ANNUAL AND SUSTAINABILITY REPORT 2025
OF THE LENZING GROUP

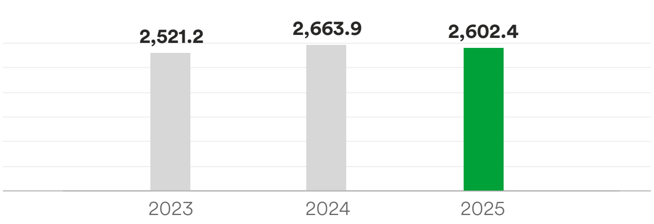
LEAD
TRANSFORMATION
GENERATE
IMPACT

Lenzing
Innovative by nature

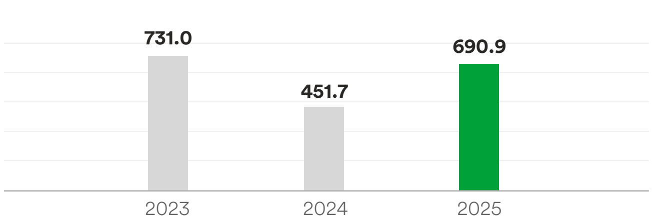
OVERVIEW OF THE LENZING GROUP

Selected indicators of the Lenzing Group

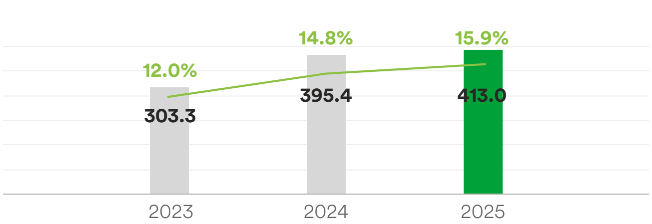
Revenue in EUR mn



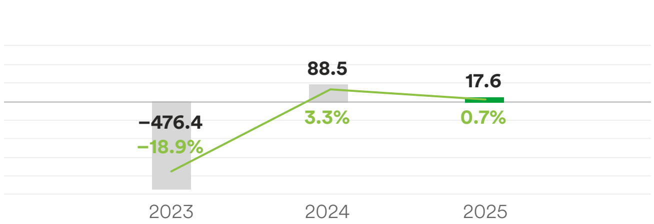
Liquid assets as at 31/12 in EUR mn



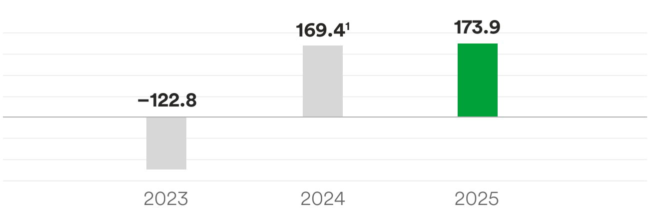
EBITDA in EUR mn **EBITDA margin** in %



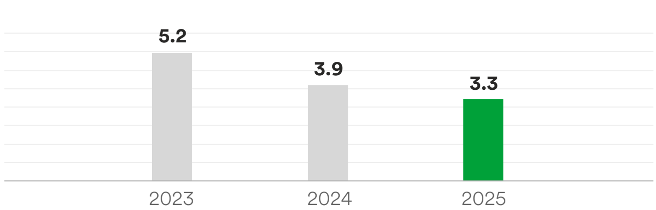
EBIT in EUR mn **EBIT margin** in %



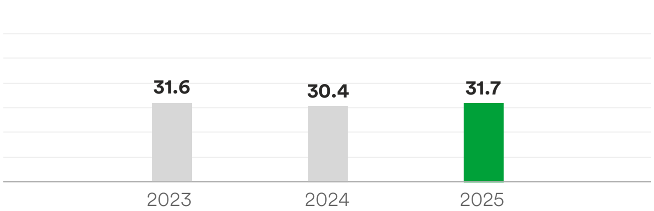
Free cash flow in EUR mn



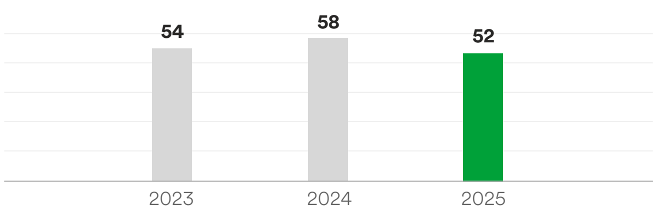
Net financial debt / EBITDA



R&D expenditure (after Frascati) in EUR mn



Specific GHG emissions in %[2]



[1] 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)
[2] Scope 1, 2 and 3; reported per ton of pulp and fiber produced; index based on t CO_2 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[1]	6.3%
Free cash flow	173.9	169.4[2]	2.6%
Unlevered free cash flow	279.3	244.6	14.2%
CAPEX	141.1	153.8[3]	(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

CONTENT

We are transforming Lenzing to become more profitable, resilient, and agile. Our goal remains unchanged: to act economically successful and ecologically and socially responsible.

Letter from the Managing Board
→ Page 5

Revenue 2025
EUR
2,602.4 mn

Management Report 2025
→ Page 24

Specific GHG emissions
compared to 2024
–6%

Sustainability Report 2025
→ Page 51

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

Georg Kasperkovitz
Chief Operations Officer

Mathias Breuer
Chief Financial Officer

Christian Skilich
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 Lackenbucher and Leonardo Grimaldi were elected to the Supervisory Board for the first time. Patrick Lackenbucher 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 Lackenbucher, 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 Lackenbucher
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 >

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 >

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 >

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.

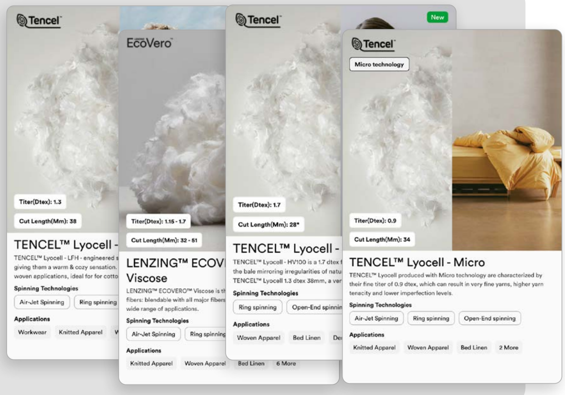
Discover our digital report >

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.

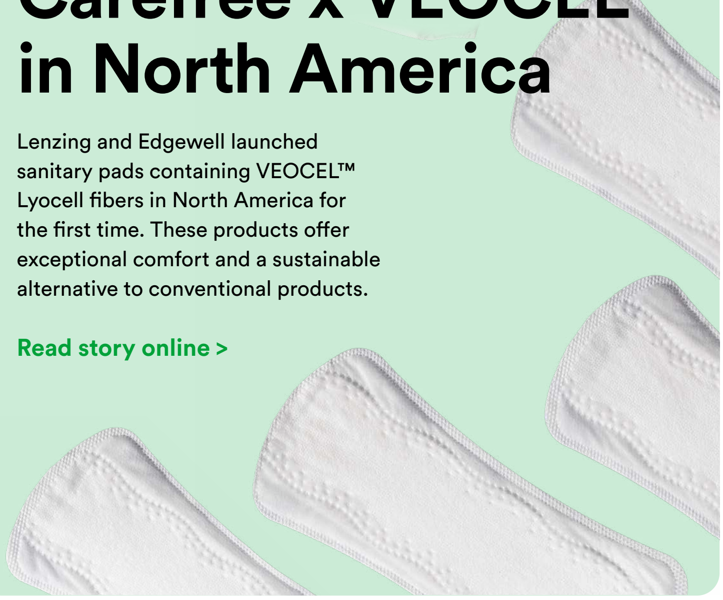
Read story online >

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 >

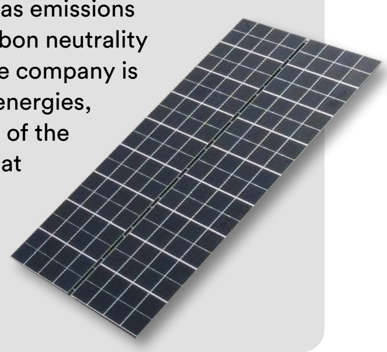


DECARBONIZATION

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 >

CHAPTER

1/4

THE COMPANY 2025

CONTENT

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.

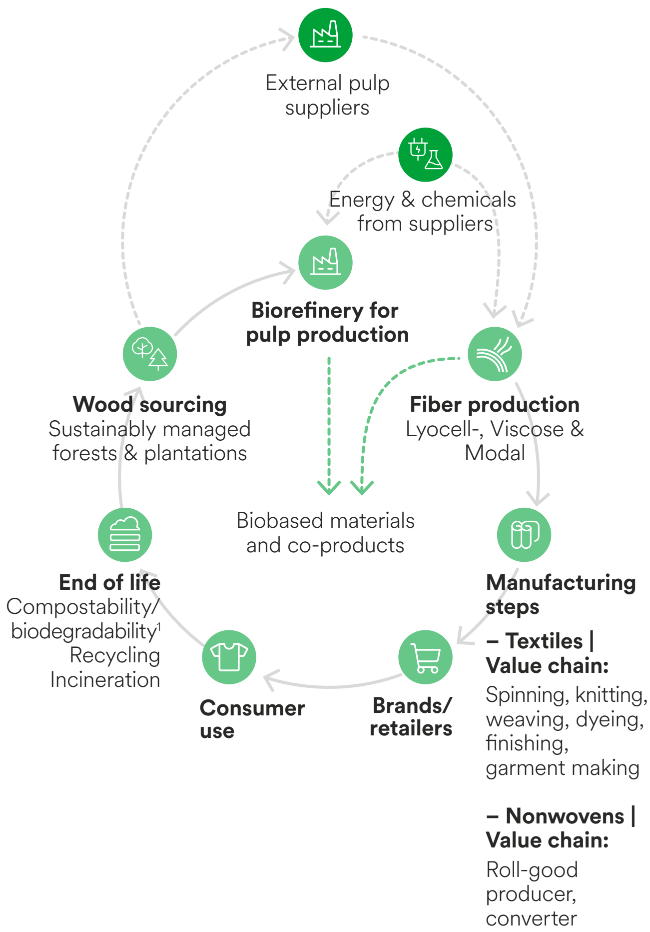
Lenzing operates at the beginning of a complex global value chain. Using certified and controlled wood, we first produce pulp in our biorefineries and subsequently process it into high-quality premium and specialty fibers. These fibers then enter textile and nonwovens supply chains and are further processed 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.[1] 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.

[1] 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

[1] Airdry

CORPORATE STRATEGY

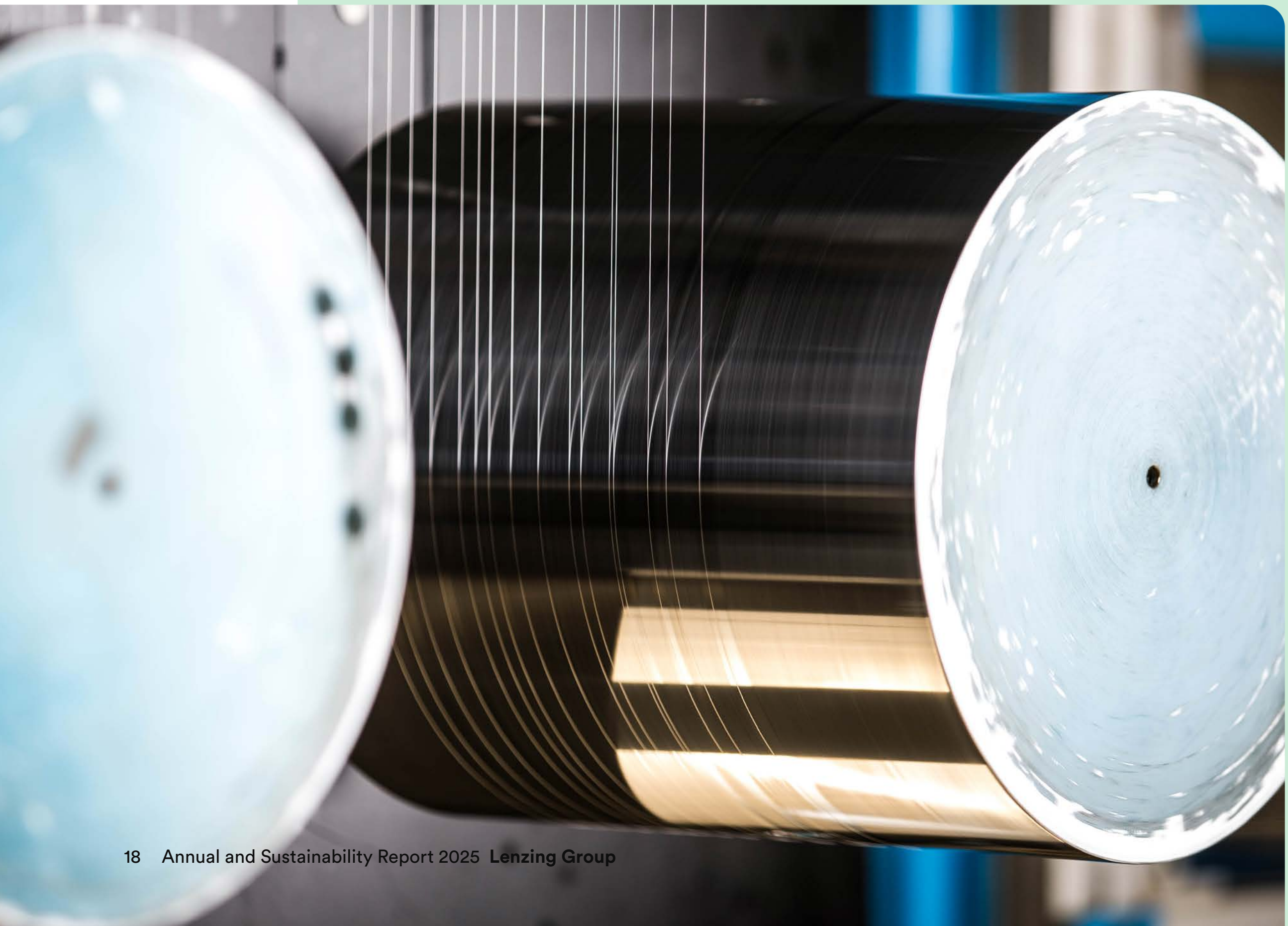
Fibers are our passion – and sustainable innovation is our driving force. With our refined strategy, we are clearly positioning Lenzing for the future and building on what has always made us strong: pioneering spirit, quality, and responsibility.

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.[1] 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.

[1] 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.

TENCEL™

TENCEL™ is Lenzing's premium brand for textile applications, representing award-winning, environmentally responsible materials that offer exceptional wearing comfort.[1] 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.[2] 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.[3]

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 lithiumion 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.

[1] TENCEL™ lyocell and modal fibers are produced with 50% lower CO_2 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).
[2] 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)
[3] 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.

CHAPTER

2/4

MANAGEMENT REPORT 2025

CONTENT

General Market Environment

Global economy[1]

The International Monetary Fund (IMF) reports stable global economic growth of 3.3 percent for 2025, which still lies well below the pre-crisis average (average for the years 2000-2019: 3.7 percent). The IMF shows a picture of a robust but subdued recovery, supported on the one hand by investments – such as in digital infrastructure and artificial intelligence – and somewhat looser monetary policy, but on the other hand weighed down by multiple geopolitical crises, disruptions to global trade and limited fiscal scope for maneuver. Pronounced disparities between the world's regions persisted in 2025: in the USA, strong technology investment drove solid growth of 2.1 percent, while the Eurozone, held back by structural weaknesses and subdued industrial production, recorded moderate growth of 1.4 percent in 2025. China achieved growth of 5 percent in 2025, supported by stimulus measures and increased lending by state-owned banks. Overall, the global economy showed remarkable resilience despite uncertainty and trade policy tensions. Energy prices eased slightly, while structural challenges persisted in several regions. Political and geopolitical risks catered for uncertainty and weighed on confidence. For 2026, the IMF expects an unchanged growth rate of 3.3 percent.

The textile and apparel industry experienced weak demand and declining new order intake in 2025. The global business situation remained negative in all surveys conducted by the International Textile Manufacturers Federation (ITMF[2]) and deteriorated over the course of the year. Capacity utilization remained at low levels, reflecting the ongoing lack of demand. While manufacturers, particularly in the USA, accumulated stocks in the first half of the year in order to preempt potential tariffs, they responded with more cautious ordering in the second half of the year.

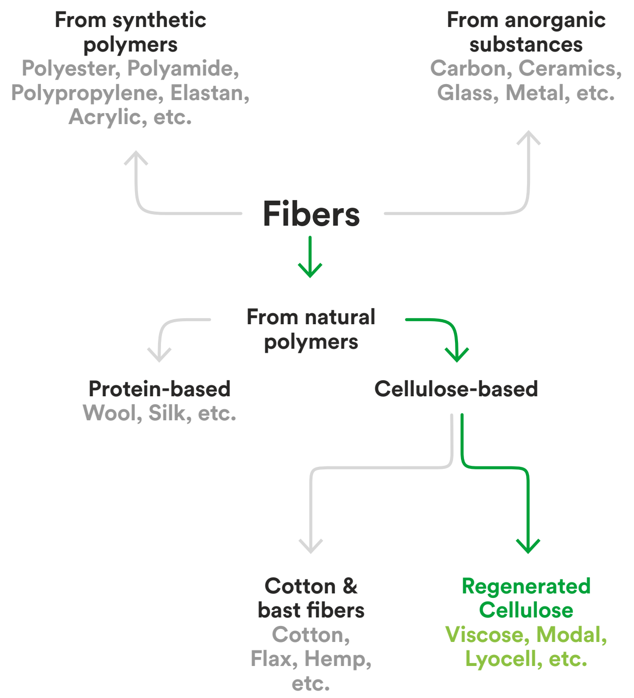
Global fiber market[3]

Global apparel sales grew only slightly in 2025 when adjusted for price effects, and remained subdued overall. In the USA, advance purchases in anticipation of tariffs provided a tangible short-term boost to demand. Europe exhibited significantly weaker performance, with somewhat subdued sentiment in the fashion retail sector. China remained stable despite low consumer sentiment, and benefited selectively from government measures.

In the first half of the year, stocks rose significantly along the entire value chain. Retailers and brands, particularly in the USA, accumulated stocks through earlier deliveries and faster transportation in anticipation of higher tariffs. In the third quarter, stock levels remained elevated due to more cautious demand and strategic stockpiling. Overall, global stocks were clearly above their pre-crisis levels, reflecting continued uncertainty in the market. Growth in the home textiles market continued to lag behind the apparel market in 2025. The impact on Lenzing's textile fiber business is described in more detail in the chapter on business development by division under textile fibers.

Despite economic uncertainty, retail sales of hygiene products in the nonwovens industry grew, driven by demographic trends. This increase was mainly attributable to population growth in Asia and was accordingly weaker in Europe and the USA.

Fibers on the world market
(Simplified depiction)



Stable growth in global fiber production

Global fiber production rose by slightly more than 4 percent to reach a level of 133 mn tons in 2025, according to initial estimates. Growth was consequently slightly above the long-term average and was primarily attributable to higher production of polyester and lyocell fibers in China, as well as a particularly strong cotton harvest in the 2024/2025 season.

The global cotton harvest reached an exceptionally high level of 25.8 mn tons in the past 2024/25 season due to record yields in China and a further expansion of acreage in Brazil. Global demand also rose slightly to 25.1 mn tons, but fell slightly short of supply due to economic uncertainties and pressure from cheaper synthetic alternatives. International cotton trade was slowed by the trade conflict between the USA and China. Overall, hardly any change occurred in global stocks, which amounted to around 15.9 mn tons at

[1] Source: IMF, World Economic Outlook, January 2026
[2] Source: ITMF, Global Textile Industry Surveys 2025

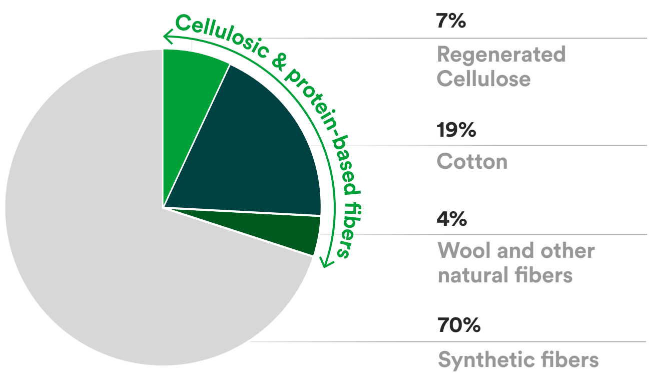
[3] All production figures in this chapter have been updated compared with the initial estimates presented in the 2024 Annual Report.
Sources: The Fiber Year, ICAC, Cotton Outlook, CCFG, FAO

the end of the season. The production of other natural fibers such as wool, linen, hemp and silk also decreased by 5 percent year-on-year.

Production of regenerated cellulose fibers such as lyocell, modal and viscose increased by around 4 percent to approximately 8.7 mn tons, according to initial estimates. While global production of viscose fibers largely stagnated, the output of lyocell and modal fibers rose by a double-digit percentage rate.

For fibers made from synthetic polymers, production volumes amounted to around 92.7 mn tons according to initial estimates, representing an increase of 4 percent year on year. This growth is mainly due to higher output in China.

Global fiber production 2025[1]
by type of fiber in percent (basis = 133 mn tons)



Staple fiber prices mixed

Prices for staple fibers were under pressure due to weak demand. Global economic uncertainties and the consequences of weaker but still noticeable inflation had a negative impact on disposable income. This reinforced the trend towards low-priced synthetic fibers.

Cotton prices were less volatile than in the previous year, but remained at a low level. This was partly due to the generally low demand for textiles, but also to an abundant harvest in China.Furthermore, the availability of cheap cotton from Brazil increased. The Cotlook A index stood at 79 US cents per pound at the start of the year, rose to 81 US cents per pound in the second quarter in anticipation of a potential trade agreement, which would also have included substantial Chinese cotton imports from the USA, but then fell again when the trade agreement failed to materialize. At the end of the year, the Cotlook A index stood at 74 US cents per pound, representing a decrease of 6 percent in 2025.

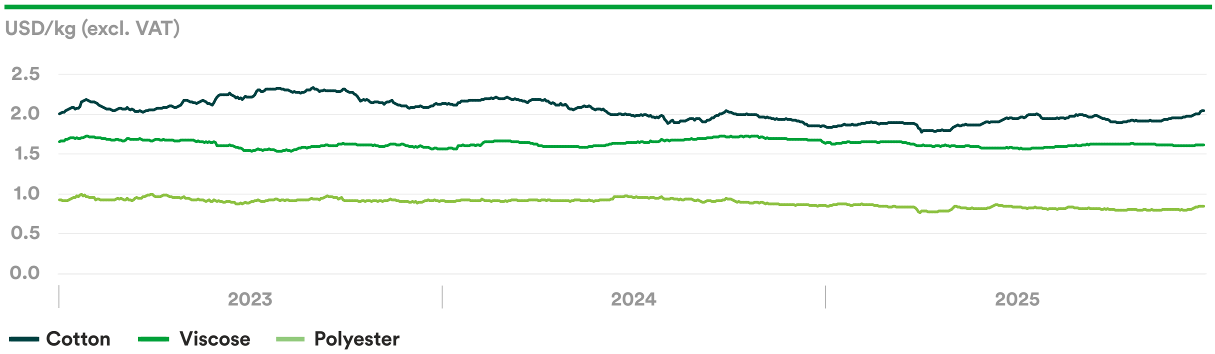
The price of polyester staple fibers was mainly determined by the trend in raw material costs. Accordingly, macroeconomic events suggesting a shortage in crude oil supply led to short-term price spikes. However, as Chinese producers in particular were producing polyester staple fibers at high capacity utilization rates, which led to ample supply, prices decreased by 6 percent over the course of the year from RMB 7,030 per ton to RMB 6,610 per ton. High supply of and low prices for Chinese polyester staple fibers also led to a rise in exports, which increased the pressure on other fiber types.

Following the uptrend in the previous year, viscose prices in China followed a downtrend in 2025. Despite a brief seasonal recovery in February and September, they ended the year 7 percent below their level at the start of the year at RMB 12,720 per ton. This development primarily reflects falling dissolving wood pulp prices. Despite the reduced prices, the economic situation of manufacturers without backward integration improved in China, as production costs there declined even more sharply than market prices.

The price premium for Lenzing's differentiated specialty fibers from the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands, compared to commodity fibers, proved to be comparatively resilient. Altough prices for Lenzing fibers also declined over the course of the year.

The Chinese import price for dissolving wood pulp, the key raw material for the production of regenerated cellulose fibers, came under pressure in the first half of the year before stabilizing. At USD 785 per ton at the end of December, it was 19 percent lower than at the start of the year. Rising supply, primarily due to capacity expansions in South America, and the premium in relation to paper pulp, which made a switch from paper pulp to dissolving wood pulp attractive, led to price concessions by pulp producers. The price premium for dissolving wood pulp decreased to around USD 223 per ton at the end of the year.

Staple fiber prices – Development in China[2]



[1] Sources: ICAC, TFY, Lenzing estimates

[2] Sources: CCFG, CCA

Business Performance of the Lenzing Group

The Lenzing Group's business performance was negatively impacted by several external factors, such as international tariff measures and the resultant uncertainty in the textile value chain as well as subdued demand and falling market prices, particularly in the second half of 2025. Despite these challenges, the company achieved higher EBITDA in 2025 than in the previous year and an improvement in its free cash flow, largely thanks to its comprehensive performance program to increase profitability and optimize cash management. In addition to the effects of the performance program, the sale of surplus EU emission allowances and sales revenues from pulp sales on the external market also contributed positively to the earnings performance. [1]

Market prices for staple fibers were under pressure in 2025 due to subdued demand, especially in the second half of the year, and prices for dissolving wood pulp also decreased significantly over the course of the year. This, in combination with continued high costs for raw materials, energy and logistics, further slowed the Lenzing Group's business performance. In response to this challenging market environment, Lenzing adjusted its production capacities in order to improve the trend in its trading working capital and strengthen its cash flow.

The Lenzing Group's earnings performance was also shaped by an impairment loss, which had a negative impact on earnings before interest and tax (EBIT). Strategic options are being evaluated for the site in Indonesia, including a possible sale. In this context, non-cash impairments of long-term assets, in particular property, plant and equipment, amounting to EUR 82 mn were recognized. The impairment losses affected EBIT but had no impact on EBITDA.

In 2025, Lenzing announced the following changes on the Managing Board. Chief Transformation Officer Walter Bickel stepped down from his temporary mandate early, at the end of March 2025. Following the departure of Walter Bickel, Georg Kasperkovitz joined the Managing Board of Lenzing AG as Chief Operations Officer on June 1, 2025.

CEO Rohit Aggarwal stepped down from his Managing Board role for personal reasons with effect from January 31, 2026. Since Rohit Aggarwal's departure, the company has been managed by a three-member Managing Board team consisting of CFO Mathias Breuer, COO Georg Kasperkovitz and CPO/CTO Christian Skilich. In connection with Rohit Aggarwal's departure, an Executive Committee was also established to further develop the organization and drive the premiumisation strategy. This body consists of the three Managing Board members and the three top commercial executives for textile and nonwoven fibers as well as dissolving wood pulp. The Supervisory Board has already initiated the process to appoint a successor to the CEO role and will provide information on the new appointment in due course. To ensure a seamless transition, Rohit Aggarwal will support Lenzing AG as an adviser until the end of September 2026.

Mathias Breuer, most recently responsible as Senior Vice President for the performance program, was appointed by the Supervisory Board as the new CFO with effect from January 1, 2026. He succeeds Nico Reiner, who did not extend his mandate, which expired at the end of 2025. The Supervisory Board has also extended, ahead of schedule, the Managing Board mandate of Christian Skilich, who has been a member of the Lenzing Management Board since June 2020 and currently holds the positions of Chief Pulp and Chief Technology Officer, until May 31, 2029.

The Managing Board of the Lenzing Group continues to work consistently on the transformation of the company in order to strengthen its profitability, resilience and agility. A key element of this transformation is the holistic performance program, which primarily aims to improve EBITDA and generate free cash flow through higher profitability, rigorous cost management and targeted trading working capital management.

As a consequence, Lenzing is continuously implementing measures to optimize structural, process and personnel costs, which also contribute to increasing revenue and margins. In the 2025 financial year, cost savings of more than EUR 200 mn were realized, compared with EUR 130 mn in the previous year.

Moreover, in the third quarter of 2025 the Managing Board decided on further measures to sustainably strengthen competitiveness. These include a reduction of around 600 positions in Austria, mainly in administrative functions. The associated annual savings of around EUR 45 mn are expected to be fully effective by the end of 2027 at the latest.

In parallel, the focus is on sustainable cost-saving effects through operational excellence and energy optimization at all production sites. In particular, the Lenzing Group is realizing strategic investments of more than EUR 100 mn in the Austrian sites at Lenzing and Heiligenkreuz in order to secure their long-term competitiveness.

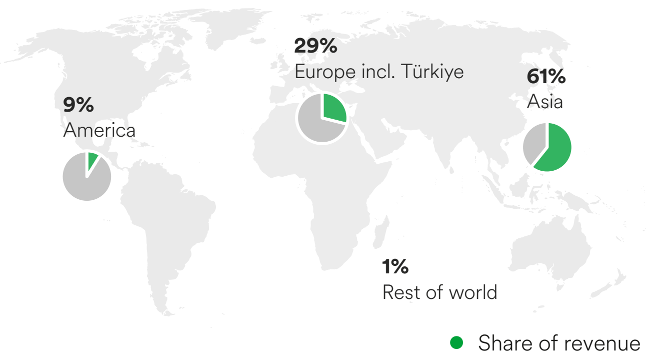
To strengthen sales and revenue growth, new customers were acquired for key products, and expansion into previously smaller markets was stepped up. At the same time, Lenzing is strengthening its international presence in key high-margin markets in North America and Asia. In procurement, too, operational and strategic measures have delivered successes in achieving cost savings.

The Lenzing Group's revenue decreased slightly by 2.3 percent year-on-year to EUR 2.6 bn in 2025. This decline is primarily due to reduced fiber sales volumes and lower prices for fibers and pulp. In 2025, 61 percent of the Lenzing Group's external revenue was generated in Asia, 29 percent in Europe including Turkey, 9 percent in

[1] The key figures are explained in more detail in the section "Appendix: Notes on the Financial Performance Indicators of the Lenzing Group".

the Americas and 1 percent in other regions. The distribution of revenue by region illustrates the global footprint of the Lenzing Group.

Revenue split by region



The positive effects of the performance program were an important factor driving the operating earnings trend. Earnings before interest, tax, depreciation and amortization (EBITDA) grew by 4.5 percent year-on-year from EUR 395.4 mn in 2024 to EUR 413 mn and include positive one-off effects from the sale of surplus EU emission allowances amounting to EUR 45.1 mn. The EBITDA margin increased from 14.8 to 15.9 percent.

The operating result (EBIT) amounted to EUR 17.6 mn (compared with EUR 88.5 mn in 2024) and the EBIT margin was 0.7 percent (compared with 3.3 percent in the previous year). EBIT was significantly influenced by the impairment of non-current assets at the Indonesian production site, amounting to EUR 82 mn. For a detailed description, please refer to note 10 of the consolidated financial statements, section 'Impairment Test of the CGU Fiber Site Indonesia".

The result before tax (EBT) amounted to minus EUR 122.5 mn (compared with minus EUR 42 mn in 2024).

The income tax expense amounted to EUR 12.7 mn in 2025 (compared with EUR 96.3 mn in 2024) and was influenced in particular by the value adjustment of tax assets of individual Group companies and currency effects from the translation of tax items from the local currency to the functional currency.[1]

The result after tax improved slightly to minus EUR 135.2 mn (compared with minus EUR 138.3 mn in the previous year).

The improved cash flow from operating activities amounted to EUR 419.7 mn in the reporting year (compared with EUR 395 mn[2] in 2024). Cash flow from investing activities amounted to minus EUR 146.9 mn (compared with minus EUR 152.1 mn[2] in 2024). Cash flow from financing activities improved significantly to minus EUR 16.4 mn compared with minus EUR 535.4 mn[2] in the previous year. The increase is mainly due to the refinancing measures realized in the reporting period.

In May 2025, syndicated financing of EUR 545 mn was arranged, consisting of a bullet loan of EUR 355 mn with a term of three years and a revolving line of credit of EUR 190 mn with a term of three years and extension options of two years in total. A new hybrid bond in a volume of EUR 500 mn was successfully placed in July 2025. The offer was aimed at existing investors of the hybrid bond issued in 2020 as part of an exchange offer as well as new investors. In September 2025, Lenzing also exercised its contractual right to terminate the remaining portion of the hybrid bond 2020 and redeemed it at par plus accrued interest. These measures highlight the strategic and proactive focus on a sustainable capital structure and on strengthening the company's financial resilience.

Free cash flow showed a positive trend with an increase to EUR 173.9 mn (compared with EUR 169.4 mn[2] in the previous year). Unlevered free cash flow rose to EUR 279.3 mn (compared with EUR 244.6 mn in the same period of the previous year). Trading working capital decreased by 21.6 percent to EUR 453.4 mn.

Liquid assets (including liquid bills) increased by 53 percent compared to December 31, 2024, to EUR 690.9 mn as of December 31, 2025, mainly due to the syndicated financing agreed in May 2025, operating activities and targeted management of trading working capital.

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 141.1 mn in 2025 (compared with EUR 153.8 mn in 2024), reflecting a reduction in the level of investment activities.

Total assets decreased by 7.4 percent compared with December 31, 2024, to EUR 4.6 bn as of December 31, 2025. Adjusted equity reduced from EUR 1.7 bn to EUR 1.4 bn. The adjusted equity ratio stood at 29.6 percent as of December 31, 2025, compared with 34.7 percent in the previous year. Net financial debt decreased by 11.9 percent to EUR 1.35 bn as of the reporting date. Net gearing increased to 99 percent (compared with 88.8 percent as of December 31, 2024).

The details of the revenue and earnings trends in the year under review are as follows:

[1] Predominant currency of the primary economic environment of a subsidiary.
[2] In order to improve the transparency and comparability of the financial performance indicators, the Lenzing Group has utilized the options available under IAS 7 and adjusted the presentation of the cash flow statement. The new structure starts with EBT and enables the calculation of unlevered free cash flow, which serves as a key performance indicator in addition to free cash flow as part of the performance program. This adjustment is in line with standard market reporting practices and improves the informative value of the cash flow statement for both internal and external stakeholders. This change in presentation was made retrospectively in accordance with IAS 8. A reconciliation to the adjusted figures for the comparative period can be found in note 2 of the consolidated financial statements.

Condensed consolidated income statement[1] EUR mn

			Change	
	2025	2024	Absolute	Relative
Revenue	**2,602.4**	**2,663.9**	**(61.5)**	**(2.3)%**
Cost of sales	(2,264.1)	(2,155.8)	(108.2)	(5.0)%
Gross profit	**338.4**	**508.1**	**(169.7)**	**(33.4)%**
Other operating income	133.6	61.8	71.8	116.3%
Selling expenses	(280.9)	(300.5)	19.6	6.5%
Administrative expenses	(126.3)	(146.7)	20.4	13.9%
Research and development expenses	(29.1)	(29.2)	0.0	0.0%
Other operating expenses	(17.9)	(4.9)	(13.0)	(262.2)%
EBIT	**17.6**	**88.5**	**(70.9)**	**(80.1)%**
Financial result	(140.1)	(130.5)	(9.6)	(7.3)%
EBT	**(122.5)**	**(42.0)**	**(80.5)**	**(191.6)%**
Income tax expense	(12.7)	(96.3)	83.5	86.8%
Net profit/loss after tax	**(135.2)**	**(138.3)**	**3.1**	**2.2%**

[1] The complete consolidated income statement is presented in the consolidated financial statements.

Business Development by Division

The management of the Lenzing Group's business is divided into the two divisions "Fiber" and "Pulp".

In the 2025 financial year, the company consistently pursued its premiumisation strategy, focusing on high-margin markets and premium fibers. At the same time, operational efficiency was increased and production sites were optimized. In addition to a stronger focus on premiumisation and excellence, innovation and sustainability remain the core pillars of Lenzing's strategy.

The premiumisation strategy focuses on cellulose-based premium and specialty fibers. These are marketed in attractive market segments under the established brands TENCEL™, LENZING™ ECOVERO™ and VEOCEL™. At the same time, the company will gradually withdraw from low-margin commodity segments. Moreover, Lenzing is increasingly expanding into previously untapped and new application areas such as hygiene, packaging, filtration as well as medical and industrial applications. This strengthens the resilience of the business model in a volatile market environment. In the textile fibers area, the focus is on high-growth applications and end markets. Over the coming years, the Lenzing Group will further expand its international presence in Asia and North America, thereby moving closer to customers in these important textile and nonwovens markets.

With its further developed strategy, Lenzing aims to achieve a more balanced regional distribution of its global revenue as well as a balanced mix between the textile and the nonwovens businesses, in order increase its resilience to market fluctuations.

The pulp business, which secures Lenzing's own supplies of dissolving wood pulp for fiber production and also generates revenue on the external pulp market, forms an integral part of the Lenzing Group's business model. At pulp sites, the continued focus was on operational excellence in order to further improve the cost structure and increase production capacities.

Lenzing once again maintained its leading position in environmental and social sustainability during the reporting period. The company was once more recognized by the most important rating agencies in the industry. In 2025, CDP awarded Lenzing the prestigious Triple "A" rating for the fourth time for its performance in the areas of climate change, forests and water security. This places Lenzing among only 23 companies worldwide that achieved "Corporate A List" status in all three categories in 2025, out of more than 22,000 companies that disclosed environmental data. In the EcoVadis ESG rating, Lenzing achieved Platinum status for the fifth consecutive time, the highest possible rating, placing the company among the world's top companies. MSCI rated Lenzing with an "A" and the company again achieved first place in the global "Hot Button Report" of the non-profit organization Canopy, which evaluates the performance of global producers of regenerated cellulose fibers in the areas of sustainable sourcing, transparency and innovation.

Further information about ratings and awards relating to environmental and social sustainability can be found in the non-financial statement in the Annual and Sustainability Report.

Fiber Division

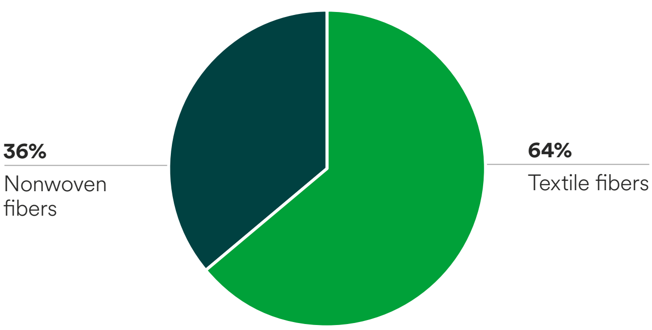
The Lenzing Group bundles its business activities in the area of regenerated cellulose fibers for textile and nonwoven applications in its Fiber Division.

Worldwide, Lenzing stands for the environmentally responsible production of premium and specialty fibers under the brands TENCEL™, LENZING™ ECOVERO™ and VEOCEL™.

With the clear positioning of the product brands TENCEL™ and LENZING™ ECOVERO™ for all specialties in the textile sector, VEOCEL™ for all specialties in the nonwovens sector and LENZING™ for all industrial applications as well as co-products, Lenzing successfully communicates its strengths. Sustainability combined with a high level of transparency and traceability, innovation, high quality for every application and strong brands represent Lenzing's key differentiators.

The Fiber Division's revenue reached a level of EUR 1.9 bn in 2025 (2024: EUR 2.03 bn), 64 percent of which was attributable to textile fibers and 36 percent to nonwoven fibers. Fiber sales volumes decreased to approximately 904,000 tons (compared with approximately 960,000 tons in 2024).

Revenue split
Textiles and nonwoven fibers



The division's earnings (EBITDA) amounted to EUR 0.1 mn, while the operating result (EBIT) amounted to minus EUR 184.4 mn. This result especially reflects the weaker second half of the year, with declines in both sales volumes and fiber prices.

Textile fibers

The market environment in the textile segment during the reporting period was characterized by subdued demand, particularly in the premium segment, as a consequence of uncertainties triggered by unstable tariff conditions and geopolitical conflicts. In addition to lower dissolving wood pulp and production costs, this had a negative impact on the price trend for textile fibers. Lenzing defended a stable price premium for its specialty fibers under the TENCEL™

and LENZING™ ECOVERO™ brands compared to commodity fibers, although prices for Lenzing fibers declined also over the course of the year.

Lenzing was affected by the generally subdued consumer climate, particularly in the second half of the year, through weaker demand for its premium fibers. China, Turkey, India, Pakistan and Bangladesh continued to be the most important direct sales markets for Lenzing textile fibers in 2025.

Lenzing stood out in particular for its quality, customer focus in processing and development of innovative applications, strong innovative capabilities and fully documented and audited sustainability. In addition, the premiumisation strategy was further advanced in high-margin market segments.

In the textile fibers segment, the new fiber type TENCEL™ Lyocell – HV100 was launched on the market in 2025. Thanks to the innovative Variocut technology, this fiber features controlled variations in fiber length, mimicking the fiber length distribution found in natural fibers such as cotton. This enables fabrics with a unique, structured look and feel – the result resembles traditional natural fibers while offering all the ecological benefits of TENCEL™ lyocell. The fiber feels soft yet more structured and was used for the first time, ideally, in premium denim fabrics. Its potential is enormous: from 2026 onwards, TENCEL™ Lyocell – HV100 will also be used in woven apparel and home textiles, in creative designs and in new material combinations.

Fibers from Lenzing are suitable not only for the production of yarns and, subsequently, textile fabrics, but also for so-called filling applications. During the reporting period, the LENZING™ Lyocell Fill product group expanded the fiber portfolio to offer greater comfort, resource efficiency and design diversity. These filling fibers provide not only improved thermal comfort and moisture regulation, but also shape-stabilizing properties. With two different linear densities and various cut lengths, the expanded fiber portfolio offers improved compatibility, allowing seamless blending with other filling fibers such as polyester and filling materials such as down.

Lenzing also expanded its portfolio of Lyocell Low Fibrillation (LF) fibers. These fibers are less prone to fibrillation and were developed specifically for use in knitwear. With its expanded fiber portfolio, Lenzing can now serve additional textile applications with its Lyocell LF fibers.

Lenzing has developed a biodegradable, market-ready alternative to conventional plastics in partnership with Swiss company OceanSafe. This collaboration combines Lenzing's TENCEL™ Lyocell A100 fibers, which are naturally soft cellulose fibers, with OceanSafe's naNea, a high-performance biodegradable co-polyester. The aim is to develop yarns and fabrics that combine comfort and durability on the one hand with genuine circularity on the other. Together, the partners aim to bring scalable, innovative and sustainable textile solutions for fashion and functional apparel to market. The newly developed yarn has already been used in a capsule collection for sportswear.

Lenzing enhanced the visibility and brand awareness of its TENCEL™ and LENZING™ ECOVERO™ brands thanks to successful digital marketing and PR initiatives, generating more than 306 bn PR impressions worldwide, while social media impressions exceeded 180 mn and more than 37 mn digital interactions were recorded.

The success of the TENCEL™ and LENZING™ ECOVERO™ brands in the 2025 financial year is also reflected in the strong engagement of their partners: around 2,500 partners requested product licenses as well as marketing materials from Lenzing. This momentum is being further strengthened through collaborations with global brand partners. These include both established international and emerging brands such as Levi's, H&M, COS, DVF (Diane von Fürstenberg), Jack & Jones, Armedangels, GANNI, Guess, Carhartt, Marc O'Polo, AKYN, MUD Jeans, Camper, Next, Stripe & Stare, FatFace, The White Company, Circle Sportswear, Boden, La Maison Simons, Aritzia, American Eagle, Reformation, GAP, AllSaints, Anta, Aimer, Insider, C&A, DOD, Aluf, Neriage, DAGI, Jimmy Key, Mavi, Yamamay and Impetus. In addition, the TENCEL™ brand advanced designer partnerships with KNWLS, Patrick McDowell, Johannes Warnke and Reinaldo Lourenço.

In 2025, the TENCEL™ brand continued its strategic transformation under the brand manifesto "Nature. Future. Us." and accelerated its premium positioning through compelling storytelling and product innovations. In cooperation with its partners, the TENCEL™ brand continues to drive brand growth, build trust and initiate change across the entire global textile value chain.

Nonwoven fibers

Nonwoven fibers are a strategic business segment for Lenzing that has grown over the years and will be expanded further in the future to meet growing demand for cellulose-based nonwoven fibers. In addition to the functional advantages of Lenzing's fibers, this growth is also supported by the global fight against plastic pollution. This includes, among other initiatives, the European Union's bioeconomy strategy, which aims to consolidate existing legislation (including the Single-Use Plastics Directive and the Packaging and Packaging Waste Regulation) under a single framework. UK legislation banning single-use plastics in wet wipes will further pave the way for a sustainable future and is expected to come into force in the United Kingdom in May/June 2027. In the USA, the Wipes Act was successfully passed by the House of Representatives and forwarded to the Senate in June 2025. This regulates the labelling of flushability for wet wipes, an important factor in distinguishing between non-flushable wipes and flushable, biodegradable alternatives that can be produced using Lenzing fibers.

At the end of 2025, Lenzing announced its decision to invest EUR 15 mn in expanding nonwoven fiber production capacities at its Lenzing site. The expansion will focus on VEOCEL™ Viscostar fibers with a trilobal cross-section, which are particularly suitable for feminine hygiene products due to their efficient absorbency, offering a sustainable alternative to synthetic fibers.

One innovation in the area of cleaning wipes are the newly developed VEOCEL™ Lyocell EC (Enhanced Cleaning) fibers, which were specifically designed for disinfection applications. Most disinfectant wipes are based on the active substance class of quaternary compounds (quats). These substances bind very strongly to cellulose fibers, in contrast to synthetic fibers. In practice, manufacturers of disinfectant wipes aim to achieve a consistent release of active ingredients and thereby low binding to the fiber surface. For this reason, a new type of lyocell fiber was developed that binds less strongly with quats and consequently enables a consistent release of active ingredients. The new VEOCEL™ Lyocell EC fiber has already been introduced at a major nonwovens industry conference.

The patented LENZING™ Nonwoven Technology produces lyocell filaments that are processed directly into a nonwoven material during the production process. The combination of the natural bonding of the filaments and subsequent hydroentanglement enables the manufacture of materials without the use of surface treatments or binders, thereby helping to reduce microplastics in wipes. The latest product that can be manufactured using this technology is LENZING™ DUAL WIPE. This innovative wipe combines two functional sides: a soft side for gentle cleaning and a rough side for stubborn dirt. It was presented for the first time at IDEA® 2025, a major event for the nonwovens industry in Miami, where it already attracted strong interest from the industry.

Through tailored innovation sessions, Lenzing strengthened its partnerships during the reporting year with twelve strategically important nonwovens customers, including Unicharm, Shinwa, BAT, Suominen, KC, Nitto, DAO, Convatec, Magnera, Solventum, Aralar, Albaad, Fibertex and Rockline. In addition, the cooperation with Carefree in North America was expanded. Following the successful market launch in the USA of panty liners made with VEOCEL™ lyocell fibers featuring Dry Technology, this product line was also launched on the Canadian market.

Co-products of fiber production

At all locations where the Lenzing Group produces viscose or modal fibers, the co-products manufactured include LENZING™ Sodium Sulphate. This is used in the detergent and glass industries as well as in the production of food and animal feed. During the reporting period, Lenzing obtained ISO 22000:2018 certification for its co-product LENZING™ Sodium Sulphate. This is a globally recognized standard for food safety management systems. The sales volume of LENZING™ Sodium Sulphate recorded further year-on-year growth in 2025.

Pulp Division

The Pulp Division comprises all Lenzing Group business activities from wood procurement through to the production and sale of dissolving wood pulp and biorefinery products. The newest pulp mill, LD Celulose in Indianópolis (Brazil), produced pulp of excellent quality during the reporting year and its nominal capacity was increased to 600,000 tons per year through optimization measures. The additional production volumes are primarily sold on the external pulp market. In addition, surplus electricity from the plant is fed into the public grid as renewable energy.

To provide the biomass, LD Celulose secured over 44,000 hectares of FSC® certified commercial forest, and leased additional land, in order to have approximately 80,000 hectares of FSC® certified forest area when completed.[1] These plantations operate in full accordance with Lenzing's guideline and high standards for wood and pulp sourcing.

Lenzing continues to pursue the recycling of textile waste. For many years, the company has proactively developed and promoted innovations in this area in order to provide economically viable and scalable solutions to the global textile waste problem. Since 2021, Lenzing has been working with Swedish pulp producer Södra to jointly develop new processes for recycling post-consumer textiles on an industrial scale. Current unfavorable conditions in the textile market have led to a slowdown in growth in this sector, as the cost structure does not yet allow for higher volumes.

The (internal and external) revenue of the Pulp Division amounted to EUR 1.3 bn in 2025, compared with EUR 1.38[2] bn in the previous year. The division's earnings (EBITDA) amounted to EUR 451.5 mn, while the operating result (EBIT) amounted to EUR 249.6 mn.

Wood

The situation on timber markets in Europe was essentially stable in 2025, despite lower supply. Weaker industrial demand for wood, along with partially lower energy prices and the resultant lower consumption of biomass, helped to stabilize the situation.

Moreover, the Lenzing Group's procurement strategy entailing long-term framework agreements achieved a good stabilizing effect on volumes and prices. As a consequence, Lenzing was able to provide reliable supplies of wood to its pulp sites in Lenzing (Austria) and Paskov (Czech Republic) during the reporting year. However, the availability of spruce deteriorated in the fourth quarter of 2025.

In 2025, audits in accordance with the Forest Stewardship Council® (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC) forest certification systems confirmed again for both sites that, in addition to stringent forestry laws in the supplier countries, all wood used derives from PEFC and FSC® certified or controlled sources.[3]

Pulp

To supply the fiber production sites with high-quality dissolving wood pulp, Lenzing Group operates its own pulp mills at its sites in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil). This increased the level of self-sufficiency to significantly more than the 75 percent targeted by the corporate strategy. Furthermore, Lenzing established itself as a structural supplier in the global pulp market. Most of the dissolving wood pulp sourced externally was purchased on the basis of long-term contracts. A total of approximately 1,218,000 tons of dissolving wood pulp was produced at Lenzing's pulp plants in 2025.

Biorefinery products

In addition to dissolving wood pulp, the Lenzing Group's biorefineries also produce and market biorefinery products so that further

[1] FSC license code: FSC-C175509, FSC-C165948
[2] Retrospective adjustment of internal revenue in the Pulp Division (see note 4 in the consolidated financial statements)
[3] License code: FSC-C041246 and PEFC/06-33-92

components of the valuable raw material wood are utilized. Renowned customers from the food, animal feed, pharmaceutical and chemical industries rely on biobased products from Lenzing.

In the reporting period, Lenzing and its long-standing partner Speyer & Grund announced the commissioning of a new storage tank. The new tank park at the Speyer & Grund site in Meerane (Germany) includes a tank specifically designed for LENZING™ Acetic Acid Biobased. The expanded storage capacity increases flexibility and efficiency in supply and makes a significant contribution to supply chain excellence.

