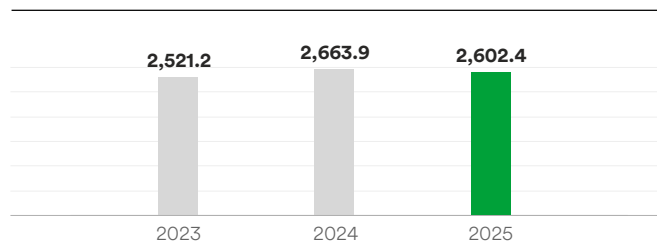


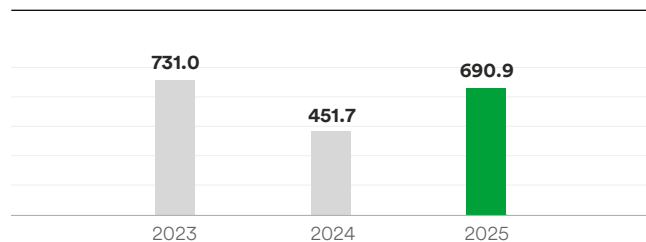
# OVERVIEW OF THE LENZING GROUP

## Selected indicators of the Lenzing Group

Revenue in EUR mn

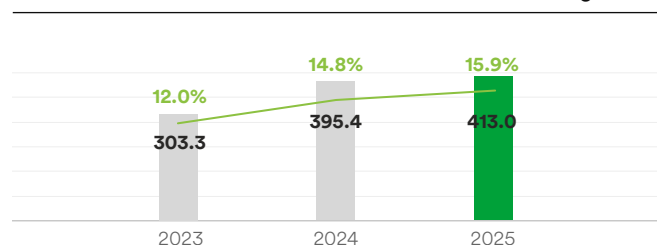


Liquid assets as at 31/12 in EUR mn



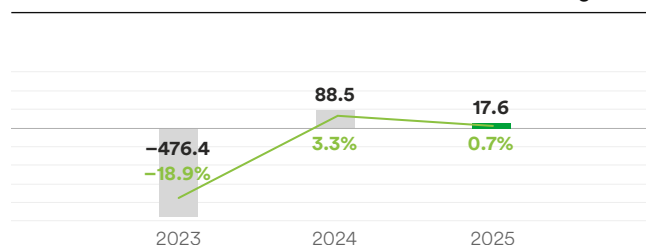
EBITDA in EUR mn

EBITDA margin in %

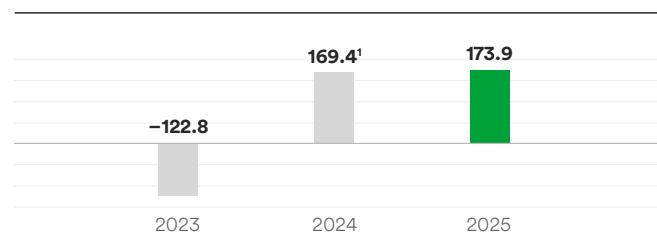


EBIT in EUR mn

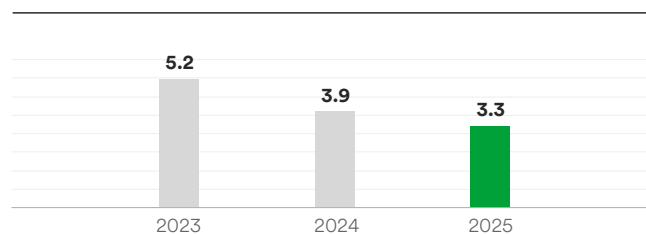
EBIT margin in %



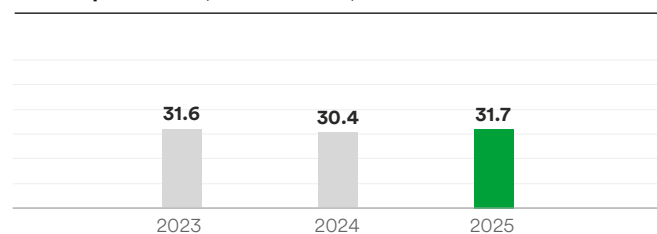
Free cash flow in EUR mn



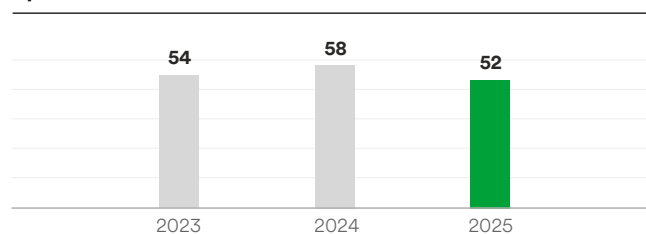
Net financial debt / EBITDA



R&D expenditure (after Frascati) in EUR mn



Specific GHG emissions in %<sup>2</sup>



<sup>1</sup> In order to enhance the transparency of information on the Lenzing Group's financial position, the consolidated statement of cash flows has been presented in a new format since the second quarter of the 2025 financial year. The comparative information was adjusted retroactively in accordance with IAS 8. (see note 2 in the consolidated financial statements)

<sup>2</sup> Scope 1, 2 and 3; reported per ton of pulp and fiber produced; index based on t CO<sub>2</sub> eq./t, 2017 = 100%

# SELECTED INDICATORS OF THE LENZING GROUP

## Key earnings and profitability figures

| EUR mn  | 2025    | 2024    | Change   |
|---|---------|---------|----------|
| Revenue   | 2,602.4 | 2,663.9 | (2.3)%   |
| EBITDA (earnings before interest, tax, depreciation and amortization) | 413.0   | 395.4   | 4.5%     |
| EBITDA margin   | 15.9%   | 14.8%   |          |
| EBIT (earnings before interest and tax)                               | 17.6    | 88.5    | (80.1)%  |
| EBIT margin   | 0.7%    | 3.3%    |          |
| EBT (earnings before tax)   | (122.5) | (42.0)  | (191.6)% |
| Net profit/loss after tax   | (135.2) | (138.3) | 2.2%     |
| Earnings per share in EUR   | (5.45)  | (4.06)  | (34.3)%  |
| ROCE (return on capital employed)                                     | 0.7%    | 3.6%    |          |
| ROE (return on equity)  | (7.9)%  | (2.4)%  |          |
| ROI (return on investment)  | 0.4%    | 1.7%    |          |

## Key cash flow figures

| EUR mn                               | 2025  | 2024               | Change |
|--------------------------------------|-------|--------------------|--------|
| Cash flow from operating activities  | 419.7 | 395.0 <sup>1</sup> | 6.3%   |
| Free cash flow                       | 173.9 | 169.4 <sup>2</sup> | 2.6%   |
| Unlevered free cash flow             | 279.3 | 244.6              | 14.2%  |
| CAPEX                                | 141.1 | 153.8 <sup>3</sup> | (8.2)% |
| Liquid assets as at 31/12            | 690.9 | 451.7              | 53.0%  |
| Unused credit facilities as at 31/12 | 219.1 | 198.1              | 10.6%  |

## Key balance sheet figures

| EUR mn as at 31/12                                  | 2025    | 2024    | Change  |
|---|---------|---------|---------|
| Total assets  | 4,609.4 | 4,976.8 | (7.4)%  |
| Adjusted equity                                     | 1,363.5 | 1,725.9 | (21.0)% |
| Adjusted equity ratio                               | 29.6%   | 34.7%   |         |
| Net financial debt                                  | 1,350.1 | 1,532.5 | (11.9)% |
| Net financial debt / EBITDA                         | 3.3     | 3.9     | (15.7)% |
| Net financial debt incl. lease liabilities          | 1,478.6 | 1,656.3 | (10.7)% |
| Net debt  | 1,542.2 | 1,732.2 | (11.0)% |
| Net gearing   | 99.0%   | 88.8%   |         |
| Trading working capital                             | 453.4   | 578.0   | (21.6)% |
| Trading working capital to annualized group revenue | 18.0%   | 20.5%   |         |

## Key stock market figures

| EUR                                     | 2025  | 2024    | Change  |
|---|-------|---------|---------|
| Market capitalization in mn as at 31/12 | 903.7 | 1,139.2 | (20.7)% |
| Share price as at 31/12                 | 23.40 | 29.50   | (20.7)% |

## Employees

|   | 2025  | 2024  | Change |
|---|-------|-------|--------|
| Full-time equivalents (FTE) as at 31/12 | 7,738 | 7,816 | (1.0)% |

1) Since the second quarter of the 2025 financial year, the consolidated statement of cash flows is presented according to a new format. As a result, cash flow from operating activities for the comparative period was adjusted retroactively. A related reconciliation can be found in note 2 to the consolidated financial statements.

2) Since the second quarter of the 2025 financial year, investment grants previously reported in cash flow from financing activities have been allocated to cash flow from investing activities. As a result, investment grants are included in the calculation of free cash flow, which has led to a retroactive adjustment of EUR 2.4 mn for the comparative period.

3) Since the second quarter of the 2025 financial year, capitalized borrowing costs in accordance with IAS 23 have been reported in cash flow from financing activities under the item "interest paid"; previously these were reported in cash flow from investing activities under the item "acquisition of intangible assets, property, plant and equipment, and biological assets". As a result, CAPEX for the comparative period was reduced retroactively by EUR 2.6 mn.

The above financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the section "Notes on the financial performance indicators of the Lenzing Group", in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.

# LEAD TRANSFORMATION

2025 was a year of transformation for the Lenzing Group. Despite geopolitical uncertainties, volatile markets, and intense competitive pressure, we succeeded in improving our results, further refining our business model, and making our organization more resilient.

