	**1.9**	**2.1**	**-0.1**	**0.6**	**0.5**
Elimination of interim result	0.0	0.3	0.3	0.0	0.3	0.3
Result from investments accounted for using the equity method	**0.2**	**2.2**	**2.4**	**-0.1**	**0.9**	**0.8**
Aggregate carrying amount of the shares in companies accounted for using the equity method	**5.4**	**10.7**	**16.1**	**5.2**	**8.5**	**13.7**

The cumulative unrecognized losses amount to 0.0 MEUR (2022: -1.0 MEUR). They belonged entirely to Enmas ANDRITZ Pvt. Ltd. A loan from a company accounted for using the equity method is guaranteed in the amount of 55.2 MEUR (2022: 59.7 MEUR).

7. Related parties

Under IAS 24 – Related Party Disclosures, related party transactions have to be disclosed with entities, as far as they are not already included as consolidated companies in the consolidated financial statements of ANDRITZ AG as well with related persons. The members of the Executive Board and the Supervisory Board of ANDRITZ AG have been defined as key management personnel, making them and the close members of their families related persons. The compensation to be disclosed includes the remuneration of the Executive Board and the Supervisory Board.

a) Related entities

In addition to the companies included in the consolidated financial statements, the Group has relations in the ordinary course of business with non-consolidated companies, associated companies, and joint ventures that are considered related parties of the Group. As the Group's transfer pricing policy provides transfer prices at arm's length, no transactions are conducted that do not comply with market standards. The non-inclusion of non-consolidated companies in the consolidated financial statements has no significant impact on the Group's net assets, liabilities, financial position, and profit or loss.

The extent of business relations with non-consolidated companies, associated companies, and joint ventures is as follows:

(in MEUR)	2023	2022
REVENUE AND OTHER INCOME	**44.0**	**31.0**
with non-consolidated companies	43.5	29.7
with associated companies and joint ventures	0.5	1.3
EXPENSES	**-30.8**	**-37.6**
with non-consolidated companies	-27.6	-35.2
with associated companies and joint ventures	-3.2	-2.4
TRADE AND OTHER RECEIVABLES	**24.3**	**19.7**
from non-consolidated companies	**24.2**	**18.9**
Gross amount	66.6	57.2
Valuation allowance	-42.4	-38.3
from associated companies and joint ventures	**0.1**	**0.8**
Gross amount	0.1	1.2
Valuation allowance	0.0	-0.4
LIABILITIES	**11.7**	**11.1**
to non-consolidated companies	11.7	11.0
to associated companies and joint ventures	0.0	0.1

The related companies are mainly sales companies or supplier companies that deliver goods to the Group or provide services for the Group. The joint venture Smart Press Shop GmbH & Co KG is also categorized as a related company.

—— **Read more details in chapter 6.** Investments accounted for using the equity method.

b) Related persons

Business relationships with companies in which members of the Executive Board or the Supervisory Board of ANDRITZ AG work are conducted at arm's length terms and are of minor importance, both individually and collectively.

Executive Board

Name	Function	Date of first appointment	End of current mandate
Joachim Schönbeck	President & CEO	October 1, 2014 (Member of the Executive Board) April 8, 2022 (President & CEO)	April 7, 2027
Domenico Iacovelli	Member of the Executive Board	April 8, 2022	December 31, 2023
Humbert Köfler	Member of the Executive Board	April 1, 2007	September 30, 2023
Norbert Nettesheim	Chief Financial Officer	December 6, 2019	September 30, 2027
Wolfgang Semper	Member of the Executive Board	April 1, 2011	March 29, 2023
Frédéric Sauze	Member of the Executive Board	March 30, 2023	March 29, 2026
Dietmar Heinisser	Member of the Executive Board	April 1, 2023	March 31, 2026
Jarno Matias Nymark	Member of the Executive Board	October 1, 2023	September 30, 2026

The Executive Board of ANDRITZ AG consisted of six members as of December 31, 2023. Domenico Iacovelli has resigned from the Executive Board at the end of this reporting date, therefore as of January 1, 2024, the Executive Board only consists of five Board members. Joachim Schönbeck will head the Metals operating segment as of January 1, 2024. Going into his retirement, Wolfgang Semper, who was responsible for the Hydro operating segment, stepped down from the Executive Board as of end of March 2023. He was succeeded by Frédéric Sauze. As of April 1, 2023, Dietmar Heinisser joined the Executive Board and assumed responsibility for the Separation operating segment. Following the resignation of Humbert Köfler, who was responsible for the Paper Service division, on September 30, 2023, Jarno Nymark was appointed to the Executive Board and took over the entire Pulp & Paper business segment (capital systems and service).

The annual general meeting, held on March 24, 2021, approved the compensation policy, which includes the principles of determining the compensation of the Executive Board and the Supervisory Board of ANDRITZ AG as well as of the executives. The primary goal of the compensation policy is to promote long-term and sustainable corporate development above all in the interests of shareholders. The remuneration of the Executive Board is composed of a fixed and a variable/success-based portion. The amount of the variable portion depends on the net income achieved and the achievement of non-financial targets such as currently the accident frequency rate. ANDRITZ aims to reduce the accident frequency rate by 30% each year compared to the previous year. If this target is reached, the variable remuneration for each member of the Executive Board is 100 TEUR. If the accident frequency rate is unchanged compared to the previous year, the variable remuneration does not apply. If the accident rate improves between 0% and the target value, the variable remuneration is calculated proportionately on a straight-line basis. If the target value is exceeded, the variable remuneration increases linearly up to a maximum of 150 TEUR.

For contracts with members of the Executive Board, the maximum value of the annual variable remuneration payable was set at three times the annual fixed remuneration. Any amounts in excess of this sum will be carried forward as a variable remuneration to the following three financial years. If the net income of the Group falls short of a defined minimum amount, this results in a “malus” (negative bonus) that is also carried forward to the following years and is a reduction in future variable salary components. If there is a “negative bonus” at the time of leaving, this reduces the entitlements existing upon leaving.

The other remunerations primarily relate to taxable benefits in kind, mainly for company cars and settlement of exchange rate differences, which amount to a total of 274 TEUR in 2023 (2022: 190 TEUR). In addition, ANDRITZ makes insurance contributions for the risk of accidents such as death or disability and for medical expenses. If necessary, ANDRITZ also assumes the costs of keeping two households for up to one year at the start of employment. In the 2023 financial year, the other remuneration components granted amounted to 561 TEUR (2022: 634 TEUR). No advances or loans were granted to members of the ANDRITZ AG Executive Board.

The members of the Executive Board are entitled to receive pension scheme benefits. In addition to a retirement pension, these include benefits in the event of occupational disability as well as pension payments for dependents following the death of the beneficiary. The retirement pension is normally paid from a certain age provided that the employment contract has already been terminated by this date. The administration work has been outsourced to pension funds. Pension contracts are either defined contribution oriented or defined benefit oriented. If the employment contract is terminated prematurely, contributions made up to this point shall still be vested. The pension amount to which the beneficiary is entitled is not subject to an escalation clause before any benefits become payable; after this, annual adjustments can be made to take account of the development in wages and salaries and of ANDRITZ's economic status.

Some members of the Executive Board, upon termination of their function and concurrent termination of employment, were entitled to severance payments in the meaning of section 23 of the Austrian Employees Act unless such termination is the result of justified dismissal. Severance payments in the event of premature termination without good cause of activities as member of the Executive Board are provided for in the Executive Board contracts according to section 27 of the Austrian Salaried Employees Act.

The principles applied in establishing the remuneration of the Executive Board and of senior managers comply with the Austrian Code of Corporate Governance.

The following expenses have been recognized for the Executive Board:

(in TEUR)	2023	2022
Short-term benefits	20,861	16,986
Share-based payments	744	611
Post-employment benefits	561	634
	22,166	**18,231**

In 2023, a provision of 4,733 TEUR (2022: 6,728 TEUR) was recorded for pensions of former members of the Executive Board and their dependents. Expenses for these pensions amounted to 864 TEUR in 2023 (2022: 84 TEUR). In 2023, 466 TEUR (2022: 466 TEUR) were paid to former members of the Executive Board and their surviving dependents.

ANDRITZ AG took out Directors' and Officers' liability insurance (D&O insurance) for 2023. The policyholder is ANDRITZ AG. The costs are carried by the company. The D&O insurance covers certain personal liability risks of persons in the ANDRITZ GROUP acting under responsibility. The annual costs amount to approximately 680 TEUR (2022: approximately 700 TEUR).

Supervisory Board

The ANDRITZ AG Supervisory Board was composed of six appointed members and three delegated members by the employee representative organizations as of December 31, 2023:

Name	Function	Date of first appointment	End of current mandate
APPOINTED MEMBERS			
Alexander Leeb	Chairman of the Supervisory Board	March 27, 2019	Until the Annual General Meeting in 2024
Wolfgang Leitner	Deputy-Chairman of the Supervisory Board	April 7, 2022	Until the Annual General Meeting in 2026
Wolfgang Bernhard	Member of the Supervisory Board	July 7, 2020	Until the Annual General Meeting in 2025
Jürgen Hermann Fechter	Member of the Supervisory Board	March 30, 2016	Until the Annual General Meeting in 2026
Alexander Isola	Member of the Supervisory Board	March 30, 2016	Until the Annual General Meeting in 2026
Monika Kircher	Member of the Supervisory Board	March 21, 2014	Until the Annual General Meeting in 2024
DELEGATED MEMBERS			
Georg Auer	Member of the Supervisory Board	July 1, 2011	
Andreas Martiner	Member of the Supervisory Board	February 14, 2001	
Alexander Mori	Member of the Supervisory Board	June 30, 2021	

The remuneration scheme of the Supervisory Board is composed of a fixed and an attendance-related portion. The fixed portion is a total sum, which is to be distributed such that the chairman of the Supervisory Board receives double the amount and his deputy one-and-a-half-times the amount paid to the other members. The second portion consists of a lump sum fee paid in respect of each meeting that the member attends. Subject to approval by the Annual General Meeting, the Supervisory Board remunerations for the 2023 business year amount to a total of 325 TEUR (2022: 328 TEUR). No Supervisory Board remuneration was paid to the Supervisory Board members delegated by the employee representative organizations.

No advances or loans were granted to members of the ANDRITZ AG Supervisory Board. There were no agreements subject to approval between ANDRITZ AG and individual members of the Supervisory Board or companies closely associated with Supervisory Board members.

In 2023, Custos Vermögensverwaltungs GmbH owns 30.72% and Cerberus Vermögensverwaltung GmbH owns 0.77%. Custos Privatstiftung holds 100% of the shares in Custos Vermögensverwaltungs GmbH and 0.40% of the shares in Cerberus Vermögensverwaltung GmbH. Wolfgang Leitner, deputy chairman of the Supervisory Board, holds 99.60% of the shares in Cerberus Vermögensverwaltung GmbH and is a co-founder of the Custos Privatstiftung. Based on the number of shares listed above, both companies received a dividend of 68,8 MEUR (before capital gains tax deduction) from ANDRITZ AG. Aero Bedarfsflug GmbH based in Graz, a company controlled by Wolfgang Leitner has ceded operation of a corporate jet aircraft owned by the company to a professional private aviation firm. The related expenses for business trips amounted to 451 TEUR in 2023 (2022: 647 TEUR). As of December 31, 2023, a liability to this company amounting to 24 TEUR (2022: 26 TEUR) was recognized in this regard. Wolfgang Leitner waived his remuneration as member of the Schuler Group GmbH Supervisory Board.

The law firm GRAF ISOLA Rechtsanwälte GmbH, in which the Supervisory Board member Alexander Isola acts as a partner, provided consultancy services as a legal advisor to ANDRITZ AG in 2023. These mandates were settled at the respective applicable hourly rates of the law firm. The total volume of fees incurred in 2023 amounted to 26 TEUR (2022: 21 TEUR).

C) RESULT OF THE YEAR

8. Segment reporting

a) Operating segments

For management purposes, the Group is organized into business areas based on products and services and has the following four operating segments:

ANDRITZ Pulp & Paper (PP)

ANDRITZ Pulp & Paper provides sustainable technology, automation, and service solutions for the production of all types of pulp, paper, board, and tissue. The technologies and services focus on increased production efficiency, lower overall operating costs as well as innovative decarbonization strategies and autonomous plant operation. The product range also includes boilers for power generation, flue gas cleaning systems, various nonwoven technologies, panelboard (MDF) production systems. Waste and side streams from production are converted into valuable secondary raw materials or energy with the offered waste-to-value recycling, shredding and energy solutions. State-of-the-art IIoT technologies as part of Metris digitalization solutions complete the comprehensive product offering.

ANDRITZ Metals (ME)

ANDRITZ Metals is – via the Schuler Group – one of the world’s leading suppliers of technologies, plants, and digital solutions in metal forming. The product portfolio also includes automation and software solutions, process know-how, and service. In the metals processing sector, the operating segment offers innovative, sustainable, and market-leading solutions for the production and processing of flat products, for welding systems and industrial furnaces with their own burner systems as well as services for the metals processing industry.

ANDRITZ Hydro (HY)

ANDRITZ Hydro is one of the world's leading suppliers of electromechanical equipment and services for hydropower stations in the dynamically growing global renewable energy market. Based on 180 years of experience and a global installed capacity of 470 gigawatts, ANDRITZ offers innovative solutions for new and existing hydropower stations, from small hydropower to large-scale plants. State-of-the-art digital solutions, comprehensive services for the operation and maintenance of entire hydropower plants, and turbo generators for the thermal industry complete the portfolio.

ANDRITZ Separation (SE)

ANDRITZ Separation provides mechanical and thermal technologies as well as services and the related automation solutions for solid/liquid separation, serving the chemical, environmental, food, mining, and minerals industries. The customized, innovative solutions focus on minimizing the use of resources and achieving highest process efficiency, thus making a substantial contribution towards sustainable environmental protection. In addition, the business area offers technologies and services for the production of animal feed and biomass pellets. Pumps for irrigation, water supply, and flood control are also part of this business area’s portfolio.

These strategic operating segments form the basis of the internal reporting structure to the Executive Board as the key decision maker. The accounting and valuation principles of the individual segments are the same as those of the Group.

According to the internal reporting structure, all revenue as well as all direct and indirect expenses (including overhead and administrative costs) are allocated to operating segments and reflect the management structure of the organization and the predominant sources of risks and opportunities. The key measure of operating performance is Earnings Before Interest, Taxes, and Amortization (EBITA). There are no substantial intersegmental transactions. All consolidation effects related to the income statement are included in the respective operating segment.

The ANDRITZ GROUP changed its internal organization and therefore the composition of its operating segments in 2023. The Pumps business (previously reported in the Hydro operating segment) and some products of the Pulp & Paper operating segment, that are mainly supplied to customers outside the pulp & paper industry, are reported in the Separation operating segment as of January 1, 2023. Accordingly, the Group has adjusted the disclosures by operating segments as of December 31, 2022.

Information by operating segment

2023

(in MEUR)	PP	ME	HY	SE	Total
Revenue	4,096.3	1,840.5	1,521.7	1,201.5	8,660.0
EBITDA	505.0	125.3	113.9	166.0	910.2
EBITA	421.7	89.4	88.1	142.7	741.9
Capital expenditure	121.1	34.7	35.6	34.8	226.2
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	132.7	40.9	26.0	25.4	225.0
Result from investments accounted for using the equity method	0.0	2.4	0.0	0.0	2.4
Carrying amount of investments accounted for using the equity method	0.0	16.1	0.0	0.0	16.1

2022

(in MEUR)	PP	ME	HY	SE	Total
Revenue	3,513.8	1,621.2	1,313.0	1,094.9	7,542.9
EBITDA	462.1	100.9	107.7	154.8	825.5
EBITA	378.9	62.3	72.3	135.0	648.5
Capital expenditure	105.5	31.8	22.9	24.2	184.4
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	123.6	63.5	35.7	19.8	242.6
Result from investments accounted for using the equity method	0.0	0.8	0.0	0.0	0.8
Carrying amount of investments accounted for using the equity method	0.0	13.7	0.0	0.0	13.7

b) Geographical areas

The Group's activities are mainly conducted in Europe, North America, South America, China, and Asia (without China). External revenue allocated by geographical areas is based on the location of the customers.

Information by geographical areas

2023

(in MEUR)	Europe	North America	South America	China	Asia (without China)	Rest of the world and consoli-dation	Total
Revenue	2,398.9	2,103.8	1,222.0	1,107.5	1,498.9	328.9	8,660.0
Non-current assets	908.6	258.6	109.0	186.6	33.4	821.0	2,317.2
Capital expenditure	140.1	32.5	20.8	23.5	8.3	1.0	226.2

2022

(in MEUR)	Europe	North America	South America	China	Asia (without China)	Rest of the world and consoli-dation	Total
Revenue	2,225.0	1,771.7	1,135.5	872.3	1,261.6	276.8	7,542.9
Non-current assets	847.9	248.4	119.7	201.3	34.5	794.1	2,245.9
Capital expenditure	85.3	23.7	18.6	45.7	8.6	2.5	184.4

External revenue in Europe includes an amount of 258.8 MEUR (2022: 154.2 MEUR) recognized in Austria. Non-current assets of 328.5 MEUR (2022: 318.7 MEUR) are located in Austria.

c) Key customers

There is no revenue from transactions with a single external customer that amounts to 10% or more of the Group's revenue.

9. Revenue

ACCOUNTING POLICIES

Revenue includes all income resulting from the typical business activities of the ANDRITZ GROUP and is recognized in accordance with IFRS 15 from contracts with customers. Accordingly, ANDRITZ recognizes revenue when control of a promised product or service is transferred to a customer. The rules of IFRS 15 are implemented as part of the 5-step model: the model starts with the identification of the contract with the customer, followed by the identification of separate performance obligations. In the third step, the transaction price is determined. The transaction price is the amount of the consideration to which the supplying company is entitled as expected in exchange for the goods or services supplied. Subsequently, the transaction price is allocated to the identified performance obligations. In the last step, the revenue is recognized when the performance obligation is satisfied. Revenue is recognized either over time or at a point in time.

The majority of revenues at ANDRITZ are recognized **over time**. Revenue is recognized over time in accordance with performance progress using input- or output-oriented methods. The performance progress is measured mainly by the input-oriented method ("cost-to-cost method"). This means that revenue and order margins are recorded relative to the ratio of accumulated costs to the estimated total costs to complete. Changes of the total estimated order costs and losses, if any, are recognized in the income statement for the period in which they incur. For technological and financial risks that might occur during the remaining project period, an amount individually assessed for each order is included in the estimated order costs. For expected costs of warranty, provisions are recorded in accordance with the profit realization. Upon completion of an order, the remaining warranty risk is reassessed.

If the criteria set forth in IFRS 15 for revenue recognition over time are not met, the revenue is recognized **at a point in time**. At ANDRITZ, a customer obtains control over a promised product or service mainly when the asset is accepted or when the risks and rewards of ownership are transferred.

Impending losses are recorded when it is probable that the total project costs will exceed the revenue.

Contract balances

In case advance and progress payments received from customers exceed the performance progress for contracts with the revenue recognized over time, contract liabilities from revenue recognized over time are recorded, otherwise contract assets are recognized. Advance payments received from customers for contracts recognized at a point in time are presented as item “contract liabilities from sales recognized at a point in time” in the consolidated statement of financial position.

Contract assets and contract liabilities are within the ordinary business cycle of ANDRITZ and are reported as current assets and liabilities, respectively. Amounts originally recorded as contract assets are reclassified to trade accounts receivable at the time when invoiced to customers. In case several contracts with a customer are to be combined into one contract for revenue accounting purposes, the contract assets and contract liabilities are netted.

a) Nature of products and services, timing of satisfaction of performance obligations, and significant payment terms

ANDRITZ is a supplier of plants, equipment, and services for the pulp and paper industry (Pulp & Paper), the metalworking and steel industries (Metals), hydropower stations (Hydro), and for solid/liquid separation in the municipal and industrial sectors, pumps as well as for animal feed and biomass pelleting (Separation).

Read more in chapter 8. Segment reporting.

In the **capital** business, ANDRITZ fulfills the performance obligations using the input-oriented method (cost-to-cost method) if the conditions for the revenue recognition over time according to performance progress are met. The criteria for revenue recognition over time are on the one hand the fact that there is no alternative use and on the other hand, that ANDRITZ has an enforceable right to payment for performance completed to date (costs plus an appropriate margin). If the criteria are not met, the performance obligations are met at a point in time as soon as a customer obtains control over a promised product or service. This is especially the case when the asset is finally accepted. Down payments and progress payments are rendered by the customer – depending on the content of the contract – already before the project starts and/or in regular intervals or after reaching certain milestones.

In the **service** business, ANDRITZ basically fulfills the performance obligations with simultaneous use by the customer while the service is rendered. Revenue is recognized over time. For services on site at the customer’s premises, repairs or maintenance with a short runtime or execution time, the revenue is recognized at a point in time. The invoicing of services by ANDRITZ and the payment by the customer are made on a regular basis.

Invoices are issued in accordance with the terms and conditions of the contract, whereby the terms of payment depend, among other things, on the country risk or customer credit risk.

With regard to the satisfaction of the performance obligations, it is evaluated whether two or more contracts with customers are to be combined into one performance obligation or whether one contract with a customer is to be divided into several performance obligations. If a contract is divided into several performance obligations, the total consideration is allocated to the respective performance obligations based on the estimated stand-alone selling prices. Since ANDRITZ’s products and services predominantly represent customer-specific solutions, the stand-alone selling prices are mainly the expected costs plus a margin. Contracts with customers may also contain variable components such as bonuses, contractual penalties, or other claims from the customer or from ANDRITZ. Variable consideration is considered to the extent that it is most likely to occur.

In the financial year 2023, there were no significant financing components.

For projects with contractually agreed standardized **warranty services** ("assurance-type-warranty"), ANDRITZ recognizes provisions in accordance with revenue recognition. In exceptional cases where an additional warranty, beyond the standard (“service-type-warranty”) is contractually agreed upon, a separate performance obligation arises, to which part of the consideration is attributed.

b) Disaggregation of revenue

The following table shows the revenue of ANDRITZ by the reported segments:

	Pulp & Paper		Metals		Hydro		Separation		Total	
(in MEUR)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REGION										
Europe	1,093.7	1,010.2	535.3	538.1	405.2	365.7	364.7	311.0	2,398.9	2,225.0
North America	707.5	647.9	683.5	506.0	475.9	376.9	236.9	240.9	2,103.8	1,771.7
South America	967.0	928.9	31.3	17.4	95.6	77.8	128.1	111.4	1,222.0	1,135.5
Asia (without China)	819.0	490.1	147.4	333.3	340.8	292.1	191.7	146.1	1,498.9	1,261.6
China	401.7	360.6	418.5	215.4	67.2	64.6	220.1	231.7	1,107.5	872.3
Others	107.4	76.1	24.5	11.0	137.0	135.9	60.0	53.8	328.9	276.8
	4,096.3	**3,513.8**	**1,840.5**	**1,621.2**	**1,521.7**	**1,313.0**	**1,201.5**	**1,094.9**	**8,660.0**	**7,542.9**
TYPE										
Over time	2,597.4	2,106.4	1,203.8	1,012.4	1,322.7	1,117.7	441.1	413.1	5,565.0	4,649.6
At a point in time	1,498.9	1,407.4	636.7	608.8	199.0	195.3	760.4	681.8	3,095.0	2,893.3
	4,096.3	**3,513.8**	**1,840.5**	**1,621.2**	**1,521.7**	**1,313.0**	**1,201.5**	**1,094.9**	**8,660.0**	**7,542.9**
CATEGORY										
Capital	2,413.7	1,978.0	1,384.2	1,212.5	934.0	772.7	600.1	580.9	5,332.0	4,544.1
Service	1,682.6	1,535.8	456.3	408.7	587.7	540.3	601.4	514.0	3,328.0	2,998.8
	4,096.3	**3,513.8**	**1,840.5**	**1,621.2**	**1,521.7**	**1,313.0**	**1,201.5**	**1,094.9**	**8,660.0**	**7,542.9**

c) Contract balances

ANDRITZ recognizes contract assets in the context of revenue recognition over time in case the performance progress exceeds advance payments received from customers. In the financial year 2023, cumulative impairment on contract assets was reduced by 0.1 MEUR (2022: increase of impairment by 0.1 MEUR). Due to acquisitions, contract assets increased by 3.6 MEUR (2022: 35.3 MEUR). Amounts originally presented as contract assets are reclassified to trade accounts receivable at the time when rights become unconditional. This usually happens when the invoices are issued to the customer.