A life cycle analysis performed by the research institute Quantis confirmed that the carbon footprint of LENZING™ Acetic Acid Biobased is more than 85 percent lower than that of comparable products based on fossil resources.

In the reporting period, Lenzing received ISO 22000:2018 certification for both LENZING™ Sodium Sulphate and the biorefinery product LENZING™ Acetic Acid Biobased. This internationally recognized standard confirms Lenzing's consistent commitment to product safety, quality assurance and continuous improvement.

Divisional supplies of energy and other raw materials

In the Fiber and Pulp divisions, energy and other raw materials are significant factors influencing the Lenzing Group's financial position and performance.

Energy

With its biorefinery concept at its sites in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil), the Lenzing Group is one of the pioneers of pulp and fiber production that is resource-conserving and largely self-sufficient in terms of energy. Numerous measures to increase energy efficiency are constantly being advanced at its production sites. Energy reserves at the European locations remain well secured against the backdrop of geopolitical uncertainties.

At an annual average of just under EUR 39/MWh in 2025, gas prices on the Austrian spot market were up by around 10 percent year-on-year. An easing of the supply situation due to higher liquefied natural gas (LNG) supplies only became evident towards the end of the year, with prices falling significantly. Coal prices were down by 11 percent year-on-year. The electricity price recorded the strongest growth with an increase of 21 percent. This was significantly influenced by higher CO_2 prices, which rose by 13 percent. By contrast, the average oil price for the year amounted to around USD 68 per barrel, 15 percent below the previous year's level. Lenzing continues to adhere to the procurement strategy it introduced in 2023. Energy procurement is conducted on the basis of a defined combination of forward contracts and spot market purchases. This strategy compensates for price fluctuations on energy markets and contributes to a more stable cost trend.

Together with energy company Verbund, Lenzing AG has commissioned a new 1.3 MWp photovoltaic plant at the Lenzing site. This increases the total capacity of the PV park to 8.3 MWp. Supplemented by small hydroelectric power plants (2.3 MW) and long-term supply contracts for wind and solar power, Lenzing is further expanding its energy autonomy. These investments form key components of the decarbonization strategy for achieving the scientifically confirmed net-zero target.

A total of 29 energy efficiency projects were implemented at the Lenzing site between 2023 and 2025. The resultant heat savings of around 265,000 GJ per year and electricity savings of around 7,000 MWh per year correspond to the annual energy requirements of around 4,350 Austrian households. These measures will have a positive impact on the energy cost structure and reduce the carbon footprint of the Lenzing site by approximately 10,500 tons of fossil CO_2 per year.

In December 2025, Lenzing AG and Energie AG Umwelt Service renewed their RVL (Reststoffverwertung Lenzing) partnership until 2040. The new "R/25" framework agreement reinforces the long-standing and successful cooperation in residue utilization at the Lenzing site. The agreement secures higher performance and availability of the fluidized-bed system, a retrofit program scheduled for 2026/27, and clear rules governing emissions costs. In addition, it provides long-term planning certainty, with the first possible termination date set for December 31, 2040. The RVL remains a cornerstone of supply security and climate protection: more than 300,000 tons of waste are converted annually into electricity and steam, replacing up to 85 mn Nm^3 of natural gas and thereby representing a significant contribution to decarbonization and the circular economy. The project to construct a new fluidized-bed boiler at the Lenzing site was further advanced during the reporting period. The objective is to substitute conventional fossil fuels and reduce emissions. Construction is scheduled to commence in the third quarter of 2026.

The energy facilities in Lenzing as well as at the Paskov and Heiligenkreuz (Austria) sites operated under normal conditions during the reporting period. At Heiligenkreuz, the transition to biogenic fuels was deliberately advanced in order to sustainably reduce energy costs and further improve the site's economic viability.

At the Paskov site, surplus energy continued to be fed into the public grid. Natural gas prices at the Paskov site recorded a slight increase, whereas natural gas prices in Grimsby (UK) decreased. In Mobile (USA), natural gas prices rose slightly, while a modest decline in electricity prices was recorded.

At the Purwakarta site (Indonesia), the energy facilities were operated with high availability. The price of coal fell moderately, while the price of electricity remained more or less the same.

At the Chinese site in Nanjing, gas prices declined significantly due to a new supply contract. The operation of two gas turbines commissioned in 2024 contributed to further diversification of energy supplies. Electricity prices remained stable.

A contract for the supply of liquefied natural gas (LNG) instead of heating oil is currently being implemented at the Indianópolis site in Brazil. Supply is expected to start in the first quarter of 2026.

At Prachinburi (Thailand), electricity prices remained stable year-on-year.

Other raw materials

In 2025, the chemical markets relevant to Lenzing recorded predominantly stable prices. On average, Lenzing's chemical costs were in line with budget.

Caustic soda

Caustic soda is used in the production of dissolving wood pulp and is also an important primary product for the production of viscose and modal fibers. It arises as a byproduct from chlorine production. After initially increased prices in the first half of the year due to strong demand, markets stabilized in the final two quarters of the year, which was also partly reflected in lower prices.

Sulfur

Sulfur is an important starting material for the production of carbon disulfide and sulfuric acid. In turn, both raw materials are used in the viscose process. Due to a tightening of sulfur supply, prices increased significantly over the course of the year across all regions.

Others

The “Others” area mainly comprises central headquarters functions and overarching activities as well as R&D activities and the activities of BZL-Bildungszentrum Lenzing GmbH (training and personnel development). Revenue in the “Others” area reached EUR 3 mn in 2025. The result (EBITDA) amounted to minus EUR 51.6 mn, while the operating result (EBIT) stood at minus EUR 60.6 mn.

The Lenzing share

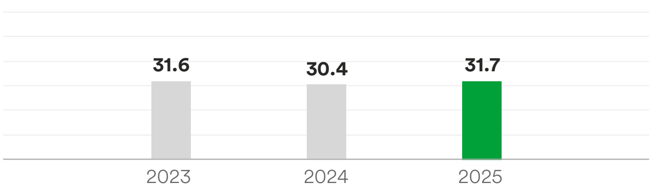
The Lenzing share started the 2025 stock market year at a price of EUR 29.60 (opening price on January 2, 2025) and reached its highest closing price in 2025 of EUR 35.35 on March 19, 2025. The lowest closing price was registered on November 10, 2025, at EUR 20.65. At the end of the reporting year, the Lenzing share was trading at a level of EUR 23.40. This corresponds to a decrease in the share price of 20.95 percent compared with the start of the year. The Austrian benchmark ATX index ended the year with a gain of 45.41 percent compared with the start of the year. No dividend was distributed for the 2024 financial year during the reporting period. In 2024, the Managing Board of Lenzing AG passed a resolution to suspend on an indefinite basis the policy of paying a dividend of at least EUR 4.50 per share.

Research and Development

Continuous innovation forms a key value driver of the Lenzing Group's business model. The development of new products, applications, processes and technologies is purposefully driven to market readiness in order to create added value for customers, increase efficiency and improve sustainability performance. Innovation is regarded as a core element of the corporate strategy and is actively promoted across many areas of the company. The Global Innovation department, which also houses the R&D infrastructure (laboratories and pilot plants), is primarily responsible for technological developments as well as for the textile and nonwovens innovation groups. Working in close coordination, various cross-functional groups across the company collaborate with the technology groups, the sustainability department and the production units in order to further strengthen Lenzing's innovative capabilities and enable the rapid and targeted implementation of developments.

In 2025, innovation activities were more strongly aligned with specific customer requirements and the objective of rapid implementation. In addition, as part of the performance program, production areas received intensive support through a wide range of debottlenecking and process optimization measures. Alongside capacity increases, this led to improved efficiency and quality as well as reduced energy consumption. The key figures for innovation in the 2025 reporting year were as follows: A total of 197 employees worked in the various innovation areas (compared with 205 employees at the end of 2024). Research and development expenditures calculated according to the Frascati method (less grants received) amounted to EUR 31.7 mn (compared with EUR 30.4 mn in 2024). Lenzing's products and technologies were protected by 944 patents and patent applications (from 140 patent families) in 40 countries and organizations as of the end of 2025. In addition, strategic investments amounting to more than EUR 100 mn at the Austrian sites of Lenzing and Heiligenkreuz were initiated in 2025. This investment package for innovation and sustainability secures the long-term competitiveness and profitability of both sites.

R&D expenditure (after Frascati) in EUR mn



In 2025, Lenzing was nominated for the Austrian State Prize for Patents in the special "Matilda" category. This award recognizes companies that place particular emphasis on promoting women in innovation. Evaluation criteria include targeted promotion of women, a progressive corporate philosophy, the reduction of role stereotypes and the percentage of women in management positions and in scientific and technical roles. Lenzing's research department serves as a flagship in terms of DEI (Diversity, Equity and Inclusion). The percentage of women is significantly higher than the Lenzing Group average and within the management team it exceeds 50 percent. The percentage of women in production shift teams is also steadily increasing and female chemical process technicians are being trained as part of the "Women in Technology" project. One metric that is remarkable not only within the Group but also internationally is the percentage of female inventors involved in Lenzing's patents. This figure stands at 47.5 percent, compared with an average of 8 percent in Austria and 13.2 percent across the EU.

Efficiency enhancement and process optimization

In the Pulp area, the impact of using different wood species on the production process and on product quality was examined with the aim of achieving maximum yield. In addition, numerous studies were conducted in both pulp cooking and pulp bleaching to selectively increase process efficiencies and to reduce both chemical dosages and energy requirements. Process simulations combined with extensive statistical test programs form the basis for increasing yields while maintaining quality parameters at a consistently high level. An important focus was the identification and analysis of various process streams in order to evaluate the potential for producing additional new co-products.

The industrialization of the circular economy formed a further major focus of R&D activities in 2025. The strategic partnership with Södra is being consistently advanced within the EU-funded LIFE TREATS project, with the aim of efficiently processing complex post-consumer textile waste. The quality level required for lyocell fiber production was achieved in pilot campaigns. This is a key prerequisite for the production of lyocell fibers from recycled material on an industrial scale. The strategic partnership with Södra was further deepened in terms of content and expanded operationally: raw material specifications for the sorting of used textiles were developed and separation technologies for elastane and polyamide fibers were improved. Thanks to the further development of specialized analytical methods (including for contaminant characterization), it is now possible to define contaminants more precisely and refine pulp specifications. In parallel, the IP portfolio in textile recycling was expanded to safeguard competitive advantage. Moreover, the textile recycling network was further developed in order to jointly address this complex topic.

In parallel with textile recycling, numerous activities were also carried out to obtain pulps for fiber production from alternative raw material sources, such as agricultural waste. As with textile recycling, Lenzing relies on intensive cooperation to investigate the suitability of such pulps for the fiber production process.

Several projects also focused on the use of a wide range of membrane technologies for recovery processes as well as wastewater treatment. Membrane technologies not only represent highly selective alternatives to existing technologies but also contribute to a significant reduction in the carbon footprint.

As e-mobility continues to expand, a significant medium-term oversupply of sodium sulfate (one of the by-products of the viscose process) is expected, driven by lithium extraction as well as battery production and battery recycling. Lenzing is working together with partners in a development project on the electrochemical splitting of sodium sulfate to produce caustic soda and sulfuric acid, both of which are essential chemicals for the manufacture of viscose fibers.

Innovative new fiber types and technologies

As part of various projects aimed at the production of innovative specialty fibers, intensive work was carried out in close collaboration with other innovation areas on the development of specialized spinnerets. This supports the premiumisation pillar in the corporate strategy to focus even more strongly in the future on the production of specialty fibers and their applications.

The development of specific fiber types and their use in selected applications formed a key focus within innovation for nonwoven fibers. These developments were carried out in close coordination with our direct customers as well as their customers in order to ensure market readiness already during the development process.

One of the newly developed fiber types is a lyocell fiber with a flat cross-section, rather than the usual round cross-section. The flat cross-section features new and different properties, such as improved liquid transport. The fiber was presented in 2025 at the Global Fiber Congress in Dornbirn. A number of customer enquiries already indicate strong market interest. In 2025, the production rate of this flat fiber was increased by 30 percent compared with the previous year, making the fibers even more attractive for customer product developments.

In a partnership with adidas, it was demonstrated that products made from lyocell fibers (similar to cotton) can be chemically recycled back into lyocell fibers. Fabrics made of 100 percent lyocell were dissolved, synthetic dyes removed and new fibers produced – without bleaching and while retaining the natural, undyed fiber color. These fibers were spun into yarn and processed into a prototype sweater – simple, natural and aligned with circular economy principles.

Developments also continued in 2025 for the TENCEL™ Luxe Filament product and LENZING™ Nonwoven Technology (LNT), both of which are based on the lyocell process. In addition to ongoing technological advancement with the aim of industrial-scale facilities, market development formed a key focus. LNT material was used for the first time in a commercially available product in 2025. Market response and real-world performance are currently being evaluated. As a consequence, the LNT application pipeline now ranges from products already available on the market to new applications that were successfully tested for the first time in 2025.

In addition to bilateral cooperation with promising customers, a significant part of the development work on TENCEL™ Luxe Filament is also conducted in the context of EU projects. The CELLFIL project launched in 2024 focuses on the production of lyocell filaments and their applications. Lenzing is one of the main partners here and also serves as scientific coordinator. Lyocell filament is also represented as one of the use cases in the ESCIB project, which is developing new methods for sustainability assessment (especially for biobased and circular materials).

A further new technology in which Lenzing is involved is the novel fiber production process developed by Swedish cellulose fiber company TreeToTextile AB. Lenzing acquired a non-controlling interest in this company in 2024 and established a strategic partnership to develop next-generation cellulose fibers. The award-winning technology and production process developed by TreeToTextile, which significantly reduce environmental impact, are fully aligned with Lenzing's commitment to sustainability.

In February 2026, Lenzing acquired a controlling majority and became majority owner of TreeToTextile AB. With the majority acquisition, Lenzing underscores its commitment to consistently advancing its premiumisation strategy and further expanding its leadership position in the global specialty fiber market. The transaction enables an accelerated scaling of the new technology. Lenzing plans a significant increase in production output at the existing demonstration plant in Nymölla, Sweden, as well as the preparation of the first industrial-scale facility.

Artificial intelligence (AI) is playing an increasingly important role for the Lenzing Group, including in innovation projects. Lenzing already successfully deploys AI systems in its production facilities. In 2025, AI-based solutions were also introduced to accelerate and automate workflows in laboratories.

Investments

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 141.1 mn in 2025 (compared with EUR 153.8 mn in 2024), reflecting a reduction in the level of investment activities.

In 2025, Lenzing continued to focus on maintenance and license-to-operate projects as well as projects to enhance efficiency and reduce costs as part of its performance program, following the considerable investments made in recent years. Key projects in 2025 are listed below.

In the reporting period, Lenzing commissioned a new photovoltaic system (PV system) with output of 1.3 megawatt peak (MWp) at its headquarters in Lenzing (Austria) in cooperation with energy company Verbund. This increased the total capacity of the PV systems at the site to 8.3 MWp. This contributes to the diversification of energy supplies, strengthens energy independence and aligns with Lenzing's long-term energy and decarbonization strategy.

In 2025, the installation and successful commissioning of a new natural gas pipeline and related equipment (boiler and turbine) at the Nanjing (China) production site marked a significant step towards the transition from coal-based steam generation to a system based entirely on natural gas. Once the natural gas-based energy supply is fully established by 2027, greenhouse gas emissions are expected to be reduced by 100,000 tons compared to 2021. The investment for this conversion amounted to around EUR 30 mn.

As part of the measures for operational excellence, Lenzing replaced existing gas boilers at the Mobile site (USA) with more efficient models with an investment of around EUR 12 mn. The implementation was completed in 2025 and the new boilers are estimated to save around 8,000 tons of Scope 1 CO_2 emissions per year at this site. This will improve the energy efficiency and cost base and represent an important step towards achieving the science-based targets.

See also the chapter “E1 Climate change” in the non-financial statement of the Annual and Sustainability Report.

The newly constructed wastewater treatment plant at the production site in Grimsby (UK) was fully commissioned in 2025. This project has now entered its second phase, in which further optimizations will be implemented in order to achieve the EU BAT (Best Available Techniques) limits in 2026. This strategic investment of EUR 24 mn, which covers all project costs, represents a significant step in the site's sustainability strategy and supports the achievement of the ZDHC targets for lyocell and wastewater.

See also the chapter "E2 Pollution" in the non-financial statement of the Annual and Sustainability Report.

Risk Report

Current risk environment

The global risk environment in 2026 is characterized by a combination of structural, geopolitical and economic uncertainties.

Increasing strategic competition between the major powers and the dismantling of multilateral cooperation mechanisms are weakening international stability.

In economic terms, ongoing trade conflicts, protectionist measures and a fragmented global economy are weighing on supply chains, investments and growth prospects.

Despite the numerous geopolitical tensions, there are also signs of improvement in the European economy and a more confident economic outlook than at the start of the previous year, partly thanks to new trade agreements.

Technological upheavals, particularly in the areas of artificial intelligence and cyber risks, are increasing the vulnerability of organizations and companies alike.

Furthermore, climate-related extreme weather events and the pressure to transform existing business models are exacerbating the complexity of the risk environment.

Overall, 2026 is characterized by greater market volatility, reduced predictability of political and economic decisions and growing conflict potential.

A detailed analysis of the global fiber market development in the reporting year and the associated risks for the Lenzing Group are presented in the “General Market Environment” chapter.

Lenzing risk outlook for 2026

The global risk environment, particularly with regard to current geopolitical developments, affects Lenzing’s business activities to varying degrees.

For 2026, the IMF forecasts global economic growth of 3.3 percent. Global headline inflation is expected to decrease to 3.8 percent in 2026, and to 3.4 percent in 2027.[1]

Earnings risks for Lenzing arise in particular from the persistently weak demand for regenerated cellulose fibers. This is attributable to a shift in market equilibrium due to increased Asian competition and resultant low fiber prices, as well as to the volatile price trend for key raw materials and energy.

[1]Source: IMF, World Economic Outlook, January 2026

Lenzing addresses these risks proactively through the consistent implementation of its revised strategy and the associated focus on sustainable growth with low-emission premium products.

In view of geopolitical tensions, global trade conflicts lead to an increased risk of additional trade restrictions with potential negative effects on supply chains and sales markets relevant to Lenzing.

The supply of the fiber production sites with high-quality dissolving wood pulp is considered secure in the long term thanks to the company’s own pulp production and sufficient market capacities.

The liquidity risk for 2026 is classified as moderate due to the cash position, undrawn credit lines with banks as well as the expected free cash flow development. Lenzing strengthened it’s liquidity position through a syndicated financing of EUR 545 mn, consisting of a bullet loan of EUR 355 mn with a term of three years and a revolving line of credit of EUR 190 mn with a term of three years and extension options of two years in total as well as an again significantly positive free cash flow. A significantly rising interest rate level or an unexpectedly negative development of the operating business and the resulting free cash flow would pose a risk to the available liquidity. A breach of the financial covenants contained in the financing agreements would trigger an obligation to repay the financial liabilities and thus pose a risk to available liquidity.[2] A short-term, unexpected loss of the existing working capital financing programs (factoring and supplier financing arrangements) would pose a risk to the available liquidity. The availability of credit and capital markets for refinancing activities is important for Lenzing in 2026 and represent risk-mitigating factors for liquidity management.

On the currency side, a depreciation of both the US dollar and the Chinese yuan would have a negative impact on Lenzing’s open currency volumes.

In the context of the ongoing reorganization measures currently being implemented by Lenzing, and the associated workforce reduction plans, there is a medium-term risk of a potential loss of know-how.

Among non-operational risks, cyber security, data protection and other compliance-related risks are of key relevance to Lenzing due to their potential impact in terms of business disruption or damage to reputation. Lenzing manages such risks by way of preventive measures, including a modern technological infrastructure, guidelines implemented throughout the Group, structured training and continuing education programs as well as a global organizational structure.

[2] For a detailed description, please refer to note 37 in the consolidated financial statements

Risk management objectives

The main purpose of risk management in the Lenzing Group is to safeguard and strengthen the company through an adequate, objective and transparent assessment of financial, operational and strategic risks, including those related to ESG issues.

Lenzing utilizes a comprehensive, company-wide risk management system to ensure centralized risk management and monitoring for the Group. Together with the operating units, significant risks are identified and assessed and then communicated and transparently presented to the Managing Board and other stakeholders. Proactive analysis of potential risks is just as much the aim of risk management as the task of actively controlling risks and evaluating appropriate measures with the business units concerned. In connection with climate change, climate-related risks and opportunities as well as their short-, medium- and long-term effects on the Lenzing Group, are identified and evaluated as part of risk management and appropriate risk mitigation measures are derived. This takes into consideration the requirements of the ESRS (European Sustainability Reporting Directive) on climate-related opportunities and risks.

Risk management strategy & process

Lenzing's risk management strategy follows a multi-step approach: Lenzing's risk appetite defines a general attitude towards taking risks and realizing opportunities and is determined at various levels. Risks that are unacceptable or not aligned with Lenzing's strategy are avoided, mitigated or transferred. Lenzing's risk appetite therefore also defines the Group's risk transfer strategy, which in turn determines the retention level of the individual production sites. Corporate Risk Management conducts semiannual risk interviews with all operational units and global corporate functions. The focus is on a short and medium-term risk assessment, while the analysis of climate-related risks and opportunities also includes a long-term view (see also the chapter "E1 Climate change" in the non-financial statement of the Annual and Sustainability Report). The main risks, as well as an increasing number of opportunities, are recorded and quantitatively assessed in Lenzing's Enterprise Risk Management (ERM) system. The risks are simulated against planned EBITDA and the range of potential deviations from the respective budget is determined. To this end, Lenzing uses a modern simulation software solution, which is also used to calculate risk KPIs such as Value at Risk (VaR), risk-adjusted EBITDA and ROCE as well as the net debt to EBITDA ratio. Risks that cannot be measured in monetary terms are recorded qualitatively.

Depending on the impact on the company, efforts are made to avoid, minimize or transfer risks through appropriate measures or, in certain cases, and if necessary and reasonable from a corporate perspective, to intentionally assume them.

Lenzing's ERM organization specifies rules, rights and responsibilities within the Lenzing Group that have to be fulfilled by all relevant stakeholders. Each production site has a nominated risk manager to coordinate and communicate all site-specific risks and opportunities and report these as part of the half-yearly risk interviews. Risks are allocated in accordance with the respective corporate organization, with each risk being assigned a "risk owner".

The effectiveness of the risk management system used by the Lenzing Group was evaluated and confirmed by KPMG Austria GmbH pursuant to Rule 83 of the Austrian Corporate Governance Code (ACGC) as part of a special audit with limited assurance in the reporting year.

The main risks and opportunities are presented to the Managing Board and to the Supervisory Board's Audit Committee on a half-yearly basis.

Market environment risks

Market risk

As an internationally active corporation, the Lenzing Group is exposed to a variety of risks. Price and volume trends for textile fibers and, to a lesser extent, nonwoven fibers are cyclical, as they depend on global and regional economic conditions. Lenzing fibers compete with cotton, regenerated cellulose and synthetic fibers in many submarkets. The price trends of these products, driven primarily by overall demand and market saturation, consequently also exert an influence on the revenue and sales volumes trends of Lenzing fibers. The Lenzing Group counteracts this risk through the continuous premiumisation of its global product portfolio and a consistent sustainability and innovation strategy.

Sales risk

The Lenzing Group generates around 50 percent of its fiber revenues with a mid-double-digit number of customers. Customer concentration in the pulp sector is comparatively higher than in the fiber sector. A decrease in sales to these major customers, or the loss of one or more major customers without an immediate replacement, poses a certain risk. The company counteracts such risk with its global presence and the continuous broadening of its client base and sales segments. Potential default on trade receivables is covered by clear receivables management and global credit insurance.

Competitive and innovation risks

The Lenzing Group is exposed to the risk of losing its position on the fiber market due to greater competition or new technologies developed by competitors. Lenzing counteracts this risk with research and development activities that exceed the average for the sector and by a high level of product innovation and steady cost optimization. The Lenzing Group – similar to other producers – is exposed to the risk that alternative fiber products may become available and be marketed at more favorable prices than regenerated cellulose fibers. Furthermore, Lenzing's competitiveness may also be negatively impacted by additional trade barriers.

Laws and regulations

The Lenzing Group is confronted with different legal systems and regulations in its global markets. A change in laws or other regulations, such as import duties, product classifications, environmental requirements etc., as well as a more stringent interpretation of existing regulations and laws, could lead to significant additional costs and to competitive disadvantages. The Lenzing Group maintains certified management systems for quality management according to ISO 9001, for environmental management according to ISO 14001 and for safety management according to ISO 45001. Legal compliance in connection with these management systems is regularly audited both internally and externally.

Due to the progressive effects of climate change on society and ecosystems, more stringent legislation and regulations on the part of governments and other stakeholders are to be expected. The implementation of regionally differing measures could have a negative impact on the Lenzing Group's performance and success. In order to be able to respond proactively to climate-related physical and transitory risks, Lenzing conducted a climate risk analysis for the first time in 2024.

ESG-related risks and opportunities

As part of a double materiality assessment, Lenzing regularly identifies the material topics relating to its sustainability-oriented business model using a multi-stage and holistic approach. Material risks and opportunities are assigned to the individual ESG topics and are being progressively integrated into the Enterprise Risk Management system and taken into account in Lenzing's long-term strategic business planning.

In the environmental responsibility area (Environment), the main focus topics comprise climate-related issues in connection with global warming (carbon dioxide reduction) as well as sustainable raw material procurement (wood, chemicals) and growing water shortages in certain regions. Increasing regulation, particularly in relation to the taxation of greenhouse gases and the pricing of carbon, represents a significant risk for Lenzing. Regulations concerning greenhouse gas emissions have already been introduced in countries where Lenzing operates carbon-intensive processes. Lenzing is consistently working on the implementation of energy efficiency measures and the reduction of carbon emissions in order to take account of environmental protection and reduce exposure through eco taxes.

For Lenzing, wood is the most important natural resource for the production of its biodegradable cellulose fibers. Despite sustainable sourcing policies and backward-integrated production, a risk exists that wood prices will rise further due to climate change, increasing global demand for biomass, and alternative land use.

The global textile industry, especially the fashion industry in which Lenzing's products are frequently deployed, is regarded in a critical light due to its sometimes resource-intensive consumption of raw materials and its production processes. Lenzing regards this development as an opportunity, based on its business model of responsibly produced fibers and its access to new and emerging markets.

The production of pulp and fibers is associated with high levels of water consumption as well as air and water emissions. Lenzing operates a careful, global water management system that ensures compliance with both local laws and global standards. Lenzing is counteracting the increasing scarcity of water by continuously improving resource utilization.

In the area of social responsibility, the main risks in relation to the physical and mental long-term health and safety of employees at our own sites and along the value chain as well as in society should be highlighted, which Lenzing is increasingly countering with targeted surveys and focus programs.

In the area of corporate governance (Governance), risks such as cyber security incidents (see "IT risks") as well as poor compliance with corporate governance and resulting risks are material.

Operational risks

Procurement risk (including pulp supplies)

The Lenzing Group purchases large volumes of raw materials (wood and chemicals) and energy for the manufacture of its cellulose fibers. Fiber production and related margins are exposed to risks arising from the availability and prices of these raw materials, which can fluctuate to the Lenzing Group's disadvantage and may increase as a consequence of climate change. Such risks are countered through the careful selection of suppliers based on price, reliability and quality criteria, EcoVadis-based sustainability assessments, the Together for Sustainability (TfS) audit program, Lenzing-specific audits as well as the establishment of long-standing, stable supplier-customer partnerships, in some cases with multi-year or long-term supply agreements. In addition, all suppliers must comply with Lenzing's Global Code of Conduct for Suppliers. Nevertheless, a risk exists of violations of this code, which may have a negative impact on the Lenzing Group and its stakeholders along the value chain. Supply chain risks may also result from disruptions caused by natural disasters.

Lenzing has also entered into long-term contractual relationships with selected raw material suppliers and service partners. These agreements require Lenzing to purchase specified quantities of raw materials on standardized terms and conditions, which may also include price adjustment clauses. Lenzing may consequently not be able to adjust prices, purchase volumes or other contract conditions over the short term in order to respond to market changes.

Operating and environmental risks

The production of regenerated cellulose fibers involves complex chemical and physical processes that entail certain environmental risks. These risks are very well controlled thanks to proactive and sustainable environmental management, closed production cycles, ongoing emissions monitoring, state-of-the-art production techniques and the monitoring of production processes by highly qualified personnel. Lenzing continuously works on increasing safety and environmental standards through voluntary references such as the EU Ecolabel. As the Lenzing Group has operated production facilities at several locations for decades, risks arising from environmental damage in earlier periods cannot be ruled out entirely.

Although the Lenzing Group has set very high technological and safety standards for the construction, operation and maintenance of its production sites, the risk of breakdowns, disruptions and accidents cannot be completely excluded. Such disruptions may also result from external factors beyond the company's control. Direct protection against certain natural hazards, such as cyclones, earthquakes and floods, beyond existing natural hazard insurance is not feasible. Moreover, a risk exists that not only personal injury but also material and environmental damage, both within and outside the production facilities, could result in substantial claims for damages and even criminal liability.

The Lenzing Group's production activities are concentrated at a small number of locations. Any disruption at one of these facilities has a negative impact on the Group's business operations and its goals.

Plant risk
Lenzing is an asset-capital-intensive company that is exposed to the risk of aging plants or aging plant components. Ongoing investments are required to keep these plants or plant components at the leading edge of technology. Lenzing continuously takes measures to counter this risk by asset maintenance initiatives and productivity enhancements.

Product liability risk
The Lenzing Group markets and sells its products and services to customers worldwide. These business activities can lead to damage to customers, or along the value chain, through the delivery of a defective product by Lenzing or one of its subsidiaries. Moreover, product safety can be jeopardized by pollution, which may cause problems in the value chain, such as potential health implications for employees and customers. Lenzing is also subject to local laws in the countries where its products are delivered. Especially in the USA, the potential implications are considered to be severe. Lenzing counteracts such risk through appropriate preventive measures in the production process, regular quality controls and professional damage management. Third party damages caused by Lenzing are covered by a global liability insurance program.

Financial risks

For a detailed description of financial risks refer to notes 34 to 37 to the consolidated financial statements.

Tax risk
The Lenzing Group's production sites are subject to local tax laws in the respective countries and are required to pay income taxes as well as other taxes. Changes in tax legislation or different interpretations of applicable provisions may lead to subsequent tax charges.

Compliance
The ongoing tightening of international codes of conduct and legislation increases the requirements for Lenzing with regard to compliance with and monitoring of these provisions. Inadequate controls in business processes or a lack of documentation can lead to the violation of applicable laws or regulations and significantly jeopardize reputation and commercial success. Lenzing's compliance organization proactively manages these risks by means of the corporate code of conduct that is valid throughout the Group, as well as directives addressing the areas of bribery and corruption, money laundering and antitrust practices. Risks in connection with data protection are addressed by a data protection officer and by means of extensive training programs for employees. Further information on compliance is provided in the Corporate Governance Report.

Intellectual property risks
Lenzing is exposed to the risk that its intellectual property may be infringed or incompletely protected. The Lenzing Group counters such risks by means of a dedicated intellectual property protection department.

IT and OT risks
In its day-to-day operations, Lenzing depends on advanced information technology (IT) systems, both at its own production sites and throughout the entire value chain. IT systems are vulnerable to a range of problems, including software and hardware malfunctions, malicious hacking and cyberattacks, physical damage to key IT centers and computer virus infections. Consequently, any major damage, disruption and/or circumvention of its existing IT systems may hamper business operations. These risks are addressed through comprehensive technical and organizational measures as well as additional cyber insurance.

In addition to IT risks, Lenzing also records and evaluates risks in connection with OT (Operational Technology) equipment and processes in order to proactively and strategically counteract potential business interruptions.

Personnel risks
Personnel risks may arise through the turnover of key staff as well as the recruiting of new staff at all global sites. These risks may be further amplified by the reorganization measures undertaken by Lenzing, including the associated workforce reduction initiatives. The Lenzing Group has established a Human Resources Department which operates internationally and coordinates personnel planning with the respective sites, and centrally manages and controls all personnel issues.

At the production facilities, both employees of the Lenzing Group and workers and employees of external companies are potentially exposed to a risk of injury. Lenzing's Safety and Health program takes such risk into consideration and includes a strategic approach to risk reduction, precautionary measures, and extensive training. For more information, see the non-financial statement of the Lenzing Group's Annual and Sustainability Report.

Risks relating to major projects

Major projects entail the inherent risk of cost and time overruns, which Lenzing counters with a standardized planning process, consistent project management, ongoing cost controls as well as insurance solutions and risk transfer.

Risks from an external perspective and for other stakeholders

As a globally operating company, the Lenzing Group is aware of its social responsibility. The risks described in the risk report refer primarily to the effect on the Lenzing Group's assets and earnings. As one of the sustainability leaders in its sector, the Lenzing Group seeks a balance between the needs of society, the environment and the economy. The company assumes such responsibility, particularly also with respect to potential effects of its operations on neighbors of the production sites as well as in relation to society as a whole. Active stakeholder work to mitigate risks (partnerships for systemic change) and to create additional benefits for people and the environment is a clear goal of the Lenzing Group's innovation and operating activities. In cooperation with its partners, the Lenzing Group is working on understanding the risks for stakeholders and on finding solutions to mitigate such risks. This work is based on open communication and transparency as well as continuous improvement of technologies and sustainable practices.

Report on the Key Elements of the Internal Control System (Section 243a Paragraph 2 of the Austrian Commercial Code)

The Lenzing Group's internal control system is designed to safeguard the reliability of financial reporting, ensure compliance with legal regulations and corporate guidelines, and present the operative risks that affect the consolidated balance sheet (consolidated statement of financial position) and consolidated income statement. The Managing Board is responsible for establishing and implementing the Lenzing Group's internal control system.

The Lenzing Group's organizational structure and processes form the main basis for the control environment and consequently the internal control system within the company. In the area of organizational structure, competencies and responsibilities are clearly assigned at the Group's various management and hierarchical levels. In addition to the Austrian sites, this includes all international subsidiaries. The Lenzing Group's global presence and, as a consequence, its decentralized corporate and site structures, are taken into consideration by centralizing key corporate functions. The respective management teams are responsible for coordinating and monitoring business operations at national level.

The company's process organization is characterized by an extensive set of rules. In-house specifications and guidelines provide the framework for the control system. The Lenzing Group Mandates define the framework for approvals and authorities across the Group. Further regulations and controls are provided for by the relevant management.

The efficiency of and compliance with operational controls are reviewed by Corporate Audit as part of its activities.

Financial reporting

The central Corporate Accounting and Corporate Tax areas are responsible for financial reporting, the accounting-related internal control system and tax issues within the Group.

The goal of the accounting-related internal control system is to uniformly implement the legal standards, the generally accepted accounting principles and financial accounting regulations of the Austrian Commercial Code (UGB) and, for the purposes of Group accounting, the financial accounting regulations of the International Financial Reporting Standards (IFRS) as well as the internal financial accounting guidelines, in particular the Group-wide financial accounting manual and schedules. The accounting-related internal control system is designed to safeguard the timely, uniform and accurate recording of all business processes and transactions. It thereby supports the preparation of reliable data and reports on the Lenzing Group's financial position and financial performance. The subsidiaries included in the consolidated financial statements prepare financial statements at company level in accordance with local law and IFRS in a timely manner and are responsible for ensuring that the central rules are implemented at individual company level. They are supported and monitored in these activities by the Corporate Accounting and Corporate Tax functions. The Supervisory Board's Audit Committee receives reports on the accounting-related control system. In addition, the annual financial statements are audited by external certified public accountants and the half-year financial statements are reviewed on a voluntary basis.

The Corporate Treasury Department, and above all the payments area for which this department is responsible, is classified as a highly sensitive area due to its direct access to the company's assets. The accompanying increased need for security is reflected in comprehensive regulations and instructions for all relevant processes. The entire process, from procurement through to payment, is subject to stringent Group-wide guidelines. These guidelines are largely supported by a Group-wide IT system and require stringent functional separation, a clear authorization concept to prevent authorization conflicts as well as a stringent dual control principle for transaction settlement, in particular for payments, as well as regular reporting, among other measures.

Compliance with legal and internal guidelines

The Lenzing Group's Global Legal, Intellectual Property & Compliance Department is responsible for legal management. This central function is responsible for certain legal matters of the Lenzing Group: a Compliance Management System (CMS) is used in order to ensure that legal and internal company regulations are complied with throughout the Group. This department reports directly to the Lenzing Group's Chief Financial Officer. The CMS evaluates compliance-relevant risks in the narrower sense, analyzes deviations from standards and, if necessary, takes measures to reduce them ("prevent, detect, respond"). Furthermore, compliance-relevant guidelines (such as anti-bribery and anti-corruption as well as antitrust directives) are specified and employees are trained accordingly. Support is also provided for specialist departments responsible for compliance with other legal and internal company regulations. The Managing Board and the Supervisory Board (or the Audit Committee) receive regular reports on compliance measures.

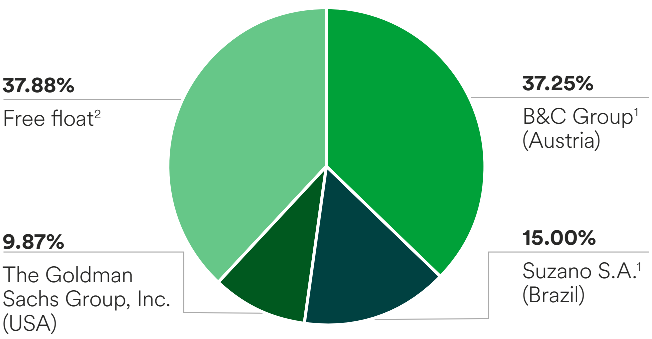
The Lenzing Group complies with the rules defined by the Austrian Corporate Governance Code (ACGC) and prepares a Corporate Governance Report which is published as part of the Annual Report. The Corporate Governance Report requires the participation of the Supervisory Board, which delegates the responsibility for monitoring compliance with the related obligations to the Audit Committee.

Shareholder structure and information on capital

Share capital and shareholder structure

The share capital of Lenzing AG amounted to a total of EUR 40,107,738.37 as of the reporting date and is divided into 38,618,180 no-par-value shares. The B&C Group announced on June 12, 2024, that it and Brazilian pulp producer Suzano S.A. have signed a long-term partnership in connection with the majority interest in Lenzing. As part of this agreement, Suzano S.A. acquired a 15 percent interest in Lenzing AG from the B&C Group. The B&C Group held 37.25 percent of the voting rights and Suzano S.A. held 15 percent of the voting rights as of December 31, 2025. Goldman Sachs Group, Inc. held 9.87 percent of the shares as of December 31, 2025. The free float amounts to approximately 38 percent. This is divided between Austrian and international investors. The Lenzing Group does not hold any treasury shares.

Shareholder structure
Status: December 31, 2025



1 According to the syndicate agreement between the B&C Group and Suzano S.A., B&C retains sole control
2 The free float shares are held by Austrian and international institutional investors and private shareholders

Position of shareholders

Each no-par-value share grants the shareholder one vote at the Shareholders' General Meeting of Lenzing AG. Unless provided otherwise by mandatory provisions of the Austrian Stock Corporation Act (AktG), the Shareholders' General Meeting passes resolutions by a simple majority of the votes cast and – if a majority of the share capital is required – by a simple majority of the share capital represented at the Shareholders' General Meeting.

No shares exist that grant special control rights. By resolution of the Annual General Meeting on April 18, 2024, the Managing Board was authorized, with Supervisory Board consent, to acquire treasury shares in the company for a period of 30 months from the date of the resolution in accordance with Section 65 Para. 1 Nos. 4 and 8 and Para. 1a and 1b AktG. The treasury shares purchased by the company may not exceed 10 percent of the company's share capital. The consideration to be paid for the repurchase must lie within a range of plus/minus 25 percent of the weighted average closing price on the last 20 stock exchange days preceding the start of the corresponding repurchasing program of the Lenzing share.

The Managing Board was also authorized, subject to Supervisory Board consent, to withdraw repurchased treasury shares without any further resolution by the Shareholders' General Meeting (including the authorization of the Supervisory Board to adopt changes to the articles of association resulting from withdrawing the shares), or to resell them and to determine the conditions of sale. These authorizations can be exercised in full, in several parts, and in pursuit of one or several objectives by the company, by a subsidiary (Section 189a no. 7 of the Austrian Commercial Code [UGB]) or by third parties for the company's account.

In addition, the Managing Board was authorized for a period of five years from the date of the resolution to approve the sale of treasury shares, subject to Supervisory Board consent, in any manner permitted by law other than through the stock exchange or public offer, and also to exclude shareholders' repurchasing rights (subscription rights), and to determine the conditions of sale.

A resolution passed by the Annual General Meeting on April 19, 2023, authorized the Managing Board, subject to Supervisory Board consent, to increase the share capital by up to EUR 13,787,034.68 through the issue of up to 13,274,999 no-par-value bearer shares – including in tranches – in exchange for cash and/or non-cash capital contributions, within five years from the entry of the changes in the articles of association in the commercial register and to determine the issue price and the further issue conditions ("Authorized Capital"). This authorized capital was recorded in the company register on May 26, 2023. The statutory subscription right may be granted to shareholders in such a manner that the convertible bond be assumed by a bank or a syndicate of banks with the obligation to offer it to the shareholders in accordance with their subscription right (indirect subscription right).

The Managing Board was also authorized, subject to Supervisory Board consent, to exclude shareholders' subscription rights in the event of a capital increase from the authorized capital in whole or in part (i) if the capital increase in exchange for non-cash capital contributions is realized for the purpose of acquiring companies, parts of companies, operations, parts of operations, participating interests in companies or other assets connected with an acquisition project, (ii) to satisfy an over-allotment option (greenshoe) or (iii) to compensate for fractional amounts.

With the implementation of the cash capital increase with subscription rights for existing shareholders in 2023, 12,068,180 new no-par-value bearer shares were issued.

In addition, the Managing Board was authorized by a resolution of the Annual General Meeting on April 19, 2023, to issue, subject to Supervisory Board consent, convertible bonds in one or several tranches that grant or provide for the subscription or conversion right or a subscription or conversion obligation for up to 13,274,999 shares in the company. These can be serviced through conditional capital to be approved and/or treasury shares. The issue price and issue conditions are to be determined by the Managing Board, subject to Supervisory Board consent; the issue amount and the exchange ratio are to be determined in accordance with recognized methods of financial mathematics and the price of the company's shares in a recognized pricing procedure. This authorization is valid until April 19, 2028.

The statutory subscription right may be granted to shareholders in such a manner that the convertible bond be assumed by a bank or a syndicate of banks with the obligation to offer it to the shareholders in accordance with their subscription right (indirect subscription right).

Outlook

The IMF [1] recently raised its growth forecast for 2026 to 3.3 percent. Declining global inflation, which is continuing to move closer to target levels, albeit at different speeds across regions, together with technology-related investments and still favorable financial conditions, is encouraging. Headwinds are coming from ongoing trade policy uncertainty, although its effects should gradually ease in 2026. Falling energy prices and expected interest rate cuts in the USA and UK should provide additional stimulus to the global economy. By contrast, possible trend corrections in the AI sector, geopolitical tensions and high levels of government debt could have a negative impact.

Declining energy prices and a further normalization of inflation would ease pressure on households' disposable incomes and should therefore have a positive effect on consumer sentiment and consumers' propensity to spend. However, uncertainty remains high, which typically leads to restraint and closer attention to prices in purchasing decisions.

As exchange rates react strongly to economic policy developments, the currency environment in the key currencies for Lenzing (EUR, USD, CNY, BRL and CZK) remains volatile.

In the trend-setting market for cotton, analysts expect stocks to expand to around 16.8 mn tons in the current 2025/2026 harvest season, according to preliminary estimates. [2] Estimates for the previous season have been revised downward. If no decisive price impulses emerge on the supply side (such as due to adverse weather conditions or pest infestations) or on the demand side (such as due to trade agreements), pressure on cotton prices is likely to remain high.

Lenzing will continue to consistently pursue and continuously evaluate the transformation of the company through its holistic performance program in order to unlock additional cost potentials and further improve revenue and margin generation. The overarching goal to make the company more profitable, more resilient and more agile remains unchanged.

From a structural perspective, Lenzing continues to assume rising demand for environmentally responsible fibers for the textile and apparel industry as well as the hygiene and medical sectors. As a consequence, Lenzing is very well positioned with its business model and is driving ahead with not only profitable growth in premium fibers but also the further expansion of its market leadership in the sustainability area.

[1] Source: IMF, World Economic Outlook, January 2026

[2] Source: ICAC

Appendix: Notes on the Financial Performance Indicators of the Lenzing Group

The key financial indicators for the Lenzing Group are described in detail in the following section. These indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group and are found in this annual report, above all, in the sections "Selected indicators of the Lenzing Group" and "Lenzing Group Five-Year Overview". The definitions of the indicators are summarized in the glossary to the annual report. The Managing Board believes these financial indicators provide useful information on the financial position of the Lenzing Group because they are used internally and are also considered important by external stakeholders (in particular investors, banks and analysts).

EBITDA, EBITDA margin, EBIT and EBIT margin

EBITDA and EBIT are used by the Lenzing Group as benchmarks for operating earnings power and profitability (performance) before and after depreciation and amortization. Due to their significance - also for external stakeholders - EBIT is presented on the consolidated statement of profit or loss and EBITDA is presented on the consolidated statement of cash flows. In relation to group revenue these (referred to as EBITDA margin and EBIT margin) are as follows:

EUR mn	2025	2024	2023	2022	2021
Earnings before interest and tax (EBIT)	17.6	88.5	(476.4)	16.5	200.6
+ Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets	397.1	308.8	781.8	227.6	164.3
- Income from the reversal of investment grants	(1.7)	(1.8)	(2.0)	(2.1)	(1.9)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**413.0**	**395.4**	**303.3**	**241.9**	**362.9**

EUR mn	2025	2024	2023	2022	2021
Earnings before interest, tax, depreciation and amortization (EBITDA)	413.0	395.4	303.3	241.9	362.9
/ Revenue	2,602.4	2,663.9	2,521.2	2,565.7	2,194.6
EBITDA margin	**15.9%**	**14.8%**	**12.0%**	**9.4%**	**16.5%**

EUR mn	2025	2024	2023	2022	2021
Earnings before interest and tax (EBIT)	17.6	88.5	(476.4)	16.5	200.6
/ Revenue	2,602.4	2,663.9	2,521.2	2,565.7	2,194.6
EBIT margin	**0.7%**	**3.3%**	**(18.9)%**	**0.6%**	**9.1%**

EBT

EBT measures the pre-tax earnings power of the Lenzing Group and is shown on the consolidated statement of profit or loss.

Gross cash flow

Since the second quarter of the 2025 financial year, gross cash flow is no longer classified as a key financial indicator in the Lenzing Group, as it is no longer used as a relevant measure of the ability to convert profits/losses from operating activities (before changes in working capital) into cash and cash equivalents. Furthermore, gross cash flow is no longer shown in the consolidated statement of cash flows due to the new presentation of the consolidated statement of cash flows.

Free cash flow

The free cash flow generated by the Lenzing Group shows the cash flow generated by operating activities - after the deduction of investments - which is available to service the providers of debt and equity. This indicator is also important for external stakeholders.

EUR mn	2025	2024[1] (adjusted)
Cash flow from operating activities	419.7	395.0
– Acquisition of intangible assets, property, plant and equipment, and biological assets	(141.1)	(153.8)
+ Proceeds from the sale of intangible assets, property, plant and equipment, and biological assets	0.4	0.9
+ Investment grants	0.3	2.4
+ Distributions received from investments accounted for using the equity method	0.1	3.4
+ Interest received	13.7	24.5
– Interest paid (incl. share for leasing in accordance with IFRS 16 and capitalized borrowing costs in accordance with IAS 23)	(134.5)	(118.9)
+ Interest expense for leases in accordance with IFRS 16	15.3	15.9
Free cash flow	**173.9**	**169.4**

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.

EUR mn	2023	2022	2021
Cash flow from operating activities	160.3	(43.2)	394.0
- Cash flow from investing activities	(291.5)	(687.4)	(841.3)
+ Acquisition/disbursement of other investments and investments accounted for using the equity method	14.2	0.3	7.3
- Proceeds from the sale/repayment of financial assets	(5.8)	(10.4)	(5.6)
Free cash flow	**(122.8)**	**(740.7)**	**(445.5)**

Unlevered free cash flow

Since the second quarter of the 2025 financial year, unlevered free cash flow is presented in the Lenzing Group as an additional key financial indicator – in addition to free cash flow. 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. This enables comparability regardless of the capital structure and also enhances transparency for external addressees.

EUR mn	2025	2024
Cash flow from operating activities	419.7	395.0
– Acquisition of intangible assets, property, plant and equipment, and biological assets	(141.1)	(153.8)
+ Proceeds from the sale of intangible assets, property, plant and equipment, and biological assets	0.4	0.9
+ Investment grants	0.3	2.4
Unlevered free cash flow	**279.3**	**244.6**

CAPEX

CAPEX is used in the Lenzing Group as a measure for the volume of investments in intangible assets, property, plant and equipment, and biological assets. This indicator is presented in the consolidated statement of cash flows. In the 2023 financial year, as part of a corporate acquisition, mainly property, plant and equipment were acquired and consequently allocated to CAPEX (see note 3 in the consolidated financial statements as of December 31, 2023).

EUR mn	2025	2024	2023	2022	2021
Acquisition of intangible assets, property, plant and equipment, and biological assets	141.1	153.8[1]	267.8	698.9	844.3
+ Acquisition of corporate units	0.0	0.0	15.7	0.0	0.0
CAPEX	**141.1**	**153.8[1]**	**283.6**	**698.9**	**844.3**

1) 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.

Liquid assets

Liquid assets show the Lenzing Group's ability to meet due payment obligations immediately with available funds. This indicator is also used to calculate other financial ratios (e.g. net financial debt; see below).

EUR mn as at 31/12	2025	2024	2023	2022	2021
Cash and cash equivalents	675.0	442.3	725.6	446.9	1,113.3
+ Liquid bills of exchange (in trade receivables)	15.9	9.4	5.4	6.4	10.8
Liquid assets	**690.9**	**451.7**	**731.0**	**453.3**	**1,124.1**

Trading working capital and trading working capital to annualized group revenue

Trading working capital in the Lenzing Group is a measure for potential liquidity and capital efficiency. It is used to compare capital turnover by relating it to group revenue.

EUR mn as at 31/12	2025	2024	2023	2022	2021
Inventories	531.7	646.2	552.9	712.5	477.0
+ Trade receivables	245.3	318.2	294.5	293.6	325.2
- Trade payables	(323.6)	(386.4)	(296.3)	(435.4)	(414.8)
Trading working capital	**453.4**	**578.0**	**551.1**	**570.7**	**387.4**

EUR mn	2025	2024	2023	2022	2021
Latest reported quarterly group revenue (= 4th quarter respectively)	630.5	705.7	655.4	595.5	606.1
x 4 (= annualized group revenue)	2,521.9	2,822.8	2,621.6	2,382.2	2,424.5
Trading working capital to annualized group revenue	**18.0%**	**20.5%**	**21.0%**	**24.0%**	**16.0%**

Adjusted equity and adjusted equity ratio

Adjusted equity shows the Lenzing Group's independence from the providers of debt and its ability to raise new capital (financial strength). This figure includes equity as defined by IFRS as well as government grants less the proportional share of deferred taxes. Adjusted equity is used to compare equity and debt with total assets.