This is also reflected in the title of the 2025 Annual and Sustainability Report:

LEAD TRANSFORMATION GENERATE IMPACT

We are consistently aligning Lenzing for the future. With targeted investments in premiumisation, excellence, innovation, and sustainability, we are actively shaping the transformation of our industry. As a leading provider of sustainable, cellulose-based premium fibers, we want to make an impact – economically, ecologically, and socially.

GENERATE  
IMPACT

# LETTER FROM THE MANAGING BOARD



Georg Kasperkovitz (COO),  
Mathias Breuer (CFO) and  
Christian Skilich (CTO/CPO)

**Dear ladies and gentlemen,  
Dear partners, customers and employees,**

When we look back on the year 2025, we see a year that demanded a great deal from us as the Lenzing Group – while at the same time demonstrating just how much strength, expertise and cohesion this company possesses. Overall conditions for the global textile and nonwovens industry remained challenging: geopolitical tensions were accompanied by changing trade tariffs, a volatile market environment and persistent cost and competitive pressure along value chains putting pressure on demand and prices.

Nevertheless, we managed to stabilize our business performance and set important strategic directions for the future. We have further focused our business model, expanded our position in strategic segments and sharpened our profile as a supplier of high-quality premium fibers. At the same time, we have made our organization more resilient, improved our cost position and invested where we can create the greatest long-term value for our customers, partners and owners. Our consistent performance program played a key role in supporting this development with cost savings of over EUR 200 mn. Additionally, further measures to improve the cost structure and efficiency, particularly in the personnel area, were decided upon in the third quarter of 2025. This will result in additional annual savings of EUR 45 mn, which will take full effect by the end of 2027 at the latest.

The refinancing measures realized in the 2025 reporting year, consisting of syndicated financing of EUR 545 mn and the placement of a hybrid bond in the volume of EUR 500 mn, underscore the strategic and proactive focus on a sustainable capital structure and strengthening financial resilience.

In the third quarter of 2025, a strategic review of the production site in Indonesia was initiated to evaluate various options, including a possible sale. The resulting impairment had a negative impact on EBIT of EUR 82 mn.

The key financial figures for the business year 2025 confirm that we are on the right track with the transformation of the company. While revenue declined slightly by 2.3 percent year-on-year to EUR 2.6 bn, EBITDA improved by 4.5 percent to EUR 413 mn. At the same time, free cash flow increased to EUR 173.9 mn and unlevered free cash flow rose to EUR 279.6 mn, debt ratio was also further improved.

What has particularly impressed us as the Managing Board this year was the attitude with which our teams around the world contributed to this change: unwavering optimism, professionalism and the determination to find solutions together. This is exactly what makes Lenzing special. We combine in-depth technical expertise with a clear conviction: sustainably produced fibers made from renewable raw materials must form part of the answer to the global challenges of our time.

This is also reflected in the title of this year's report:  
**Lead Transformation – Generate Impact**

The Lenzing Group is currently undergoing a transformation process in which we realign the company with a sharper focus on changing conditions in order to remain competitive. However, our goal remains unchanged: to operate in an economically successful

as well as ecologically and socially responsible manner – and thereby creating added value and impact for our planet, our partners and our company. To achieve this, we are increasingly focusing on the strategic core pillars of premiumisation and excellence, and remain leading in innovation and sustainability. By consistently developing our business strategy, we are responding proactively to changing markets and the associated challenges, but also opportunities. After all, as a leading supplier of sustainable, cellulose-based premium fibers, we aspire to be and remain a driving force in the industry.

We would like to thank our employees for their outstanding commitment, our customers and partners for their trust and open dialog and our shareholders for their support along this path.

**The Managing Board of the Lenzing Group**

|   |  |   |
|---|--|---|
| <b>Georg Kasperkovitz</b><br>Chief Operations Officer | <b>Mathias Breuer</b><br>Chief Financial Officer | <b>Christian Skilich</b><br>Chief Pulp & Chief Technology Officer |
|---|--|---|

# REPORT OF THE SUPERVISORY BOARD

To the 82nd Annual General Meeting



Patrick Lackenbucher  
(Chairman of the Supervisory Board)

## Dear shareholders,

The 2025 financial year was characterized by a slight recovery on global fiber markets during the first three months. However, the announcement of high international US tariffs and the subsequent global tariff and trade conflict led to further significant market disruption, with negative implications for consumer confidence and the global textile value chain. Despite these unfavorable conditions after the first quarter, 2025 can be considered for Lenzing AG as a year of further progress in its transformation process and in its earnings performance. Accordingly, in 2025 we were able to achieve a further improvement in our operating result (EBITDA) and free cash flow, thanks to the disciplined implementation and continuous development of our comprehensive performance program. In the long term, this should ensure that the company returns to a track of sustainable profitability. I would like to take this opportunity to thank the Managing Board and all employees of Lenzing AG for their tireless efforts. These efforts enabled a positive earnings performance within a persistently difficult market environment and ensure achievement of the company's sustainable and structural competitiveness in the long term.

In addition to the operational business performance, we also successfully carried out a number of important financial and strategic initiatives in the 2025 financial year. For example, refinancing on the banking and capital markets was successfully implemented in two stages. First, a syndicated loan of EUR 545 mn was concluded with a bank consortium in May 2025 and then a new hybrid bond of EUR 500 mn was placed on the capital market in July 2025. The originally planned issue volume of EUR 300 mn was significantly increased thanks to high demand. The old hybrid bond from 2020 was repaid in full in September. This successful refinancing strengthens the company's capital structure and liquidity reserve and supports

the further transformation and implementation of Lenzing's corporate strategy as a global market leader in sustainable premium fibers. Accordingly, in September 2025, the further development of the corporate strategy was announced, which includes a focus on sustainable premium fibers, further operational efficiency enhancement and the optimization of our production sites. In the future, Lenzing will focus on high-margin market segments and premium fibers, while gradually withdrawing from low-margin commodity segments. In order to strengthen the cost position, around 300 jobs are to be cut, particularly in the administrative area, with the aim of making Lenzing's administrative functions leaner and more efficient. Together with the relocation of a further 300 jobs to more cost-effective locations as part of internationalization, this is expected to achieve total savings of more than EUR 45 mn per year. The implementation of these measures is currently proceeding according to plan. These activities represent important milestones in Lenzing's long-term transformation and are intended to secure its competitiveness, especially against Asian competitors that have a considerable cost advantage.

For the coming year, significant uncertainties regarding geopolitical and macroeconomic developments are expected to persist. This naturally leads to limited visibility in terms of future market trends. As a consequence, the challenges will remain high for a globally active company such as Lenzing. This underscores the need to remain vigilant in the coming year and to consistently implement the necessary transformation measures and the enhanced Group strategy in order to increase Lenzing's competitiveness and resilience and achieve long-term and structural profitability, including in the face of adverse circumstances.

The Supervisory Board fulfilled its supervisory duties, as defined by legislation, the company's articles of association and the rules of business procedure, in relation to varied activities. The Supervisory Board was involved at an early stage in fundamental decisions and was available to provide consultative advice to the Managing Board. In turn, the Managing Board submitted regular detailed written reports to the Supervisory Board concerning the financial position and performance of both Lenzing AG and the Lenzing Group. The Managing Board also reported to the Supervisory Board Chairman outside the context of scheduled meetings concerning business performance, the company's position as well as major transactions. Individual issues were handled in depth by the committees established by the Supervisory Board, which then reported on their activities to the plenary Supervisory Board.

## Changes on the Supervisory and Managing boards of Lenzing AG

In the 2025 financial year, changes occurred to the Supervisory Board due to the expiration of mandates. At the 81st Annual General Meeting, Patrick Lackenbacher and Leonardo Grimaldi were elected to the Supervisory Board for the first time. Patrick Lackenbacher was elected Chairman of the Supervisory Board at the subsequent constituent meeting of the Supervisory Board. Stefan Fida's mandate was also extended. The elections to the Supervisory Board were held due to the expiry of the terms of office of Stefan Fida and of Cord Prinzhorn, who was not available for re-election. Marcelo Feriozzi Bacci had already stepped down from the Supervisory Board at his own request on December 6, 2024. Following the election of Patrick Lackenbacher, Leonardo Grimaldi and Stefan Fida, the Supervisory Board consists of ten members elected by the Annual General Meeting. We would like to thank the departing Supervisory Board members for their trusting and constructive support and wish them all the best for the future.

The composition of the Managing Board was also characterized by changes in 2025. Firstly, Dr. Walter Bickel stepped down from the Managing Board team by mutual agreement on March 31, 2025, thereby ending his fixed-term mandate as Chief Transformation Officer. Under his leadership, we succeeded in delivering the planned contributions from the performance program and in introducing additional improvement measures. We would like to take this opportunity to thank Walter Bickel once again for his achievements, which have made a significant contribution to improving Lenzing's performance and competitiveness. Georg Kasperkovitz was appointed Chief Operations Officer with effect from June 1, 2025. In this role, he is responsible for the company-wide management of the fiber production sites, the implementation and further development of the ongoing performance program and the management of the Lenzing site. In September 2025, the extension of Christian Skilich's Managing Board mandate as Chief Pulp & Chief Technology Officer and the appointment of Mathias Breuer as Chief Financial Officer as of January 1, 2026, were also approved. Mathias Breuer will take over the position of CFO from Nico Reiner, whose mandate expired on December 31, 2025, and who was not available for an extension of his mandate. On December 9, Rohit Aggarwal

also announced that he would be stepping down from his position as Chief Executive Officer for personal reasons on January 31, 2026. To ensure a seamless transition, Mr. Aggarwal will continue to support Lenzing AG as an adviser until the end of September 2026. The Supervisory Board would like to express its sincere thanks to both Mr. Reiner and Mr. Aggarwal for their commitment and crucial contributions during their respective terms of office. Both Managing Board members have made significant contributions to the further development of Lenzing within a very challenging environment. In addition to the Managing Board, Lenzing's management team and global sales functions were strengthened in the 2025 financial year with the appointment of Patricia Sargeant (EVP Commercial Nonwovens) and Yann Lepage (EVP Commercial Textiles). In the course of Rohit Aggarwal's departure, the formation of an Executive Committee for organizational development and to advance the premiumisation strategy was also announced, consisting of the Managing Board and the three senior sales executives for the textiles, nonwovens and pulp sales area.