If advance payments received from customer contracts with revenue recognition over time exceed the performance progress, contract liabilities from sales recognized over time are recorded. Revenue recognized in the reporting period that was included in the contract liabilities from sales recognized over time at the beginning of the period amounted to 1,116.1 MEUR (2022: 779.4 MEUR). Due to acquisitions, contract liabilities increased by 12.4 MEUR (2022: 34.6 MEUR).

Advance payments received from customer contracts with revenue recognition at a point in time are presented as contract liabilities from revenue recognized at a point in time. These are generally recognized as revenue in the subsequent fiscal year.

Cumulative catch-up adjustments to revenue, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price or a contract modification as well as revenue recognized in the reporting period from performance obligations (partially) satisfied in previous periods amount to less than one percent of the total revenue of a fiscal year.

d) Transaction price assigned to the remaining performance obligations

The transaction price allocated to the unfulfilled or partially fulfilled remaining performance obligations (order backlog) as of December 31, 2023 contains the following expected revenue recognition:

(in MEUR)	within one year	in more than one year	Total
Pulp & Paper	2,620.1	609.4	3,229.5
Metals	1,625.7	557.4	2,183.1
Hydro	1,254.0	2,144.8	3,398.8
Separation	851.1	210.1	1,061.2
	6,350.9	**3,521.7**	**9,872.6**

ANDRITZ has not made use of the practical expedient in accordance with IFRS 15.121.

e) Contract costs

ANDRITZ assumes that sales commissions paid to intermediaries as a result of concluding the contract are eligible for reimbursement. At ANDRITZ, all contract costs can be attributed directly to the contract initiation. The capitalized contract costs are included in the item "Other receivables" and amount to 10.4 MEUR as of December 31, 2023 (2022: 11.2 MEUR). According to the performance progress, 5.2 MEUR were amortized in the financial year 2023 (2022: 5.9 MEUR). In the fiscal year, no significant impairment losses were recorded.

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

Over time revenue recognition is made in accordance with performance progress using input- or output-oriented methods. The accounting for orders with revenue recognition over time is based on estimations for order costs, expected consideration as well as order risks including technical, political, and financial risks. These estimations are reviewed regularly and adjusted accordingly. Although these estimations are based on all information available on the balance sheet date, substantial changes after the balance sheet date are possible.

The evaluation of whether two or more contracts with customers are to be combined into one performance obligation or whether a contract with a customer must be allocated to several performance obligations requires judgment that may affect the recognition of revenue or profit. Variable consideration is estimated at the most likely amount. Estimates are based primarily on expectations as well as on historical, current, and forecasted information available as of the balance sheet date.

10. Other income

ACCOUNTING POLICIES

The presentation for grants related to income varies, whether the grant offsets several expense categories or not. Consequently, grants related to R&D activitites are presented as other income, whereas grants related to a specific expense category are credited directly to this expense category.

(in MEUR)	2023	2022
Government grants	32.8	36.1
Insurance income	27.4	4.4
Rental income	12.5	10.6
Income from scrap material	11.1	12.4
Profit on disposal of intangible assets and property, plant, and equipment	8.8	35.6
Miscellaneous	31.6	40.2
	124.2	**139.3**

Miscellaneous other income includes, among other things, 2.8 MEUR from the reimbursement of expense relating to other periods.

11. Cost of materials

(in MEUR)	2023	2022
Expenses for raw materials, supplies, and goods purchased	3,855.1	3,198.5
Expenses for services purchased	863.2	796.7
	4,718.3	**3,995.2**

12. Personnel expenses

(in MEUR)	2023	2022
Wages and salaries	1,751.3	1,610.3
Expenses for social security and others	343.4	310.4
Pension expenses	50.6	54.7
Termination expenses	14.1	4.8
Severance expenses	6.4	6.6
	2,165.8	**1,986.8**

Government grants for personnel cost of 1.6 MEUR (2022: 0.7 MEUR) were recorded as a reduction of expenses.

The number of employees within the ANDRITZ GROUP was as follows:

(headcount)	2023	2022
Waged employees	10,979	11,309
Salaried employees	18,738	17,785
EMPLOYEES (AS OF END OF PERIOD; WITHOUT APPRENTICES)	**29,717**	**29,094**
Waged employees	11,369	10,664
Salaried employees	18,366	17,044
EMPLOYEES (AVERAGE; WITHOUT APPRENTICES)	**29,735**	**27,708**

13. Other expenses

(in MEUR)	2023	2022
Sales expenses	289.9	243.4
Travel expenses	164.2	131.8
Administrative and consulting expenses	160.5	140.3
Repairs and maintenance	107.6	125.8
Expenses for energy and water	65.5	62.9
Insurance premiums and charges	61.8	49.1
Rents and lease expenses	43.1	32.5
Other taxes and charges	31.4	28.7
Bank charges, guarantees, and similar expenses	23.9	34.7
Exchange rate losses	8.7	5.8
Expenses for valuation allowance and bad debt losses for receivables	7.7	4.0
Miscellaneous	60.3	82.0
	1,024.6	**941.0**

Miscellaneous other expenses include, but are not limited to, expenses for further training of employees and expenses for industrial patents, rights, and licenses.

14. Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets other than goodwill

(in MEUR)	2023	2022
Property, plant, and equipment		
Depreciation	161.9	163.5
Impairment losses	1.3	7.1
Intangible assets other than goodwill		
Amortization	54.8	72.0
Impairment losses	7.0	0.0
	225.0	**242.6**

The main impairment losses on property, plant, and equipment were recognized for technical equipment in France. In terms of intangible assets, impairment losses were recognized for brand names in Italy and the USA. These impairment losses are primarily attributable to the Pulp & Paper business segment.

15. Financial result

The financial result comprises the following:

(in MEUR)	2023	2022
Result from investments accounted for using the equity method	2.4	0.8
Interest income	68.5	41.0
Interest expense	-48.9	-32.3
Other financial result	-19.0	-41.3
	3.0	**-31.8**

From obligations for pensions, severance payments, and other long-term employee benefits as well as return on plan assets -11.6 MEUR (2022: +4.1 MEUR interest income) is included in interest expense as well as interest expense on leases of -6.8 MEUR (2022: -4.3 MEUR).

The item “Other financial result” includes exchange rate gains and losses on loans and cash accounts of -18.9 MEUR (2022: -21.1 MEUR), valuation effects on securities of 5.8 MEUR (2022: -8.6 MEUR), as well as the gain or loss on the net monetary position from hyperinflation of -3.8 MEUR (2022: -6.7 MEUR).

16. Income taxes

ACCOUNTING POLICIES

Income taxes include current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that the taxes are related to a business combination or to items recognized in other comprehensive income. Current taxes comprise the expected tax due (or tax receivable) on the taxable income (or the tax loss) for the financial year based on the income tax rates applicable respectively and all adjustments to the tax debt in respect of previous years. Actual tax liabilities also contain all tax debts arising as a result of dividends being declared. Current tax receivables and liabilities are offset if a legal right exists towards a tax authority to settle on a net basis. In the case of values determined in tax statements that cannot be realized the expected effects of these uncertain tax positions are considered.

Deferred taxes are recognized for temporary differences between the net book value of assets and liabilities in the IFRS consolidated financial statements and their tax bases at the level of the subsidiaries. Deferred taxes are not recognized for

- taxable temporary differences in the initial recognition of goodwill,
- temporary differences in the initial recognition of assets or liabilities in a business transaction which is not a business combination and affects neither the accounting profit nor the taxable profit,
- temporary differences in connection with shares in subsidiaries, associated companies, and joint ventures provided that the Group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are measured in accordance with the tax rates (and tax regulations) applicable on the balance sheet date or which have essentially been passed as law and are expected to be applicable on the date when the deferred tax credits are realized, or deferred tax liabilities are settled. A deferred tax asset is recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that a future taxable profit will be available against which it can be utilized. Deferred tax assets are assessed at every reporting date and reduced to the extent to which it is no longer likely that the related tax advantage can be utilized. Provided that the deferred taxes relate to the same taxable entity and the same tax authority as well as that there is also a legally enforceable right to offset actual tax receivables against actual tax liabilities, deferred tax assets and liabilities are offset.

On January 20, 2022, the eco-social tax reform was passed in the third reading in the plenum of the National Council, which, among other things, provides for a gradual reduction in the corporate income tax rate in Austria from 25% to 24% in 2023 and finally to 23% in 2024. These changes in the corporate tax rate have already been considered in the calculation of deferred taxes.

On December 20, 2023, the Austrian government enacted the Pillar 2 income taxes legislation effective from January 1, 2024. Under this law, ANDRITZ AG as the parent company in Austria is obliged to pay an additional tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. ANDRITZ assumes that it will be subject to the minimum tax with respect to its activities in Uruguay, where it is in a free trade zone. The other significant countries have met one of the three temporary safe harbors tests set out in the "Safe Harbors and Penalty Relief" document published by the OECD in December 2022, meaning that they do not have to bear additional taxes under the minimum tax law. By December 31, 2023, less than 1% of the Group's Earnings before Taxes could be affected by this tax. As the new tax law in Austria did not come into force until January 1, 2024, there is no impact on the actual tax expense for the 2023 financial year. ANDRITZ made use of the temporary, mandatory exemption regarding the recognition of deferred taxes due to the introduction of global minimum taxation. As a result, no deferred taxes are recognized in relation to income taxes under the Pillar 2 rules and no corresponding information is provided. ANDRITZ continues to assess the impact of the Pillar 2 legislation on the future profitability of the Group.

Within the ANDRITZ GROUP, a tax group according to section 9 KStG 1988 (Austrian Corporate Tax Act) consists of ANDRITZ AG as head, ANDRITZ HYDRO GmbH as domestic member as well as OTORIO LTD, Israel, and ANDRITZ DELKOR (Pty) Ltd., South Africa, as foreign members. A tax compensation agreement was concluded. Furthermore, there are two fiscal unities between selected affiliated companies in Germany for which profit and loss absorption agreements exist. In addition, comparable tax groups exist in the USA, United Kingdom, France, Italy, Denmark, and the Netherlands.

(in MEUR)	**2023**	**2022**
Current taxes	-174.5	-153.9
Deferred taxes	-9.4	15.6
	-183.9	**-138.3**

The reconciliation of the calculated income tax expense to the effective tax expense is depicted below. The calculated tax expense in the amount of 165.2 MEUR is determined by multiplying the Earnings Before Taxes in the amount of 688.2 MEUR by the applicable tax rate of 24% for ANDRITZ AG:

(in MEUR)	2023	2022
Earnings Before Taxes (EBT)	688.2	540.9
Calculated tax expense (24% in 2023 and 25% in 2022)	-165.2	-135.2
Increase (-)/Decrease (+) of tax expense by:		
Non-tax-deductible expenses	-22.0	-19.4
Tax allowances and tax-exempted income	9.0	6.9
Foreign tax rate differential arising from foreign fiscal jurisdictions	9.9	16.5
Effects of changes in tax rates	0.7	-0.3
Taxes for prior years	7.0	-7.7
Change in valuation allowance; non-recognition of deferred tax assets	-11.1	25.6
Non-deductible impairment of goodwill	0.0	-2.6
Non-allowable withholding taxes; foreign operating site taxes	-14.6	-18.4
Others	2.4	-3.7
Effective tax expense	**-183.9**	**-138.3**
in % of EBT	-26.7%	-25.6%

The nominal income tax rates applicable for subsidiaries abroad are between 9.0% and 34.0% (2022: 9.0% and 34.0%) in the financial year.

The changes of deferred taxes in the statement of financial position are as follows:

(in MEUR)	2023	2022
Deferred tax assets	239.7	241.9
Deferred tax liabilities	-121.3	-123.9
Balance as of January 1	**118.4**	**118.0**
Deferred taxes recognized in income statement	-9.4	15.6
Deferred taxes recognized in other comprehensive income	-9.4	-13.9
Changes in consolidation scope	0.0	-4.2
Currency translation adjustments	-2.9	2.9
Balance as of December 31	**96.7**	**118.4**
Thereof:		
Deferred tax assets	211.7	239.7
Deferred tax liabilities	-115.0	-121.3

The following deferred tax assets and liabilities are the result of the temporary valuation differences between the book values of the consolidated statement of financial position according to IFRS and the relevant tax bases as of December 31:

	2023		2022	
	Deferred taxes		Deferred taxes	
(in MEUR)	Assets	Liabilities	Assets	Liabilities
Intangible assets other than goodwill	15.4	-30.9	8.7	-36.1
Property, plant, and equipment	5.8	-81.4	5.2	-77.4
Financial assets	12.2	-6.1	8.3	-1.5
Inventories	160.0	-8.6	84.3	-8.0
Receivables and other assets	98.7	-284.7	89.5	-207.5
	292.1	**-411.7**	**196.0**	**-330.5**
Provisions	106.5	-20.0	100.0	-17.4
Liabilities	271.9	-206.6	176.8	-84.8
	378.4	**-226.6**	**276.8**	**-102.2**
Tax loss carry forwards and other deductible expenses to be carried forward	185.0	0.0	192.1	0.0
Deferred taxes before non-recognition and netting	**855.5**	**-638.3**	**664.9**	**-432.7**
Non-recognized deferred tax assets	-120.5	0.0	-113.8	0.0
	735.0	**-638.3**	**551.1**	**-432.7**
Netting	-523.3	523.3	-311.4	311.4
Net deferred tax assets and liabilities	**211.7**	**-115.0**	**239.7**	**-121.3**

Non-recognition of deferred tax assets applies to the following (gross values):

(in MEUR)	2023	2022
Deductible temporary differences	132.8	147.2
Tax loss carry forwards	362.1	332.9

The unrecognized tax loss carry forwards (gross values) include an amount of 1.1 MEUR (2022: 3.9 MEUR), which is subject to expiration within the next five years. Parts of the tax losses of the German tax groups are frozen loss carry forwards for corporate income tax in the amount of 3.3 MEUR (2022: 3.3 MEUR) and for trade tax in the amount of 2.6 MEUR (2022: 2.6 MEUR).

The deductible temporary partial write-downs (amounts for outstanding sevenths from tax write-downs on investments) calculated in accordance with Austrian tax law amounted to 17.8 MEUR (2022: 0.2 MEUR). For this amount, deferred tax assets of 4.1 MEUR (2022: 0.1 MEUR) were recognized.

Regarding investments in subsidiaries, branches, and associated companies as well as in interests in joint ventures no deferred tax liabilities were recognized for temporary differences in the amount of 440.1 MEUR (2022: 451.2 MEUR).

On the balance sheet date, the loss carry forwards (gross values) are as follows:

	2023			2022		
(in MEUR)	Germany	USA	Others	Germany	USA	Others
Corporate income tax	232.8	154.4	313.8	252.7	166.7	301.0
Trade tax	210.5	0.0	0.0	235.6	0.0	0.0

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

Estimates of the future realization of deferred tax assets are decisive in assessing the recognition and recoverability of deferred tax assets. This realization is dependent on the generation of future taxable profits during the periods in which taxable temporary differences reverse and tax loss carry forwards can be utilized. This assessment takes account of the probability of the deferred tax liabilities being reversed as well as the future taxable profits. It could have adverse effects on the assets, financial, and earnings situation, if the actual results deviate from these estimates or if these estimates need to be adjusted in future periods. Effects of uncertain tax positions include the best estimation of the expected tax payment. In the future, new information could be available causing the management to change the assumptions.

17. Earnings per share

Basic earnings per share (as stated subsequently in the consolidated income statement) were calculated by dividing the net income attributable to owners of the parent by the weighted average number of no-par value shares outstanding during the period.

Diluted earnings per share were calculated by dividing the net income attributable to owners of the parent by the weighted average number of no-par value shares outstanding with consideration of share options.

(in MEUR)	2023	2022
Net income attributable to owners of the parent	510.2	409.6
Weighted average number of no-par value shares	99,052,888	98,916,089
Effect of potential dilution of share options	461,288	270,376
Weighted average number of no-par value shares and share options	99,514,176	99,186,465
Basic earnings per no-par value share (in EUR)	5.15	4.14
Diluted earnings per no-par value share (in EUR)	5.13	4.13

D) NON-CURRENT ASSETS AND LIABILITIES

18. Property, plant, and equipment

ACCOUNTING POLICIES

Property, plant, and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When an asset is sold or retired, its cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included as other income or as other expenses in the income statement. The cost of property, plant, and equipment comprises its purchase price including import duties and non-refundable purchase taxes as well as any directly attributable costs of bringing it to the appropriate location for its intended use and putting the asset into working condition. The production costs of self-constructed assets contain direct material and production costs as well as adequate indirect material and production costs. Expenditure incurred after the fixed assets have been put into operation, such as maintenance and repair, is charged to the income statement in the period in which the costs are incurred.

Assets under construction are items of property, plant, and equipment not yet ready for use and are stated at cost.

Depreciation is calculated on a straight-line basis predominantly using the following estimated useful lives:

Buildings	20 - 50 years
Technical equipment and machinery	4 - 10 years
Tools, office equipment, and vehicles	3 - 10 years

The useful lives and the depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant, and equipment.

Property, plant, and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the net book value of an asset may be higher than the amount recoverable (the higher amount of fair value less costs to sell and value in use of an asset or of a cash generating unit). Whenever the net book value of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash generating unit.

Government grants

Government grants related to assets are deducted from the cost of the asset.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are generally capitalized as part of the cost of the asset. All other costs of borrowing are expensed in the period in which they are incurred.

Property, plant, and equipment is as follows:

(in MEUR)	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
COST					
Balance as of December 31, 2021	**1,065.4**	**930.8**	**249.6**	**55.3**	**2,301.1**
Additions	39.7	36.5	29.2	71.6	177.0
Disposals	-23.3	-11.5	-20.9	0.0	-55.7
Reclassification	22.3	36.7	0.9	-60.8	-0.9
Currency translation adjustments	6.7	5.5	1.5	0.3	14.0
Changes in consolidation scope	34.0	8.9	0.8	1.0	44.7
Reclassification as held for sale	-1.5	0.4	0.0	0.0	-1.1
Balance as of December 31, 2022	**1,143.3**	**1,007.3**	**261.1**	**67.4**	**2,479.1**
Additions	49.6	46.0	37.9	84.7	218.2
Disposals	-25.3	-26.6	-34.1	0.0	-86.0
Reclassification	7.5	40.3	4.4	-53.1	-0.9
Currency translation adjustments	-11.7	-11.7	-1.8	-0.9	-26.1
Changes in consolidation scope	5.6	1.4	0.9	0.8	8.7
Reclassification as held for sale	-3.1	0.0	0.0	0.0	-3.1
Balance as of December 31, 2023	**1,165.9**	**1,056.7**	**268.4**	**98.9**	**2,589.9**
ACCUMULATED DEPRECIATION					
Balance as of December 31, 2021	**-366.8**	**-583.9**	**-179.7**	**0.0**	**-1,130.4**
Depreciation	-64.1	-69.6	-29.8	0.0	-163.5
Impairment losses	-1.5	-5.6	0.0	0.0	-7.1
Disposals	14.4	6.4	19.8	0.0	40.6
Reclassification	0.3	-2.5	2.3	0.0	0.1
Currency translation adjustments	-1.6	-2.4	-1.1	0.0	-5.1
Reclassification as held for sale	0.3	-0.2	0.0	0.0	0.1
Balance as of December 31, 2022	**-419.0**	**-657.8**	**-188.5**	**0.0**	**-1,265.3**
Depreciation	-61.3	-69.4	-31.2	0.0	-161.9
Impairment losses	0.0	-1.3	0.0	0.0	-1.3
Disposals	19.8	21.5	32.9	0.0	74.2
Reclassification	-0.2	0.0	0.3	0.0	0.1
Currency translation adjustments	4.1	5.6	1.3	0.0	11.0
Reclassification as held for sale	0.8	0.0	0.0	0.0	0.8
Balance as of December 31, 2023	**-455.8**	**-701.4**	**-185.2**	**0.0**	**-1,342.4**
NET BOOK VALUE					
Balance as of December 31, 2022	724.3	349.5	72.6	67.4	1,213.8
Balance as of December 31, 2023	710.1	355.3	83.2	98.9	1,247.5

a) Collateral securities

As of December 31, 2023, property, plant, and equipment amounting to 1.9 MEUR was pledged as collateral security (as of December 31, 2022: 2.0 MEUR).

b) Purchase Commitments

The commitments arising from contracts for expenditure on property, plant, and equipment are only within the ordinary scope of business. As of December 31, 2023, these commitments amounted to 32.1 MEUR (as of December 31, 2022: 33.4 MEUR).

c) Borrowing costs

No borrowing costs relating to qualifying assets were capitalized in the financial years 2023 and 2022 as the amounts were immaterial.

d) Government grants

In the 2023 financial year, government grants amounting to 0.6 MEUR (2022: 0.5 MEUR) were received for capital expenditure in property, plant, and equipment and were offset against acquisition costs.

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The anticipated useful lives of property, plant, and equipment are subject to estimates. If the current estimate of the useful lives differs significantly from the previous ones, these will be adjusted accordingly.

The impairment analyses for property, plant, and equipment are primarily based on discounted estimated future cash flows to be expected from the continued use and disposal of an asset at the end of its useful life. Factors such as lower than anticipated revenue and resulting decreases of net cash flows as well as changes in the discount rates used, could lead to an impairment.

ANDRITZ has set targets for reducing CO_2, water consumption, and waste as part of the “We Care” sustainability strategy. Measures to achieve these goals were already implemented and further measures are being implemented. No significant effects on property, plant, and equipment are currently expected, but in individual cases there could be adjustments to useful lives or replacement investments.

19. Right of use assets from lease contracts and lease liabilities

ACCOUNTING POLICIES

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed period in return for a payment or a series of payments. IFRS 16 defines a comprehensive model for the identification of leasing agreements and their treatment in the financial statement of lessees and lessors. Lessees make a distinction between service and leasing. ANDRITZ only records the lease payments on the balance sheet, the service payments are recorded directly as an expense. Lessors distinguish between finance and operating leases.

The lessee records the leases and the associated right of use assets and lease liabilities on the balance sheet. Exceptions for the recognition of leases can be applied. ANDRITZ uses some practical expedients. Leasing contracts that involve an intangible asset are not recorded. This also applies to contracts for assets that are of low value or contracts that have a short term. A uniform discount rate has been used for portfolios with similarly structured leasing contracts. Several leasing components and non-leasing components can exist within a contract. ANDRITZ has decided to separate these components and to balance them based on the relative individual selling prices.

Lessee

At inception of a contract, ANDRITZ assesses whether a contract is, or contains, a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset plus, if applicable, periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and/or periods covered by an option to terminate the lease if the lessee is reasonably certain to not exercise that option.

At initial recognition, ANDRITZ recognizes a lease liability for the obligation to make lease payments in the future and capitalizes a right to use the underlying asset:

- The lease liability is measured at present value of the lease payments not paid at the commencement date, discounted by the interest rate implicit in the lease or if not readily determined the incremental borrowing rate. The borrowing rates have been determined based on a reference interest rate plus a risk premium.

- Lease payments comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate. Variable payments based on the future performance of the asset are not defined as lease payments. Further included are amounts expected to be payable under a residual value guarantee, the exercise price of a purchase option that is reasonably certain to be exercised, lease payments in an optional renewal period if it is reasonably certain to exercise an extension option and penalties for early termination of a lease if it is reasonably certain to terminate early.

- The right of use asset is measured at cost and comprises the initial amount of the lease liability adjusted for any advance payments plus initial direct costs incurred and an estimate of costs of dismantling and removing or restoring the underlying asset or the site on which it is located, less any lease incentives received.

At subsequent measurement the right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term. In case the ownership of the underlying asset is transferred to ANDRITZ at the end of the lease term or the cost of the right of use asset reflects that a purchase option will be exercised, the underlying asset is depreciated until the end of the useful life. The general depreciation rules according to IAS 16 and impairment rules according to IAS 36 are applied.

The lease liability is measured using the effective interest method. A revaluation of the interest rate takes place if the future lease payments change due to an adjustment of the index or the (interest) rate used, the term of the lease or the amounts payable under a residual value guarantee change. When the lease liability is remeasured in this way, the corresponding adjustment is made to the carrying amount of the right of use asset.