EUR mn as at 31/12	2025	2024	2023	2022	2021
Equity	1,305.3	1,652.0	1,742.2	2,025.9	2,072.1
+ Non-current government grants	10.9	12.1	14.1	15.0	13.7
+ Current government grants	64.3	83.5	72.1	67.7	44.2
- Proportional share of deferred taxes on government grants	(17.0)	(21.7)	(19.3)	(20.0)	(14.2)
Adjusted equity	**1,363.5**	**1,725.9**	**1,809.1**	**2,088.6**	**2,115.7**
/ Total assets	4,609.4	4,976.8	5,214.6	5,525.0	5,322.8
Adjusted equity ratio	**29.6%**	**34.7%**	**34.7%**	**37.8%**	**39.7%**

Net financial debt, net financial debt/EBITDA, net gearing and net debt

Net financial debt is used by the Lenzing Group as the benchmark for its financial indebtedness and capital structure. It is also an important indicator for external stakeholders. The ratio of net financial debt to adjusted equity (net gearing) illustrates the relation of net debt to adjusted equity. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders. Net debt in the Lenzing Group measures the level of financial indebtedness, including the provisions for severance payments and pensions. Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities (see note 35, table "Carrying amounts, category, fair value and fair value hierarchy of financial instruments" of the consolidated financial statements as at December 31, 2023). In previous financial years, lease liabilities were included in net financial debt. The change in the calculation was made because the key stakeholders of the Lenzing Group also monitor net financial debt excluding lease liabilities.

EUR mn as at 31/12	2025	2024	2023	2022	2021
Current loans and borrowings	502.1	279.4	529.0	250.3	120.1
+ Non-current loans and borrowings	1,667.4	1,828.5	1,906.7	2,071.9	1,981.0
- Liquid assets	(690.9)	(451.7)	(731.0)	(453.3)	(1,124.1)
Net financial debt incl. lease liabilities	**1,478.6**	**1,656.3**	**1,704.7**	**1,869.0**	**977.0**
- Current lease liabilities	(10.9)	(9.6)	(9.8)	(6.2)	(6.2)
- Non-current lease liabilities	(117.5)	(114.2)	(132.3)	(63.3)	(57.3)
Net financial debt	**1,350.1**	**1,532.5**	**1,562.6**	**1,799.4**[1]	**913.6**[1]
/ Earnings before interest, tax, depreciation and amortization (EBITDA)	413.0	395.4	303.3	241.9	362.9[2]
Net financial debt / EBITDA	**3.3**	**3.9**	**5.2**	**7.4**[1]	**2.5**[1]

EUR mn as at 31/12	2025	2024	2023	2022	2021
Net financial debt	1,350.1	1,532.5	1,562.6	1,799.4[1]	913.6[1]
/ Adjusted equity	1,363.5	1,725.9	1,809.1	2,088.6	2,115.7
Net gearing	**99.0%**	**88.8%**	**86.4%**	**86.2%**[1]	**43.2%**[1]

EUR mn as at 31/12	2025	2024	2023	2022	2021
Net financial debt	1,350.1	1,532.5	1,562.6	1,799.4[1]	913.6[1]
+ Current lease liabilities	10.9	9.6	9.8	6.2	6.2
+ Non-current lease liabilities	117.5	114.2	132.3	63.3	57.3
+ Provisions for severance payments and pensions	63.6	75.9	74.8	77.6	102.2
Net debt	**1,542.2**	**1,732.2**	**1,779.5**	**1,946.6**	**1,079.3**

1) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities.
2) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

Return on capital (ROE, ROI and ROCE)

Return on capital employed (ROCE) is the Lenzing Group's benchmark for the yield (return) on the capital employed in the operating business. It is also an important indicator for external stakeholders.

Return on capital (ROE) and return on investment (ROI) are profitability indicators which measure the earnings strength of the Lenzing Group.

EUR mn	2025	2024	2023	2022	2021
Earnings before interest and tax (EBIT)	17.6	88.5	(476.4)	16.5	200.6
- Proportional share of current income tax expense (on EBIT)	4.3	35.0	(56.5)	54.8	(52.0)
Earnings before interest and tax (EBIT) less proportional share of current income tax expense (NOPAT)	**21.9**	**123.5**	**(532.9)**	**71.2**	**148.6**
/ Average capital employed	3,104.4	3,458.6	3,748.5	3,541.8	2,766.5
ROCE (return on capital employed)	**0.7%**	**3.6%**	**(14.2)%**	**2.0%**	**5.4%**
Proportional share of current income tax expense (on EBIT)	4.3	35.0	(56.5)	54.8	(52.0)
Proportional share of other current tax expense	(33.7)	(51.6)	(13.7)	(87.6)	3.7
Current income tax expense	**(29.3)**	**(16.6)**	**(70.2)**	**(32.8)**	**(48.4)**

EUR mn as at 31/12	2025	2024	2023	2022	2021
Total assets	4,609.4	4,976.8	5,214.6	5,525.0	5,322.8
- Trade payables	(323.6)	(386.4)	(296.3)	(435.4)	(414.8)
- Non-current puttable non-controlling interests	(285.8)	(231.0)	(249.4)	(266.1)	(234.4)
- Other non-current liabilities	(16.6)	(9.8)	(13.6)	(3.6)	(6.7)
- Other current liabilities	(261.1)	(291.9)	(129.2)	(133.0)	(180.4)
- Non-current tax liabilities	0.0	0.0	(48.0)	0.0	0.0
- Current tax liabilities	(13.7)	(16.0)	(32.1)	(27.9)	(38.3)
- Deferred tax liabilities	(55.2)	(74.6)	(40.1)	(70.2)	(59.8)
- Proportional share of deferred taxes on government grants	(17.0)	(21.7)	(19.3)	(20.0)	(14.2)
- Current provisions	(33.9)	(28.5)	(52.6)	(66.3)	(39.1)
- Non-current provisions	(69.5)	(83.0)	(89.1)	(91.5)	(118.2)
+ Provisions for severance payments and pensions	63.6	75.9	74.8	77.6	102.2
- Cash and cash equivalents	(675.0)	(442.3)	(725.6)	(446.9)	(1,113.3)
- Investments accounted for using the equity method	(38.0)	(25.0)	(31.0)	(26.5)	(24.8)
- Other investments	(69.0)	(48.4)	(39.8)	(41.4)	(71.1)
As at 31/12	2,814.6	3,394.1	3,523.2	3,973.8	3,109.9
As at 01/01	3,394.1	3,523.2	3,973.8	3,109.9	2,423.2
Average capital employed	**3,104.4**	**3,458.6**	**3,748.5**	**3,541.8**	**2,766.5**

EUR mn as at 31/12	2025	2024	2023	2022	2021
Adjusted equity 31/12	1,363.5	1,725.9	1,809.1	2,088.6	2,115.7
Adjusted equity 01/01	1,725.9	1,809.1	2,088.6	2,115.7	1,907.0
Average adjusted equity	**1,544.7**	**1,767.5**	**1,948.8**	**2,102.2**	**2,011.4**

EUR mn	2025	2024	2023	2022	2021
Earnings before tax (EBT)	(122.5)	(42.0)	(585.6)	(10.1)	182.9
/ Average adjusted equity	1,544.7	1,767.5	1,948.8	2,102.2	2,011.4
ROE (return on equity)	**(7.9)%**	**(2.4)%**	**(30.1)%**	**(0.5)%**	**9.1%**

EUR mn as at 31/12	2025	2024	2023	2022	2021
Total assets 31/12	4,609.4	4,976.8	5,214.6	5,525.0	5,322.8
Total assets 01/01	4,976.8	5,214.6	5,525.0	5,322.8	4,163.0
Average total assets	**4,793.1**	**5,095.7**	**5,369.8**	**5,423.9**	**4,742.9**

EUR mn	2025	2024	2023	2022	2021
Earnings before interest and tax (EBIT)	17.6	88.5	(476.4)	16.5	200.6
/ Average total assets	4,793.1	5,095.7	5,369.8	5,423.9	4,742.9
ROI (return on investment)	**0.4%**	**1.7%**	**(8.9)%**	**0.3%**	**4.2%**

SUB-
CHAPTER

MANAGEMENT REPORT

CONSOLIDATED NON-FINANCIAL STATEMENT/ SUSTAINABILITY REPORT

CONTENT

Sustainability key performance indicators

[voluntary information]

Key performance indicators

Topic	Unit / Method	2025	2024
Raw material security			
Share of certified and controlled wood	FSC® / PEFC	100 %	100 %
Sustainable innovations			
R&D expenditure	Frascati Method (EUR)	EUR 31.7 mn	EUR 30.4 mn
Share of specialty fibers (revenue-based)[a]	% of fiber revenue	92.0 %	92.6 %
Specific[b] sulfur emissions to air	kg/t, 2014 = 100 %	14 %	17 %
Water intensity[c]	m^3/EUR mn revenue	6,272	5,075
Specific[b] water emissions after wastewater treatment COD	Index based on kg/t, 2014 = 100 %	60 %	71 %
Decarbonization			
GHG intensity[d] (market-based)	t CO_2 eq./EUR revenue	0.00110	0.00121
Specific[b] GHG emissions index Scope 1, 2 & 3[e]	Index based on t CO_2 eq./t, 2017 = 100 %	52 %	58 %
Employees			
Number of employees	Austria, Czech Republic, UK, USA, China, Indonesia, India, Taiwan, Thailand, Türkiye, Korea, Singapore, Brazil, Germany, Italy, France	8,129	8,228
Women in management positions (grade 5A and above)[f]	% total positions, 2022 = 19.7 %	21.9 %	22.8 %
Health & safety			
Total Recordable Injury Frequency Rate (TRIFR) of employees	Per 1 mn hours worked	4.5	5.5
Partnering for systemic change			
Suppliers with sustainability assessment – procurement spent covered[g]	% of total spend	68 %	60 %

a) Lenzing's specialty fibers are net-benefit products that offer positive impacts and benefits to society, the environment, and value chain partners.
b) Specific indicators in this report are reported per unit of production (i.e. pulp and fiber output).
c) In 2025 water intensity increased compared to 2024 due to higher water consumption and similar revenue.
d) In 2025 GHG intensity decreased slightly compared to 2024 due to lower GHG emissions and similar revenue.
e) Due to similar production output and lower specific GHG emissions in 2025 compared to 2024 the specific GHG emissions index decreased from 58 % to 52 %.
f) The percentage excludes the site in Indianópolis (Brazil) as there is a different grading scheme.
g) Assessments via EcoVadis, the Together for Sustainability (TfS) audit or an internal assessment/audit.

Ratings

CDP

A Climate Change, A Water Security, A Forests

On a scale from A bis D-

Canopy's Hot Button Report

1st Rank and a Dark Green Shirt

On a scale from dark green to red

Sustainalytics

Low risk and 2026 ESG Leader

On a scale from negligible to severe risk

ISS ESG

B- "Prime Status"

On a scale from A+ to D-

EcoVadis

Platinum

On a scale from platinum to bronze

ESRS 2 General disclosures

ABSTRACT

This chapter outlines how Lenzing incorporates sustainability into its governance framework, strategy and reporting principles. It describes the management structure, responsibilities and decision-making processes that guide sustainability performance across the organization. The section further explains how Lenzing identifies material topics, engages with stakeholders, and reports transparently in line with the European Sustainability Reporting Standards. In addition, the reporting scope, data quality controls, and assurance processes are presented to ensure completeness and reliability of disclosed information. With clear governance, robust reporting principles, and a structured approach to accountability, Lenzing reinforces its commitment to responsible business management and long-term value creation.

Content index

[IRO-2 56]

ESRS content index

Chapter and Disclosure Requirement		Section
ESRS 2 General Disclosures		
ESRS 2 BP-1	General basis for preparation of sustainability statements	About the sustainability statement
ESRS 2 BP-2	Disclosures in relation to specific circumstances	About the sustainability statement
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	Governance
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	ESG committee
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Board remuneration
ESRS 2 GOV-4	Statement on due diligence	Statement on due diligence
ESRS 2 GOV-5	Risk management reporting	Risk management reporting
ESRS 2 SBM-1	Strategy, business model and value chain	Value creation at the Lenzing Group; Sustainability strategy
ESRS 2 SBM-2	Interests and views of stakeholders	Stakeholder management
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Double materiality analysis
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Content index; Data points from other EU legislation
E1 Climate Change		
ESRS 2 E1 GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures: Board remuneration
ESRS E1-1	Transition plan for climate change mitigation	Climate action plan
ESRS 2 E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Risk and opportunity assessment
ESRS 2 E1 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	General disclosures: Double materiality analysis; General disclosures: Climate-related risk assessment
ESRS E1-2	Policies related to climate change mitigation and adaptation	Policies
ESRS E1-3	Actions and resources in relation to climate change policies	Actions
ESRS E1-4	Targets related to climate change mitigation and adaptation	Targets
ESRS E1-5	Energy consumption and mix	Energy and fuels
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Lenzing's greenhouse gas emissions

E2 Pollution

ESRS 2 E2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	General disclosures: Double materiality analysis
ESRS E2-1	Policies related to pollution	Policies
ESRS E2-2	Actions and resources related to pollution	Actions
ESRS E2-3	Targets related to pollution	Targets
ESRS E2-4	Pollution of air, water and soil	Pollution of air and water
ESRS E2-5	Substances of concern and substances of very high concern	Substances of concern and substances of very high concern

E3 Water and marine resources

ESRS 2 E3 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	General disclosures: Double materiality analysis
ESRS E3-1	Policies related to water and marine resources	Policies
ESRS E3-2	Actions and resources related to water and marine resources	Actions
ESRS E3-3	Targets related to water and marine resources	Targets
ESRS E3-4	Water consumption	Water consumption

E4 Biodiversity and ecosystems

ESRS E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Strategy
ESRS 2 E4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Biodiversity-sensitive areas
ESRS 2 E4 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	General disclosures: Double materiality analysis; General disclosures: Nature-related risk assessment
ESRS E4-2	Policies related to biodiversity and ecosystems	Policies
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	Actions
ESRS E4-4	Targets related to biodiversity and ecosystems	Targets
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	Metrics

E5 Resource use and circular economy

ESRS 2 E5 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	General disclosures: Double materiality analysis
ESRS E5-1	Policies related to resource use and circular economy	Policies
ESRS E5-2	Actions and resources related to resource use and circular economy	Actions
ESRS E5-3	Targets related to resource use and circular economy	Targets
ESRS E5-4	Resource inflows	Resource inflows
ESRS E5-5	Resource outflows	Resource outflows

S1 Own workforce

ESRS 2 S1 SBM-2	Interests and views of stakeholders	General disclosures: Own workforce
ESRS 2 S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Managing social sustainability
ESRS S1-1	Policies related to own workforce	Policies
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	Communication
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Channels to raise concerns
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Actions
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets
ESRS S1-6	Characteristics of the undertaking's employees	Employees in numbers
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Employees in numbers
ESRS S1-9	Diversity metrics	Diversity metrics
ESRS S1-11	Social protection	Social protection
ESRS S1-12	Persons with disabilities	People with disabilities
ESRS S1-13	Training and skills development metrics	Learning and development
ESRS S1-14	Health and safety metrics	Health and Safety
ESRS S1-15	Work-life balance metrics	Family-related leave
ESRS S1-16	Compensation metrics (pay gap and total compensation)	Annual total remuneration ratio; Gender pay gap
ESRS S1-17	Incidents, complaints and severe human rights impacts	Raised concerns and human rights incidents

S2 Workers in the value chain

ESRS 2 S2 SBM-2	Interests and views of stakeholders	General disclosures: Workers in the value chain
ESRS 2 S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Workers across the value chain; Vulnerable groups and geographic exposure

ESRS S2-1	Policies related to value chain workers	Policies
ESRS S2-2	Processes for engaging with value chain workers about impacts	Grievance mechanisms and remediation
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Grievance mechanisms and remediation
ESRS S2-4	Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches	Actions
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets
G1 Business conduct		
ESRS 2 G1 GOV-1	The role of the administrative, supervisory and management bodies	General disclosures: Business Conduct
ESRS 2 G1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	General disclosures: Double materiality analysis; General disclosures: Compliance-related assessment
ESRS G1-1	Corporate culture and business conduct policies and corporate culture	Policies; Detective measures; Functions-at-risk
ESRS G1-2	Management of relationships with suppliers	Sourcing
ESRS G1-3	Prevention and detection of corruption and bribery	Actions
ESRS G1-4	Confirmed incidents of corruption or bribery	Metrics

[IRO-2 59]

The information disclosed is based on the material impacts, risks, and opportunities identified in Lenzing's double materiality analysis. Following the identification of material (sub-)topics, materiality was evaluated at both the disclosure requirement and data point levels, influenced by the decision-making needs of stakeholders. The double-materiality process as well as the thresholds applied are described in the "Double materiality analysis" section of this chapter.

About the sustainability statement

This non-financial statement is the combined, consolidated, non-financial statement for the Lenzing Group[1] (in accordance with Section 267a of the Austrian Business Code (UGB)) and for Lenzing Aktiengesellschaft (in accordance with Section 243b UGB) as part of the management report.

[BP-1 5a, 5b]

The non-financial statement was prepared in accordance with the European Sustainability Reporting Standards (ESRS) in preparation for the reporting obligation under the CSRD and in line with the requirements of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG[2]). In terms of indicators for which meaningful figures can be provided, separate data for Lenzing Aktiengesellschaft can be found in the "Annex" (in accordance with the legal requirements stipulated by the NaDiVeG and the AFRAC recommendation.)

This report covers all the fully consolidated legal entities of the Lenzing Group. Detailed information can be found in the Lenzing Group's Annual Report (note 3 and note 41). In addition to the fully consolidated legal entities of the Lenzing Group, the joint venture RVL Reststoffverwertung Lenzing GmbH, Lenzing (Austria) is also included in the non-financial statement as Lenzing has operational control. Associates have been assessed and where relevant (and material) have been included in the corporate carbon footprint. In accordance with the legal requirements, the reporting cycle for Lenzing's sustainability performance is annual.

Lenzing includes further information on the basis of the Taxonomy Regulation (EU) 2020/852 and the simplification of reporting in accordance with the Taxonomy Regulation (EU) 2026/73.

[BP-2 15]

To satisfy the decision-making needs of some of Lenzing's stakeholders, a decision was made to include certain non-material ESRS datapoints in the "annex" of this report.

[BP-1 5d]

For confidentiality reasons, Lenzing has omitted information regarding: numbers for specific loads as this requires total fiber and pulp production volumes for Lenzing production sites (ESRS E2-3 23 a).

Value chain
[BP-1 5c]

For information on Lenzing's upstream and downstream value chain, please see the "Value creation at the Lenzing Group" section in this chapter. The transitional provision in ESRS 1 Chapter 10 (ESRS 1 132) was used for some of the required information on the value chain. Lenzing will make further efforts to this end. For the "S2 Workers in the value chain" chapter in particular, Lenzing does not yet have full insight into its value chain, which will have to be improved in the future. For more information, please see the action "Upstream and downstream value chain – hotspot analysis" in the "Actions" section in the "S2 Workers in the value chain" chapter.

[BP-2 10, 11]

The EU Taxonomy metrics are subject to assessment and estimates. For further information on the EU Taxonomy, please see the "EU Taxonomy Disclosures pursuant to Article 8 of Regulation (EU) 2020/852" chapter. The GHG emissions metric includes value chain data with estimated values. Information about the assumptions and level of accuracy is provided in the "Accounting principles" section (E1-6) in the "E1 Climate change" chapter.

Reporting errors in prior periods
[BP-2 14, ESRS 1 84]

Errors occurred in the calculation of S1-16 remuneration metrics. When calculating the gender pay gap, the difference of average pay levels between female and male employees, was mistakenly expressed as the percentage of the average pay level of female employees instead of male employees. The difference between correct and incorrect number of 2024 is +1.4. When calculating the annual total remuneration ratio, the number of employees taken into account was incorrect. The difference between the correct and incorrect figure for 2024 is +10.87. These metrics were corrected for both the current and the prior period.

An error occurred when displaying the units for specific emissions in the "E1 Climate change" chapter. For specific GHG emissions (E1-4 34a), energy intensity (E1-5 40) and GHG emissions intensity (E1-6 53), the erroneous units presented were mn t CO_2 eq./t, mn MWh/EUR and mn t CO_2 eq./EUR - instead of CO_2 eq./t., MWh/EUR and t CO_2 eq./EUR. Therefore, the difference between the correct and incorrect figures for 2024 is a factor of 1 million.

The CapEx disclosed for the gas pipeline and gas boiler project in Nanjing (China) in the "E1 Climate change" chapter was incorrectly

[1] "The Group" (for better readability occasionally referred to as "Lenzing") comprises Lenzing Aktiengesellschaft and its subsidiaries.
[2] Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Section 243b, Section 267a UGB)

stated as EUR 20 mn. The correct CapEx amounts to EUR 30 mn (difference between correct and incorrect figure: 10 million).

When calculating the input for substances of concern in hazard class “Skin sensitisation category 1”, an error occured (E2-5 34). For one site, the values given were included as tons instead of kilograms. The difference between the correct and incorrect input number of 2024 for this hazard class, as well as the total quantity of substances of concern, is -53,406.54.

Incorporation by reference

[BP-2 16]

The following table shows which disclosure requirements of the non-financial statement are incorporated by reference.

Incorporation by reference

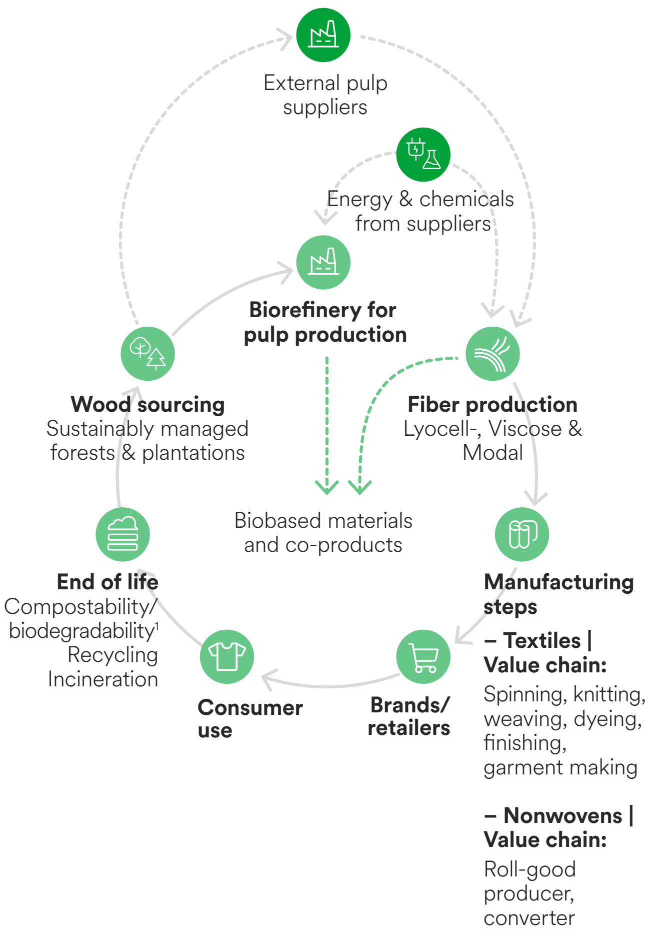
ESRS 2 GOV-1 paragraphs 22 b, 22 c i	Annual report: Group Corporate Governance Report: Supervisory Board: Working procedures
ESRS 2 GOV-1 paragraph 22 c iii	Annual report: Risk report: Risk management objectives

Value creation at the Lenzing Group

[SBM-1 40a i, ii]

The Lenzing Group is committed to ecologically and socially responsible fiber production based on renewable wood from sustainably forests and plantations. As an innovation leader, Lenzing partners with global textile and nonwovens manufacturers to drive technological developments across the industry.

Value chain



1 Applies 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.

The Lenzing Group forms part of the chemical industry and serves the fiber market with regenerated cellulose fibers. Lenzing fibers are used primarily for clothing, home textiles, technical textiles, and hygiene products. Lenzing's product portfolio also includes dissolving wood pulp, which is the basic raw material for producing fibers, innovative specialty fibers as well as energy, biobased biorefinery products, and co-products. The significant product groups according to ESRS are regenerated cellulose fibers and dissolving wood pulp.

[SBM-1 40f]

Lenzing combines comprehensive expertise in operating pulp and biorefinery processes with decades of experience in three major fiber process technologies:

- Viscose (rayon)
- Modal
- Lyocell

Further developments and technologies have resulted from the above-mentioned processes. Lenzing's significant products contribute to its sustainability targets. Please see the sustainability targets in the topical chapters.

The Lenzing Group's value chain is depicted in figure "Value chain" and described below.

[SBM-1 42a, 42c]

Supply and sourcing

The principal raw materials for producing Lenzing's fibers are wood, dissolving wood pulp, process chemicals, water and energy. Lenzing secures these resources through strategic procurement contracts, such as sourcing wood mostly via long-term supply agreements. Lenzing also sources from its own plantations. Chemicals are predominantly sourced regionally to strengthen supply stability and reduce transport emissions.

Lenzing places a strong emphasis on sustainable and responsible sourcing. Supplier selection and evaluation follow defined economic, quality, environmental, social and governance (ESG) criteria.

The identified (potential) impacts, risks and opportunities in the upstream value chain primarily relate to the forestry and the chemical industry.

Dissolving wood pulp and cellulose fiber production

Production is realized in two sequential stages: firstly, dissolving wood pulp is manufactured; secondly, this pulp is processed into regenerated cellulose fibers. Lenzing produces its own dissolving wood pulp in three biorefineries located in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil) and manufactures fibers using viscose, modal and lyocell technologies across seven production sites.

Lenzing strives to apply state-of-the-art sustainable production technology characterized by high resource-efficiency, high chemical-recovery rates and, where possible, closed-loop processes for chemicals and water. The process also generates bioenergy, biorefinery products and additional co-products enhancing circularity and value creation. By combining deep expertise in pulp and biorefinery operations with decades of fiber production know-how, Lenzing operates as an integrated producer with a strong technological foundation.

Downstream manufacturing

As shown in figure "Value chain" under "Manufacturing steps", customers in Lenzing's downstream value chain process the fibers into textile, nonwoven and industrial products.

Lenzing works closely with partners along the value chain - from direct customers to retailers - to support fiber processing, enable innovation and jointly develop new applications.

The identified (potential) impacts, risks and opportunities across Lenzing's downstream value chain relate primarily to processing steps in the textile and nonwovens industries.

Distribution and use phase

Finished products enter distribution channels after manufacturing and are then used by consumers.

End of life

TÜV certified LENZING™ [3] fibers are compostable and biodegradable under the right conditions. However, the end-of-life behavior of textile and nonwoven products depends on the material composition (e.g. fiber blends) and processing along the value chain such as dyeing and finishing, which may limit biodegradability or recycling options.

[SBM-1 40e]

For details on relevant geographies, stakeholders and products linked to sustainability targets, please refer to the target sections within the respective topical chapters.

Expected outcomes for customers, investors and nature

[SBM-1 42b]

Lenzing's responsible practices and innovative products enable customers and value chain partners to achieve high product quality and functionality. They further support improvements in environmental and social performance, thereby supporting the fulfillment of their own sustainability targets and commitments.

Shareholders benefit from investing in a global leader in wood-based cellulose fibers and a recognized sustainability innovator operating in a structurally growing market for high-value premium products.

Nature is considered a silent stakeholder. Lenzing acknowledges its responsibility to advance sustainability performance in the textile and nonwovens industry and collaborates with NGOs and multi-stakeholder initiatives to help drive systemic transformation.

Revenue

[SBM-1 40b]

Information about Lenzing Group's total revenue, disaggregated by its product groups fiber and pulp, can be found in the table "Revenue from external customers by products and services" in the financial Note 4 in the notes to the consolidated financial statements.

Employees

[SBM-1 40a iii]

Employees 2025

Employees per country and in head count	2025	2024
Total number of employees	**8,129**	**8,228**
Austria	3,418	3,511
Brazil	1,282	1,236
Indonesia	1,322	1,342
Czech Republic	528	541
China	802	816
USA	201	212
UK	227	225
Thailand	276	269
Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France)	73	76

[3] 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 fulfils the above-mentioned conditions except biodegradability in marine environments.

Sustainability strategy

Our Vision

Our passion is to provide truly sustainable solutions for a growing world. We create a positive impact for the people we work with, the consumers we serve, and the society and environment in which we operate. In doing so, we are commercially successful.

Our Mission

We are change agents and collaborate with our suppliers and value chain partners to catalyze change for the better. We actively contribute towards improving environmental performance throughout the value chain and, as a consequence, in final products. We promote social wellbeing. The creation of more positive impacts and benefits is the central focus for our innovation and business practices.

Our Strategy

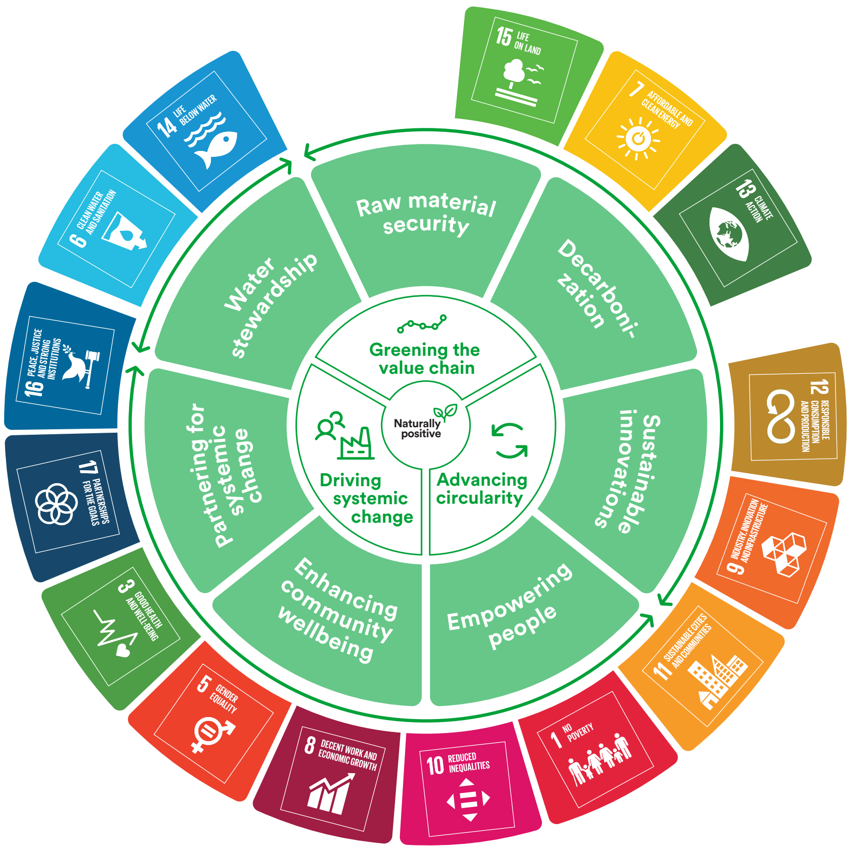
"Naturally Positive"

[SBM-1 40g]

Lenzing has defined a sustainability vision and mission that guide decision-making at all levels – from daily operational choices to long-term strategic planning. "Naturally Positive", the Group's sustainability strategy, is firmly rooted in Lenzing's corporate strategy. Within the four strategic drivers of the corporate strategy - sustainability, innovation, premiumization and excellence - the sustainability strategy identifies the areas where Lenzing can exert the greatest positive impact. This approach enables Lenzing to adequately contribute to the United Nations' Sustainable Development Goals (SDGs) most affected by its activities and to help address global and environmental challenges.

Lenzing primarily focuses on value creation by monetizing sustainability through specialty fibers that deliver a smaller environmental footprint, enhanced transparency and reduced supply-chain risks. These products also support customers in meeting regulatory requirements and achieving their own sustainability goals.

Strategic focus areas of sustainability and the corresponding SDGs



Lenzing's sustainability strategy "Naturally Positive", builds on three strategic principles. Within these principles, seven strategic focus areas were identified in which the Lenzing Group substantially contributes to creating positive impacts and benefits.

1. Driving systemic change

Complex global challenges require collaboration and systemic solutions shaped by multiple stakeholder groups. Transparency and traceability are prerequisites for fostering trust and long-term relationships. Through active contribution to industry-wide methods, standards and benchmarking tools, Lenzing helps to accelerate sustainability performance across the industry. Platforms such as ZDHC (Zero Discharge of Hazardous Chemicals), the FSLM (Facility Social Labor Module), concrete sustainability targets, supplier engagement programs and physical and digital traceability tools are key enablers in raising industry standards and overcoming shared challenges.

2. Advancing circularity

Lenzing aims to maximize value creation with minimum virgin resource use while reducing fossil-based inputs both in its own operations and along the wider value chain. The company unites the cellulose fiber cycle of its wood-based products (biological cycle) with its innovative technologies that focus on closing loops in the production and recovery of raw materials and chemicals (technical cycle). Dedicated targets for recycled-content fibers, circular business models with partners and the development of alternative cellulose feedstocks support this principle. For more information, please see the "E5 Resource use and circular economy" chapter.

3. Greening the value chain

Lenzing's responsible practices and innovative products enable its customers and value chain partners to improve their environmental and social performance and meet their regulatory and sustainability commitments. Responsible sourcing, water stewardship, decarbonization, and sustainable innovations shape Lenzing's contribution to a greener value chain. The sustainability targets for air emissions, water emissions, pollution, chemical management (ZDHC) and climate protection form the core of Lenzing's responsible operations and act as drivers of technological progress.

Challenges

The main challenge ahead relates to the execution of Lenzing's climate action plan. Progress is constrained by several external factors, including limited availability and accessibility of grid-based renewable electricity, high cost differentials between renewable fuels (green hydrogen, ammonia) and fossil-based electricity and fuels, the lack of a level playing field for low-carbon products, and an unwillingness on the part of business partners to share the costs and risks of investments on an equitable basis. In addition, international tariff measures and the resultant uncertainty have negatively impacted the global textile value chain and, subsequently, Lenzing's business performance.

For further information on Lenzing's sustainability strategy, strategic principles, and strategic focus areas, please see the "Sustainability strategy" focus paper.

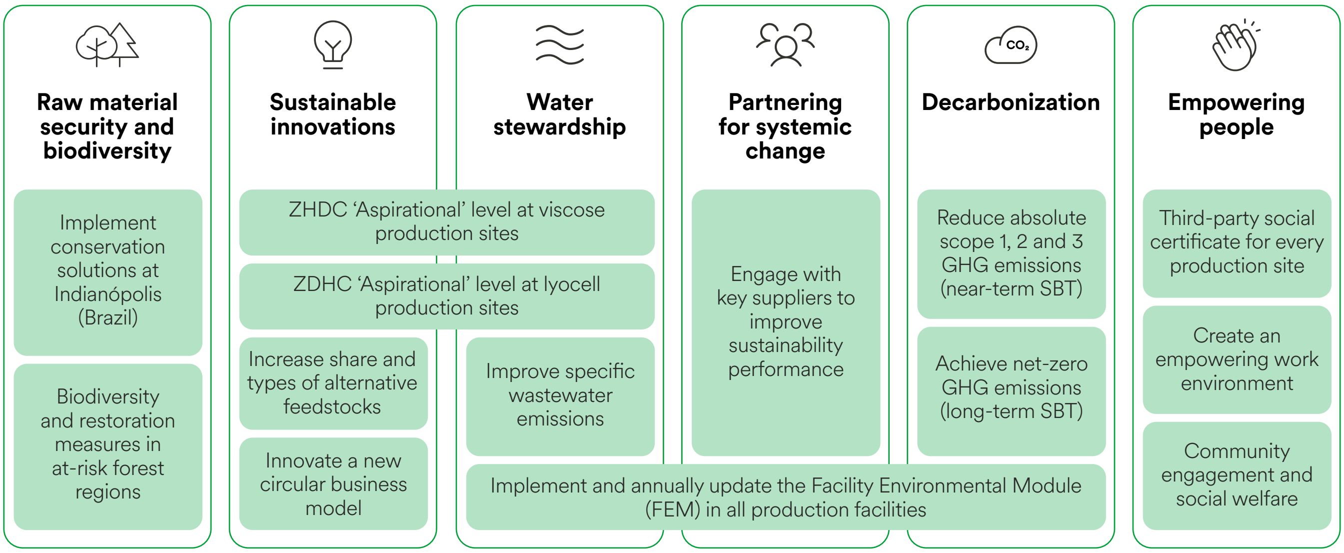
Sustainability Policy

[MDR-P 65]

Policy	Sustainability Policy
Accountability	Head of Corporate Sustainability
Scope and coverage	Lenzing Group Value chain Local communities
Objective and key elements	Objective: The objective is to embed best sustainability practices both in Lenzing and along the entire value chain and identify, assess and manage environmental impacts, risks and opportunities. Key elements: Lenzing strives to drive decarbonization, the circular economy and systemic change both within the company and along the entire value chain while regularly monitoring, reviewing, and reporting on progress.
Third party standards / initiatives	Paris Climate Agreement (COP 21) UN Framework Convention on Climate Change (UNFCCC)
Accessibility	Lenzing website
Topical standards	E1 Climate Change E1-2 25a, 25d, 25c The Sustainability Policy promotes the continuous improvement of resource efficiency as well as decarbonization along the entire value chain. This includes energy efficiency, climate change mitigation and renewable energy. The Sustainability Policy serves as a framework of general objectives and management principles that are applied in decision-making. 25b Lenzing continuously manages environmental risks, including risks related to climate change adaptation. E5 Resource use and circular economy E5-1 15a, 15b Lenzing is committed to collaborate with stakeholders, including innovation partners, suppliers and NGOs to promote fibers that reduce potential environmental and social impacts. Lenzing supports the research and development of commercially viable cellulose fibers made from alternative sources such as agricultural residues and textile waste. Both are renewable resources and textile waste is a secondary resource. Lenzing is dedicated to sourcing all raw materials responsibly (sustainable sourcing) and to continuously improving sustainability performance and resource efficiency by implementing appropriate measures.

Sustainability targets

Sustainability targets



Lenzing has set Group sustainability targets for the most important challenges in each of its strategic focus areas. The exact wording of these targets, the individual target values, years and baseline values, their progress, and the related sub-targets and actions can be found in the respective chapters.

Target setting and monitoring

[MDR-T 80g, 80j]

Lenzing continuously assesses performance gaps, stakeholder expectations, upcoming regulations, strategic value levers, external ratings and scientific developments to strengthen its sustainability agenda. All environmental-related targets are grounded in scientific evidence. The Corporate Sustainability department collaborates closely with relevant functions across the organization to define Lenzing's sustainability targets. The targets are then approved by the Managing Board.

[GOV-1 22d]

At Lenzing, a structured governance framework ensures effective oversight and progress monitoring of sustainability targets. Each target is sponsored by a Managing Board member, who nominates a target owner considering the relevant expertise and operational responsibility. The target owner identifies a target lead to ensure effective implementation. The process is monitored through quarterly review meetings between the Corporate Sustainability department, target owners and target leads. These reviews assess achievements, challenges and the status of related actions. The outcome is presented to the Managing Board ESG committee which - where necessary - initiates corrective or improvement measures. In addition, target achievement and feasibility are evaluated annually taking the market conditions and regulatory developments into consideration. Based on this assessment, sustainability targets may be refined to ensure continued ambition, practicality and alignment with Lenzing's strategic decision.

Governance

Governance structure

[GOV-1 22c ii]

The Corporate Sustainability function reports directly to the Chief Executive Officer (CEO). To further embed sustainability within strategic decision-making, an internal ESG Committee at Managing Board level was established, which meets quarterly to monitor progress and steer key initiatives. Regular cross-functional alignment enables the systematic integration of environmental, social and governance matters into the company's business strategy, risk management and operations.

Sustainability organization

Supervisory Board
Alignment regulary and at least quarterly

Supervisory Board covers ESG topics in:
- Strategy & ESG Committee
- Audit Commitee

Managing Board
Alignment on a monthly basis

Managing Board ESG Commitee

Corporate Sustainability[1]

Continuous alignment
- Corporate Communications and Public Affairs
- Health, Safety & Environment (HSE)
- Purchasing Wood
- Pulp Division
- Corporate Human Resources
- Global Textile Business
- Global Nonwoven Business
- Global Marketing & Branding

At least monthly alignment
- Product/Application Development
- Research
- Investor Relations
- Procurement
- Global Quality & Product Safety

At least semi-annual alignment
- Global Legal, Intellectual Property & Compliance
- Global Supply Chain Management
- Risk Management
- Corporate Accounting
- Corporate Tax
- Technical Customer Service
- Corporate Controlling
- Global Strategy and Mergers & Acquisitions

1 Corporate Sustainability, Corporate Communications, Investor Relations and Public Affairs are one department

Board Members' expertise

[GOV-1 21c]

The composition of the Supervisory Board and the Managing Board collectively covers all critical expertise areas - sector and market knowledge as well as product- and sustainability-related competences. These include sustainable innovations, renewable raw materials, climate and energy, circular economy and recycling, biodiversity, water management, transparency, business ethics, fair labor practices, equity, diversity and inclusion. This wide range of experience ensures informed decision-making across strategic and operational ESG matters.

[GOV-1 23a]

Quarterly ESG committee meetings serve to continuously strengthen the Managing Board's knowledge, skills and understanding of sustainability-related risks and opportunities as well as regulatory developments. This supports long-term strategic oversight and informed governance.

At Lenzing, the Managing Board and Supervisory Board are supported by the Corporate Sustainability department, which acts as the company's center of excellence for sustainability-related matters. This department's expertise is complemented by specialist experts from relevant functions across the organization, ensuring continuous access to technical and ESG knowledge.

[GOV-1 23b]

The specific knowledge of all experts is linked to the material topics that have been identified. This ensures that the leadership is well-equipped to oversee and manage sustainability matters effectively and that Lenzing's material risks and opportunities can be addressed accordingly. By aligning sustainability efforts with the material topics, Lenzing is not only mitigating risks but also leveraging opportunities to create long-term business value.

Business conduct

[G1 ESRS 2 GOV-1]

Lenzing's mission of compliance

Lenzing is a global company and acts in a compliant manner. The Compliance Management System forms an integral part of the Lenzing Group's reporting system. The compliance function aims to advise and support all Lenzing employees, executives and managers through preventive risk-oriented measures. Additionally, it ensures consistent detection and response processes, ultimately protecting them from the negative consequences of violations of laws and values.

Lenzing's compliance organization is transnational and composed of international experts led by the Group Compliance Officer, who reports directly to the Managing Board and the Supervisory Board. The Austrian Corporate Governance Code (ÖCGK) defines specific duties for the Managing Board, the Supervisory Board and the auditors. The overall responsibility for compliance lies with the Managing Board – it must ensure compliance with legal provisions and work towards their observance within the company (Section 15 ÖCGK). In addition, it must inform the Supervisory Board regularly, comprehensively and promptly concerning all issues relevant to the company and report at least once a year on anti-corruption measures (Section 18a ÖCGK). Lenzing expects its employees to comply with its rules of conduct. They are also required to be alert and to examine carefully and report any related issues that need to be addressed, or any violation of rules and values that are detected.

The Managing Board, the Supervisory Board and Lenzing's employees take part in mandatory compliance training and are consequently well informed about business conduct matters. For more information about training, please see the "Compliance training" section (G1-3) in the "G1 Business conduct" chapter.

Composition and diversity of board members

[GOV-1 21a, 21b, 21d, 21e]

Individuals within the organization's governance body (Managing and Supervisory Board)

	2025	2024
Number of individuals, total	**19**	**18**
Under 30 years	0	0
30-50 years	4	2
Over 50 years	15	16
Female	2	2
Male	17	16
Percentage of individuals		
Under 30 years	0 %	0 %
30-50 years	21 %	11 %
Over 50 years	79 %	89 %
Female	11 %	11 %
Male	89 %	89 %
Ratio of female to male	0.1	0.1
Managing Board (Executive members)	4	4
Supervisory Board (Non-executive members)	15	14
Representation by employees (Supervisory Board)	5	5
Percentage of independent Supervisory Board members (acc. to the Austrian Code of Corporate Governance (ÖCGK) Appendix 1)	100 %	100 %

Board's responsibilities

[GOV-1 22a, 22b, 22c, 22c i]

The Managing Board is tasked with steering the company's strategic direction and operational management. This includes overseeing the implementation of policies and procedures to manage material impacts, risks and opportunities. Each member has specific areas of responsibility. The Supervisory Board provides additional oversight and ensures that the Managing Board effectively identifies, evaluates and manages both risks and opportunities. The integration of ESG-related responsibilities is firmly embedded at board level. Committees of both the Managing Board and the Supervisory Board play a central role in exercising oversight over ESG management processes and strategic direction. For example, members of both bodies were actively involved in the double materiality assessment with the resultant findings subsequently being reviewed and discussed at board level.

On the Managing Board, Lenzing's CEO Rohit Aggarwal was formally responsible for sustainability in 2025. Since February 2026, Georg Kasperkovitz has assumed responsibility for sustainability matters. For further information on the members of the Supervisory Board's Strategy & ESG Committee and the Audit Committee – both of which address ESG topics through dedicated agenda items, please see the "Working procedures of the Supervisory Board" section in the Corporate Governance report.

Management of impacts, risks and opportunities

[GOV-1 22c iii]

The double materiality process, which forms the basis for sustainability reporting, is updated on an annual basis. The review draws on expert input and analysis across relevant subject areas. Where necessary, actions are defined and targets are set for specific material topics, if deemed necessary. Further information on target setting can be found in the “Sustainability targets” section of this chapter. Details on the management of risks and opportunities are provided in the “Risk management objectives” section in the Risk report. The majority of the material ESG-related risks and opportunities are already integrated into the risk management system, with additional emerging risks being incorporated on an ongoing basis.

ESG committee

[GOV-2 26a]

A Managing Board level ESG committee has been established to accelerate the implementation of the sustainability agenda by strengthening cross-functional alignment. The committee is responsible for shaping the sustainability strategy and overseeing the execution of ESG topics. It convenes quarterly and focuses on defining and advancing the company’s sustainability vision, strategy and ESG frameworks and tools. The ESG committee (figure “Managing Board ESG committee structure”) consists of the Managing Board and functional leaders. Together they monitor the progress on sustainability targets, evaluate the effectiveness of Lenzing’s approach to managing all aspects of sustainability, including risks and opportunities, and take long-term strategic decisions. The Corporate Sustainability department leads and forms an integral part of the committee. It collaborates closely with multiple business functions (see figure “Managing Board ESG committee structure”) to embed sustainability into core business processes, respond to stakeholder needs and expectations, and prepare the organization to be future-fit.

Oversight of ESG matters at Supervisory Board is exercised by the Strategy & ESG Committee and the Audit Committee, both of which monitor ESG matters in the context of strategic priorities and sustainable business performance. These committees are scheduled to meet at least twice a year.

[GOV-2 26b]

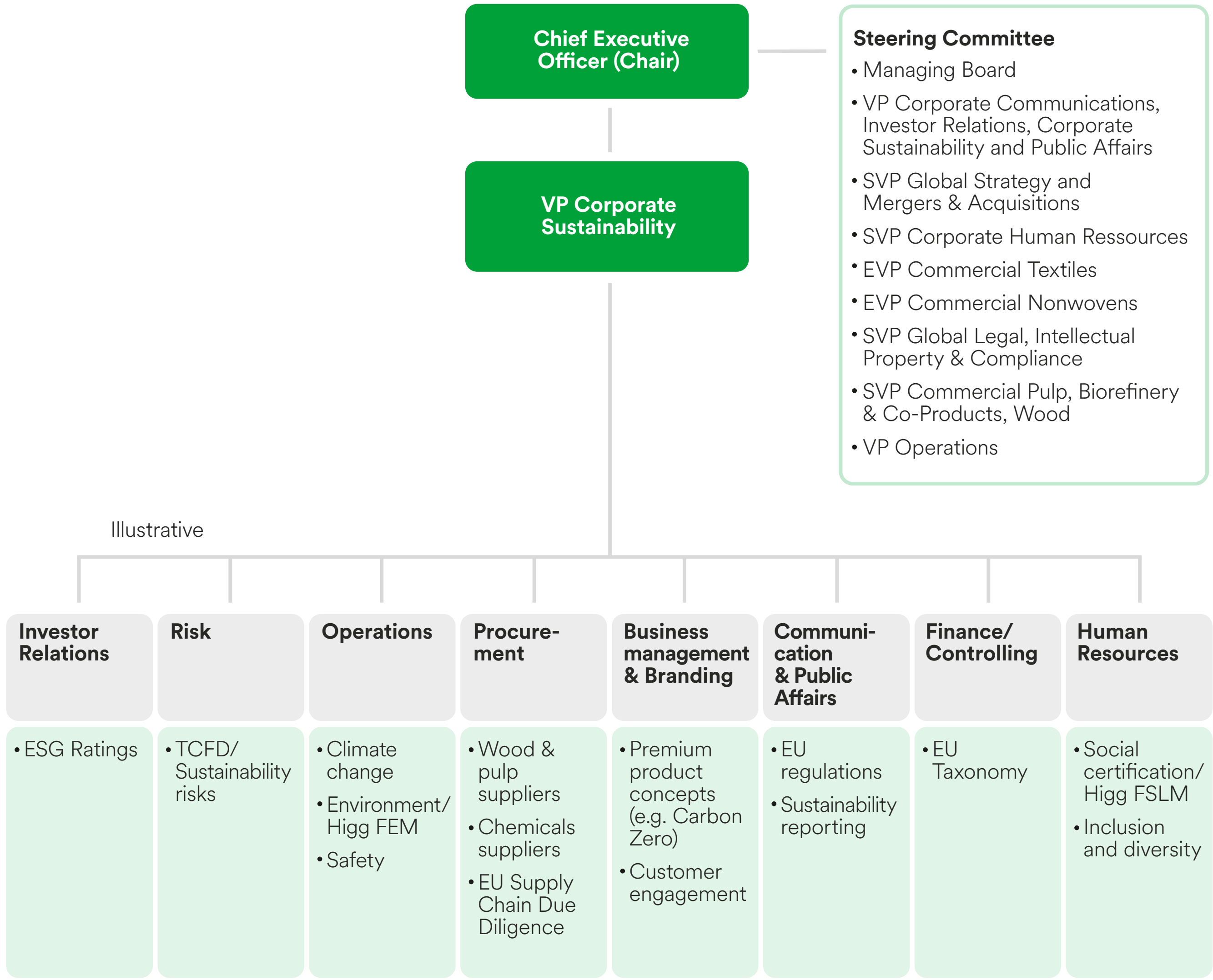
Decisions are based on a holistic perspective and cover a broad range of material topics as well as emerging issues, including opportunities, risks, current and future measures, sustainability targets, regulatory developments and stakeholder expectations. The impacts, risks, and opportunities (IROs) are taken into account when defining sustainability targets. Specific targets are established, approved, and regularly monitored by the Managing Board ESG Committee. In addition, ESG-related risks and opportunities are part of the company’s overall risk management.

