MANAGEMENT REPORT

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A) GENERAL ECONOMIC CONDITIONS

In 2025, global economic conditions across major continents continued to be impacted by ongoing wars and geopolitical tensions, including increasing trade barriers, as well as monetary policy, in the form of major central banks' reaction to previously high and meanwhile receding inflation rates.

In Europe, according to an estimation of annual growth for 2025, based on quarterly seasonally and calendar adjusted data, GDP increased by 1.5% in the euro area and by 1.6% in the EU, as published by Eurostat, the statistical office of the European Union. The annual average industrial production for the year 2025, compared with 2024, increased by 1.5% in both the euro area and the EU.

The euro area annual inflation rate was 1.9% in December 2025, compared to 2.4% a year earlier and the EU annual inflation rate was 2.3% as of December 2025, compared to 2.7% the year before, according to figures published by Eurostat. With the goal of reducing inflation to a medium-term target of 2.0% in mind, the European Central Bank (ECB) continued to lower interest rates to support the Eurozone economy several times last year, most recently in June 2025 by another 25 basis points to 2%. Rates remained steady for the rest of 2025 as inflation stabilized near the 2% target.

According to the U.S. Bureau of Economic Analysis (BEA), real gross domestic product (GDP) increased at an annual rate of 4.4% in the third quarter of 2025, compared to an increase of 3.8% in the second quarter, driven by increases in consumer spending, exports, government spending, and investment. Imports, on the other hand, decreased. With inflation continuing to moderate, the U.S. Federal Reserve (FED) lowered the federal funds target range further in 2025, delivering three additional 25 basis points cuts in the second half of the year, to a range of 3.50%-3.75% by year end. According to the U.S. Bureau of Labor Statistics, the US inflation rate came in at +2.7% for the 12 months ending December 2025.

China's economy grew by 5% year-on-year in 2025, thus meeting the government's growth target of around 5%. Growth reached 4.5% in the fourth quarter, down from 4.8% in the third quarter, indicating a quarterly deceleration in growth.

Source: EC, ECB, Eurostat, FED, NBS China, Reuters, US BLS, US BEA

B) MARKET DEVELOPMENT

1. Pulp & Paper

The Pulp & Paper business area experienced satisfactory market activity in 2025, despite the absence of major large-scale project awards. While the paper segment continued to face a challenging market environment, service demand across the pulp and paper sector remained resilient. In China, the pulp and paper industry continued its structural transformation toward increasing upstream integration, with leading players investing in fully integrated production capacities to capture a greater share of the value chain. Furthermore, 2025 was marked by an increasing demand for power solutions. While global pulp prices (quoted in USD) experienced a rather muted development in 2025, Chinese pulp prices experienced a decline over the course of 2025. Nevertheless, the market showed initial signs of stabilization toward year-end, with the first price increases implemented.

2. Metals

In 2025, the Metals market environment was characterized by cautious customer behavior, structural adjustments, and a challenging order environment across most regions. Reflecting ongoing structural challenges in automotive end markets, the Metals Forming sector experienced another year of decreasing project and investment activity during the reporting period, which was mitigated by demand for non-automotive applications and continued growth in China. In more detail, customer demand increasingly shifted toward smaller-scale projects, modernizations and non-automotive applications, such as defense. Investments into new large-scale single press lines remained limited. In an environment of low steel prices, muted industrial production and persistent overcapacity, project activity in the Metals Processing sector declined again in 2025.

3. Hydropower

In 2025, global investment and project activity for electromechanical equipment, energy storage and generation as well as grid stability were again characterized by an expansionary momentum, primarily due to continuously increasing demand for (renewable) energy and supportive electricity price levels, reflecting the ongoing global electrification and decarbonization momentum. While refurbishment projects continued to dominate Western markets such as North America and Europe, new greenfield projects (such as pump storage) have started to surface again in emerging markets such as Africa, Asia and Latin America. The increasing demand for energy storage and increasing requirements for grid stability have continued to promote investment activity in the market for pumped storage hydropower plants as well as synchronous condensers, thereby extending beyond traditional hydropower equipment applications as a response to the ongoing energy transition globally.

4. Environment & Energy

The Energy & Environment business area in 2025 was characterized by divergent developments across the various market segments, with strong momentum in environmental technologies being offset by delayed capital investment decisions across conventional areas. Markets for liquid/solid Separation and Pumps were characterized by cautious customer behaviour, with investment decisions frequently deferred without indicating a structural weakening of underlying demand. Additional project awards in Green Hydrogen were delayed due to a still uncertain regulatory environment. In contrast, Clean Air Technology markets developed strongly, supported by rising demand both for new installations and modernization of aging installations, especially in established industrial regions, including the US. Feed and Biofuel markets showed modest growth despite the broader market uncertainty.

C) BUSINESS DEVELOPMENT

1. Order intake

The order intake of the ANDRITZ Group developed satisfactorily during the 2025 financial year despite the unchanged and difficult overall economic conditions, and amounted to 8,909.8 MEUR, which was above the figure of the previous year (+7.6% versus 2024: 8,276.9 MEUR). The business areas Pulp & Paper and Hydropower significantly increased the order intake. The business area Metals showed a strong decline in order intake due to the ongoing low investment activity, especially from customers in the automotive sector. Order intake in the business area Environment & Energy decreased slightly due to delays in project decisions.

The business areas' development in detail:

- Pulp & Paper: At 3,348.1 MEUR, order intake reached a satisfying level and increased significantly, by 20.4%, compared to the figure of the previous year (2024: 2,779.8 MEUR). While order intake in the Service business remained almost unchanged compared to the previous year, the capital business (Paper & Textile and Pulp & Power) increased significantly, driven by several large orders in Asia, USA and Europe.

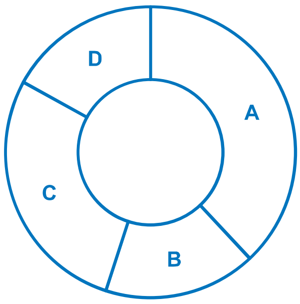
- Metals: Order intake amounted to 1,479.4 MEUR in the reporting year and was thus 13.3% below the previous year's reference figure (2024: 1,707.2 MEUR). Both sectors, Metals Processing as well as Metals Forming (Schuler), were confronted with lower investment activity by steel and automotive producers.

- Hydropower: At 2,516.1 MEUR, order intake reached a very favorable level and increased by 15.9% compared to the previous year's reference figure (2024: 2,170.5 MEUR). The business area benefited from the ongoing trend towards renewable energies and secured several major orders in the USA, Brazil and Asia.

- Environment & Energy: Order intake at 1,566.2 MEUR reached a solid level and slightly decreased compared to the previous year's reference figure (-3.3% versus 2024: 1,619.4 MEUR). The Clean Air Technologies division more than doubled its order intake year-on-year. However, the decline in order intake in the Separation and Pumps divisions led to a slight overall decrease for the business area.

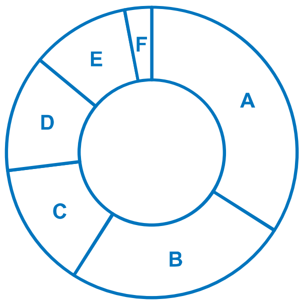
	Unit	2025	2024	+/-
Pulp & Paper	MEUR	3,348.1	2,779.8	+20.4%
Metals	MEUR	1,479.4	1,707.2	-13.3%
Hydropower	MEUR	2,516.1	2,170.5	+15.9%
Environment & Energy	MEUR	1,566.2	1,619.4	-3.3%
	MEUR	**8,909.8**	**8,276.9**	**+7.6%**

**Order intake by business area
2025 (2024) in %**



A	PULP & PAPER	38	(34)
B	METALS	17	(21)
C	HYDROPOWER	28	(26)
D	ENVIRONMENT & ENERGY	17	(19)

**Order intake by region
2025 (2024) in %**



A	Europe	34	(31)
B	North America	25	(24)
C	Asia (without China)	14	(14)
D	China	13	(12)
E	South America	11	(10)
F	Africa, Australia	3	(9)

2. Revenue

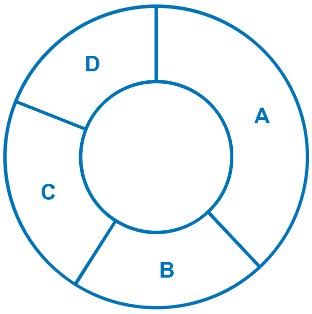
Revenue of the ANDRITZ Group amounted to 7,883.1 MEUR in 2025 and was therefore, as expected, below the high comparable figure for the previous year due to the reduced order intake in the previous year (-5.2% versus 2024: 8,313.7 MEUR).