## Supervisory Board meetings

The Supervisory Board of Lenzing AG held a total of five ordinary and two extraordinary meetings during the reporting year, at which it was informed by the Managing Board about the course of business and about important business transactions and actions, and at which it supervised the work of the Managing Board and advised the Managing Board on important strategic decisions. Especially given the changes in the composition of the Managing Board, cooperation between the Supervisory Board and the Managing Board has intensified outside the scope of regular meetings. Given the lack of market recovery, the implementation and further development of the holistic performance program was discussed at regular intervals by the full Supervisory Board and the specially formed Value Creation Committee. Mitigation measures for the global tariff conflict were also discussed in detail by the Supervisory Board. The two-stage refinancing at Group level, consisting of the arrangement of a syndicated loan of EUR 545 mn and the issue of a hybrid bond of EUR 500 mn, formed a further focus of the Supervisory Board's work. A separate refinancing committee was also set up for this purpose. The further evolution of the corporate strategy represented a further focus of the Supervisory Board's work this year.

## Committee meetings

The Remuneration Committee established by the Supervisory Board held a total of nine meetings during the reporting year and dealt primarily with performance evaluation and goal setting for the Managing Board members as well as further general remuneration topics relating to the Managing Board.

The Nomination Committee held a total of six meetings during the reporting year. These meetings primarily discussed the composition and corresponding appointments of the Managing Board as well as the allocation of Managing Board responsibilities. The committee also discussed nominations to the Supervisory Board and submitted corresponding nominations for approval.

The Audit Committee held a total of five meetings during the reporting year. Some of these meetings were also attended by representatives of the auditors who reported on their auditing activities and coordinated these activities with the Audit Committee. Specific financial accounting issues were also discussed in the presence of the auditor. In addition to reviewing and preparing both the separate and the consolidated financial statements, the committee also addressed the additional tasks pursuant to Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG), focusing particularly on critically examining and monitoring the functioning and effectiveness of the internal control, audit and risk management systems. The results were subsequently discussed with the plenary Supervisory Board.

In the reporting year, the Strategy, Growth and Innovation Committee met two times and addressed the review and further development of the company's strategic positioning and corporate strategy, the monitoring of strategy implementation and current innovation projects.

The ESG Committee met once during the reporting year. This committee supported the Managing Board, the plenary Supervisory Board, the Audit Committee and the Strategy, Growth and Innovation Committee in matters relating to non-financial reporting and strategic ESG issues. At its meeting on June 17, 2025, the Supervisory Board of Lenzing AG decided to merge the ESG Committee with the Strategy, Growth and Innovation Committee. In future, the combined committee will therefore be called the Strategy and ESG Committee.

To support the company's holistic performance program, the Transformation/Value Creation Committee, which was established in 2023, continued to operate in 2025. This committee held a total of four meetings during the reporting year and focused especially on monitoring the implementation of the existing program and defining additional performance measures.

The Committee for Urgent Matters met once in the 2025 financial year.

The specially established Refinancing Committee also met once in the 2025 financial year and dealt with refinancing at Group level.

Additional information about the composition and working procedures of the Supervisory Board and its remuneration is provided in the Corporate Governance Report and in the Remuneration Report of Lenzing AG.

## **Audit of the separate annual financial statements and management report and of the consolidated financial statements and Group management report**

The separate annual financial statements of Lenzing AG together with the related management report, and the consolidated financial statements of the Lenzing Group together with the Group management report, including the non-financial statement in accordance with Section 245a of the Austrian Commercial Code (UGB) as of December 31, 2025, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz. The auditor issued an unqualified audit opinion. The Corporate Governance Report was evaluated by PwC Wirtschaftsprüfung und Steuerberatung GmbH, Linz. In the course of the limited assurance review, no matters came to our attention that would cause us to believe that the C-Rules of the Austrian Code of Corporate Governance (ACGC) were not complied with in the 2025 financial year or that the Corporate Governance Report 2025 was not prepared, in all material respects, in accordance with the statutory requirements. The Supervisory Board's Audit Committee reviewed the separate annual financial statements and the consolidated financial statements as well as the separate management report, the Group management report and the Corporate Governance Report. The results of this review were subsequently discussed with the auditor in detail. On the basis of its own review, the Audit Committee concurred with the auditor's audit results. In accordance with its duties, the Audit Committee reported accordingly to the Supervisory Board, and also recommended that the Supervisory Board propose to the Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed as the auditor for the 2026 financial year. After conducting its review, the Supervisory Board formally approved the management report and the Corporate Governance Report, and adopted the separate annual financial statements for 2025 in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act (AktG). Furthermore, the Supervisory Board stated its approval of the consolidated financial statements and Group management report, as well as of the non-financial statement, pursuant to Section 244 UGB in conjunction with 245a UGB. The Supervisory Board concurs with the recommendation by the Audit Committee and will consequently submit a proposal to the 82nd Annual General Meeting for the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements for the 2026 financial year. Furthermore, the Supervisory Board will propose to the 82nd Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed as the auditor of the sustainability report for the 2026 financial year, if statutory provisions require the appointment by the Annual General Meeting of an external auditor of the sustainability report. The Supervisory Board was not informed of any conflicts of interest on the part of Managing Board or Supervisory Board members during the reporting year that would require disclosure to the Annual General Meeting.

On behalf of the Supervisory Board, I would like to thank and acknowledge the Managing Board and all employees of Lenzing AG for their outstanding commitment. Through their personal commitment, Lenzing AG overcame the particular challenges arising from adverse market dynamics and further enhanced the company's performance and competitiveness. I am aware that the ongoing transformation program demands a great deal from our employees. I continue to trust in their support on our path to profitability so that Lenzing can survive in the face of global competition in the long term and continue to invest in new products and markets. Our common goal is to further increase Lenzing's competitiveness as the global market leader in sustainable premium fibers. We also wish to extend our special thanks to Lenzing's customers, shareholders, suppliers and business partners for their trust and solidarity.

Thank you!

Vienna, March 11, 2026

**Patrick Lackenbacher**  
Chairman of the Supervisory Board

# LEAD

# TRANSFORMATION

Considering changing market conditions, the transformation of our company is essential to remain competitive in the long term. At the same time, we are driven to actively and sustainably change the industry for the better. To continue taking a leading role in the industry, we are continuously investing in the development of new materials, state-of-the-art technologies, and scalable production processes. The progress made is reflected in selected milestones with which we advanced our transformation in 2025.

[Discover our digital report >](#)



INNOVATION

## Innovation – made in Europe

Lenzing forms part of the EU-funded CELLFIL project, which promotes the use of lyocell filaments as an alternative to synthetic fibers in European textile production.

[Read story online >](#)



SUSTAINABILITY

## Champion of sustainability

External ratings by EcoVadis, CDP and Canopy once again confirm Lenzing's outstanding sustainability performance and reinforce the company's leading position in responsible fiber production. This underscores Lenzing's commitment to transparency, environmental protection and continuous improvement.

[Read story online >](#)



RESEARCH & DEVELOPMENT / PARTNERSHIPS

## Pilot project with adidas: recycled sweater

In partnership with adidas and Niederrhein University, Lenzing developed a sustainable recycling process in which a sweater was produced in a closed loop from lyocell fibers derived from textile waste.

[Read story online >](#)



# LEAD

# TRANSFORMATION

INNOVATION

## Twice as clean

With LENZING™ DUAL WIPE, Lenzing presents an innovative nonwovens product that is smartly produced and features two different surfaces for high-performance cleaning.

[Read story online >](#)

RESEARCH & DEVELOPMENT

## From round to flat

Lenzing is the world's first company able to manufacture lyocell fibers with a flat cross-section. These speciality fibers offer optimized fiber properties such as better liquid distribution, which is advantageous in nonwoven applications.

[Read story online >](#)

TRANSFORMATION

## Performance program delivers

In 2025, Lenzing continued to successfully implement its performance program to increase its competitiveness, resilience and profitability. This program makes a crucial contribution to the Lenzing Group's transformation, including generating cost savings in excess of EUR 200 mn in the reporting year.

[Read story online >](#)

RESEARCH & DEVELOPMENT

## Award-winning research

Lenzing was nominated among the top three for the "Matilda Award" for its promotion of women in research.

This year, Lenzing presented the Lenzing Young Scientist Award for the fourth time, honoring outstanding scientific work in the field of fiber technology.

[Read story online >](#)



# GENERATE IMPACT

As a globally operating company with a clear focus on sustainability, we measure success by tangible results. These show the significant impact the Lenzing Group has on markets, industries, people and our planet. Besides improved business performance, we also generated added value in 2025 through innovative new fiber solutions, optimized digital services, and impactful partnerships along the value chains for textiles and nonwovens.

[Discover our digital report >](#)

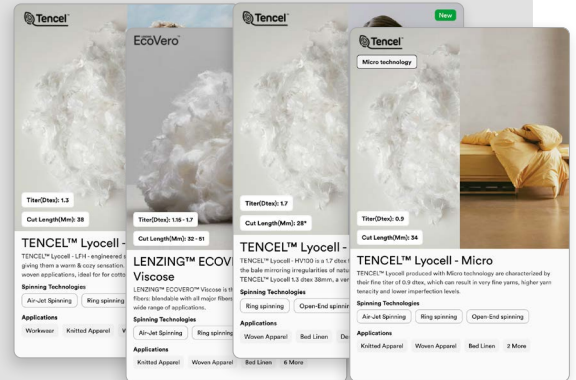


## CUSTOMER SERVICE

# One platform. Numerous possibilities.

Lenzing Pro is a digital platform that provides our partners with comprehensive information, certificates and marketing tools to effectively integrate and promote sustainably produced fibers in their products.