[GOV-2 26c]

In 2025, the Managing Board and Supervisory Board addressed the following topics during committee meetings:

- Climate strategy
- Customer engagement
- Sustainability target governance
- Climate risk management, carbon footprint and LCA
- Biodiversity approach and conservation projects
- Industry ratings and benchmarks, such as the Carbon Disclosure Project (CDP) and Canopy ranking
- Conservation solutions
- Opportunities for differentiation
- ESRS/CSRD-aligned non-financial reporting and double materiality

Managing Board ESG Committee structure



For information on the Lenzing Group’s governance structure, please refer to the Lenzing Group’s Annual Report (Corporate Governance Report).

For information on the frequency of alignment of the administrative, management and supervisory bodies, please see the figure “Sustainability organization” in the “Governance structure” section of this chapter.

Board remuneration

[GOV-3 29a]

The Remuneration Policy of Lenzing AG for the performance-based remuneration of the Managing Board is linked to both financial performance and non-financial sustainability criteria (ESG), which further promote the integration of sustainability in the business strategy.

[GOV-3 29d]

Therefore, in addition to the existing criteria, the long-term incentive (LTI), which is a variable performance bonus, has been expanded to include sustainability targets for Managing Board members. Further information can be found in the remuneration reports (the report for 2025 will be available from March 24, 2026 onwards).

The proportion of variable remuneration linked to sustainability-related targets and/or impacts amounts to 6 to 10 percent for the Chairperson of the Managing Board and 4 to 7 percent for its members. There was no remuneration linked to sustainability in 2025, based on the 2023 tranche, as it was replaced by a special bonus.

[GOV-3 29e]

The remuneration of the Managing Board is approved and updated by the Remuneration Committee of the Supervisory Board.

[GOV-3 29b, 29c]

Specific targets and their metrics connected to the Board’s LTI remuneration for different three-year tranches are as follows:

- “ZDHC lyocell” target: “To achieve ‘aspirational’ MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028”.

- Linked remuneration target relating to the "Specific GHG emission intermediate target linked to corporate and remuneration targets": "Lenzing reduces 45 percent of specific GHG emissions per ton of pulp and fiber produced by 2025", as well as "Lenzing reduces 47 percent of specific GHG emissions per ton of pulp and fiber produced by 2026".
- Sub-target of "Textile recycling" target: "Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) by 2030".
- Sub-target of "Equity, Diversity and Inclusion" target: "Lenzing increases its proportion of women to 22.5 percent in all positions graded 5a and above by 2025".
- Linked remuneration target relating to the "Equity, Diversity and Inclusion" target: "Lenzing achieves an improvement averaging three percentage points across the seven categories, including the Inclusion Index, in the global Health Climate Survey by 2026".
- "TRIFR" target: "To reduce the Total Recordable Injury Frequency Rate (TRIFR) to 0.8 by 2027." (per 200,000 working hours).

Climate-related performance

[E1 ESRS 2 GOV-3 13]

The climate-related performance has been assessed against the "Specific GHG emission intermediate target linked to corporate and remuneration targets", one of the GHG emission reduction targets reported under E1-4. The target is directly linked to variable remuneration and states more specifically: "Lenzing reduces 45 percent of specific GHG emissions per ton of pulp and fiber produced by 2025", as well as "Lenzing reduces 47 percent of specific GHG emissions per ton of pulp and fiber produced by 2026".

There was no remuneration linked to climate considerations in 2025, based on the 2023 tranche, as it was replaced by a special bonus.

Statement on due diligence

[GOV-4]

Statement on due diligence

Core elements of due diligence	Sections in the sustainability statement	Details
a) Embedding due diligence in governance, strategy and business model	ESRS 2 General disclosures:	
	Governance structure	ESRS 2 GOV-2
	Board remuneration	ESRS 2 GOV-3
	Material impacts, risks and opportunities	ESRS 2 SBM-3
	E1 Climate change: Risk and opportunity assessment	E1 ESRS 2 SBM-3
	E4 Biodiversity and ecosystems: Resilience assessment	E4 ESRS 2 SBM-3
	S1 Own workforce: Managing social sustainability	S1 ESRS 2 SBM-3
	S2 Workers in the value chain: Workers across the value chain	S2 ESRS 2 SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 General disclosures:	
	Governance structure	ESRS 2 GOV-2
	Stakeholder management	ESRS 2 SBM-2
	Own workforce	S1 ESRS 2 SBM-2
	Workers in the value chain	S2 ESRS 2 SBM-2
	Double materiality analysis	ESRS 2 IRO-1
c) Identifying and assessing adverse impacts on people and the environment	ESRS 2 General disclosures:	
	Double materiality analysis	ESRS 2 IRO-1
	Material impacts, risks and opportunities	ESRS 2 SBM-3
	E1 Climate change: Risk and opportunity assessment	E1 ESRS 2 SBM-3
	E4 Biodiversity and ecosystems: Resilience assessment	E4 ESRS 2 SBM-3
	S1 Own workforce: Managing social sustainability	S1 ESRS 2 SBM-3
	S2 Workers in the value chain: Workers across the value chain	S2 ESRS 2 SBM-3
d) Taking actions to address those adverse impacts on people and the environment	In each material topical chapter	E1-E5, S1, S2, G1
	Actions	
	E1 Climate change: Climate action plan	E1-1
	E4 Biodiversity and ecosystems: Strategy	E4-1
	G1 Business conduct: Sourcing	G1-2
e) Tracking the effectiveness of these efforts and communicating	In each material topical chapter	E1-E5, S1, S2, G1
	Metrics	
	Targets	

Risk management reporting

[GOV-5 36a]

A formal sustainability reporting process document also covers internal controls. It outlines the procedures required to generate sustainability disclosures and deliberately excludes activities that fall within other departments such as data quality management.

Lenzing's Enterprise Risk Management (ERM) system encompasses a holistic approach that integrates sustainability-related risk reporting. It features quantitative risk and opportunity modelling using Monte Carlo simulations, incorporates ESG-related risks and opportunities, and includes climate-related risk assessment in line with TCFD recommendations. The ERM process involves half-yearly risk interviews with relevant internal stakeholders at Group and site level. Followed by risk aggregation and reporting to the Managing Board and the Audit Committee of the Supervisory Board.

[GOV-5 36b]

Lenzing's ERM approach is inspired by the COSO™ ERM framework and combines both top-down and bottom-up methodologies. Top-down analysis involves engagement with the Managing Board to identify priority risks and underlying assumptions. Bottom-up analysis includes risk interviews with Site and Corporate Function Risk Managers. Risks are evaluated according to their likelihood and financial impact, using quantitative and qualitative assessments. For strategic investment decisions, the risk prioritization methodology also considers the Risk of Non-Investment (RoNI) assessment, taking into account health and safety, environmental impact, business interruption, legal aspects, and reputation.

[GOV-5 36d]

The results of the half-yearly ERM process are integrated into relevant internal functions and processes through a structured Group-wide ERM strategy and process. Roles and responsibilities are defined for Corporate Risk Management, Site and Corporate Function Risk Managers, and other stakeholders, with strong cross-functional collaboration ensuring a holistic view of risks and opportunities. Each risk is assigned to a risk owner, responsible for identifying and assessing risks and implementing mitigation measures. The ERM strategy, process and associated governance are formalized in the Group's ERM procedure, which is implemented throughout the organization and the subject of periodic training.

[GOV-5 36e]

The findings from the risk assessment are reported twice a year to the Managing Board and the Audit Committee of the Supervisory Board. The risk report summarizes key risks, mitigation actions, and overall risk profile of the Lenzing Group.

Internal controls

[GOV-5 36c]

Sustainability reporting is exposed to the risk of misstatement particularly due to human error or incomplete data. To mitigate this risk, Lenzing applies an internal control framework. The following control activities are in place:

- Formal review of sustainability reporting requirements by the core project team
- Topic-specific reviews conducted by Corporate Sustainability experts, including verification of content for their respective areas, cross-checks of other chapters (dual-control principle), proofreading of German and English versions (dual-control principle), and validation of content prepared for website, media releases and external channels to ensure consistency of messaging (dual-control principle)
- The Managing Board reviews and approves all key disclosures. The Supervisory Board Audit Committee evaluates the final report draft and issues an approval recommendation and sign-off to the Supervisory Board.
- Lenzing's external audit provides limited assurance on the sustainability reporting (please see the limited assurance statement in the "Independent assurance report on the non-financial reporting pursuant to Section 243b and 267a UGB" section in the "annex").

Stakeholder management

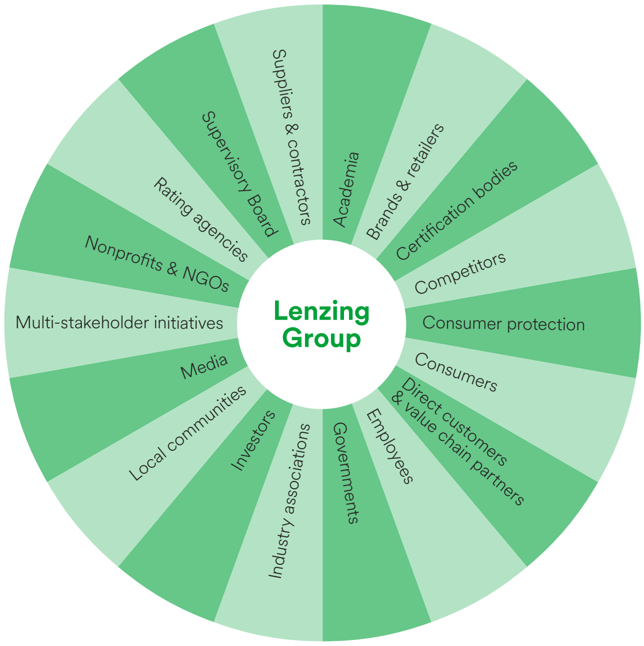
[SBM-2 45a]

The complex global sustainability challenges that society faces today require collaborative action and the development of systemic solutions. Meaningful stakeholder dialog is therefore essential. This requires mutual respect, the sharing of knowledge and expertise and actively listening to partners' perspectives. Effective engagement starts with transparent information, which enables stakeholders to form an educated opinion, assess risks, and build trust, thereby minimizing misunderstandings. Ongoing dialog occurs through a range of formats, including but not limited to meetings, working groups, responses to inquiries and surveys, conferences and other forms of exchange.

Key stakeholders

The main stakeholders involved in the engagement process are shown in figure "Key stakeholder groups". The Lenzing Group's key stakeholders are individuals or entities that may be affected by its operations, business conduct, and strategic targets or that are in a position to contribute to achieving these targets. Lenzing regards such stakeholders as strategic partners that have a significant interest in and impact on areas that matter the most to Lenzing. The most important stakeholder group are Lenzing's employees. Their achievements, together with transparency and collaboration, are a clear testament to the Lenzing Group's credible sustainability performance.

Key stakeholder groups



For further information on the main stakeholders, please see the "Stakeholder engagement" focus paper.

[SBM-2 45b]

For information on how the outcome of the stakeholder dialog is taken into account in the double materiality process, please see the "Double materiality analysis" section of this chapter.

Stakeholder interests

Stakeholders	Interested in
Investors	Return on investment, resilience, opportunities, risks
Academia, media	Negative (and positive) environmental impacts, best practice
NGOs/NPOs/multi-stakeholder initiatives/industry associations	Negative (and positive) environmental impacts, best practice, expertise, knowledge
Suppliers	Stable business, no risk of losing reputation when working with us
Direct customers (e.g. spinners), indirect customers (brands, retailers)	Reaching their goals/commitments; their Scope 3 emissions, certifications, audits, LCAs and product footprint, traceability, no value chain risks, innovation opportunities
Own workforce	Secure employment, health & safety, training & skills development
Workers in the value chain	Working conditions, measures against violence and harassment in the workplace, diversity, child & forced labor, adequate housing, water and sanitation, privacy
Local communities	Noise & odor
End-consumers	Product safety

[SBM-2 45d]

The Supervisory Board and Managing Board receive partial information on the views and interests of affected stakeholders with regard to sustainability-related material impacts. The opinions of its own workforce are conveyed via the works council and the result of the Lenzing Climate survey. Feedback from consumers and end-users is gathered indirectly through Lenzing's customers and communicated by Lenzing commercial teams. The views and interests of value chain workers (e.g. suppliers) are not actively communicated to the Boards.

Own workforce

[S1 ESRS 2 SBM-2]

The interests, views and rights of Lenzing's workforce, including protection of their human rights, influence the strategy and business model. In alignment with its corporate culture, the Lenzing Group places people at the center of its strategic priorities, thereby forming an integral part of its holistic sustainability approach.

The corporate culture is built on long-term partnerships, close collaboration and mutual respect supported by open dialog and transparency. Employee interests are represented through established channels, including direct leadership engagement and dialog with employee representatives. These mechanisms enable the workforce to regularly contribute views on, and ensure shared understanding of business strategy, goals, performance, market conditions, the financial situation and policies as well as any matters relating to employment terms, conditions and benefits. For details on formats and exchange, please see the "Communication" section in the "S1 Own workforce" chapter.

Human rights, fair working conditions, equal opportunities, safety and well-being are reflected in Lenzing's internal policies and form guiding principles for how we engage, manage and develop people. Compliance with these standards is supported through training, leadership accountability and monitoring activities.

To navigate current market volatility and prepare for future challenges, Lenzing introduced its People Plan in 2024. The strategic framework focuses on four key areas: organizational performance, diversity and culture, leadership development and talent management.

Workers in the value chain

[S2 ESRS 2 SBM-2]

The Lenzing Group supports globally recognized human rights and labor standards frameworks and does not tolerate violations of these principles. This commitment extends to safeguarding the rights of all workers within its sphere of influence, in alignment with the Universal Declaration of Human Rights, the UN Global Compact (UNGC), OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

In relation to workers in the value chain, Lenzing primarily relies on information from credible external sources, including NGOs, NPOs, trade unions, risk databases and governmental reports, which are supplemented by internal expertise, to identify and assess impacts. Lenzing's sphere of influence currently covers direct suppliers and to a lesser extent its downstream business partners involved in the distribution, transportation and storage of Lenzing products. At present, Lenzing's influence is limited to reviewing working conditions through audits and relying on external ratings and standards such as the EcoVadis rating. Acknowledging potential adverse impacts of sourcing on value chain workers, Lenzing implements a sustainable sourcing strategy.

Material impacts, risks and opportunities

[SBM-3 48a, 48c, 48h]

The table below presents Lenzing's material impacts, risks and opportunities (IROs). Short-term refers to one year (the reporting year), medium-term to two to five years and long-term to more than five years. Each topic chapter begins with a table linking the identified IROs to the corresponding policies, targets, actions and metrics.

Impact/ risk/ opportunity	Actual/ potential	Own operations (OO) / value chain (VC): up-/downstream	Timeframe: short-, medium-, longterm	Short description	IRO description
E1 Climate change					
Climate change adaptation					
Risk		OO & upstream VC	Medium- to long-term	Risk to Lenzing's operations and supply chain due to the increasingly chronic physical climate hazards as indicated by climate risk assessment	Climate models indicate that rising global mean temperatures will lead to an increase in chronic physical climate hazards. Lenzing's operations and supply chain could be increasingly affected by extreme weather events, water scarcity and other physical hazards of varying severity. All identified risks arising are managed by Lenzing through comprehensive supplier diversification and holistic inventory and resource management.
Risk		Upstream VC	Long-term	Risk of wood scarcity from non-resilient forests and effects of increasing global average temperature	As wood is one of Lenzing's most important raw materials, risks of wood unavailability rise due to forest degradation (diseases, pests, etc.) as a direct consequence of higher average temperatures can affect its core business.
Risk		OO	Short- to medium-term	Risk of increasing wood prices due to climate changes and biomass competition	Wood is the most important natural resource for the Lenzing Group as it is needed for manufacturing regenerated cellulose fibers. Despite Lenzing's sustainable sourcing policy and backward-integrated production, wood prices are at risk of increasing due to climate change and growing competition for biomass and land use.
Climate change mitigation					
Risk		OO	Short- to medium-term	Risk of increasing costs of GHG emissions from emerging regulations on carbon pricing in low-emission scenarios	Increasing regulation, especially on green taxation and carbon pricing, constitutes a relevant risk for Lenzing. In the countries where Lenzing has carbon-intensive processes, regulations on greenhouse gas (GHG) emissions have already been implemented (such as energy efficiency improvements and regulated emission allowances) and stricter regulations that could increase the costs of GHG emissions are under development. Lenzing is implementing stringent energy efficiency measures in order to reduce its potential exposure to green taxation.
Opportunity		OO	Medium- to long-term	Opportunity through low-carbon product innovation and decarbonization leadership	The Lenzing Group considers rapid decarbonization as a major business opportunity to derisk its operations, build resilience, launch products with lower climate impact and realize energy efficiency gains. Lenzing will substantially reduce its GHG emissions in the coming years through a set of measures under its decarbonization strategy and SBTs. Furthermore, Lenzing aims to reach net-zero GHG emissions by 2050.

Energy

Negative impact	Actual	OO	Long-term	Negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources	By using non-renewable energy sources or inefficient energy conversion technologies, Lenzing generates GHG emissions which contribute to global climate change.
Risk		OO	Short-term	Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets	Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets.
Risk		OO	Medium- to long-term	Risk of reputational damage if sustainability requirements in regard to energy sources are not met and carbon footprint is not reduced	Lenzing's reputation could be damaged if the sustainability requirements with regard to energy sources are not met. Lenzing has energy-intensive processes that result in GHG emissions and is facing increasing pressure from customers and EU directives to address its carbon footprint, which poses a risk for Lenzing if expectations are not met.
Risk		OO	Medium- to long-term	Risk of increasing commodity costs (e.g. wood, pulp and chemicals) due to energy prices	Commodity prices (e.g. wood, pulp and chemicals) could increase due to the availability of energy and price volatility as a result of climate change. For example, an increase in the price of wood due to increasing demand for renewable energy sources, zero deforestation trends and/or more frequent pests and diseases (e.g. pest infestations) due to changing weather patterns as a result of climate change.
Risk		OO	Short-term	Risk of biomass being reclassified as non-renewable in the Renewable Energy Directive (RED II/III)	With the Renewable Energy Directive (RED II /III) biomass could be reclassified and no longer count as renewable.
Risk		OO	Short-term	Potential financial risk to Lenzing's operations and increased costs due to unforeseen energy shortages and loss of power supply	Unforeseen energy shortages could compromise Lenzing's operations, which can pose a financial risk.
Opportunity		OO	Medium- to long-term	Opportunity of decreasing energy costs by implementing concepts based on renewable energy in the long term	Lenzing identifies an opportunity to position itself favorably by proactively addressing environmental challenges. In addition, energy costs can potentially decrease in the long term by using renewable energy sources and new technologies. This can lead to a market advantage if the transition is done quickly.

E2 Pollution

Pollution of air

Negative impact	Actual and potential	OO	Short- to long-term	Negative impact on air pollution and emissions with potential negative effects on human health and environment	Lenzing contributes to air pollution and could potentially negatively impact health and environment. To prevent pollution Lenzing actively monitors and manages the environmental impact of its operations.
Risk		OO	Medium- to long-term	Risk of regulatory changes and consequent business loss potential	Lenzing could lose its license to operate (LTO) due to regulatory changes, e.g. by failing to meet more stringent emission levels in the EU BAT. This could result in the loss of the EU Ecolabel and failure to meet customer demands.
Opportunity		OO	Short- to medium-term	Opportunity for Lenzing by increased demand for low-emission products and innovation	Showing leadership in pulp and fiber manufacturing with low environmental and social impacts.

Pollution of water

Negative impact	Potential	Downstream VC	Short- to long-term	Potential negative impact of Lenzing's downstream textile value chain on water pollution	Textile production is estimated to be responsible for about 20 percent of global clean water pollution from dyeing and finishing products.[a]
Negative impact	Actual and potential	OO	Short- to long-term	Negative impact on water pollution and emissions with potential negative effects on human health and environment	Lenzing discharges water in its own operations and therefore potentially impacts water bodies. In the unlikely case of a leakage, the consequences would be fatal for the ecosystems. Lenzing commits itself to comprehensively monitor, control and report direct and indirect interactions with water resources.
Opportunity		OO & downstream VC	Short- to medium-term	Opportunity for Lenzing by increased demand for low-emission products and innovation	Showing leadership in pulp and fiber manufacturing with low environmental and social impacts with low-emission products. For example spun-dyed Lenzing fibers.

Substances of concern and substances of very high concern (SoCs & SVHCs)					
Negative impact	Actual and potential	OO & VC	Medium-term	Potential for severe negative health and environmental impacts in the event of accidents or leakage related to SoCs and SVHCs	Potential for severe negative health and environmental impacts in the event of accidents or leakage. Substances of concern are still used within Lenzing`s own operations and within the industry. Lenzing`s fibers are controlled for residues by certifications and testing schemes.
Opportunity		OO	Medium- to long-term	Opportunity to secure business by developing and implementing industry benchmarks	Securing business by fulfilling stakeholder requirements and going beyond them. Developing industry benchmarks and contribution to multi-stakeholder initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC).
E3 Water and marine resources					
Water withdrawals and water consumption					
Negative impact	Actual and potential	OO & downstream VC	Short- to medium-term	Negative impact on water resources through water withdrawal by Lenzing and its value chain	Pulp and fiber production as well as textile manufacturing can be water-intensive. Water withdrawal by Lenzing and its downstream value chain partners can contribute to increasing water scarcity.
Opportunity		OO	Medium- to long-term	Opportunity to secure business by helping value chain partners meeting their targets through products with improved water footprint	Lenzing`s fibers products are produced with a lower water footprint compared to generic regenerated cellulose fibers. This can help value chain partners to meet their water conservation targets and secure Lenzing's business. This strategy promotes efforts to reduce overall water usage across the supply chain.
E4 Biodiversity and ecosystems					
Land use change and dependencies on ecosystem services					
Risk		OO & upstream VC	Short- to long-term	Risk of wood scarcity & high wood prices resulting from biodiversity loss	Wood scarcity due to non-resilient forests can lead to business losses as there might be no wood available or only at a high price. As biodiverse ecosystems are more resilient to outside stresses, biodiversity loss poses a great risk for Lenzing.
E5 Resource use and circular economy					
Resources inflows, including resource use					
Negative impact	Potential	Upstream VC	Short-term	Potential negative impact on circular economy through sourcing of conventional chemicals	Sourcing of conventionally produced chemicals relies on the use of virgin resources and does not enhance circular economy.
Positive impact	Actual	OO	Short- to long-term	Positive impact on resource use through Lenzing’s adoption of circular practices including the use of renewable resource wood	Lenzing contributes to circular value chains by producing fibers with recycled content and renewable raw materials thereby reducing reliance on virgin inputs and lowering lifecycle emissions. These practices support broader environmental goals by minimizing resource extraction, promoting reuse and reducing waste across the textile supply chain.
Resource outflows related to products and services					
Opportunity		OO	Medium-term	Opportunity to secure business by helping partners in the value chain to achieve their circularity and recycling goals	Lenzing’s leadership in circular fiber innovation positions it to capture growing market demand for low-impact, resource-efficient and biodegradable materials. Through the use of recycled content, renewable wood and closed-loop production processes, Lenzing supports downstream partners in achieving sustainability targets while aligning with emerging regulatory frameworks such as the EU Textile Strategy. This strategic positioning enhances customer loyalty, opens new market segments, and reinforces Lenzing’s role as a sustainability frontrunner in the textile sector.
Negative impact	Actual and potential	OO & upstream VC	Short- to long-term	Negative impact on GHG emissions and the carbon footprint through energy-intensive recycling processes	Recycling processes are energy-intensive, potentially resulting in higher greenhouse gas (GHG) emissions and a larger carbon footprint for products compared to using virgin materials. Whether the impact is negative, depends on the availability of future technologies, as well as the scale of recycling and recovery of chemicals.

S1 Own workforce					
Working conditions - Secure employment					
Risk and opportunity		OO	Short-term	Risk and opportunity for maintaining employer attractiveness through transparent communication	Maintaining employer attractiveness during workforce reductions and economic challenges, with an emphasis on transparent communication.
Opportunity		OO	Medium-term	Opportunity to secure business by being listed as preferred supplier for customers	Lenzing sees a growing requirement for social certificates from its customers. By being certified, Lenzing secures business by being listed as a preferred supplier.
Working conditions - Work-life balance					
Positive impact	Actual	OO	Short-term	Positive impact on workforce well-being through beneficial working models	The implementation of flexible working time models, comprehensive leave options, and employee benefits supports a healthier work-life balance for the workforce. These measures are designed to reduce stress, enhance job satisfaction, and enable employees to better manage personal and professional responsibilities, contributing to overall well-being and retention.
Working conditions - Health and safety					
Negative impact	Potential	OO	Medium-term	Potential negative impact on health and well-being of Lenzing's workforce in case of accidents	Inadequate safety precautions can impact and potentially expose its workforce at operated assets to potential health and well-being impacts.
Risk		OO	Short-term	Risk of a poor working climate leading to employee turnover or a reduction of their productivity	A poor working climate can lead to employee turnover or reduce their productivity. (Due to mental health.)
Equal treatment and opportunities for all – Gender equality and equal pay for equal work					
Negative impact	Actual	OO	Medium-term	Negative impact on gender equality and equal pay for equal work	Lenzing has challenges in the area of equal pay for equal work due to cultural issues and unconscious bias. Lenzing recognises the importance of gender equality and equal pay for equal work and is committed to continuous improvement in this area.
Equal treatment and opportunities for all - Training and skills development					
Risk		OO	Short- to medium-term	Risk of a recline in productivity through insufficient quality in succession planning	Insufficient quality in succession planning can lead to a recline in productivity.
Equal treatment and opportunities for all - Diversity					
Negative impact	Potential	OO	Short-term	Negative psychological impact on employees if diversity is not supported	A lack of support of diversity can lead to exclusion, isolation as well as discrimination and can have psychological consequences for employees.
Opportunity		OO	Medium-term	Opportunity to drive innovation and performance with diversity	Diversity drives innovation and performance. Diverse and inclusive workplaces are linked to better talent retention, innovation and market competitiveness.
S2 Workers in the value chain					
Other work-related rights - Child labor					
Negative impact	Potential	VC	Short-term	Negative impact on children in the value chain of the textile industry, as child labor is common in textile manufacturing	Child labor remains a significant issue in the textile industry, where children are stripped of their rights, exposed to health and safety risks, denied access to education, and trapped in a cycle of poverty and inequality. Given the prevalence of child labor in textile manufacturing, there is a possibility that it could exist within the value chain of Lenzing.
Other work-related rights - Forced labor					
Negative impact	Potential	VC	Short-term	Negative impact on forced laborers in the value chain of the textile industry, as forced labor is common in textile manufacturing	Forced labor remains a persistent issue in the textile industry, where individuals' basic rights and freedoms are violated, often resulting in physical and psychological harm while perpetuating cycles of poverty and inequality. Given its prevalence in textile manufacturing, there is a potential risk of forced labor being present in Lenzing's value chain.

G1 Business conduct					
Corporate culture					
Risk		OO	Short- to medium-term	Risk of lawsuits, monetary and reputational loss in case of non-compliance	Non-compliance, such as non-compliance with health and safety standards, can lead to lawsuit, monetary loss and reputation loss.
Protection of whistleblowers					
Negative impact	Potential	OO	Medium-term	Potential negative impact on business conduct efforts regarding whistleblowers in the absence of ongoing efforts, training, reaction and clear procedures	The absence of ongoing efforts, training, reaction and clear procedures can lead to termination of employment and retaliation against the whistleblower, ultimately undermining overall business conduct efforts and compliance activities.
Corruption and bribery - Incidents					
Negative impact	Actual and potential	OO	Short-term	While a compliance program is in place, incidents may still occur if individuals engage in non-compliant behavior	While a compliance program is in place, incidents may still occur if individuals engage in non-compliant behavior.
Management of relationships with suppliers including payment practices					
Risk		OO	Medium-term	Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented	There is a risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented.

a) https://www.europarl.europa.eu/topics/en/article/20201208STO93327/fast-fashion-eu-laws-for-sustainable-textile-consumption

OO...Own operations
VC...Value chain

Embedding sustainability for resilience

[SBM-3 48b, 48f]

Lenzing demonstrates strategic and operational resilience, supported by scenario-based risk assessments, execution of sustainability targets such as sustainable sourcing and innovation-driven opportunities. However, resilience highly depends on continued execution of climate and biodiversity strategies, regulatory developments, access to renewable energy, and collaboration with key value chain partners.

The sustainability strategy as well as Lenzing's corporate strategy reflect and address the material impacts, risks and opportunities identified through its strategic drivers, principles and strategic focus areas (see the "Sustainability strategy" section in this chapter for the strategic principles). The development of Lenzing's net-benefit products is based on these strategies and informed by the IROs identified. Further information on net-benefit products is provided in the "Resource outflows" section in the "E5 Resource use and circular economy" chapter.

The transformation towards a more sustainable and climate-compatible economy presents market opportunities through new technologies and innovations with low impacts. By offering products that make a positive contribution to sustainability, Lenzing can unlock new business opportunities. At the same time structural barriers remain including limited access to grid-based renewable electricity, cost disparities between renewable fuels (green hydrogen, ammonia) compared to fossil alternatives, the lack of a level playing field for low-carbon products, and the willingness of business partners to share the costs and risks of investments. Many of the negative impacts identified relate to the textile industry and forestry, such as greenhouse gas emissions, pollution, water, biodiversity and resource utilization. Lenzing addresses these impacts through responsible business practices, including sustainable sourcing, resource efficiency, renewable energy use and circular economy principles. Positive impacts can be accelerated through collaboration with Lenzing's stakeholders, such as suppliers, by offering its customers net-benefit products and through efforts to promote diversity and inclusion across the workforce.

Lenzing's strategy and business model were reviewed for climate resilience on the basis of multiple scenario analyses. A nature-related resilience assessment was also carried out, which resulted in the development of a biodiversity approach. These analyses highlighted key trends, such as emerging regulations on carbon pricing or increased demand for low-emission products. Further methodological details and time horizons are provided in the sections "Climate-related risk assessment" and "Nature-related risk assessment" in this chapter. For information on material impacts, risks and opportunities and their interaction with the strategy and business model please see the relevant SBM-3 sections in the topical standards.

Current financial effects

[SBM-3 48d]

The current financial effects of Lenzing's material risks and opportunities mainly related to its revenue from specialty (net-benefit) products, the Group's investments activities to implement climate and pollution targets in line with the corporate strategy, the impairment testing of assets and the valuation of biological assets. The Lenzing Group has concluded several long-term power purchase agreements in the last years for electricity from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices.

Relevant investments (investment activities) in this context include:

- Natural gas pipeline, gas boiler and turbine at the Nanjing (China) site replacing coal-based steam generation became operational in 2025
- Replacement of gas boilers with a more efficient model has been completed at Lenzing's Mobile (USA) site in 2025
- Wastewater treatment plant in Grimsby (UK) became fully operational in 2025. Wastewater treatment plants in Mobile (USA) and Purwakarta (Indonesia) are progressing well
- An extraction agent purification plant was completed in Lenzing (Austria) in 2025
- Efficiency and improvement measures

The CapEx of the projects can be found in the "Actions" section of the "E1 Climate Change" and "E2 Pollution" chapters. Further details on current financial effects can be found in the note 1 in the Notes to the Consolidated financial statement as well as the Consolidated income statement, Consolidated statement of financial position, and Consolidated statement of cash flows in the Financial Statements.

Changes to the previous reporting period

[SBM-3 48g]

Due to Lenzing's double materiality revision in 2025, changes to the impacts, risks and opportunities (IROs) compared to the previous period occurred. The number of material IROs was significantly reduced. While they are no longer considered material, the affected IROs remain relevant and will continue to be monitored periodically. The table below lists the IROs that were removed or merged into other IROs. Changes were made for several reasons including the absence of a business relationship, overlaps with existing topics and updated materiality rules. For a detailed explanation of the revision process and underlying rationale, please refer to the "Revision of materiality" section of this chapter.

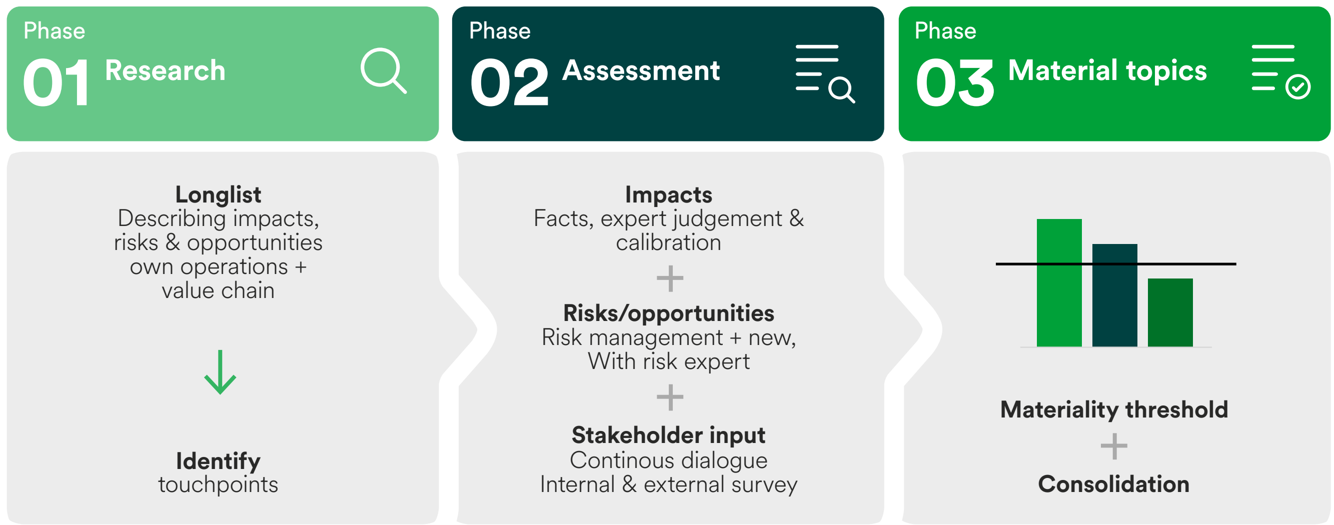
Removed impacts, risks and opportunities

Impact/risk/ opportunity	Long description	Reason for revision
E1 Climate change		
Climate change mitigation		
Positive impact	Carbon sinks, such as forests, absorb more carbon dioxide than they release, helping to mitigate climate change. Managing forest sustainably and therefore maintaining healthy carbon sinks is important. Lenzing is contributing by sourcing its wood and pulp from certified or controlled sources, which have a positive effect on carbon sinks.	Materiality rule
Positive impact	Providing customers of its downstream value chain with low-carbon fiber products directly contributes to their Scope 3 emissions' reduction and achieving climate-related goals.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Energy		
Positive impact	Driving the transition to fossil-free production through a circular business model and innovation. This leads to lower GHG emissions in the future, which has a positive impact on Lenzing`s overall emissions.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Positive impact	Supplier assessment and engagement to increase the use of renewable energy sources can lead to reduced GHG emissions along Lenzing's value chain.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
E2 Pollution		
Microplastics		
Positive impact	Microplastics are plastic particles smaller than 5 mm and can be released from plastic fibers through abrasion, e.g. from laundering. Laundering accounts for 35% of primary microplastics released into the environment. There are increasing concerns about microplastics harming humans and the environment. Lenzing's fibers do not release microplastics and can be an alternative to plastic fibers.	No business relations after mapping. Lenzing`s products neither use nor generate microplastics. (See the opportunity in "E5 Resource use and circularity" chapter.)
E4 Biodiversity and ecosystems		
Risk and opportunity	Two risks for Lenzing belong to all material biodiversity sub-topics: Wood scarcity and high wood price. Wood scarcity due to non-resilient forests can lead to business losses as there might be no wood available or only at a high price. As biodiverse ecosystems are more resilient to outside stresses, biodiversity loss poses a great risk for Lenzing.	The climate risk aspect of this risk is already covered by risks in the "E1 Climate change" chapter. The other subtopics remain material for the "E4 Biodiversity and ecosystems" chapter.
Climate change as an impact driver of biodiversity loss		
Negative impact	Lenzing and its value chain contribute with its GHG emissions to climate change and with that to biodiversity loss. Lenzing has set an ambitious target to become net-zero by 2050.	Already covered by existing E1 Climate change IRO
Positive impact	Sustainably-managed forests can contribute to more biodiversity. Lenzing only sources wood from sustainably-managed forests and plantations. Outside of its value chain, Lenzing also engages in afforestation projects to protect areas vulnerable to deforestation.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Land-use change as an impact driver of biodiversity loss		
Negative impact	Suppliers could potentially perform land-use change (e.g. transformation of natural grassland into plantations, or natural forest into plantation), which can potentially destroy ecosystems.	New calculation logic - likelihood curve
Opportunity	Positive positioning with best practice wood sourcing, Lenzing sources only from sustainably-managed forests and plantations. Outside of its value chain, Lenzing also engages in afforestation projects to protect areas vulnerable to deforestation.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Invasive alien species as an impact driver of biodiversity loss		
Negative impact	The introduction of invasive alien species, whether accidental or intentional, can have significant impacts on ecosystems. This can occur directly, when the invasive species competes for resources with native species, or indirectly, if the invasive species carries new pathogens. Lenzing does not use any invasive alien species in its plantations in Brazil, as these plantations are FSC®-certified (FSC-C175509), and does not source from plantations that do. There are strong international precautions regarding the transport of plant material, which could potentially carry invasive species, to prevent such introductions.	Materiality rule
Impacts on the state of species - Species global extinction risk		
Negative impact	In general, part of Lenzing's assessment is whether species at risk of global extinction are negatively impacted by the company, e.g. through the effects of pollution at the production sites. In Brazil, the status (risk of extinction) of species is monitored. Some red-listed species occur in the vicinity of the plantations. Lenzing takes great care to manage conservation areas for these species.	Materiality rule
Impacts and dependencies on ecosystem services		
Negative impact	Lenzing, the economy and society are highly dependent on ecosystem services. The impacts on biodiversity described above can lead to a decline of ecosystem services (social, cultural, environmental, provisional etc.). As a supplier of regenerated cellulose fibers for the textile and nonwovens industry, some of these dependencies are essential for the upstream value chain, e.g. forestry. Lenzing is currently assessing this topic further. Preliminary assessment showed biggest dependencies on provisioning services, while Lenzing´s supply chain may be impacting both in positive and negative ways, regulating and maintenance services (sequestration, bio-remediation, control of water erosion, run off, mitigation of floods, pest controls etc.) but also provisioning services such as water withdrawals.	This is a dependency risk and is already covered by the existing risk in the "E4 Biodiversity and ecosystems" chapter.

E5 Resource use and circular economy		
Waste		
Negative impact	Waste is a major outflow from the entire textile industry that can damage the environment if it is not disposed of properly.	Materiality rule
Sustainable innovations (entity-specific)		
Positive impact	Providing customers of its downstream value chain with low-carbon fiber products directly contributes to their Scope 3 emissions' reduction and achieving climate-related goals.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Opportunity	Showing leadership in pulp and fiber manufacturing with low environmental and social impacts with low-emission products. For example spun-dyed Lenzing fibers.	Integrated into ESRS structure, into the “E2 Pollution” chapter.
Opportunity	Lenzing’s leadership in circular fiber innovation positions it to capture growing market demand for low-impact, resource-efficient materials. Through the use of recycled content, renewable wood, and closed-loop production processes, Lenzing supports downstream partners in achieving sustainability targets while aligning with emerging regulatory frameworks such as the EU Textile Strategy. This strategic positioning enhances customer loyalty, opens new market segments, and reinforces Lenzing’s role as a sustainability frontrunner in the textile sector.	Integrated into ESRS structure, into the “E5 Resource use and circularity” chapter.
S1 Own workforce		
Working conditions - Work-life balance		
Negative impact	A lack of work-life balance can lead to physical, psychological and chronic impacts on the workforce.	New calculation logic - likelihood curve
Working conditions - Health and safety		
Positive impact	Risk management in the workplace, training & education as well as supporting health measures & services contribute to a healthy and risk-aware workforce.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Opportunity	A safe work environment, and supportive health measures for employees fosters an engaged and productive workforce.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Equal treatment and opportunities for all - Measures against violence and harassment in the workplace		
Negative impact	Harassment in the workplace can lead to serious negative psychological consequences for employees.	New calculation logic - likelihood curve
Equal treatment and opportunities for all - Diversity		
Positive impact	Lenzing has a positive influence on diverse workforce through diversity-promoting measures.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
S4 Consumers and end-users		
Personal safety of consumers and/or end-users - Health and safety		
Negative impact	Non-compliance with health and safety standards/regulations can impact the health and safety of consumers.	Is a risk and not an impact, already covered by existing risk in the “G1 Business conduct” chapter.
Risk and opportunity	Non-compliance can lead to lawsuit, monetary loss and reputation loss.	Integrated into “G1 Business conduct” chapter.
Opportunity	Achieving business and sustainability targets by monitoring and improving manufacturing processes.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions. No sufficient connection to the topic.
Opportunity	Leading the market in terms of product safety, product consistency, application performance, and service.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions. No sufficient connection to the topic.
G1 Business conduct		
Corporate culture		
Negative impact	Intransparency undermines the trust of stakeholders and decreases the morale of employees and may jeopardize the company`s reputation. The director of the company may be held liable.	New calculation logic - likelihood curve
Positive impact	Transparency is essential for all compliance actions, as maintaining transparency in every aspect of your operations helps prevent corruption, bribery, and conflicts of interest.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.
Corruption and bribery - Prevention and detection including training		
Negative impact	The absence of ongoing efforts, training, reaction and clear procedures can undermine your overall business conduct efforts and whole compliance activity.	Likelihood score was added, as this is a potential impact. With new score, the IRO is not material anymore.
Transparency (entity-specific)		
Positive impact	Transparency is essential for all compliance actions, as maintaining transparency in every aspect of operations helps building trust with stakeholder.	No positive IRO according to ESRS, and was integrated into other elements of the report, such as actions.

Double materiality analysis

Materiality analysis



Revision of materiality

[IRO-1 53h]

Following its first ESRS-compliant Double Materiality Analysis (DMA) in 2024, Lenzing revised the methodology in the reporting year to improve structural clarity while maintaining the original assessment parameters (such as scale, scope and likelihood). A key enhancement was the introduction of clearer criteria for distinguishing between positive impacts and opportunities versus actions to mitigate negative impacts or address risks. The updated assessment is now more reflective of Lenzing's key business relationships across the value chain, ensuring that both direct and indirect impacts are captured appropriately. In addition, selected IROs were either reassessed or consolidated to reflect updated insights and structural changes in the DMA process. This ensures that the materiality determination remains aligned with current business realities and the evolving relevance within the revised DMA framework. To ensure alignment with ESRS materiality requirements, the previous rule of automatic materiality – triggered when a single parameter was scored at highest level – was removed. Instead, such cases were subject to further scrutiny to determine actual materiality.

Research and information sources

[IRO-1 53a]

Starting with the compilation of a so-called longlist, Lenzing conducted a comprehensive examination of activities within its own business operations and value chain. The primary focus was on assessing IROs, considering impacts the company has on ESG topics and the impact the ESG topics have on the company (double materiality).

[IRO-1 53g]

The IRO assessment was informed by insights into sustainability issues, stakeholder needs and value chain research. Internal data collection involved drawing information from existing sources and internal expert knowledge. External data collection involved consulting scientific papers, reports from NGOs and reviewing industry reports.

[IRO-1 53e, 53f]

Lenzing's risk management team provided expertise in assessing risks and opportunities. Most ESG risks and opportunities were already part of Lenzing's risk management system and process, which is described in the "Risk management reporting" section in this chapter. The risks and opportunities that were additionally identified will be integrated successively into the risk management system. At present, impacts are not part of the risk management process.

Context analysis

[E2 IRO-1 11a, E3 IRO-1 8a, E5 IRO-1 11a]

For environmental impacts, including the topics of climate, pollution, water and resource use, a context analysis is performed annually at Lenzing's production sites to screen assets and activities, with findings consolidated at global level.

The context analysis and the other parts of the environmental management system are integrated into the DMA process. At product level, LCA is the primary tool used for assessing cradle-to-gate impacts within direct and indirect operations, including the company's own pulp and fiber production and upstream supply chains. This not only supports substantiation of product-related environmental claims but also enables identification of areas for improvement such as pulp production (including recycling) or key chemicals. The procedure is supported by the environmental data collection process relating to in-house operations, including energy consumption and GHG emissions, other air emissions, water use, effluents, discharges of priority substances of concern and waste. In addition, primary data collection from suppliers is steadily increasing (e.g. on water use): while the focus was initially on pulp suppliers, primary data are now also being requested from important chemical suppliers. This systematic collection of data from Lenzing's own production and its suppliers is performed on demand and feeds into the continuous updates of LCA calculations for Lenzing's products.

Pollution
In addition to the in-house environmental data collection process, the Higg Facility Environmental Module and the platform ZDHC Gateway help to evaluate performance. This is further supported by Lenzing's chemical management system and the chemicals inventory.

Water
Water risk assessment at the corporate level is carried out by collecting contextualized qualitative and quantitative information on the supply chain and Lenzing's own production using the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter. These data and tools not only support evaluation of the current water situation and identification of areas with water risk for specific locations, including regions of high water stress. They also provide insight into future scenarios, such as those reflecting the effects of climate change on water availability and quality. This activity is a continuous annual process and was again conducted in the reporting year.

Resource use and circular economy
Resource use and circular economy affect various areas – from measuring resource inflows and waste to the circularity of products. These areas are assessed and measured using the tools mentioned above.

Approach

[IRO-1 53b i, ii]

In general, Lenzing endeavors to use a conservative approach for its double materiality analysis. The company mapped its key business relationships within its value chain, ensuring that indirect impacts are appropriately captured. An example of environmental impacts that Lenzing is aware of and that result from its business relationships are impacts from its wood and pulp suppliers. In this case, the environmental impacts are well established.

When considering environmental impacts and environmental-related risks in its own operations, Lenzing focused on production sites, as these inherently pose a higher risk of adverse impacts compared to office locations. The assessment of social impacts on workers in the value chain is an area where Lenzing recognizes the need for further improvement.

[IRO-1 53c i]

Lenzing considered the interconnections between IROs and tracked their cause-and-effect relationships to ensure that no IRO is overlooked during the evaluation process.

Assessment

Impact assessment

[IRO-1 53b, 53b iv, 53d]

The evaluation of impacts' severity was based on the following factors: scale, scope (for all impacts), irremediability (for negative impacts) and likelihood (for potential impacts). Impacts were then assigned following attributes:

- positive/negative
- actual/potential
- direct/indirect
- short-term (under one year)/medium-term (one to five years)/ long-term (more than five years)

All factors (scale, scope, irremediability and likelihood) ranged from zero to five, with five considered the highest level (such as not recoverable or irreversible when measuring irremediability). Severity was assessed by the topic experts according to scale, scope, and irremediability. Scale depicts the magnitude of the impact regarding the respective ESG topic. Scope considered the geographic reach of environmental impacts or the number of people affected in the event of social impacts. Irremediability, which is only applicable to negative impacts, illustrates how difficult it is to reverse an impact. Likelihood describes the frequency of potential impacts, from once in ten years to several times per month.

For an impact to be considered material, three rules were applied: **1)** If any of the values of scope, scale, irremediability or likelihood is a five, the assessed impact is further scrutinized to determine actual materiality. **2)** If the severity (average of scale, scope, irremediability) lies above the materiality threshold of 3.7, the assessed impact is material. **3)** For "potential" impacts, the likelihood was also taken into consideration in the form of a severity/likelihood matrix. For human rights topics an additional matrix was used, in which severity takes precedence over likelihood.

To validate the results (which continue to apply in 2025), the assessment in 2024 was reviewed on two workshop days, including experts from the Corporate Sustainability and other relevant departments. Every impact evaluation was explained by experts and reflected as well as discussed in the group to achieve mutual agreement and interpretation of the results.

Risk and opportunity assessment

[IRO-1 53c, 53c ii]

The following scales were used in relation to Lenzing's ESG risks and opportunities and their financial impact at the sub-topic level: on a scale of one to four (with four being the highest, at over EUR 3 million) describing the magnitude of the financial impact of the risk/opportunity for Lenzing; on a scale of one to five, the likelihood of occurrence (with five representing the highest likelihood).

The assigned time horizons are identical to those of the impact assessment. The nature of the impacts was attributed to the following categories: financial/manufacturing/natural/intellectual/human/social & relationship. A financial impact/likelihood matrix was defined to determine materiality.

The assessment was substantially supported by a Lenzing risk expert who helped to harmonize the approach based on knowledge, data and guidance. For more information on the climate-related risk assessment and the nature-related risk assessment, please see the corresponding sections below in this chapter.

[IRO-1 53c iii]

The above-mentioned approach for the risk and opportunity assessment was chosen to find a qualitative way to evaluate Lenzing's heterogeneous ESG risks. Risks in Lenzing's risk management system are usually assessed quantitatively applying the Monte Carlo method. In Lenzing's risk management system, however, ESG risks are either assessed qualitatively or quantitatively using different methods depending on their nature, data availability and requirements from different standards and ratings, such as TCFD and CDP.

Stakeholder interests

[IRO-1 53b iii, E2 IRO-1 11b, E3 IRO-1 8b, E5 IRO-1 11b]

Throughout the year, Lenzing maintains a continuous dialog with its stakeholders. For information on Lenzing's stakeholders, please see the "Stakeholder management" section in this chapter.

The frequency of involvement varies depending on the topic and production site. For example, consultation with affected communities about environmental topics, such as noise and odor, varies greatly from site to site, especially at Lenzing sites with high proximity to potentially affected communities such as Nanjing (China), Lenzing (Austria) and Purwakarta (Indonesia), which are consulted on a regular basis.

To gather further input, both internal (including the Managing Board and heads of various departments and relevant experts) and external stakeholders (suppliers, customers, NGOs, the Supervisory Board, investors and academia) participated in a survey. The continuous dialog and the results of the survey were used in the double materiality analysis for informing and prioritizing Lenzing's material topics.

The process identified key stakeholder interests related to Lenzing, including expectations regarding ESG topic prioritization. These interests were subsequently evaluated to determine their significance for the material topics.

For further information on the updated materiality analysis, please see the "Double materiality analysis" focus paper.

Climate-related risk assessment

Lenzing applies the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify, assess and manage climate-related impacts, risks, and opportunities. This process is embedded in the Enterprise Risk Management (ERM) system and reviewed annually to ensure alignment with evolving market and regulatory expectations. It includes consideration of the company's greenhouse gas emissions across Scope 1, 2, and 3 and evaluates how these emissions influence Lenzing's exposure to climate-related risks and opportunities.

[E1 IRO-1 20b, 20c]

The assessment uses a digital twin approach, which models Lenzing's assets and business activities in a virtual environment including the value chain. This enables the simulation of climate-related hazards and transition events under different scenarios and provides directional insights into potential financial impacts on cash flows, including revenue and cost implications. Physical risks refer to the potential impacts of climate-related hazards such as heatwaves, droughts, flooding, and windstorms, which may lead to asset damage, operational disruptions, and supply chain interruptions. Transition risks refer to the potential impacts arising from the shift to a low-carbon economy, including regulatory changes, carbon pricing, technology developments, and changes in consumer preferences, which may affect production costs, market demand, and reputation. Opportunities identified include the development of low-carbon products and technologies that support the transition to climate change mitigation scenarios.