The business area Hydropower (+12.5%) was able to significantly increase its revenue compared to the previous year's reference figure, driven by the scheduled execution of the order backlog accumulated in this business area over the previous reporting periods. While the business area Environment & Energy (-0.1%) showed a stable development, revenue in the business areas Pulp & Paper (-14.6%) and Metals (-6.5%) declined compared to the previous year's reference period as a result of the continued weak market in both industries.

The business areas' revenue development at a glance:

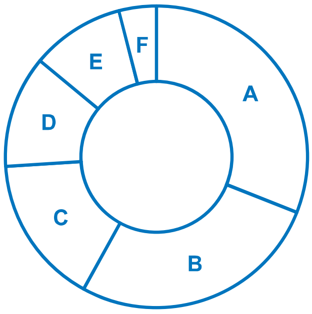
	Unit	2025	2024	+/-
Pulp & Paper	MEUR	2,956.9	3,461.1	-14.6%
Metals	MEUR	1,694.1	1,811.2	-6.5%
Hydropower	MEUR	1,729.5	1,537.9	+12.5%
Environment & Energy	MEUR	1,502.6	1,503.5	-0.1%
	MEUR	**7,883.1**	**8,313.7**	**-5.2%**

Revenue by business area 2025 (2024) in %



A	PULP & PAPER	38	(42)
B	METALS	21	(22)
C	HYDROPOWER	22	(18)
D	ENVIRONMENT & ENERGY	19	(18)

Revenue by region 2025 (2024) in %



A	Europe	31	(31)
B	North America	27	(25)
C	Asia (without China)	16	(17)
D	China	12	(11)
E	South America	10	(12)
F	Africa, Australia	4	(4)

Share of service revenue of the Group and business area revenue in % at a glance:

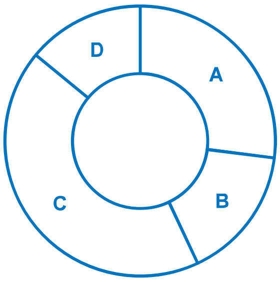
	Unit	2025	2024
ANDRITZ Group	**%**	**44**	**41**
Pulp & Paper	%	59	51
Metals	%	27	27
Hydropower	%	35	37
Environment & Energy	%	44	40

The share of the service business in the ANDRITZ Group's total sales has increased because higher year-on-year service revenue was achieved, but also because revenue in the capital business fell year-on-year.

3. Order backlog

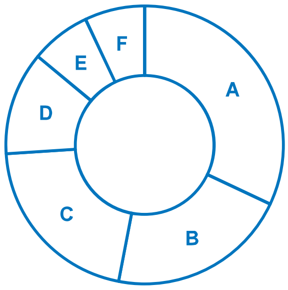
As of December 31, 2025, the order backlog of the ANDRITZ Group amounted to 10,457.5 MEUR (+7.3% versus December 31, 2024: 9,749.9 MEUR). While the order backlog in the business areas Hydropower, Pulp & Paper, and Environment & Energy increased, the order backlog in the business area Metals decreased.

Order backlog by business area as of Dec. 31, 2025 (Dec. 31, 2024) in %



A	PULP & PAPER	27	(25)
B	METALS	16	(20)
C	HYDROPOWER	43	(41)
D	ENVIRONMENT & ENERGY	14	(14)

Order backlog by business area as of Dec. 31, 2025 (Dec. 31, 2024) in %



A	Europe	32	(27)
B	Asia (without China)	21	(24)
C	North America	21	(22)
D	China	12	(11)
E	South America	7	(7)
F	Africa, Australia	7	(9)

4. Earnings

a) Operating result and profitability

The operating result (EBITA) amounted to 648.2 MEUR and was below the reference figure for the previous year (-9.1% versus 2024: 713.0 MEUR). The business areas Hydropower and Metals recorded, partly, a significant increase in operating result. However, the business areas Pulp & Paper and Environment & Energy, partly, showed a significant decrease. Profitability (EBITA margin) at 8.2% (2024: 8.6%) was slightly below the reference figure for the previous year.

The comparable EBITA of the Group (without taking into account one-off expenses for restructuring measures) amounted to 698.4 MEUR and was thus below the reference figure for the previous year (2024: 742.8 MEUR). The comparable EBITA margin remained unchanged at 8.9% (2024: 8.9%).

Development of profitability by business area:

- Pulp & Paper: Profitability decreased to 10.3% (2024: 10.8%). The slightly lower profitability compared to the previous year is largely attributable to the changed order mix. The comparable EBITA margin amounted to 10.8% (2024: 11.0%).

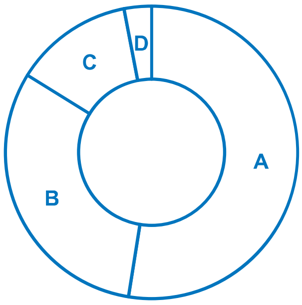
- Metals: The EBITA margin in the business area increased to 4.5% (2024: 4.0%). Profitability in Metals Processing remained unchanged year-on-year, whereas profitability in Metals Forming (Schuler) improved. The comparable EBITA margin amounted to 6.1% (2024: 5.5%) and was adjusted by provisions for capacity adjustments.

- Hydropower: Profitability increased to 6.5% (2024: 6.3%), which is due to the continuous phase out of legacy projects from the order backlog and the positive profitability development in the service business. The comparable EBITA margin amounted to 6.8% (2024: 6.1%).

- Environment & Energy: The EBITA margin in the business area decreased to 10.3% (2024: 11.3%), which is largely attributable to the changed order mix. The comparable EBITA margin amounted to 10.6% (2024: 11.1%).

b) Expense structure

**Expense structure
2025 (2024) in %**



A	Cost of materials	52	(54)
B	Personnel expenses	31	(29)
C	Other expenses	14	(14)
D	Depreciation	3	(3)

Cost of materials amounted to 3,904.3 MEUR in the 2025 financial year and was thus below the level of the previous year (2024: 4,244.6 MEUR). As a result of the decline in sales and the lower proportion of capital orders, the cost of materials to revenue ratio decreased to 49.6% (2024: 51.1%).

Personnel expenses, at 2,336.3 MEUR, were on the level of the previous year (2024: 2,300.8 MEUR). The personnel expenses to revenue ratio increased to 29.6% (2024: 27.7%).

Other expenses amounted to 993.3 MEUR in the reporting period (2024: 1,051.3 MEUR) and mainly include freight expenses, sales expenses, administrative and legal expenses, travel expenses as well as repairs and maintenance.

The depreciation of property, plant, and equipment and amortization of intangible assets amounted to 240.6 MEUR in 2025 (2024: 226.0 MEUR). Thereof 68.9 MEUR (2024: 56.0 MEUR) is attributable to amortization of intangible assets and 169.5 MEUR (2024: 167.7 MEUR) to depreciation of property, plant, and equipment. The impairment losses recognized were 2.2 MEUR in 2025 (2024: 2.3 MEUR), mainly for identifiable assets acquired in a business combination and machinery.

No goodwill impairment was recorded in either 2025 or 2024.

c) Financial result and taxes

The financial result amounted to 16.5 MEUR in the reporting period (2024: -15.4 MEUR).