Lessor

ANDRITZ only has entered into operating leases as lessor. With operating leasing, the main opportunities and risks associated with the use of the asset remain with the lessor. Leasing income is recorded on a straight-line basis over the term of the respective lease. The initial direct costs involved in negotiating and brokering an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

a) ANDRITZ as lessee

The Group has entered into various lease agreements for real estate, machinery, vehicles, and other assets as lessee. They are presented in the item property, plant, and equipment in the consolidated statement of financial position and comprise the following categories of right of use assets:

(in MEUR)	2023	2022
Land and buildings	174.9	175.4
Cars	20.6	15.1
Technical equipment and machinery	4.1	4.7
Other equipment, factory and office equipment	1.7	1.4
	201.3	**196.6**

Additions to the right of use assets amounted to 55.1 MEUR in the financial year 2023 (2022: 33.5 MEUR). Cash outflow for leases amounted to 57.4 MEUR in the financial year 2023 (2022: 63.5 MEUR).

In the income statement, the following amounts were recorded:

(in MEUR)	2023	2022
Expenses for variable lease payments that were not included in the calculation of the lease liability	6.3	5.3
Expenses for short-term leases that were not included in the calculation of the lease liability	17.9	12.3
Lease expenses on low value assets that were not included in the calculation of the lease liability	6.2	5.2
Interest expense for lease liabilities	6.8	4.3
Depreciation of right of use assets	47.0	49.9
thereof land and buildings	34.3	37.9
thereof cars	10.1	9.0
thereof technical equipment and machinery	1.9	2.1
thereof other equipment, factory and office equipment	0.7	0.9

The average weighted interest rate on the lease liabilities amounted to 3.87% during the 2023 financial year (2022: 2.48%). The leasing agreements contain no restrictions on the Group's activities regarding dividends or additional debts. There are no significant subleases. Lease payments for leases that the lessee has entered into but have not yet started amount to 0.1 MEUR in 2023 (2022: 0.2 MEUR).

Information on material leases

Land and buildings

ANDRITZ leases land and buildings for office space, production, and storage. The leases for land and buildings have an average term of 6.4 years in 2023 (2022: 6.2 years). In several cases, leases provide for additional payments based on changes of local price indices.

Some leases for land and buildings contain extension options that the Group can exercise up to one year before the end of the non-cancellable term of the contract. The Group endeavors to include extension options in new leasing contracts if this is practicable to ensure operational flexibility. The extension options held can only be exercised by the Group and not by the lessors. At the start of the lease, the Group assesses whether the exercise of the extension options is reasonably certain. The Group evaluates whether it is possible to exercise the options with sufficient certainty if there is a significant event or change in the circumstances over which it has an influence. The Group estimates that the potential future lease payments, if the extension options are exercised, would lead to a lease liability of 0.9 MEUR as of December 31, 2023 (2022: 1.0 MEUR).

Other leases

In the vehicles category, ANDRITZ mainly leases cars for employees with an average leasing period of 3.5 years in the 2023 financial year (2022: 2.7 years). The leased technical equipment includes machinery and other vehicles that are used in factories and warehouses. The usual average leasing period for this category of right of use assets is 5.1 years in 2023 (2022: 4.7 years).

In addition, other equipment, factory and office equipment are leased for the use of employees. The usual average leasing period for this category of right of use assets is 4.6 years in 2023 (2022: 4.0 years). Many contracts in this category comprise low value items which are expensed immediately.

ANDRITZ monitors the usage of these vehicles and equipment and reviews the estimated amount to be paid as part of the residual value guarantees as of the balance sheet date in order to revaluate the lease liabilities and the right of use assets. As of December 31, 2023, ANDRITZ estimates that the expected remaining guarantee amounts are not material.

b) ANDRITZ as lessor

In the financial year 2023, leasing income of 12.5 MEUR (2022: 10.6 MEUR) was recognized. The contracts largely refer to real estate. The future minimum lease payments from the non-cancellable leases are as follows:

(in MEUR)	2023	2022
Not exceeding 1 year	7.0	5.8
1 to 2 years	1.6	1.4
2 to 3 years	1.2	1.0
3 to 4 years	0.9	0.9
4 to 5 years	0.2	0.9
More than 5 years	0.0	0.6
Total undiscounted lease payments	**10.9**	**10.6**

! SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

When applying the appropriate accounting methods for classifying leases, management makes critical judgments.

Impairment tests for right of use assets are mainly based on estimated discounted net future cash flows that can be expected from the continued use of an asset and its disposal at the end of its useful life. Factors such as lower revenue, the resulting lower net cash flows and changes in the discounting factors used can lead to an impairment.

Discretionary decisions are made when interpreting the options and defining the original price of items of low value.

The determination of the term of the lease is an essential criterion when applying IFRS 16. The useful lives of the right of use assets are usually defined by contract. If not, the expected useful lives of the right of use assets are subject to discretionary decisions and are reviewed periodically. In addition to the usual useful lives of the leased assets, other factors influence the critical judgment. These include extension options, early termination options, additions or extensions to the leased asset and economic effects of contract changes. If the current estimate of the useful lives differs significantly from the previous ones, these are adjusted accordingly.

ANDRITZ has set targets for reducing CO_2, water consumption, and waste as part of the “We Care” sustainability strategy. Measures to achieve these goals were already implemented and further measures are being implemented. No significant effects on the existing leasing contracts are currently expected, but in individual cases there could be adjustments to the useful life or replacement investments.

20. Goodwill

ACCOUNTING POLICIES

Goodwill is measured as the residual of the cost of the business combination after recognizing the acquired identifiable assets, liabilities, and contingent liabilities at fair value. Following a review of the amounts stated, the resulting value from the comparison of cost and fair value of the net assets of the acquired negative goodwill is recognized immediately in the income statement.

Goodwill is not amortized but tested for impairment. This test is performed at least annually or more frequently if events or changes in circumstances indicate a need for impairment. ANDRITZ performs the annual goodwill impairment test as of September 30 of each business year. In determining whether the recognition of an impairment loss is required, goodwill is allocated to the cash generating units that are expected to benefit from the synergies of the business combination. In case the composition of the original cash generating units changes over time due to reorganizations or changes in the reporting structure, the goodwill is reallocated accordingly. If the net book value exceeds the value in use, which is determined by using a discounted cash flow (DCF) calculation, and the fair value less costs of disposal is not higher, an impairment loss is recognized. An impairment loss recognized for goodwill will not be reversed in a subsequent period.

The planning is carried out at the level of each cash generating unit comprising the next three years. Future payment surpluses are based on internal forecasts, which are prepared in detail for the next financial year and with simplifications for the subsequent two years and reflecting the historical performance and best estimates on future developments. After this detailed planning horizon, a normalized development is assumed.

The discount rate used for the DCF calculation corresponds to that interest rate that represents the current market estimates on the interest rate as well as the specific risks of the asset. A discount rate before tax is applied with consideration of the applicable currency and risk profile.

Goodwill developed as follows:

(in MEUR)	2023	2022
COST		
Balance as of January 1	**1,018.7**	**993.4**
Changes in consolidation scope	45.0	12.6
Remeasurement from acquisitions	0.3	0.0
Currency translation adjustments	-11.5	12.7
Balance as of December 31	**1,052.5**	**1,018.7**
ACCUMULATED IMPAIRMENT		
Balance as of January 1	**-231.7**	**-215.1**
Impairment loss	0.0	-10.2
Currency translation adjustments	5.5	-6.4
Balance as of December 31	**-226.2**	**-231.7**
NET BOOK VALUE		
Balance as of January 1	787.0	778.3
Balance as of December 31	826.3	787.0

Goodwill is allocated to the operating segments as follows:

(in MEUR)	2023	2022
Pulp & Paper	397.4	393.0
Metals	265.3	265.8
Hydro	91.4	98.5
Separation	72.2	29.7
	826.3	**787.0**

a) Remeasurement from acquisitions

In the 2023 financial year, a remeasurement in accordance with IFRS 3 was carried out in the amount of 0.3 MEUR for ANDRITZ TEP D.O.O. (formerly Đuro Đaković termoenergetska postrojenja d.o.o.), Croatia, a company acquired in October 2022.

b) Impairment loss

In the 2023 financial year, no impairment losses of goodwill were recorded. In 2022, impairment losses of 10.2 MEUR were recorded in the Hydro operating segment. The impairment related to the cash generating unit Compact Hydro (HCH). The recoverable amount of the cash generating unit corresponded to its values in use and amounted to 26.3 MEUR. The discount rate before tax for this cash generating unit was 14.61% in 2022 (2021: 11.15%).

c) Cash generating units

The following tables show the significant cash generating units and groups of cash generating units (CGU), respectively:

2023

CGU	Operating segment	Goodwill	Discount rate before tax	Non-current growth rate	Description
		(in MEUR)	(in %)	(in %)	
Xerium (PFR)	PP	220.7	12.42	2.27	Manufacturing and supply of machine clothing (forming fabrics, press felts, drying fabrics) and roll covers for paper, tissue, and board machines
Schuler (ME-F)	ME	216.5	10.62	2.40	Presses, automation, tools, process know-how, and services in the forming equipment field
Nonwoven (KNW)	PP	74.1	13.55	2.35	Production technologies and services for the nonwovens and textile industry in the area of air-through bonding, airlay, needlepunch, spunlace, spunbond, wetlaid/wetlace, converting, textile finishing, textile recycling, and natural fiber processing
Separation (ESE)	SE	58.6	12.73	2.65	Mechanical technologies such as centrifuges, filters, screens, thickeners or separators, and thermal technologies such as dryers or coolers as well as service
Large Hydro (HLH)	HY	47.5	13.21	2.53	Turnkey electromechanical equipment and services for the installation of large new hydropower plants (“water to wire”) and components, including installation beyond the compact hydro range
Service Rehab (HSR)	HY	43.9	12.45	2.22	Modernization, rehabilitation, and capacity increases of electromechanical systems and services for hydropower plants
Other CGUs		165.0			
		826.3			

2022

CGU	Operating segment	Goodwill	Discount rate before tax	Non-current growth rate	Description
		(in MEUR)	(in %)	(in %)	
Xerium (PFR)	PP	224.3	12.95	2.48	Manufacturing and supply of machine clothing (forming fabrics, press felts, drying fabrics) and roll covers for paper, tissue, and board machines
Schuler (ME-F)	ME	216.5	10.49	2.56	Presses, automation, tools, process know-how, and services in the forming equipment field
Nonwoven (KNW)	PP	61.1	13.80	2.52	Production technologies and services for the nonwovens and textile industry in the area of air-through bonding, airlay, needlepunch, spunlace, spunbond, wetlaid/wetlace, converting, textile finishing, textile recycling, and natural fiber processing
Large Hydro (HLH)	HY	47.6	14.15	2.61	Turnkey electromechanical equipment and services for the installation of large new hydropower plants (“water to wire”) and components, including installation beyond the compact hydro range
Service Rehab (HSR)	HY	44.0	12.12	2.50	Modernization, rehabilitation, and capacity increases of electromechanical systems and services for hydropower plants
Separation (SES)	SE	24.5	13.10	2.64	Mechanical technologies such as centrifuges, filters, screens, thickeners or separators, and thermal technologies such as dryers or coolers as well as service
Other CGUs		169.0			
		787.0			

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

Climate-related risks and opportunities were considered in the revenue and cost of plans, if relevant, at the level of the individual cash generating units based on the best estimates of future developments. Risks for the ANDRITZ GROUP due to climate change include physical risks on the one hand as well as transition risks. ANDRITZ addresses these risks with a broad product portfolio in the sustainable technologies segment. The company already generates around 45% of its total revenue from products and solutions that contribute towards production of renewable energy, environmental protection, the circular economy, and e-mobility. This percentage is to be increased further in the future. We currently see no significant risks on the product side, as our products help our customers to achieve their climate goals.

Expected cost volatilities or increases and the corresponding options (e.g. adjustments to sales prices and price escalation clauses) of passing these increases on to customers are shown in the future cash flows.

The impairment test for goodwill requires estimations regarding the development of future revenues and margins, and their resulting cash flows as well as assumptions for determining the discount rates used and therefore includes certain inherent uncertainties.

The following changes of significant assumptions in percentage points would result in a match of the book value of the goodwill and its value in use, if all other parameters remained unchanged (energy price scenarios are not shown separately due to the low proportion of energy costs in the total costs):

2023

CGU	Goodwill	Discount rate	Planned growth rates	Planned cash flows
	(in MEUR)	(in %)	(in %)	(in %)
Xerium (PFR)	220.7	0.52%	-7.44%	-5.23%
Schuler (ME-F)	216.5	2.86%	-33.00%	-27.86%
Nonwoven (KNW)	74.1	39.87%	-71.86%	-82.02%
Separation (ESE)	58.6	16.15%	-57.81%	-68.64%
Large Hydro (HLH)	47.5	1.34%	-14.05%	-13.38%
Service Rehab (HSR)	43.9	7.40%	-35.44%	-45.57%

2022

CGU	Goodwill	Discount rate	Planned growth rates	Planned cash flows
	(in MEUR)	(in %)	(in %)	(in %)
Xerium (PFR)	224.3	0.46%	-4.47%	-6.12%
Schuler (ME-F)	216.5	2.22%	-24.58%	-25.84%
Nonwoven (KNW)	61.1	193.55%	-92.98%	-114.39%
Large Hydro (HLH)	47.6	2.73%	-26.67%	-18.33%
Service Rehab (HSR)	44.0	7.63%	-47.51%	-35.23%
Separation (SES)	24.5	19.60%	-68.41%	-66.62%

The absolute headroom at the time of the scheduled impairment test in the financial year 2023 for the cash generating unit Xerium (PFR) was 40.2 MEUR (2022: 37.4 MEUR).

21. Intangible assets other than goodwill

ACCOUNTING POLICIES

Intangible assets are accounted for at cost. After initial recognition, intangible assets are accounted for at cost less accumulated amortization and any accumulated impairment losses. Intangible assets have a finite useful life and therefore are amortized on a straight-line basis over the best estimate of their useful lives. The estimated useful lives are as follows:

Acquired customer- and technology-related intangible assets	
Order backlog	1 - 3 years
Customer relationships	3 - 10 years
Brand names	7 - 15 years
Technology	4 - 10 years
Other intangible assets	
Concessions, industrial rights, and similar rights	3 - 15 years
Development cost	3 - 5 years

The useful lives and the amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits of the items of intangible assets.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the net book value of an asset may be higher than the recoverable amount (the higher amount of fair value less costs to sell and value in use of an asset or of a cash generating unit). Whenever the net book value of an asset exceeds its recoverable amount, an impairment loss is recognized.

Research expenditures are expensed as incurred. Development costs are capitalized if the recognition criteria of IAS 38 are met. The company capitalizes the development expenditures at production costs. The production costs include all costs directly attributable to the development process as well as proportionate overhead costs. If the conditions for capitalizing the development costs are not met the expenses are recorded in the year in which they incur.

(in MEUR)	Acquired customer- and technology-related intangible assets	Other intangible assets	Total
COST			
Balance as of December 31, 2021	**495.1**	**95.4**	**590.5**
Additions	0.0	7.3	7.3
Disposals	-9.9	-0.9	-10.8
Reclassification	0.0	0.9	0.9
Currency translation adjustments	11.4	-0.2	11.2
Changes in consolidation scope	26.3	0.4	26.7
Balance as of December 31, 2022	**522.9**	**102.9**	**625.8**
Additions	0.0	8.0	8.0
Disposals	-36.1	-23.9	-60.0
Reclassification	0.0	0.9	0.9
Currency translation adjustments	-8.4	-2.0	-10.4
Changes in consolidation scope	38.9	0.9	39.8
Balance as of December 31, 2023	**517.3**	**86.8**	**604.1**
ACCUMULATED AMORTIZATION			
Balance as of December 31, 2021	**-324.0**	**-75.6**	**-399.6**
Amortization	-65.6	-6.4	-72.0
Disposals	9.9	0.8	10.7
Reclassification	0.0	-0.1	-0.1
Currency translation adjustments	-4.9	0.1	-4.8
Changes in consolidation scope	0.0	0.1	0.1
Balance as of December 31, 2022	**-384.6**	**-81.1**	**-465.7**
Amortization	-49.7	-5.1	-54.8
Impairment losses	-7.0	0.0	-7.0
Disposals	36.1	23.7	59.8
Reclassification	0.0	-0.1	-0.1
Currency translation adjustments	6.0	0.5	6.5
Balance as of December 31, 2023	**-399.2**	**-62.1**	**-461.3**
NET BOOK VALUE			
Balance as of December 31, 2022	138.3	21.8	160.1
Balance as of December 31, 2023	118.1	24.7	142.8

a) Research and development costs

Expenses for research and non-capitalized development costs amounted to 137.2 MEUR in the 2023 financial year (2022: 113.8 MEUR). Development costs at 2.1 MEUR (2022: 1.6 MEUR) were capitalized as internally generated intangible assets in the item “other intangible assets” in the 2023 financial year.

b) Collateral securities

As of December 31, 2023, disposal limitations arising due to the granting of collateral securities for intangible assets amounted to 0.0 MEUR (2022: 0.0 MEUR).

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The anticipated useful lives of intangible assets are subject to estimates. If the current estimate of the useful lives differs significantly from the previous ones, these will be adjusted accordingly.

The impairment analyses for intangible assets are primarily based on estimated future discounted cash flows to be expected from the continued use and disposal of an asset at the end of its useful life. Factors such as lower than anticipated revenue and resulting decreases of net cash flows as well as changes in the discount rates used, could lead to an impairment.

ANDRITZ has set targets for reducing CO_2, water consumption, and waste as part of the “We Care” sustainability strategy. Measures to achieve these goals were already implemented and further measures are being implemented. No significant effects on the intangible assets are currently expected, but in individual cases there could be adjustments to the useful lives.

22. Personnel-related provisions (employee benefits)

ACCOUNTING POLICIES

Some Group companies provide defined benefit pension plans. Provisions for pension obligations are recorded for benefits payable in the form of retirement, disability, and surviving dependents’ pensions. The benefits offered vary according to the legal, fiscal, and economic conditions in each country. Benefits are dependent on years of service and, in some cases, on the respective employee’s compensation.

In some countries there is a legal obligation to make severance payments in certain cases of termination of employment. Appropriate provisions are recognized for severance payment obligations.

The obligations are valued every year by professionally qualified and independent actuaries by using the projected unit credit method, different discount rates for different countries, and different average terms, respectively. This method assumes that in each year of service an additional part of the final benefit entitlement is earned and assesses each of these separately to build up the final obligation. The plan assets are deducted at fair value from the gross obligation. This results in the net debt and the net asset value to be reported. Due to the net interest approach, the Group determines the net interest cost (net interest income) by multiplying the net debt (net asset value) at the beginning of the period by the interest rate based on the discounting of the performance-related gross obligation at the beginning of the period. The net interest component resulting from obligations and plan assets is recognized as interest expenses in the consolidated income statement. Remeasurement effects regarding pensions and severance payments are recorded in other comprehensive income for the year, whereas those regarding anniversary bonuses and other long-term benefits are recorded in income statement. The remeasurement component includes the actuarial gains and losses from measurement of the performance-related gross obligation on the one hand and the difference between actually realized return on plan assets and the typically assumed return at the beginning of the period on the other hand. In the event that the plan has been overfunded, the remeasurement component also contains the change in net asset value from applying the asset ceiling as far as this has not been considered in the net interest component. If the present value of a defined benefit obligation changes as a result of plan amendments or curtailments, ANDRITZ shows the resulting effects in profit or loss for the period. Past service costs are generally recognized at the time the plan amendment occurs.

Some Group companies have defined contribution plans for pension and severance commitments. The related costs are expensed as they occur.

The provisions for personnel-related restructuring mainly contain benefits to employees resulting from termination of the employment and are based on a detailed plan agreed between management and employee representatives.

Personnel-related provisions were as follows:

(in MEUR)	2023	2022
Pensions	215.3	204.4
Severances	87.2	79.9
Anniversary bonuses and other long-term employee benefits	31.7	30.6
Termination benefits and personnel-related restructuring	19.0	12.9
	353.2	**327.8**
Non-current	333.6	312.4
Current	19.6	15.4

a) Pensions

(in MEUR)	2023	2022
EXPENSES FROM DEFINED BENEFIT PLANS		
Current service cost	4.2	8.0
Past service cost	-1.3	0.4
Effects of plan curtailments and settlements	0.1	-0.2
EXPENSES FROM DEFINED CONTRIBUTION PLANS		
Payments to defined contribution plans	47.6	46.5
	50.6	**54.7**

According to IAS 19, the defined benefit plans for pensions are broken down according to the different geographic locations. The pension plans largely relate to Germany, Austria, and Switzerland. The “Others” category primarily comprises pension plans in the USA, Canada, and the United Kingdom.

The basic actuarial assumptions for the calculation of the pension obligations as of December 31 are as follows:

2023

		Germany and Austria	Switzerland	Others
Discount rate	in %	3.40 - 3.55	1.5	0.92 - 7.30
Wage and salary increases	in %	0.00 - 2.50	1.00	0.00 - 3.00
Retirement benefit increases	in %	2.25 - 2.50	0.00	0.00 - 3.20
Average term of the benefit obligation	in years	5.55 - 13.29	9.10 - 13.90	5.91 - 13.00

2022

		Germany and Austria	Switzerland	Others
Discount rate	in %	3.89 - 4.14	2.00 - 2.42	0.75 - 7.30
Wage and salary increases	in %	0.00 - 2.50	1.00	0.00 - 6.33
Retirement benefit increases	in %	2.25	0.00	0.00 - 3,70
Average term of the benefit obligation	in years	5.03 - 14.10	11.57 - 15.30	6.24 - 17.29

The following mortality tables were primarily used:

	2023	2022
Austria	AVÖ 2018-P	AVÖ 2018-P
Germany	Heubeck "Richttafeln 2018 G"	Heubeck "Richttafeln 2018 G"
Switzerland	BVG 2020 Generationentafel	BVG 2020 Generationentafel

The following tables show the development of the pension benefit obligation from January 1 to December 31:

2023

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Defined benefit obligation as of January 1	**222.5**	**201.2**	**62.7**	**486.4**
Current service cost	0.4	3.5	0.3	4.2
Past service cost	0.0	-1.3	0.0	-1.3
Effects of plan curtailments and settlements	-0.6	0.0	0.0	-0.6
Interest expense	8.6	4.6	2.7	15.9
Actuarial gains (-) and losses (+) from change in demographic assumptions	0.0	-1.1	-0.5	-1.6
Actuarial gains (-) and losses (+) from change in financial assumptions	11.8	15.3	-3.0	24.1
Actuarial gains (-) and losses (+) from change in experience adjustments	4.5	0.3	1.1	5.9
Benefits paid	-14.3	-15.2	-11.1	-40.6
Contributions by the plan participants	2.2	3.1	0.0	5.3
Currency translation adjustments	0.1	13.2	-0.6	12.7
Changes in consolidation scope	0.0	0.0	9.0	9.0
Other changes	0.0	0.0	-1.7	-1.7
Defined benefit obligation as of December 31	**235.2**	**223.6**	**58.9**	**517.7**
Fair value of plan assets	-41.8	-259.5	-48.0	-349.3
Reduction of assets	0.0	22.2	1.0	23.2
Plan assets in excess of defined benefit obligation	0.0	18.8	4.9	23.7
Defined benefit liability as of December 31	**193.4**	**5.1**	**16.8**	**215.3**

2022

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Defined benefit obligation as of January 1	**292.1**	**225.1**	**155.0**	**672.2**
Current service cost	2.0	5.1	0.9	8.0
Past service cost	0.0	0.0	0.4	0.4
Effects of plan curtailments and settlements	0.0	0.1	-0.2	-0.1
Interest expense	3.3	0.8	3.8	7.9
Actuarial gains (-) and losses (+) from change in demographic assumptions	0.0	0.0	-0.3	-0.3
Actuarial gains (-) and losses (+) from change in financial assumptions	-69.2	-46.1	-31.7	-147.0
Actuarial gains (-) and losses (+) from change in experience adjustments	5.9	9.5	2.7	18.1
Benefits paid	-13.6	-6.5	-72.0	-92.1
Contributions by the plan participants	2.8	2.7	0.0	5.5
Currency translation adjustments	0.0	10.4	4.3	14.7
Changes in consolidation scope	-0.8	0.0	-0.1	-0.9
Other changes	0.0	0.1	-0.1	0.0
Defined benefit obligation as of December 31	**222.5**	**201.2**	**62.7**	**486.4**
Fair value of plan assets	-41.5	-241.1	-51.0	-333.6
Reduction of assets	0.0	45.2	6.4	51.6
Defined benefit liability as of December 31	**181.0**	**5.3**	**18.1**	**204.4**

Out of the total defined benefit obligation for pension commitments of 517.7 MEUR (2022: 486.4 MEUR), 308.1 MEUR (2022: 260.2 MEUR) are covered entirely or partly by investments in funds.