[Read story online >](#)



## NEW PRODUCT

# Comfort inside out

The expanded LENZING™ Lyocell Fill fiber portfolio offers improved thermal insulation, moisture regulation and form-stabilizing properties, making it suitable for home textiles, apparel and other filling applications.

[Read story online >](#)



## NEW PRODUCT

# Sustainably clean

Lenzing introduced a new generation of VEOCEL™ Lyocell fibers that enhance cleaning efficiency in wipes and offer a sustainable alternative to synthetic materials, especially for demanding applications such as disinfection.

[Read story online >](#)

## NEW PRODUCT

# Perfectly imperfect

TENCEL™ Lyocell-HV100 fibers use the Variocut technology to create controlled irregular fibers that mimic natural and matte textures. This makes them ideally suited for use in denim fabrics.

[Read story online >](#)



# GENERATE IMPACT

INVESTMENT

## Investment in tampon business

Lenzing invests EUR 15 mn to expand the production of VEOCEL™ Viscostar fibers to strengthen its market position in feminine hygiene products and offer an environmentally responsible alternative to synthetic fibers.

[Read story online >](#)

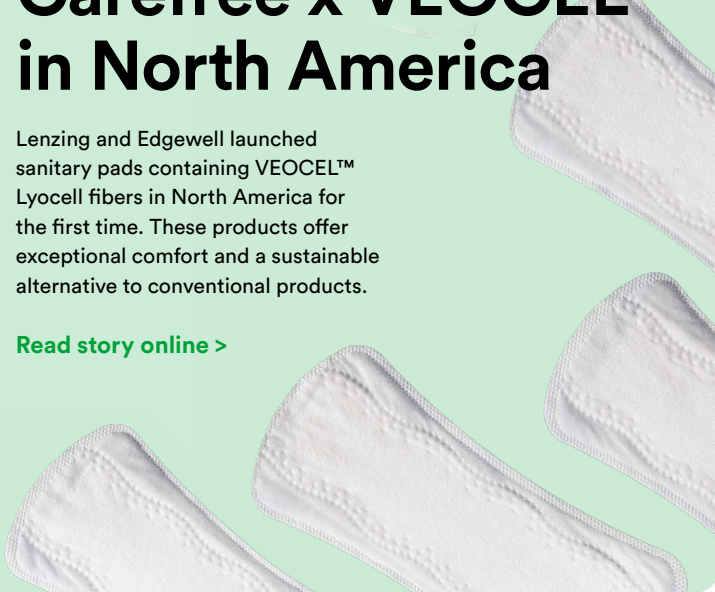


BRANDS / PARTNERSHIPS

## Carefree x VEOCEL™ in North America

Lenzing and Edgewell launched sanitary pads containing VEOCEL™ Lyocell fibers in North America for the first time. These products offer exceptional comfort and a sustainable alternative to conventional products.

[Read story online >](#)

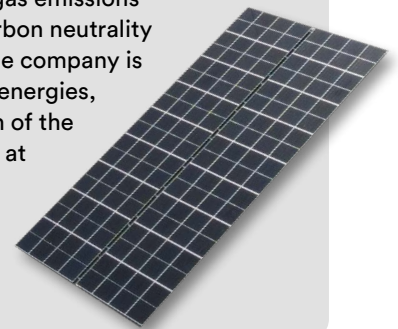


DECARBONIZATION

## Renewable energy for climate neutrality

Lenzing pursues science-based targets to reduce greenhouse gas emissions and aims to achieve carbon neutrality by 2050. To this end, the company is investing in renewable energies, including the expansion of the photovoltaic capacities at the Lenzing site.

[Read story online >](#)



ECOSYSTEMS

## Biodiversity in Brazil

LD Celulose, Lenzing's joint venture in Brazil, has established a 23,000-hectare nature conservation area to preserve biodiversity while sustainably sourcing wood for pulp production. These measures protect habitats for approximately 300 plant and 440 animal species.

[Read story online >](#)



# THE COMPANY

# 2025

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# THE LENZING GROUP

The Lenzing Group is a global producer of dissolving wood pulp and premium and specialty fibers as well as filaments based on regenerated cellulose. For more than 80 years, we have been a reliable partner within the global textile and nonwovens industry, and a driving force for new developments. As an innovation leader, we collaborate with manufacturers worldwide and enable a wide range of applications – from functional and fashion apparel and durable home textiles to high-performance hygiene products.

The Lenzing Group’s business model extends far beyond that of a traditional fiber producer. At the core of our operations lies the efficient and circular use and processing of all raw materials and products, from the renewable material wood through to biodegradable and compostable fibers. As an integrated company, we manufacture our key raw material, dissolving wood pulp, at our own facilities. This allows us to not only supply our fiber production but also sell pulp capacities on the external market.

In line with the Paris Climate Agreement, Lenzing pursues a clear, science-based climate action plan, targeting a significant reduction in greenhouse gas emissions (Scopes 1–3) by 2030 and the achievement of net-zero emissions by 2050. Our ambition as a company is to combine commercial value creation with responsible business conduct and thereby make a sustainable contribution to the environment and society.

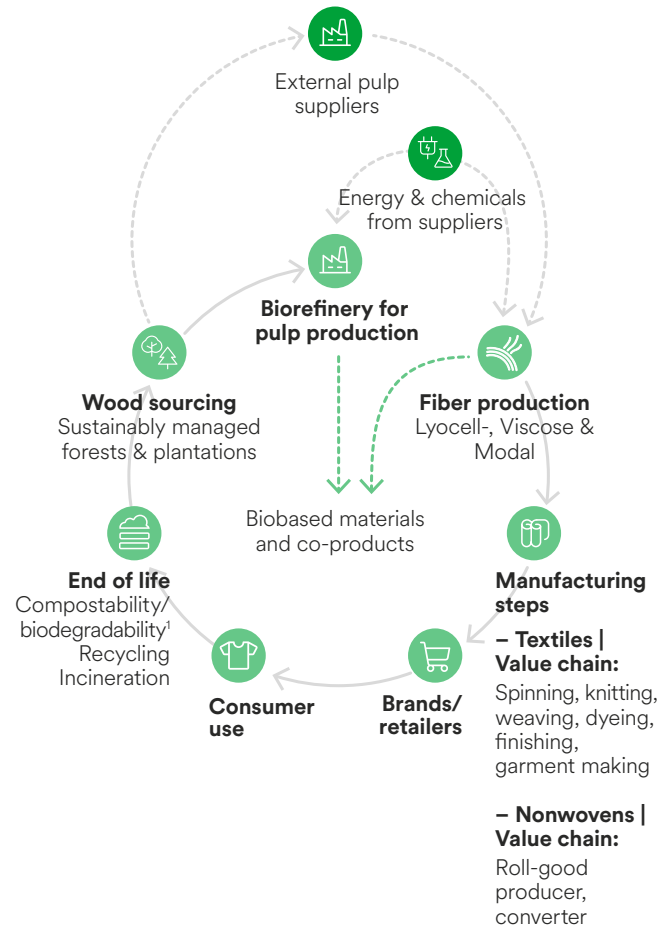
Lenzing operates at the beginning of a complex global value chain. Using certified and controlled wood, we first produce pulp in our biorefineries and subsequently process it into high-quality premium and specialty fibers. These fibers then enter textile and nonwovens supply chains and are further processed in downstream production steps into fashion products, home textiles, hygiene products and technical applications.

At the end of their life cycle, Lenzing fibers are biodegradable and compostable, allowing them to return to the natural cycle.<sup>1</sup> To drive forward circular economy, Lenzing continuously advances its technologies to enable and further improve both chemical and mechanical recycling of cellulose fibers.

Our partnership with spinners, fabric manufacturers, fashion brands and retailers strengthens traceability, sustainability and circularity across the entire sector.

In pulp and fiber production, valuable bio-based materials and co-products are generated in addition to pulp and cellulose fibers. The non-recyclable parts of the raw material wood are converted into energy at the pulp sites.

## Value chain



Detailed information about Lenzing’s value chain can be found in the chapter [Value creation at the Lenzing Group](#) in the Sustainability Report.

<sup>1</sup> This relates to TÜV-certified biodegradable and compostable LENZING™ fibers. The compostability and biodegradability of final consumer textile and nonwoven products depend on the material composition (fiber blend) and processing in the value chain steps.

# GLOBAL PRESENCE

The Lenzing Group operates globally, with production sites as well as marketing and sales offices in the regions most relevant to our business. At our fiber plants, we produce significant volumes of all three generations of cellulose fibers – viscose, modal and lyocell – and at our pulp mills we manufacture the dissolving wood pulp required as feedstock. The site in Lenzing, Austria,

is unique worldwide. Not only is dissolving pulp produced there directly for the adjacent fiber production, but all three fiber types are manufactured at a single location. At the same time, this site serves as the center for research and development as well as pilot plants, where new fiber innovations are tested and further developed.