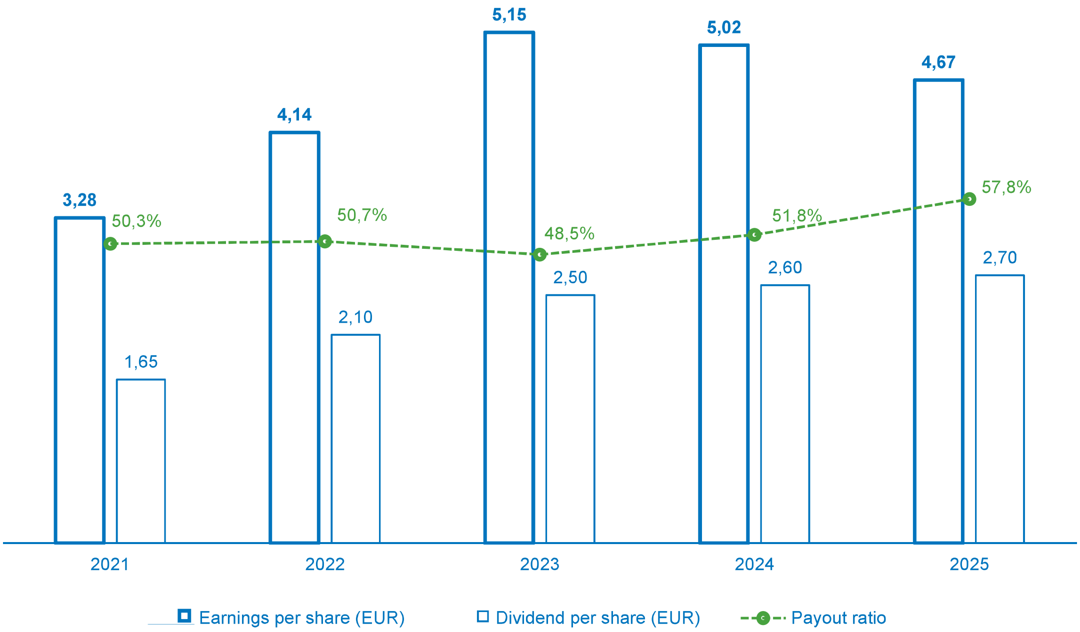
The net interest result (-13.3 MEUR versus 2024: +10.5 MEUR) decreased compared to the previous year's reference figure due to the decline in the interest rate environment and lower gross liquidity (1,260.9 MEUR versus 2024: 1,434.4 MEUR).

The significant increase in the other financial result compared to the previous year is mainly attributable to large one-time effects in both 2025 and 2024. The other financial result of 2025 includes a positive effect from the sale of equity instruments valued at fair value. The other financial result of 2024 includes a negative effect from the write-off of a loan granted to a company, which was deconsolidated, and the result from companies accounted for using the equity method includes a positive effect from the measurement of the remaining shares of this company at fair value.

The tax rate remained at a consistently low level of 23.7% compared to the previous year (2024: 23.2%).

d) Earnings and dividend per share

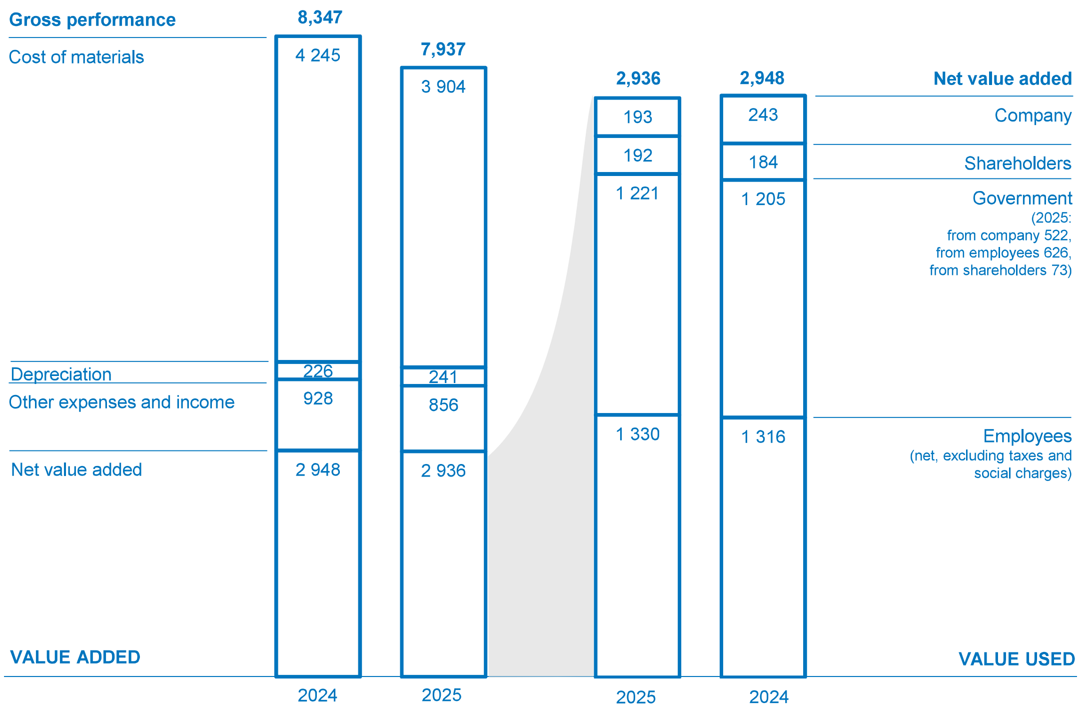
The earnings per share decreased to 4.67 EUR (2024: 5.02 EUR). At the Annual General Meeting on March 26, 2026, the Executive Board will propose a dividend of 2.70 EUR per share (2024: 2.60 EUR) for the 2025 financial year. This is equal to a payout ratio of 57.8% (2024: 51.8%).



Dividend for 2025: Proposal to the Annual General Meeting.

e) Value added

Net value added decreased by 0.4% in the 2025 financial year to 2,936 MEUR (2024: 2,948 MEUR). Regarding the distribution of the value added among the key stakeholders, 1,330 MEUR (2024: 1,316 MEUR) was attributable to employees. Based on the dividend proposal for the 2025 financial year, the share of value added attributable to shareholders after tax increased slightly to 192 MEUR (2024: 184 MEUR). The state and the social security systems participate in the value added through taxes and social charges with 1,221 MEUR (2024: 1,205 MEUR). The share of value added remaining in the company amounted to 193 MEUR (2024: 243 MEUR).



5. Financial position

a) Net worth position and capital structure

Total assets amounted to 8,610.1 MEUR (December 31, 2024: 8,163.0 MEUR). The equity ratio increased to 28.5% (December 31, 2024: 27.9%).

Assets

A	Non-current assets 36%	3,096.1 MEUR
B	Current non-financial assets 48%	4,132.6 MEUR
C	Cash and cash equivalents as well as current financial assets 16%	1,381.4 MEUR

Equity and liabilities

A	Total equity including non-controlling interests 29%	2,455.8 MEUR
B	Bank loans and Schuldscheindarlehen as well as lease liabilities 9%	794.3 MEUR
C	Other non-current liabilities 8%	705.3 MEUR
D	Other current liabilities 54%	4,654.7 MEUR

On the asset side, property, plant, and equipment (1,351.2 MEUR), goodwill (1,130.3 MEUR), deferred tax assets (157.8 MEUR), and intangible assets other than goodwill (246.0 MEUR) were the most important items in non-current assets (3,096.1 MEUR) as of December 31, 2025. The most important items in other current non-financial assets (4,132.6 MEUR) are trade accounts receivable and contract assets (2,378.7 MEUR) as well as inventories (1,207.6 MEUR).