The following tables reconcile the fair value of the plan assets:

2023

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Fair value of plan assets as of January 1	**41.5**	**241.1**	**51.0**	**333.6**
Interest income	1.3	5.7	2.2	9.2
Return on plan assets (excl. interest income)	-0.3	5.3	-2.7	2.3
Effects of plan curtailments and settlements	-0.6	0.0	0.0	-0.6
Benefits paid	-2.8	-15.2	-11.8	-29.8
Contributions by the employer	2.8	4.1	2.7	9.6
Contributions by the plan participants	0.0	3.1	0.0	3.1
Currency translation adjustments	0.0	15.4	0.1	15.5
Changes in consolidation scope	0.0	0.0	7.6	7.6
Other changes	-0.1	0.0	-1.1	-1.2
Fair value of plan assets as of December 31	**41.8**	**259.5**	**48.0**	**349.3**

2022

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Fair value of plan assets as of January 1	**47.4**	**238.2**	**142.4**	**428.0**
Interest income	0.8	0.8	3.4	5.0
Return on plan assets (excl. interest income)	-3.8	-9.3	-46.1	-59.2
Effects of plan curtailments and settlements	0.0	0.1	0.0	0.1
Benefits paid	-2.6	-6.7	-71.6	-80.9
Contributions by the employer	-0.3	3.7	19.4	22.8
Contributions by the plan participants	0.0	2.7	0.0	2.7
Currency translation adjustments	0.0	11.5	3.5	15.0
Other changes	0.0	0.1	0.0	0.1
Fair value of plan assets as of December 31	**41.5**	**241.1**	**51.0**	**333.6**

The plan assets are invested as follows:

2023

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Equity instruments	**7.2**	**50.5**	**2.8**	**60.5**
thereof listed on an active market	7.1	50.5	2.8	60.4
Debt instruments	**7.8**	**68.6**	**18.7**	**95.1**
thereof listed on an active market	6.7	68.6	18.7	94.0
Property, plant, and equipment	**1.4**	**69.3**	**0.0**	**70.7**
thereof listed on an active market	0.2	2.1	0.0	2.3
Other assets	**25.4**	**71.1**	**26.5**	**123.0**
thereof listed on an active market	18.3	56.9	0.5	75.7
	41.8	**259.5**	**48.0**	**349.3**

2022

(in MEUR)	Germany and Austria	Switzerland	Others	Total
Equity instruments	**7.0**	**42.0**	**2.9**	**51.9**
thereof listed on an active market	6.9	42.0	2.9	51.8
Debt instruments	**6.0**	**66.9**	**19.5**	**92.4**
thereof listed on an active market	5.3	66.9	19.5	91.7
Property, plant, and equipment	**1.2**	**58.7**	**0.0**	**59.9**
thereof listed on an active market	0.2	0.0	0.0	0.2
Other assets	**27.3**	**73.5**	**28.6**	**129.4**
thereof listed on an active market	20.2	60.5	0.1	80.8
	41.5	**241.1**	**51.0**	**333.6**

In 2023, the actual investment result from plan assets amounted to 3.04% (2022: -2.05%).

As of December 31, 2023, there were no extraordinary company-specific or plan-specific risks and no substantial risk concentrations.

Expected payments to the pension funds for defined benefit plans are estimated at 19.2 MEUR for 2024.

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

For the valuation of the various pension plans a method is applied, where parameters such as the expected discount rate, increases of salary and pension payments as well as the return on plan assets are used. If the relevant parameters develop significantly differently than expected, this can have a material impact on the provision and, subsequently, on the Group's related expenses.

The sensitivity analysis of the existing provisions for pensions is based on key actuarial assumptions. A change of +/- 0.5 percentage points in the discount factor, +/- 0.5 percentage points in the salary increase, +/- 0.5 percentage points in pension benefits, and +/- 1 year in life expectancy would have the following effects on the present value of the pension obligation, if all other parameters remained unchanged (for a change of +/- 1.0 percentage point a doubling can essentially be assumed):

2023

(in MEUR)		Germany and Austria	Switzerland	Others	Total
Discount rate	+0.5%	-9.7	-12.6	-2.1	-24.4
	-0.5%	9.4	14.1	2.3	25.8
Wage and salary increases	+0.5%	0.3	1.4	0.0	1.7
	-0.5%	-0.3	-1.5	-0.1	-1.9
Retirement benefit increases	+0.5%	7.0	4.4	0.8	12.2
	-0.5%	-6.5	-0.4	-0.5	-7.4
Life expectancy	+1 year	7.2	6.7	1.7	15.6
	-1 year	-7.4	-6.9	-1.6	-15.9

2022

(in MEUR)		Germany and Austria	Switzerland	Others	Total
Discount rate	+0.5%	-10.7	-11.5	-3.0	-25.2
	-0.5%	11.7	12.6	3.5	27.8
Wage and salary increases	+0.5%	0.4	1.1	0.2	1.7
	-0.5%	-0.3	-1.4	0.1	-1.6
Retirement benefit increases	+0.5%	7.3	4.2	1.0	12.5
	-0.5%	-6.8	-0.4	-0.4	-7.6
Life expectancy	+1 year	7.6	5.4	2.1	15.1
	-1 year	-7.7	-5.7	-2.0	-15.4

b) Severances

(in MEUR)	2023	2022
EXPENSES FROM DEFINED BENEFIT PLANS		
Current service cost	2.7	3.4
EXPENSES FROM DEFINED CONTRIBUTION PLANS		
Payments to defined contribution plans	3.7	3.2
	6.4	**6.6**

In the financial year 2023, contributions of 2.9 MEUR (2022: 2.3 MEUR) to employees severance funds (MVK) in Austria, are included in the severance expenses, which represent defined contribution plans.

A breakdown of severance obligations to the various geographical locations has not been disclosed because these obligations relate to about 75% to Austria.

The actuarial assumptions used for Austria to determine the severance obligations as of December 31 are as follows:

(in %)		2023	2022
Discount rate	in %	4.44 - 4.55	4.01 - 4.07
Wage and salary increases	in %	2.50	2.50
Average term of the benefit obligation	in years	8.78 - 10.96	8.28 - 11.67

The following table shows the development of defined benefit obligations from January 1 to December 31:

(in MEUR)	2023	2022
Defined benefit obligation as of January 1	**83.1**	**102.1**
Current service cost	2.7	3.4
Interest expense	3.4	1.3
Actuarial gains (-) and losses (+) from change in demographic assumptions	0.0	1.6
Actuarial gains (-) and losses (+) from change in financial assumptions	7.1	-19.6
Actuarial gains (-) and losses (+) from change in experience adjustments	1.7	3.2
Benefits paid	-9.0	-9.5
Currency translation adjustments	-0.1	-0.2
Changes in consolidation scope	0.0	0.8
Other changes	1.7	0.0
Defined benefit obligation as of December 31	**90.6**	**83.1**
Fair value of plan assets	-3.4	-3.3
Reduction of assets	0.0	0.1
Defined benefit liability as of December 31	**87.2**	**79.9**

The following table reconciles the fair value of plan assets:

(in MEUR)	2023	2022
Fair value of plan assets as of January 1	**3.3**	**2.7**
Interest income	0.2	0.2
Benefits paid	-0.2	-0.2
Contributions by the employer	0.3	0.7
Currency translation adjustments	-0.2	-0.1
Fair value of plan assets as of December 31	**3.4**	**3.3**

The plan assets are invested as follows:

(in MEUR)	2023	2022
Debt instruments	**1.5**	**1.6**
thereof listed on an active market	0.0	0.0
Other assets	**1.9**	**1.7**
thereof listed on an active market	1.1	1.1
	3.4	**3.3**

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

For the valuation of employee benefits a method is used, where parameters such as the expected discount rate, increases of salary and pension payments as well as the return on plan assets are used. If the relevant parameters develop significantly differently than expected, this can have a material impact on the provision and, subsequently, on the Group's related expenses.

The sensitivity analysis of the existing provisions for severances is based on key actuarial assumptions. A change of +/- 0.5 percentage points in the discount factor, and +/- 0.5 percentage points in the salary increase would have the following effects on the present value of the severance obligation, if all other parameters remained unchanged (for a change of +/- 1.0 percentage point a doubling can essentially be assumed):

(in MEUR)		2023	2022
Discount rate	+0.5%	-3.4	-3.5
	-0.5%	3.5	3.6
Wage and salary increases	+0.5%	3.4	3.5
	-0.5%	-3.4	-3.5

23. Other Provisions

ACCOUNTING POLICIES

A provision is recognized when the company has a current obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made regarding the amount of the obligation. Provisions are measured at the expected settlement amount. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Provisions for warranties and other order-related risks comprise the legal and contractual warranty obligations as well as voluntary commitments to customers and are recorded based on past experience and individual assessments.

Provisions for onerous contracts with customers are set up if the unavoidable costs of fulfilling the contractual obligations by ANDRITZ are higher than the expected sales. Onerous contracts are identified through cost and benefit forecasts and estimates are updated on an ongoing basis.

(in MEUR)	Warranty provisions and other order-related risks	Order-related onerous contracts	Miscellaneous	Total
Balance as of January 1, 2023	**502.2**	**58.4**	**69.9**	**630.5**
Additions	186.8	20.6	25.2	232.6
Usage	-38.3	-34.8	-15.8	-88.9
Release	-146.9	-4.9	-8.4	-160.2
Currency translation adjustments	-3.5	-0.5	0.9	-3.1
Changes in consolidation scope	5.9	1.7	0.9	8.5
Balance as of December 31, 2023	**506.2**	**40.5**	**72.7**	**619.4**
Non-current	159.8	0.0	41.2	201.0
Current	346.4	40.5	31.5	418.4

ANDRITZ expects the non-current provisions to usually result in cash outflows during the next two to three years. Current provisions are expected to result in cash outflows within the next fiscal year.

Miscellaneous provisions include provisions for restructuring measures for non-personnel related expenses and legal disputes that are not related to the sales business.

! SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

Provisions are recognized and measured based on estimates of the extent and probability of future events. As far as possible, these are based on past experience. Sometimes, however, reliable estimates can only be made with appropriate judgments, because litigation may concern complex legal issues. Therefore, in such cases, the assessment is made with the involvement of internal and external lawyers.

Read more in chapter 39. Contingent assets and liabilities.

E) NET WORKING CAPITAL

24. Trade accounts receivable

Trade accounts receivable are as follows:

(in MEUR)	2023	2022
Gross amount of trade accounts receivable	1,126.9	1,114.8
Valuation allowance	-50.9	-49.7
TRADE ACCOUNTS RECEIVABLE	**1,076.0**	**1,065.1**

All trade accounts receivable are classified as current. The disposal limitations arising due to the granting of collateral securities amounted to 0.0 MEUR (2022: 0.0 MEUR). The parties receiving collateral security have no rights allowing them to sell or repledge the collateral securities provided.

Read more details on valuation in chapter 30. Financial assets and liabilities.

Read more on payments overdue and development of impairment in chapter 35. Risk management – Risks relating to financial instruments.

25. Other receivables and assets

(in MEUR)	2023	2022
Receivables from public institutions	230.2	216.4
Derivatives	77.3	71.4
Prepayments, deferred charges, and interest accruals	53.0	48.0
Plan assets in excess of defined benefit obligation	23.8	4.9
Bills of exchange receivable	15.0	23.6
Receivables from associated companies, joint ventures, and non-consolidated companies	14.6	10.5
Contract costs	10.4	11.2
Miscellaneous	94.3	79.1
	518.6	**465.1**
thereof current	418.0	380.1
thereof non-current	100.6	85.0

Miscellaneous other receivables and assets include, but are not limited to, receivables from deposits and receivables from insurance companies as well as suppliers with debit balances.

26. Inventories

ACCOUNTING POLICIES

Inventories are valued at the lower of acquisition or production cost and net realizable value. Acquisition cost is determined by the average method. Production cost includes direct costs and the applicable allocation of fixed and variable overhead costs. The net realizable value is the selling price in the ordinary course of business minus costs of completion, marketing, and distribution. Valuation allowances for obsolete and slow-moving items are recorded. Inventories no longer usable are fully written-off. Changes in inventories of finished goods and work in progress serve to neutralize expenses for inventories still in stock on the balance sheet date.

Inventories consist of the following:

(in MEUR)	2023	2022
Materials and supplies	485.4	476.5
Work in progress and unfinished services	510.7	501.0
Finished goods and merchandise	169.2	158.0
	1,165.3	**1,135.5**

The write-down of inventories recognized as an expense amounted to -7.9 MEUR (2022: 2.2 MEUR). In the financial year, no substantial reversal of write-down was captured as a reduction of cost of materials.

27. Advance payments made

The advance payments made relate to procurement processes for customer orders as well as general inventories.

28. Trade accounts payable

ACCOUNTING POLICY

Supply Chain Financing (SCF; reverse factoring)

ANDRITZ offers a supply chain financing agreement, within which suppliers can choose to receive earlier payment of their invoices from a bank by selling receivables from ANDRITZ (factoring). In this agreement, the bank agrees to pay invoice amounts owed by the Group to participating suppliers and later receive compensation for this from the Group. The purpose of this agreement is to enable efficient payment processes and allow participating suppliers to sell their receivables from ANDRITZ to a bank before the due date.

ANDRITZ has not derecognized the original liabilities underlying this arrangement as no legal exemption was obtained nor the liability was materially modified by entering into the arrangement. From the Group's perspective, the agreement does not significantly extend the payment period compared to normal periods with other non-participating suppliers. The Group does not incur any additional interest for paying the supplier liabilities to the bank. The amounts factored by the suppliers are therefore reported under trade payables, since the nature and function of the financial liability corresponds to the other trade payables. All liabilities underlying the SCF are classified as current as of December 31, 2023, and 2022, respectively.

Payments to the bank are included in cash flow from operating activities because they remain part of the Group's normal operating cycle and their essential nature remains operational, i.e. payments for the purchase of goods and services.

Read more in chapter 30. Financial Assets and liabilities.

(in MEUR)	2023	2022
Trade accounts payable to related companies and persons	8.1	6.9
Trade accounts payable – supply chain financing arrangements	34.0	47.8
Other trade accounts payable	980.8	928.3
	1,022.9	**983.0**

29. Other liabilities

(in MEUR)	2023	2022
Accruals and outstanding order-related costs	632.5	634.6
Unused vacation and other personnel-related accruals	337.9	320.4
Liabilities to public institutions	95.6	109.0
Derivatives	54.3	77.0
Liabilities due to employees	25.0	26.6
Earn out and contingent considerations	23.5	9.3
Liabilities from commissions	13.6	18.2
Miscellaneous	52.6	57.3
	1,235.0	**1,252.4**
thereof current	1,206.2	1,223.8
thereof non-current	28.8	28.6

Miscellaneous other liabilities include, but are not limited to, customers with credit balances.

F) FINANCIAL AND CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS, AND RISK MANAGEMENT

30. Financial assets and liabilities

ACCOUNTING POLICIES

A financial instrument is a contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments are accounted for on the trading day. Financial assets and financial liabilities included in the balance sheet comprise cash and cash equivalents, investments and other financial assets, trade receivables and trade payables as well as a portion of other receivables and other liabilities, bank and other financial liabilities, issued bonds, and Schuldscheindarlehen.

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contractual arrangements of the financial instrument. Initial recognition is at fair value plus transaction costs. This does not apply to financial assets categorized as "at fair value through profit or loss". For these instruments the initial recognition is made at fair value without consideration of transaction costs. Financial instruments are netted if the Group has a legally enforceable right to netting and intends to settle either only the balance or both the receivable and the liability at the same time.

Categories and subsequent measurement of financial assets

For all recognized financial assets, subsequent measurement is carried out at amortized cost or at fair value, depending on the classification category. The classification and measurement approach for financial assets takes the business model into account in which the assets are held as well as the characteristic of the cash flows. The following three classification categories for financial assets are distinguished:

- valued at amortized cost
- valued at fair value through profit and loss (FVTPL)
- valued at fair value through other comprehensive income (FVTOCI)

The classification category is determined by type of instrument: derivatives, equity instrument, and debt instrument.

Upon subsequent measurement, **derivatives** are valued at FVTPL.

Read more details about measurement in chapter 34. Derivatives.

A **debt instrument** is measured at **amortized cost** if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective it is to hold assets to collect contractual cash flows; and
- its contractual terms lead to cash outflows on certain dates, which are solely principal and interest payments on the outstanding principal amount.

In the Group, trade receivables, loans, and other receivables with fixed or determinable payments that are not quoted on an active market belong to this category. These assets are measured at amortized cost using the effective interest method. The amortized costs are reduced by impairment losses. Interest income, foreign exchange gains and losses, derecognition effects, and impairments are recognized in profit or loss.

A **debt instrument** is valued at **FVTOCI** if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective it is both, to collect contractual cash flows and to sell financial assets; and
- its contractual terms lead to cash outflows on certain dates, which are solely principal and interest payments on the outstanding principal amount.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairments are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (OCI). Upon derecognition, the cumulative gains and losses in OCI are reclassified to the income statement. In the Group, no instrument is assigned to this category in the financial year.

All **debt instruments** that are not measured at amortized cost or FVTOCI, as described above, are measured at **FVTPL**. In addition, upon initial recognition, the Group may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at FVTOCI to be measured at FVTPL if it eliminates or substantially reduces an accounting mismatch. This option is not exercised within the Group. This category includes financial instruments acquired either mainly for the purpose of being sold or bought back at short notice. Debt instruments to obtain profits from short-term fluctuations in the market price or from the trader's margin are not held. Any gain, including interest, or loss resulting from the valuation is recognized in profit or loss.

An **equity investment** is generally measured at **FVTPL** because it is held for trading or because it is irrevocably decided upon initial recognition to not present subsequent changes in fair value in OCI but in the income statement. This choice is made for each investment individually. Equity instruments that are held to gain profits from short-term fluctuations in the market price or from the trader's margin are not held. Any gain, including dividend income, or loss resulting from the valuation is recognized in profit or loss.

The Group has decided to measure individual **equity investments** at **FVTOCI**. These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless the dividend is clearly a reimbursement of part of the investment cost. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Categories and subsequent measurement of financial liabilities

The valuation of financial liabilities depends on their classification in certain categories, which are distinguished and explained as follows:

- valued at fair value through profit or loss (FVTPL)
- valued at amortized cost

The Group measures its financial liabilities at **fair value through profit or loss** if the financial liability is held for trading or if it is a derivative that has not been designated as a hedging instrument and is not effective as such.

Read more details about measurement in chapter 34. Derivatives.

Other financial liabilities, including taken out loans, are initially recognized at fair value less transaction costs. As part of subsequent measurement, other financial liabilities are measured at **amortized cost** in accordance with the effective interest method, whereby the interest costs are recognized in profit or loss corresponding with the effective interest rate.

Fair value

The fair value is the price that would be received in an orderly transaction between market participants on the measurement date for the sale of an asset or for the transfer of a liability. The measurement of financial instruments at fair value follows a three-level hierarchy and is based on the proximity of the applied measurement factors to an active market.

- **Level 1:** Financial instruments are valued according to level 1 if they have a quoted price in an active market for an identical asset or liability accessible for an entity. Quoted prices represent the fair value.
- **Level 2:** If the valuation according to level 1 is not accomplishable, level 2 valuation uses directly or indirectly observable inputs for determining the fair value.
- **Level 3:** If inputs are not observable, level 3 valuation uses unobservable inputs for determining the fair value.

Valuation techniques

Class	Valuation techniques for the determination of fair values
Derivatives, investments, miscellaneous other financial assets, Schuldscheindarlehen, bank loans, and other financial liabilities and lease liabilities	The fair value is basically calculated using stock market prices. If no stock market prices are available, the valuation is carried out using customary valuation methods taking specific parameters into account. The valuation model takes the present value of the expected cash flows into account, discounted with a risk-adjusted discount rate applicable for the remaining term.
Trade accounts receivable, other receivables and assets, cash and cash equivalents, time deposits included in “investments”, trade accounts payable, and other liabilities	These classes of financial assets and liabilities are accounted for at their book value, which is a reasonable approximation of their fair value due to the fact that their residual maturity is essentially short.
Other shares, equity instruments included in “investments”, and contingent considerations	There are no prices quoted on an active market for these financial instruments. The valuation is made via valuation parameters that are not observable on the market, e.g. cashflow planning

a) Levels and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

As of December 31, 2023

(in MEUR)							Net book value				Fair value
	Chapter	Hedge accounting at fair value	Mandatory at FVTPL	Equity instruments - FVTOCI	At amortized costs	No IFRS 9 valuation category	Total	Level 1	Level 2	Level 3	Total
Time deposits included in "investments"	31.				112.9		112.9				
Other investments	31.		168.8	28.3			197.1	168.8		28.3	197.1
Shares in non-consolidated companies and other shares	31.			0.6		23.6	24.2			0.6	0.6
Derivatives	34.	65.4	11.9				77.3		77.3		77.3
Miscellaneous other financial assets	31.				1.0		1.0		0.9		0.9
Trade accounts receivable	24.				1,076.0		1,076.0				
Other receivables and assets	25.				166.0	275.3	441.3				
Cash and cash equivalents	32.				1,507.1		1,507.1				
FINANCIAL ASSETS		**65.4**	**180.7**	**28.9**	**2,863.0**	**298.9**	**3,436.9**				
Derivatives	34.	30.9	23.4				54.3		54.3		54.3
Bank loans and other financial liabilities	36.				204.4		204.4		197.3		197.3
Lease liabilities	19./36.				209.5		209.5		202.7		202.7
Trade accounts payable	28.				1,022.9		1,022.9				
Earn out and contingent considerations	29.				23.5		23.5			23.0	23.0
Schuldscheindarlehen	36.				728.7		728.7		694.8		694.8
Other liabilities	29.				89.6	1,067.6	1,157.2				
FINANCIAL LIABILITIES		**30.9**	**23.4**		**2,278.6**	**1,067.6**	**3,400.5**				

As of December 31, 2022

(in MEUR)						Net book value					Fair value
	Chapter	Hedge accounting at fair value	Mandatory at FVTPL	Equity instruments - FVTOCI	At amortized costs	No IFRS 9 valuation category	Total	Level 1	Level 2	Level 3	Total
Time deposits included in "investments"	31.				497.5		497.5				
Other investments	31.		253.6	29.2			282.8	253.6		29.2	282.8
Shares in non-consolidated companies and other shares	31.			0.6		19.0	19.6			0.6	0.6
Derivatives	34.	55.3	16.1				71.4		71.4		71.4
Miscellaneous other financial assets	31.				0.9		0.9		0.8		0.8
Trade accounts receivable	24.				1,065.1		1,065.1				
Other receivables and assets	25.				133.2	260.5	393.7				
Cash and cash equivalents	32.				1,302.0		1,302.0				
FINANCIAL ASSETS		**55.3**	**269.7**	**29.8**	**2,998.7**	**279.5**	**3,633.0**				
Derivatives	34.	51.3	25.7				77.0		77.0		77.0
Bank loans and other financial liabilities	36.				187.0		187.0		175.7		175.7
Lease liabilities	19./36.				207.4		207.4		188.4		188.4
Trade accounts payable	28.				983.0		983.0				
Earn out and contingent considerations	29.				9.3		9.3			9.3	9.3
Schuldscheindarlehen	36.				893.9		893.9		837.3		837.3
Other liabilities	29.				100.0	1,066.1	1,166.1				
FINANCIAL LIABILITIES		**51.3**	**25.7**		**2,380.6**	**1,066.1**	**3,523.7**				

b) Reconciliation of level 3 measurement at fair value

The table below contains only financial assets:

(in MEUR)	2023	2022
Balance as of January 1	**29.8**	**23.0**
Gains and losses recognised in other comprehensive income	-1.8	-2.5
Acquisitions and disposals	0.9	9.3
Balance as of December 31	**28.9**	**29.8**

c) Equity instruments at fair value through other comprehensive income

The equity instruments listed in the table below were designated as measured at fair value through OCI. These shares represent long-term strategic investments, which is why ANDRITZ considers this valuation category to be appropriate. No strategic investments were sold in the financial year. With regard to these investments, no accumulated gains or losses were transferred within equity.