## Locations

Numbers = Nominal capacities as at December 31, 2025



<sup>1</sup> Airdry

# CORPORATE STRATEGY

**Fibers are our passion – and sustainable innovation is our driving force. With our refined strategy, we are clearly positioning Lenzing for the future and building on what has always made us strong: pioneering spirit, quality, and responsibility.**

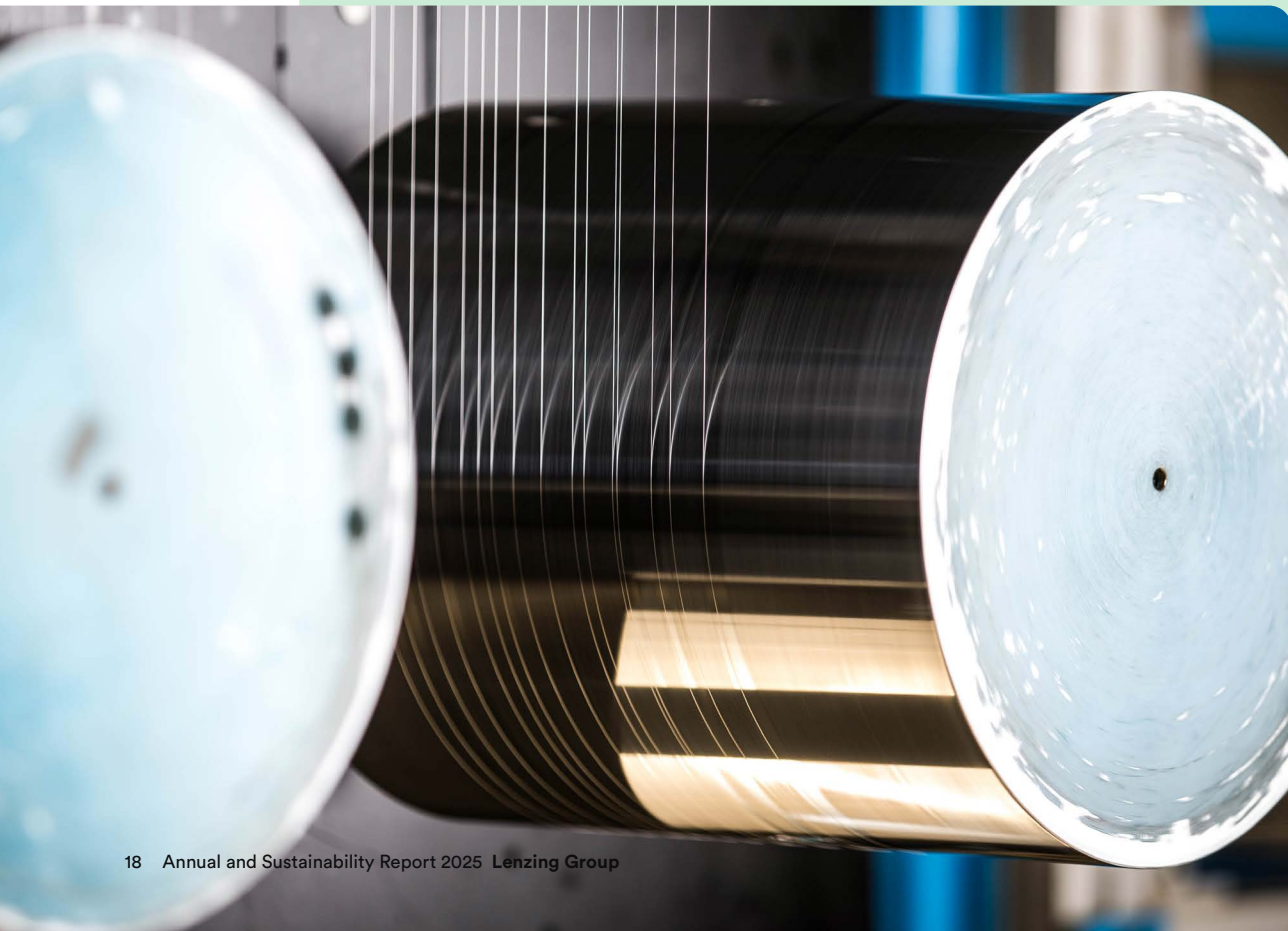
The Lenzing Group's strategy focuses on sustainable cellulosic premium and specialty fibers for the textile and nonwovens industries as well as for technical and industrial applications. With its broad product portfolio and the integration of innovations into an integrated business model, the Lenzing Group positions itself as a reliable partner for customers worldwide and as a driving force for sustainable solutions in the industry.

The economic and geopolitical environment in the industry remains challenging and characterized by high uncertainty. At the same time, it requires a high degree of adaptability. Given that, we have further sharpened our strategic focus and launched targeted initiatives to increase the necessary agility of the company.

The cornerstones of the refined strategy include a focus on high-margin market segments and premium fibers, increasing

operational efficiency and agility, and optimizing production sites. This is intended to unlock the company's full value creation potential and increase its resilience.

In this context, Lenzing is focusing even more on premium fibers with higher margins, marketed under the product brands TENCEL™ and VEOCEL™ as well as LENZING™ for technical and industrial applications. At the same time, the company will gradually withdraw from low-margin commodity segments. With this strategy, Lenzing aims to achieve a balanced distribution of both global sales and between the textile and nonwovens businesses, thereby also strengthening its pulp business. In doing so, we are deliberately not pursuing a rigid end state. Rather, key issues will continue to be evaluated and adjusted as necessary to be able to respond flexibly to changing conditions. This approach enables us to act with the necessary agility and strategic clarity.



Our strategy is based on four key drivers: excellence, premiumisation, innovation, and sustainability. They strengthen Lenzing's differentiation and competitiveness and help us achieve sustainable growth and higher profitability in all market segments. To respond effectively to the continuing challenging market environment, excellence and premiumisation will be in the focus as key priorities.

## Excellence

The core area of excellence focuses on making the company more agile, efficient, and structurally leaner, thereby enhancing resilience and profitability. The measures cover all operational, commercial, and global functional units. Considering the continued subdued market recovery and rising costs for personnel, energy, and raw materials, additional measures to improve the cost and efficiency structure have been decided upon. These include a more streamlined personnel structure in administration at the Lenzing site as well as a targeted, stronger presence in Asia and North America. Overall, this will result in annual savings of more than EUR 45 mn, which will take full effect by the end of 2027 at the latest and additionally support the performance program started in 2023. In sales functions, the focus is clearly on further improving commercial excellence. Further efficiency measures include comprehensive energy optimization at all production sites.

## Premiumisation

As part of our premiumisation strategy, we are placing an even stronger focus on developing and marketing high quality specialty and premium fibers. As a leading provider of innovative, cellulose-based product solutions, we are investing specifically in high-margin market segments and further sharpening the differentiation of our established product brands TENCEL™, LENZING™ ECOVERO™, and VEOCEL™. Further investments and cooperations with strategic partners are also in preparation at Lenzing to further advance the premiumisation strategy. This includes, among others, the decision to invest EUR 15 mn in expanding nonwoven capacity at the Lenzing site. This investment is part of the planned investment program of EUR 100 mn in total for the Austrian production sites.

## Innovation

Constant innovation is a decisive value driver of our business model. We purposefully drive the development of new products, applications, processes, and technologies to market, thereby creating added value for our customers and our sustainability agenda. Lenzing plans to invest over EUR 100 mn in its Lenzing and Heiligenkreuz sites to secure their competitiveness.

## Sustainability

Sustainability has always been an integral part of our business and will be capitalized even more consistently as a strategic value driver in the future. In the light of increasing regulation and growing demand for responsibly manufactured products, Lenzing is already very well positioned in this area. With its "Naturally positive" sustainability strategy, Lenzing focuses specifically on those activities in which sustainable impact and economic value can be combined. At the same time, it takes into account the United Nations Sustainable Development Goals (UN SDGs).

Further details on Lenzing's sustainability strategy can be found in [chapter Sustainability strategy](#) in the Sustainability Report.

# PRODUCT PORTFOLIO

For more than 80 years, Lenzing has been developing product solutions that significantly advance the textile and nonwovens industries. Decades of expertise across the three fiber generations – viscose, modal and lyocell – have made Lenzing an innovation leader. Lenzing played a crucial role in the development and commercialization of both modal and lyocell fibers. Today, our cellulose-based products are produced using innovative processes with maximum resource efficiency. Recognized as premium products on the world market, they deliver verified added value for our partners through their sustainability performance.



## Dissolving wood pulp

Lenzing transforms certified and controlled wood into high-quality dissolving wood pulp. As one of the only producers worldwide we offer both softwood and hardwood pulp. The wood is processed using a totally chlorine-free (TCF) bleaching method. This combination of sustainable sourcing and advanced processing makes pulp from Lenzing the ideal solution for demanding fiber production and applications.



## Lyocell fibers

The Lenzing Group is a global leader in the production of lyocell fibers. The fiber production itself is particularly environmentally responsible thanks to a closed-loop production cycle. More than 99 percent of the solvent used is recovered and recycled. Products made out of lyocell fibers from Lenzing are more absorbent than cotton, softer than silk and cooler than linen. They are used in sportswear, home textiles, denim fabrics and hygiene products such as wet wipes and baby wipes.



## Modal fibers

Thanks to their cross-section and tenacity, modal fibers produce exceptionally soft fabrics that withstand repeated washing and drying cycles. The softer the fiber, the finer the resulting textiles. Modal fibers are also well suited to creating bright and rich colors in fabrics. In addition, they can be blended with all types of fibers and processed using all conventional machinery. Their easy processing and mercerizability make modal fibers true all-rounders among cellulose fibers. Lenzing modal fibers are primarily used in textile applications.



## Viscose fibers

Viscose fibers from the Lenzing Group stand out from standard viscose thanks to their particularly sustainable production method.<sup>1</sup> They offer excellent moisture absorption and a pleasant feel on the skin. In the apparel sector, Lenzing viscose scores highly as a fiber in fashionable fabrics, while in hygiene applications, cleanliness and absorbency are paramount, such as in wipes, tampons and wound pads.



## Lyocell filament

Lyocell filament yarns represent a quantum leap in wood-based cellulose fiber technology. They are based on the resource-efficient closed-loop lyocell process, applied to filaments. Unlike staple fibers, which must be spun into yarn, multiple continuous filaments are processed directly into ready-to-use filament yarn. The result is a smooth, uniform and sustainable filament yarn offering the same tenacity and comfort benefits as lyocell fibers. Lyocell filament yarn can, among other applications, serve as a substitute for silk yarn.