On the liabilities side, other current liabilities (4,654.7 MEUR) mainly include contract liabilities from revenue recognized over time (1,396.3 MEUR), trade accounts payable (960.7 MEUR), and provisions (401.9 MEUR). The most important items in other current non-financial liabilities (1,157.2 MEUR) are accruals and outstanding order-related costs (629.8 MEUR) as well as unused vacation and other personnel-related accruals (349.7 MEUR). Other non-current liabilities (705.3 MEUR) largely contain provisions for employee benefits (314.6 MEUR), other provisions (196.8 MEUR), and deferred tax liabilities (77.7 MEUR).

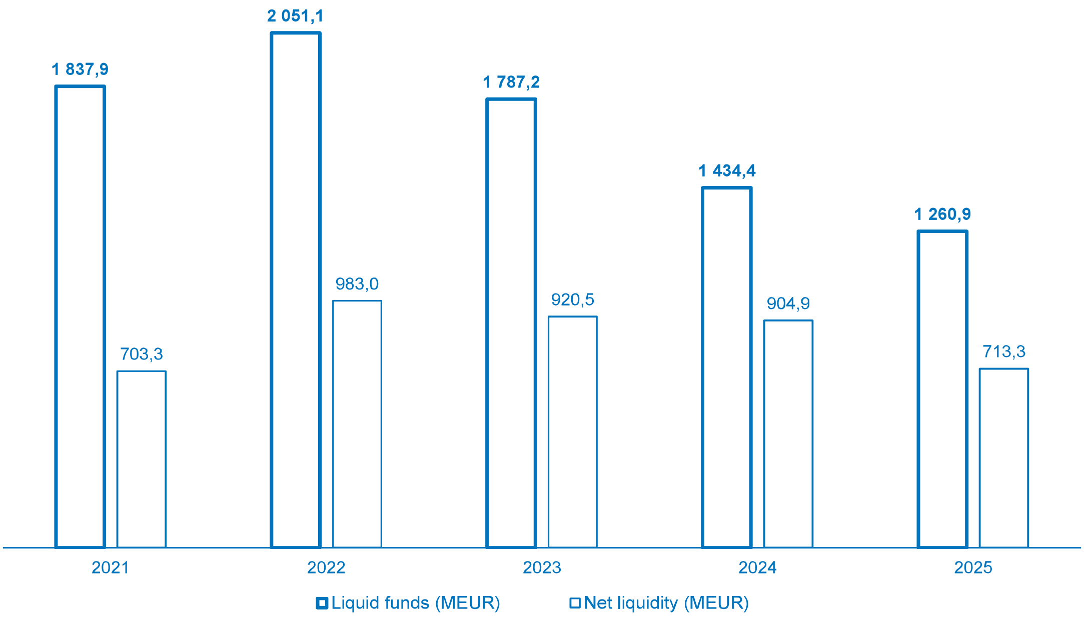
b) Treasury shares

As of December 31, 2025, the company held 6,001,206 treasury shares, i.e., 5.8% of the share capital, with a market value of 400.6 MEUR – mainly for servicing stock option programs and issuing shares to employees.

More information in the notes to the consolidated financial statements chapter F) 34. Equity.

c) Liquid funds and net liquidity

Liquid funds decreased to 1,260.9 MEUR (December 31, 2024: 1,434.4 MEUR), while net liquidity amounted to 713.3 MEUR (December 31, 2024: 904.9 MEUR).



At the end of 2025, the ANDRITZ Group's liquidity position remained very strong with cash and cash equivalents in the amount of 911.6 MEUR, term deposits of 268.7 MEUR, and other short-term securities of 80.6 MEUR.

At the end of 2025, the Group's financial liabilities remained at a similar level compared to the previous year. Schuldscheindarlehen reduced to 301.4 MEUR, due to scheduled repayment in the amount of 127.5 MEUR (2024: 300.0 MEUR). This was offset by obtaining a bank loan in the amount of 100.0 MEUR. In addition to that, the ANDRITZ Group has an OeKB bank loan of 51.0 MEUR, other bank liabilities of 45.2 MEUR, mainly in regulated countries such as China, India, and the USA, and 50.0 MEUR drawn portion of a committed syndicated revolving credit facility as of December 31, 2025.

In April 2025, the ANDRITZ Group arranged a committed syndicated revolving credit facility (RCF) as a strategic financing tool, enabling the Group to draw, repay, and redraw funds up to a predetermined limit of 500.0 MEUR. The RCF has a maturity in 2030 with two one-year extension options. This flexibility supports the cash flow management and short-term liquidity needs of the ANDRITZ Group, ensuring a swift response to financial needs and opportunities.

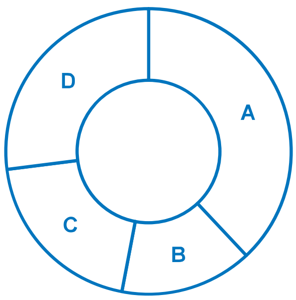
d) Credit and surety lines

As of December 31, 2025, for performance of contracts, down payments, warranties, etc., the ANDRITZ Group had unutilized committed credit facilities of 737 MEUR, including the RCF. In addition, the ANDRITZ Group had unutilized bank guarantee and surety lines of 3,417 MEUR.

6. Capital expenditure

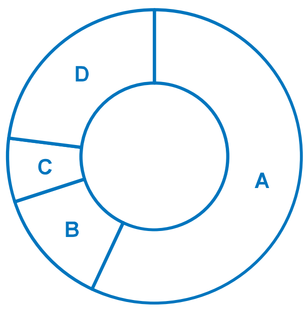
Investments in property, plant, and equipment and intangible assets amounted to 269.5 MEUR in the 2025 financial year and were thus above the previous year's level (2024: 237.5 MEUR). Investments were distributed across the business areas as follows:

Capital expenditure by business area 2025 (2024) in %



A	PULP & PAPER	38	(33)
B	METALS	15	(25)
C	HYDROPOWER	20	(20)
D	ENVIRONMENT & ENERGY	27	(22)

Capital expenditure by category 2025 (2024) in %



A	Manufacturing	57	(48)
B	IT	13	(6)
C	Research & development	7	(11)
D	Others	23	(35)

As in previous years, the focus of investments was mainly on workshop modernizations and individual extension projects to support growth, primarily in North America, Europe and China.

7. Cash flow

The cash flow from operating activities, at 652.7 MEUR, was above the reference figure of the previous year (2024: 636.5 MEUR). The decrease in the net income at 457.1 MEUR (2024: 496.5 MEUR) and the increase in gains/losses from disposal of property, plant, and equipment and financial assets of -49.6 MEUR (2024: -3.8 MEUR) has been compensated by an increase in the net working capital (-1.4 MEUR in 2025 versus -114.7 MEUR in 2024).

After deduction of investments in property, plant, and equipment and intangible assets in the amount of 269.5 MEUR (2024: 237.5 MEUR) the free cash flow amounted to 383.2 MEUR (2024: 399.0 MEUR).

The cash flow from investing activities amounted to -541.6 MEUR (2024: -207.5 MEUR). The change is mainly due to higher net cash flow from company acquisitions at -328.6 MEUR (2024: -36.9 MEUR) as well as higher payments made for non-current and current financial assets.

The cash flow from financing activities amounted to -320.6 MEUR (2024: -753.3 MEUR). The change mainly resulted from lower payments made for Schuldscheindarlehen (-127.5 MEUR in 2025 compared to -300.0 MEUR in 2024) as well as bank and other financial liabilities (-138.4 MEUR in 2025 compared to -193.1 MEUR in 2024). Moreover, higher payments received for bank and other financial liabilities took place (241.4 MEUR in 2025 compared to 161.4 MEUR in 2024). In addition, lower amounts to former shareholders for contingent considerations were paid (-4.6 MEUR in 2025 compared to -14.9 MEUR in 2024). In 2025, own shares were not paid back, whereas own shares amountig to 116.6 MEUR were bought back in 2024. Dividends were paid in the amount of -253.8 MEUR in 2025 being slightly higher than in 2024 at - 248.5 MEUR.