(in MEUR)	Fair value as of December 31, 2023	Fair value as of December 31, 2022	Dividend income of 2023	Dividend income of 2022
JVP VIII, L.P.	21.0	22.7	0.0	0.0
ASTARIS S.p.a.	5.2	5.2	0.0	0.0
Others	2.7	1.9	0.1	0.1
	28.9	**29.8**	**0.1**	**0.1**

d) Net gains and losses

2023

(in MEUR)	Derivatives	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Financial assets measured at amortized costs	Financial liabilities measured at amortized costs
Interest result	-6.6	0.5	0.7	67.3	-23.9
Dividends		0.9	0.1		
Valuation	0.9	4.9		-9.5	
Gains and losses from sale and disposal		-0.6			
Net gains and losses recognized in net income	**-5.7**	**5.7**	**0.8**	**57.8**	**-23.9**
Net gains and losses recognized in other comprehensive income	51.3		-1.8		
NET GAINS AND LOSSES	**45.6**	**5.7**	**-1.0**	**57.8**	**-23.9**

2022

(in MEUR)	Derivatives	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Financial assets measured at amortized costs	Financial liabilities measured at amortized costs
Interest result	-7.8	0.5	1.1	38.4	-23.3
Dividends		0.2	0.1		
Valuation	12.1	-10.0		-32.3	
Net gains and losses recognized in net income	**4.3**	**-9.3**	**1.2**	**6.1**	**-23.3**
Net gains and losses recognized in other comprehensive income	2.0		-2.5		
NET GAINS AND LOSSES	**6.3**	**-9.3**	**-1.3**	**6.1**	**-23.3**

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

To assess the fair value of financial instruments for which there is no active market, alternative valuation methods are used that are subject to estimation uncertainties. The parameters used in the assessment are to some extent based on future-oriented assumptions and the selection of suitable parameters requires assumptions about their comparability.

In accordance with the disclosure requirements for financial instruments, certain assumptions are made regarding the future cash inflows and outflows of the instruments concerned.

31. Investments and other financial assets

ACCOUNTING POLICIES

Non-current investments and other financial assets consist primarily of non-current securities, Schuldschein-darlehen, shares in non-consolidated companies, and other shares.

The current investments consist mainly of government bonds, bonds of first class banks, money market funds, and time deposits. They are held for the purpose of investing liquid funds and are not generally intended to be retained on a long-term basis.

Read more details on valuation in chapter 30. Financial assets and liabilities.

Non-current investments and other financial assets are as follows:

(in MEUR)	2023	2022
Investment securities	29.9	31.2
Shares in non-consolidated companies	23.6	19.0
Time deposits	15.0	20.2
Other shares	0.6	0.6
Miscellaneous	1.0	0.9
	70.1	**71.9**

The shares in non-consolidated companies did not include a restricted right of use in 2023 or 2022, respectively.

Current investments consist of the following:

(in MEUR)	2023	2022
Bank bonds	116.7	146.6
Time deposits	97.9	477.3
Funds	34.2	85.0
Government bonds	16.3	20.0
	265.1	**728.9**

32. Cash and cash equivalents

ACCOUNTING POLICIES

Cash includes cash in hand and cash at banks. Cash equivalents comprise short-term investments that have original maturities of three months or less and are subject to an insignificant risk of changes in value e.g. time deposits.

Read more details on valuation in chapter 30. Financial assets and liabilities.

Cash and cash equivalents are as follows:

(in MEUR)	2023	2022
Cash in banks	883.6	906.4
Time deposits	623.5	395.6
	1,507.1	**1,302.0**

The cash and cash equivalents in the consolidated statement of financial position correspond to cash and cash equivalents in the consolidated statement of cash flows.

In various countries foreign exchange restrictions and other legal restrictions exist. As a result, the availability of these funds of cash and cash equivalents to ANDRITZ AG as the parent company might be restricted.

33. Equity

ACCOUNTING POLICIES

Share capital
Only ordinary shares exist, and all shares have been issued and have the same rights. The share capital of ANDRITZ AG amounts to 104 MEUR, divided into 104 million shares of no-par value.

Capital reserves
The capital reserves include additional payments from shareholders on the issue of shares.

Retained earnings

Retained earnings predominantly include retained income, fair value reserve, actuarial gains and losses, and currency translation adjustments.

Fair value reserve

The fair value reserve contains the following components:

- **Reserve for cash flow hedging (hedging reserve)**
  This reserve comprises the effective part of the cumulative net changes in the fair value of hedging instruments used to hedge cash flows until they are subsequently recognized in profit or loss or are recognized directly in the acquisition costs or the carrying amount of a non-financial asset or a non-financial debt.

- **Reserve for the cost of hedging**
  This reserve shows gains and losses of the portion that is excluded from the designated hedging transaction that relates to the forward element of a forward exchange transaction. The cost of hedging is initially recognized in other comprehensive income and accounted for similar to the gains and losses in the reserve for cash flow hedging.

- **Reserve from changes in the fair value of financial assets**
  This reserve relates to the cumulative net changes in the fair value of equity instruments designated as measured at FVTOCI.

a) Other comprehensive income

The amounts attributable to components of other comprehensive income are as follows:

(in MEUR)			2023			2022
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Actuarial gains and losses	-9.5	6.1	-3.4	40.5	-14.2	26.3
Remeasurement of defined benefit plans	**-9.5**	**6.1**	**-3.4**	**40.5**	**-14.2**	**26.3**
Changes in fair values	-1.8	0.5	-1.3	-2.5	0.7	-1.8
Equity instruments - FVTOCI	**-1.8**	**0.5**	**-1.3**	**-2.5**	**0.7**	**-1.8**
Currency translation adjustments	-21.3	0.0	-21.3	14.6	0.0	14.6
Currency translation of foreign operations	**-21.3**	**0.0**	**-21.3**	**14.6**	**0.0**	**14.6**
Changes in fair values	33.4	-10.4	23.0	-28.6	8.9	-19.7
Transfers to income statement	14.9	-4.7	10.2	22.0	-6.6	15.4
Cash flow hedges (hedging reserve)	**48.3**	**-15.1**	**33.2**	**-6.6**	**2.3**	**-4.3**
Changes in fair values	-1.6	0.5	-1.1	12.9	-4.0	8.9
Transfers to income statement	4.6	-1.4	3.2	-4.3	1.3	-3.0
Cash flow hedges (cost of hedging)	**3.0**	**-0.9**	**2.1**	**8.6**	**-2.7**	**5.9**
	18.7	**-9.4**	**9.3**	**54.6**	**-13.9**	**40.7**

b) Dividends

For 2023, a dividend of 2.50 EUR per outstanding share is proposed by the Executive Board.

The dividend of 207.7 MEUR for 2022, which is equal to 2.10 EUR per share, was proposed by the Executive Board and approved by the 116th Annual General Meeting on March 29, 2023. The dividend was paid to the shareholders on April 5, 2023.

c) Treasury shares

Based on an authorization from the Annual General Meeting and with the approval of the Supervisory Board, the Executive Board has decided on a share buyback and share resale program, which enables the acquisition of shares to the maximum extent permitted by law for a period of 30 months from October 1, 2023.

In 2023, no shares were bought back. 272,250 shares were sold to authorized executives as part of the management share option plan for executives. 34,621 shares were transferred to employees of ANDRITZ as part of employee participation programs. As of December 31, 2023, the company held 4,789,540 treasury shares with a market value of 270.1 MEUR. It is planned to use these shares to service options under the management share option plan and the employee participation programs.

The following table shows the changes in the number of shares outstanding:

	Shares outstanding	Treasury shares	Total
Balance as of December 31, 2021	**99,190,685**	**4,809,315**	**104,000,000**
Purchase of treasury shares	-344,750	344,750	0
Used to cover share options and employee participation programs	57,654	-57,654	0
Balance as of December 31, 2022	**98,903,589**	**5,096,411**	**104,000,000**
Purchase of treasury shares	0	0	0
Used to cover share options and employee participation programs	306,871	-306,871	0
Balance as of December 31, 2023	**99,210,460**	**4,789,540**	**104,000,000**

d) Management share option programs

ACCOUNTING POLICIES

Share Option Program 2022

In June 2022 the Executive Board and the Supervisory Board of ANDRITZ AG decided to offer managers and junior executives a share option program. The number of options granted per authorized manager can be up to 20,000, depending on the area of responsibility, and up to 37,500 for the members of the Executive Board. The options are to be drawn from the pool of shares bought back under the corporate share buy-back program. One share option entitles the holder to the purchase of one share.

In order to exercise a share option, the beneficiary must have been in an active employment relationship with a company belonging to the ANDRITZ GROUP from June 1, 2022 until the date of exercise of an option.

Up to 30% of the options can be exercised between May 1, 2025, and April 30, 2029 (i.e. period of exercise), provided that the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2024 to April 30, 2025 is at least 10% above the exercise price or the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2025 to April 30, 2026 is at least 15% above the exercise price.

Up to 60% of the options can be exercised between May 1, 2025, and April 30, 2029, provided that the EBITA margin for the 2022, 2023 or 2024 business year is within the EBITA-corridor. The EBITA corridor is defined the following way: With an EBITA margin between 7.5% and 9.0% the aliquot exercise of options is possible depending on the level of the EBITA margin, and with an EBITA margin of 9.0% or higher 100% of the options can be exercised.

10% of the options can be exercised between May 1, 2025, and April 30, 2029, and only if the “Accident Frequency Rate (AFR 1) > 1 day absence” is ≤ 2.4 in 2022, ≤ 1.7 in 2023 or ≤ 1.2 in 2024.

If the conditions of exercise are met, 50% of the options can be exercised immediately, 25% after three months, and the remaining 25% after a further three months. Share options can only be exercised by way of written notification to the company. The share options are not transferable. The shares purchased under the share option program are not subject to a ban on sales over a certain period.

The calculation of fair value was based on an option pricing model; applying methods scientifically recognized. The share price at the time of granting the options was the closing price of the ANDRITZ share on June 1, 2022, and amounted to 43.56 EUR. The exercise price of the option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 115th Annual General Meeting on April 7, 2022, and amounted to 38.80 EUR. The expected volatility and the expected dividend were calculated based on historical data of ANDRITZ.

Share Option Program 2020

The 113th Annual General Meeting on July 7, 2020, approved another share option program for managers and members of the Executive Board. The number of options granted per authorized manager can be up to 20,000, depending on the area of responsibility, and up to 37,500 for the members of the Executive Board. The options are to be drawn from the pool of shares bought back under the corporate share buy-back program. One share option entitles the holder to the purchase of one share.

In order to exercise a share option, the beneficiary must have been in an active employment relationship with a company belonging to the ANDRITZ GROUP from September 1, 2020, until the date of exercise of an option. Another requirement is a personal investment in ANDRITZ shares of at least 5 TEUR for junior executives for future top management posts, at least 20 TEUR for senior executives and at least 40 TEUR for members of the Executive Board.

Up to 90% of the options can be exercised between May 1, 2023, and April 30, 2027 (i.e. period of exercise), provided that the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2022 to April 30, 2023 is at least 10% above the exercise price and the EBITA margin for the 2021 or 2022 business year is within the EBITA-corridor; or the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2023 to April 30, 2024 is at least 15% above the exercise price and the EBITA margin for the 2022 or 2023 business year is within the EBITA-corridor. The EBITA corridor is defined the following way: With an EBITA margin between 6.5% and 7.9% the aliquot exercise of options is possible depending on the level of the EBITA margin, and with an EBITA margin of 8% or higher 90% of the options can be exercised.

10% of the options can be exercised between May 1, 2023, and April 30, 2027, and only if the “Accident Frequency Rate (AFR) > 3 days absence” is ≤ 3.5 in 2021, 2022 or 2023.

If the conditions of exercise are met, 50% of the options can be exercised immediately, 25% after three months, and the remaining 25% after a further three months. Share options can only be exercised by way of written notification to the company. The share options are not transferable. The shares purchased under the share option program are not subject to a ban on sales over a certain period.

The calculation of fair value was based on an option pricing model; applying methods scientifically recognized. The share price at the time of granting the options was the closing price of the ANDRITZ share on September 1, 2020, and amounted to 27.64 EUR. The exercise price of the option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 113th Annual General Meeting on July 7, 2020, and amounted to 31.20 EUR. The expected volatility and the expected dividend were calculated based on historical data of ANDRITZ.

Due to the fact that the management share option programs do not include cash settlements, corresponding expenses are recorded directly in equity, according to the International Financial Reporting Standards.

948,500 options were granted from the 2020 stock option program. The fair value of the options at the time they were granted amounted to 2.1 MEUR, of which 0.3 MEUR were recognized in expenses in 2023.

828,485 options were granted from the 2022 stock option program. The fair value of the options at the time they were granted amounted to 8.4 MEUR, of which 2.9 MEUR were recognized in expenses in 2023.

Movements in options under the share option plans for the 2023 and 2022 financial years were as follows:

		2023		2022
	Number of options	Average exercise price per option (in EUR)	Number of options	Average exercise price per option (in EUR)
Balance as of January 1	**1,763,485**	**34.77**	**1,792,000**	**38.28**
Options granted	0	0.00	828,485	38.80
Options exercised	-272,250	31.20	0	0.00
Options expired and forfeited	-65,000	31.20	-857,000	46.01
Balance as of December 31	**1,426,235**	**35.62**	**1,763,485**	**34.77**
Exercisable at year-end	0		0	

! SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The share option programs are measured based on the fair value of the options on the grant date. The fair value of the options is based on parameters such as volatility, interest rate, share price, duration of the options, and expected dividends. The interpretation of market information necessary for the estimation of fair values also requires a certain degree of subjective judgment. This can result in a difference between the amounts recorded and values subsequently realized in the market.

e) Non-controlling interests

ACCOUNTING POLICIES

The share attributable to non-controlling interests is shown separately in equity of the consolidated statement of financial position, in the consolidated income statement, and in the consolidated statement of other comprehensive income. The purchase method was applied for all companies acquired. Companies purchased or sold during the year were included in the consolidated financial statements as from the date of their purchase or up to the date of their sale.

(in MEUR)	Main office	Proportion of ownership interests and voting rights held by non-controlling interests		Net income allocated to non-controlling interests		Non-controlling interests	
		2023	2022	2023	2022	2023	2022
OTORIO LTD	Tel Aviv, Israel	49.99%	49.99%	-6.7	-7.8	-22.1	-15.7
PT. ANDRITZ HYDRO	Jakarta, Indonesia	49.00%	49.00%	0.8	0.8	1.9	1.8
Dabaki Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Mainz, Germany	6.00%	6.00%	0.0	0.0	0.0	0.0
				-5.9	**-7.0**	**-20.2**	**-13.9**

f) Additional capital management disclosures

ANDRITZ is committed to maintain a strong financial profile, characterized by a conservative capital structure that provides financial flexibility. As of December 31, equity and total assets amounted to the following:

(in MEUR)	2023	2022
Total equity	2,157.5	1,834.7
Total assets	8,497.3	8,491.8
Equity ratio	25.4%	21.6%

ANDRITZ is not subject to any statutory capital requirements. The company has obligations to sell or issue shares in connection with existing share-based payment plans. In recent years, commitments from share-based payments have primarily been satisfied through buy-back of the company's shares.

The goal in capital management is on the one hand to ensure the going concern of the group entities and on the other hand to maximize the return to shareholders by optimizing the debt and equity balance. In the past Schuldscheindarlehen (in 2017, 2018, and 2019) were issued to safeguard the financial stability and to provide the basis for further growth of the ANDRITZ GROUP. The capital structure of the Group consists of debt, cash, and equity attributable to shareholders of the parent, comprising share capital, capital reserves, and retained earnings.

The capital structure is reviewed on an ongoing basis. The cost of capital and the risks associated with each class of capital are taken into account. The Group will continue to optimize its capital structure through the payment of dividends, share buy-backs as well as the issue and repayment of debt.

The Group's overall strategy remains unchanged from 2022.

34. Derivatives

ACCOUNTING POLICIES

The Group uses derivatives to hedge interest rate and foreign currency risks arising from operational, financing, and investment activities. Financial liabilities to obtain profits from short-term fluctuations in the market price or from the trader's margin are not held.

Accounting for derivatives, that are not designated as a hedging relationship

Derivatives that are not designated as a hedging relationship are classified as held for trading in accordance with IFRS 9 and recorded at fair value. As of the balance sheet date, the fair value of open derivatives is calculated as the present value of future cash flows using currency and interest rate quotations. The own credit risk as well as the credit risk of the contractual partner are included. Any gain or loss resulting from the valuation is recognized in the income statement.

Hedge Accounting

In order to better present the economic effects of the risk management activities, ANDRITZ applies the regulations on the accounting of hedging transactions according to IFRS 9.

At inception of the hedge, ANDRITZ documents the economic relationship between the hedging instrument and the hedged underlying transaction, including the risk management objectives and the underlying corporate strategy. The essential conditions of the payments from the underlying transactions and hedging instruments (in particular nominal and payment dates) are basically identical or behave in opposite directions ("critical terms match").

Derivatives are initially recorded at fair value at the time a derivative contract is concluded and are measured at fair value at the end of each reporting period. Depending on the fair value (positive or negative), the derivative financial instruments are recorded as other receivables or other liabilities. The instruments are classified as non-current if the remaining terms exceed 12 months and current if the remaining terms are 12 months or less. The changes in fair value are recorded differently depending on the type of hedging relationship:

Fair value hedge

In connection with the hedge of the fair value of a recognized asset or recognized liability, the change in fair value of the hedging instrument and the underlying transaction are recognized in the income statement.

Cash flow hedge

If a derivative is designated as a cash flow hedge, the effective part of the change in fair value is recognized in other comprehensive income and accumulated in the reserve for cash flow hedges (hedging reserve). The effective part of the changes in fair value that is recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged underlying (calculated based on the present value) since the inception of the hedge. An ineffective portion of the changes in the fair value of the derivative is recognized immediately in income statement.

The Group only records the change of the fair value of the spot component of currency forwards as a hedging instrument in the hedging reserve. The change in the fair value of the forward element of forward exchange transactions (forward points) or the basis spread of swaps is accounted for separately as cost of hedging and is allocated in a reserve for cost of hedging in equity.

When the cash flow hedge results in the recognition of a non-financial asset or non-financial liability or becomes a firm commitment to which hedge accounting is applied, the amounts recognized in other comprehensive income up to the date of recognition become part of the acquisition cost of the non-financial asset or non-financial liability.

In all other cases of cash flow hedges, the amount recognized in other comprehensive income is transferred from equity to the income statement, at the point at which the underlying transaction affects the income statement.

If a hedging instrument expires, is terminated or the hedge no longer meets the criteria for hedge accounting, all cumulative gains or losses and the accrued cost of hedging remain in equity until the forecasted transaction takes place. If the forecasted transaction is no longer expected, the cumulative gains or losses and the cost of the hedging are immediately reclassified to the income statement.

In the ANDRITZ GROUP, cash flows from purchases and sales in the operating business are hedged by use of foreign currency forwards and foreign currency swaps. This is intended to secure the expected and highly likely future transactions in foreign currencies.

ANDRITZ also uses interest rate swaps to hedge against the interest rate risk of future cash flows from financial liabilities. From 2017 to 2019, Schuldscheindarlehen were issued in ten tranches with a total nominal value of 1,075.0 MEUR. The tranches were concluded with terms of five to ten years and have variable or fixed interest rates. To hedge the interest rate risk of future cash flows, four interest rate swaps were concluded. The future cash flows expected from the floating-rate nominal amount of 190.5 MEUR were defined as the underlying. Combined with the related interest rate swaps it was designated as a cash flow hedge relationship. In 2023, the repayment of the last variable-interest Schuldscheindarlehen tranche with a total nominal value of 80.0 MEUR was made (2022: one tranche with a total nominal value of 58.0 MEUR). The associated interest rate swaps were due analogously.

The following overview shows the nominal values and fair values by type of forward contract:

As of December 31, 2023

(in MEUR)	Remaining terms nominal values			Fair value		
	not exceeding 1 year	more than 1 year	Total	positive	negative	Total
Foreign exchange forward contracts	2,906.0	710.8	3,616.8	77.1	54.1	23.0
thereof hedge accounting	1,886.4	751.9	2,638.3	65.2	30.9	34.3
Interest rate swaps	1.0	2.0	3.0	0.2	0.0	0.2
thereof hedge accounting	1.0	2.0	3.0	0.2	0.0	0.2
Forward contracts - Commodities	1.1	4.5	5.6	0.0	0.2	-0.2
	2,908.1	**717.3**	**3,625.4**	**77.3**	**54.3**	**23.0**

As of December 31, 2022

(in MEUR)	Remaining terms nominal values			Fair value		
	not exceeding 1 year	more than 1 year	Total	positive	negative	Total
Foreign exchange forward contracts	2,566.7	957.6	3,524.3	71.1	76.9	-5.8
thereof hedge accounting	1,528.6	974.9	2,503.5	55.0	51.3	3.7
Interest rate swaps	11.0	3.0	14.0	0.3	0.0	0.3
thereof hedge accounting	11.0	3.0	14.0	0.3	0.0	0.3
Forward contracts - Commodities	2.6	2.1	4.7	0.0	0.1	-0.1
	2,580.3	**962.7**	**3,543.0**	**71.4**	**77.0**	**-5.6**

These hedging instruments are included in the balance sheet items “Other receivables and assets” and “Other liabilities”. The net gains and losses from forwards contracts, that do not qualify as hedging relationship, contained in other gains and losses are shown in the respective table:

Read more in chapter 30. d) Net gains and losses.

a) Information on hedge accounting derivatives

The hedging instruments designated as a hedging relationship are included in the balance sheet items “Other receivables and assets” and “Other liabilities”. Information on nominal values, book values, and conditions of the hedge accounting derivatives is provided below:

As of December 31, 2023

	Nominal value	Book value - receivables	Book value - liabilities	Book value - net	Hedging period until	Average hedging rate	Change in fair value used to calculate ineffectiveness
	(in MEUR)	(in MEUR)	(in MEUR)	(in MEUR)			(in MEUR)
Currency risk							
EUR / BRL	173.2	4.4	-0.5	3.9	January 2024 - September 2029	6.3	1.4
EUR / CHF	64.7	1.9	-1.5	0.4	January 2024 - December 2027	1.0	0.4
EUR / CNY	43.2	0.5	-0.6	-0.1	January 2024 - January 2027	7.7	0.8
EUR / INR	218.0	0.2	-0.7	-0.5	January 2024 - May 2026	84.0	-1.1
EUR / SEK	75.5	1.1	-2.0	-0.9	January 2024 - December 2026	11.4	-1.2
EUR / USD	93.3	1.6	-1.5	0.1	January 2024 - August 2027	1.1	1.3
USD / BRL	321.9	7.8	-0.2	7.6	January 2024 - November 2026	5.3	3.7
USD / CNY	82.0	0.3	-0.9	-0.6	January 2024 - May 2027	7.0	-2.4
USD / EUR	866.3	22.6	-8.4	14.2	January 2024 - March 2028	0.9	27.2
USD / INR	72.3	0.2	-0.1	0.1	January 2024 - March 2030	86.4	-0.1
USD / MXN	89.7	19.8	0.0	19.8	January 2024 - November 2027	20.6	11.9
AUD / EUR	32.7	0.1	-0.4	-0.3	January 2024 - June 2026	0.6	1.6
CNY / EUR	275.6	0.7	-10.7	-10.0	January 2024 - January 2028	0.1	-12.6
GBP / EUR	64.0	0.2	-0.2	0.0	January 2024 - March 2028	1.1	-0.1
Others	165.9	3.8	-3.2	0.6	January 2024 - February 2026	-	2.9
	2,638.3	**65.2**	**-30.9**	**34.3**			
Interest risk							
variable / fixed	3.0	0.2	0.0	0.2	May 2024 - May 2026	-	-0.3
	3.0	**0.2**	**0.0**	**0.2**			

As of December 31, 2022

	Nominal value	Book value - receivables	Book value - liabilities	Book value - net	Hedging period until	Average hedging rate	Change in fair value used to calculate ineffectiveness
	(in MEUR)	(in MEUR)	(in MEUR)	(in MEUR)			(in MEUR)
Currency risk							
EUR / USD	885.6	15.1	-20.9	-5.8	January 2023 - January 2028	1.1	1.0
EUR / CNY	298.3	3.0	-3.8	-0.8	January 2023 - November 2026	7.3	-6.4
EUR / INR	62.2	0.9	-1.0	-0.1	January 2023 - January 2026	90.0	-1.7
EUR / BRL	60.7	2.0	-1.2	0.8	January 2023 - September 2029	6.4	-1.3
EUR / AUD	57.5	0.1	-1.2	-1.1	January 2023 - October 2025	1.6	-0.7
EUR / CHF	14.8	0.2	-0.2	0.0	January 2023 - October 2025	1.0	0.1
USD / EUR	368.6	12.6	-8.1	4.5	January 2023 - August 2027	0.9	-5.1
USD / BRL	94.0	3.4	-0.8	2.6	January 2023 - June 2026	5.7	-1.4
USD / CNY	92.3	1.5	-1.0	0.5	January 2023 - May 2027	6.8	-2.1
USD / INR	73.8	0.2	-1.3	-1.1	January 2023 - February 2027	84.0	-3.3
CHF / EUR	55.9	0.9	-1.3	-0.4	January 2023 - December 2027	1.0	-1.2
CNY / EUR	33.4	0.1	-0.7	-0.6	January 2023 - June 2024	0.1	0.0
SEK / EUR	140.0	0.8	-5.6	-4.8	January 2023 - June 2025	0.1	-7.3
MXN / USD	91.5	10.9	0.0	10.9	January 2023 - December 2027	0.0	6.1
Others	174.9	3.3	-4.2	-0.9	January 2023 - December 2026	-	-5.7
	2,503.5	**55.0**	**-51.3**	**3.7**			
Interest risk							
variable / fixed	14.0	0.3	0.0	0.3	May 2023 - May 2026	-	0.4
	14.0	**0.3**	**0.0**	**0.3**			

b) Development of the cash flow hedge reserve

Development of the cumulative other comprehensive income from hedging relationships shown in the fair value reserve, broken down by risk component and cost of hedging:

(in MEUR)	Currency risk	Interest risk	Total hedging reserve	Cost of hedging	Total cashflow hedge reserve
Balance as of December 31, 2021	**2.7**	**-1.3**	**1.4**	**-6.2**	**-4.8**
Changes in fair values	-29.0	0.4	-28.6	12.9	-15.7
Transfers to income statement	20.3	1.7	22.0	-4.3	17.7
Tax effect	2.8	-0.5	2.3	-2.7	-0.4
Balance as of December 31, 2022	**-3.2**	**0.3**	**-2.9**	**-0.3**	**-3.2**
Changes in fair values	33.7	-0.3	33.4	-1.6	31.8
Transfers to income statement	14.9	0.0	14.9	4.6	19.5
Tax effect	-15.2	0.1	-15.1	-0.9	-16.0
Balance as of December 31, 2023	**30.5**	**0.1**	**30.6**	**1.8**	**32.4**

Transfers to income statement are mainly to revenue and interest result.

c) Information on ineffectiveness

When assessing the ineffectiveness of the hedging of currency risks, the default risk of a counterparty, significant changes in the credit risk of a contracting party in the hedging relationship or the change in the payment date of the hedged item, a reduction in the total invoice amount or the price of the hedged item are used. With regard to the interest rate risk, the effectiveness of the hedging relationship is determined using the cumulative dollar offset method based on forward rates.