## LENZING™ Nonwoven Fabric

LENZING™ Nonwoven Fabric is an entirely cellulose-based material produced using the patented LENZING™ Nonwoven Technology. This unique process spins continuous cellulose filaments that are directly formed into a nonwoven web while wet. The combination of natural filament bonding and additional hydroentanglement enables material production without surface treatments or binders, eliminating downstream processing steps. LENZING™ Nonwoven Fabric is characterized by homogeneous filament distribution and high dimensional stability.



## Biorefinery and co-products

Lenzing stands for efficient, circular and holistic processing of all raw materials used. Wood components that cannot be processed into pulp or cellulose fibers, as well as by-products from fiber production, are converted into valuable new products in our biorefineries. These include biobased acetic acid, biobased furfural, soda and sodium sulfate, which are marketed externally.

<sup>1</sup> Viscose fibers from Lenzing are made with at least 50% less carbon emissions and water consumption compared to generic viscose. Results based on LCA standards (ISO 14040/44) and available via Higg MSCI (version 3.91)

# STRONG BRANDS

With its focus on premium and specialty fibers and a deep understanding of the needs of customers and partners, Lenzing is well positioned in the textile and nonwovens markets. The Lenzing Group markets its premium fibers under strong and well-established product brands. Textile fibers are marketed under the TENCEL™ and LENZING™ ECOVERO™ brands, nonwoven fibers under the VEOCEL™ brand and LENZING™ as a brand specifically for our partners' applications in technical and industrial areas. Today, over 1,000 global brands rely on our products – from luxury fashion to hygiene products and technical textiles. They benefit from Lenzing's recognized reputation as a reliable partner and manufacturer of innovative premium fibers.



Innovative by nature



## TENCEL™

TENCEL™ is Lenzing's premium brand for textile applications, representing award-winning, environmentally responsible materials that offer exceptional wearing comfort.<sup>1</sup> With a wide range of fiber types and blending options, the TENCEL™ brand offers an almost limitless number of product designs and functional possibilities. Under the TENCEL™ brand, Lenzing produces three cellulose-based solutions: TENCEL™ Lyocell, TENCEL™ Modal and TENCEL™ Lyocell Filament.

## LENZING™ ECOVERO™

LENZING™ ECOVERO™ is Lenzing's textile fiber brand for high-quality viscose that meets both environmental and fashion requirements. By reducing environmental impact, using resources more efficiently and minimizing waste in production, LENZING™ ECOVERO™ contributes to a cleaner, more ecological world.<sup>2</sup> The LENZING™ ECOVERO™ fibers produced with REFIBRA™ Technology use textile waste as a raw material in addition to wood. These fibers consist of at least 20 percent recycled material.

## VEOCEL™

VEOCEL™ is Lenzing's premium nonwoven brand for natural, everyday care products, offering solutions from surface cleaning to beauty and personal care. From baby wipes and diapers to tampons, facial masks and cleaning products, VEOCEL™ enables brands and consumers to switch from fossil-based materials to cellulose-based lyocell or viscose fibers. As an ingredient brand, VEOCEL™ also acts as a seal of trust for sustainable and biodegradable materials in nonwoven applications.<sup>3</sup>

## LENZING™

LENZING™ is tailored to the requirements of partners in technical and industrial sectors. The portfolio includes fibers for technical applications as well as biorefinery and co-products. LENZING™ solutions are used daily in applications that affect everyday life – from electrical separators in lithium-ion batteries to packaging and acetic acid for household use. With LENZING™, we offer a preferred alternative for the transition to a cleaner industry: intelligent, wood-based solutions precisely tailored to customer needs. A distinctive example is the LENZING™ FR fiber – a sustainably produced modal fiber with flame-retardant properties used in protective clothing such as firefighter uniforms and protective clothing.

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<sup>1</sup> TENCEL™ lyocell and modal fibers are produced with 50% lower CO<sub>2</sub> emissions and water consumption compared to conventional lyocell and modal fibers. The results are based on LCA standards (ISO 14040/44) and are available via Higg MSI (Version 3.91).

<sup>2</sup> LENZING™ ECOVERO™ fibers are made with at least 50 percent less carbon emissions and water consumption compared to generic viscose. Results based on Higg MSI (v3.91)

<sup>3</sup> Various LENZING™ viscose fibers for nonwoven applications are certified by TÜV AUSTRIA as biodegradable in soil, freshwater and seawater as well as compostable under domestic and industrial conditions. This does not apply to California, USA and France.

# Glossary

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## A Accelerating Circularity

Accelerating Circularity is a collaborative effort to accelerate the textile industry's move from linear to circular. The textile industry must move from a take, make waste system to circularity, avoiding the massive amounts of textile waste annually put into landfill.

<https://www.acceleratingcircularity.org>

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### AFRAC – Austrian Financial Reporting and Auditing Committee

The Austrian Accounting Standards Committee, whose activities are not aimed at profit, serves the research, documentation and further development of accounting and auditing in Austria, taking into account international and European developments and Austrian interests in this field.

<https://www.afrac.at>

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### Austrian Sustainability and Diversity Improvement Act

The "Nachhaltigkeits- und Diversitätsverbesserungsgesetz" (NaDiVeG) implements the European "NFI Directive" (2014/95/EU) in Austria. It expands the reporting obligations in the area of non-financial information for large companies of public interest, with an average of more than 500 employees.

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## B BAT – Best available techniques

Best available techniques means the most effective and advanced stage in the development of activities and their methods of operations. The techniques should indicate the practical suitability of particular techniques for providing, in principle, the basis for emission limit values designed to prevent, and, where this is not practicable, generally to reduce emissions and the impact on the environment as a whole.

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### Biobased

Biobased products are those that originate partially or completely from renewable resources. These products can be either biodegradable or non-biodegradable.

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### Biobased chemicals

Chemicals from the biorefinery, originating from renewable resources and also referred to in this report as biorefinery products.

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### Biodegradable/Biodegradation

The property of a substance or material to be degraded by microorganisms (bacteria, fungi, etc.) to water and carbon dioxide (CO<sub>2</sub>) and to be absorbed by the environment. Test methods specify a fixed time under defined conditions of temperature, oxygen and humidity, and a certain percentage of degradation. For information about biodegradability of Lenzing fibers, please see the definition of "TÜV certified biodegradable and compostable LENZING™ fibers" in this glossary.

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### Biodiversity

This is the variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species and of ecosystems.

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## Bioenergy

Bioenergy is energy derived from biomass. The term refers to various forms of energy, including heat and electricity. Also the biomass that contains this energy can be referred to as bioenergy. The main sources of bioenergy are renewable resources.

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## Biorefinery

A biorefinery can be defined as a framework or a structure in which biomass is utilized in an optimal manner to produce multiple products such as fibers, biobased biorefinery products and bioenergy.

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## Biorefinery products

Materials or products from a biorefinery, from renewable raw materials. In Lenzing's case, for example, LENZING™ Acetic Acid Biobased, LENZING™ Furfural Biobased, LENZING™ Magnesium-Lignosulphonate Biobased, LENZING™ Soda Ash, xylose;

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## Blended learning approach

Blended learning (also known as hybrid learning) is a method of teaching that integrates technology and digital media with traditional instructor led classroom activities.

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## C Canopy

Canopy is a Canadian non-profit organization dedicated to the conservation and protection of ancient and endangered forests. Lenzing works together with Canopy to ensure responsible wood sourcing. Canopy publishes the Hot Button Report annually.

<https://canopyplanet.org/campaigns/canopystyle/>

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## CDP – Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is a non-profit organization with the aim that companies and also municipalities disclose their environmental data, such as climate-damaging greenhouse gas emissions and water consumption. Once a year, the CDP collects data and information on behalf of investors using standardized questionnaires on CO<sub>2</sub> emissions, climate risks and reduction targets and strategies of companies. Participation is voluntary.

<https://www.cdp.net>

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## Carbon footprint

A carbon footprint is the sum of greenhouse gas emissions and greenhouse gas removals of a product system or an organization, expressed as a carbon dioxide equivalent.

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## Carbon-neutral

Carbon neutrality means, in a narrow sense, that no carbon is emitted or that the GHG emissions are fully offset or compensated. Carbon-neutral is not the same concept as net-zero.

[https://en.wikipedia.org/wiki/Net-zero\\_emissions](https://en.wikipedia.org/wiki/Net-zero_emissions)

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## Cellulose

The biopolymer cellulose is a component of all plants. The cellulose content of wood depends on the species and is typically around 40 percent. It is a raw material for pulp production.

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**Chain of custody**

The chain of custody documents the flow of materials and raw materials through various stages right up to the final product. It is important for the certification of raw materials and their traceability. In order to ensure that final products really meet the requirements of the standard, initiatives trace the flow of materials throughout the chain of custody.

**COD**

Chemical oxygen demand. A further method for assessing the organic load of wastewater (besides BOD biological oxygen demand). It measures the degree to which the wastewater can undergo chemical oxidation.

**Compensation**

Reducing the negative impact of greenhouse gas emissions in the atmosphere by saving greenhouse gas emissions elsewhere, e.g. by supporting climate protection projects.

**Compostable/compostability**

Compostable products undergo strict testing to ensure that they break down within a specific time frame and do not release anything harmful into the environment.

**Compliance**

In general, compliance means conforming to a rule, such as a specification, policy, standard or law. Regulatory compliance describes the goal that organizations aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws, policies, and regulations.

**Controversial sources**

Includes wood derived from: illegal logging or the trade in illegal wood or forest products; destruction of high conservation values in forestry operations – including ancient and endangered forests, and endangered species habitats; plantations established after 1994 through significant conversion of natural forests or conversions to non-forest use; introduction of genetically modified organisms in forestry operations; violation of traditional, community and/or human rights and any violation of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work.