[E1 IRO-1 20b, 21]

Scenario analysis is the basis for the identification and assessment of these risks and opportunities over short- (five years), medium- (ten years), and long-term (twenty years) horizons. The company applies multiple climate pathways based on IPCC's Shared Socioeconomic Pathways (SSPs)[4], ranging from low-emission scenarios to high-emission scenarios. The two opposite extreme climate scenarios for high emission levels (SSP3-7.0, "Current Policies") as well as the "Net Zero 2050" low-emission scenario (SSP1-2.6) were taken into special consideration for the assessment of physical and transition risks, respectively. The results of these two scenarios and a "Nationally Determined Contributions (NDCs)" scenario (SSP2-4.5) as well as their characteristics are described in detail in the tables "Risk and opportunity assessment – climate scenario characteristics" and "Projected Climate Risk Potential" in the "E1 Climate change" chapter.

Following last year's assessment, few methodological changes were introduced in 2025. These updates replace previous outlooks with latest storylines from the Network for Greening the Financial System (NGFS) Phase V, offering a clearer and more current view of how the world may respond to climate challenges. Lenzing maintained its TCFD-aligned approach and continued to monitor developments in climate science and regulation. Minor database updates required for model refinements have been included during the reporting year, such as wildfire impacts for physical risks on assets and raw materials like eucalyptus, hence the recalculated simulation produced updated results with slight changes to previous

[4] IPCC, Sixth Assessment Report, 2021.

year. The company acknowledges that climate risk quantification involves inherent uncertainty due to complex interdependencies and evolving external conditions. For this reason, in order to guide strategic decision-making and resilience planning, results are presented qualitatively.

Nature-related risk assessment

[E4 IRO-1]
[E4-1 13a, 13d]

In the reporting year, Lenzing continued its work under the Taskforce on Nature-related Financial Disclosures (TNFD) framework. This builds on the initial resilience analysis conducted in the previous year using the LEAP approach (Locate, Evaluate, Assess, Prepare)[5]. The company maintained its focus on evaluating nature-related physical, transition, and systemic risks as part of its Biodiversity Approach and Action Plan.

The assessment is based on three climate scenarios[6]: SSP1-1.9, SSP2-4.5, and SSP5-8.5. These scenarios provide insights into potential impacts under different emission pathways. They were applied to short-term (0–1 year), mid-term (1–5 years), and long-term (5–30 years) horizons.

[E4-1 13b, 13e]

The scope covers nine production sites in Austria, the Czech Republic, the United Kingdom, China, the USA, Thailand, Indonesia and Brazil. It also includes the wood supply chain in Austria and the Czech Republic. This supply accounts for about 70 to 80 percent of the wood used in Lenzing's European pulp mills.

[E4-1 13c, 13f]

Key assumptions remain unchanged. The resilience analysis did not assume a collapse of planetary ecosystems in the short- and medium-term scenarios. Detailed ecosystem scenario modeling was not yet included due to limited data availability. Expansion of the analysis, including broader coverage of the wood supply chain, is planned for future reporting periods. Upcoming methods and frameworks for state-of-nature assessment and ecosystem scenario modelling are monitored and assessed for applicability to Lenzing's context through the research collaboration with Wood K Plus (see in the "Actions" section in the "E4 Biodiversity and ecosystems" chapter). No stakeholders participated in the assessment, but Lenzing aims to increase their involvement in upcoming phases.

[E4-1 13e]

Dependencies

Wood is the most important raw material for Lenzing. Lenzing is also mainly dependent on healthy forest ecosystems, as biodiversity and ecological functioning underpin the availability of wood.

Lenzing addresses these dependencies by prioritizing wood from well-managed forests and plantations certified under internationally recognized standards such as FSC® and PEFC.[7] These certifications include stringent biodiversity protection criteria and help maintain ecosystem services such as carbon sequestration, water regulation and habitat provision.

Lenzing uses two types of forestry in different global regions. In the Northern Hemisphere, wood and pulp suppliers in Europe and North America apply sustainable, multi-functional forest management. In the Southern Hemisphere, plantation forestry with high sustainability standards is practiced by Lenzing's pulp supplier in South Africa and at its own pulp plant in Indianópolis (Brazil).

Plantation forestry helps reduce pressure on natural forests by providing high-yield wood as an alternative to sourcing from primary forests. Although plantations represent only three percent of global forest area, they supply around 33 percent of global timber.[8]

Risks

Risks identified in previous years remain relevant. Physical risks include droughts, floods, water stress, and forest health decline. Transition risks relate to regulatory changes and biodiversity requirements. Systemic risks arise from ecosystem disruptions and governance inconsistencies. These risks may cause operational disruptions, supply chain interruptions and resource price volatility over time, especially under high-emission scenarios.

Systemic risks and physical hazards such as floods and droughts require ongoing contingency planning. In the short term, these risks remain moderate but show early signs of stress. They become more pronounced over the medium-term. In the long-term, systemic and physical risks could escalate significantly, especially under high GHG emission scenarios. This highlights the need for adaptive strategies to ensure long-term sustainability and resilience.

For more information on mitigation of nature-related risks, please see the "Actions" section of the "E4 Biodiversity and ecosystems" chapter.

Impacts

The primary potential impact on biodiversity and ecosystems arises from forestry-related land use in the Lenzing Group's operations and supply chain.

No significant impacts have been documented on biodiversity-sensitive or protected areas within 10 km of Lenzing's production sites or up to 30 km downstream. Likewise, no effects on threatened species have been attributed to Lenzing's operations. Therefore, it is not necessary to implement biodiversity mitigation measures in this regard. Further information on "Biodiversity sensitive areas and protected sites near Lenzing production sites" can be found in the section of the same name in the "annex".

[5] Guidance on the identification and assessment of nature-related issues: the LEAP approach – TNFD
[6] SSP1-1.9, SSP2-4.5 and SSP5-8.5. For a description see https://www.dkrz.de/en/communication/climate-simulations/cmip6-en/the-ssp-scenarios
[7] License codes: FSC-C041246, PEFC/06-33-92
[8] Bousfield et al., Nature Geoscience 16(2023), 1145-50 https://www.nature.com/articles/s41561-023-01323-y

Potential impacts on water, soil, and air can arise from production facility emissions or from transportation. For more information, please see the chapters “E2 Pollution”, and “E3 Water and marine resources”.

At the end of the textile and nonwoven value chain, biodiversity impacts may occur if non-degradable materials enter the environment due to incorrect disposal. For more information on biodegradability of Lenzing’s fibers, please see the “Metrics” section in the “E5 Resource use and circular economy” chapter.

TNFD disclosures

For TNFD disclosures in metrics addressing wood scarcity and related to changes in land use, please see the table in the “Metrics” section of the “E4 Biodiversity and ecosystems” chapter. Additional metrics and indicators recommended by TNFD that are not directly connected to Lenzing’s ESRS IROs, can be found on the Lenzing report website.

Compliance-related assessment

[G1 ESRS 2 IRO-1]

In the process of identifying material impacts, risks and opportunities, materiality was evaluated based on metrics such as the number of reported cases, confirmed incidents as well as stakeholder interests. For example, the evaluation of the whistleblower protection topic and the prevention and detection of corruption was influenced heavily by Lenzing’s stakeholders, such as investors, reflecting their high interest in this topic.

Data points from other EU legislation

[IRO-2 56]

Datapoints derived from other EU legislation

Disclosure requirement		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section/Not material
ESRS 2 GOV-1 21d	Board's gender diversity	x		x		ESRS 2 General disclosures: Composition and diversity of board members
ESRS 2 GOV-1 21e	Percentage of board members who are independent			x		ESRS 2 General disclosures: Composition and diversity of board members
ESRS 2 GOV-4 30	Statement on due diligence	x				ESRS 2 General disclosures: Statement on due diligence
ESRS 2 SBM-1 40d i	Involvement in activities related to fossil fuel activities	x	x	x		Not material
ESRS 2 SBM-1 40d ii	Involvement in activities related to chemical production activities	x		x		Not material
ESRS 2 SBM-1 40d iii	Involvement in activities related to controversial weapons	x		x		Not material
ESRS 2 SBM-1 40d iv	Involvement in activities related to cultivation and production of tobacco			x		Not material
ESRS E1-1 14	Transition plan to reach climate neutrality by 2050				x	E1 Climate change: Climate action plan
ESRS E1-1 16g	Undertakings excluded from Paris-aligned benchmarks		x	x		Not material
ESRS E1-4 34	GHG emission reduction targets	x	x	x		E1 Climate change: Targets

ESRS E1-5 38	Energy consumption from fossil sources disaggregated by sources	x				E1 Climate change: Energy and fuels
ESRS E1-5 37	Energy consumption and mix	x				E1 Climate change: Energy and fuels
ESRS E1-5 40, 41, 42, 43	Energy intensity associated with activities in high climate impact sectors	x				E1 Climate change: Energy and fuels
ESRS E1-6 44	Gross Scopes 1, 2, 3 and total GHG emissions	x	x	x		E1 Climate change: Lenzing's greenhouse gas emissions
ESRS E1-6 53, 54, 55	Gross GHG emissions intensity	x	x	x		E1 Climate change: Lenzing's greenhouse gas emissions
ESRS E1-7 56	GHG removals and carbon credits				x	Not material
ESRS E1-9 66	Exposure of the benchmark portfolio to climate-related physical risks			x		Material; Phase-in
ESRS E1-9 66a	Disaggregation of monetary amounts by acute and chronic physical risk		x			Material; Phase-in
ESRS E1-9 66c	Location of significant assets at material physical risk		x			Material; Phase-in
ESRS E1-9 67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Not material
ESRS E1-9 69	Degree of exposure of the portfolio to climate-related opportunities			x		Material; Phase-in
ESRS E2-4 28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				E2 Pollution: Pollution of air and water
ESRS E3-1 9	Water and marine resources	x				E3 Water and marine resources: Policies
ESRS E3-1 13	Dedicated policy paragraph	x				E3 Water and marine resources: Policies
ESRS E3-1 14	Sustainable oceans and seas	x				Not material
ESRS E3-4 28c	Total water recycled and reused	x				E3 Water and marine resources: Water consumption
ESRS E3-4 29	Total water consumption in m^3 per net revenue on own operations	x				E3 Water and marine resources: Water consumption
ESRS 2 E4 SBM-3 16a i	Activities related to sites located in or near biodiversity-sensitive areas negatively affect these areas where conclusions or necessary mitigation measures have not been implemented or are ongoing	x				E4 Biodiversity and ecosystems: Biodiversity-sensitive areas
ESRS 2 E4 SBM-3 16b	Material negative impacts with regards to land degradation, desertification or soil sealing have been identified	x				Not material
ESRS 2 E4 SBM-3 16c	Own operations affect threatened species	x				Not material
ESRS E4-2 24b	Sustainable land / agriculture practices or policies	x				E4 Biodiversity and ecosystems: Policies
ESRS E4-2 24c	Sustainable oceans / seas practices or policies	x				Not material
ESRS E4-2 24d	Policies to address deforestation	x				E4 Biodiversity and ecosystems: Policies
ESRS E5-5 37d	Non-recycled waste	x				Not material (but can be found in Annex: Waste)
ESRS E5-5 39	Hazardous waste and radioactive waste	x				Not material (but can be found in Annex: Waste)
ESRS 2 S1 SBM-3 14f	Risk of incidents of forced labour	x				Not material (but can be found in S1 Own workforce: Managing social sustainability)
ESRS 2 S1 SBM-3 14g	Risk of incidents of child labour	x				Not material (but can be found in S1 Own workforce: Managing social sustainability)
ESRS S1-1 20	Human rights policy commitments	x				S1 Own workforce: Policies
ESRS S1-1 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		S1 Own workforce: Policies
ESRS S1-1 22	Processes and measures for preventing trafficking in human beings	x				S1 Own workforce: Policies
ESRS S1-1 23	Workplace accident prevention policy or management system	x				S1 Own workforce: Policies
ESRS S1-3 32c	Grievance/complaints handling mechanisms	x				S1 Own workforce: Channels to raise concerns

ESRS S1-14 88b, c	Number of fatalities and number and rate of work-related accidents paragraph	x	x	S1 Own workforce: Health and Safety
ESRS S1-14 88e	Number of days lost to injuries, accidents, fatalities or illness	x		S1 Own workforce: Health and Safety
ESRS S1-16 97a	Unadjusted gender pay gap	x	x	S1 Own workforce: Gender pay gap
ESRS S1-16 97b	Excessive CEO pay ratio	x		S1 Own workforce: Annual total remuneration ratio
ESRS S1-17 103a	Incidents of discrimination	x		Not material (but can be found in S1 Own workforce: Raised concerns and human rights incidents)
ESRS S1-17 104a	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x	x	Not material (but can be found in S1 Own workforce: Raised concerns and human rights incidents)
ESRS 2 S2 SBM-3 11b	Significant risk of child labour or forced labour in the value chain	x		S2 Workers in the value chain: Workers across the value chain
ESRS S2-1 17	Human rights policy commitments	x		S2 Workers in the value chain: Policies
ESRS S2-1 18	Policies related to value chain workers	x		S2 Workers in the value chain: Policies
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19	x	x	S2 Workers in the value chain: Policies
ESRS S2-1 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8		x	S2 Workers in the value chain: Policies
ESRS S2-4 36	Human rights issues and incidents connected to its upstream and downstream value chain	x		S2 Workers in the value chain: Actions
ESRS S3-1 16	Human rights policy commitments	x		Not material
ESRS S3-1 17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x	x	Not material
ESRS S3-4 36	Human rights issues and incidents	x		Not material
ESRS S4-1 16	Policies related to consumers and end-users	x		Not material
ESRS S4-1 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x	x	Not material
ESRS S4-4 35	Human rights issues and incidents	x		Not material
ESRS G1-1: 10b	United Nations Convention against Corruption	x		G1 Business conduct: Policies
ESRS G1-1 10d	Protection of whistleblowers	x		G1 Business conduct: Policies
ESRS G1-4 24a	Fines for violation of anti-corruption and anti-bribery laws	x	x	G1 Business conduct: Metrics
ESRS G1-4 24b	Standards of anti-corruption and anti-bribery	x		G1 Business conduct: Metrics

HIGHLIGHTS ENVIRONMENT

CIRCULAR ECONOMY

Turning waste into value

In 2025, Lenzing advanced chemical recycling technologies for cotton-rich textile waste and prepared for processing post-consumer textiles, the next big challenge. Our collaboration with Södra on textile recycling has continued and remained successful throughout the year. A highlight in 2025 was production of Lyocell staple fiber with 30 % recycled content from Circ Inc., which recovers both polyester and cotton from polycotton garment waste. We also explored alternative raw materials like hemp, banana fibers, and aquatic plants, keeping innovation at the heart of our sustainability journey.

More in the chapter >

BIODIVERSITY & ECOSYSTEMS

Growing nature conservation areas

In 2024, we surpassed our goal of 20,000 hectares of nature conservation area in Brazil. By 2025, we expanded to over 23,000 hectares, prompting us to increase our ambition to 24,500 hectares. This progress reflects our commitment to restoring ecosystems and driving positive change.

More in the chapter >

CIRCULAR ECONOMY

Proven biodegradability

Scientifically confirmed: regenerated cellulose behaves like natural cellulose (e.g. cotton). A 2025 study by the Hydra Institute tested 122 scenarios across soil, compost, freshwater, and marine environments. The conclusion? Viscose, modal, and lyocell degrade as naturally as cotton. Environmental impact depends on product treatments, such as dyeing and finishing, not the fiber itself, reinforcing the sustainability of our cellulose fibers.

More in the chapter >

CLIMATE CHANGE

Driving Decarbonization

Seven out of nine production sites run on 100% renewable grid electricity. Despite current market challenges, we continue to position low-carbon fibers to help our customers to reduce their supply chain emissions. Aligned with the Paris Agreement and UN SDG 13, Lenzing is driving ambitious climate goals: 42% reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions and 25% reduction in Scope 3 by 2030 (baseline 2021), as well as net-zero GHG emissions by 2050.

More in the chapter >

EU Taxonomy Disclosures pursuant to Article 8 of Regulation (EU) 2020/852

In accordance with Regulations (EU) 2020/852 of the European Commission as of June 18, 2020, (EU) 2021/2139 of the European Commission as of June 4, 2021, (EU) 2021/2178 of the European Commission as of July 6, 2021, (EU) 2022/1214 of the European Commission as of March 9, 2022 and the adaption of the Environmental Delegated Act (EU) 2023/2485 and 2023/2486 as of June 27, 2023, the Lenzing Group is required to disclose three key performance indicators, turnover, CapEx and OpEx. For the financial years 2025 and 2024, the Lenzing Group must disclose taxonomy-eligibility and taxonomy-alignment of its economic activities with respect to environmental objectives 1-6. The Lenzing Group has developed an EU Taxonomy Accounting Guideline that defines the methodology for determining and disclosing the three key performance indicators in accordance with Delegated Regulation (EU) 2021/2178. As part of the European Commission's Omnibus Initiative I in 2025, Delegated Regulation (EU) 2026/73—published in the Official Journal of the European Union on 8 January 2026—introduced amendments to Delegated Regulation (EU) 2021/2178 concerning Article 8 of the EU Taxonomy Regulation. These amendments result in reductions in the scope of reporting templates and, under certain conditions, simplifications in the assessment of covered economic activities.

The Lenzing Group applies the simplifications provided for in Delegated Regulation (EU) 2026/73 for the 2025 financial year. The disclosure of information pursuant to the EU Taxonomy Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178 is made as of 31 December 2025 in the applicable version. As uncertainties regarding the legal interpretation of certain provisions still remain, the legal interpretations published by the European Commission in its notices in the Official Journal were considered appropriate. Taxonomy-eligibility refers to economic activities that are defined as such in the Taxonomy Regulation. Taxonomy-alignment goes beyond eligibility and implies that the respective economic activities meet the applicable technical screening criteria, make a substantial contribution to at least one of the six environmental objectives, do not significantly harm any of the other environmental objectives ("Do No Significant Harm"), and comply with the minimum safeguards.

To determine the Taxonomy-eligible activities, the Lenzing Group assessed all economic activities listed in the EU-Taxonomy for all consolidated group companies. The taxonomy-eligibility was determined based on the description of the economic activities. Due to the current state of EU legislation, not all economic activities and industries are covered by the six currently applicable environmental objectives. In 2022, the first two environmental targets were reported, which did not include Lenzing Group's core business activities (regenerated cellulose fiber production, dissolving wood pulp production and supporting activities). The publication of the four additional environmental objectives and the adaptation of the existing goals have not changed this situation. Thus, the information on Taxonomy-eligible economic activities for the financial years 2025 and 2024 covers only a very small portion of activities within the Lenzing Group.

For the financial year 2025, the proportion of taxonomy-eligible turnover, capital expenditures (CapEx) and operating expenditure (OpEX) is each below the materiality threshold of 10 % set out in Delegated Regulation (EU) 2026/73. In application of the simplification rules introduced through the Omnibus Initiative I, a further assessment of the taxonomy-alignment of the taxonomy-eligible economic activities was therefore not carried out. Within the company, social and human rights due diligence obligations are given a high priority and are embedded in internal policies, processes, and training. As part of the EU taxonomy reporting, the minimum social safeguards (Art. 18) were not assessed separately or in depth, as the share of taxonomy-eligible activities is below 10 % and the simplification rules were applied accordingly. In accordance with Article 2(1a) of the EU Taxonomy Regulation, as amended by Delegated Regulation (EU) 2026/73, those economic activities of the Lenzing Group that are assigned to individual subordinate economic sectors are considered non-material, as their shares of turnover, CapEx and OpEx each fall below the 10 % materiality threshold. These activities relate to non-core or supporting areas and do not have a material impact on the overall performance of the Lenzing Group.

The non-assessed considered non-material activities include economic activities that do not have a material impact on the key performance indicators turnover, capital expenditure (CapEx) and operating expenditure (OpEx) of the Lenzing Group. These activities comprise the following sectors: manufacture of soda ash (3.12), transmission and distribution of electricity (4.9), cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (4.19), cogeneration of heat/cool and power from bioenergy (4.20), transport by motorbikes, passenger cars and light commercial vehicles (6.5) and acquisition and ownership of buildings (7.7).

The Lenzing Group avoids any double counting by evaluating the data for each key performance indicator independently. All identified economic activities only count once for the environmental objective of "Climate Change Mitigation". The Lenzing Group calculates the 3 KPIs (turnover, CapEx and OpEx) according to the definition of the Delegated Regulation (EU) 2021/2178. There were no significant changes in the application of the calculations compared to the previous financial year. The use of automatic data processing tools can lead to rounding differences in the addition of rounded amounts and percentage rates.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities

Financial year 2025

KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial years 2024	Proportion of Taxonomy-aligned activities in previous financial years 2024
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	EUR mn	%	EUR mn	%	%	%	%	%	%	%	%	%	%	EUR mn	%
Turnover	2,602.4	0.0%	0.0	0.0%									1.4%	0	0.0%
CapEx	144.7	0.0%	0.0	0.0%									8.8%	0	0.0%
OpEx	218.8	0.0%	0.0	0.0%									7.9%	0	0.0%

The total turnover covers the revenue recognized pursuant to International Accounting Standard (IAS) 1.82 (a), as adopted by Commission Regulation (EC) 1126/2008 and is reported in the consolidated financial statements 2025 (see consolidated income statement position “revenue”). The turnover derived from products or services, including intangibles, associated with Taxonomy-eligible and -aligned economic activities, is presented in relation to the total turnover.

The total CapEx covers book (not cash-effective) additions to property, plant and equipment, intangible assets, biological assets and right of use assets. The CapEx related to assets or processes associated with Taxonomy-eligible and -aligned economic activities, is presented in relation to the total CapEx.

EU Taxonomy CapEx

	EUR mn 1-12/2025	EUR mn 1-12/2024
Additions to intangible assets (see note 17 of consolidated financial statements 2025)	1.3	0.8
Additions to property, plant and equipment excluding down payments	121.8	134.7
Additions to land and buildings (see note 18 of consolidated financial statements 2025)	3.3	11.1
Additions to technical equipment and machinery, factory and office equipment (see note 18 of consolidated financial statements 2025)	65.5	64.5
Additions to down payments and assets under constructions (see note 18 of consolidated financial statements 2025)	54.4	56.7
Reclassification of down payments (see note 18 of consolidated financial statements 2025)	–1.3[a]	2.4[a]
Additions to biological assets (see note 19 of consolidated financial statements 2025)	5.2	7.3
Additions to right of use assets (see note 20 of consolidated financial statements 2025)	16.4	13.1
Total	**144.7**	**155.9**

a) Additions include prepayments amounting to EUR 2.3 mn (2024: EUR 4.5 mn), which were capitalized in the financial year. The increase in advance payments made compared to the previous period amounts to EUR 3.6 mn (2024: EUR 2.1 mn).

The total OpEx covers direct non-capitalized operating expenses that relate to research and development, building renovation measures, short-term leasing, maintenance and repair. Maintenance and repair expenses relate to the day-to-day servicing of property, plant and equipment assets (including maintenance material). OpEx associated with taxonomy-eligible economic activities are presented in relation to total OpEx.

EU Taxonomy OpEx

	EUR mn 1-12/2025	EUR mn 1-12/2024
Maintenance and repairs including maintenance material (see note 6 of consolidated financial statements 2025)	184.2	180.7
Rental and leasing expenses (see note 21 of consolidated financial statements 2025)	7.1	8.5
Research and development expenses (see consolidated financial income statement 2025)	29.1	29.2
Less amortization and depreciation included in research and development expenses (see note 6 of consolidated financial statements 2025)	–1.7	–1.6
Total	**218.8**	**216.8**

E1 Climate change

ABSTRACT

Climate change is a core challenge for Lenzing due to the energy-intensive nature of dissolving wood pulp and fiber production. This chapter details Lenzing's climate strategy, which includes eliminating fossil fuels, deploying renewable energy, and investing in advanced technologies to enhance energy efficiency and reduce greenhouse gas (GHG) emissions across global operations. Progress is measured against science-based targets (SBTs) validated by the Science Based Targets initiative (SBTi), with near-term goals and a long-term ambition to achieve net-zero emissions by 2050 in line with the Paris Agreement. The chapter also addresses climate-related risks and opportunities in a changing regulatory and market environment, highlighting the importance of innovation and resilience. Lenzing reports transparently through CDP and TCFD frameworks and has achieved CDP "A" rating for Climate Change for five consecutive years, thereby underscoring its leadership position in climate action.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Climate change adaptation	Risk - OO & upstream VC - Medium- to long-term	Climate models indicate that rising global mean temperatures will lead to an increase in chronic physical climate hazards. Lenzing's operations and supply chain could be increasingly affected by extreme weather events, water scarcity and other physical hazards of varying severity. All identified risks arising are managed by Lenzing through comprehensive supplier diversification and holistic inventory and resource management.	*Sustainability Policy (also VC) *Group Environmental Policy and Standard	*No target *VC: Supplier engagement	*Risk and opportunity assessment | Lenzing's response on chronic physical climate risks [E1 SBM-3] (also VC)	*GHG emissions (E1-6)
	Risk - Upstream VC - Long-term	As wood is one of Lenzing's most important raw materials, risks of wood unavailability rise due to forest degradation (diseases, pests, etc.) as a direct consequence of higher average temperatures can affect its core business.	*VC: Sustainability Policy	*Outside VC: Conservation projects	*Nature-based solution	No metric
	Risk - OO - Short- to medium-term	Wood is the most important natural resource for the Lenzing Group as it is needed for manufacturing regenerated cellulose fibers. Despite Lenzing's sustainable sourcing policy and backward-integrated production, wood prices are at risk of increasing due to climate change and growing competition for biomass and land use.	*Sustainability Policy	*Outside VC: Conservation projects	*Nature-based solution	No metric
Climate change mitigation	Risk - OO - Short- to medium-term	Increasing regulation, especially on green taxation and carbon pricing, constitutes a relevant risk for Lenzing. In the countries where Lenzing has carbon-intensive processes, regulations on greenhouse gas (GHG) emissions have already been implemented (such as energy efficiency improvements and regulated emission allowances) and stricter regulations that could increase the costs of GHG emissions are under development. Lenzing is implementing stringent energy efficiency measures in order to reduce its potential exposure to green taxation.	*Sustainability Policy *Policy for Health, Safety and Environment *Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever	*GHG emissions (E1-6)

	Opportunity - OO - Medium- to long-term	The Lenzing Group considers rapid decarbonization to be a major business opportunity to de-risk its operations, build resilience, launch products with lower climate impact and realize energy efficiency gains. Lenzing will substantially reduce its GHG emissions in the coming years through a number of corresponding measures (decarbonization strategy) and science-based targets. Furthermore, Lenzing aims to reach net-zero greenhouse gas emissions by 2050.	*Sustainability Policy *Policy for Health, Safety and Environment *Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target *FEM	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever	*GHG emissions (E1-6)
Energy	Negative impact - Actual - OO - Long-term	By using non-renewable energy sources or inefficient energy conversion technologies, Lenzing generates GHG emissions which contribute to global climate change.	*Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target *FEM	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5) *GHG emissions (E1-6)
	Risk - OO - Short-term	Risk of not achieving energy transformation in line with the Lenzing Group's science-based targets.	*Sustainability Policy *Policy for Health, Safety and Environment *Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5) *GHG emissions (E1-6)
	Risk - OO - Medium- to long-term	Lenzing's reputation could be damaged if the sustainability requirements with regard to energy sources are not met. Lenzing has energy-intensive processes that result in GHG emissions and is facing increasing pressure from customers and EU directives to address its carbon footprint, which poses a risk for Lenzing if expectations are not met.	*Bioenergy Policy *Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target *FEM	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5) *GHG emissions (E1-6)
	Risk - OO - Medium- to long-term	Commodity prices (e.g. wood, pulp and chemicals) could increase due to the availability of energy and price volatility as a result of climate change. For example, an increase in the price of wood due to increasing demand for renewable energy sources, zero deforestation trends and/or more frequent pests and diseases (e.g. pest infestations) due to changing weather patterns as a result of climate change.	*Bioenergy Policy	*Near-term science-based target *Long-term science-based net-zero target	*Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5)
	Risk - OO - Short-term	With the Renewable Energy Directive (RED II /III) biomass could be reclassified and no longer count as renewable.	*Bioenergy Policy	*Near-term science-based target *Long-term science-based net-zero target	*Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5)
	Risk - OO - Short-term	Unforeseen energy shortages could compromise Lenzing's operations, which can pose a financial risk.	*Sustainability Policy *Group Environmental Policy and Standard	*Near-term science-based target *Long-term science-based net-zero target	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5)
	Opportunity - OO - Medium- to long-term	Lenzing identifies an opportunity to position itself favorably by proactively addressing environmental challenges. In addition, energy costs can potentially decrease in the long term by using renewable energy sources and new technologies. This can lead to a market advantage if the transition is done quickly.	*Bioenergy Policy	*Near-term science-based target *Long-term science-based net-zero target	*Continuous improvement lever *Low-carbon fuels (fuel switching) lever *Supplier engagement lever *Renewable electricity lever	*Energy consumption and mix (E1-5)

OO...Own operations
VC...Value chain

Strategy

[ESRS E1-1]

Climate action plan

[E1-1 16a, 16g]

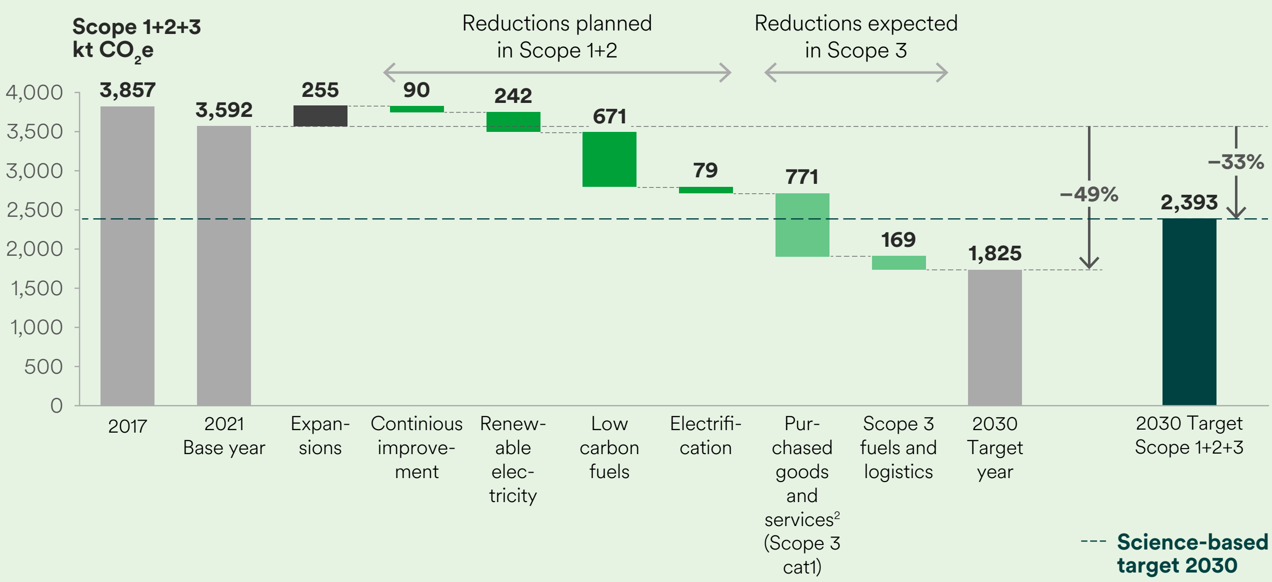
In line with the Paris Agreement's 1.5 °C target and UN SDG 13, Lenzing has set ambitious near- and long-term science-based targets (SBTs). By 2030, the company plans to reduce absolute GHG emissions by 42 percent in Scope 1 and 2 and by 25 percent in Scope 3 (baseline 2021). Lenzing has a climate action plan until 2030, which is presented in the following box. In addition, Lenzing also aims to achieve net-zero GHG emissions by 2050. The Lenzing Group is included in the EU Paris-aligned benchmarks.

CLIMATE ACTION PLAN

[E1-1 14]

Lenzing is committed to its SBTs and has been implementing a corresponding roadmap until 2030. This roadmap is periodically updated to incorporate evolving technological options and changing market conditions.

Climate Action Plan[1]



1 Target scope: GHG emissions Scope 1, market-based Scope 2, and Scope 3 categories 1, 3, 4 and 9 – but excluding Category 15.
2 Purchased goods and services reductions happens through renewable electricity, cleaner fuels and electrification.

Alignment with business strategy

[E1-1 16h, 16i, 17]

Lenzing's corporate strategy incorporates climate targets into its strategic decision-making. The climate action plan for mitigation, approved by the Managing Board, is part of Lenzing's long-term business strategy. Projects are assessed for their benefits and their contribution to climate change impact as part of the Managing Board's decision-making process. In the yearly mid-term plan (MTP) budgeting process, projects are assessed for their relevance to the climate action plan and their GHG emissions. The results serve as an additional decision criteria. Lenzing is working to strengthen the plan to meet the formal requirements for a transition plan as defined under the European Sustainability Reporting Standards (ESRS) by 2028.

[E1-1 16b, 16c, MDR-A 69b]

Lenzing has invested around EUR 30 mn in its viscose site in Nanjing (China) to transition from coal to natural gas. In addition, Lenzing has implemented numerous climate-related initiatives. These include buying grid-based renewable energy at seven facilities globally and purchasing more than 70 percent biomass energy for its lyocell site in Prachinburi (Thailand). These initiatives have led to higher operational expenditures (OpEx) for the Group. Lenzing is able to offer premium products with a low-carbon footprint thanks to these measures. Additionally, Lenzing is constantly engaging with suppliers to procure low-carbon raw materials through long-term contracts. In accordance with its set SBTs ambitions and the climate action plan, innovative concepts to further decarbonize Lenzing sites and the supply chain in different countries are evaluated continuously (please see the roadmap for key levers). For example, Lenzing is considering an investment at its Heiligenkreuz (Austria) site in a project that would significantly reduce fossil fuel use and GHG emissions. For more information on the key actions described by the decarbonization levers, see the "Actions" section in this chapter.

Status and barriers

[E1-1 16 j]

At present, a challenging market environment, among other factors, hampers the implementation of key elements of the action plan. These include the availability and accessibility of grid-based renewable electricity and unequal costs of renewable fuels (such as green hydrogen and ammonia) compared to fossil-based energy sources. Further barriers include the lack of a level playing field for low-carbon products and the limited willingness of business partners to share the costs and risks of investments.

Lenzing collaborates with partners and policy makers to explore solutions that overcome these barriers, create incentives for implementing climate action plans, and support the transformation of the industry.

The existing cross-functional project team remains in place and is dedicated to deploying Lenzing's decarbonization strategy under the leadership of the global project manager and with the sponsorship of the Chief Pulp & Technology Officer (CPO). The project management team includes a steering committee that aligns across all decision-makers and functions, expedites decisions and ensures the involvement of different owners of capital projects, sites and functions. The global project manager is operationally responsible for facilitating roadmap preparation and bringing best practice examples to implement climate targets at facility and group levels. This manager also supports functions in integrating climate considerations in business decisions. To ensure engagement and empowerment, production sites and functions are responsible for developing and implementing roadmaps to manage their portfolios and specific agendas in the medium- and long-term, facilitated by the global project manager.

Locked-in GHG emissions

[E1-1 16d]

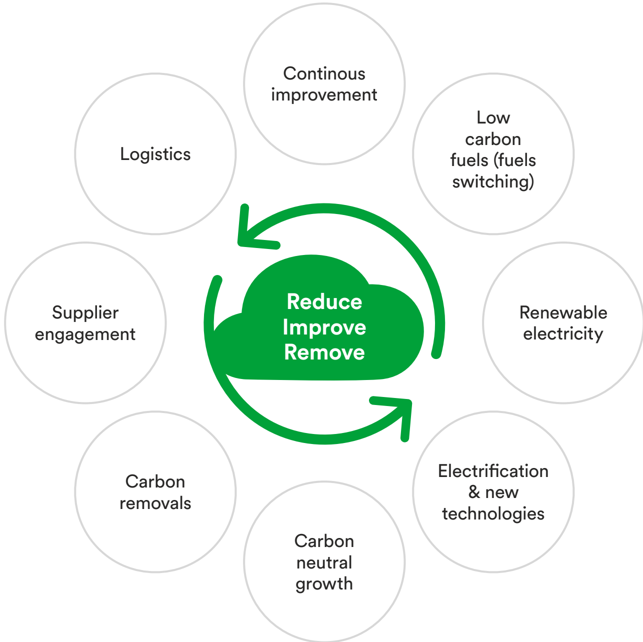
Lenzing's coal boilers at the site in Purwakarta (Indonesia) and the waste incineration plant at the site in Lenzing (Austria) are significant sources of future locked-in GHG emissions throughout their operational lifetimes. These emissions could jeopardize the achievement of near-term and net-zero SBTs if the current infrastructure is not changed. Replacing coal boilers with new equipment compatible with alternative fuels could substantially mitigate these risks and support the GHG emission reduction targets. However, many barriers and challenges remain and need to be addressed with the support of business partners and initiatives (see "Status and barriers" section).

Levers to reach science-based targets

[E1-1 16b]

Based on technical feasibility, Lenzing deploys different levers to reduce Scope 1, 2 and 3 emissions, as shown in figure "Levers to reach science-based targets". For additional information on the key actions described by the decarbonization levers, see the "Actions" section in this chapter.

Levers to reach science-based targets



Risk and opportunity assessment

[E1 ESRS 2 SBM-3 19a, 19b]

The Task Force on Climate-related Financial Disclosures (TCFD) assessment procedure was implemented at Lenzing for the first time in 2020. After adopting a TCFD risk assessment procedure based on an external Software-as-a-Service solution in 2024, the evaluation has been further refined in the reporting year to include most recent emission pathway narratives for quantification of climate change-related risks in Lenzing's operations and its value chain. The analysis covered effects on short-, medium- and long-term time frames and took into consideration different emission scenarios to capture drivers of physical and transitional risks. The following table "Risk and opportunity assessment - climate scenario characteristics" summarizes the scenarios' narratives and assumptions.

Risk and opportunity assessment - climate scenario characteristics[a]

NGFS climate scenario	Current Policies	NDCs	Net Zero 2050
Associated Shared Socio-economic pathways (SSP)	**SSP3-7.0**	**SSP2-4.5**	**SSP1-2.6**
Global temperature rise (by 2100)	3.0 °C	2.3 °C	1.4 °C
Policy narrative	Only currently implemented policies are preserved, leading to high physical risks.	Includes all pledged country targets even if not yet backed up by implemented effective policies.	Limits global warming to <1.5 °C through stringent climate policies and innovation, reaching global net-zero GHG emissions around 2050.
Policy reaction	None (current policies)	Aligned with Nationally Determined Contributions (NDCs)	Immediate and smooth
Technology change	Slow	Slow	Fast
Carbon dioxide removal	Low	Low-medium	Medium-high
Regional variation	Low	Medium	Medium
Global carbon price (2030, 2050)	$ 13	$ 107	$ 244
Global sustainable purchasing trend - % share of population purchasing sustainably (2030)	37 %	38 %	52 %

a) Source: Resilience carbon price and consumer trend analysis including the Network for Greening the Financial System (NGFS) Scenarios Portal

Assessment outcome

[E1 ESRS 2 SBM-3 18, 19c]

Outcomes of the quantified risks are summarized in the table "Projected Climate Risk Potential". They are presented qualitatively in low-, medium- and high-risk categories in line with the internal Enterprise Risk Management (ERM) framework and the double materiality approach.

Projected Climate Risk Potential

Time horizon (years)		0-5	6-10	11-20	0-5	6-10	11-20	0-5	6-10	11-20		
Risk category[a]		**Current Policies**			**NDCs**			**Net Zero 2050**			**Result description**	**Key assumptions**
Transitional risks	Policy										In a Net Zero 2050 scenario, the transition to a low-carbon economy would involve more stringent carbon regulations, reflected globally in carbon prices to keep temperatures below 1.5 °C. This would result in a greater policy risk for Lenzing. The risk "Emerging regulations on carbon pricing" is further described in table "Transition risks, physical risks and transition opportunities".	The policy model contains carbon pricing data per country and sector which is then applied to each country and scope of emissions. Upstream impacts relate to costs of carbon pricing, while downstream impacts affect revenue (as reflected in higher product prices).
	Technology										In a Net Zero 2050 scenario, the transition to green assets needs to occur faster across the globe to keep temperatures below 1.5 °C, thereby causing greater potential technology impairment risk for Lenzing in the short term.	Technology risk is based on machinery assets held by Lenzing and its' dependencies on fossil fuel and depreciation rates.

	Consumer sentiment	Low risk	Low risk	Low risk	Medium risk	High risk	High risk	Medium risk	High risk	High risk	In a Net Zero 2050 scenario, the shift to a low-carbon economy would lead to a contraction in some of the sectors that Lenzing serves, thereby reducing Lenzing's customer base and hence overall demand. At product level, Lenzing's product portfolio is positioned as a sustainable alternative and could therefore benefit from increased demand as customers shift towards more sustainable purchasing decisions. This is addressed in two transition opportunities that are described in more detail in the table "Transition risks, physical risks and transition opportunities".	The Consumer Demand model covers not only consumer demand for products, but also the macro demand of business sectors for Lenzing's products. A generalised sector split to the demand model still needs improvement to better reflect B2B relations of Lenzing.
	Liability	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Liability risk for Lenzing is minimal as their sector and location is less likely to be subject to litigation and emissions intensity is close to the sector average.	Liability risk is based on Lenzing's sector, location, market share and emissions intensity compared to sector average. No additional risk assumed in long-term projection as 10 years are considered to peak for lawsuits.
	Investor sentiment	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Investor risk for Lenzing is minimal as its emissions intensity is close to the sector average.	Investor risk is based on Lenzing's cost of capital and the emissions intensity of Lenzing compared to the sector average. No additional risk assumed in long-term projection as 10 years are considered to peak for investor sentiment.
	Reputation	Medium risk	Medium risk	Medium risk	Medium risk	Medium risk	Medium risk	High risk	High risk	High risk	In a Current Policies scenario, global action on climate change slows and high-emitting industries are therefore increasingly targeted by consumer activism. On the other hand, the transition to a lower carbon economy in a Net Zero 2050 scenario means that individual companies that are not taking action to combat climate change in line with their peers will be at great risk of consumer activism. The risk "Reputational risk in the textile sector" is further described in the table "Transition risks, physical risks and transition opportunities".	The reputation model shows impacts in terms of reduced demand for products, as activism and boycotts increase. No additional risk assumed in long-term projection as 10 years are considered to peak for boycotts.
Physical risks	Facility disruption & Supply risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	The increasing severity and frequency of heatwave events is potentially the largest driver of revenue loss at Lenzing facilities. The raw materials risk for Lenzing is assessed as minimal under the applied model, as the analysis currently covers only spruce and eucalyptus. Despite no significant financial risk being evaluated in this process as well as given limitations on background data availability, such as for beech, the "Chronic physical climate risks" are further described in table "Transition risks, physical risks and transition opportunities".	The facility disruption model applies vulnerability curves, showing operational days lost and time to recover, of different climatic events to each facility based on their facility type. A value per day of disruption is then generated for each facility to calculate the overall revenue loss and assets damage costs. Supply risk is based on Lenzing's raw material volume for European spruce and pine, the sourcing footprints and the dependency of Lenzing products on the availability of this raw material. In the latest iteration, only data for climate change-related effects on spruce and eucalyptus was available. However, other tree species important for Lenzing, such as beech, are not yet available in the model, thus a comprehensive risk analysis of the entire raw material supply base was not yet possible.

a) Description of risk categories
Policy: Legislation enacted by governments to price and penalize GHG emissions.
Technology: Disruptive lower-carbon technology changes in key economic sectors and risks to carbon-intensive assets and operations.
Consumer sentiment: Consumer preferences shift towards sustainable alternative products and services, thereby transforming market demand.
Liability: Litigation initiated by plaintiffs against companies for alleged liabilities arising from climate-change-related harm.
Investor sentiment: Investors prioritize returns from lower-carbon companies, driving changes in the cost of capital and company valuations.
Reputation: Customer activism influenced by the company's actions to address climate change risk.
Physical risks: Combines risk categories of "Facility disruption" (Climate change causes a variety of weather events that impact the ability to operate facilities and cause damage to assets.) and "Supply risk" (Changes in temperature and precipitation due to climate change affect the yield of raw materials at growing locations.)

Color code
- Low risk
- Medium risk
- High risk

The following table, "Transition risks, physical risks and transition opportunities", outlines key climate-related risks and opportunities identified in the Lenzing ERM system and provides details of Lenzing's response and mitigation measures. A TCFD index in the "Annex" of this report shows the link between the TCFD recommendations, the contents of this report and other external publications such as the CDP Climate Change questionnaire.

Transition risks, physical risks and transition opportunities

Characterization	Risk/opportunity description	Lenzing's response
Transition risks	**Emerging regulations on carbon pricing**	
	Emerging regulations, especially on green taxation and carbon pricing, constitute relevant risks to Lenzing. In the countries where Lenzing has carbon intensive processes, regulations on GHG emissions have already been implemented (energy efficiency improvements, regulated emission allowances). More stringent regulations that could increase the costs of GHG emissions are under development. A qualitative impact assessment, including a detailed description of this risk, is provided in the climate risk analysis under the "policy" category in table "Projected Climate Risk Potential".	Lenzing's risk response strategy aims to reduce its exposure to potential green taxation by implementing stringent measures to reduce GHG emissions and by proactively managing its technology portfolio. Lenzing's SBTs were updated in 2023 to align with the 1.5 °C pathway and aim to reduce total GHG emissions by 42 percent in Scope 1 and 2 and by 25 percent in Scope 3 by 2030, compared to a 2021 baseline. Therefore, the company is mitigating risks associated with emerging carbon pricing regulations. Lenzing also has a validated long-term science-based net-zero target, committing to a 90 percent absolute reduction of Scope 1, 2 and 3 emissions by 2050, based on the same baseline.
	Increased biomass costs	
	Wood is the Group's most important natural resource for manufacturing regenerated cellulose fibers. Despite Lenzing's sustainable sourcing policy and backward-integrated production, wood prices are at risk of increasing due to climate change, rising global biomass demand and alternative land use. Growing competition for land use and natural resources is affecting long-term structural biomass prices. The risk of increased biomass costs is not fully reflected in the results of the climate risk analysis as the risk model was limited to a few wood species relevant to Lenzing, such as spruce and pine.	Lenzing has already taken various measures to mitigate this risk, with supplier diversification serving as the key risk mitigation approach. By procuring wood from a broader range of countries or less risk exposed wood species (such as pine), Lenzing minimizes the risk of supply chain disruption that may occur in a single sourcing region. In 2022, Lenzing also started producing dissolving wood pulp at its new pulp mill in Brazil. This mill is supplied by Lenzing's own FSC® certified plantation (License codes: FSC-C175509, FSC-C165948) located next to the mill. Consequently, Lenzing's pulp mills are not exclusively dependent on European wood supplies. To further reduce long-term residual risk, Lenzing endorses sustainable forest management to improve forest resilience to the negative impacts of climate change. Lenzing also invests in selected conservation projects to strengthen forest resilience.
	Reputational risk in the textile sector	
	The textile industry, where Lenzing's products are commonly used, is under scrutiny for its sometimes unsustainable and resource-intensive raw material consumption and production processes. This could lead to negative media coverage and further stigmatize the sector, which may, in turn, affect the Group's revenue. A qualitative impact analysis for Lenzing resulting from the reputational risk in the textile sector is reflected in the results of the climate risk analysis in the "Reputation" section and to a lesser extent in the "Consumer sentiment" category in table "Projected Climate Risk Potential".	Lenzing has various targets to address important sustainability impacts and continuously improves its environmental footprint. Lenzing proactively and transparently discloses information on its business practices and environmental footprint to respond to potential negative media coverage of the fashion and textile industry. Through its communication channels, Lenzing underlines its contributions to a low-carbon economy and the net-benefits created by its specialty products compared to generic products on the market.
Physical risks	**Chronic physical climate risks**	
	Climate models indicate that rising global mean temperatures will lead to an increase in chronic physical climate hazards. The Lenzing Group's operations and supply chain could be increasingly affected by extreme weather events, water scarcity or other physical hazards of varying severity. From a supply chain perspective, climate change impacts such as heavy rainfall or forest fires could disrupt Lenzing's key pulp supplies or affect the new pulp plant in Brazil. This could lead to shortages of high-quality pulp and bottlenecks in fiber production. Climate-change-induced disruptions such as heat stress could lead to more frequent pest outbreaks, droughts and rising winter temperatures. These conditions could disrupt wood suppliers' planned harvest schedules and pose risks to Lenzing's wood supply, especially for European pulp mills. For Lenzing's own production facilities, water scarcity could limit water withdrawals from the Ager river at the Lenzing site during extended dry periods, especially in the summer. This would reduce production capacity. The effects of climate-related physical risks on Lenzing's own production facilities as well as on Lenzing's supply chain including a number of key suppliers, were taken into account in the climate risk analysis presented in table "Projected Climate Risk Potential".	All identified risks from disruption in the supply chain for raw materials, chemicals and energy needed for pulp and fiber production are managed by Lenzing. This is performed through comprehensive supplier diversification and holistic inventory and resource management. In addition, Lenzing has initiated the "Safe Supply" project. This includes around 300 initiatives for alternative suppliers and supply routes for important raw materials and chemicals. The effects of heavy rainfalls and potential flooding caused by climate change at affected locations are mitigated through flood protection and evacuation plans. These plans are based on flood risk assessments. Possible water shortages due to prolonged dry periods at affected production sites are addressed through targeted measures in water efficiency, reuse, recycling and conservation.

Transition opportunities	Increased demand for low-carbon products and product innovation	
	As consumer needs and preferences shift toward low-carbon products, the development and expansion of low-carbon goods and services is expected to offer substantial growth potential. Lenzing applies life-cycle thinking, sustainable sourcing, efficient biomass use and partnerships with stakeholders along the value chain in order to contribute to more sustainable consumption and production patterns. Taken together, these factors mean that Lenzing's products offer net-benefits.	In order to benefit from the expected higher demand for responsibly produced and low-carbon products, Lenzing has embarked on an ambitious growth strategy. In 2022, Lenzing commissioned a new lyocell fiber plant in Thailand and a new pulp plant in Brazil as well as the conversion of the Indonesian site to LENZING™ ECOVERO™ viscose fibers with lower emissions. This conversion led to EU Ecolabel certification. The site also switched to modal fiber production. In 2023, the Nanjing (China) site shifted from coal to natural gas-based energy and a new biomass power plant in Heiligenkreuz (Austria) was also acquired. Lenzing makes an important contribution to reducing GHG emissions and to strengthening the Group's low-carbon product portfolio.
	Decarbonization strategy de-risks operations	
	The Lenzing Group considers rapid decarbonization as a major business opportunity to de-risk its operations, build resilience, launch products with lower climate impact and realize energy efficiency gains. Lenzing will substantially reduce its GHG emissions in the coming years through a set of measures under its decarbonization strategy and SBTs. Furthermore, Lenzing aims to reach net-zero GHG emissions by 2050.	Lenzing's SBTs are approved by the Science Based Targets initiative (SBTi), making Lenzing one of the first regenerated cellulose fiber producers with approved SBTs. Lenzing's decarbonization strategy is based on reducing its emissions rather than offsetting them. To reach these targets, Lenzing set up a cross-functional steering committee under the leadership of the Managing Board to make necessary decisions. Lenzing's GHG abatement activities will involve a series of measures to reduce carbon emissions both within its operational boundaries and along its supply chain.