The ineffectiveness of the designated underlying transactions is as follows:

			2023			2022
(in MEUR)	Change in fair value used to calculate ineffectiveness	Ineffectiveness	Change in fair value recorded in other result	Change in fair value used to calculate ineffectiveness	Ineffectiveness	Change in fair value recorded in other result
Currency risk						
Foreign exchange forward contracts - purchase and sale	33.7	0.0	33.7	-29.0	0.0	-29.0
Interest risk						
Interest rate swaps - variable rate loans and Schuldscheindarlehen	-0.3	0.0	-0.3	0.4	0.0	0.4

The result of the calculation of the ineffectiveness from hedging currency and interest rate risk is recorded in the item “other financing expenses” in the income statement.

d) Offsetting

The Group concludes derivatives in accordance with the Global Netting Agreements (Framework Agreement) of the International Swaps and Derivative Association (ISDA) and similar agreements. These agreements do not meet the criteria for netting in the balance sheet. This is because at present the Group has no legal entitlement to offset the amounts recognized. In the case of a termination of the framework agreement or an early termination of the outstanding contracts, the net amounts of the market values of all contracts to be terminated would be compensated.

The following table sets out the book values of all derivative financial instruments that are subject to the arrangements described:

(in MEUR)		2023		2022
	positive	negative	positive	negative
Gross and net amounts (in the statement of financial position)	**77.3**	**-54.3**	**71.4**	**-77.0**
Netting (potential effects)	-3.6	3.6	-9.3	9.3
NET AMOUNTS	**73.7**	**-50.7**	**62.1**	**-67.7**

! SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

Assumptions are made about the fair values of derivatives, in particular derivatives in foreign currencies, as of the balance sheet date, which essentially reflect the future cash inflows or outflows from such instruments.

35. Risk management – risks relating to financial instruments

As a global company serving a variety of different markets and customers, the Group is subject to risks relating to financial instruments as well as strategic and operational risks. ANDRITZ has implemented an established Group-wide control and risk management system with the main task of identifying emerging risks at an early stage and quickly taking countermeasures. It is an important element in the active risk management system within the Group. Despite having this control and risk management system in place, it cannot be guaranteed that all risks will be identified at an early stage. Consequently, assets, liabilities, financial position, and profit or loss of the Group could be adversely affected. In order to minimize the financial risks at the best possible rate and to enhance monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP has implemented comprehensive policies and a transparent information system. The individual risks relating to financial instruments are described below.

For ANDRITZ there are no financial risks resulting from climate risks. ANDRITZ does not have any loan agreements that include climate-related targets, so climate-related covenants cannot be breached. Lenders have not included environmental aspects into pricing of loans that would result in a discount on the interest rate when certain climate-related targets are met, and thereby triggering accounting for an embedded derivative.

a) Credit risks

ACCOUNTING POLICIES

The impairment model applies to the following assets:

- Financial assets valued at amortized cost
- Debt instruments valued at FVTOCI
- Contract assets

The impairment model of "expected credit losses" (ECL) is applied. This model requires significant judgment to what extent the expected credit losses are affected by changes in economic factors. This assessment is determined based on weighted probabilities. One of the following principles serves as a basis:

- 12-month credit losses: These are the expected credit losses due to possible defaults within 12 months after the balance sheet date.
- Lifetime credit losses: These are expected credit losses due to all possible defaults during the expected lifetime of a financial instrument.

General approach

If an asset does not yet show an impairment loss at the time of acquisition, it is assessed based on the concept of 12-month credit loss at initial recognition. In principle, this assessment is retained for the following balance sheet dates. If the credit risk of a financial asset has increased significantly on the balance sheet date since initial recognition, the valuation is based on the concept of lifetime credit loss. When determining if the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers appropriate and supporting information that is relevant and available without unreasonable effort. This includes both quantitative and qualitative information and analysis, based on the historical experience of the Group and forward-looking information as well as a thorough credit assesment.

The Group assumes that the credit risk of a financial asset has **significantly increased** if

- the financial asset is more than 30 days past due, unless there are reasonable causes or

- an instrument needs to be renegotiated and stricter requirements (e.g. increase in collateral, etc.) are applied or
- there is a significant change in credit spreads, credit default swap rates for borrowers, etc. for a specific or similar instrument.

At each balance sheet date, the Group assesses whether the respective assets are **credit-impaired**. This is the case when one or more events that adversely affect estimated future cash flows have occurred. A corresponding impairment reduces the gross book value of the assets. The following indicators are used to asses, based on reasonable estimation, that a significant change in credit risk has occurred and that it cannot be realized:

- The borrower is unlikely to fully offset its credit commitments to the Group without the Group taking any action such as claiming a payment security (if any) or
- the financial asset is more than 90 days overdue, unless there are reasonable causes or
- the rating no longer meets the notation "investment grade". The Group defines this as Baa3 respectively BBB- or higher (Cash and cash equivalents and time deposits included in “Investments“ deposited at banks; or financial institutions are generally rated from Aaa to Ba1 by the rating agency Moody's and from AA+ to BB+ by Standard & Poor’s and Fitch).

Simplified approach

For **trade accounts receivable** and **contract assets** that do not have a material financing component, the lifetime credit losses model always applies. ANDRITZ has also decided to apply this method to contract assets with a material financing component and other receivables. In addition to considering individual valuation allowances, the estimated expected credit losses are calculated based on experience of actual credit losses over the past five years. Credit risk within the Group is segmented by common default risk characteristics such as credit risk assessment. Actual credit losses are adjusted using scaling factors to reflect the differences between the economic conditions at the time the historical data was collected, the current conditions as well as the Group’s view of economic conditions over the expected life of the receivables. The scaling factor is based on the gross domestic product (GDP) and the unemployment rate forecasts as well as the industry indicators.

When recognizing the impairments, special disclosure requirements must be considered. There is a differentiation depending on the type of financial instrument and the level of the impairment model to which a financial instrument is assigned:

- Impairment losses on financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- If, for instance, there are objective indications of impairment at the time of acquisition, the expected credit loss is priced into the interest rate. At the time of acquisition, a separate disclosure of the valuation allowance is not necessary. For changes after initial recognition, a separate valuation allowance is required.

Risk minimization strategies

The risk of a possible default (insolvency) by individual or several counterparties is minimized by means of an internal counterparty limit system. In this system, the maximum investment limit for each individual counterparty is determined based on the respective counterparty’s credit rating (by international rating agencies such as Moody’s, Standard & Poor’s, Fitch) and the credit default swap spreads (CDS spreads – indicator of the probability of the counterparty defaulting). The counterparty limit is adjusted on a monthly basis so that it is possible to react quickly in the event of credit rating changes at short notice. If there are larger, short-term changes in CDS spreads or counterparty ratings, the counterparty exposure is reduced immediately.

Without considering risk minimization strategies as described above, the carrying values of financial assets recorded in the financial statements represent the Group's maximum exposure to credit risk.

Valuation allowances are included for all known risks. The possibility of future payment defaults exceeding the recorded valuation allowance cannot be avoided with certainty.

(in MEUR)	Trade accounts receivable	Contract assets	Other receivables and assets	Cash and cash equivalents	Investments	Total
Balance as of December 31, 2021	**-64.6**	**-1.4**	**-5.3**	**0.0**	**-0.2**	**-71.5**
Charged to expenses	-0.6	-0.1	-31.2	-0.2	-0.4	-32.5
Usage	10.2	0.0	0.0	0.0	0.0	10.2
Release	6.5	0.0	0.1	0.0	0.0	6.6
Currency translation adjustments	-1.2	0.0	0.0	0.0	0.0	-1.2
Balance as of December 31, 2022	**-49.7**	**-1.5**	**-36.4**	**-0.2**	**-0.6**	**-88.4**
Charged to expenses	-5.9	0.0	-0.2	0.0	0.0	-6.1
Usage	3.6	0.0	0.0	0.0	0.0	3.6
Release	0.0	0.1	0.0	0.1	0.6	0.8
Currency translation adjustments	1.1	0.0	0.0	0.0	0.0	1.1
Balance as of December 31, 2023	**-50.9**	**-1.4**	**-36.6**	**-0.1**	**0.0**	**-89.0**

Already in the bidding phase, customer credit assessments are carried out and corresponding credit limits are set. To minimize bad debt risks, payment securities are agreed with customers and default risks are largely covered by public or private insurers. Default and late payment risks are controlled using credit approvals, credit limits, and monitoring procedures.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as ones with similar characteristics if they are related entities. There is no revenue from transactions with a single external customer that amount to 10% or more of the Group's revenue. On an overall basis, there is no significant concentration of credit risk.

To ensure transparency with respect to financial risks on projects and to enable immediate countermeasures credit risk is reported to the Executive Board on a quarterly basis. The reporting shows the maximum expected unsecured credit risk for orders with a value of over one million euros as well as customer ratings.

Changes in gross book values that contribute to changes in impairment are mainly related to the project portfolio and regional distributions. For assets that were assessed according to the model of 12-month credit losses at inception, there was no significant increase in default risk since initial recognition. Therefore, there was no change to the valuation to the model of lifetime credit losses.

The following tables show the gross book values and value adjustments of the assets included in the impairment model of IFRS 9, separated by risk category. The risk classes are based on the method of determining the valuation allowance.

Trade accounts receivable

In order to control the credit risks from outstanding trade receivables effectively, the ANDRITZ GROUP has established a uniform risk management process and issued an appropriate Group-wide policy. In the ANDRITZ subsidiaries, the respective credit risk managers are responsible for regular assessments of creditworthiness of customer and project risks, including the valuation of risk cover. In particular, risk cover includes credit insurance, advance payments, letters of credit, and guarantees.

In addition to individual valuation allowances, the estimated expected credit losses are calculated based on experience with actual payment defaults over the last five years and the inclusion of a scaling factor separated into days overdue and risk classes. Key parameters in this assessment are the unemployment rate, commodity prices, automotive market, and economic growth.

As of December 31, 2023

(in MEUR)	Average weighted loss rate - risk category 1	Average weighted loss rate - risk category 2	Gross amount	Impairment loss	Net amount
Not due	0.03%	0.22%	791.4	-0.8	790.6
Up to 60 days past due	0.18%	1.23%	184.2	-0.9	183.3
61 to 120 days past due	0.55%	3.70%	39.4	-0.7	38.7
More than 120 days past due	1.48%	9.87%	59.4	-2.9	56.5
Individually impaired			52.5	-45.6	6.9
			1,126.9	**-50.9**	**1,076.0**

As of December 31, 2022

(in MEUR)	Average weighted loss rate - risk category 1	Average weighted loss rate - risk category 2	Gross amount	Impairment loss	Net amount
Not due	0.03%	0.25%	764.6	-0.7	763.9
Up to 60 days past due	0.21%	1.39%	200.7	-0.9	199.8
61 to 120 days past due	0.63%	4.16%	37.0	-0.6	36.4
More than 120 days past due	1.68%	11.08%	61.7	-2.9	58.8
Individually impaired			50.8	-44.6	6.2
			1,114.8	**-49.7**	**1,065.1**

Contract assets

Based on internal credit risk reporting, contract assets are valued differently, depending on whether there is a risk cover or not.

As of December 31, 2023

(in MEUR)	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Individually impaired	-	0.0	0.0	0.0
Unsecured proportion	0.65%	131.7	-0.8	130.9
Secured proportion	0.05%	1,109.1	-0.6	1,108.5
		1,240.8	**-1.4**	**1,239.4**

As of December 31, 2022

(in MEUR)	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Individually impaired	-	0.0	0.0	0.0
Unsecured proportion	0.89%	118.5	-1.2	117.3
Secured proportion	0.11%	930.5	-0.3	930.2
		1,049.0	**-1.5**	**1,047.5**

Other receivables

In addition to individual valuation allowances, the estimated expected credit losses are calculated based on experience with actual credit defaults over the last five years and the inclusion of a scaling factor.

As of December 31, 2023

(in MEUR)	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Individually impaired	-	49.8	-36.4	13.4
Lump sum impaired	0.22%	152.8	-0.2	152.6
		202.6	**-36.6**	**166.0**

As of December 31, 2022

(in MEUR)	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Individually impaired	-	50.8	-36.1	14.7
Lump sum impaired	0.34%	118.8	-0.3	118.5
		169.6	**-36.4**	**133.2**

Cash and cash equivalents and investments

ANDRITZ pursues a risk-averse investment strategy. Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, senior bank bonds, money market funds, investment funds to cover pension obligations, or time deposits. However, turbulences on the international financial markets may lead to unfavorable price developments for various securities or make them non-tradable. This could have an adverse effect on the ANDRITZ GROUP’s financial result or equity due to necessary impairment or valuation allowances. On a monthly basis the Executive Board is informed about the extent and volume of current risk exposure and the respective counterparty limits in the ANDRITZ GROUP.

Credit risk related to cash and cash equivalents and time deposits, included in the item “investments“, is low, since a conservative investment strategy determines a preferably wide diversification with minimum criteria for the counterparty's credit rating of the investment. Bank balances and time deposits are assessed based on ratings.

As of December 31, 2023

(in MEUR)	External rating	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Low risk	AAA to BBB-	0.01%	1,454.3	-0.1	1,454.2
Medium risk	BB+ to BB-	0.01%	163.8	0.0	163.8
High risk	B+ to D	0.08%	2.0	0.0	2.0
			1,620.1	**-0.1**	**1,620.0**

As of December 31, 2022

(in MEUR)	External rating	Average weighted loss rate	Gross amount	Impairment loss	Net amount
Low risk	AAA to BBB-	0.05%	1,629.6	-0.8	1,628.8
Medium risk	BB+ to BB-	0.01%	167.0	0.0	167.0
High risk	B+ to D	0.17%	3.7	0.0	3.7
			1,800.3	**-0.8**	**1,799.5**

! SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The valuation allowance based on the model of "expected credit losses" comprises to a considerable extent assessments and judgments that are based on the creditworthiness of individual groups, the current economic developments as well as the analysis of historical bad debts and future-oriented forecasts. The parameters used in the model are updated regularly.

The value adjustment of individual dubious claims also includes the assessment of the creditworthiness of the respective customer.

When assessing whether a transition from the 12-month credit losses model to the lifetime credit losses model is to be used in individual cases, considerable judgment is required and existing information about customer and market is taken into account.

b) Liquidity risks

To minimize the financial risks at the best possible rate and to enhance monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP has implemented comprehensive policies and a transparent information system. The Group manages liquidity risks especially by holding adequate financial reserves, having existing and unutilized credit lines, and by requiring customer advances. Refinancing risks are mitigated by financial planning and by reconciling maturity date profiles of financial assets, receivables, and liabilities. Monthly rolling liquidity forecasts are used to ensure the necessary liquidity supply for the ANDRITZ GROUP.

The Group endeavors to mitigate the risk of payment failure by customers at the best possible rate by means of bank guarantees and export insurance. However, it cannot be excluded that there will not be any individual payment default that will have a substantial negative impact on development of earnings and liquidity of the Group in the event of occurrence.

Read more in chapter 35. a) Credit risks.

The ANDRITZ GROUP’s position in terms of liquidity is very good and it has high liquidity reserves. The Group avoids dependence on a single bank or a few banks. To ensure independence, only a certain volume of each major financial product (cash and cash equivalents, financial liabilities, securities, guarantees, and derivatives) is handled by only one bank at a time. In the ANDRITZ GROUP, liquidity not only means the ability to meet financial obligations in the narrower sense, but also the availability of bank guarantees and surety bonds. Operative business requires that bid bonds, contract performance guarantees, downpayment guarantees as well as performance and warranty bonds are provided on a continuous basis. As a result, financial flexibility is also determined by sufficient bank guarantee and surety lines. ANDRITZ GROUP had credit lines of 119 MEUR (thereof 2 MEUR utilized) as well as surety lines of 6,594 MEUR (thereof 3,318 MEUR utilized) as of December 31, 2023.

ANDRITZ offers a supply chain financing agreement, the purpose of which is to enable more efficient payment processing of supplier invoices. The agreement allows ANDRITZ to centralize payments of trade accounts payable to the bank instead of paying each supplier individually. Since the agreement does not extend the payment terms significantly compared to normal terms with other non-participating suppliers, there would be no impact on liquidity if the supply chain financing was no longer available. The supply chain financing arrangement helps to better predict cash outflows.

Read more in chapter 28. Trade accounts payable.

There are no substantial credit delays by the ANDRITZ GROUP; in general, all financial liabilities are settled on due date. The following tables show the undiscounted future contractual cash flows from financial liabilities:

2023

(in MEUR)	Net book value	Contractual cash flows						
		Not exceeding 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Bank loans and other financial liabilities	204.4	129.3	22.1	21.4	17.8	17.3	0.2	208.1
Lease liabilities	209.5	55.5	43.7	34.9	22.1	17.0	67.2	240.4
Trade accounts payable	1,022.9	1,022.9	0.0	0.0	0.0	0.0	0.0	1,022.9
Earn out and contingent considerations	23.5	11.8	2.1	4.0	1.9	1.7	3.3	24.8
Schuldscheindarlehen	728.7	308.9	133.7	131.9	138.4	37.5	0.0	750.4
Other liabilities	1,157.2	1,154.8	1.2	0.3	0.3	0.3	0.3	1,157.2
Non-derivative financial liabilities	**3,346.2**	**2,683.2**	**202.8**	**192.5**	**180.5**	**73.8**	**71.0**	**3,403.8**
Derivatives	54.3	41.1	9.1	7.7	3.8	1.1	0.1	62.9
Derivative financial liabilities	**54.3**	**41.1**	**9.1**	**7.7**	**3.8**	**1.1**	**0.1**	**62.9**
	3,400.5	**2,724.3**	**211.9**	**200.2**	**184.3**	**74.9**	**71.1**	**3,466.7**

2022

(in MEUR)	Net book value	Contractual cash flows						
		Not exceeding 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Bank loans and other financial liabilities	187.0	90.8	22.5	23.8	19.3	18.0	17.8	192.2
Lease liabilities	207.4	48.1	38.7	32.1	25.7	15.9	60.1	220.6
Trade accounts payable	983.0	983.0	0.0	0.0	0.0	0.0	0.0	983.0
Earn out and contingent considerations	9.3	9.3	0.0	0.0	0.0	0.0	0.0	9.3
Schuldscheindarlehen	893.9	177.2	712.9	0.0	0.0	0.0	37.5	927.6
Other liabilities	1,166.1	1,160.8	3.2	0.7	0.4	0.4	0.6	1,166.1
Non-derivative financial liabilities	**3,446.7**	**2,469.2**	**777.3**	**56.6**	**45.4**	**34.3**	**116.0**	**3,498.8**
Derivatives	77.0	54.2	13.0	5.0	4.7	5.1	0.4	82.4
Derivative financial liabilities	**77.0**	**54.2**	**13.0**	**5.0**	**4.7**	**5.1**	**0.4**	**82.4**
	3,523.7	**2,523.4**	**790.3**	**61.6**	**50.1**	**39.4**	**116.4**	**3,581.2**

c) Market risks

Market risk comprises the risk that market prices, for example exchange rates, interest rates or share prices, change and that this will affect the Group's earnings or the value of the financial instruments held. The aim of market risk management is to steer and control the market risk within acceptable ranges and at the same time to optimize the return. The main market risks for the ANDRITZ GROUP include currency risks and interest rate risks.

To manage market risks, the Group purchases and sells derivatives or enters into financial liabilities. All transactions are carried out within the guidelines of the Treasury Policy. If possible, hedge accounting should be used to control earnings volatility.

Currency risks

The Group's risk management policy is to hedge 75 to 85% of its estimated foreign currency exposure in respect of forecasted advance and progress payments received from customers and payments made to suppliers over the following 12 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The currency risks of the Group occur since the Group operates worldwide in different countries with different currencies. The Group enters into foreign exchange forward contracts and swaps in order to exclude or minimize the foreign exchange risk (hedging) resulting from customer orders that are concluded in foreign currency. Currency risks resulting from the recognition of equity are not hedged. Foreign exchange forward contracts are concluded exclusively with first-class national or international banks whose credit rating is checked continuously by Group Treasury to avoid a "cluster risk". The necessary measures and rules in connection with the hedging of customer or supplier orders that were not concluded in the respective functional currency of the Group company are regulated in the group-wide Treasury Policy.

The sensitivity analysis provides an approximate quantification of the risk exposure if certain specified parameters were to be changed under a specific set of assumptions. Currency risks occur particularly with the US-Dollar (USD), Chinese Renminbi Yuan (CNY), Canadian Dollar (CAD), Brazilian Real (BRL) and Indian Rupee (INR). The following details describe the sensitivity to a rise or fall in the above noted currencies against the Euro (EUR) from the Group's point of view. The change shows the amount applied in internal reporting of foreign currency risk and reflects the Group's assessment of a possible change in foreign exchange rates. Currency risks in the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature. Translation differences from converting the financial statements of foreign Group companies into the Group currency are disregarded. The sensitivity analysis includes the material financial instruments of the ANDRITZ GROUP outstanding on the balance sheet date.