**Co-product**

By-products recovered during pulp and fiber production.

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**D Decarbonization**

Decarbonization denotes the declining average carbon intensity (CO<sub>2</sub> emission/GHG emissions per unit of a product) over time. Products can be, for example, (primary) energy, gross domestic product, or any units produced by a company.

**Dissolving wood pulp**

A special kind of pulp with distinct characteristics which is used to manufacture viscose, modal and lyocell fibers and other cellulose-based products. This grade of pulp is characterized by higher alpha cellulose content and by a high degree of purity.

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**E ECF**

Elemental chlorine free – a bleaching process without using elemental chlorine.

**EcoVadis**

EcoVadis aims to promote the environmental and social practices of companies through CSR performance monitoring within the supply chain and to support companies in improving sustainability. EcoVadis operates the first collaborative platform to deliver CSR ratings from suppliers to global supply chains.

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**ERGs – Employee Resource Groups**

Internal forums where employees have an opportunity to actively participate in topics they care about or are interested in and that support employees' beliefs, backgrounds and/or identities. They are voluntary in nature, cross-functional, company-wide and employee-run. Each group is normally focused on a particular common goal/theme e.g. gender diversity, disability, parenting, etc.

**ESG – Environmental, social and governance standards**

Environmental, social and governance (ESG) refers to the three central factors in measuring the sustainability and ethical impact of an investment in a company or business.

**ESRS – European Sustainability Reporting Standards**

The ESRS is the new EU framework for sustainability reporting and is a key element of the EU's new Corporate Sustainability Reporting Directive (CSRD). The aim is to make reports more standardized and comparable. It is mandatory for Lenzing from 2024 onwards.

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**F FAO – Food and Agriculture Organization of the United Nations**

The Food and Agriculture Organization of the United Nations (FAO) is a specialized agency of the United Nations that leads international efforts to defeat hunger. It is based in Rome.

**FSC®**

The Forest Stewardship Council® (FSC) is an international non-profit organization for wood certification.

**Furfural**

A clear yellowish liquid with a characteristic scent of almonds. During viscose fiber production, beech wood is cooked and furfural is released in a double distillation process.

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**G GHG – Greenhouse gas emissions**

Emissions of gases which contribute to global warming by absorbing infrared radiation, thereby heating the atmosphere. The main contributors are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O).

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**H Hay job**

The Hay Method of job evaluation assesses a job based on skill (know-how), effort (problem solving), responsibility (accountability) and working conditions.

**Hemicellulose**

The designation for carbohydrates that are contained in wood but that are not cellulose. They can have the widest variety of compositions depending on the type of wood involved, e.g. xylan (in beech wood).

**Higg FEM**

The Higg Facility Environmental Module (Higg FEM) standardizes how facilities can measure and evaluate their yearly environmental performance. A clear picture of the environmental impact that a manufacturer and its facilities are having upon the environment and the world as a whole are provided. The Higg FEM helps manufacturers, brands, and retailers identify and prioritize opportunities for performance improvements. The Higg FEM assesses (a) environmental management system, (b) energy/GHG emissions, (c) water, (d) waste, (e) wastewater, (f) air emissions and (g) chemicals management.

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### Higg FSLM

The Higg Facility Social and Labor Module (FSLM) tool focuses on issues such as hours of work, wages and benefits, health and safety, and strengthening communities.

### Higg MSI

The Higg Materials Sustainability Index (Higg MSI) is the apparel industry's most trusted tool to measure and score the environmental impacts of materials.

### High-consequence work-related injuries

High-consequence work-related injuries are split between: Fatalities and other injuries from which the worker cannot recover (e.g. amputation of a limb), or does not or is not expected to recover fully to preinjury health status within six months (e.g. fracture with complications). The definition of high-consequence work-related injury uses recovery time instead of lost time as the criterion for determining the severity of an injury.

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### ILO – International Labour Organization

The International Labour Organization is a United Nations agency that sets international labor standards and promotes social protection and work opportunities for all. The ILO has 187 member states: 186 of the 193 UN member states plus the Cook Islands are members of the ILO.

### Integration

All stages of fiber production are concentrated at one and the same site, from wood, the raw material, to pulp, biorefinery and co-products to fiber production

### IPCC

The abbreviation "IPCC" stands for Intergovernmental Panel on Climate Change. In German-language media, the IPCC is usually referred to as the "Weltklimarat". The IPCC was founded in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). Its findings form the basis for international climate negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). In it, member states affirm their intention to prevent "dangerous climate change."  
[https://en.wikipedia.org/wiki/Intergovernmental\\_Panel\\_on\\_Climate\\_Change](https://en.wikipedia.org/wiki/Intergovernmental_Panel_on_Climate_Change)

### ISO 14001:2015

An international standard for the certification of environmental management systems.

### ISO 45001:2018

An international standard for management systems of occupational health and safety.

### ISO 9001:2015

An international standard for the certification of quality management systems.

### ISS ESG

ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc., the world's leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers.

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## K KPI

The term key performance indicator describes indicators in business economics which are used to measure progress or achievements related to important targets or critical success factors within an organization.

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## L LCA

Life Cycle Assessment is a systematic analysis of the environmental impacts of products throughout their life cycle ("from cradle to grave").

### Lignin

A polyaromatic component of wood that cannot be used for fiber production. It is used for generating power and to recover co-products.

### Lignosulfonate

The decomposition products of lignin from wood after pulping.

### LNG – Liquefied Natural Gas

LNG is liquefied natural gas, which is cooled to around -161 °C to significantly reduce its volume, making it easier to transport. It can be used as a flexible energy source for industry and power generation, as well as a fuel.

### Lyocell fibers

Lyocell fiber is the latest generation of cellulosic fibers. In Lenzing's case the cellulose used is either wood-based or recycled cotton (REFIBRA™ Technology). The generic fiber name is lyocell, the branded products from Lenzing are marketed as TENCEL™ and VEOCEL™ fibers. It is known for its smooth and silky handfeel as well as performance aspects.

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## M Mercerization

Mercerization is a finishing process for yarns and fabrics. Treatment with concentrated caustic soda solution under tension causes the fibers to swell, making them more tear-resistant, shiny, wash-resistant, and colorfast. It gives textiles a luxurious, silky look and a soft feel.

### Microplastics

Small plastic particles of 5 mm or less in size – known as "micro-plastics" – are perceived to be a major pollution problem in freshwater bodies and the sea. While recent industry initiatives and legislation aim to promote the development of less polluting alternatives, Lenzing, as a producer of wood-based cellulosic fibers, laid the foundations for biodegradable products more than 80 years ago.

### MSCI ESG Rating

ESG ratings from the US financial company MSCI (Morgan Stanley Capital International) assess companies' resilience to long-term environmental, social, and governance (ESG) risks on a scale from AAA (highest rating) to CCC (lowest rating).

### Modal fibers

Modal is a viscose fiber refined under modified viscose production conditions and spinning conditions. It is characterized by a particular softness and is the preferred fiber for high-quality next to skin applications like underwear and similar products. The fibers have improved characteristics such as tenacity, dimensional stability, and so forth. Lenzing markets these fibers under TENCEL™ Modal.

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## N Naturally Positive

“Naturally Positive”, the Group’s sustainability strategy, is firmly rooted in Lenzing’s corporate strategy. The strategy identifies the areas where Lenzing can exert the greatest positive impact. It builds on three strategic principles – driving systemic change, advancing circularity and greening the value chain.

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### Net-benefit products

Lenzing’s net-benefit products offer positive impacts and benefits for the environment, society, and value chain partners, and are better than most competing alternatives in the market. Net-benefit products take a life cycle perspective and thus include both upstream and downstream value chain processes. Net-benefit thinking describes the performance of our specialties and forward solutions.

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### Net-zero target

Companies shall set one or more targets to reach a state of net-zero emissions, which involves: (a) reducing their scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5 °C scenarios or sector pathways and; (b) neutralizing any residual emissions at the net-zero target date and any GHG emissions released into the atmosphere thereafter.

Source: Net-Zero-Standard.pdf (sciencebasedtargets.org)  
When talking about net-zero, a maximum of 10 percent can be compensated by removal offsets (according to the science-based target initiative), 90 percent of absolute carbon must be reduced. This is the main difference to carbon-neutral, where there are no limits on the level of offsetting.

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### NMMO

N-Methylmorpholine N-oxide is an aqueous, biodegradable, organic solvent.

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### Nonwovens

Nonwoven fabric materials, fleece. Nonwovens made from Lenzing fibers are used for sanitary, medical, and cosmetics applications.

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## O Offsetting

Reducing the damage caused by releasing carbon dioxide into the environment by doing other things that remove carbon dioxide from the atmosphere, e.g. through climate protection projects.

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## P PEFC

The Programme for the Endorsement of Forest Certification Schemes (PEFC) is an international non-profit organization for wood certification.

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### People with disabilities

The term “people with disabilities” is used in accordance with the UN Convention on the Rights of Persons with Disabilities and also includes long-term physical, mental, psychological, or sensory impairments.

<http://www.brk-allianz.de/attachments/article/72/UN-Konvention%20Englisch.pdf>

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### Plantation forest

Planted Forest that is intensively managed and meets all the following criteria at planting and stand maturity: one or two species, even age class, and regular spacing (FAO-FRA 2020). Examples: poplar, acacia or eucalyptus plantations.

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## Post-consumer

A product made from post-consumer material is made from waste that has been used and disposed of by a consumer (such as used clothing).

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## Pre-consumer

Pre-consumer upcycling is the reclamation of waste materials that were created during the manufacturing process prior to their delivery to a consumer (such as cotton scraps from garment making). Often also referred to as post-industrial waste.