Policies

[E1-2, MDR-P 65]

Policy	Bioenergy Policy
Accountability	Chief Pulp Officer (CPO) Vice President (VP) Operations and site directors
Scope and coverage	Lenzing Group Upstream value chain
Objective and key elements	Objective: The objective is to provide guidance on biomass sourcing for Lenzing's energy production as well as for the biomass sourcing of third parties delivering bioenergy to members of the Lenzing Group. Key elements: Lenzing aims to source biomass from non-controversial sources. For woody by-products and agricultural residues, Lenzing requires transparency about the sourcing region, legal harvesting and a low risk of deforestation. Compliance with the policy is ensured through regular risk assessments specific to sourcing regions, audits and on-site visits, as well as independent third-party certification of biomass for energy programs.
Third party standards / initiatives	ILO Declaration on Fundamental Principles SURE (Sustainable Resources Verification Scheme)
Accessibility	Lenzing website
Topical standards	E1 Climate Change E1-2 25d Switching to renewable energy is a core objective of Lenzing's climate action plan.

Three further policies also govern the topic of climate change. For the minimum disclosure requirements and information about all topic-specific requirements - climate change mitigation, climate change adaptation, energy efficiency and renewable energy - of the "Sustainability Policy", please see the "Sustainability strategy" section of the "ESRS 2 General information" chapter. For those – including topic-specific requirements climate change mitigation and energy efficiency - relating to the Policy for Health, Safety and Environment as well as the Group Environmental Policy and Standard, please see the "Policies" section of the "E2 Pollution" chapter.

Actions

[E1-3, MDR-A 68a]

List of key actions
- Continuous improvement lever
- Low-carbon fuels (fuels switching) lever
- Renewable electricity lever
- Supplier engagement lever
- Nature-based solutions

Roadmaps are updated at both Group and site levels, including governance and oversight by the steering committee. Actions of defined roadmaps either lead directly to emission reductions or influence the emission reductions trajectory through the planning and implementation of the decarbonization levers.

Customer engagement actions create the pull for implementing measures in Scopes 1, 2 and 3. Lenzing aims to engage TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ customers, as well as customers with approved SBTs and climate commitments. It is crucial to engage these customers in purchasing products with a low-carbon footprint. Such partnerships thereby boost GHG emission reduction ambitions and contribute to the achievement of SBTs.

[E1-3 29a, E1-3 AR 21]

The most important actions taken by Lenzing during the reporting year are linked to the critical decarbonization levers. These actions are described in more detail as follows. Depending on the type of action, such as fuel switching or supplier engagement, Lenzing allocates currently available internal resources as necessary.

Continuous improvement lever

[E1-3 29a]

Continuous improvement involves regular optimization of processes, systems and operations to enhance energy efficiency and reduce GHG emissions over time.

[E1-2 29b, MDR-A 68a, 68b, 68c]

As part of its continuous improvement efforts, Lenzing has replaced existing gas boilers with more efficient models at the Lenzing site in Mobile (USA). These gas boilers are crucial for generating the steam required for fiber production process. The implementation was completed in 2025, and the new boilers are estimated to avoid approximately 8,000 tons of Scope 1 GHG emissions annually at this site. This measure supports the corporate strategy for operational improvements, enhances energy efficiency and cost competitiveness and contributes to achieving the SBTs. Lenzing invested around EUR 12 mn for the replacement of the gas boilers. The Capital Expenditures (CapEx) for this project is part of the total CapEx, which can be found in the segment report of the Consolidated Financial Statements. Further, the project is also mentioned in the "Investments" section of the Management Report.

Low-carbon fuels (fuel switching) lever

[E1-3 29a]

Lenzing is taking a range of actions to further improve its energy mix. The majority of Scope 1 and 2 reductions by 2030 will be achieved by transitioning to low-carbon emission fuels to cover primary energy consumption. This transition was further extended by a recent project in Nanjing (China) to phase out coal and will be continued with projects at other sites where Lenzing is considering the replacement of fossil fuels with low-carbon alternatives.

[E1-3 29b, 29c, MDR-A 68a, 68b, 68c, 69]

In 2025, the installation and successful commissioning of a new natural gas pipeline and equipment (boiler and turbine) at the Nanjing (China) production site marked a significant step towards transitioning from coal-based steam to a 100 percent natural gas-based system. The system has been operational since April 2025 and constitutes a solid basis for further reducing GHG emissions. Once the natural gas-based energy supply is fully established by 2027, a reduction of 100,000 tons of GHG emissions as compared to 2021 is expected. To realize this transition, Lenzing has invested around EUR 30 mn in its viscose site in Nanjing (China). The CapEx for this project is part of the total CapEx, which can be found in the segment report of the Consolidated Financial Statements. Further, the project is also mentioned in the "Investments" section of the Management Report.

[E1-3 29b, MDR-A 68a, 68b, 68c]

At the Lenzing site in Indianópolis (Brazil), the transition from heavy oil to natural gas has been initiated. A contract with the gas supplier has been successfully finalized. The site has an agreement in place for the delivery of Liquefied Natural Gas (LNG) starting from 2026 onwards. This is planned as an ongoing measure and is expected to result in a reduction of around 38,000 tons in Scope 1 GHG emissions.

[E1-3 29b, MDR-A 68a, 68b, 68c]

The Prachinburi (Thailand) site has faced challenges in consistently receiving 100 percent biomass energy due to reliability issues at the supply partner's biomass co-generation plant. The site achieved 100 percent biomass energy for only a few months during the reporting year. Therefore, both parties have agreed to work together on developing both short-term and long-term technical solutions. Negotiations to secure consistent 100 percent biogenic energy supplies in the future are ongoing. There will be no immediate reduction of Scope 1 and Scope 2 emissions once this action is fully achieved. However, GHG emissions reductions are expected to correspond to the site's current emission level of approximately 64,000 tons and are expected to materialize by 2030 at the latest.

Renewable electricity lever

[E1-3 29a, 29b, MDR-A 68a, 68b, 68c]

In 2025, the Lenzing Group purchased 100 percent grid electricity from renewable sources at seven production sites (Heiligenkreuz (Austria), Indianópolis (Brazil), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Purwakarta (Indonesia)), resulting in a mitigation of around 420,000 tons of GHG emissions. This action is planned to continue in the following years. By transitioning to renewable electricity, Lenzing minimizes its environmental impact and accelerates progress in reducing its carbon footprint across all operations. This approach is a key part of Lenzing's broader decarbonization strategy and contributes to reducing Scope 2 emissions.

[E1-3 29b, MDR-A 68a, 68b, 68c]

In 2025, Lenzing commissioned a new photovoltaic (PV) plant with a capacity of 1.3 megawatt peak (MWp) at the headquarter in Lenzing (Austria), in cooperation with VERBUND. This increased the total PV capacity to 8.3 MWp. This activity is part of the abovementioned action and entails a Power Purchase Agreement (PPA). This contributes to the diversification of energy supplies, strengthens energy independence and aligns with Lenzing's long-term energy and decarbonization strategy.

Supplier engagement lever

[E1-3 29a]

Supplier engagement is a crucial lever for reducing Scope 3, Category 1 GHG emissions ("Purchased goods and services"). This applies to the entire Lenzing Group. Lenzing collaborates with key suppliers to provide low-carbon sodium hydroxide (NaOH) produced using renewable electricity. NaOH is one of the most important raw materials for both pulp and fiber production. This type of engagement makes suppliers aware of both their product's carbon footprint as well as potential improvements, while ensuring the availability of low-carbon NaOH for Lenzing.

[E1-3 29b, MDR-A 68a, 68b, 68c]

As part of its supplier engagement and in line with its climate targets for 2030 and 2050, Lenzing is in continuous discussions to share expertise on green electricity and life cycle assessments (LCAs). Supplier-specific carbon footprints are regularly requested. In 2025, Lenzing purchased low-carbon NaOH from two suppliers in Europe and one in Asia. This saved around 85,000 tons of GHG emissions compared with conventional NaOH. In the coming years, Lenzing expects mitigation amounts to increase as a result of this action. Using low-carbon NaOH reduces GHG emissions along Lenzing's value chain.

Nature-based solution

[E1-3 29a]

Sustainably managed semi-natural forests and forest plantations in their active growth phase absorb more carbon in trees and harvested wood products than aging forests with many trees near the end of their life span. They can therefore act as a net carbon sink over the long term.

[E1-3 29b, MDR-A 68a]

Lenzing contributes to sustainable forestry by sourcing wood from sustainably managed forests, managing its own forest plantations, engaging actively with pulp suppliers for improvements and carrying out other stakeholder activities. In addition, Lenzing supports conservation projects that protect and restore forests. Although these actions do not lead to direct GHG emission reductions within Lenzing's Scope 1, 2 or 3 reporting boundaries, they contribute to climate change mitigation and adaptation by increasing carbon sinks, stabilizing regional climates and enhancing ecosystem resilience. Lenzing supports and has supported various conservation projects globally, both within its value chain and beyond, such as in China, DR Congo, Tanzania and Burundi. For more information on the conservation projects and their minimum disclosure requirements, please see the “Action” section of the “E4 Biodiversity and ecosystems” chapter.

Targets

[E1-4, MDR-T 80a, 80g, 80j]

Lenzing's SBTs are in line with Lenzing's Bioenergy Policy and Sustainability Policy and Environmental Policy and Standard. The process of setting and monitoring targets is outlined in the "Sustainability targets" section in the "ESRS 2 General disclosures" chapter.

Science-based targets

[E1-4 33, 34a, 34b, MDR-T 80b, 80c, 80d, 80e, 80i]

Near-term science-based target	**To reduce Scope 1 and 2 absolute greenhouse gas (GHG) emissions by 42 percent and Scope 3 absolute GHG emissions by 25 percent until 2030 (baseline 2021)[a,b]**	**2030 On track**
Long-term science-based net-zero target	**To achieve at least a 90 percent reduction in absolute GHG emissions (Scopes 1, 2 and 3) (baseline 2021)[a,b]**	**2050 On track**
Sub-targets	**Lenzing achieves 100 percent green electricity for four sites**	**2024 Achieved**
	Lenzing phases out coal in its Nanjing (China) operations	**2022 Measures implemented**
	Lenzing's lyocell facility in Prachinburi (Thailand) achieves Scope 1 and 2 carbon neutrality by 2030 by using 100 percent bioenergy and in the medium term achieves 95 percent biomass energy by 2027	**2030 On track**
	Lenzing engages 20 key suppliers, by spend and CO_2 impact, in order to reduce Lenzing's Scope 3 emissions and incentivize the suppliers that help Lenzing offer more low-carbon-footprint fibers	**Continuous On track**
	Lenzing engages and enables 80 percent of "customers with approved SBT and commitment" (textile and nonwoven brands/retailers as well as manufacturers working with LENZING™ fibers) to fulfill their ambition by providing information on low-carbon footprint specialty products such as TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ branded fibers	**2030 On track**
	Lenzing runs a campaign to reach 50 percent of TENCEL™ and VEOCEL™ customers (textile and nonwoven brands/retailers as well as manufacturers using the TENCEL™ and VEOCEL™ brands) to promote the use of innovative Lenzing fibers with environmental benefits such as low-carbon intensity and to reduce reliance on fossil based materials wherever possible.	**Continuous On track**
Scope	Scope 1 and 2: Fully aligned with GHG inventory boundaries, covering direct operations and energy use. Scope 2 GHG emissions are calculated using the market-based method. Scope 3: Around 97 percent of reported Scope 3 GHG emissions including Categories 1, 3, 4, and 9 and excluding Category 15 (investments)	
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Indianópolis (Brazil), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Prachinburi (Thailand), Purwakarta (Indonesia)	
Base year	2021	
Baseline value	Near-term SBT: Scope 1 and 2: 1.77, Scope 3: 1.82 million tons CO_2 eq. Long-term SBT: Scope 1,2 and 3: 3.59 million tons CO_2 eq.	
Target value	Near-term SBT: Scope 1 and 2: 1.03, Scope 3: 1.37 million tons CO_2 eq. Long-term SBT: Scope 1,2 and 3: 0.36 million tons CO_2 eq.	
Status 2025	Seven production facilities procured 100 percent renewable electricity. The natural gas pipeline and equipment (boiler and turbine) were installed and commissioned at the Nanjing (China) site, and the system has been operational since April 2025. However, it will take sometime to phase-out coal. The Together for Sustainability (TfS) product carbon footprint platform was adopted internally and external trainings are taking place. Lenzing is in continuous discussions with top suppliers and also shares its expertise on obtaining low-impact chemicals (e.g. as green electricity and LCA). The site in Prachinburi (Thailand) has been facing some challenges in consistently receiving 100 percent biomass energy due to the reliability of the supply partner's biomass co-generation plant. However, the site achieved 100 percent biomass energy for a few months during the year. Lenzing has been working with the industrial park for securing biogenic energy to reach 100 percent consistently in the future. The industrial park is currently investing in a biomass boiler (currently under construction) which will act as a backup from 2027 and increase the reliability of biomass energy supply. In addition, given the current global economic situation, many businesses and end customers have been deprioritizing sustainability in favor of low-cost sourcing and are therefore less willing to pay for low-carbon products. Despite this difficult market situation, customer engagement has been taking place to position fiber products with a low-carbon footprint to support a reduction in customers' Scope 3 emissions.	

a) Scope 3 emissions include those from the harvesting of raw material wood, the production of purchased materials (chemicals & pulp), the production of fuels, the transportation of purchased raw materials & fuels, and the transportation of fibers to customers.
b) According to SBTi, the remaining 10 percent of emissions can be carbon removals for the net-zero target.

[E1-1 16a, E1-4 34e, MDR-T 80f]

Lenzing established its first SBTs in 2019 and revised them in 2023 to reflect the latest climate science and to raise ambition. While the previous targets were aligned with a 2 °C pathway and expressed as GHG intensity reductions (i.e., emissions per ton of pulp and fiber produced), the updated targets commit to absolute GHG reductions in line with the more ambitious 1.5 °C scenario. The SBTi verified and approved these targets in 2024. This commitment reflects Lenzing's highest level of climate ambition and is fully aligned with the goals of the Paris Agreement and UN SDG 13 on climate action.

[E1-1 16a, E1-4 34b, 34e, E1-4 AR 25a, AR 25b, AR 30c, MDR-T 80f, 80g]

The baseline year and value were set to 2021 in accordance with the SBTi framework. This baseline reflects Lenzing's typical operations and GHG emissions. It excludes any one-time events or anomalies to ensure representativeness. The targets cover all greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) as defined under international standards, such as the GHG Protocol, and are expressed as CO_2 equivalents (CO_2 eq.). They follow the cross-sector Absolute Contraction Approach (ACA), which defines absolute emissions reductions in line with global decarbonization pathways. These pathways are science-based and aim to limit global warming to 1.5 °C or to well below 2 °C above pre-industrial levels. The targets have been independently verified and approved by the SBTi to ensure alignment with climate science and with SBTi criteria compatible with a 1.5 °C scenario.

[MDR-T 80 h]

Internal stakeholders, including commercial, investor relations, operations, procurement, strategy and corporate sustainability functions as well as the Managing Board were involved in setting the targets. External stakeholders were also engaged, including key pulp and chemical suppliers, customers requesting SBTs and multi-stakeholder initiatives such as the UN Fashion Charter, which advocates commitment to the Paris Agreement. Selected stakeholders contributed through meetings and conferences. The SBTi was involved in verifying and approving the targets. The Lenzing team is further engaging with SBTi regarding its Forestry, Land and Agriculture (FLAG) guidance.

[E1-1 16b, E1-4 34f, E1-4 AR 30b]

For more information about decarbonization levers and their quantitative contributions to achieving the SBTs, see the "Climate Action Plan" at the beginning of this chapter. Details of actions described by decarbonization levers are provided in the "Action" section. Not every action described by the levers is listed as a target measure but each nevertheless contributes to their achievement. New technologies will play an important role in mitigating CO_2 emissions and in achieving the GHG emission reduction targets. Depending on technology maturity and market developments, additional measures for the period of 2030-2050 will be disclosed once available.

Specific GHG emission intermediate target linked to corporate and remuneration targets

The specific GHG emission target that was formulated in the context of the previous SBT, with a 2017 baseline, remains relevant for remuneration and corporate targets. It also contributes as an intermediate target to the near- and long-term SBT expressed in terms of absolute reduction.

Lenzing reduces 50 percent of specific GHG emissions per ton of pulp and fiber produced (baseline 2017) — **2027 On track**

Scope	Scope 1 and 2: Fully aligned with GHG inventory boundaries, covering direct operations and energy use. Scope 2 GHG emissions are calculated using the market-based method. Scope 3: Around 97 percent of reported Scope 3 GHG emissions including Categories 1, 3, 4, and 9 and excluding Category 15 (investments)
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Indianópolis (Brazil), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Prachinburi (Thailand), Purwakarta (Indonesia)
Base year	2017
Baseline value	100 %
Target value	50 %

The upstream value chain aspects of the "Risk for Lenzing's operations and supply chain due to the increasing chronic physical climate hazards as indicated by climate risk assessment" are addressed through the Supplier Engagement target. This target will further intensify efforts related to climate change adaptation. For information on the minimum disclosure requirements of the Supplier Engagement target, please refer to the "Targets" section of the "S2 Workers in the value chain" chapter.

The "Risk of wood scarcity from non-resilient forests and effects of increasing global average temperature" and the "Risk of increasing wood prices due to climate change and biomass competition" are addressed by the Conservation Projects target. This target focuses on conservation, biodiversity protection and restoration activities in regions where forests are at risk. The aim is to improve the forests' resilience so they can better adapt to climate change. For more information on the minimum disclosure requirements of the Conservation Project target, please see the "Targets" section of the "E4 Biodiversity and ecosystems" chapter. The FEM target addresses the following impacts, risks and opportunities: opportunity through low-carbon product innovation and decarbonization leadership; negative impact on global climate change by generating GHG emissions with the use of non-renewable energy sources; risk of reputational damage if sustainability requirements with regard to energy sources are not met and carbon footprint is not reduced. The underlying Higg Facility Environmental Module (FEM) supports measurement and evaluation of annual environmental performance at a facility level, including energy and GHG emissions. For more information on the minimum disclosure requirements of the FEM target, please refer to the "Targets" section of the "E3 Water and marine resources" chapter.

Metrics

Energy and fuels

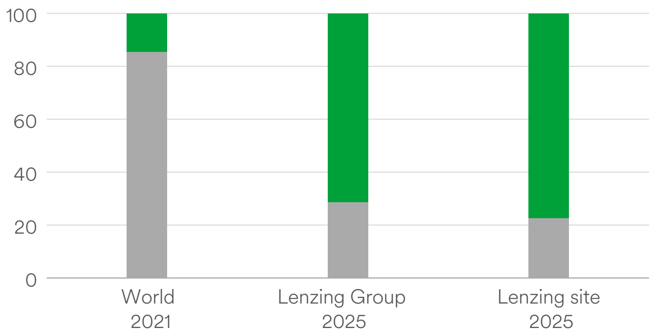
[voluntary information]

Lenzing's absolute consumption of fossil energy decreased by 12 percent, while the use of renewable energy increased by 7 percent. The total energy consumption at the Group level slightly increased compared to the previous year. This change is largely due to a decrease of production at the Lenzing site in Purwakarta (Indonesia) in 2025.

Fuel sources used in the Lenzing Group

Lenzing (Austria)	Biomass, waste, natural gas and coal
Heiligenkreuz (Austria)	Biomass, biogas and natural gas
Paskov (Czech Republic)	Biomass, biogas and natural gas
Grimsby (UK)	Natural gas
Mobile (USA)	Natural gas
Nanjing (China)	Coal and natural gas
Purwakarta (Indonesia)	Coal and natural gas
Prachinburi (Thailand)	Biomass and coal
Indianópolis (Brazil)	Biomass and oil

Energy sources



Sources: IEA Energy Statistics Data Browser "World 2021", Lenzing AG. Includes own energy consumption and energy from providers, excluding grid power, which is a minor fraction of total scope 1 and 2 energy consumption in the Lenzing Group. The production sites in Paskov, Grimsby, Mobile, and Heiligenkreuz do not use coal as a fuel source in their own operations, whereas the Asian sites, i.e. Nanjing and Purwakarta, predominantly use coal.

[E1-5 37, 38, 40]

Energy consumption and mix

Energy consumption in million megawatt hours (MWh)	2025	2024
(1) Fuel consumption from coal and coal products	1.44	1.89
(2) Fuel consumption from crude oil and petroleum products	0.46	0.37
(3) Fuel consumption from natural gas	1.59	1.60
(4) Fuel consumption from other fossil sources	0.52	0.44
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	0.79	1.16
(6) Total fossil energy consumption (calculated as the sum of the lines 1 to 5)	**4.79**	**5.46**
Share of fossil sources in total energy consumption (%)	28.56	32.80
(7) Consumption from nuclear sources	0.00	0.00
Share of consumption from nuclear sources in total energy consumption (%)	0.00	0.00
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	10.96	10.14
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	1.03	1.02
(10) Consumption of self-generated non-fuel renewable energy	0.00	0.00
(11) Total renewable energy consumption (calculated as the sum of the lines 8 to 10)	**11.99**	**11.16**
Share of renewable sources in total energy consumption (%)	71.44	67.20
Total energy consumption (calculated as the sum of lines 6 and 11)	**16.79**	**16.63**
Energy intensity based on revenue from activities in high climate impact sectors (MWh/EUR)	**0.0065**	**0.0063**

[E1-5 39]

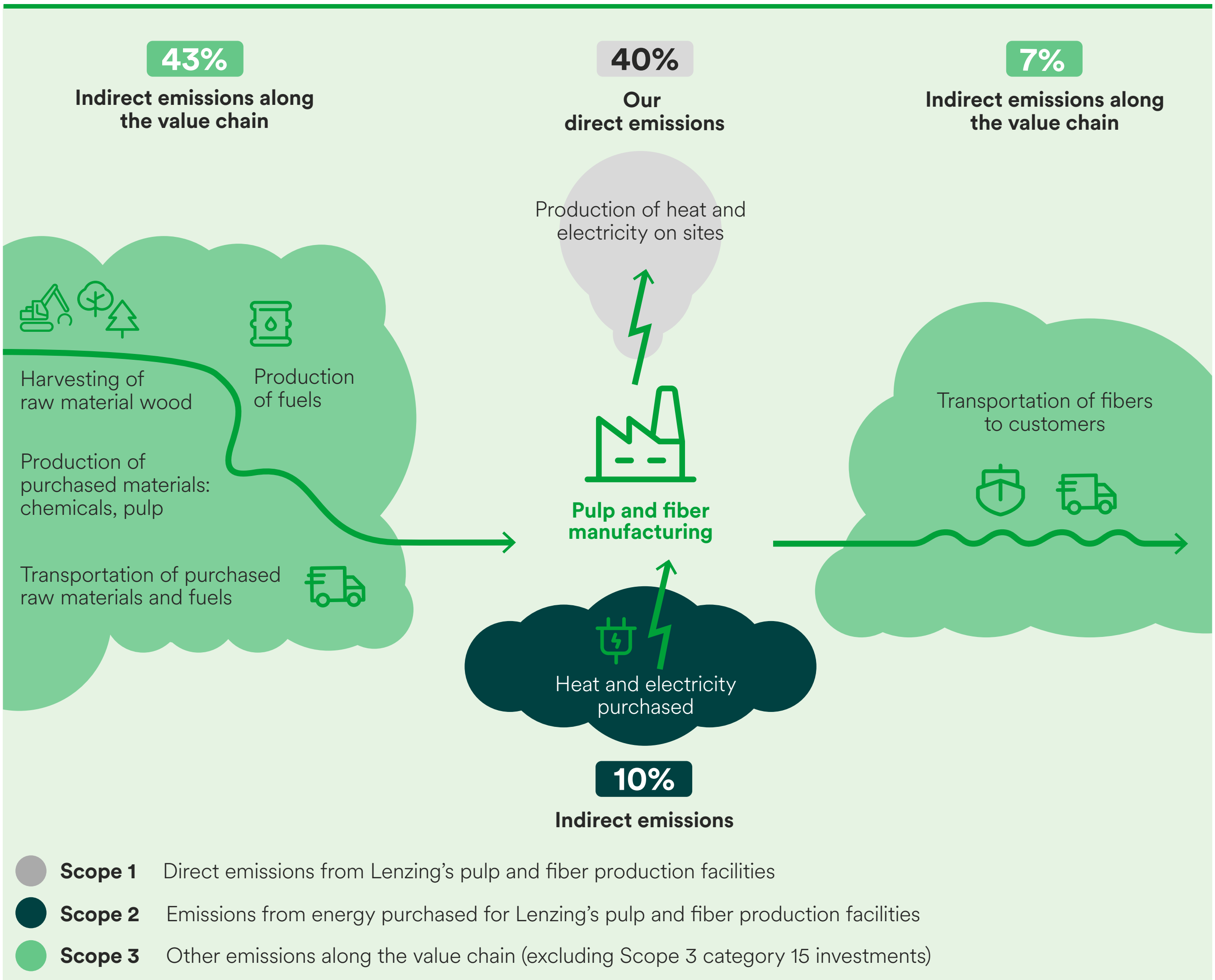
Energy production

Energy production in million megawatt hours (MWh)	2025
Renewable energy	8.99
Non-renewable energy	3.28
Total energy production	**12.27**

For a description of the minimum disclosure requirements of the metrics "energy consumption", "energy production" and "energy intensity", the high climate impact sectors and the line item in the financial statement used to calculate the energy intensity. Please see the "Accounting principles" section of this chapter.

Lenzing's greenhouse gas emissions

Lenzing's carbon footprint



Changes over time

[voluntary information]

Lenzing's absolute Scope 1 and 2 GHG emissions decreased by 0.27 million tons (16 percent) year on year. This is mainly due to the decrease of fossil energy, as explained in the "Energy and fuels" section.

Lenzing's absolute Scope 3 GHG emissions decreased by 0.09 million tons (6 percent) year on year, mainly due to lower volumes of fuel and energy-related activities as well as reduced upstream transportation and distribution. This was primarily driven by the lower production volume at the Purwakarta (Indonesia) site and the partial switch from coal to natural gas at the Nanjing (China) site.

[E1-6 44, 48, 49, 50, 51, 52; E1-6 AR 39b, AR 43c, AR 45d, AR 45e]

Absolute greenhouse gas emissions of the Lenzing Group[a]

Absolute emissions in million metric tons CO_2 eq. (mn t CO_2 eq.)	2017	2021 (base year)	2025	2024	Retrospective relative change 2025 to 2024
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions[b]	1.33	1.24	1.15	1.28	−11%
% of Scope 1 GHG emissions from regulated emission trading schemes (%)	23	20	28	15	34%
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions			0.69	0.80	−13%
Gross market-based Scope 2 GHG emissions[c]	0.63	0.53	0.27	0.40	−32%
Total gross Scope 1 and Scope 2 GHG emissions (market-based)[d, e]	1.96	1.77	1.42	1.69	−16%
Significant Scope 3 GHG emissions					
Total gross indirect Scope 3 GHG emissions[f]	1.96	1.88	1.45	1.54	−6%
C1: purchased goods and services	1.35	1.31	0.88	0.92	−4%
C3: fuel- and energy-related activities	0.30	0.28	0.20	0.25	−20%
C4: upstream transportation and distribution	0.12	0.11	0.12	0.14	−11%
C9: downstream transportation	0.12	0.12	0.20	0.19	2%
C15: investments	0.07	0.06	0.05	0.04	7%
Total Scope 1, 2, 3 GHG emissions					
Total GHG emissions (location-based)			**3.29**	**3.62**	**−9%**
Total GHG emissions (market-based)	**3.92**	**3.65**	**2.87**	**3.23**	**−11%**
Total biogenic CO_2 emissions, Scope 1		1.74	3.55	3.29	8%
Total biogenic CO_2 emissions, Scope 2			0.20	0.19	2%
Total biogenic CO_2 emissions, Scope 3[g]			0.88	0.92	−4%

a) GHG accounting regarding GHG Protocol using GWP potential for greenhouse-gases from the IPCC Sixth Assessment Report (AR6 – 100 year). Scope 1 emissions factor source: measurements and Ecoinvent values. Scope 2 emissions factor source: suppliers. Scope 3 emission factor source: Ecoinvent, EcoTransIT and supplier data.
b) Scope 1 emissions were recalculated for the years 2017-2023.
c) Lenzing uses various contractual instruments to manage the sale and purchase of energy with power grid suppliers and/or specific local suppliers. The main types of contractual instruments for energy purchased from the grid are PPAs with Renewable Energy Certificates (REC), power supply contracts with Green Energy Certificate (GEC), Guarantees of Origin (GoO) and supplier contracts. Of the total purchased power (electricity and steam), 52 % is bundled with attributes and 4 % is unbundled with GEC.
d) Includes both Scope 1 and 2 emissions of all greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3), expressed as CO_2 equivalents. Scope 1 emissions are calculated based on emission factors from the EU Emission Trading System and Scope 2 emissions are calculated according to a market-based method.
e) In 2025, Scope 1 emissions operational control (RVL Restoffverwertung Lenzing GmbH, Lenzing, Austria) amounted to 0.162 million tons CO_2 eq. (2024: 0.131 million tons CO_2 eq.), which are included in Lenzing's total Scope 1 emissions and Scope 2 GHG emissions amounted to zero.
f) For all years, Category 15 investments was included in the Scope 3 emissions.
g) Includes the same Scope 3 categories (C1, C3, C4, C9, C15) as reported under Scope 3.

[E1-6 53, 54]

Greenhouse gas emissions intensity

Total GHG emissions[a] in metric tons CO_2 eq. per revenue (t CO_2 eq./EUR)	2025	2024	relative change 2025 to 2024
GHG emissions intensity (location-based)	0.00127	0.00136	−7%
GHG emissions intensity (market-based)	0.00110	0.00121	−9%

a) The GHG accounting methodology is equivalent to the methodology applied in the table "Absolute greenhouse gas emissions of the Lenzing Group".

[E1-4 34a, 34b, 34c, 34d, MDR-T 80b, 80d, 80e]

Absolute greenhouse gas emissions of target scope[a,b] (near-term and long-term SBTs with baseline 2021)

Absolute emissions of target scope[b,c] (SBT) in million metric tons CO_2 eq. and absolut emissions index[d] (mn t CO_2 eq., 2021 = 100 %)	2017	2021 (base year)	2025	2024	Near-term SBT 2030[d]	Long-term SBT 2050[d]
Absolute Scope 1 and 2 GHG emissions	1.96	1.77	1.42	1.69	1.03	
Absolute Scope 3 GHG emissions	1.89	1.82	1.40	1.49	1.37	
Absolute Scope 1, 2 and 3 GHG emissions	3.85	3.59	2.82	3.18		0.36
Scope 1 and 2 index	111%	100%	80%	95%	58%	
Scope 3 index	104%	100%	77%	82%	75%	
Scope 1, 2 and 3 index	107%	100%	79%	89%		10%

a) The GHG accounting methodology is equivalent to the methodology applied in the table "Absolute greenhouse gas emissions of the Lenzing Group".
b) Target scope: GHG emissions Scope 1, market-based Scope 2 and Scope 3 categories 1, 3, 4, 9 - but excluding Category 15.
c) Due to the recalculated Scope 1 emissions for 2017-2023, base year emissions (2021) increased.
d) SBT target values according to required reduction of absolute GHG emissions, i.e. 42 percent in Scope 1 and 2, 25 percent in Scope 3 for the near-term SBT as well as 90 percent in Scope 1, 2 and 3 for the long-term SBT.

Specific greenhouse gas emissions[a,b] (linked to remuneration and corporate strategy targets with baseline 2017)

Specific emissions[b,c] in metric tons CO_2 eq. per ton of fiber & pulp produced and index[d] (t CO_2 eq/t, 2017 = 100 %)	2017 (base year)[e]	2021	2025	2024	Target 2025[d]	Target 2026[d]	Target 2027
Specific Scope 1, 2 and 3 emissions	2.59	2.38	1.34	1.49			
Specific Scope 1, 2 and 3 emissions index (2017 = 100 %)	100 %	92 %	52 %	58 %	55 %	53 %	50 %

a) The GHG accounting methodology is equivalent to the methodology applied in the table "Absolute greenhouse gas emissions of the Lenzing Group".
b) Target scope: GHG emissions Scope 1, market-based Scope 2 and Scope 3 categories 1, 2, 3, 4, 9 - but excluding Category 15.
c) Due to the recalculated Scope 1 emissions for 2017-2023, base year emissions (2017) increased.
d) This KPI is relevant to the Managing Board long-term incentive (LTI) bonus targets.
e) The previous SBT was developed in 2018, hence 2017 has been chosen as baseline year.

Accounting principles

[E1-5 MDR-M, E1-6 MDR-M]
[MDR-M 77a]

Production sites report energy and fuel input data, as well as emissions factors and calorific values to the Group database on a monthly basis. Energy and GHG accounting at both site and Group level follows the GHG Protocol and ESRS E1 requirements. The reporting scope includes production sites and excludes stand-alone offices, as their emissions are not relevant. Offices that are part of a reporting unit with commercial production are included. The accounting principles are disclosed using ESRS terminology.

[MDR-M 77a]

Calorific values und emissions factors used by EU sites are the same as those applied under the EU Emission Trading Scheme. Non-EU sites may use measured emission factors or literature values according to local legal requirements. Otherwise, references to the Intergovernmental Panel on Climate Change (IPCC) are used.

[MDR-M 77a]

Energy consumption for Lenzing's own operations is measured as the input of purchased electric power, heat (steam) and fuels. Monitoring is based on meter readings or invoices that quantify fuels directly. Fuel quantities are multiplied by calorific values to calculate energy consumption (in MWh). The metrics for non-renewable and renewable energy production include steam and electricity after turbines and are based on estimates classified as accuracy level 3 (rough estimate), consistent with the data quality classification described in the Scope 3 section.

[E1-5 42, 43, MDR-M 77a]

Energy intensity is calculated as Lenzing's total energy consumption per revenue from activities in high climate-impact sectors. These sectors entail the manufacturing of man-made cellulose fibers and dissolving wood pulp. The revenue used for this calculation is shown in the table "Revenue from external customers by products and services" in the notes of the financial statements, using the sum of the line items "Division Fiber" and "Division Pulp" is used. Energy consumption of the revenue category "Others" was not excluded, as its impact on the indicator is not significant. "Others" mainly includes central headquarters functions, overarching activities, and the Bildungszentrum (BZL), Lenzing's training and personnel development center. An error occurred in the report 2024 when displaying the unit for energy intensity. The unit presented was mn MWh/EUR instead of MWh/EUR.

[MDR-M 77a]

Scope 1 includes direct GHG emissions at Lenzing's production sites. These are calculated by multiplying the quantity of the fuel consumed by suitable emission factors.

[E1-6 AR 45d, MDR-M 77a]

Scope 2 refers to all indirect GHG emissions related to the generation of acquired electricity and heat (Lenzing does not use external cooling energy). All consumed energy is monitored by meter readings or invoices.

Location-based accounting involves multiplying the energy consumed from the public grid by relevant location-based emission factors. These factors typically reflect residual mixes and are obtained from the IPCC 2021 GWP100 V1.02 (country and regional data). Market-based accounting takes the energy source of purchased electricity and heating as well as the corresponding emission factors into consideration. This information is provided by energy suppliers or public traders and substantiated by Energy Attribute Certificates, such as Guarantees of Origin or Renewable Energy Certificates (REC). Supplier-specific emission factors are applied for purchased steam and electricity at the Prachinburi (Thailand) and Grimsby (UK) sites, as well as steam at the Nanjing (China) site. These factors are based on respective regulations and methodologies developed by the IPCC. The market-based approach is used for calculating Scope 2 GHG emissions that are relevant for the target scope.

[ESRS 2 BP-2 10, E1-6 AR 46i, MDR-M 77a]

Scope 3 covers all other indirect GHG emissions within the accounting scope. Lenzing identified five significant categories out of 15 defined by the GHG Protocol, as listed in the table "Absolute greenhouse gas emissions of the Lenzing Group". The SBT scope includes Categories 1, 3, 4 and 9 but excludes Category 15 (97 percent of Scope 3 covered by target). The relevant Scope 3 categories have an estimation accuracy of 2: calculation / exact estimate (1 – exact figure, 2 – calculation / exact estimate, 3 – rough estimate). An exact estimate is based on reliable, readily available data (e.g. from a recognised database), whereas a rough estimate is based on incomplete or generic information, and therefore only provides a rough approximation.

[E1-6 AR 46h, MDR-M 77a]

Scope 3 Category 1: Lenzing's purchased goods and services are calculated using the supplier-specific method and the average-data method. Supplier-specific data amounts to 43 percent of Scope 3 Category 1 emissions. These goods and services are divided into three subcategories:

1. Wood harvesting and forestry operations: calculations are based on volumes of externally supplied round wood multiplied by Ecoinvent emission factors.

2. Purchased external pulp: calculations are based on purchased volumes and supplier LCA data.

3. Purchased chemicals: calculations are based on volumes of purchased chemicals multiplied by generic emission factors from Ecoinvent and, where available, data provided by suppliers.

Scope 3 Category 3: indirect fuel- and energy-related activities (not included in Scope 1 or Scope 2) are calculated using average emission factors. GHG emissions generated upstream during extraction and processing of fuels (coal, natural gas, biomass etc.) are derived from fuel consumption and Ecoinvent emission factors.

Scope 3 Category 4: Lenzing's upstream transport includes logistics operation for purchased external pulp, round wood and purchased chemicals. The distance-based method was applied. Transport volumes, transport routes and transportation modes are obtained from the ERP logistics system. Emission factors are derived from EcoTransIT.

Scope 3 Category 9: Lenzing's downstream transport includes fiber and pulp sold as well as by-products (sodium sulfate, acetic acid, furfural, soda etc.). The distance-based method was applied. Transport volumes, transport routes and transportations modes are obtained from the ERP logistics system. Emission factors are derived from EcoTransIT.

Scope 3 Category 15: for Lenzing's equity investments, calculations are performed using the investment-specific method. Publicly available data, such as sustainability reports or the EU ETS register, are used.

The following Scope 3 categories are relevant but not material: Category 2 (capital goods), Category 5 (waste generated in operations), Category 6 (business travel), Category 7 (employee commuting) and Category 8 (upstream leased assets). For this reason, these categories are excluded from the inventory.

[E1-6 AR 46i, MDR-M 77a]

Scope 3 Category 10 (processing of sold products): in line with the GHG Protocol Scope 3 guidance, Lenzing excluded this category from the inventory. As a producer of intermediate products, the company has no visibility into over the processing methods applied by downstream users. The GHG emissions associated with further processing vary significantly depending on the processor's technology, energy source, location and setup. Given this wide variability, it is consequently not feasible to estimate GHG emissions associated with this category. Lenzing also does not exert operational or financial control or influence over the facilities in this category with regard to emission reductions.

The following Scope 3 categories are not relevant: Category 11 (use of sold products), Category 12 (end-of-life treatment of sold products), Category 13 (downstream leased assets) and Category 14 (franchises).

[E1-6 55, MDR-M 77a]

GHG emissions intensity is based on total location-based and market-based GHG emissions and revenue as reported in the consolidated financial statements. This refers to the line item "Revenue as per consolidated income statement". For the revenue used in this calculation, please refer to the table "Revenue from external customers by products and services" in the notes of the financial statements. An error occurred in the report 2024 when displaying the unit for GHG emissions intensity. The unit presented was mn t CO_2 eq./EUR instead of t CO_2 eq./EUR. Likewise an error occurred in the report 2024 when displaying the unit for specific GHG emissions. The unit presented was mn t CO_2 eq./t instead of t CO_2 eq./t.

External assurance provider
[MDR-M 77b]

The metrics reported in the sections "Energy and fuels" and "Lenzing's greenhouse gas emissions" are not subject to additional external verification other than the assurance provider.

Recalculation of 2017 and 2021, Scope 1 GHG emissions
[ESRS 2 BP-2 13]

The recalculation of Scope 1 GHG emissions for 2017 and 2021 in 2024 is due to a regulatory change at the Lenzing site in Austria. Previously, the fossil share of external waste burned at the site was estimated, but is now based on direct measurements. As the measured fossil share is higher than the initial estimate, this increases the fossil Scope 1 GHG emissions and proportionally reduces the biogenic Scope 1 GHG emissions by around 160 to 170 kilotons of CO_2 eq..

E2 Pollution

ABSTRACT

Lenzing acknowledges the critical importance of preventing pollution to protect ecosystems and human health. The chapter outlines how the company monitors, manages and reduces environmental impacts across pulp and fiber production, with a focus on emissions, effluents, and waste. Pollution prevention goes beyond regulatory compliance, with Lenzing implementing advanced technologies and stringent control measures to minimize risks throughout its operations. These efforts are embedded in the company's environmental management system and supported by continuous improvement initiatives. By addressing pollution risks proactively, Lenzing contributes to a cleaner environment and reinforces its commitment to sustainable development and responsible corporate citizenship.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Pollution of air	Negative impact - Actual and potential - OO - Short- to long-term	Lenzing contributes to air pollution and could potentially negatively impact health and environment. To prevent pollution Lenzing actively monitors and manages the environmental impact of its operations.	*Policy for Health, Safety and Environment *Group Environmental Policy and Standard *Chemical Management Group Standard	*ZDHC viscose *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM)	*Emissions to air (E2-4) *Sulfur (entity-specific)
	Risk - OO - Medium- to long-term	Lenzing could lose its license to operate (LTO) due to regulatory changes, e.g. by failing to meet more stringent emission levels in the EU BAT. This could result in the loss of the EU Ecolabel and failure to meet customer demands.	*Policy for Health, Safety and Environment *Group Environmental Policy and Standard *Chemical Management Group Standard	*ZDHC viscose *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM)	*Emissions to air (E2-4) *Sulfur (entity-specific) *Specific emissions to air (voluntary information)
	Opportunity - OO - Short- to medium-term	Showing leadership in pulp and fiber manufacturing with low environmental and social impacts.	*Policy for Health, Safety and Environment *Group Environmental Policy and Standard *Chemical Management Group Standard	*ZDHC viscose *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM)	*Emissions to air (E2-4) *Sulfur (entity-specific)

Pollution of water	Negative impact - Potential - Downstream VC - Short- to long-term	Textile production is estimated to be responsible for about 20 percent of global clean water pollution from dyeing and finishing products.[a]	VC: Water Policy	VC: No target	VC: No action	VC: No metric
	Negative impact - Actual and potential - OO - Short- to long-term	Lenzing discharges water in its own operations and therefore potentially impacts water bodies. In the unlikely case of a leakage, the consequences would be fatal for the ecosystems. Lenzing commits itself to comprehensively monitor, control and report direct and indirect interactions with water resources.	*Policy for Health, Safety and Environment *Group Environmental Policy and Standard *Chemical Management Group Standard	*Wastewater *ZDHC viscose *ZDHC lyocell *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM) *Wastewater treatment plants (WWTPs) *Sulfate and COD reduction	*Emissions to water (E2-4) *SO_4 (entity-specific) *Amines (entity-specific) *Specific emissions to water (voluntary information)
	Opportunity - OO & downstream VC - Short- to medium-term	Showing leadership in pulp and fiber manufacturing with low environmental and social impacts with low-emission products. For example spun-dyed Lenzing fibers.	*Policy for Health, Safety and Environment *Group Environmental Policy and Standard *Chemical Management Group Standard	*Wastewater *ZDHC viscose *ZDHC lyocell *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM) *Wastewater treatment plants (WWTPs) *Sulfate and COD reduction	*Emissions to water (E2-4) *SO_4 (entity-specific) *Amines (entity-specific) *Specific emissions to water (voluntary information)
Substances of concern and substances of very high concern (SoCs & SVHCs)	Negative impact - Actual and potential - OO & VC - Medium-term	Potential for severe negative health and environmental impacts in the event of accidents or leakage. Substances of concern are still used within Lenzing`s own operations and within the industry. Lenzing`s fibers are controlled for residues by certifications and testing schemes.	*Group Environmental Policy and Standard *Chemical Management Group Standard *VC: No policy	*ZDHC lyocell *ZDHC viscose *FEM *VC: No target	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM) *VC: No action	*Substances of concern and Substances of very high concern (E2-5)
	Opportunity - OO - Medium- to long-term	Securing business by fulfilling stakeholder requirements and going beyond them. Developing industry benchmarks and contribution to multi-stakeholder initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC).	*Group Environmental Policy and Standard *Chemical Management Group Standard	*ZDHC lyocell *ZDHC viscose *FEM	*Zero Discharge of Hazardous Chemicals (ZDHC) *Higg Facility Environmental Module (FEM)	*Substances of concern and Substances of very high concern (E2-5)

a) https://www.europarl.europa.eu/topics/en/article/20201208STO93327/fast-fashion-eu-laws-for-sustainable-textile-consumption
OO...Own operations
VC...Value chain

Strategy

[ESRS 2 SBM-3 46]

Lenzing's strategy for preventing environmental pollution is based on strict regulatory compliance, continuous improvement and the adoption of state-of-the-art technologies that reinforce the company's business model and sustainability goals. Additionally, pollution control is a crucial factor in mitigating operational risks, enhancing resource efficiency and maintaining stakeholder trust.

All production sites operate in full accordance with applicable environmental regulations and meet, if not exceed, the EU Best Available Techniques (BAT) performance criteria. Fiber products manufactured at global Lenzing sites carry the EU Ecolabel, confirming best-in-class environmental performance – including outside the EU, where EU BAT jurisdiction does not apply. Compliance is ensured through robust monitoring systems, regular audits and transparent reporting to relevant authorities.

Beyond regulatory requirements, Lenzing applies advanced technologies and best practices to minimize emissions, effluents and waste. For example, biorefinery processes extract organic chemicals early in the production of dissolving wood pulp, thereby significantly reducing the chemical oxygen demand (COD) of wastewater. In fiber production, established recovery systems for process chemicals and water reduce the need for virgin resource inputs and replace conventionally produced commodities. These measures exemplify Lenzing's commitment to resource efficiency and circularity (for more information see the chapter "E5 Resource use and circular economy").

To maintain leadership in pollution prevention, Lenzing continuously invests in innovative technologies and process optimization. Regular upgrades of wastewater treatment, recovery technologies, and process controls ensure that pollution-prevention measures evolve with technological progress. These initiatives are closely aligned with resource-efficiency strategies outlined in the "E5 Resources use and circular economy" chapter, promoting the efficient use of raw materials and energy along the entire value chain. By integrating pollution control into all stages of pulp and fiber production, Lenzing not only reduces environmental impacts and regulatory risks but also captures opportunities for efficiency gains, cost savings and long-term value creation.

Policies

[E2-1]

Policy	Policy for Health, Safety and Environment (HSE)
Accountability	Vice President (VP) Global Health, Safety and Environment
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The goal is to protect people from harm and preserve the environment with safety, health and environment anchored as corporate values. Key elements: The Policy focuses on environmental protection through resource efficiency, the minimization of emissions and waste as well as through fostering a strong safety culture and ensuring legal compliance. The monitoring process is conducted within the framework of the Global HSE management system, in accordance with ISO 14001 and ISO 45001.
Third party standards / initiatives	ISO 14001 ISO 45001
Accessibility	Lenzing website
Topical standards	E1 Climate change E1-2 25a, 25c The Policy mentions minimizing emissions, and improving resource efficiency, which includes energy efficiency. E2 Pollution E2-1 15a The HSE Policy states that Lenzing protects the environment in which it operates in by minimizing emissions, waste and pollution as well as by improving resource efficiency. Corresponding objectives and targets are set and monitored. S1 Own workforce S1-1 19 The HSE policy covers all of Lenzing`s own workforce. 21 Please see row "Third party standards / initiatives" in this table for references to internationally recognized instruments. 23 The HSE Policy emphasizes the protection of people and the environment as core corporate values. All manufacturing sites are certified to ISO 45001. This Occupational Health and Safety Management Certification, covering employees and contractors, provides the framework to identify, control and mitigate risks associated with workplace health and safety.

Policy	Group Environmental Policy and Standard
Accountability	Vice President (VP) Global Health, Safety and Environment
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to serve as a foundation for Lenzing's environmental program and long-term targets. Key elements: Lenzing operates according to standards reflecting the industry's best practice and applies advanced technologies to minimize emissions, effluents, and waste. The policy and standard is monitored through the environmental management system via audits at group companies and sites.
Third party standards / initiatives	Zero Discharge of Hazardous Chemicals (ZDHC) Higg FEM EU Best Available Techniques (EU BAT) EU Ecolabel
Accessibility	Lenzing intranet
Topical standards	E1 Climate change E1-2 25a, 25c The policy supports improving energy efficiency and reducing energy consumption. E2 Pollution E2-1 15a The Group Environmental Policy and Standard is designed to reflect the industry best practice and emission thresholds for the best available techniques for industrial pulp and fiber production (EU BAT). In addition, Lenzing adopted the Zero Discharge of Hazardous Chemicals (ZDHC) MMCF Guidelines. These guidelines are aimed at the continuous improvement of pollution parameters, particularly relating to the pollution of air and water. 15b In its Group Environmental Policy and Standard, Lenzing commits to eliminate hazardous chemicals (including Substances of Concern and Substances of very high concern) along the supply chain and to select, evaluate and develop the chemicals used in the production process.

Policy	Chemical Management Group Standard
Accountability	Vice President (VP) Global Health, Safety and Environment
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to ensure that all risks associated with the handling, storage, transportation, use and disposal of chemicals are controlled and managed. Key elements: The standard includes comprehensive chemical inventories and approval processes as well as hazard and exposure assessment for each chemical to demonstrate its safe use for humans, the environment and the use of the products.
Third party standards / initiatives	Zero Discharge of Hazardous Chemicals (ZDHC) EU Ecolabel ISO 14001 ISO 45001
Accessibility	Lenzing intranet
Topical standards	E2 Pollution E2-1 15a The control of chemicals is ensured by the Chemical Management Group Standard through risk assessments, monitoring of release in wastewater, monitoring of residues and responsibility and competence assessments. Necessary actions are derived from these controls. 15c Clear emergency procedures are established, necessary hardware equipment installed and regular drills conducted. In the event of an incident, emergency procedures will be followed. These procedures are registered with relevant authorities and communicated to employees. The equipment needed to mitigate emergency situations, such as firefighting tools, must be well-maintained. Detailed emergency plans and procedures can be found in site-specific documents and the Safety Data Sheet (SDS), which also includes information on suitable Personal Protective Equipment (PPE), first aid, firefighting measures and accidental release measures. Additional crisis management information is available in the Group Guideline on HSE Crisis Management.

The topic pollution of water is also governed by the Water Policy. Its minimum disclosure requirements and topic-specific requirements, addressing mitigating negative impacts and minimising the use of substances of concern, are described in the “Policies” section of the “E3 Water and marine resources” chapter.

Actions

[E2-2, MDR-A 68a]

List of key actions

- Zero Discharge of Hazardous Chemicals (ZDHC)
- Higg Facility Environmental Module (FEM)
- Wastewater treatment plants (WWTPs)
- Sulfate and COD reduction

Zero Discharge of Hazardous Chemicals (ZDHC)

[MDR-A 68a, 68b]

The Zero Discharge of Hazardous Chemicals (ZDHC) multi-stakeholder platform focuses on reducing wastewater, sludge, solid waste and air emissions across the textile industry through dedicated task teams and harmonized guidelines.