The impacts on net income and equity are as follows:

(in MEUR)			2023		2022
		Net income	Equity	Net income	Equity
EUR / USD	+10%	29.4	78.2	-54.8	-66.1
	-10%	-29.4	-78.2	54.8	66.1
EUR / CNY	+10%	-7.3	-20.9	17.0	16.0
	-10%	7.3	20.9	-17.0	-16.0
EUR / CAD	+10%	11.8	16.7	-3.7	-4.4
	-10%	-11.8	-16.7	3.7	4.4
EUR / BRL	+10%	-1.9	8.4	-1.8	8.1
	-10%	1.9	-8.4	1.8	-8.1
EUR / INR	+10%	0.1	11.3	0.1	6.2
	-10%	-0.1	-11.3	-0.1	-6.2

The effect on net income is the change in the fair value of the financial instruments that are exposed to an exchange rate risk and are measured at fair value through profit or loss or at amortized cost.

The effect in equity consists of the effects on net income and the changes in the fair value of the financial instruments that are measured at fair value through other comprehensive income, such as derivatives that qualify as cash flow hedges.

Interest rate risks

The ANDRITZ GROUP estimates that the exposure to interest rate risk of financial assets and liabilities is low due to the risk-averse strategy. Besides the hedging instruments mentioned in chapter 34. (Derivatives) no additional significant derivatives for hedging of interest rate risks are used. The interest rate risks are managed by internal Cash-flow-at-Risk (CfaR) and Value-at-Risk (VaR) calculations as well as by defined limits. The limits for CfaR and VaR are set by using a benchmarking approach. The compliance with the defined limits is monitored on a quarterly basis.

The weighted average interest rates, referred to the remaining terms of the respective financial assets or financial liabilities, were as follows at the balance sheet date:

2023

(in %)	EUR	USD	BRL	CNY
FINANCIAL ASSETS				
Cash on current accounts	1.6	2.9	0.7	1.4
Current deposits	3.9	4.9	12.8	3.2
Investments - current	0.0	0.0	0.0	2.1
Investments - non-current	0.7	0.0	0.0	0.0
FINANCIAL LIABILITIES				
Lease liabilities	3.8	2.9	7.9	3.3
Current loans	0.0	5.8	0.0	0.0
Non-current loans	1.4	0.0	0.0	0.0
Schuldscheindarlehen - non-current	1.4	0.0	0.0	0.0

2022

(in %)	EUR	USD	BRL	CNY
FINANCIAL ASSETS				
Cash on current accounts	0.5	0.1	0.0	0.1
Current deposits	0.5	2.9	12.5	3.2
Investments - current	0.3	0.0	0.0	1.8
Investments - non-current	0.4	0.0	0.0	0.0
FINANCIAL LIABILITIES				
Lease liabilities	2.5	2.2	6.5	3.0
Current loans	0.1	0.0	0.0	0.0
Non-current loans	1.3	0.0	0.0	0.0
Schuldscheindarlehen - non-current	1.4	0.0	0.0	0.0

SOURCE OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

Interest rate sensitivity is assumed at 50 basis points in internal reporting on the interest rate risk. This reflects the Group’s estimate with respect to a possible change in the interest rate.

A rise in the interest level by 50 basis points, while simultaneously keeping all other variables constant, would have led to an increase in the interest result of 4.0 MEUR in the 2023 financial year (2022: increase of 4.4 MEUR). A decline in the interest level would have led to a decrease in the interest result in the same amount.

G) OTHER INFORMATION

36. Consolidated statement of cash flows

ACCOUNTING POLICIES

In the consolidated statement of cash flows, cash flows are separated into cash inflows and outflows from operating activities, investing activities, and financing activities, irrespective of how the items are classified in the consolidated statement of financial position.

The cash flow from operating activities is derived indirectly based on the net income, which is adjusted for non-cash expenses and income (primarily depreciation and amortization as well as provisions). The cash flow from operating activities is calculated considering the change in net working capital and consumption of provisions as well as interest received, interest paid, dividends received, and income taxes paid.

Investing activities mainly comprise payments for property, plant, and equipment and intangible assets as well as payments received, and payments made for non-current and current financial assets and payments for the acquisition of subsidiaries. The payments made for property, plant, and equipment as well as intangible assets include capital expenditure (additions to property, plant, and equipment and intangible assets) for the fiscal year to the extent that they already had an effect on cash.

Financing activities include not only cash flows from the issue or repayment of bank loans and other financial liabilities as well as those of lease liabilities, but also dividend payments, payments made for buy-back of treasury shares, and payments received for the issuance of treasury shares.

Non-cash transactions encompass mainly the capitalization of right of use assets as property, plant, and equipment by means of a lease or the acquisition of intangible assets or property, plant, and equipment by assuming directly related liabilities (purchase on credit).

The changes of the items in the consolidated statement of financial position shown in the consolidated statement of cash flows cannot be derived directly as among other things effects of currency translation adjustments, additions and releases of valuation allowances, changes in consolidation type of companies not fully consolidated in prior periods or no longer consolidated in the current period, as well as assets classified as held for sale do not result in cash flows.

a) Cash flow from operating activities

The cash flow from operating activities, at 375.0 MEUR, was significantly below the reference figure of the previous year (2022: 710.8 MEUR). The decrease is mainly due to changes in net working capital (-337.4 MEUR in 2023 compared to 151.1 MEUR in 2022) and results mainly from the scheduled processing of large scale orders as well as lower advance and partial payments received as a result of lower order intake.

The change in net working capital was as follows:

(in MEUR)	2023	2022
Changes in inventories	-50.4	-193.0
Changes in advance payments made	42.6	-59.7
Changes in receivables	-32.6	-138.3
Changes in contract assets	-202.2	-70.0
Changes in contract liabilities from sales recognized over time	-143.7	411.9
Changes in contract liabilities from sales recognized at a point in time	-38.7	22.3
Changes in liabilities	87.6	177.9
Change in net working capital	**-337.4**	**151.1**

b) Cash flow from investing activities

The cash flow from investing activities amounted to 266.9 MEUR (2022: -190.5 MEUR). The change is mainly due to significant lower payments made for non-current and current financial assets.

The net cash flow from company acquisitions was as follows:

(in MEUR)	2023	2022
Net assets	**11.7**	**82.4**
Goodwill	44.9	12.6
CONSIDERATION TRANSFERRED	**56.6**	**95.0**
Cash and cash equivalents acquired	-9.4	-34.4
Receivables for purchase price overpaid / Payables from purchase price not yet paid (incl. contingent consideration)	-10.8	1.4
NET CASH FLOW FROM COMPANY ACQUISITIONS	**36.4**	**62.0**

Read more details in chapter 5. Acquisitions.

c) Cash flow from financing activities

The cash flow from financing activities amounted to -410.6 MEUR (2022: -301.3 MEUR). The change mainly resulted from higher payments made for bank loans and other financial liabilities (-296.6 MEUR compared to in -90.3 MEUR in 2022), as well as higher dividends paid (-208.3 MEUR in 2023 compared to -163.8 MEUR in 2022). In 2023, inflows in the amount of 8.5 MEUR were received from the issue of treasury shares as part of the servicing of share option programs for managers, whereas own shares of 16.0 MEUR were bought back in 2022.

The carrying amounts of the financial liabilities shown in the cash flow from financing activities, broken down by cash and non-cash changes, developed as follows in the reporting year:

(in MEUR)	Lease liabilities	Schuldschein-darlehen	Bank loans and other financial liabilities	Total
Balance as of December 31, 2021	**231.2**	**951.5**	**185.2**	**1,367.9**
Payments received	0.0	0.0	28.2	28.2
Payments made	-63.5	-58.0	-32.3	-153.8
Other non-cash changes	34.9	0.4	0.4	35.7
Currency translation adjustments	2.2	0.0	-3.1	-0.9
Changes in consolidation scope	2.6	0.0	8.6	11.2
Balance as of December 31, 2022	**207.4**	**893.9**	**187.0**	**1,288.3**
Payments received	0.0	0.0	136.4	136.4
Payments made	-57.4	-165.5	-131.1	-354.0
Other non-cash changes	55.5	0.3	-0.1	55.7
Currency translation adjustments	-1.2	0.0	-4.1	-5.3
Changes in consolidation scope	5.2	0.0	16.3	21.5
Balance as of December 31, 2023	**209.5**	**728.7**	**204.4**	**1,142.6**

37. Assets held for sale

ACCOUNTING POLICIES

The requirements of IFRS 5 for classification as assets held for sale are met if assets can be sold in their current condition, the sale is highly probable, and the sale is expected to be completed within one year of the reclassification. The assets that are shown as held for sale contain individual assets and directly associated liabilities. Assets held for sale are recognized at their fair value less costs to sell, if this amount is lower than the book value. An assessment takes place immediately before the initial classification as held for sale. Any resulting impairment losses are recognized in the income statement.

The following assets and directly associated liabilities are reported as held for sale:

(in MEUR)	2023	2022
Intangible assets other than goodwill	0.0	0.0
Property, plant, and equipment	5.2	5.0
ASSETS HELD FOR SALE	**5.2**	**5.0**

In the Metals operating segment, the sale of property, plant, and equipment (land and buildings) in Germany was initiated at the end of 2021. Assets of 6.5 MEUR were classified as held for sale and no impairment losses were recorded. In 2022, part of the property, plant, and equipment was sold with a gain of 14.3 MEUR. The sale of the remaining part of property, plant, and equipment worth 4.3 MEUR will probably be completed in 2024.

In the Metals operating segment, the sale of property, plant, and equipment in the Netherlands was initiated in 2022. Assets in the amount of 1.0 MEUR were classified as held for sale and no impairment losses were recorded from the preceding valuation. In 2023 the assets were sold with a gain of 4.5 MEUR.

Also included are property, plant, and equipment from the Hydro operating segment in Canada. Assets in the amount of 0.9 MEUR were classified as held for sale and no impairment losses were recorded from the preceding valuation. The sale of the property, plant, and equipment will probably be completed in 2024.

SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGMENTS

The determination of the fair value less costs to sell includes estimates and assumptions that are subject to a certain degree of uncertainty. The proceeds that actually occur may deviate from the assumptions made.

38. Effects of hyperinflation

ACCOUNTING POLICIES

IAS 29 – Financial Reporting in Hyperinflationary Economies is applicable if an entity's functional currency is that of a hyperinflationary economy.

A country is classified as hyperinflationary if, based on inflation rates published by local statistical authorities, cumulative inflation has exceeded 100% over the past three years.

The items of the income statement for the current reporting year have been adjusted to the current price level by applying the change in the general price index. The items are indexed monthly or quarterly by use of an average monthly or quarterly index. The effects from the first-time application are recognized in equity, the effects on the current year in the financial result.

Argentina has been classified as a hyperinflationary economy since July 1, 2018, and Turkey since March 1, 2022.

In the ANDRITZ GROUP this applies to:

- ANDRITZ FABRICS AND ROLLS S.A., Argentina
- ANDRITZ HYDRO Ltd. Sti., Turkey
- ANDRITZ FABRICS AND ROLLS TECHNOLOGIES MAKINA HIZMETLERI SANAYI LIMITED SIRKETI, Turkey

In the IFRS financial statements of these three subsidiaries all items with material effects from the change in the purchasing power of the functional currency were adjusted accordingly and reported in the measurement unit applicable on the reporting date. The adjustment of the application of hyperinflation accounting was not material in the previous years.

The calculations were based on the following parameters:

Three-year inflation rate Turkey

	2019	2020	2021	2022	2023
Annual inflation rate	12%	15%	36%	64%	65%
Cumulative three-year rate		55%	75%	156%	268%
Price index	1.12	1.15	1.36	1.64	1.65

Three-year inflation rate Argentina

	2019	2020	2021	2022	2023
Annual inflation rate	54%	36%	51%	95%	211%
Cumulative three-year rate		210%	216%	300%	816%
Price index	1.54	1.36	1.51	1.95	3.11

For the 2023 financial year, the effect of the application of IAS 29 on net income amounted to -3.4 MEUR (2022: -5.9 MEUR).

39. Contingent assets and liabilities

ACCOUNTING POLICIES

A contingent asset is not recognized in the financial statements but is disclosed if an inflow of economic benefit is probable. Contingent liabilities are not recognized in the financial statements. They are only disclosed if the possibility of an outflow of resources embodying economic benefit is not probable but possible or the amount of the obligation cannot be measured with sufficient reliability.

In the course of its business, the ANDRITZ GROUP is party to numerous legal proceedings before both administrative and judicial courts and bodies as well as before arbitration tribunals. The substantial majority of such proceedings is typical for the Group's industry, including e.g. contract and project disputes, product liability claims, and intellectual property litigation. The ANDRITZ GROUP records adequate provisions to cover the expected outcome of those proceedings to the extent that negative outcomes are likely and reliable estimates can be made. There is no guarantee that these provisions will be sufficient. Given the amounts involved in some of these legal disputes, a negative decision for ANDRITZ in one or several of these disputes may have a material adverse effect on the earnings and liquidity position of the Group. In cases, where a negative outcome is not probable, though seems possible (and is not totally remote), the ANDRITZ GROUP does not record provisions.

The material cases for contingent liabilities are as follows:

The subject area product liability includes a number of cases alleging injuries and/or death resulting from exposure to asbestos. As of December 31, 2023, certain subsidiaries of the ANDRITZ GROUP are defendants in asbestos cases in the USA. All cases relate to claims against multiple defendants. All subsidiaries intend to defend each claim vigorously.

ANDRITZ HYDRO Ltda., Brazil, faces tax claims based on allegations of joint and several liabilities with the Inepar Group arising out of the previous minority holding of Inepar. The tax claim enforcement actions, which were also contested, are not active due to a settlement agreement between Inepar Group and the National Treasury Attorney-General's Office (PGFN). At the same time, an appeal is pending to determine that ANDRITZ was never part of the Inepar Group.

40. Expenses for services by the group auditor

The following table provides an overview of the fees charged by the Group auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft which were recorded as expenses in the financial year:

(in TEUR)	2023	2022
Year-end audits	656	430
Other reviews	55	41
Other services	0	36
	711	**507**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has been the auditor of ANDRITZ, without interruption, since the consolidated financial statements at 31 December 2016. The engagement partner is Mr Johannes Bauer.

41. Events after the reporting period

There are no extraordinary events after the balance sheet date.

42. Group companies

Company	Main office	2023 Share*	2023 Type of consolidation	2022 Share*	2022 Type of consolidation
Anstalt für Strömungsmaschinen Gesellschaft mbH	Graz, Austria	100.00%	NC	100.00%	NC
ANDRITZ Technology and Asset Management GmbH	Graz, Austria	100.00%	FC	100.00%	FC
ANDRITZ Power & Water GmbH	Vienna, Austria	100.00%	FC	100.00%	FC
ANDRITZ Environment S.r.l.	Monza, Italy	100.00%	NC	100.00%	NC
ANDRITZ Environmental Engineering (Shanghai) Co., Ltd.	Shanghai, China	-	-	100.00%	FC
ANDRITZ Separation GmbH [2)]	Cologne, Germany	100.00%	FC	100.00%	FC
LENSER Filtration GmbH [2)]	Senden, Germany	100.00%	FC	100.00%	FC
Lenser Asia Sdn. Bhd.	Petaling Jaya, Malaysia	100.00%	FC	100.00%	FC
Modul Systeme Engineering GmbH [2)]	Laufen, Germany	100.00%	FC	100.00%	FC
ANDRITZ S.R.L.	Cisnadie, Romania	100.00%	NC	100.00%	NC
ANDRITZ Deutschland Beteiligungs GmbH [2)]	Krefeld, Germany	100.00%	FC	100.00%	FC
Andritz Deutschland Holding GmbH [2)]	Göppingen, Germany	100.00%	FC	100.00%	FC
ANDRITZ GmbH [2)]	Hemer, Germany	100.00%	FC	100.00%	FC
ANDRITZ Kaiser GmbH [2)]	Bretten-Gölshausen, Germany	100.00%	FC	100.00%	FC
ANDRITZ Metals Germany GmbH [2)]	Hemer, Germany	100.00%	FC	100.00%	FC
ANDRITZ Fiedler GmbH [2)]	Regensburg, Germany	100.00%	FC	100.00%	FC
ANDRITZ Fliessbett Systeme GmbH [2)]	Ravensburg, Germany	100.00%	FC	100.00%	FC
ANDRITZ HYDRO GmbH [2)]	Ravensburg, Germany	100.00%	FC	100.00%	FC
ANDRITZ Küsters GmbH [2)]	Krefeld, Germany	100.00%	FC	100.00%	FC
ANDRITZ Kufferath GmbH [2)]	Düren, Germany	100.00%	FC	100.00%	FC
AKRE Real Estate GmbH [2)]	Düren, Germany	100.00%	FC	100.00%	FC
ANDRITZ Ritz GmbH [2)]	Schwäbisch Gmünd, Germany	100.00%	FC	100.00%	FC
ANDRITZ Pumps Germany GmbH [2)]	Schwäbisch Gmünd, Germany	100.00%	NC	100.00%	NC
Ritz Pumps South Africa (Pty) Ltd.	Germiston, South Africa	25.00%	NC	25.00%	NC
ANDRITZ MeWa GmbH [2)]	Gärtringen, Germany	100.00%	FC	100.00%	FC
Schuler Group GmbH [2)]	Göppingen, Germany	100.00%	FC	100.00%	FC
Schuler Pressen GmbH [2)]	Göppingen, Germany	100.00%	FC	100.00%	FC
Schuler Italia S.r.l.	Turin, Italy	90.00%	NC	90.00%	NC
Schuler (Dalian) Forming Technologies Co. Ltd.	Dalian, China	100.00%	FC	100.00%	FC
Schuler (China) Co., Ltd.	Shanghai, China	100.00%	FC	100.00%	FC
Yangzhou Metal Forming Machine Tool Co., Ltd.	Yangzhou City, China	100.00%	FC	100.00%	FC
Beutler Nova AG	Gettnau, Switzerland	100.00%	FC	100.00%	FC
Schuler Presses UK Limited	Walsall, United Kingdom	100.00%	FC	100.00%	FC
BCN Technical Services Inc.	Hastings / Michigan, USA	100.00%	FC	100.00%	FC
Pressensysteme Schuler-México, S.A. de C.V.	Puebla, Mexico	100.00%	FC	100.00%	FC

Company	Main office	2023 Share*	2023 Type of consolidation	2022 Share*	2022 Type of consolidation
Schuler Thailand Co. Ltd.	Banglamung Chonburi, Thailand	100.00%	NC	100.00%	NC
Gräbener Pressensysteme GmbH & Co. KG [1]	Netphen, Germany	100.00%	FC	100.00%	FC
Vögtle Service GmbH [2]	Eislingen, Germany	100.00%	FC	100.00%	FC
Schuler France S.A.	Strasbourg, France	100.00%	FC	100.00%	FC
Schuler Inc.	Canton / Michigan, USA	100.00%	FC	100.00%	FC
Prensas Schuler S.A.	São Paulo, Brazil	100.00%	FC	100.00%	FC
Gräbener Pressensysteme-Verwaltungs GmbH	Netphen, Germany	100.00%	NC	100.00%	NC
Graebener Press Systems Inc.	Warwick / Rhode Island, USA	100.00%	NC	100.00%	NC
Schuler Ibérica S.A.U.	Sant Cugat del Vallès, Spain	100.00%	NC	100.00%	NC
Schuler Slovakia Services s.r.o.	Dubnica nad Váhom, Slovakia	100.00%	NC	100.00%	NC
Schuler India Private Limited	Pune, India	100.00%	NC	100.00%	NC
Schuler Poland Service Sp. Z.o.o.	Kedzierzyn-Kózle, Poland	100.00%	NC	100.00%	NC
Tianjin GMS Machine Tool Service Co. Ltd.	Tianjin, China	50.00%	NC	50.00%	NC
PRESSE ITALIA - S.p.A.	Naples, Italy	95.00%	NC	95.00%	NC
AWEBA Werkzeugbau GmbH Aue [2]	Aue, Germany	100.00%	FC	100.00%	FC
WVL Werkzeug- und Vorrichtungsbau Lichtenstein GmbH [2]	St. Egidien, Germany	100.00%	FC	100.00%	FC
Dabaki Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG	Mainz, Germany	94.00%	FC	94.00%	FC
PTW Powertrain Tools Weingarten GmbH[2]	Weingarten, Germany	100.00%	FC	100.00%	FC
Schuler Service Rus Limited Liability Company	Toljatti, Russia	100.00%	NC	100.00%	NC
Farina Presse S.r.l.	Suello, Italy	100.00%	FC	100.00%	FC
Smart Press Shop GmbH & Co. KG	Halle (Saale), Germany	50.00%	EQ	50.00%	EQ
Smart Press Shop Verwaltungs-GmbH	Stuttgart, Germany	50.00%	NC	50.00%	NC
SOVEMA GROUP S.p.A.	Villafranca di Verona, Italy	100.00%	FC	100.00%	FC
SOVEMA GLOBAL SERVICES Inc.	St. Louis, USA	100.00%	NC	100.00%	NC
SOVEMA TIANJIN BATTERY EQUIPMENT Ltd.	Tianjin, China	100.00%	NC	100.00%	NC
Bitrode corporation	St. Louis, USA	100.00%	FC	100.00%	FC
Bitrode UK Ltd.	Cheltenham, United Kingdom	100.00%	FC	100.00%	NC
BITRODE NL B.V.	Rotterdam, The Netherlands	100.00%	FC	100.00%	NC
ANDRITZ Slovakia s.r.o.	Humenné, Slovakia	100.00%	FC	100.00%	FC
ANDRITZ HYDRO GmbH	Vienna, Austria	100.00%	FC	100.00%	FC
ANDRITZ HYDRO SAS	Châteauroux, France	100.00%	NC	100.00%	NC
ANDRITZ HYDRO Private Ltd.	Mandideep, India	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Nepal Pvt. Ltd.	Kathmandu, Nepal	100.00%	NC	100.00%	NC
Bhutan Automation & Engineering Limited	Chhukha, Bhutan	49.00%	NC	49.00%	NC
ANDRITZ HYDRO S.L.	Algete, Spain	100.00%	NC	100.00%	NC
ANDRITZ HYDRO S.r.l. Unipersonale	Schio, Italy	100.00%	FC	100.00%	FC
ANDRITZ HYDRO AG	Kriens, Switzerland	100.00%	FC	100.00%	FC

Company	Main office	2023 Share*	2023 Type of consolidation	2022 Share*	2022 Type of consolidation
ANDRITZ S.A. de C.V.	Morelia, Mexico	100.00%	FC	100.00%	FC
ANDRITZ HYDRO AS	Jevnaker, Norway	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Ltd. Sti.	Tekeli, Turkey	100.00%	FC	100.00%	FC
PT. ANDRITZ HYDRO	Jakarta, Indonesia	51.00%	FC	51.00%	FC
ANDRITZ HYDRO S.A.	Lima, Peru	100.00%	NC	100.00%	NC
ANDRITZ HYDRO (Pty) Ltd	Kyalami, South Africa	100.00%	NC	100.00%	NC
ANDRITZ HYDRO Ltda.	Bogotá, Colombia	100.00%	NC	100.00%	NC
ANDRITZ HYDRO s.r.o.	Prague, Czech Republic	100.00%	NC	100.00%	NC
ANDRITZ O&M Private Limited	Mandideep, India	100.00%	FC	100.00%	FC
ANDRITZ HYDRO C.A.	Caracas, Venezuela	100.00%	NC	100.00%	NC
ANDRITZ Sdn. Bhd.	Kuala Lumpur, Malaysia	100.00%	FC	100.00%	FC
ANDRITZ HYDRO, Inc.	Makati City, Philippines	100.00%	NC	100.00%	NC
PHP PHILIPPINES HYDRO PROJECT, Inc.	Makati City, Philippines	24.98%	NC	24.98%	NC
ANDRITZ HYDRO Hammerfest AS	Jevnaker, Norway	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Hammerfest (UK) Limited	Glasgow, United Kingdom	100.00%	FC	100.00%	FC
ANDRITZ HYDRO, UNIPESSOAL LDA	Porto, Portugal	100.00%	NC	100.00%	NC
ANDRITZ HYDRO DRC SARL	Kinshasa, Democratic Republic of the Congo	100.00%	NC	100.00%	NC
AH PUMPSTORAGE GMBH	Vienna, Austria	60.00%	NC	60.00%	NC
ANDRITZ HYDRO Beteiligungsholding GmbH	Graz, Austria	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Brasilien Beteiligungsgesellschaft mbH	Graz, Austria	100.00%	FC	100.00%	FC
ANDRITZ HYDRO LTDA.	Barueri, Brazil	100.00%	FC	100.00%	FC
ANDRITZ Construcoes e Montagens Ltda	Barueri, Brazil	100.00%	FC	100.00%	FC
ANDRITZ HYDRO (SU), LDA.	Luanda, Angola	100.00%	NC	100.00%	NC
ANDRITZ VIETNAM COMPANY LIMITED	Hanoi, Vietnam	100.00%	NC	100.00%	NC
ANDRITZ HYDRO NIGERIA LIMITED	Victoria Island, Nigeria	100.00%	NC	100.00%	NC
ANDRITZ Hydro Pty Ltd	Sydney, Australia	100.00%	NC	100.00%	NC
ANDRITZ FEED & BIOFUEL A/S	Esbjerg, Denmark	100.00%	FC	100.00%	FC
ANDRITZ Chile Ltda.	Santiago de Chile, Chile	100.00%	FC	100.00%	FC
ANDRITZ CHILE SITE SERVICES SpA	Santiago de Chile, Chile	100.00%	NC	100.00%	NC
ANDRITZ CHILE SERVICES SpA	Santiago de Chile, Chile	100.00%	NC	100.00%	NC
ANDRITZ (USA) Inc.	Alpharetta / Georgia, USA	100.00%	FC	100.00%	FC
ANDRITZ Inc.	Alpharetta / Georgia, USA	100.00%	FC	100.00%	FC
Imagine That, Inc.	San José / California, USA	100.00%	FC	-	-
ANDRITZ SEPARATION Inc.	Arlington / Texas, USA	100.00%	FC	100.00%	FC
ANDRITZ SEPARATION Technologies Inc.	Arlington / Texas, USA	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Corp.	Charlotte / North Carolina, USA	100.00%	FC	100.00%	FC
ANDRITZ METALS USA Inc.	Callery / Pennsylvania, USA	100.00%	FC	100.00%	FC