8. Acquisitions

ANDRITZ acquired the U.S.-based Dustex LLC, including its subsidiary Western Pneumatics, LLC (together the LDX Group), in February 2025. LDX is a leading provider of emission reduction technologies and related services for the North American industrial market and expands the existing product portfolio in the Environment & Energy business area.

In July 2025, ANDRITZ acquired A.Celli Paper S.P.A., headquartered in Italy, including additional subsidiaries in Italy and China. A.Celli has decades of experience in supplying machines and core components for the production of tissue, paper, and board and expands the existing product portfolio in the Pulp & Paper business area.

Furthermore, in July 2025, ANDRITZ acquired the Salico Group, headquartered in Italy and Spain. The acquisition also includes subsidiaries in the United Kingdom, the United States, and India. Salico specializes in the design and manufacture of advanced finishing equipment for metal flat strip processing. This acquisition represents another important step in ANDRITZ's strategy to become the full-line supplier for the entire downstream portfolio in the ferrous and non-ferrous metals industry and expands the existing product portfolio in the Metals business area.

In July 2025, ANDRITZ also acquired the Diamond Group, headquartered in the United States and the United Kingdom. The acquisition also includes subsidiaries in Germany, Sweden, Finland, Brazil, Thailand, China, South Africa, and the Czech Republic. Diamond specializes in the supply of boiler cleaning technologies for the pulp, paper, and power industries. The company's comprehensive sales and service network will further strengthen ANDRITZ's global presence, offering growth potential for boiler-related products with a high service share, thereby expanding the existing product portfolio in the Pulp & Paper business area.

In November 2025, ANDRITZ acquired substantial parts of Allen-Sherman-Hoff (ASH) via an asset deal. ASH is a recognized market leader in ash handling systems, supplying power plants, biomass facilities, the pulp and paper industry, and further industries. A strong focus is placed on after-sales services, including spare parts, maintenance services, and system upgrades, thereby strengthening the existing product portfolio in the Pulp & Paper business area.

In December 2025, ANDRITZ acquired a 51% stake in Baoding Sanzheng Electrical Equipment Co., Ltd., headquartered in China. The integration of Sanzheng provides ANDRITZ with a complete portfolio of induction heating technologies and strengthens the company's capability to deliver full-line solutions for electrical steel processing, galvanizing, annealing, and forging. The acquisition expands the existing product portfolio in the Metals business area.

In addition, Captimise AB in Sweden and substantial parts of WEHRLE-WERK Aktiengesellschaft were acquired during the financial year via an asset deal.

D) RISK MANAGEMENT

The ANDRITZ Group pursues an integrated and systematic risk management approach designed to support the Group's strategic and operational objectives and ensure the continuity of its global business activities. Risk is understood as uncertainty that can present both opportunities and threats. Risk management is based on Group-wide binding principles, follows a forward-looking and structured process, and is embedded in all essential business activities. This approach aligns with international best practices and meets the requirements of a modern Enterprise Risk Management system.

A central element of ANDRITZ's risk management is its integration into Group-wide corporate governance. Strategic planning, controlling, performance management, and operational leadership are closely interlinked, ensuring continuous risk monitoring. Relevant risks are identified, assessed, and incorporated into decision-making processes at Group level, in the business areas, and within operational units. Regular reviews and updates of the risk assessment ensure that new developments are identified early and addressed appropriately.

Risk management at the ANDRITZ Group covers all risk categories – strategic, operational, and financial risks – while also considering external factors such as geopolitical developments, market volatility, regulatory changes, climate-related risks, as well as technological and digital trends. In addition, the Group's risk exposure is actively managed through insurance programs, contractual safeguards, and compliance structures. Monitoring political and regulatory risks, analyzing market developments, and continuously assessing competitive positioning are integral components of the systematic risk management process.

The internal control system (ICS) forms a key part of this overall framework. While risk management addresses all significant strategic and operational risks, the ICS ensures the accuracy and reliability of financial reporting and the integrity of essential business processes. Both systems complement one another and jointly contribute to strengthening a stable, transparent, and compliant corporate environment. The governance structure – comprising the Executive Board, the Audit Committee of the Supervisory Board, and Internal Audit – oversees the risk management and internal control system using an integrated approach and ensures their ongoing development.

Risk identification is carried out continuously within the operational units and is supported by the Group-wide planning and reporting process as well as by regular management reviews. Significant risks are systematically consolidated, evaluated, and assigned appropriate mitigation measures. The assessment is based on the estimated likelihood of occurrence and the potential financial and operational impacts. In addition, sensitivity analyses, scenarios, and risk indicators are used to detect developments at an early stage.

The Executive Board bears overall responsibility for risk management and establishes the organizational framework to ensure effective oversight. The Audit Committee monitors the functionality of both the risk management process and the internal control system (ICS). Internal Audit reviews the risk management process and the ICS based on its annually defined, risk-oriented audit plan and reports on progress and identified improvement potential. External auditors also assess the effectiveness of the risk management system on an annual basis.

Through this integrated approach – combining proactive risk management, an effective internal control system, and clear governance structures – ANDRITZ ensures transparency, controllability of risks, and optimal utilization of opportunities. This provides a robust foundation for sustainable growth, long-term competitiveness, and the achievement of the Group's strategic objectives.

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

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 the consolidated non-financial statement Chapter GOV-5 Risk management and internal controls over sustainability reporting.

1. Strategic risks

a) Political

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 moderate 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 that applies throughout the Group.

b) Regulatory

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 has 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 implements a large number of measures to ensure 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 would represent an additional risk. This competitive situation or a possible change in the competitive 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 optimization. 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 consolidation 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 with customers 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 areas 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 can have a direct influence on each customer's capital investment decisions, with a 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.

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.

f) Acquisition and integration of complementary business areas

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 conducts thorough reviews 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 the 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 strives to keep employee turnover to a minimum by offering training and international career opportunities, incentive plans and targeted employer branding activities.

In addition, there are personnel-related risks that may impair the company's performance. These include, in particular, the risk of not being able to fill positions—especially key roles—in a timely or adequate manner. Causes such as a shortage of skilled workers, insufficient personnel and succession planning, limited employer attractiveness, or location-related factors can lead to capacity bottlenecks, loss of know-how, and increased recruitment and onboarding costs.

Further risks arise from absences due to occupational accidents or health-related issues, which may affect employee availability and performance. In addition, unintentional errors or insufficient qualifications without adequate training can result in operational disruptions — for example, due to incorrect data entry, operating errors, or improper load securing.

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 will hence 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

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 efforts. 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 the ANDRITZ Group are regularly evaluated in order to identify potential threats (relating to the 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 impact 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.

The war in Ukraine and the resulting sanctions against Russia led to a sharp price increase and high volatility in energy and 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.

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 the 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 the earnings development of the Group.

c) Projects

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 must usually 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 construction of complete plants, and where labor services have to be sourced from third parties. ANDRITZ was able to largely compensate for fluctuations in raw material and material prices in the 2024 financial year through 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 the 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 related 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 the 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 could 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 from 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 be in fact 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.

In addition, there are legal risks that go beyond ongoing proceedings. These include potential civil or criminal consequences in the event of violations of applicable legal provisions, as well as possible impacts arising from adverse changes in the legal and regulatory framework or in case law. However, the development of such risks depends on numerous external factors and can therefore only be predicted to a limited extent. ANDRITZ continuously monitors these developments in order to take appropriate measures at an early stage and ensure legally compliant conduct.

More information in the notes to the consolidated financial statements G) 42. 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 decisions by these customers.

h) Cyber

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 cyber 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 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 access to 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) 38. Risk management – risks relating to financial instruments.

4. Internal control

The internal control system (ICS) of the ANDRITZ Group is an integral part of the overall risk management framework and supports the reliable management of business processes as well as the assurance of proper and transparent financial reporting. It complements strategic and operational risk analysis through a structured control mechanism aimed at identifying and effectively preventing errors, irregularities, and compliance breaches at an early stage. Through this close integration of risk management and the internal control system, a consistent, robust, and forward-looking governance environment is established that strengthens the long-term stability and performance of the Group.