ZDHC viscose
Lenzing is fully committed to the Supplier to Zero roadmap of the multi-stakeholder ZDHC initiative and has adopted the MMCF guidelines since they were introduced. All Lenzing viscose sites (Lenzing (Austria), Purwakarta (Indonesia), Nanjing (China)) completed the Supplier to Zero Platform assessment and achieved an overall “aspirational” performance level. Further details and timelines can be found in the “ZDHC viscose” target.

ZDHC lyocell
Following the completion of wastewater testing at the Prachinburi (Thailand) and the Heiligenkreuz (Austria) sites in 2024, Lenzing also completed testing in accordance with the updated ZDHC laboratory guidelines at the Mobile (USA) site in 2025. With the commissioning of the newly built WWTP in Grimsby (UK) in the reporting year, the site is preparing to implement the ZDHC wastewater testing in 2026. More information is provided under the “ZDHC lyocell” target.

Higg Facility Environmental Module (FEM)

[MDR-A 68a, 68b, 68c]

In 2025, Lenzing continued to perform the Higg FEM self-assessments and third-party verifications at all production sites. Higg FEM takes place on an annual basis. The tool supports the monitoring of pollutant emissions and substances of concern, reduces pollution-related risks and helps identify measures to enhance overall environmental performance.

Wastewater treatment plants (WWTPs)

[MDR-A 68a, 68b, 68c, 69]

Across the Lenzing Group, effluents are discharged in a controlled manner to prevent groundwater contamination. Process water is treated in biological WWTPs. In 2025, the newly built WWTP at the fiber site in Grimsby (UK) became fully operational. After initial start-up in 2024, biomass build-up and operational balancing were completed, enabling stable and efficient performance. COD and amine removal exceeded minimum requirements. The project has now moved into its second phase with further optimization underway to reach EU BAT limits in 2026. This strategic investment of EUR 24 mn, covering all project costs, represents a significant step in the site’s sustainability roadmap and supports the achievement of the ZDHC lyocell and wastewater targets. The upgrades of the

WWTPs in Mobile (USA) and Purwakarta (Indonesia) are progressing successfully, with total investments of EUR 12 mn in Mobile (mainly in 2024) and EUR 26 mn in Purwakarta (mainly in 2023), including CapEx in 2025. The CapEx for these projects are part of the total CapEx, which can be found in the segment report of the Consolidated Financial Statements. Further, the Grimsby (UK) project is also mentioned in the "Investments" section of the Management Report.

A further improvement project was completed at the fiber production site in Nanjing (China) in the reporting year. Enhanced wastewater degassing led to a substantial reduction of sulfur emissions to water, thereby lowering carbon disulfide loads in the effluent.

Sulfate and COD reduction

[MDR-A 68a, 68b, 68c]

Lenzing's plant in Purwakarta (Indonesia) upgraded its WWTP. Construction was concluded in 2023 and it has been fully operational since early 2024, significantly reducing wastewater emissions (COD and sulfate). In 2025, the site continued to optimize the WWTP to further reduce COD levels. Through improved monitoring of sulfate in wastewater and enhanced recovery of sodium sulfate, specific sulfate emissions were also reduced.

An extraction agent purification plant, with a CapEx of EUR 5 mn, was completed in Lenzing (Austria) in 2025. The plant will contribute to significant COD savings in the future. The CapEx for the plant are part of the total CapEx, which can be found in the segment report of the Consolidated Financial Statements.

There is no action regarding the "Potential negative impact of Lenzing's downstream textile value chain on water pollution". Lenzing has been prioritizing and working on key topics in a step-wise manner.

Targets

[E2-3, MDR-T 80a, 80f, 80g, 80j]

To ensure harmonized reporting of environmental data and performance, and to establish the baseline and target progress, Lenzing has defined and implemented an Environmental Data Reporting Guideline covering all production processes at all sites. The guideline sets minimum requirements and standardized methods for environmental data monitoring, assessment and reporting. Environmental data are collected monthly and form the basis for environmental performance reporting as well as target setting at both Group- and site level. All targets defined in this chapter are in full alignment with the key elements of the Safety, Health and Environmental Policy and the Group Environmental Policy and Standard, which provide the framework to continuously minimize emissions, waste and pollution.

The process for setting and monitoring targets is described in the "Sustainability targets" section in the "ESRS 2 General disclosures" chapter.

ZDHC Lyocell target and ZDHC Viscose target

[E2-3 23d, 25, MDR-T 80h]

Lenzing has defined its voluntary targets for implementing the ZDHC guidelines for both viscose/modal and lyocell operations. The ZDHC program is an industry initiative that aims to reduce the discharge of hazardous chemicals (including SoCs and SVHCs) from the textile and apparel sector and provides guidance based on best available techniques and good industry practices. The certification framework of ZDHC includes a platform (ZDHC Gateway) for monitoring, tracking, reporting and sharing results along the supply chain. To ensure implementation at highest quality, ZDHC nominates authorized laboratories in various countries to conduct testing and reporting. Customers and brands support implementation by requesting evidence of clean production and certification, such as ZDHC. Stakeholder engagement with ZDHC in developing its guidelines, together with customer expectations, forms the foundation for setting targets relating to responsible fiber manufacturing. The target setting process is led by the Corporate Sustainability function and involves internal stakeholders, such as the HSE team, Operations and Commercial teams and the Managing Board.

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To achieve 'aspirational' MMCF level for ZDHC wastewater and air emission guidelines at Lenzing viscose facilities by 2026	2026 On track
Scope	All Lenzing viscose production sites
Geographical coverage	Lenzing (Austria), Nanjing (China), Purwakarta (Indonesia)
Base year	2020
Baseline value	0 production sites
Target value	3 production sites
Status 2025	Lenzing viscose sites have continuously implemented the ZDHC MMCF guideline in its revised version 2.2 and Lenzing has actively engaged in the MMCF version 3 revision, which was published in 2025. The implementation of the wastewater guideline continued in 2025. In addition to the Wastewater target all Lenzing viscose sites completed their 2024/5 Supplier to Zero Platform assessment and successfully achieved the overall performance at 'aspirational' level.

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To achieve 'aspirational' MMCF level for ZDHC wastewater and responsible production guidelines at Lenzing lyocell facilities by 2028[a]		2028 On track
Sub-targets	**Lenzing lyocell sites[b] achieve 'aspirational' level for wastewater and responsible production**	**2025 Delayed**
	Lenzing site in Grimsby (UK) achieves 'foundational' level for wastewater and responsible production	**2026 On track**
	Lenzing site in Grimsby (UK) achieves 'aspirational' level for wastewater and responsible production	**2028 On track**
Scope	All Lenzing lyocell production sites	
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Lenzing (Austria), Mobile (USA), Prachinburi (Thailand)	
Base year	2022	
Baseline value	0 production sites	
Target value	5 production sites	
Status 2025	Lenzing facilities Heiligenkreuz (Austria) and Prachinburi (Thailand) have successfully achieved aspirational levels in 2025, however the facility in Lenzing (Austria) has achieved aspirational level for all parameters except one. In 2025, ZDHC granted the use of ISO certified laboratories in the USA in the absence of ZDHC authorized laboratories. Hence, the Lenzing site in the USA has also completed wastewater testing in 2025 and will be able to perform the MMCF assessment for 2025/6. Due to the above reasons, the sub-target has been slightly delayed. The modern WWTP at Grimsby (UK) was completed in January 2025 and brought into beneficial operation in May 2025. Currently there are no ZDHC authorized testing laboratories available in the UK.	

a) Relevant for the Managing Board long-term incentive (LTI) bonus targets
b) Lenzing (Austria), Heiligenkreuz (Austria), Mobile (USA), Prachinburi (Thailand)

Wastewater target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To improve Lenzing Group's specific wastewater emissions (chemical oxygen demand (COD)) by 20 percent by 2024 (baseline 2014)[a]		2024 Achieved
Scope	The same scope of facilities as the 2014 baseline (i.e. production sites excluding the new sites in Prachinburi (Thailand) and Indianópolis (Brazil)).	
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Purwakarta (Indonesia)	
Base year	2014	
Baseline value	6,110 tons COD	
Target value	4,888 tons COD	
Status 2025	The construction of the wastewater treatment plant in Purwakarta (Indonesia) took place in 2023 and the start-up was completed at the beginning of 2024. The first phase of the modern WWTP at Grimsby (UK) was completed in January 2025 and brought into operations in May 2025. It has achieved good performance levels, therefore the wastewater target was successfully achieved, reducing specific COD emissions by 24 percent from the baseline.	

a) Relevant for the Managing Board long-term incentive (LTI) bonus targets

[E2-3 25, MDR-T 80a, 80g, 80h]

In line with Lenzing's sustainability strategy and in response to increasing expectations for improved environmental performance in the supply chain, Lenzing has set a voluntary Group-level wastewater target focusing on the reduction of specific COD emissions. The target is based on the performance levels required by the EU Ecolabel, the EU Best Available Technique (EU BAT) under the EU Industrial Emissions Directive and relevant scientific measurements. The targets also reflect the requirements of external stakeholders, including customers and NGOs, such as the Changing Markets Foundation, as well as brands committed to the Changing Markets Roadmap. Internal stakeholders including the Corporate Sustainability team, the Health, Safety and Environment (HSE) team, the Operations and Commercial teams as well as the Managing Board were actively involved in the target-setting process. In addition, a wastewater emission target (reduction of COD emissions) was set for Lenzing's site in Grimsby (United Kingdom). This target was defined together with the responsible authorities in the context of implementing the EU Best Available Techniques Reference Document (BREF; Common Waste Water and Waste Gas Treatment/Management Systems in the Chemical Sector).

FEM target

[E2-3 23a, 23b, 23d, MDR-T 80c]

Lenzing's target to implement and annually update the Higg FEM and share verified module with customers applies to all Lenzing production sites, including both fiber and pulp facilities. The Higg FEM is a standardized tool used to measure and evaluate management practices and environmental performance at facility level. It provides a comprehensive overview of key impact areas such as energy use, water consumption, air emissions and waste management. In this context the FEM target supports monitoring, tracking, management, and reduction of pollutant emissions and substances of concern. There is no group-level aggregated FEM reduction target, as targets are set and monitored at site level. For additional information on the minimal disclosure requirements to the FEM target, please refer to the "Targets" section in the "E3 Water and marine resources" chapter.

Metrics

Pollution of air and water

[E2-4 30c]

Pollution of air and water includes the significant emissions from the Lenzing Group's pulp, viscose/modal and lyocell production units as well as the joint venture RVL Reststoffverwertung Lenzing GmbH. There are no material emissions to soil. The tables "Absolute emissions to air" and "Absolute emissions to water after wastewater treatment plant" include disclosures required under the Pollutant Release and Transfer Register (PRTR) and entity-specific disclosures of sulfur emissions to air, as well as amines and sulfate (SO_4) emissions to water. Lenzing also reports selected specific emissions in the tables "Specific emissions to air" to monitor legally relevant sulfur emissions and "Specific emissions to water after wastewater treatment plant" to track the wastewater targets and assess reductions in specific amine and sulfate emissions.

In line with ESRS requirements, annual emissions of PRTR pollutants are included in the reportable Group total only if the relevant emission threshold defined in EC No 166/2006 Annex II is exceeded at a given site. However, Lenzing chooses not to apply these thresholds to the following parameters:

- COD emissions, as they are relevant to the Wastewater target established prior to the applicability of ESRS.
- Sulfate and amine emissions to water and sulfur emissions to air, as they are not listed in Annex II of the PRTR and are therefore disclosed voluntarily.

The PRTR is a mandatory system used in the EU for tracking and reporting emissions of pollutants to air and water. While Lenzing's EU sites follow the EU legislation and their PRTR data can be directly included in the sustainability report, PRTR rules do not apply to non-EU sites. Hence the Lenzing Group has adopted the following internal reporting principle to include PRTR-relevant pollutants for non-EU sites even though such reporting is not a regulatory requirement for these facilities.

For non-EU sites, Lenzing has adopted the following principles:

- Identification of relevant pollutants: Pollutants are identified on the basis of disclosures from EU sites, under the assumption that comparable production processes (pulp, viscose, lyocell) generate similar environmental issues, such as emissions.
- Assessment against PRTR thresholds: Each non-EU site is assessed against PRTR thresholds, with the large Lenzing (Austria) site serving as a reference point.
- Use of monitoring programs and third-party testing: All non-EU sites operate environmental and pollution monitoring programs that meet or exceed national legislation. However, not all identified PRTR pollutants are included in these programs. In such cases, Lenzing relies on independent third-party testing (e.g. biannual ZDHC tests at Nanjing (China) and Purwakarta (Indonesia)) to estimate whether emissions exceed PRTR thresholds and should be included in the Group totals. Concentrations measured in wastewater samples are multiplied by the annual discharge volumes to calculate annual emissions.
- Pollutants not measured: Some sites may not measure certain PRTR pollutants as they are not generated or no measuring requirements exist in local permitting conditions.

The methods used for quantifying the emissions at EU sites are reported in the publicly available PRTR disclosures and are based on direct and periodic measurements by internal and external laboratories. They comply with local and EU regulatory requirements and best practices and are reported to the relevant authorities. At non-EU sites, emissions are quantified according to local permitting requirements or legal obligations, local standards, or in the absence of these, according to Lenzing's internal monitoring requirements.

[E2-4 31]

Methodological hierarchy for the PRTR quantification: the measurement methods are selected according to national regulations and permitting requirements. These may prescribe or allow inferior methods relative to direct measurements. However, employing inferior methods must be used for some pollutants because direct measurement technologies are not available. All sites follow a maintenance and calibration program for measuring instruments in line with internal and external requirements.

[MDR-M 77b]

No external body other than the assurance provider validates Group-level disclosures. At site level however, pollutants subject to permitting requirements are validated by the respective local authorities.

Emissions to air

Air emissions are mainly attributed to the pulp and viscose processes, as well as to energy generation from fuel combustion.

[E2-4 28a, 30a]

Absolute emissions to air[a]

(Tons)	2014	2025	2024
Sulfur (CS_2 and H_2S emissions expressed as sulfur)[b,c]	34,787	7,086	8,427
SO_2[c]	3,908	2,148	2,535
NO_x[c]		3,000	3,351
Particulate matter (PM10)		148	135

a) Includes all production sites and RVL Reststoffverwertung Lenzing GmbH. Sulfur emissions were calculated using mass balance, and SO_2 emissions are based on measurements.
b) Entity-specific
c) PRTR thresholds do not apply to sulfur emissions. As thresholds are applied to SO_2 and NO_x emissions to air, the values are not directly comparable.

[voluntary information]

Specific[a] emissions to air

Index (based on kg/t, 2014 = 100 %)	2014	2025	2024
Sulfur (CS_2 and H_2S emissions expressed as sulfur)		14.4%	16.9%
SO_2	100.0%	41.6%	46.8%

a) Specific indicators are reported per unit of production by the Lenzing Group (i.e. pulp and fiber production volume). The specific loads are only shown as a percentage, as the production volumes are confidential and are therefore not reported.

[E2-4 30b, MDR-M 77a]

The final emissions are calculated as a product of airflow and concentration.

The PRTR thresholds do not apply to the disclosure of sulfur emissions. However, thresholds have been applied to SO_x and NO_x emissions since ESRS requirements became effective. As a consequence, sites below the threshold are not included in the Group totals. In addition, Lenzing calculates the maximum air emissions using a mass-balance approach. To avoid any risk of underreporting, Lenzing reports the mass-balance results whenever they exceeded the values obtained from direct measurements.

Changes over time

[E2-4 30a]

After achieving the previous air emissions target in 2024, both absolute and specific **sulfur emissions** to air have been further reduced in the reporting year. All the Lenzing Group's viscose fiber production sites (Lenzing (Austria), Nanjing (China) and Purwakarta (Indonesia)) are equipped with the best available waste-gas purification and recovery technologies, which are essential for efficient operations while keeping air emissions as low as possible.

Nitrogen oxide (NO_x) emissions are primarily linked to fuel combustion and pulp production processes. Absolute NO_x emissions have been slightly decreased in the reporting year due to natural fluctuation of business activities.

Sulfur oxide (SO_2) emissions occur in the pulp and viscose production processes and from the use of sulfur containing fuel for energy generation. Both absolute and specific SO_2 emissions decreased in 2025 due to decreased product output and energy generation.

Particulate matter (PM10) emissions arise from fuel combustion and pulp production. The indicator has been included in the reporting scope for the second consecutive year. In 2025, PM10 emissions slightly increased mainly due to higher pulp production volumes.

Emissions to water

[E2-4 28a, 30a]

Absolute emissions to water after wastewater treatment plant

(Tons)	2014	2025	2024
COD[a]	6,110	4,381	5,626
COD[b]		5,192	6,230
SO_4[b,c]	173,648	162,396	189,298
Amines[b,c]	198	94	183
Total nitrogen		360	138
Total phosphorus		63	100
Nonylphenol and Nonylphenol ethoxylates (NP/NPEs)		0	0
Zinc and compounds (as Zn)		5	5
Halogenated organic compounds (as AOX)		18	24
Chlorides (as total Cl)		8,963	8,234
Fluorides (as total F)		5	4

a) Excluding the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil). This KPI corresponds to the scope of the "wastewater" target, which was formulated before these new production sites were conceptualized.
b) Including the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil).
c) Entity-specific

[voluntary information]

Specific[a] emissions to water after wastewater treatment plant

Index (based on kg/t, 2014 = 100 %)	2014	2025	2024
COD[b]	100 %	76.1 %	92.6 %
COD[c]		60.1 %	71.3 %
SO_4[c]	100 %	66.1 %	76.2 %
Amines[c]	100 %	33.6 %	64.7 %

a) Specific indicators are reported per unit of production by the Lenzing Group (i.e. pulp and fiber production volume). The specific loads are only shown as a percentage, as the production volumes are confidential and are therefore not reported.
b) Excluding the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil). This KPI corresponds to the scope of the 'wastewater' target, which was formulated before these new legal entities were conceptualized.
c) Including the new production sites in Prachinburi (Thailand) and Indianópolis (Brazil).

[E2-4 30b, MDR-M 77a]

Emissions to water are calculated based on wastewater flow volumes and pollutant concentrations. All discharges from sites within Lenzing's operational or financial control are included. This also covers discharges from separate legal entities treated in a WWTP that is within Lenzing (Austria) site's operational control.

PRTR thresholds are not applied to COD and are not applicable to amine or sulfate emissions. All other emissions classified as PRTR pollutants are disclosed in the report for the second consecutive year. Reporting these values enables year-on-year comparisons with the previous reporting period.

Changes over time

[E2-4 30a]

COD emissions originate from pulp and all fiber production processes and are directly linked to Lenzing's Group-level wastewater target. Total as well as specific COD emissions decreased compared to the previous year in both reporting scopes that comprise facilities relevant to the Wastewater target and all facilities including the two production sites in Indianópolis (Brazil) and Prachinburi (Thailand). To ensure consistency of the Wastewater target, COD emissions excluding these two newer sites are reported separately (see the tables “Absolute emissions to water after wastewater treatment plant” and “Specific emissions to water after wastewater treatment plant”). In 2025, this target has been achieved by specific COD emissions reduction of 24 percent from base 2014 as recently upgraded wastewater treatment plant at the sites in Grimsby (UK) and Purwakarta (Indonesia) became fully operational in 2025 (please see the “Actions” section above for more information).

Sulfate emissions may occur during fiber and pulp production. Absolute and specific sulfate emissions significantly decreased mainly due to stabilized operations of the upgraded WWTP at the Purwakarta (Indonesia) site. Because sulfate is not classified as a PRTR pollutant, these emissions are disclosed voluntarily.

Amine emissions are specific to lyocell production. Lenzing monitors these emissions at all lyocell production sites. Both absolute and specific amine emissions decreased substantially, which corresponds to the start-up of the new WWTP at the Grimsby (UK) site. This is also true for total emissions of both phosphorus as well as halogenated organic compounds (AOX), which significantly decreased compared to the previous reporting year.

The increase of total **nitrogen emissions** is a result of improved monitoring of water pollutants at the viscose fiber production site in Purwakarta (Indonesia), which was not tested for nitrogen emissions to water before 2025.

In the reporting year, no production site exceeded emission thresholds for **nonylphenol and nonylphenol ethoxylates (NP/NPEs)**. Emissions at this site are estimated using third-party measurements conducted every seven years, adjusted in line with the effluent quantity.

Other emissions to water (zinc and compounds, chlorides, and fluorides) remained stable at similar levels compared to the previous year.

Substances of concern and substances of very high concern

[E2-5 32]

Lenzing discloses all substances of concern (SoCs) and substances of very high concern (SVHCs) across the Group’s data inventory and production output. This includes purchased chemicals (whether imported or not), substances produced for on-site use as intermediates, chemical products placed on the market, and substances contained in articles sold.

[MDR-M 77a]

The definition of SoCs and SVHCs are included in the ESRS Annex II. Under this definition, a list of hazard classes or categories classified in Part 3 Annex VI to Regulation (EC) No.1272/2008 are outlined as criteria.

The chemicals containing SoCs and SVHCs are identified by mapping the hazard classes in the production chemical inventories of all Lenzing sites.

The amount of a SoCs or a SVHCs in a chemical mixture is calculated based on its percentage as disclosed in the Safety Data Sheet (SDS) provided by the supplier. The quantity breakdown of SoCs and SVHCs per hazard class are listed in the tables “Substances of concern (SoCs) by hazard classes” and “Substances of very high concern (SVHCs) by hazard classes”.

The total amount of SoCs is the absolute value irrespective of whether one SoCs falls under more than one hazard class (see table “Total amount of Substances of concern (SoCs)”).

[E2-5 34]

Substances of concern (SoCs) by hazard classes[a]

		2025		2024	
(Tons)	H-Phrase	Input[b]	Output	Input[b]	Output
Skin sensitisation category 1	H317	1,471.05	51.92	2,453.73	1.04
Respiratory sensitisation category 1	H334	0.03	0.03	0.04	0.04
Reproductive toxicity category 2	H361fd	64,938.30	6,604.20	71,466.79	8,732.85
Specific target organ toxicity, repeated exposure category 1	H372	64,910.63	6,605.03	71,464.60	8,731.32
Chronic hazard to the aquatic environment categories 1 to 4	H410, H411	4,149.13	4,149.13	37.53	37.53
Persistent, Bioaccumulative and Toxic or Very Persistent, Very Bioaccumulative properties	EUH440, EUH441	2.17	2.17	2.19	2.19
Suspected of causing cancer	H351	80.69	6.68		
May cause damage to organs through prolonged or repeated exposure.	H373	88.61	7.92		

a) The input and output quantities are calculated on the basis of the best available information.
b) "Input" refers solely to chemicals that are used for pulp or fiber production and does not include any chemicals applied in wastewater treatment, machine maintenance or similar activities.

Total amount of Substances of concern (SoCs)[a]

	2025		2024	
(Tons)	Input[b]	Output	Input[b]	Output
Total SoCs	70,979	11,234	73,985	8,769

a) The input and output quantities are calculated on the basis of the best available information.
b) "Input" refers solely to chemicals that are used for pulp or fiber production and does not include any chemicals applied in wastewater treatment, machine maintenance or similar activities.

[E2-5 35]

Substances of very high concern (SVHCs) by hazard classes[a]

		2025		2024	
(Tons)	H-Phrase	Input[b]	Output	Input[b]	Output
Respiratory sensitising properties (article 57f - human health)		0.022	0.022	0.005	0.005
Persistent, Bioaccumulative (article 57d) and Toxic or Very Persistent, Very Bioaccumulative properties (article 5e)	EUH440, EUH441	2.172	2.172	2.192	2.192

a) The input and output quantities are calculated on the basis of the best available information.
b) "Input" refers solely to chemicals that are used for pulp or fiber production and does not include any chemicals applied in wastewater treatment, machine maintenance or similar activities.

[MDR-M 77b]

The metrics in this section are not validated by an external body other than the assurance provider.

E3 Water and marine resources

ABSTRACT

Lenzing recognizes the importance of sustainable water and marine resource management for environmental protection and responsible fiber production. The chapter explains how the company strives to improve its product water footprint by increasing the share of Lenzing pulp and improving water efficiency across its operations and supply chain, particularly in specialty fiber manufacturing. Lenzing uses Life Cycle Assessment (LCA) data to inform partners about product-related water footprints and support them in achieving their water-related goals. These measures are embedded in its environmental management system and complemented by global sustainability commitments. For disclosures concerning emissions to water, please see the “E2 Pollution” chapter.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Water withdrawals and water consumption	Negative impact - Actual and potential - OO & downstream VC - Short- to medium-term	Pulp and fiber production as well as textile manufacturing can be water-intensive. Water withdrawal by Lenzing and its downstream value chain partners can contribute to increasing water scarcity.	*Water policy (also VC)	*FEM *VC: No target	*Global water assessment tools integrated into risk management *Water footprint assessment of fiber products and raw materials *Continuous and targeted measures *Higg Facility Environmental Module (FEM) *VC: No action	*Water consumption (E3-4)
	Opportunity - OO - Medium- to long-term	Lenzing`s fibers products are produced with a lower water footprint compared to generic regenerated cellulose fibers. This can help value chain partners to meet their water conservation targets and secure Lenzing's business. This strategy promotes efforts to reduce overall water usage across the supply chain.	*Water Policy	*FEM	*Integration of global water-related assessment tools into risk management *Water footprint assessment of fiber products and raw materials *Continuous and targeted measures *Higg Facility Environmental Module (FEM)	*Water consumption (E3-4)

OO...Own operations
VC...Value chain

Strategy

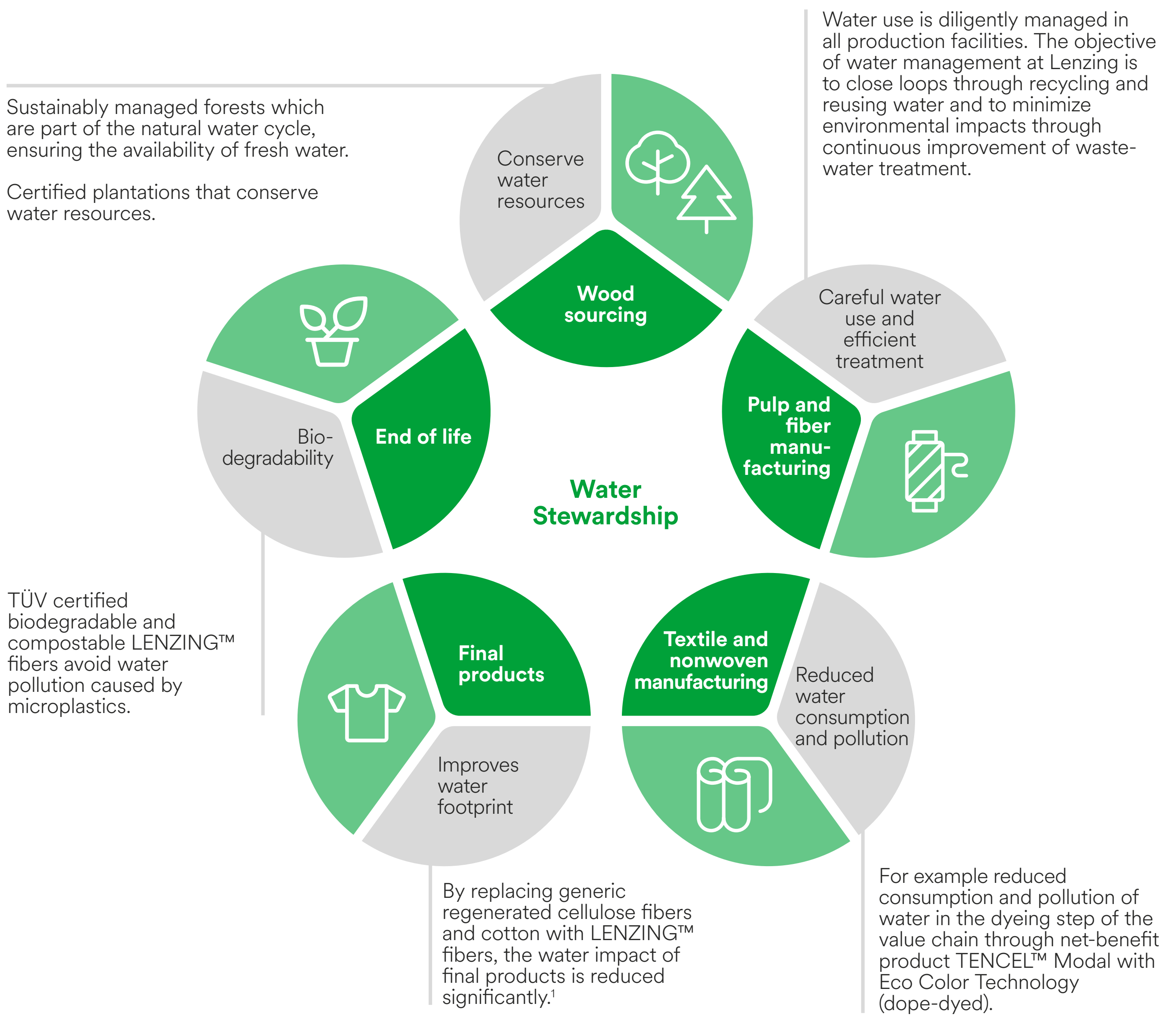
[ESRS 2 SBM-3 46]

Water is a key resource for Lenzing's production of dissolving wood pulp and cellulose fibers. Increasing water scarcity poses risks to the environment, local communities and sustainable economic development. Lenzing addresses this challenge by using water efficiently in its production and applying state-of-the art wastewater treatment technologies.

Lenzing takes water-related aspects into consideration both in its own operations and throughout the upstream and downstream value chain of its products. Water-stewardship is embedded in Lenzing's operations, supported by ongoing monitoring and optimization programs that help reduce water consumption across various process steps (see the figure "Water stewardship").

Lenzing identifies water-related hotspots through risk management tools and Life Cycle Assessments (LCA) and aims to contribute to the sustainable use of water. This commitment is reflected in Lenzing's Group Environmental Policy and Standard and its Water Policy, which align with Environmental Management System ISO 14001, ESRS, CDP and other water-related standards and guidelines.

Water stewardship



1 Based on Higg MSI database v3.11 (Nov. 2025)

Policies

[E3-1, MDR-P 65]

Policy	Water Policy
Accountability	Vice President (VP) Global HSE
Scope and coverage	Lenzing Group Local communities
Objective and key elements	Objective: To ensure responsible water stewardship by managing and conserving water resources throughout Lenzing's operations and value chain, minimizing impacts on communities and ecosystems. Key Elements: Lenzing continuously monitors and manages its water use and water emissions, increasing efficiency and reuse while ensuring alignment with best practices and compliance with legal and environmental standards.
Third party standards / initiatives	EU Best Available Techniques (EU BAT) Zero Discharge of Hazardous Chemicals (ZDHC) UN SDGs
Accessibility	Lenzing website
Topical standards	E2 Pollution E2-1 15a Lenzing actively manages and assesses its water footprint in its own operations and products which is governed by a Group-wide Performance Standard. Lenzing optimizes and improves its performance in terms of product water footprint through alignment with industry best practices, as well as through continuous efforts in technology and management innovations. 15b Lenzing aims to continuously reduce water-related emissions, including hazardous substances. E3 Water and marine resources E3-1 12ai Lenzing actively manages and assesses its water use in its own operations and products which is governed by a Group-wide Performance Standard. 12aiii Lenzing aims to continuously reduce its water consumption and water-related emissions after wastewater treatment to levels that go beyond legal requirements thereby ensuring water quality and availability at its operating sites, and meeting stakeholder expectations. 12b Lenzing optimizes and improves its performance in terms of water use and product water footprint through alignment with industry best practices, as well as through continuous efforts in technology and management innovations. 12c,13 Lenzing recognizes the growing global issue of water stress and quality, which significantly impacts millions of lives. As part of its sustainability strategy, Lenzing has prioritized water stewardship, committing to responsibly manage and conserve water resources for the benefit of communities, future generations, and itself. For more information on areas of high water stress, please see the "Water consumption" section of this chapter".

Actions

[E3-2, MDR-A 68a]

List of key actions
- Global water assessment tools integrated into risk management
- Water footprint assessment of fiber products and raw materials
- Continuous and targeted measures
- Higg Facility Environmental Module (FEM)

Global water assessment tools integrated into risk management

[E3-2 19, MDR-A 68a, 68b, 68c]

Lenzing's operations depend on the use of water resources. Consequently, reliable access to freshwater potentially poses both environmental and business risks. Water risk assessment at the corporate level is carried out by collecting contextualized qualitative and quantitative information across the supply chain. Lenzing uses tools such as the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter to evaluate current watersheds and identify location-specific risks, including regions with high water stress. The facility in Prachinburi (Thailand), which deploys water-efficient lyocell technology, is the Group's only site located in a region of high-water stress. Moreover, bespoke tools provide insights into future scenarios including potential impacts of climate change on water availability and quality. Water risk assessment is an ongoing annual process and was carried out again in the reporting year. This approach enables Lenzing to offer fibers to customers that address water scarcity concerns.

Water footprint assessment of fiber products and raw materials

[E3-2 19, MDR-A 68a, 68b, 68c]

At product level, LCA is the primary tool for assessing cradle-to-gate impacts within direct and indirect operations, i.e. own pulp and fiber production and upstream supply chains. LCA supports the substantiation of product-related environmental claims and helps identify improvement opportunities such as in pulp production (including recycling) or the use of key chemicals. This assessment is supported by Lenzing's environmental data collection process for in-house operations. These include water use, effluents, the discharge of priority substances of concern as well as the increasing collection of primary data on water use from suppliers. While initial efforts focused on pulp suppliers, primary data is now also requested from important chemical suppliers. Lenzing systematically collects operational and supplier data to ensure that LCA calculations are continuously updated and reflect the realistic water footprint of its products.

Continuous and targeted measures

[E3-2 19, MDR-A 68a, 68b, 68c]

In 2025, the pulp plant in Paskov (Czech Republic) implemented corrective measures after a leakage of process and drinking water systems was detected. Additionally, an improvement project to save freshwater resources at the site by using more condensate for washing purposes was initiated in October 2025 and will be completed in 2026. At the fiber production site in Nanjing (China) an investment project to improve water use efficiency was completed in the reporting year. Wastewater is purified by a reverse osmosis unit and reused in cooling towers, thereby reducing freshwater withdrawal.

Higg Facility Environmental Module (FEM)

[E3-2 19, MDR-A 68a, 68b, 68c]

Higg FEM assessment takes place on an annual basis. In 2025, Lenzing continued to implement the Higg FEM self- assessment and third-party verification at all production sites. Higg FEM requires production facilities to examine prospective water withdrawal and/or consumption, aiming for a reduction in the corresponding area. This tool provides a clear picture of a facility's water footprint and supports operational and risk management related to water use. In addition, it supports the identification of measures to enhance water efficiency.

Targets

[E3-3, MDR-T 80g, 80j]

The process of setting and monitoring the targets is described in the "Sustainability targets" section in the "ESRS 2 General disclosures" chapter. For targets relating to water pollution see the "E2 Pollution" chapter.

FEM target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To implement and annually update the Facility Environmental Module (FEM) in all pulp and fiber production facilities and share verified modules with customers from 2024 — **Continuous On track**

Scope	All Lenzing production sites
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Indianópolis (Brazil), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Prachinburi (Thailand), Purwakarta (Indonesia)
Base year	2017
Baseline value	0 production sites
Target value	9 production sites
Status 2025	In 2025, Lenzing conducted FEM self-assessments and verifications for all sites. Therefore, the target is still on track.

[MDR-T 80g, 80h]

The Higg FEM is a standardized tool to measure and evaluate the environmental performance of production facilities. It provides a comprehensive assessment across key environmental impacts, including energy use, water consumption, air emissions and waste management.

Driven by industry initiatives and the growing use of standardized methods to monitor and improve environmental performance in the value chain, many customers have requested the implementation of FEM to capture data on suppliers' environmental aspects. The Group Environmental Management team played a key role in defining the target, working closely with the Corporate Sustainability team.

[E3-3 23c, MDR-T 80f]

Lenzing aims to continuously reduce water-related emissions and water consumption to ensure water quality and availability at its production sites. The target-setting process considers multiple factors, including the changing water scarcity situation in many regions due to climate change. Targets were defined using a comprehensive approach that includes harmonized industry benchmarking to promote transparency in the value chain. They also reflect contributions to relevant Sustainable Development Goals (SDGs), which strongly align with and significantly support the corporate sustainability strategy. Each site has set individual water-use targets for specific baseline and target years.

[E3-3 23a, 23c, 25, MDR-T 80a]

The FEM target aligns with the Lenzing Water Policy by providing monitoring mechanisms for continuous evaluation and improvement of water-related metrics. This supports the commitment to sustainable water management and conservation. Furthermore, Lenzing's voluntary FEM target addresses the management of material impacts, risks and opportunities, such as water consumption at facility level and the management of operations in water risk and water stress areas. For more information on water risks areas, please see the "Water consumption" section. Actions to reduce negative impacts on water quality are addressed in the "E2 Pollution" chapter.

Metrics

Water consumption

[E3-4 28a, 28b, 28c]

Water consumption

(m³)	2014	2025	2024
Total water consumption	9,000,000	16,321,161	13,520,862
of which in areas of water stress	0	609,596	635,726
Total water recycled and reused		593,519,966	471,484,218

[E3-4 AR 32]

Water withdrawal[a]

(m³)	2014	2025	2024
All areas			
Surface water	103,000,000	97,764,520	101,429,595
freshwater	0	97,764,520	101,429,595
Groundwater	14,000,000	13,273,181	14,226,523
freshwater	0	13,273,181	14,226,523
Third-party water	0	9,665,818	9,600,396
freshwater	0	9,665,818	9,600,396
of which in areas of water stress	0	1,316,396	1,325,900
Total water withdrawal	**117,000,000**	**120,703,520**	**125,792,211**
of which in areas of water stress	**0**	**1,316,396**	**1,325,900**

a) From freshwater (⩽1.000 mg/l Total Dissolved Solids), no withdrawal from other water (>1.000 mg/l Total Dissolved Solids). No water is used from seawater and produced water.

[E3-4 AR 32]

Water discharge[a]

(m³)	2014	2025	2024
Water discharged by destination			
Surface water		46,150,257	53,709,893
Third-party water		58,232,102	58,561,456
of which in areas of water stress		706,801	690,174
of which third-party water sent for use to other organizations			
Water discharged by water quality			
Freshwater (≤1,000 mg/l Total Dissolved Solids)		69,559,232	70,174,531
of which in areas of water stress		706,801	690,174
Other water (>1,000 mg/l Total Dissolved Solids)		34,823,127	42,096,818
Total water discharged	**108,000,000**	**104,382,359**	**112,271,349**
of which in areas of water stress	**0**	**706,801**	**690,174**

a) There is no water discharged to groundwater and seawater.

[E3-4 29]

Water intensity

Total water consumption per revenue (m³/EUR mn)	2025	2024
Water intensity	6,272	5,076

[E3-4 28e]

Changes over time

Total water withdrawal and discharge volumes slightly decreased in 2025 but remain in stable range of typical fluctuation of business operations. However, water consumption significantly increased in group-wide operations mainly due to less water discharged at the pulp production facility in Brazil as an effect of both optimized operations and increase of recycled and reused water. Water use at the Prachinburi (Thailand) site – Lenzing's only facility located in an area of water risk and high-water stress – remained stable on a year-on-year comparison.

The increase of total volume of water recycled and reused in 2025 is due to expansion and improvement of monitoring, as not all production facilities were able to report these indicators for the first time disclosure in 2024. The largest contributions come from recirculating cooling water and the reuse of process water in lyocell production. For details on scope, accounting principles and data limitations, see the "Accounting principles" section of this chapter.

Contextual information

Lenzing's objective in water management is to use water resources efficiently by maximizing recycling and reusing water within operations. The pulp mill at Paskov (Czech Republic) operates a closed-loop cooling water system that requires only a small amount of make-up water to compensate for losses. At the Lenzing site (Austria) the integrated pulp and fiber production saves water by eliminating the need to dry and re-moisten pulp due to integration with fiber production. Across the Lenzing Group, pulp and fiber production facilities obtain water from adjacent water bodies (mainly rivers and groundwater) and municipal local suppliers.

Water serves as a cooling and process agent during manufacturing. Substantial volumes of water are consumed by the inherent moisture uptake of cellulose fibers and vaporization in the cooling process. In the lyocell process, the spin bath contains water and the solvent NMMO to dissolve cellulose polymer prior to spinning. The viscose process uses a mixture of process chemicals and water. In both technologies water is efficiently recycled and reused by separating it from chemicals and/or solvents with high efficiency (see also the "E5 Resource use and circular economy" chapter). This state-of-the-art recovery technology is applied to all Lenzing facilities. It enables substantial water savings, provides optimal pretreatment for wastewater discharge and optimizes consistent fiber quality and performance.

Accounting principles

[E3-4 28e; MDR-M 77a, 77b]

All production sites comply with local legal and permitting requirements. Water withdrawal and discharge are measured and reported on the basis of continuous metering. Sources of withdrawals as well as the destinations and quality of discharges are monitored and reported in the tables "Water withdrawal" and "Water discharge". The sites submit this information to the Group database monthly. The data is then aggregated for Group-level reporting. The water consumption is calculated as the difference between discharge and withdrawal. While the Group-level data are not validated by any external body other than the assurance provider, water withdrawal and discharge monitoring are subject to inspections by local authorities at the sites.

Water recycling and reuse

Water recycling and reuse is practiced at all Lenzing sites. Therefore, water entering the production sites is typically used multiple times before being discharged back into the environment. Process water, cooling water and steam condensate are generally recycled at the sites and are included in the "Water consumption" table. Factors influencing water recycling include local climate conditions, access to cooling water as well as technological and operational aspects.

This report comprises the recycling flows for specific pulp and lyocell process water streams. However, many complex recycling systems, such as the reuse of water in different fiber washing steps, are not yet represented and need further assessment. As the technical specifications are still under evaluation, there is currently no established foundation or sufficient data to provide a reasonable estimate of missing water recycling and reuse flows.

The reported total also includes water recycled in cooling towers and non-contact heat exchange operations. The Lenzing Group operates recirculating cooling systems with cooling towers. These systems enable the recycling of very large volumes of water compared to once-through cooling systems. The recycled water in the recirculating cooling systems is calculated using cooling tower parameters and direct measurements (flow meter readings).

E4 Biodiversity and ecosystems

ABSTRACT

Biodiversity and healthy ecosystems are fundamental for global resilience and for Lenzing's long-term success. The World Economic Forum ranks biodiversity loss and ecosystem collapse among the top three global risks [9], alongside climate change. As wood is Lenzing's most important raw material, investing in biodiversity protection is essential. This chapter explains how Lenzing assesses nature-related risks, integrates biodiversity into its environmental management and implements targeted measures to safeguard ecosystem services. It highlights the company's engagement in global initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD), the Science Based Targets for Nature (SBTN) and the European Business Nature Commitment. Through collaboration, monitoring and transparent reporting, Lenzing aims to reduce pressures on biodiversity and contribute meaningfully to global conservation goals.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Land use change and dependencies on ecosystem services	Risk - OO & upstream VC - Short- to long-term	Wood scarcity due to non-resilient forests can lead to business losses as there might be no wood available or only at a high price. As biodiverse ecosystems are more resilient to outside stresses, biodiversity loss poses a great risk for Lenzing.	*VC: Wood and Pulp Policy *VC: Biodiversity Policy	*Conservation area Brazil *VC: Conservation projects (projects within the value chain)	*Avoid: Biodiversity due diligence via sustainable sourcing *Restore: Lenzing's plantations in Brazil *Restore: Maintenance and enhancement of ecosystem services in Austria *Transform: Biodiversity-related research activities *Beyond the value chain activities	*Land use area Brazil (entity-specific) *Biodiversity status Brazil (Land use intensity indirectly; entity-specific) *% wood sourced covered by FSC® and PEFC (entity-specific) *IRO-related TNFD metrics (entity-specific)

OO...Own operations
VC...Value chain

The topic "Climate change as an impact driver of biodiversity loss" is material for Lenzing and is addressed in the "E1 Climate Change" chapter through the IRO "Negative impact on global climate change caused by generating GHG emissions from the use of non-renewable energy sources" as well as the related policies, targets, actions and metrics.

Strategy

[E4-1 15]

With global biodiversity loss accelerating, the textile and apparel industry is increasingly recognizing its role in this challenge.[10, 11] Agricultural land use is a major driver of biodiversity loss and forest-based wood sourcing can also contribute to biodiversity loss.

As a leading cellulose fiber producer, Lenzing focuses on three areas to reduce its impact on nature: responsible wood and pulp sourcing, its fiber production and products' end-of-use.

To strengthen its biodiversity strategy, Lenzing joined the European Business Nature Commitment (EBNC) and the Science Based Targets for Nature (SBTN) Corporate Engagement Program in 2023. Practical guidance has been applied from the Taskforce on Nature-related Financial Disclosures (TNFD).

In 2024, Lenzing supported the Business for Nature Statement ahead of COP16 at the Convention on Biological Diversity in Colombia in calling on political leaders to implement the Global Biodiversity Framework under the Kunming-Montreal Protocol as well as to halt and reverse nature loss this decade.[12]

[9] WEF Global Risk Report 2024, long-term risks (10 years)
[10] Textile Exchange, Biodiversity Insights Report 2021. https://textileexchange.org/app/uploads/2021/11/Biodiversity-Insights-Report-2021.pdf
[11] Global Fashion Pact, https://www.thefashionpact.org/our-work/#Tools-and-resources

[12] https://www.businessfornature.org/business-statement

Group Biodiversity Approach and Action Plan

For preliminary results of the biodiversity strategy process, please refer to the "Biodiversity Approach and Action Plan" (BAAP). This document outlines how Lenzing addresses nature-related dependencies, impacts, opportunities, as well as current and emerging legal requirements.

The Lenzing Biodiversity Approach and Action Plan navigates the company through these complexities and includes the following elements:

- Rationale and requirements for a Biodiversity Approach
- Identification of ecosystem dependencies, impact drivers, methods, and indicators
  - Locating of key dependencies and potential impacts
  - Measurement of dependencies and impact
  - Impact materiality assessment
  - Risks and opportunities: resilience analysis
- Definition of potential next steps and tasks (Action Plan)
  - Current and short-term actions

Please note that the BAAP does not represent the full biodiversity strategy and transition plan required under the ESRS.

Site-specific Biodiversity Action Plan in Brazil

LD Celulose, Lenzing's joint venture in Brazil, has developed a Biodiversity Action Plan (BAP) to integrate effective measures for biodiversity conservation into its industrial and operational activities. This is a comprehensive guide that identifies, assesses and addresses the opportunities and impacts of operations on biodiversity. This ensures responsible stewardship of natural resources within its areas of operation.

The BAP provides a framework for biodiversity management (including ecosystem goods and services) and establishes clear objectives and actions. It is based on a series of technical analyses that assess regional biodiversity and define how LD Celulose will operate. This includes additional mitigation measures based on the studies carried out, the company's roles and responsibilities, implementation timelines, and the mechanisms for review and updates.

As a dynamic document, the BAP will be regularly reviewed and updated in line with the implementation progress, performance evaluations, and emerging regional biodiversity challenges.

Resilience assessment

[E4-1 13]

As part of the Biodiversity Approach and Action Plan, Lenzing conducted an initial resilience analysis in 2024 applying the TNFD LEAP approach.[13] Details on the assessment of the resilience of the business model and strategy, including scope, key assumptions, time horizons, results and stakeholder involvement, are provided in the "Nature-related risk assessment" section of the "ESRS 2 General disclosures" chapter.

Biodiversity-sensitive areas

[E4 ESRS 2 SBM-3]

Lenzing operates seven sites that are located near biodiversity-sensitive areas: Lenzing (Austria), Heiligenkreuz (Austria), Paskov (Czech Republic), Grimsby (UK), Mobile (USA), Indianópolis (Brazil) and Nanjing (China)). For Lenzing's operational sites Purwakarta (Indonesia) and Prachinburi (Thailand) no areas meeting the criteria were identified.

To assess proximity to biodiversity-sensitive and protected areas, Lenzing used several databases, including the Natura 2000 network, the Key Biodiversity Area network, Ramsar sites, European Environment Agency-European Protected Sites, the Emerald Network, the Protected Planet database, and UNESCO sites. The analysis considered terrestrial areas within 10 km of each site and water areas up to 30 km downstream.

[E4 ESRS 2 SBM-3 16a, 16c]

To date, there have been no documented significant impacts on the ecological status of the biodiversity-sensitive and protected areas, nor on any threatened species attributed to Lenzing's operational sites.

[E4 ESRS 2 SBM-3 16b]

Additionally, no material negative impacts concerning desertification, soil sealing and land degradation have been identified.

All Lenzing sites have operation permits issued by the relevant regional authorities. These authorities coordinate with the bodies responsible for nearby biodiversity-sensitive areas to monitor any significant negative effects and, where necessary, request mitigation measures. No biodiversity-related mitigation measures were required during the reporting period.

For detailed information on biodiversity-sensitive and protected areas near Lenzing's operational sites, please refer to the table "Biodiversity sensitive areas and protected sites near Lenzing production sites" in the "Annex".

[13] Guidance on the identification and assessment of nature-related issues: the LEAP approach – TNFD

Policies

[E4-2, MDR-P 65]

Policy	Biodiversity Policy
Accountability	Senior Vice President (SVP) Commercial Pulp, Biorefinery and Co-Products, Wood
Scope and coverage	Lenzing Group Upstream value chain
Objective and key elements	Objective: The objective is to maintain productive ecosystems healthy, especially forests, while protecting the related biodiversity and ensuring the preservation of ecosystem services. Key elements: Lenzing applies best practices to reduce key drivers of biodiversity loss within our influence and foster ecosystem protection as well as regeneration and restoration across and beyond the supply chain.
Third party standards / initiatives	Global Biodiversity Plan under the Kunming-Montreal Protocol Taskforce on Nature-related Financial Disclosures (TNFD) Science Based Targets for Nature (SBTN) European Business Nature Commitment (EBNC)
Accessibility	Lenzing website
Topical standards	E4 Biodiversity and ecosystems E4-2 23a The Biodiversity Policy addresses climate change, land-use change, direct exploitation, pollution and invasive alien species. 23b Lenzing strives to follow its science-based climate action plan to significantly reduce greenhouse gas emissions. 23c Lenzing's business model depends on wood as a natural raw material, which results in a material dependency on natural resources, primarily forests. 23d Traceability of raw materials, especially for wood, is ensured through a due diligence system, Chain of Custody certifications and compliance with current and upcoming relevant country regulations. 23e The Biodiversity Policy strengthens Lenzing's commitment to protecting, regenerating and restoring ecosystems and to deliver positive impacts both within and beyond the value chain. 23f Social consequences of biodiversity loss and the social benefits of positive biodiversity outcomes will be assessed as part of the biodiversity strategy building on the social criteria of the forest certification schemes. 24a The Biodiversity Policy applies to all operational sites owned, leased or managed near biodiversity-sensitive areas.