		2023		2022	
Company	Main office	Share*	Type of consolidation	Share*	Type of consolidation
ANDRITZ ASKO Emera B.V.	Amsterdam, The Netherlands	100.00%	FC	100.00%	FC
ANDRITZ Metals Netherlands B.V.	Amsterdam, The Netherlands	100.00%	FC	100.00%	FC
SOTEC S.A. de C.V.	San Francisco Cuautlalpan, Mexico	25.00%	NC	25.00%	NC
MFA Risk Solutions Inc.	Burlington / Vermont, USA	100.00%	FC	100.00%	FC
Andritz Fabrics and Rolls Inc.	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Asia Holding Limited	Hong Kong, China	100.00%	FC	100.00%	FC
Beloit Asia Pacific (M) Inc.	Port Louis, Mauritius	100.00%	FC	100.00%	FC
Andritz Fabrics and Rolls (Shanghai) Limited	Shanghai, China	100.00%	FC	100.00%	FC
Huyck Wangner (Shanghai) Trading Co. Ltd.	Shanghai, China	100.00%	FC	100.00%	FC
JJ Plank Company, LLC	Neenah / Wisconsin, USA	100.00%	FC	100.00%	FC
Weavexx, LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS S.A.	Buenos Aires, Argentina	100.00%	FC	100.00%	FC
Huyck Licensco Inc.	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Xerium V (US) Limited	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Ltd.	Kentville, Canada	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS SPA	Coronel, Chile	100.00%	FC	100.00%	FC
Stowe Woodward LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Stowe Woodward Licensco LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Wangner Itelpa I LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Wangner Itelpa Participacoes Ltda	Piracicaba, Brazil	100.00%	FC	100.00%	FC
Wangner Itelpa II LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Xerium IV (US) Limited	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
Xerium do Brasil Ltda	Piracicaba, Brazil	100.00%	FC	100.00%	FC
Robec Brazil LLC	Youngsville / North Carolina, USA	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS INDUSTRIA E COMERCIO S.A.	Piracicaba, Brazil	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS S.A. de C.V.	Queretaro, Mexico	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Limited	Tokyo, Japan	100.00%	FC	100.00%	FC
Andritz Fabrics and Rolls Germany Holding GmbH [2)]	Reutlingen, Germany	100.00%	FC	100.00%	FC
Robec Walzen GmbH [2)]	Düren, Germany	100.00%	FC	100.00%	FC
Andritz Fabrics and Rolls AG [2)]	Düren, Germany	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls GmbH [2)]	Reutlingen, Germany	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls AB	Uppsala, Sweden	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Scandinavia AB	Uppsala, Sweden	100.00%	FC	100.00%	FC

		2023		2022	
Company	Main office	Share*	Type of consolidation	Share*	Type of consolidation
ANDRITZ Fabrics and Rolls, S.A.	Madrid, Spain	100.00%	FC	100.00%	FC
ANDRITZ JohnsonFoils Limited	Chachoengsao, Thailand	100.00%	NC	100.00%	NC
ANDRITZ FABRICS AND ROLLS HOLDINGS LIMITED	London, United Kingdom	100.00%	FC	100.00%	FC
Huyck.Wangner UK Limited	Kent, United Kingdom	100.00%	FC	100.00%	FC
Stowe-Woodward (UK) Limited	London, United Kingdom	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Holdings SAS	Paris, France	-	-	100.00%	FC
ANDRITZ Fabrics and Rolls SAS	Ville-la-grand, France	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls GmbH	Gloggnitz, Austria	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Oy	Kerava, Finland	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls Holdings. S.p.A.	Milan, Italy	100.00%	FC	100.00%	FC
ANDRITZ Fabrics and Rolls S.p.A.	Latina, Italy	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS TECHNOLOGIES MAKINA HIZMETLERI SANAYI LIMITED SIRKETI	Corlu / Tekirdag, Turkey	100.00%	FC	100.00%	FC
ANDRITZ FABRICS AND ROLLS PTY. LIMITED	Geelong, Australia	100.00%	FC	100.00%	FC
ANDRITZ SAS	Châteauroux, France	100.00%	FC	100.00%	FC
ANDRITZ Metals France SAS	Asnières-sur-Seine, France	100.00%	FC	100.00%	FC
ANDRITZ Selas Tianjin Industrial Furnace Equipment Co., Ltd.	Tianjin, China	40.00%	NC	40.00%	NC
Jaybee Eng. (Holdings) Pty. Ltd.	Carrum Downs / Victoria, Australia	100.00%	FC	100.00%	FC
ANDRITZ Pty. Ltd.	Carrum Downs / Victoria, Australia	100.00%	FC	100.00%	FC
ANDRITZ (NZ) Ltd.	Tauranga, New Zealand	100.00%	FC	100.00%	FC
ANDRITZ Ingeniería S.A.	Algete, Spain	100.00%	FC	100.00%	FC
ANDRITZ BRASIL LTDA.	Curitiba, Brazil	100.00%	FC	100.00%	FC
ANDRITZ SEPARATION Indústria e Comércio de Equipamentos de Filtraçâo Ltda.	Pomerode, Brazil	100.00%	FC	100.00%	FC
Sindus ANDRITZ Ltda.	Porto Alegre, Brazil	100.00%	FC	100.00%	FC
ANDRITZ Pilão Equipamentos Ltda.	Curitiba, Brazil	-	-	100.00%	FC
ANDRITZ Oy	Helsinki, Finland	100.00%	FC	100.00%	FC
ANDRITZ Savonlinna Works Oy	Savonlinna, Finland	100.00%	FC	100.00%	FC
ANDRITZ HYDRO Oy	Tampere, Finland	100.00%	FC	100.00%	FC
ANDRITZ Warkaus Works Oy	Varkaus, Finland	100.00%	FC	100.00%	FC
Enmas ANDRITZ Pvt. Ltd.	Chennai, India	40.00%	NC	40.00%	EQ
VA Brazil Oy	Espoo, Finland	40.00%	NC	40.00%	EQ
ANDRITZ Enviroburners Oy	Vantaa, Finland	100.00%	NC	100.00%	NC
J. Parpala Oy	Kokkola, Finland	100.00%	NC	100.00%	NC
Scitech-Service Oy	Helsinki, Finland	100.00%	NC	-	-
Experimentis Oy	Rauma, Finland	100.00%	NC	-	-
ANDRITZ HYDRO Canada Inc.	Pointe-Claire / Québec, Canada	100.00%	FC	100.00%	FC
ANDRITZ Ltd.	Lachine / Québec, Canada	100.00%	FC	100.00%	FC
ANDRITZ Feed and Biofuel Canada Inc.	Blenheim / Ontario, Canada	100.00%	FC	100.00%	FC

Company	Main office	2023 Share*	2023 Type of consolidation	2022 Share*	2022 Type of consolidation
ANDRITZ Asselin-Thibeau S.A.S.	Elbeuf, France	100.00%	FC	100.00%	FC
ANDRITZ Gouda B.V.	Waddinxveen, The Netherlands	100.00%	FC	100.00%	FC
ANDRITZ AB	Örnsköldsvik, Sweden	100.00%	FC	100.00%	FC
ANDRITZ Technologies AB	Stockholm, Sweden	51.00%	NC	51.00%	NC
ANDRITZ Ltd.	Newcastle-under-Lyme, United Kingdom	100.00%	FC	100.00%	FC
ANDRITZ (China) Ltd.	Foshan, China	100.00%	FC	100.00%	FC
ANDRITZ (Shanghai) Equipment & Engineering Co., Ltd	Shanghai, China	100.00%	FC	100.00%	FC
ANDRITZ SHENDE (SHANGHAI) FEED & BIOFUEL CO., LTD.	Shanghai, China	100.00%	FC	100.00%	FC
Xerium China Co. Ltd.	Kunshan City, China	100.00%	FC	100.00%	FC
ANDRITZ ROLLS (CHANGZHOU) CO., LTD	Changzhou, China	100.00%	FC	100.00%	FC
ANDRITZ (Foshan) Intelligent Manufacturing Co., Ltd.	Foshan, China	100.00%	FC	100.00%	FC
ANDRITZ Technologies H.K. Ltd.	Hong Kong, China	100.00%	FC	100.00%	FC
ANDRITZ Technologies Private Limited	Chennai, India	100.00%	FC	100.00%	FC
ANDRITZ SEPARATION AND PUMP TECHNOLOGIES INDIA PRIVATE LIMITED	Chennai, India	-	-	100.00%	FC
ANDRITZ EUROSLOT INDIA PRIVATE LIMITED	Mumbai, India	-	-	100.00%	NC
ANDRITZ FEED & BIOFUEL Ltd.	Hull, United Kingdom	100.00%	FC	100.00%	FC
ANDRITZ FEED & BIOFUEL B.V.	Geldrop, The Netherlands	100.00%	FC	100.00%	FC
ANDRITZ B.V.	Den Helder, The Netherlands	100.00%	FC	100.00%	FC
ANDRITZ Singapore Pte. Ltd.	Singapore, Singapore	100.00%	FC	100.00%	FC
ANDRITZ Uruguay S.A.	Fray Bentos, Uruguay	100.00%	FC	100.00%	FC
ANDRITZ Industrias S.A.	Montevideo, Uruguay	100.00%	NC	100.00%	NC
ANDRITZ PULP TECHNOLOGIES S.A.	Montevideo, Uruguay	100.00%	FC	100.00%	FC
ANDRITZ K.K.	Tokyo, Japan	100.00%	FC	100.00%	FC
ANDRITZ DELKOR (Pty) Ltd.	Kyalami, South Africa	100.00%	FC	100.00%	FC
GKD Delkor (Pty) Ltd.	Kyalami, South Africa	100.00%	NC	100.00%	NC
PT. ANDRITZ	Jakarta, Indonesia	100.00%	FC	100.00%	FC
LLC ANDRITZ	St. Petersburg, Russia	100.00%	FC	100.00%	FC
LLC ANDRITZ HYDRO	Moscow, Russia	100.00%	NC	100.00%	NC
ANDRITZ Kufferath s.r.o.	Levice, Slovakia	100.00%	FC	100.00%	FC
ANDRITZ Kft.	Tiszakécske, Hungary	100.00%	FC	100.00%	FC
ANDRITZ Perfojet SAS	Montbonnot Saint-Martin, France	100.00%	FC	100.00%	FC
ANDRITZ Biax SAS	Le Bourget du Lac, France	100.00%	NC	100.00%	NC
ANDRITZ Separation Italy S.r.l.	Milan, Italy	100.00%	FC	100.00%	FC
ANDRITZ COMO S.R.L.	Grandate, Italy	100.00%	NC	100.00%	NC
ANDRITZ Soutec AG	Neftenbach, Switzerland	100.00%	FC	100.00%	FC
EK Finance SAS	Scorbé-Clairvaux, France	-	-	100.00%	FC
ANDRITZ Euroslot SAS	Scorbé-Clairvaux, France	100.00%	FC	100.00%	FC

Company	Main office	2023 Share*	2023 Type of consolidation	2022 Share*	2022 Type of consolidation
ANDRITZ FZCO	Dubai, United Arab Emirates	100.00%	NC	100.00%	NC
OTORIO LTD	Tel Aviv, Israel	50.01%	FC	50.01%	FC
ANDRITZ Novimpianti S.r.l.	Capannori, Italy	100.00%	FC	100.00%	FC
ANDRITZ Diatec S.r.l.	Collecorvino, Italy	100.00%	FC	100.00%	FC
Psiori GmbH	Freiburg im Breisgau, Germany	25.10%	EQ	25.10%	EQ
ANDRITZ Laroche S.A.S.	Cours-la-Ville, France	100.00%	FC	100.00%	FC
ANDRITZ Digital Factory d.o.o.	Zagreb, Croatia	100.00%	NC	100.00%	NC
ANDRITZ BONETTI HOLDING S.R.L.	Milan, Italy	-	-	100.00%	FC
ANDRITZ BONETTI S.P.A.	Milan, Italy	100.00%	FC	100.00%	FC
ANDRITZ BONETTI CO. INC.	Sturtevant / Wisconsin, USA	100.00%	FC	100.00%	FC
Bonetti GmbH	Hagen, Germany	100.00%	FC	100.00%	FC
GIOBONETTI INTERNATIONAL CANADA INC.	Montrèal / Québec, Canada	100.00%	FC	100.00%	FC
ANDRITZ Bonetti Canada Inc.	Trois-Rivières / Québec, Canada	100.00%	FC	100.00%	FC
ANDRITZ TEP D.O.O.	Slavonski Brod, Croatia	100.00%	FC	100.00%	FC
ANDRITZ DAN-WEB A/S	Galten, Denmark	100,00%	FC	-	-
Dedert International A/S	Ballerup, Denmark	100,00%	FC	-	-
Dedert Canada Inc.	Rosemère / Québec, Canada	100,00%	FC	-	-
Dedert Holding Corporation	Homewood / Illinois, USA	100,00%	FC	-	-
Dedert Corporation	Homewood / Illinois, USA	100,00%	FC	-	-
Dedert (Shanghai) Drying and Evaporating Technology Co Ltd.	Shanghai, China	100,00%	NC	-	-
Dedert Mexico	Mexico City, Mexico	100,00%	NC	-	-

* The share is shown as the share of the immediate parent company. If a subsidiary has more than one immediate parent company within the ANDRITZ GROUP, the subsidiary is included with its share of the total ANDRITZ GROUP under the parent company with the majority share.

FC ... Full consolidation; EQ ... Equity valuation; NC ... Non-consolidated due to minor importance

1) The exemption rule according to section 264b HGB (German Commercial Code) is applied.
2) The exemption rule according to section 264 paragraph 3 HGB (German Commercial Code) is applied.

Graz, February 26, 2024

Joachim Schönbeck e.h. (President and CEO)

Dietmar Heinisser e.h.

Norbert Nettesheim e.h. (CFO)

Jarno Nymark e.h.

Frédéric Sauze e.h.

STATEMENT BY THE EXECUTIVE BOARD

STATEMENT BY THE EXECUTIVE BOARD OF ANDRITZ AG, PURSUANT TO SECTION 124 PARAGRAPH 1 OF THE (AUSTRIAN) STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the financial statements of the parent company give a true and fair view of the assets, liabilities, financial position, and profit or loss as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Graz, February 26, 2024

The Executive Board of ANDRITZ AG

Joachim Schönbeck e.h. (President and CEO)	Dietmar Heinisser e.h.	Norbert Nettesheim e.h. (CFO)	Jarno Nymark e.h.	Frédéric Sauze e.h.

GLOSSARY

ATX
Austrian Traded Index, the leading stock market index of the Vienna stock exchange.

Capital employed
Net working capital plus intangible assets and property, plant, and equipment.

Capital expenditure
Additions to intangible assets and property, plant, and equipment.

CGU
Cash generating unit.

Dividend per share
Part of earnings per share, which is distributed to shareholders.

Earnings per share
Net income (without non-controlling interests) / weighted average number of shares.

EBIT
Earnings before interest and taxes.

EBITA
Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill and impairment of goodwill.

EBITDA
Earnings before interest, taxes, depreciation, and amortization.

EBT
Earnings before taxes.

Employees
Number of employees without apprentices.

Equity ratio
Total equity / total assets.

EV
Enterprise Value: Market capitalization as of end of period minus net liquidity.

Free cash flow
Cash flow from operating activities minus capital expenditure.

Free cash flow per share
Free cash flow / weighted average number of shares.

FVTOCI
Fair value through other comprehensive income.

FVTPL
Fair value through profit and loss.

Gearing
Net debt / total equity.

HY
Hydro operating segment.

Liquid funds
Cash and cash equivalents plus investments plus Schuldscheindarlehen.

Market capitalization
Number of shares outstanding at reporting date multiplied by the closing price at reporting date.

ME
Metals operating segment.

MEUR
Million euros.

Net debt
Interest bearing liabilities including provisions for severance payments, pensions, and other long-term employee benefits as well as plan assets in excess of defined benefit obligation less liquid funds.

Net liquidity
Liquid funds less financial liabilities.

Net working capital
Non-current receivables plus current assets (excluding investments, cash and cash equivalents as well as Schuldscheindarlehen) less other non-current liabilities and current liabilities (excluding

financial liabilities and provisions as well as plan assets in excess of defined benefit obligation).

Non-current assets (as reported internally) consist of property, plant, and equipment, goodwill, intangible assets as well as other non-current receivables and assets. Investments accounted for using the equity method, investments and other financial assets as well as deferred tax assets are not part of the non-current assets.

OCI
Other comprehensive income

Order backlog
The order backlog consists of present customer orders at the reporting date and represents the transaction price assigned to the remaining performance obligations. The order backlog at the end of the period is basically calculated by the order backlog at the beginning of the period plus order intake less revenue during the reporting period.

Order intake
The order intake is the estimated revenue of orders which have been put into effect in the reporting period considering changes and corrections of the order value; letters of intents are not part of the order intake.

Payout ratio
Part of net income, which is distributed to share-holders and calculated as dividend per share / earnings per share.

PP
Pulp & Paper operating segment.

Return on equity
Earnings before taxes / total equity.

Return on investment
Earnings before interest and taxes / total assets.

Return on sales
Earnings before interest and taxes / sales.

ROE
Return On Equity: Net income / total equity.

SE
Separation operating segment.

Sureties
These contain bid bonds, contract performance guarantees, down payment guarantees as well as performance and warranty bonds at the expense of the ANDRITZ GROUP.

SCF
Supply Chain Financing.

TEUR
Thousand euros.

Total equity
Total equity including non-controlling interests.

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

Andritz AG,
Graz, Austria

and its subsidiaries ("the Group"), which comprise the consolidated Statement of Financial Position as at 31 December 2023, and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Project Accounting

Refer to notes chapter 9 and 23

Risk for the Consolidated Financial Statements

A major component of the revenues and net income contribution is derived from the project business. The project business comprises a large number of projects with individual project revenues of more than EUR 100 million and project terms extending over several years. When certain criteria are met, revenue is recognized over time according to the progress of the respective projects, which is measured using the cost to cost method. This method is not applied to projects for which a project loss is expected. Such loss is immediately recognized in the income statement. For completed projects the Group is liable for warranty over a defined period of time. In certain active and completed projects, the Group is involved with customers and/or suppliers with regard to contractual obligations, resulting in potential or active legal proceedings. The Group recognizes provisions for warranty liabilities as well as for potential obligations as a result of legal proceedings. The application of over time revenue recognition, determination of the stage of completion, the estimate of costs to complete as well as the measurement of project provisions require a substantial number of assumptions and forward-looking estimates. Due to the significant volume of project business, this results in a risk of project revenue, net income, and project-related balance sheet items being materially misstated.

Our response

We have assessed the project accounting as follows:

- When performing our audit, we obtained an understanding of the processes and internal controls relevant to project accounting and we tested the effectiveness of selected internal controls. This relates specifically to internal controls with respect to approval of project cost estimates at contract inception, approval of the ongoing cost status reports, the actual cost-to-budget-analysis, the status reports relating to current projects, and estimate of the amount of outstanding or potentially outstanding costs to complete the project. Based on the results of these tests, we have planned additional audit procedures.

- We have applied these procedures to selected current projects and we have assessed management's assumptions regarding those projects. The selection was based on risk criteria such as project volume, low or negative project margin or significant margin changes. Audit procedures mainly included: review of underlying contracts and agreements, a plausibility check on current project information, inquiries of individuals responsible for project execution or project controlling as to the reasonableness of estimates and assumptions used, evaluation of the accuracy of accounting estimates by comparing actual results to prior period estimates, and a reconciliation of the assumptions used for estimates with contract information and other relevant documents.

- In addition, we have evaluated the method used to determine the stage of completion and the proper allocation of contract cost to individual contracts.

- To assess whether the provisions for litigations and claims from costumers are appropriate, we have read the relevant documents, obtained attorney confirmation letters and discussed the cases with personnel involved and inspected their documentation.

- In addition, we have assessed whether the presentation of the project business in the consolidated financial statements as well as the disclosures in the notes are in line with the IFRS 15 requirements.

Valuation of Goodwill

Refer to notes chapter 20

Risk for the Consolidated Financial Statements

Goodwill capitalized in the consolidated statement of financial position as of balance sheet date amounts to EUR 826.3 million. Once a year, or if a triggering event occurs, Andritz AG conducts an impairment test in order to confirm the valuation of goodwill. The approach for measuring goodwill, the allocation of goodwill to the cash generating units as well as the assumptions used and the results of the impairment tests are described in the notes.

Testing goodwill for impairment requires a considerable number of estimates concerning future development of revenues, earnings, and net cash inflows as well as assumptions on discount rates used and is therefore exposed to significant uncertainty. For the financial statements, this leads to the risk of goodwill being overstated.

Our response

We have assessed the project accounting as follows:

- We have evaluated the reasonableness of forward-looking estimates and significant assumptions as well as the valuation methodologies used, consulting our own valuation experts.
- We have reconciled the revenue and margin projections used for impairment testing to the Group's current business plan as approved by the supervisory board. We have tested the underlying assumptions for reasonableness in discussions with the management and reconciliation to information relating to the current and expected development of the respective cash generating units. We also verified the historical accuracy of the business plan by comparing plans for prior periods with the actual results.
- With regard to the discount rates used, we have tested the underlying assumptions by comparing them to market and industry-specific benchmarks and methodologies, and we have reviewed the respective calculation formula, consulting our own valuation experts. Insofar as there are CGUs with excess returns, we verified the reasons using historical data as well as future market- and economic positions.
- Furthermore, we have assessed whether the entity-prepared impairment test disclosures in the notes are appropriate.

Other Information

Management is responsible for other information. Other information is all information provided in the annual financial report, other than the consolidated financial statements, the group management report and the auditor’s report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

This report is a translation of the original report in German, which is solely valid.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 29 March 2023 and were appointed by the supervisory board on 27 September 2023 to audit the financial statements of Company for the financial year ending on 31 December 2023.

In addition, during the Annual General Meeting, we have been elected as auditors for the following financial year and appointed by the supervisory board.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 December 2016.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

ENGAGEMENT PARTNER

The engagement partner is Mr Johannes Bauer.

Vienna

26 February 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Signed by:
Johannes Bauer
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

ANDRITZ AG

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Produced in-house using firesys

Disclaimer

Certain statements contained in the 2023 annual report and in the 2023 annual financial report constitute “forward-looking statements.” These statements, which contain the words “believe”, “intend”, “expect”, and words of a similar meaning, reflect the Executive Board’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

The 2023 annual report and the 2023 annual financial report contain assumptions and forecasts based on the information available up to the copy deadline on February 26, 2024. If the premises for these assumptions and forecasts do not occur, or risks indicated in the chapter “Risk Management” and in the management report in the 2023 annual financial report do arise, actual results may vary from the forecasts made in the 2023 annual report and in the 2023 annual financial report. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.