The Executive Board holds overall responsibility for the implementation, functionality, and continuous further development of the ICS. This includes Group-wide binding policies, processes, and accounting principles that ensure business transactions are recorded and represented completely, accurately, promptly, and systematically. The ICS covers all essential business processes and follows a multi-layered control approach that includes both preventive and detective measures.

A key focus of the internal control system lies in ensuring process integrity within financial and accounting workflows. This includes clearly defined segregation of duties, mandatory approval procedures, and collective signing authorities under the four-eyes principle. The entire purchase-to-pay process is governed by uniform Group policies, ensuring transparent, traceable, and compliant execution of all transactions. Automated business process controls within the ERP systems used – particularly SAP – support adherence to authorization concepts, role models, and system-based validation mechanisms.

Group-wide binding accounting and valuation policies, as defined in the ANDRITZ Group IFRS Accounting Policy, apply to the preparation of the consolidated financial statements. These are supplemented by automated consistency checks in the consolidation and reporting system and enhanced through manual analyses – including plausibility checks, account reconciliations, and management reviews. The objective is to prevent misstatements and continuously improve the quality of financial information.

Information is communicated to the Executive Board and Supervisory Board through standardized, Group-wide financial reporting as well as ad-hoc notifications in the event of significant developments. During regular meetings, the Supervisory Board receives comprehensive reports on business performance, the risk situation, and the status of key control activities. The Audit Committee specifically addresses the functionality of the internal control and risk management systems and monitors their ongoing development.

Internal Audit forms a core component of the control and oversight structure. As an independent body free from directives, it evaluates processes, controls, and compliance with internal and external regulations across the Group based on a risk-oriented audit plan. It also conducts special audits when required. The results are reported directly to the Executive Board and the Audit Committee and serve as a basis for continuous optimization of the control environment.

The external auditor assesses the effectiveness of the risk management system related to financial reporting on an annual basis and reports the findings to the Executive Board and Supervisory Board. This independent evaluation complements internal oversight mechanisms and contributes to strengthening the reliability of the system. In the 2025 financial year, the effectiveness of the risk management system was confirmed once again.

Through the interaction of systematic risk management, a robust internal control system, clear responsibilities, and a strong governance structure, ANDRITZ ensures that risks are identified early, managed effectively, and that the integrity of financial and business processes is permanently safeguarded.

E) RESEARCH AND DEVELOPMENT

Research and development are integral to ANDRITZ's corporate strategy and vital to creating growth and maintaining long-term competitiveness. Several hundred employees work in R&D at numerous locations worldwide.

ANDRITZ's research and development activities focus on bringing products and technologies to the market that protect the environment, minimize energy and resource consumption, and extend the lifecycle of machines and systems. A significant share of revenue is now generated from sustainable solutions and products. Another important focus area is digitalization. Research and development activities are also strengthened through collaborations with universities, research institutes, and joint projects with customers.

At ANDRITZ, the climate crisis, pollution, and resource scarcity are addressed by advancing technologies that support a greener economy. The green transition is enabled through solutions such as green hydrogen, carbon capture, P2X, and textile recycling, transforming industrial practices and driving meaningful progress toward sustainability. Scalable and practical technologies deliver strong returns on investment, empowering customers to adopt and finance the changes required for a more sustainable future.

In the reporting year, the ANDRITZ Group invested 133.2 MEUR in research and development activities before capitalization (2024: 139.6 MEUR). Including project-specific development work, total R&D expenditures accounted for approximately 3% of revenue. The ANDRITZ Group currently holds around 6,270 patent rights, 80% of which have already been granted, while the rest are under review. Additionally, the Group owns the rights to approximately 2,740 trademarks.

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

1. Pulp & Paper

ANDRITZ has launched a research and development program called BioCircleToZero as part of the leading company (Veturi) initiative from Business Finland. The program´s aim is to double the value from wood without harvesting more trees. As part of BioCircleToZero, ANDRITZ will initiate and lead extensive cooperation and R&D efforts with companies, research institutes, and universities. BioCircleToZero is a five-year research & development initiative designed to accelerate innovation in bioeconomy. Its goal is to build a next generation biorefinery ecosystem that maximizes the value of wood while reducing environmental impact, especially CO_2 emissions. The way to address this challenge is to burn less wood-based material in the process, increase the pulp yield, utilize side streams such as lignin and biomethanol, or increase the value by high-value products like man-made textile fibers. While some biomass always will be used for energy, biogenic CO_2 from combustion can be combined with green hydrogen to produce eFuels. Furthermore, ANDRITZ is continuously working on reducing freshwater consumption in pulp mills. With BioCircleToZero, a large ecosystem is built where it is not only ANDRITZ bringing new technology to market. Also, partners are key in any new development that enables the creation of added value from wood.

In the paper industry, ANDRITZ's R&D activities focus on technologies and services for sustainable fiber processing and the production of tissue, paper, and board. Research efforts are anchored in five key pillars: energy savings, fiber savings, water savings, chemical savings, and digitalization. To support these objectives, intensive testing and innovation take place at specialized R&D centers located in Austria, China, the United States, at the Tissue Innovation and Application Center (PrimeLineTIAC) in Austria, at the Paper Technology Center in Germany, and at the Felt & Fabric R&D Center in Gloggnitz, Austria. Developments also focus on circular economy approaches, such as fiber savings, the use of alternative raw materials, and the recycling of press felt and forming fabric materials. The goal is to reduce the carbon footprint of tissue and paper production, for example, by increasing dryness after pressing, introducing an alternative process for starch application in packaging paper, or implementing energy-efficient and environmentally friendly drying concepts.

Due to new respectively expected European regulations on textile waste recycling there is increased demand regarding new technologies for textile recycling. ANDRITZ covers multiple segments of the textile recycling's value chain, including automated textile sorting, fiber processing, and both mechanical and chemical textile recycling. Additionally, ANDRITZ is actively involved in numerous R&D initiatives with partners worldwide.

In the nonwoven sector, the focus is on developing technologies for producing more sustainable nonwoven roll goods and finished products. ANDRITZ offers various processes for this market segment, and the latest developments incorporate natural fibers, recycled fibers, and pulp as raw materials. The available technologies include solutions for producing 100% biodegradable wipes, recycling solutions for absorbent hygiene products, and more. Building on its long-standing expertise in dissolving pulp, nonwovens and large scale project execution, ANDRITZ is expanding into man made cellulosic fibers with complete Lyocell production plants, offering solutions from engineering to full EPC projects, and serving both the textile yarn market and the nonwoven fiber market.

ANDRITZ is accelerating its entry into Dry Molded Fiber (DMF) technology by investing in a new DMF pilot line at its site in Montbonnot in France, equipped with multiple innovations, to develop next generation solutions that replace plastic in the packaging industry. And ANDRITZ is also leveraging its wood pulp expertise for the development of sustainable spunlace nonwovens.

Building out the scope of abilities in Automation & Digitalization ANDRITZ is extending its robotics portfolio to resolve safety-critical applications in pulp-and paper mills, as well as extending it's portfolio in analyzers and vision systems. In synergy to building out the portfolio ANDRITZ is strengthening it's regional footprint to provide optimization and reliability improvement services on the basis of advanced controls and analytics as well as process simulation and AI models to maximize availability and production for customers. A growing shortage in experienced operators in both high- and best-cost countries is accelerating digital transformation across the industry. ANDRITZ addresses this shift by offering plant-wide optimization and operation software-solutions enabling increasing levels of plant autonomy, powered by its digitalization platform Metris All-in-One.

2. Metals

In the business area Metals Processing, research and development activities focus on technologies aiming for reduction of greenhouse gas emissions from delivered plants, preventing pollutants through regeneration concepts for end products in process chains, and the catalytic conversion of gaseous pollutants such as NOx. Additionally, automation and digitalization are key to enabling smart plant operations for customers, allowing precise measurement, adjustment, and prediction of process parameters.