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## Premium fibers

Lenzing defines premium fibers as fibers that command a price premium over commodity products on the fiber market due to their properties and qualities.

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## R Regenerated cellulose

In the context of cellulosic fibers, regeneration means “bringing back into shape”. Regenerated cellulose is a class of materials manufactured by the conversion of natural cellulose to a soluble cellulosic derivative using chemicals and subsequent regeneration, which also includes the separation of chemicals and cellulose. Leaving behind the cellulose in form of either a fiber (e.g., rayon) or a film (e.g., cellophane). The industry is also known internationally as the man-made cellulosic fiber (MMCF) industry.

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## S Salutogenesis

Developed by Aaron Antonovsky († July 7, 1994), an Israeli-American professor of sociology. In contrast to pathogenesis, the salutogenic approach does not focus on the question “What makes a human being ill?” but rather “What keeps a human being healthy?”

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## SBT – Science-based targets

Targets adopted by companies to reduce greenhouse gas emissions are considered “science-based” if they are in line with the level of decarbonization required to keep global temperature increase below 1.5 °C compared to pre-industrial temperatures, as described in the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). (Applies to the 4th or 5th AR of IPCC as well as modelling of the IEA.)

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## Scope 1, 2 & 3 emissions

Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

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## Semi-natural forest

Forests of native species, established either through assisted or natural regeneration, or a mix of these under intensive stand management (includes forests in which assisted regeneration carried out with same species and similar species composition as in the natural forests in the area). Examples: many production forests in Europe, some teak plantations. These forests include, according to FAO (2020): Naturally regenerating forests, which are forest predominantly composed of trees established through natural regeneration. Planted forests, which are forest predominantly composed of trees established through planting and/or deliberate seeding. But not plantation forests.

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**SFI – Sustainable Forestry initiative**

The SFI program was developed in 1994 to ensure North America's valuable forests were protected and to document the commitment of forest products industry members to keep our forests healthy and to practice the highest level of sustainable forestry.

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**SHEARS**

Safety, Health and Environment Action Reporting System of the Lenzing Group.

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**SLCP – Social & Labor Convergence Program**

The Social & Labor Convergence Program provides the tools to capture accurate data about working conditions in global supply chains. This multi-stakeholder initiative replaces the need for repetitive social audits by facilitating data sharing.

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**Specialty fibers**

Lenzing's specialty fibers are net-benefit products that offer positive impacts and benefits to society, the environment, and value chain partners.

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**Stakeholders**

All internal and external persons or groups affected directly or indirectly by business activities currently or in the future.

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**Sustainalytics**

Sustainalytics is a rating agency that assesses the sustainability of listed companies based on their environmental, social and governance performance.  
<https://www.sustainalytics.com>

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**T****TCF**

Totally chlorine free (bleaching process).

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**TE – Textile Exchange**

Textile Exchange, founded in 2002, is a global nonprofit organization that works closely with all sectors of the textile supply chain to find the best ways to minimize and even reverse the negative impacts on water, soil, air, animals, and the human population.

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**TÜV certified biodegradable and compostable LENZING™ fibers**

LENZING™ fibers which are TÜV certified biodegradable (soil, fresh water & marine) and compostable (home & industrial) include the following products: LENZING™ Viscose Standard textile/nonwovens, LENZING™ Lyocell Standard textile/nonwovens, LENZING™ Modal Standard textile, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry and LENZING™ Nonwoven Technology. There is an exception for the TÜV certified biodegradable & compostable fiber LENZING™ Lyocell Filament, which fulfills the above-mentioned conditions except biodegradability in marine environments.

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**V****VÖNIX – VBV Austrian Sustainability Index**

VÖNIX is Austria's first sustainability index. It was created by the VBV Austrian pension fund and is comprised of listed Austrian companies that are leaders in terms of social and environmental performance.

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**Viscose fibers**

Viscose is a cellulosic fiber (also known as rayon). In Lenzing's case the cellulose used is wood-based. Wood from trees is processed into pulp which gets derivatized by a chemical reaction and then is dissolved until it becomes a sticky liquid. The solution is pushed through nozzles into a "spinning bath" which allows that fibers are regenerated from the solution into a shape suitable in diameter and length for use in textile and nonwoven applications. The cellulosic fiber viscose is a fiber with a flowy drape, in personal hygiene products it is used to absorb and retain liquid. LENZING™ ECOVERO™ Viscose is the branded fiber for textile and VEOCEL™ Specialty Viscose fibers for non-wovens applications.

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**W****Wood-based cellulosic fiber**

A fiber industrially produced from the raw material wood. The industry is known as man-made cellulose fiber industry.

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**X****Xylose**

Wood sugar, component of thick liquor and base material for xylitol (sweetener that inhibits tooth decay)

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**Z****ZDHC – Zero discharge of hazardous chemicals**

The ZDHC Foundation is a global center of excellence in responsible chemical management which works towards zero discharge of hazardous chemicals in the textile, leather, and footwear value chain to improve the environment and people's wellbeing.

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**ZDHC MMCF Guidelines**

The ZDHC MMCF Guidelines is a set of guidelines that addresses integrated expectations for discharge wastewater quality, emissions to air, and chemical recovery for manufacturing facilities producing man-made cellulosic fibers (MMCF).

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# Financial glossary

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## A Adjusted equity

Equity including non-current and current government grants less the proportional share of deferred taxes on these government grants.

### Adjusted equity ratio

Adjusted equity as a percent of total assets.

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## C CAPEX

Capital expenditures; i.e. acquisition of intangible assets, property, plant and equipment and biological assets and acquisition of corporate units as per consolidated statement of cash flows.

### Capital employed

Total assets minus the following: non-interest-bearing debt, cash and cash equivalents, current securities, investments accounted for using the equity method and other investments.

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## E Earnings per share

The share of annual net profit/loss for the year attributable to the shareholders of Lenzing AG divided by the weighted average number of issued shares, calculated according to IFRS (IAS 33 earnings per share); the precise derivation can be found under note 16 in the notes to the consolidated financial statements.

### EBIT (earnings before interest and tax)

Earnings before interest and tax, resp. operating result; the precise derivation can be found in the consolidated income statement.

### EBIT margin

EBIT as a percent of revenue; represents the return on sales (ROS).

### EBITDA (earnings before interest, tax, depreciation and amortization)

Earnings before interest, tax, amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets and before income from the reversal of investment grants; resp. operating result before depreciation and amortization.

### EBITDA margin

EBITDA as a percent of revenue.

### EBT (earnings before tax)

Profit/loss for the year before income tax expense. The precise derivation can be found in the consolidated income statement.

### Equity

The equity item aggregates the equity instruments as defined by IFRS. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. This represents the funds provided to the entity by its owners.

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## F Free cash flow

Cash flow from operating activities less acquisition of intangible assets, property, plant and equipment, and biological assets plus proceeds from the sale of intangible assets, property, plant and equipment, and biological assets plus investment grants plus distributions received from investments accounted for using the equity method plus interest received less interest paid (adjusted for interest expense for leases in accordance with IFRS 16). Free cash flow corresponds to the readily available cash flow.

### FTE

Abbreviation for Full-Time Equivalents.

### Functional currency

Predominant currency of the primary economic environment of a subsidiary; may differ from the local currency.

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## I IAS

Abbreviation for International Accounting Standard(s), which are internationally recognized accounting rules.

### IFRS

Abbreviation for International Financial Reporting Standard(s), which are internationally recognized accounting rules.

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## L Liquid assets

Cash and cash equivalents plus liquid securities and liquid bills of exchange.

### Liquid funds

Cash and cash equivalents plus current securities.

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## M Market capitalization

Weighted average number of shares multiplied by the share price as at the reporting date.

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## N Net debt

Interest-bearing financial liabilities (= current and non-current financial liabilities) less liquid assets plus provisions for pensions and severance payments.

### Net financial debt

Interest-bearing financial liabilities (= non-current and current financial liabilities) less lease liabilities less liquid assets.

### Net financial debt/EBITDA

Net financial debt as a percent of EBITDA.

### Net gearing

Net financial debt as a percent of adjusted equity.

### Net profit/loss for the year

Profit/loss after tax; net profit/loss. The precise derivation can be found in the consolidated income statement.

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**Non-interest-bearing debt**

Trade payables plus the following: puttable non-controlling interests, other liabilities, current tax liabilities, deferred tax liabilities and the proportional share of deferred taxes on government grants as well as provisions (excluding post-employment benefits).

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**NOPAT**

Net operating profit after tax; operating result (EBIT) less the proportional share of current income tax expense.

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**P Post-employment benefits**

Provisions for pensions and severance payments.

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**R ROCE (return on capital employed)**

NOPAT as a percent of average capital employed (average from January 1 and December 31).

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**ROE (Return on equity)**

EBT (earnings before tax) as a percent of average adjusted equity (average from January 1 and December 31).

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**ROI (Return on investment)**

EBIT (earnings before interest and tax) as a percent of average total assets (average from January 1 and December 31).

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**T Total assets**

Total of non-current and current assets or the total of equity and non-current and current liabilities. The precise derivation can be found in the consolidated statement of financial position.

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**Trading working capital**

Inventories plus trade receivables less trade payables.

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**Trading working capital to annualized group revenue**

Trading working capital as a percent of the latest reported quarterly group revenue x 4.

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**U Unlevered free cash flow**

Cash flow from operating activities less acquisition of intangible assets, property, plant and equipment, and biological assets plus proceeds from the sale of intangible assets, property, plant and equipment, and biological assets plus investment grants. Unlevered free cash flow adjusts free cash flow for interest received and interest paid as well as distributions received from investments accounted for using the equity method.

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**W Working capital**

Net current assets. Inventories plus trade receivables and other non-current and current assets less current provisions, trade payables and other non-current and current liabilities.

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