The electrification of plants and solutions and underlying processes helps to avoid direct greenhouse gas emissions from fossil fuels while significantly increasing efficiency and performance in plant operations.

Furthermore, improvements in digital solutions help customers operate plants efficiently and economically. By applying machine-learning process parameters, precise predictions, settings, and records are possible. Machine-learning models are developed to train soft sensors based on real process data, allowing production to continue even if certain sensors, such as those for layer thickness measurement, fail. The ongoing development of this technology is expected to enable the prediction of sensor failures, detection of sensor drifts, and accurate forecasting of future measurements finally leading to autonomous plant operation. This, in turn, creates additional potential for reducing material waste and energy consumption by optimizing process parameters to suit each specific end-product. Additionally, efforts are being made to continuously minimize thermal losses in plants through specialized refractory lining concepts and energy recovery systems.

The development of ANDRITZ's own hydrogen burners for the furnace section enables a substantial reduction in direct CO_2 emissions. Continuous advancements are also being made in hybrid heating systems that combine renewable electricity with gas (such as biogas or hydrogen) for heating and heat treatment furnaces. The combination of electrification and highly efficient hydrogen-ready burner systems provides customers with a wide range of hybrid heating options for various heat treatment applications. With Computational Fluid Dynamics (CFD) driven development approach, burner details are numerically analyzed, understood, and optimized in detail before any hardware is built. Following the CFD phase, the optimized burner design is manufactured, installed, and tested in operation. The measured emission values confirm the CFD predictions and validated the achieved NOx reduction.

ANDRITZ Metals is also developing comparable electrification approaches for acid regeneration plants, which have traditionally been heated using fossil fuels with capacities between 2 and 20 MW. Conventional resistance heating technologies cannot achieve the required temperatures, so alternative heating concepts are currently being tested on a pilot scale.

Metals Processing is also expanding its expertise in processing new materials and coatings for emerging and rapidly growing industries. In electromobility and energy production sectors, grain-oriented (GO) and non-grain-oriented (NGO) electrical steel plays a crucial role, as it is used to manufacture motor and generator components. To establish itself as a complete solutions provider for NGO production in the global market, ANDRITZ is working on a new furnace concept for manufacturing electrical steel. The electrical steel produced in these furnaces offers improved efficiency and can be directly integrated into all mechanical processing lines already supplied by ANDRITZ. The focus is on a fully modular design that ensures quick installation, easy operation, and simplified maintenance of the furnaces. Due to well selected acquisitions, Metals Processing is constantly improving the heating technologies of the strip furnaces enlarging the heating technology portfolio by induction heating. The combination of several electrical heating technologies applies for carbon steel as well as for stainless steel.

For the same trend - electromobility - Metals Processing developed an electrochemical nickel-plating process with high current density and efficiency for manufacturing of cylindrical battery cells.

Following the successful development and market introduction of the Sundwig MonoBlock, a 20-roll mill for the production of cold-rolled strip, Metals-Processing now has the complete portfolio of highly advanced multi-roll mills to enable the future production of electrical steel in foil thickness. Besides the 20hi mill (four column design or monoblock) the proven S6-High rolling mill, an 18-roll stand, has also been further refined to support the trend towards thinner final gauges. Additional R&D projects for flatness actuator adjustment to improve shape control for metal strips and variable strip and roll cooling for higher reliability of the rolling process for GO and NGO are ongoing.

In Metals Forming, ANDRITZ Schuler realized several new initiatives that enhance the efficiency, flexibility, and long-term competitiveness of modern manufacturing processes. Within the Battery Division, a new high performance energy management system was introduced that enables more efficient energy transfer across formation plants and ensures stable operation even over longer distances between process chambers. This development not only reduces operating costs for each facility but also increases overall plant availability, strengthening the long-term profitability of future battery production projects.

In the area of press automation, the newly developed CBF ecodrive provides a compact and economical transfer solution designed for continuous part flow in high-speed press lines. Its space saving design reduces installation requirements while lowering energy consumption, offering clear advantages for both new lines and modernization projects. An innovative compensation system supports highly precise movements, and optional alignment functions allow further process steps to be integrated directly into the transfer, reducing the need for additional equipment along the line.

Furthermore, the introduction of the new Ring Roller marks an important expansion of the company's forming technology portfolio. By adding this core machine, ANDRITZ Schuler is now able to supply complete ring rolling systems from a single source, covering all essential process stages. The machine incorporates a patented feature designed to reduce wear and minimize material waste, resulting in more stable production conditions and improved overall efficiency. With this development, the company strengthens its position in a market segment that is increasingly focused on consistent quality, lower resource consumption, and reliable production performance.

3. Hydropower

As a leading supplier of pumped storage power plants, ANDRITZ plays a key role in promoting renewable energy and is a strong partner in the field of sustainability. The use of renewable energy sources such as solar and wind power is essential for reducing greenhouse gas emissions and dependence on fossil fuels. ANDRITZ's continuous research and development efforts focus on grid stability as the foundation of energy transition, pumped storage giving flexibility for stable grids, synchronous condensers for active grid support as well as HIPASE-250, the intelligent control for maximum grid security.

The transformation of the energy systems demands new approaches to grid stability. In a world of increasingly volatile energy generation from solar and wind power, intelligent storage and stabilization technologies have become indispensable. As a global technology leader in pumped storage power plants, ANDRITZ develops solutions that form the backbone of reliable electricity supply based on renewable energy sources.

Pumped storage facilities play a pivotal role in ensuring grid stability. Their capability to store vast amounts of energy and deliver it within seconds makes them the ideal solution for balancing grid fluctuations. The variable-speed pump turbines and motor generators are characterized by exceptionally fast response times and can immediately correct both over- and under-frequencies in the grid. This dynamic control capability is becoming increasingly important with the rising share of decentralized energy generation, positioning pumped storage plants as essential infrastructure for the energy transition.

Alongside the pumped storage solutions, ANDRITZ Hydropower is advancing the development of synchronous condensers. These systems provide substantial amounts of reactive power and short-circuit power – critical parameters for grid stability. Through active voltage regulation and frequency support, they enable significantly improved integration of fluctuating renewable energy sources. The combination of mechanical inertia and electronic control creates precisely the grid resilience that modern power systems require.

With HIPASE-250, ANDRITZ Hydropower presents the latest evolution of its automation platform. This highly integrated solution combines state-of-the-art protection, control, and monitoring functions in a unified system specifically optimized for grid stability requirements.

The research and development activities are consistently focused on future requirements for grid stability and system flexibility. The development efforts focus not only on today's market but anticipate the technical challenges of a fully decarbonized energy supply. Through continuous improvement of efficiencies, control speeds, and system integration, the technological foundation that enables customers to achieve their sustainability goals while ensuring the highest level of supply security, is created.

4. Environment & Energy

ANDRITZ Environment & Energy is committed to environmental responsibility and to shaping a cleaner and more sustainable world for present and future generations. Continuous innovation enables customers to meet the challenges of a rapidly changing industrial landscape.

A major focus of research and development in the reporting year was the Green Hydrogen division, where ANDRITZ advanced the development and industrialization of high-performance electrolyzers to produce green hydrogen from renewable energy. In 2025, ANDRITZ opened its Electrolyzer Gigafactory in Erfurt, Germany, specialized in the production of electrolyzer stacks. This scalable and modular production setup serves as the blueprint for future sites worldwide. Beyond electrolyzer manufacturing, R&D activities also advance standardized 100 MW building blocks for large-scale plants as well as integration concepts for complete Power to X systems

Closely linked to these efforts, ANDRITZ continued to expand its carbon capture technologies. CO_2 capture technology plays a crucial role in e-fuel production in pulp mills, which emit the highest amounts of available biogenic CO_2 compared to other industrial facilities. Currently, this CO_2 is released into the atmosphere, contributing to plant emissions. ANDRITZ aims to transform these emissions into new value-added products by capturing CO_2 and combining it with green hydrogen to produce e-fuels. Leveraging a group-wide collaboration, ANDRITZ offers a comprehensive technology package for e-fuel production.

The Clean Air Technologies division focuses its R&D activities on emission reduction technologies targeting fine particulate matter, gaseous pollutants, and carbon dioxide emissions from industrial processes. In response to increasingly stringent emission regulations, ANDRITZ is developing new solutions ranging from advanced controllers for enhanced particulate matter collection to CO_2 capture technologies with optimized energy integration, enabling both new and existing plants to reduce emissions while remaining economically viable.

In the Separation division, ANDRITZ continued to drive focused R&D initiatives to deliver advanced solid/liquid separation solutions for increasingly demanding markets. Targeted programs strengthened core technologies and reinforced the division's commitment to digitalization, sustainability, and optimized process performance. A key milestone in 2025 was the launch of the MiningMaster ME4, a new overhead filter press designed to increase throughput, shorten cycle times, and significantly improve water recovery in tailings dewatering applications. Further developments in sensor technology and digitalization enhanced process stability and asset reliability, delivering measurable value for customers. In addition, ANDRITZ advanced its "waste-to-value" approach, for example by enabling the production of fertilizer from municipal wastewater and by successfully scaling up the Turbex extraction system for the food and beverage industry to full industrial operation.

The Feed & Biofuel division delivers complete plants, systems, and key equipment based on decades of global experience in feed and biomass processing. R&D activities focus on optimizing core processes, improving equipment performance, and advancing plant digitalization to ensure reliable, efficient, and scalable solutions throughout the project lifecycle. We continued development of the Modular Plant Solutions concept with an integrated approach to optimizing logistics, ensuring quality, and achieving cost efficiency. This and other developments support higher efficiency, stable operation, and continuous improvement in industrial feed and biofuel production.

In the Pumps sector, ANDRITZ continues to invest substantially in research and development with a strong focus on efficiency, flexibility, and long-term reliability. Ongoing R&D efforts optimize hydraulic performance and strengthen competitiveness in demanding global markets. Highest pump efficiencies, advanced, cutting-edge, engineered materials and wear protection further reduce energy consumption and environmental impact. Industry-leading, ISO 17025-accredited hydraulic laboratories and testing facilities, precise measurement technologies, and advanced simulation tools guarantee the high quality and performance of ANDRITZ pumps.

5. Automation

ANDRITZ Automation has been successfully operating in the field of plant automation for more than 35 years. The digital solutions from ANDRITZ, based on the Metris All-in-One Platform, are now among the industry's leading technologies. In the 2025 reporting year, the development focus was maintained on the autonomous operation of entire plants and on minimizing risks from cyberattacks.

With the help of bespoke Metris solutions, it is possible to optimize raw material usage, reduce associated emissions, and minimize the need for additional manual interventions. A key priority this year was the successful rollout of the automation control applications for different Business Areas as well as research focus on Machine learning based real time process optimization.

F) CONSOLIDATED CORPORATE GOVERNANCE REPORT

The consolidated corporate governance report for the financial year 2025 is available on the ANDRITZ website andritz.com/governance-en.

G) CONSOLIDATED NON-FINANCIAL REPORT

The consolidated non-financial report for the financial year 2025 is available on the ANDRITZ website andritz.com/reports.

H) EVENTS AFTER THE REPORTING DATE

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

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, 2025, 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, the Chairman of the Supervisory Board of ANDRITZ Group, respectively. 30.7% belongs to Custos Vermögensverwaltungs GmbH and 0.8% to Cerberus Vermögensverwaltung GmbH. The company itself held around 5.8% of the share capital at year-end 2025. With a free float of around 62.7%, national and international institutional investors make up the majority of shareholders. Around 48.3% of the shares are held by identified institutional investors. Most institutional investors are based in the UK and Ireland, continental Europe, and North America. Identified retail shareholders account for 9.3% of the share capital, with the majority based in Austria.

At present, there is no authorized capital. 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. 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.

J) OUTLOOK

According to the International Monetary Fund (IMF), global growth is projected at 3.3% in 2026 and 3.2% in 2027, similar to 3.3% estimated for 2025, with headwinds from shifting trade policies mitigated by a surge in investment related to technology (including artificial intelligence). Against the backdrop of stabilizing trade tensions and still supportive financial conditions, the global economy has continued to be remarkably resilient and the IMF's forecast for 2026 is marking a slight upward revision to the forecast from October 2025. Global inflation is expected to decline to 3.8% in 2026 and to 3.4% in 2027, with overarching trends of softening demand and lower energy prices remaining intact.

Advanced economies are forecast to grow at around 1.8% in 2026 and 1.7% in 2027, while emerging markets are expected to grow just above 4.0%. The US economy is projected to expand by 2.4% in 2026, supported by lower interest rates and a gradually waning impact of higher trade barriers. In China, despite decelerating growth in the fourth quarter 2025, the IMF's growth forecast for 2026 has also been revised upward by 0.3 percentage point to 4.5%, reflecting reduced effective tariff rates on Chinese goods.

Despite ongoing macroeconomic and geopolitical challenges, the ANDRITZ Group has currently no indications that the general conditions described above will have a significantly negative impact on the project and investment activities of the markets and customers served by ANDRITZ in 2026. ANDRITZ's ability to generate revenue remains strongly supported by its large existing order backlog, its high exposure and the growing demand for spare parts and service as well as projects for refurbishment and modernization of existing equipment and plants. In addition, the Group continues to benefit from increasing demand for technologies enabling the green transition.

- Pulp & Paper: From today's perspective, project and investment activity is expected to remain at a high level in the year 2026. While additional investments into greenfield pulp mill capacities have been initiated in the marketplace, a trend towards increasing upstream integration is taking place in China. Project activity related to modernizations, modifications, and sustainability improvements of existing capacities is expected to remain satisfactory.
- Metals: In the Metals Forming sector, structural challenges in the automotive sector are mitigated by rather stable non-automotive applications and growth in China. In the Metals Processing sector, the market environment is expected to remain resilient in 2026.
- Hydropower: In the Hydropower business area, project and refurbishment activity is expected to increase further, based on ongoing initiatives to promote renewable energies and the increasing global demand for electrification. In addition, demand for energy storage (and thus pumped storage hydropower plants) should remain at a high level, due to its capability to compensate for volatile renewable energy generation. Lastly, the increasing demand in the area of grid stability (and thus synchronous condensers) should remain elevated, as such installations help mitigate challenges of electricity grid stability. The global quest to accommodate increasing energy consumption by increasing energy output should continue to boost demand for turbo generators.
- Environment & Energy: As already reflected in more promising order intake momentum in the second half last year, project activity is expected to develop satisfactorily in 2026, especially for Clean Air Technologies and Feed & Biofuel. Further investments into Green Hydrogen and Carbon Capture as well as a demand recovery in Separation and Pumps will be subject to progress on project decisions and subsidy schemes.

For 2026, ANDRITZ Group expects project activity to remain at a high level. Based on our existing order backlog and despite foreign exchange headwinds, revenue is expected to grow, projected in a range of 8.0 to 8.3 BEUR in the full-year 2026. With regards to operating profitability, ANDRITZ Group aims for a comparable EBITA margin (excluding non-operating items) in a range of 8.7% to 9.1% in the year 2026.

In case the macroeconomic and geopolitical environment deteriorates significantly, global trade barriers increase, or the Euro strengthen significantly further, this could have negative effects on the processing and intake of orders, and hence, have a negative impact on ANDRITZ's financial development. In turn, this could necessitate capacity adjustments beyond current initiatives, which would require financial provisions and could have a negative impact on ANDRITZ Group's earnings.

Graz, February 24, 2026

The Executive Board of ANDRITZ AG

Joachim Schönbeck e.h. (President and CEO)	Dietmar Heinisser e.h.	Vanessa Hellwing e.h. (CFO)	Jarno Nymark e.h.	Frédéric Sauze e.h.