Policy	Wood & Pulp Policy
Accountability	Senior Vice President (SVP) Commercial Pulp, Biorefinery and Co-Products, Wood
Scope and coverage	Lenzing Group Upstream value chain Indigenous Peoples and Local Communities
Objective and key elements	Objective: The objective is to source wood and pulp exclusively from non-controversial sources. Key elements: Lenzing applies a region-specific due diligence system, uses FSC® and PEFC certifications (License codes: FSC-C041246, PEFC/06-33-92) and science-based conservation planning.
Third party standards / initiatives	FSC® PEFC ILO Declaration on Fundamental Principles
Accessibility	Lenzing website
Topical standards	E4 Biodiversity and ecosystems E4-2 23a The Wood and Pulp Policy covers land use change and direct exploitation. Wood and pulp supply is central for Lenzing's pulp and fiber production sites. 23e In its Wood and Pulp Policy, Lenzing is committed to sourcing wood and dissolving wood pulp exclusively from non-controversial sources. This is ensured through an internal due diligence system with region-specific assessments on-site and involvement of relevant stakeholders. 23f Controversial sources also include wood obtained in violation of traditional, community and/or human rights. This includes customary rights to land, resources, territories of Indigenous Peoples and Local Communities; as well as the failure to respect Free, Prior and Informed Consent (FPIC). 24b Lenzing does not procure wood from plantations established after 1994. 24d The Wood and Pulp Policy addresses the topic of deforestation. S2 Workers in the value chain S2-1 16 The policy covers workers in the upstream value chain.

Actions

[E4-3, MDR-A 68a]

List of key actions
- Avoid: Biodiversity due diligence via sustainable sourcing
- Restore: Lenzing's plantations in Brazil
- Restore: Maintenance and enhancement of ecosystem services in Austria
- Transform: Biodiversity-related research activities
- Initiatives beyond the value chain

[E4-3 28a]

To present Lenzing's actions in relation to biodiversity and ecosystems, the AR³T framework (Avoid, Reduce, Restore, Regenerate, Transform) is used as a practical classification tool. This is based on the mitigation hierarchy, as set out in the International Financial Corporation's Performance Standard 6.

AR³T Framework of actions for nature, from SBTN (2020)[a]

Avoid
Prevent impact from happening in the first place: prevent the impact entirely
Reduce
Minimize impacts, but without necessarily eliminating them
Restore
Initiate or accelerate the recovery of an ecosystem with respect to its health, integrity, and sustainability, with a focus on permanent changes in its state
Regenerate
Take measures designed to increase the biophysical function and/or ecological productivity of an ecosystem or its components within existing land uses, often with a focus on a few of nature's specific contributions to people (e.g. regenerative agriculture often focuses on carbon sequestration, food production, and nitrogen and phosphorus retention)
Transform
Take measures contributing to system-wide change, notably to alter the drivers of nature loss, e.g. through technological, economic, institutional, and social factors and changes in underlying values and behaviors

a) SCIENCE-BASED TARGETS for NATURE. Initial Guidance for Business. (2020)

[E4-3 28b, 28c]

While Lenzing supports several restoration and regeneration projects worldwide, both within and beyond its value chain, it does not engage in biodiversity offsetting. While stakeholder engagement takes place, local and Indigenous knowledge on nature-based solutions and related perspectives have not yet been integrated into internal processes.

Avoid: Biodiversity due diligence via sustainable sourcing

[MDR-A 68a, 68b, 68c]

Wood and dissolving wood pulp are Lenzing's most important raw materials. The company is committed to sustainable sourcing that aims to ensure a deforestation-free supply chain. All wood and dissolving wood pulp used by the Lenzing Group is either FSC® or PEFC certified or controlled in line with these standards.[14] This is continuously ensured through annual internal and external audits. For details on certification and due diligence, see the "Sourcing" section in the "G1 Business conduct" chapter and the Focus Paper "Wood and Pulp".

The forest certificates held by the Lenzing Group include international criteria for biodiversity and forest ecosystem protection. Additional requirements are set out in national standards, which vary by country.

Restore: Lenzing's plantations in Brazil

[MDR-A 68a, 68b, 68c]

To mitigate wood scarcity risks, Lenzing operates its own eucalyptus plantation in Brazil (License codes: FSC-C175509, FSC-C165948) to ensure reliable and sustainable wood supply. The plantation is managed by LD Celulose, which implements targeted measures to protect biodiversity and safeguard soil and water quality. LD Celulose does not use genetically modified organisms (GMOs). The plantation is located approximately 800 km away from the Amazon region.

Ongoing measures by LD Celulose include minimum soil cultivation to preserve nutrient cycles, plot-specific fertilization based on soil analysis, the creation of ecological corridors to connect habitats and the monitoring and protection of riparian forests designated as Permanent Preservation Areas under Brazilian law. The Forest Management Plan has been updated to strengthen pest management and reduce the risk of eucalyptus dispersion into natural vegetation. Monitoring of flora and fauna is carried out annually or twice per year and covers the entire plantation area.

Restore: Maintenance and enhancement of ecosystem services in Austria

[MDR-A 68a, 68b, 68c]

Since 2022, Lenzing has been actively engaging with its wood suppliers in Austria to maintain and support forest ecosystem services addressing the concrete risk of "wood scarcity and resultant high wood prices". The Lenzing site pulp mill sources more than 35 percent of its wood from Austrian forests, thereby making their health condition particularly important.

Lenzing collaborates with Österreichische Bundesforste AG (ÖBf, Austrian Federal Forests) as a member of the Alliance for Biodiversity (Allianz für Biodiversität). In 2024, Lenzing started to support an existing action plan by ÖBf to protect and restore peat bogs in the Ausseerland region in Styria, Austria. Management activities started in autumn 2024 and were completed in 2025 resulting in the restoration of high-biodiversity wet meadows and ponds for amphibians. In 2025, a project was approved for the restoration of spawning grounds for endangered fish species in the river Traun (Upper Austria). Its implementation is scheduled for early 2026. The Lenzing site in Austria is situated in the catchment of this river.

[14] License codes: FSC-C041246, PEFC/06-33-92

Transform: Biodiversity-related research activities

[MDR-A 68a, 68b, 68c]

In 2023, Lenzing and Wood K Plus initiated a doctoral research project on biodiversity metrics to assess corporate impacts and dependencies. As an initial output, a review paper on the SBTN methodologies for the "Assess" and "Interpret and prioritize" steps was published in 2025.[15] In the same year, a study on the applicability of indicators for sustainable forest management was completed; its publication is still pending. This research, ongoing through 2026, supports the development of Lenzing's biodiversity strategy, especially the selection of suitable indicators for drivers of nature change and the state of nature.

A publicly funded research project, "Biodiversity and multifunctional forest management" (BIMUWA)[16] in Austria, has developed specific measures to protect endangered species (Red-List) and enhance biodiversity under local conditions in PEFC Region 6 (in Styria and Carinthia, Austria). These measures are already being integrated into daily forest management. The ÖBf is implementing these measures in cooperation with the NGO umbrella organization Umweltdachverband. As the measures are concrete and easy to apply, their positive effects can be scaled across large forest areas. The follow-up project for PEFC Region 2 (in Upper Austria, Lower Austria and Salzburg) was approved in 2025 and is financed through public funds and corporate contributions, including Lenzing's. Implementation is scheduled to begin in 2026.

Initiatives beyond the value chain

Lenzing also supports conservation solutions in regions outside its own supply chain. These projects address the "risk of wood scarcity from non-resilient forests and effects of increasing global average temperature" and the "risk of increasing wood prices due to climate change and biomass competition". They contribute to climate change mitigation and adaptation by enhancing carbon sinks, stabilizing regional climates and strengthening ecosystem resilience. For actions addressing "climate change as a driver of biodiversity loss", please see the "E1 Climate change" chapter.

Regenerate: Social innovation for communities

[MDR-A 68a, 68b, 68c]

In the Luozi Region of the Democratic Republic of Congo, Lenzing co-funds a pilot project by Caritas Upper Austria. It integrates social and environmental measures for sustainable environmental protection. This project reduces CO_2 emissions by promoting alternative charcoal made from agricultural waste and energy-saving stoves, thereby lowering reliance on wood. Income-generating activities such as agroforestry and beekeeping help small-scale farmers transition away from wood charcoal while improving soil fertility and reducing deforestation. Advocacy and education efforts aim to limit slash-and-burn agriculture and improve forest protection. The project started in October 2023 and will run until 2026.

Restore: Sustainable agriculture and agroforestry

[MDR-A 68a, 68b, 68c]

Deforestation in Tanzania severely affects ecosystems and rural livelihoods. In partnership with Sustainable Agriculture Tanzania (SAT), Lenzing supports a project in the Morogoro Region and the Uluguru Mountains Nature Forest Reserve to improve environmental conditions, preserve biodiversity, stabilize the water cycle, reduce soil erosion and strengthen local communities. Small-scale farmers are supported in planting native trees as well as spice and fruit trees. The project is implemented by SAT and Inspiring Cooperation Empowering People (ICEP), with Lenzing assuming a financing role over the 2024 to 2025 period.

Regenerate: Reforestation and climate protection project

[MDR-A 68a, 68b, 68c]

Lenzing supports a collaborative project in Burundi aimed at ecosystem restoration and climate protection in the Ruvubu National Park. In partnership with Caritas Steiermark, ODAG-Caritas Gitega and the University of Burundi, this initiative seeks to reduce utilization pressure and restore the natural ecosystem through reforestation with native trees. It also aims to strengthen local livelihoods by raising awareness and providing training on sustainable forestry and agriculture to farming families in Mutumba and Nyabikere. This should improve environmental conditions by controlling bushfires and reducing illegal activities. The project is implemented by the partner organizations, with Lenzing providing financial support within the period of 2024 to 2026.

Restore: Fashion forest afforestation project

[MDR-A 68a, 68b, 68c]

Lenzing Fiber (Shanghai) Co., Ltd. collaborates with the China National Textile and Apparel Council (CNTAC) and China Green Carbon Foundation (CGCF) on the Fashion Forest – Ecologic Carbon Neutral Forest project in Suochong Village, Sangdui Township, Daocheng County, Sichuan Province. The initiative reflects Lenzing's commitment to sustainability and responsible raw material sourcing and demonstrates its contribution to biodiversity and ecosystem conservation through active stakeholder engagement.

The project focuses on spruce afforestation to restore high-altitude forest ecosystems by planting approximately 35,000 Qinghai spruces across an area of 18 hectares. This supports local ecosystem resilience and helps local communities adapt to climate change. Moreover, the project aims to enhance residents' awareness of nature conservation and provides local communities with greater employment opportunities in silviculture and conservation. The project officially started in 2025 and will run for four years. A kick-off event was held during the 2024 reporting period.

[15] Barth, A. et al. (2025). Bridging business and biodiversity: An analysis of biodiversity assessment tools. Environmental and Sustainability Indicators, 26, 100682. https://doi.org/10.1016/j.indic.2025.100682

[16] https://www.bundesforste.at/leistungen/naturraummanagement/foerderprojekte/biodiversitaet-und-multifunktionale-bewirtschaftung-im-wald.html

Targets

[ESRS E4-4 32a, 32b, 32e, 32f, MDR-T 80f]

Lenzing uses the AR³T Action Framework of the Science Based Targets Network (SBTN) as a reference for describing its actions. These conservation targets reflect the comprehensive and systematic approach to biodiversity and ecosystems that the Lenzing Group has been pursuing. In setting the targets for Lenzing, ecological thresholds, impact allocations and biodiversity offsets were not applied. These targets were set prior to the Kunming-Montreal Global Biodiversity Framework and the EU Biodiversity Strategy for 2030. However, the development of a new biodiversity strategy is underway. An initial outcome – the Biodiversity Approach and Action Plan – already integrates relevant global frameworks and initiatives which help ensure that future targets will be more comprehensive and aligned with global biodiversity goals and ecosystem conservation efforts. The conservation targets contribute to reducing the risk of species extinction by preserving habitats and maintaining ecosystem services through responsible forest management and protection.

[MDR-T 80a, 80g, 80h, 80j]

Both targets relate to the Biodiversity Policy. The conservation target in Brazil also aligns with the Water Policy and the Wood and Pulp Policy. Key external stakeholders such as the ICEP, the Austrian Federal Forests (ÖBf), the Canopy Style Initiative and the Umweltdachverband contributed to target setting through ongoing dialog and consultation. CDP serves as the reporting platform for these topics. Internal stakeholders including the Wood and Pulp Team, the Commercial Team and the Corporate Sustainability Team also played a crucial role in establishing these targets. The process for setting and monitoring targets is outlined in the "Sustainability targets" section in the "ESRS 2 General disclosures" chapter.

Conservation Area Brazil target

[E4-4 32d, MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To implement conservation solutions on 24,500 ha at the pulp mill in Indianópolis (Brazil) by 2030		2030 On track
Sub-target	**Lenzing increases the protected area at the site in Indianópolis (Brazil) from 13,000 ha to 24,500 ha**	2030 On track
Scope	Lenzing pulp mill in Indianópolis (Brazil)	
Geographical coverage	Indianópolis (Brazil)	
Base year	2020	
Baseline value	13,000 ha	
Target value	24,500 ha	
Status 2025	Lenzing over-achieved its previous target of 20,000 ha in 2024. In 2025, the area was expanded to more than 23,000 ha, and therefore the target ambition and measure was increased to 24,500 ha.	

Conservation Projects target

[E4-4 32d, MDR-T 80c, 80d, 80e, 80j]

To engage in further conservation, biodiversity protection and restoration activities in regions where forests are at risk or should be improved by 2025		2025 Achieved
Scope	Lenzing, own operations, value chain and outside the value chain	
Geographical coverage	Europe, Americas and Africa	
Base year	2020	
Baseline value	N/A	
Target value	N/A	
Status 2025	Lenzing supported several projects within its value chain in 2025, such as a project in Austria for the restoration and protection of moorland and peat bogs. In addition Lenzing supported projects beyond its value chain for forest conservation through social impact in China, DR Congo, Burundi and Tanzania. Over the last five years, Lenzing has invested in and supported several projects to this end and thereby successfully achieved its target. For a detailed description of all projects, please see the "Actions" section of the "E4 Biodiversity and ecosystems" chapter.	

[MDR-T 81]

The Conservation Projects target is not linked to a quantitative metric. However, the target helps address the "risk of wood scarcity & high wood prices resulting from biodiversity loss" by supporting conservation, biodiversity protection and restoration projects, both within and beyond Lenzing's value chain. The target is in line with the objectives of Lenzing's Biodiversity Policy. Outcomes are primarily assessed through qualitative evaluation, complemented by quantitative indicators where applicable. Further information on the related activities is provided in the project descriptions in the "Actions" section of this chapter.

Metrics

[E4-5]

Attempts to quantify biodiversity impacts from land use usually consider two factors: the land area used and the intensity of use. Land use area alone is not a meaningful metric for impacts, and robust indicators for land-use intensity and biodiversity condition are still under development. Most available data is largely qualitative, and no standardized method exists for consistently comparing impacts. As a consequence, no specific actions can yet be derived from existing metrics. Current efforts focus on assessments such as species counts, which provide useful insights but do not yet fully capture biodiversity related impacts. To advance this field, Lenzing supports a doctoral research project on developing biodiversity metrics for assessing corporate impacts and dependencies (see "Transform: Biodiversity-related research activities" in the "Actions" section).

[MDR-M 77b]

The metrics in this section are not validated by an external body other than the assurance provider.

Land use area

[entity-specific]

Land area and data availability across Lenzing's wood and pulp sources

Lenzing sources	Forest type	Land use intensity	Data/estimates	Land area data quality
Wood	Plantation	High	Known (see "Quantitative description of area managed and influenced by LD Celulose")	High
Wood	Semi-natural	Low to medium	Estimates needed based on regional statistical data	Medium
Pulp (pulp supplier sources wood)	Plantation	High	Estimates possible	Medium
Pulp (pulp supplier sources wood)	Semi-natural	Low to medium	Rough estimates	Low

Estimating the land area used for Lenzing's wood sourcing is part of the project initiated to develop a biodiversity strategy. Data availability and quality may vary depending on forest type, land ownership, sourcing area and supply chain position (see the table "Land area and data availability across Lenzing's wood and pulp sources"). Initial attempts to estimate forest area use for direct wood supply to Lenzing's European pulp mills began in 2023. As the work is still ongoing, no results are available at present.

Land use area within LD Celulose's plantations

Quantitative description of areas managed and influenced by LD Celulose (entity-specific)

	Changes 2025 compared to 2024		2025		2024	
	ha	%	ha	%	ha	%
Forest/plantation area	4,549	6	71,089	71	66,540	71
FSC® area	6,857	12	55,012	55	48,155	51
Protected area	584	2	23,563	24	22,980	24
required by regulation	1,106	6	19,888	20	18,782	20
Infrastructure	398	8	4,786	5	4,388	5
Total area	**5,531**	**6**	**99,438**	**100**	**93,908**	**100**

Since the plantations in Brazil (Indianópolis) are owned and managed by the Lenzing Group, through LD Celulose, detailed land-use data is available. The main direct land use areas currently cover 99,438 hectares (994.38 km^2). These areas were categorized as agricultural land several decades ago. The existing plantations were established without converting primary forests, naturally regenerating (second-growth) forests, savannahs, grasslands or freshwater natural ecosystems to other land uses, particularly not after 1994. This was a precondition for LDC's plantations FSC® certification obtained in 2021. In 2025, however, 3,014 hectares (2024: 55 hectares) of degraded former agricultural grassland were converted to forest plantations.

Only plantation areas where trees have reached a certain maturity can be certified under the FSC® label. This explains the numerical gap between the total plantation area and the FSC®-certified area (License codes: FSC-C175509, FSC-C165948), representing the portion of trees that are too young to qualify for certification.

Brazilian environmental law determines the maintenance of Permanent Preservation Areas (APPs) and Legal Reserve (LR) areas. Currently, 23,563 hectares (2024: 22,970 hectares) of land managed by LD Celulose are classified as protected areas.

Impact of land use intensity on biodiversity

[entity-specific]

Land use intensity affects biodiversity and ecosystem conditions. Lenzing Group monitors this across global regions through two different approaches.

In Europe, forest biodiversity and ecosystem status are monitored at national level according to the Forest Europe Criteria and Indicators. [17] They contain 6 criteria (among them, “Maintenance of forest ecosystem health and vitality”, and “Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems”) and a set of 35 quantitative as well as 17 qualitative indicators. Results are published regularly in the European overview [18] as well as in national reports. For the top four sourcing countries - Austria, the Czech Republic, Germany, and Slovakia - please refer to the reports listed in the footnote [19] for national indicators and results.

In Brazil, wood is sourced from plantations managed by LD Celulose. Monitoring is conducted in compliance with the Brazilian Forest Code through a structured framework of internal and external processes. This includes annual satellite imagery to assess the location, size and status of the Legal Reserve Areas (LRAs) and Permanent Preservation Areas (APPs) as well as regular field audits by internal environmental specialists. Flora and fauna are monitored within managed areas and in zones influenced by the mill site through internal programs and partnerships with universities.

Biodiversity monitoring has identified around 300 plant species and 440 animal species (2024: around 200 plant species and 450 animal species) within the forest management units of LD Celulose. [20] The programs are carried out annually during both the dry and rainy seasons to track potential impacts on local biodiversity. No significant reduction in species has been observed since monitoring began in December 2020. These programs are also required by the Brazilian environmental agency.

Pulp suppliers apply their own monitoring schemes. For a qualitative assessment of land-use intensity across forest types, please see the table “Land area and data availability across Lenzing’s wood and pulp sources“.

[17] https://foresteurope.org/sustainable-forest-management/

[18] Forest Europe 2015, and 2020: State of Europe’s Forest 2015. Ministerial Conference on the Protection of Forests in Europe, June 2016., and 2020, State of Europe´s Forest 2020. https://foresteurope.org/publications/

[19] Indicators of sustainable forest management in Austria reports from 2017 and 2020. https://info.bmlrt.gv.at/themen/wald/walddialog/dokumente.html, Czech Republic and Slovakia forest reports: Ministry of Agriculture of the Czech Republic, Information on Forests and Forestry in the Czech Republic by 2017 (English), Zpráva o stavu lesa a lesního hospodářství České republiky v roce 2020 (Czech). Ministry of Agriculture and Rural Development of the Slovak Republic, Report on the Forest Sector of the Slovak Republic 2020., German forest report: https://www.bmleh.de/SharedDocs/Downloads/DE/_Wald/waldbericht2021.pdf?__blob=publicationFile&v=11

[20] LDC Green Bonds Report 2025. https://ldcelulose.com.br/fileadmin/user_upload/gb_ld_celulose_eng_spreads.pdf

Taskforce on Nature-related Financial Disclosures (TNFD) metrics

[entity-specific]

TNFD metrics addressing wood scarcity and related to land-use change are presented in the table below.

TNFD Metrics

ID metrics	Metrics No.	Core global indicator	Core global metrics	Metrics for LD Celulose, Brazil for protected areas	Metrics for LD Celulose, Brazil for plantation area
1.2	C1.0	Total spatial footprint	b/ Total disturbed area (km²)	0 ha	2025: 6,492 ha (2024: 6,824 ha) were harvested and replanted (eucalyptus plantations only)
1.3	C1.0	Total spatial footprint	c/ Total rehabilitated/restored area (km²).	70 ha of natural forest regeneration and natural expansion (There are no new areas of regeneration - this area continues to regenerate naturally.) 88.74 ha (2024: 204.06 ha) of afforestation by planting and/or seeding-based regeneration 0% of coppice, as coppicing is not carried out in areas of native vegetation	N/A
2.1	C1.1	Extent of land/freshwater/ocean ecosystem use change	change (km²) by: a/ Type of ecosystem; and	0 ha	2025: 3,014 ha (2024: 55 ha) of degraded, former agricultural grassland converted to forest plantation. No conversion of primary forests, other naturally regenerating (secondary) forests, savannahs, grasslands and freshwater natural ecosystems.
3.1	C1.1	Extent of land/freshwater/ocean ecosystem use change	land conserved or restored (km²) split into: a/ Voluntary; and	3,675 ha (2024: 4,198 ha) (regulated protected area subtracted from total protected area)	N/A
3.2	C1.1	Extent of land/freshwater/ocean ecosystem use change	b/ Required by statutes or regulations	19,888 ha (2024: 18,782 ha) (20% of total area)	N/A
14_2	C5. Forest Europe	Regeneration (Forest Europe Indicator)		70 ha of natural regeneration and natural expansion (There are no new areas of regeneration - this area continues to regenerate naturally.) 88.74 ha (2024: 204.06 ha) of afforestation and regeneration by planting and/or seeding 0% of coppice, as coppicing is not carried out in areas of native vegetation	Harvested area continuously replanted
14_3	C5. Forest Europe	Naturalness level of forests (Forest Europe Indicator)	Size of the forest according to level of naturalness	In the Brazilian context, protected areas in the plantations are counted as semi-natural forests (ha); in 2025: 23,563 ha (2024: 22,980 ha)	2025 declared plantations area: 71,089 ha (2024: 66,540 ha) (E4-5)

Additional metrics and indicators recommended by TNFD that are not connected to Lenzing's ESRS IROs but might still be relevant for interested stakeholders can be found on the Lenzing report website.

E5 Resource use and circular economy

ABSTRACT

The chapter describes how Lenzing embeds circular economy principles into its core business model to enhance resource efficiency and reduce environmental impacts. Lenzing has long operated closed-loop production processes and manufactures fibers that are TÜV-certified biodegradable and compostable at the end of their life cycle.[21] These measures ensure compliance with environmental legislation while maintaining financial competitiveness. The chapter also highlights collaborative initiatives, such as the partnership with Swedish pulp producer Södra, which is aimed at advancing textile-to-textile waste recycling and driving systemic change across the industry. By promoting circular solutions and improving sustainability performance across the value chain, Lenzing creates added value and strengthens its leadership in resource efficiency and circularity.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Resources inflows, including resource use	Negative impact - Potential - Upstream VC - Short-term	Sourcing of conventionally produced chemicals relies on the use of virgin resources and does not enhance circular economy.	*VC: Global Supplier Code of Conduct	*VC: Supplier engagement	*Sourcing (G1-2 15) Sustainable chemical sourcing	*Number of suppliers responding to EcoVadis questionnaire (entity-specific) *Average EcoVadis score of Lenzing's suppliers (entity-specific) *Regionality of purchased chemicals (entity-specific)
	Positive impact - Actual - OO - Short- to long-term	Lenzing contributes to circular value chains by producing fibers with recycled content and renewable raw materials thereby reducing reliance on virgin inputs and lowering lifecycle emissions. These practices support broader environmental goals by minimizing resource extraction, promoting reuse and reducing waste across the textile supply chain.	*Sustainability Policy *Wood and Pulp Policy	*Textile recycling *Circular business model	*Biorefinery for pulp production *Commercial-scale recycling technologies *Collaboration and research	*R&D expenditure (entity-specific) *Speciality fiber share (voluntary information) *Resource inflows (E5-4 30, 31) *Resource outflows (E5-5 34 a, 35, 36)
Resource outflows related to products and services	Opportunity - OO - Medium-term	Lenzing's leadership in circular fiber innovation positions it to capture growing market demand for low-impact, resource-efficient and biodegradable materials. Through the use of recycled content, renewable wood and closed-loop production processes, Lenzing supports downstream partners in achieving sustainability targets while aligning with emerging regulatory frameworks such as the EU Textile Strategy. This strategic positioning enhances customer loyalty, opens new market segments, and reinforces Lenzing's role as a sustainability frontrunner in the textile sector.	*Sustainability Policy	*Textile recycling *Circular business model	*Biorefinery for pulp production *Commercial-scale recycling technologies *Collaboration and research	*R&D expenditure (entity-specific) *Speciality fiber share (voluntary information) *Resource inflows (E5-4 30, 31) *Resource outflows (E5-5 34 a, 35, 36)

[21] LENZING™ fibers which are TÜV certified as 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. An exception in certification exists for the LENZING™ Lyocell Filament fiber, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

	Negative impact - Actual and potential - OO & upstream VC - Short- to long-term	Recycling processes are energy-intensive, potentially resulting in higher greenhouse gas (GHG) emissions and a larger carbon footprint for products compared to using virgin materials. Whether the impact is negative depends on the availability of future technologies, as well as the scale of recycling and recovery of chemicals.	*Sustainability Policy (also VC)	*Circular business model	*Collaboration and research	*R&D expenditure (entity-specific)

OO...Own operations
VC...Value chain

Strategy

[ESRS 2 SBM-3 46]

Lenzing pursues its circular vision through three core practices that integrate key elements of the circular economy into its business model (see figure “Circular economy model”). Together, these practices help close material loops by establishing biological and technical cycles. This reduces dependance on virgin resources and supports long-term sustainability.

Natural circularity

Renewable raw materials sourced from sustainable forestry form the basis of Lenzing’s value chain. At the end of their life, most products are designed for biodegradability and are compostable, thereby ensuring the closure of the biological cycle and reducing environmental impact.

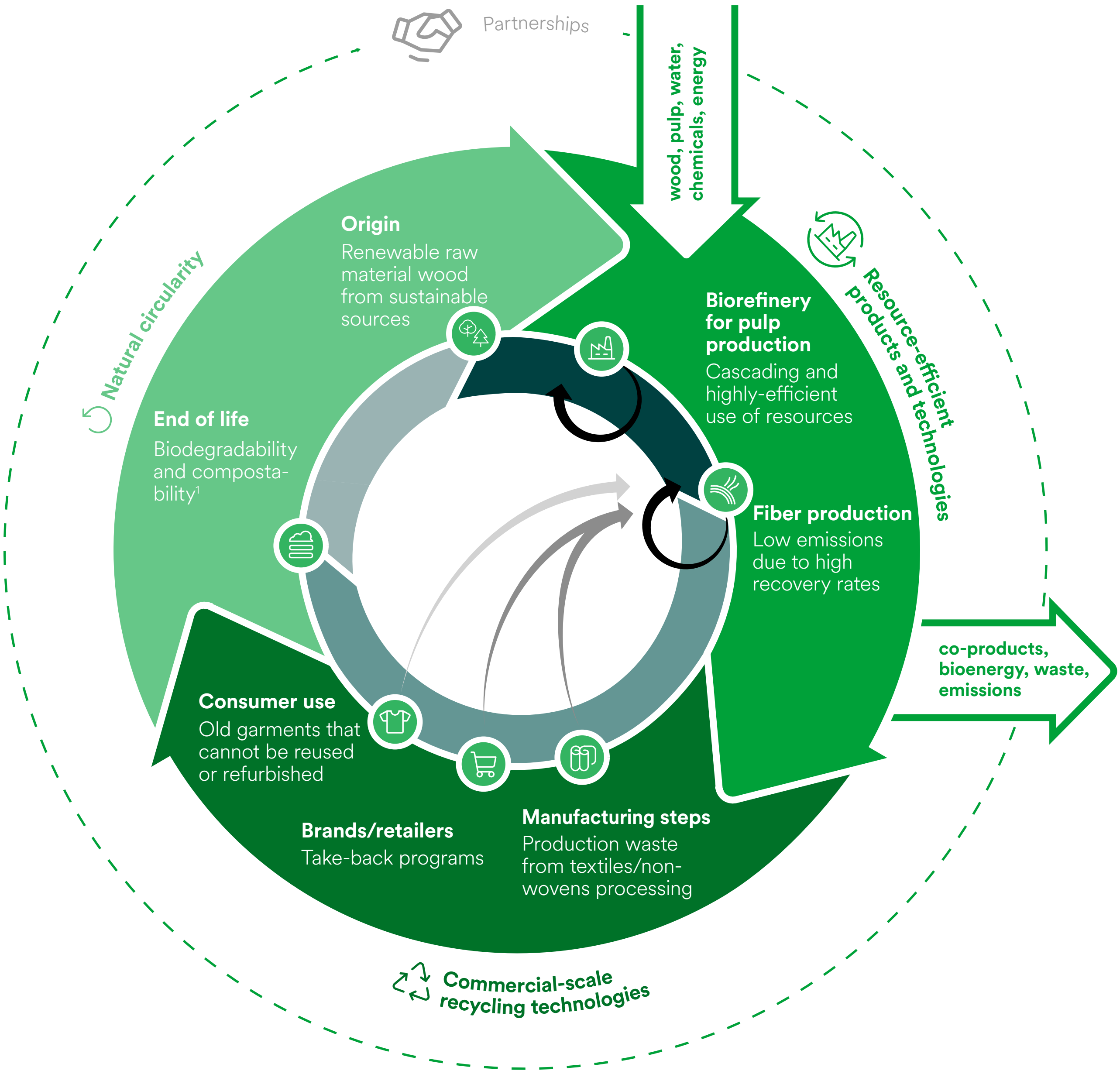
Resource-efficient products and technologies

Biorefinery processes convert natural resources efficiently into pulp and co-products through cascading use, while fiber production is characterized by low emissions and high recovery rates. These technologies optimize resource utilization and minimize waste throughout the production processes.

Commercial-scale recycling technologies

At Lenzing’s pulp and fiber sites, advanced technologies recover and reuse process chemicals and fibers, thereby maintaining material circulation within the technical cycle. Production waste from textiles and nonwovens is reintegrated into fiber manufacturing. Partnerships with brands and retailers support take-back programs for post-consumer textiles that feed into chemical recycling.

Circular economy model



Technical Cycle
- Recovery & reuse of process chemicals
- Recycling of pre-consumer waste
- Recycling of post-consumer waste

Natural Cycle
- Natural resources
- Fiber use phase
- Closing the natural cycle

1 Applies to TÜV certified biodegradable and compostable LENZING™ fibers

Policies

[E5-1, MDR-P 65]

The topic of resource use and circularity is governed by two Lenzing policies. The minimum disclosure requirements and topic-specific requirements of these policies are described in other chapters: the Sustainability Policy - covering the topic-specific requirements transitioning away from use of virgin resources, sustainable sourcing and use of renewable resources – can be found in the “Sustainability Strategy” section of the “ESRS 2 General disclosures” chapter. The Wood and Pulp Policy can be found in the “Policies” section of the “E4 Biodiversity and ecosystems” chapter.

Actions

[E5-2, MDR-A 68a]

List of key actions

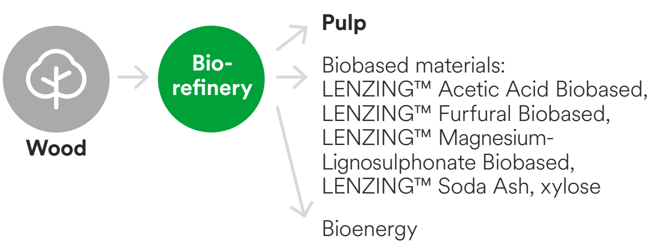
- Biorefinery for pulp production
- Commercial-scale recycling technologies
- Collaboration and research

Biorefinery for pulp production

[E5-2 20a, MDR-A 68a, 68b, 68c]

During pulp production, wood is converted into dissolving wood pulp for use in subsequent fiber production. At Lenzing’s pulp sites, this process is energy self-sufficient, uses raw materials efficiently and achieves high recovery rates for solvents and chemicals. As a result, marketable biorefinery products and energy are generated while production waste is minimized (see the figure ”Highly efficient use of the raw material wood”). The Lenzing Group currently operates three biorefineries in Lenzing (Austria), Paskov (Czech Republic) and Indianópolis (Brazil). These supply valuable biorefinery products to various industries and contribute to the efficient use of wood and process chemicals in a circular system. Each site produces a specific portfolio of biorefinery products.

Highly efficient use of the raw material wood



Surplus energy from pulp production is supplied as renewable energy in the form of steam and electricity. At the Lenzing (Austria) site, this surplus energy is used directly to power fiber production lines. In Paskov (Czech Republic) and Indianópolis (Brazil), surplus energy is exported to the electricity grid, thereby contributing to the regional transition toward renewable energy. This illustrates the cascading use of biomass and the 100 percent utilization of the raw material wood.

Commercial-scale recycling technologies

[E5-2 20b, MDR-A 68a, 68b, 68c]

Recycling requires a holistic approach. Textile recycling processes can be energy-intensive due to the complex disassembly of garments, material blends and chemicals applied in textile production. To truly mitigate climate change and other potential environmental impacts the following factors have to be taken into consideration: e.g. design for circularity, the use of renewable energy and “low-impact” chemicals in the value chain. Brands and retailers play an important role by not only offering products with recycled content to consumers but also by designing apparel to facilitate circularity in terms of durability, recyclability and biodegradability.

Lenzing deploys two types of recycling within its product portfolio: chemical and mechanical, both of which are ongoing activities.

Chemical recycling

To address textile industry waste challenges, Lenzing has developed the innovative REFIBRA™ recycling technology. This process converts pre- and post-consumer cellulosic textile waste from cotton or regenerated cellulose, together with virgin pulp, into new fibers. Lenzing’s R&D teams are continuously working to further enhance this technology.

LENZING™ ECOVERO™ branded viscose fibers produced with REFIBRA™ technology contain a minimum of 20 percent recycled content from pre- and post-consumer textile waste. These fibers deliver high quality and performance equivalent to fibers made from virgin dissolving wood pulp. The fiber is certified under the Recycled Claim Standard (RCS), confirming that all production steps throughout the entire supply chain meet the requirements to ensure the integrity of the final product.

Mechanical recycling

Lenzing fibers can be used as blending partners to enhance mechanically recycled textile materials from post-industrial and pre-/post-consumer sources. During mechanical recycling, textiles are shredded down to individual fiber level as far as possible. Due to the shortening of fiber length and loss of performance such as tenacity, these mechanically recycled fiber materials require carrier fibers in order to be “respun” into new high quality yarns. Lenzing fibers are successfully used as carrier material for mechanically recycled fibers.

Collaboration and research

[MDR-A 68a, 68b, 68c]

In 2025, Lenzing Group has numerous ongoing long-term research collaborations aimed at advancing textile recycling technologies and at strengthening the understanding of circularity among policymakers and industry stakeholders. The overarching goal is to accelerate the transition toward a circular economy in the textile and nonwovens sector. Lenzing collaborates with partners such as Södra, CELLFIL and TreeToTextile in several research projects, which are described below. The total R&D expenditure at Group-level in 2025 (calculated according to the Frascati method) amounted to EUR 31.7 million (2024: EUR 30.4 million). The R&D expenditure is entity-specific information.

Södra
To accelerate technological development in textile recycling and expand capacity for generating pulp from post-consumer textile waste, Lenzing began collaborating with Södra, a leading global pulp producer, in 2021. The joint goal is to recycle and process 50,000 tons of textile waste per year at Södra's Mörrum site by 2029. This initiative, known as "Textile Recycling in Europe AT Scale" (LIFE TREATS), is supported by an EU subsidy of EUR 10 mn as part of the LIFE 2022 program (project ID 101113614), which aims to further develop the innovative OnceMore® recycling process.

CELLulose lyocell FILaments (CELLFIL)
Lenzing is a participant and the technical coordinator in CELLFIL – CELLulose lyocell FILaments (project ID 101135042), which was launched in 2024 as a scalable solution for circular textile production. This project focuses on lyocell filament TENCEL™ Luxe, which has been developed by Lenzing over the course of the last decade. CELLFIL now spans the entire value chain, ranging from raw materials and various production steps through to end-use applications. As part of the project, nine prototype products are being developed across three categories: performance wear, automotive textiles as well as technical textiles and reinforcements. This process involves designing, developing and validating end-use textile applications that use optimized lyocell filament yarns and fabrics that offer enhanced recyclability. By spanning the entire value chain, this project seeks to demonstrate the potential for cellulose filaments to replace fossil-based counterparts that dominate today's textile industry. As a consequence, CELLFIL ultimately aims to transform the European textile value chain by developing sustainable, biobased lyocell filaments. Lenzing's role as producer of TENCEL™ Luxe includes supplying suitable filament types to its partners as well as developing new variants, such as filaments containing cellulose from alternative sources. Development takes place in close cooperation with partners whose downstream trial results directly inform subsequent iterations of filament variants. Furthermore, Lenzing is working on additional process improvements to scale filament production to industrial levels. The project will drive innovation across the value chain by defining business models and strategies for market adoption by 2030, ultimately contributing to the development of a circular textile economy in Europe.

TreeToTextile
Lenzing acquired a non-controlling interest in the Swedish cellulose fiber company TreeToTextile AB in 2024, thereby forming a strategic partnership to develop next-generation cellulose fibers. TreeToTextile's award-winning technology and production process, which significantly reduces environmental impacts, aligns with Lenzing's commitment to sustainability. In February 2026, Lenzing acquired a controlling majority and became majority owner of TreeToTextile AB. With the majority acquisition, Lenzing underscores its commitment to consistently advancing its premiumization strategy. The transaction enables an accelerated scaling of the new technology. Lenzing plans a significant increase in production output at the existing demonstration plant in Nymölla, Sweden, as well as the preparation of the first industrial-scale facility.

Policy discussions

In view of the technological challenges and regulatory obstacles associated with textile recycling in the EU, Lenzing contributes its knowledge and expertise to the following EU collaborations: Policy Hub, Textile Dialog, European Recycling Industries' Confederation (EuRIC), Forum for the Future (international) and the Austrian Bioeconomy Strategy (Austria). Especially noteworthy are the two following collaborations with CISUTAC and ESCIB.

Circular and Sustainable Textile Clothing (CISUTAC)
Since October 2022, Lenzing has been a partner in the CISUTAC project, which is co-funded by the EU (project ID 101060375). This consortium was established to support the transition toward a circular and sustainable textile sector. Besides Lenzing, the 24 partners in the consortium include industry representatives such as Södra and Decathlon, NGOs such as Oxfam and academic institutions such as RISE and CENTEXBEL. The initiative aims to identify, prevent and eliminate barriers to circularity across the clothing value chain. Within this framework, Lenzing focuses on developing recycling processes for cellulose fibers in line with its corporate strategy, including the supply of fibers that enhance the quality of mechanically recycled cotton yarn.

Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems (ESCIB)
Lenzing is a participant in the EU-funded project ESCIB (project ID 101135071) – Environmental Sustainability & Circularity Assessment Methodologies for Industrial Biobased Systems – which was launched in early 2024. This project aims to develop crucial assessment methodologies that will help the European biobased economy to perform faster and more accurate assessments of their value chains. A core objective of ESCIB is to create standardized methodologies for life cycle and sustainability assessments of biobased systems at various technology-readiness levels (TRLs). This will help to further improve the sustainability of biobased products, reduce potential negative impacts and highlight the benefits of biobased products in comparison to fossil-based products. Lenzing is one of the industrial partners in the project, providing use cases and playing a central role in testing and validating the developed methods. Lenzing's primary use case in the project is Lyocell™ filament, creating a strong link also to the EU-funded project CELLFIL.

Targets

[ESRS E5-3 24, 24a, 24b, 24c, 27, MDR-T 80a]

Lenzing's Textile Recycling target and Circular Business Model target are closely aligned with the corporate strategy, which aims to promote the circular economy and sustainable material sourcing. These voluntary targets strengthen circular product design and increase the circular material use rate, thereby reducing dependence on virgin raw materials.

[E5-3 24d, 25]

The targets address renewable sourcing, the use of recycled cellulose textile waste and agricultural residues. The targets aim to increase both the share and diversity of alternative feedstocks. These targets primarily relate to the "recycling" tier of the waste hierarchy.

In addition, the Circular Business Model target promotes the circular economy concept as an overarching principle that spans over all layers of the waste hierarchy.

[MDR-T 80h]

Södra, a Swedish forestry cooperative producing wood products, pulp and biofuels, played a key role in defining these targets as a cooperative partner. Internally, the Corporate Sustainability department was supported by R&D, the Pulp and Wood Team as well as the Commercial Textiles team in the target setting process.

[MDR-T 80g, 80j]

The process for setting and monitoring these targets is described in the "Sustainability targets" section within the "ESRS 2 General disclosures" chapter.

Textile Recycling target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

Increasing the share and types of alternative feedstocks, e.g. by using recycled textile waste or agricultural waste by 2030		2030 On track
Sub-targets	**Increasing recycled content in viscose and lyocell fiber types from 20 percent to minimum 30 percent from post-consumer waste on a commercial scale by 2030**	**2030 On track**
	Innovating the use of at least 5 alternative feedstocks providers (e.g. from recycled textiles and agricultural waste) by 2030	**2030 On track**
Scope	All Lenzing fiber production sites	
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Lenzing (Austria), Mobile (USA), Nanjing (China), Prachinburi (Thailand), Purwakarta (Indonesia)	
Base year	2020	
Baseline value	Up to 30 percent recycled content in lyocell fibers (TENCEL™ x REFIBRA™)	
Target value	30 percent recycled content in viscose and lyocell fibers; 5 alternative feedstocks	
Status 2025	Lenzing has continued to work on enhancing technology that enables the chemical recycling of cotton-rich textile waste in cellulose fiber production. The company has also made progress in preparing for the processing of post-consumer household textile waste, which Lenzing anticipates will become the most significant category to address locally. There is optimism that new EU regulations will mandate the collection and treatment of textile waste and support scale-up efforts. Collaboration with Södra on textile recycling has continued and remained successful throughout the year. A highlight in 2025 was production of a lyocell staple fiber with 30 percent recycled content from Circ Inc., an innovative company. Notably, Circ effectively processes challenging polycotton waste, recovering both polyester and cotton fractions. In exploring other alternative raw materials, lab tests were conducted on agricultural waste such as hemp, banana fibers and aquatic plants. However, none of these innovations reached pilot-plant scale in 2025. Lenzing remains committed to further investigating these alternatives.	

Circular Business Model target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To innovate a new circular business model by closing the loops for post-consumer materials and partner with 15 key supply chain companies by 2025		2025 Achieved
Scope	Group level	
Geographical coverage	Europe, America and Asia	
Base year	2020	
Baseline value	0	
Target value	15	
Status 2025	Despite challenging market conditions regarding circularity, including limited market demand, the target was successfully achieved. Lenzing addressed this objective through three strategic approaches: a) collaborating with innovators to address various waste sources and leverage their unique capabilities; b) integrating multiple recycling methods such as mechanical, chemical, and blending with virgin materials; and c) conducting smaller-scale collections within Lenzing's downstream value chain to generate insights and prepare for future scale-ups. A notable accomplishment in recent years was the successful pilot program to collect textile waste, sort it via a social enterprise organization (SEO), and recycle it into new fibers-a scalable model that both promotes recycling and supports social enterprises. Additionally, Lenzing's collaboration with Recyc Leather resulted in the combination of recycled leather fibers and TENCEL™ Lyocell fibers to create an innovative material for footwear, which has been adopted by a leading Danish contemporary brand.	

Metrics

Resource inflows

[E5-4 30]

Lenzing's main resource inflows are wood, dissolving wood pulp, chemicals, fuels and water. The consolidated weight of materials can be found in the table "Resource Inflows" below.

Wood and dissolving wood pulp

Wood as a material is part of the natural carbon cycle and as such is renewable, provided that sustainable forest management is applied. Processing wood into fibers requires a special quality of pulp referred to as dissolving wood pulp. The Lenzing Group's current nominal capacities for dissolving wood pulp amount to 320,000 tons at the Lenzing site (Austria), 300,000 tons at the Paskov site (Czechia) and 600,000 tons at the Indianópolis site (Brazil). For the locations of Lenzing's pulp factories, please see the "Lenzing Group locations" chapter.

In addition to producing its own dissolving wood pulp, Lenzing also sources dissolving wood pulp from the global market, mostly through long-term supply contracts. Eucalyptus, pine and spruce are the predominant wood species used by Lenzing's pulp suppliers. Beech, birch, ash, maple as well as other hardwoods and softwoods are also processed. The actual tree species used vary by region and quality requirements. All wood originates from sustainably managed forest operations that are certified or controlled under leading forest certification schemes. An overview of the principal species by region can be found in the "Annex". Lenzing ensures that all purchased pulp is bleached using either totally chlorine-free (TCF) or elemental chlorine-free (ECF) processes. Furthermore, 100 percent of Lenzing`s wood or pulp suppliers are regularly assessed and certified or controlled according to FSC® or PEFC standards.[22] For more information on FSC® and PEFC certifications, please see the "Sourcing" section of the "G1 Business conduct" chapter.

Chemicals

The most important chemicals for Lenzing, accounting for around 85 percent of the total purchased volume, include carbon disulfide (CS_2), N-methylmorpholine N-oxide (NMMO), sodium hydroxide ($NaOH$), sulfuric acid (H_2SO_4), sulfur (S), sulfur dioxide (SO_2), spin finishings, titanium dioxide (TiO_2) and zinc sulfate ($ZnSO_4$). Lenzing applies the best available techniques for solvent recovery in its viscose/modal and lyocell production processes, thereby reducing the need for primary raw materials. In lyocell manufacturing, up to 99.8 percent of the used NMMO can be recovered and reused. Carbon disulfide and other chemicals used to produce viscose and modal fibers can be recovered and returned to the process in place of raw materials or converted to sodium sulfate, a marketable co-product.

[22] License codes: FSC-C041246, PEFC/06-33-92

Lenzing endeavors to source its chemicals as regionally as possible. However, despite an intensive search for a regional NMMO source, this chemical currently cannot be sourced regionally. For Lenzing, "regionally sourced" means sourced from the same country, or the neighboring country, of the location of the respective production facility. For more information on regional sourcing, please see the "Sourcing" section in the "G1 Business conduct" chapter.

Lenzing engaged in extensive dialog with its suppliers to explore options for sourcing sodium hydroxide with reduced associated GHG emissions. For more information on supplier engagement efforts to reduce GHG emissions, please see the "Actions" section in the "E1 Climate change" chapter.

Fuels
Pulp and fiber production is an energy-intensive process, with about two-thirds covered by fuels from renewable resources at Lenzing. For more information on fuels, please see the "Energy and fuels" section in the "E1 Climate change" chapter. In alignment with its objectives, Lenzing was the first cellulose fiber producer to establish concrete science-based targets approved by the Science Based Targets initiative to reduce GHG emissions and fossil-based fuels, respectively.

Water
Water is a valuable resource that is necessary for Lenzing's manufacturing processes. Further details on water and its recycling are provided in the "E3 Water and marine resources" chapter.

Packaging
Chemicals are delivered in different forms of packaging, such as containers and big bags. Lenzing has implemented take-back systems with its suppliers in order to reduce packaging waste. These systems not only ensure proper disposal but also facilitate the reuse of packaging material.

Dissolving wood pulp is transported in freight cars and trucks, while fiber bales are shipped in plastic films. This is necessary for product protection and transportation. Lenzing products require few packaging materials given the product-to-packaging weight ratio and low share of packaging materials in total material inflows. The recycling of packaging for fiber bales lies outside of Lenzing's operational system boundary due to a lack of control and influence on the downstream customer. Nonetheless, the company is currently evaluating potential reductions in packaging waste deriving from goods sold.

The management of packaging waste is a responsibility shared between Lenzing and its business partners. Proper disposal, participation in recycling programs and take-back systems can significantly contribute to reductions in packaging waste.

Property, plant and equipment
For Lenzing's fiber and pulp production plants, please see the "The locations of the Lenzing Group" section in the Annual Report.

Prior to the pulping process, large equipment is required for debarking and chipping wood logs, supported by warehouses and conveyor systems for intermediate storage. Wood chips and process chemicals are converted into pulp and cooking liquor by various digesters, boilers and tanks. Additional process units for washing, screening and bleaching as well as drying chambers and sheet presses complete the set of systems required for pulp production. Residual cooking liquor is processed in multiple recovery systems where valuable substances are separated through condensation units as well as extraction and fractionating columns.

The production process for cellulose fibers involves an array of equipment to spin the cellulose dope into fibers, including tanks, various drums, reaction chambers, dryers and filtration systems. Key equipment for the spinning steps includes spinneret devices, followed by machinery for stretching and cutting staple fibers, as well as washers, purification units and dryers. Fibers are pressed into bales, wrapped in plastic foil and finally stored in bale warehouses before being transported by rail.

Both viscose/modal as well as lyocell fiber production entails equipment for the recovery of process chemicals including boilers, filtration and purification units, extraction columns, ovens and catalysts. The production of biorefinery and co-products involves storage towers and packaging units.

[E5-4 31]

Resource Inflows

	2025	2024
Overall total weight of products and technical and biological materials used during the reporting period (mn t)	4.35	4.85
Percentage of biological materials (and biofuels used for non-energy purposes) that are sustainably sourced (% of total products and materials used)[a]	81%	72%
Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (mn t)	1.84	2.33
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (%)[b]	42%	48%

a) "Sustainably sourced biological materials" is a percentage of "Overall total weight of products and technical and biological materials used during the reporting period".
b) "Percentage of Secondary and reduced materials" is the ratio of the absolute weight of secondary, reused or recycled components to the "Overall total weight of products and technical and biological materials used during the reporting period ".

[E5-4 32, MDR-M 77a]

The "Resource Inflows" table presents Lenzing's material inflows for the years 2025 and 2024 expressed as total weights of technical and biological materials. The most important raw materials (chemicals, wood and pulp) used to manufacture Lenzing`s products and the packaging of Lenzing's products are included. The data is compiled from all Lenzing production sites and based on direct measurements (weighting) of the raw materials input into the manufacturing processes. The input of a raw material is defined as the purchased amount, adjusted for changes in storage levels. This data is released monthly by the sites' operations or purchasing departments and entered into the Group database, where it is consolidated at the Group level.

Sustainably sourced biological materials, primarily wood and pulp, account for 81 percent of the total material input by weight. All (100 percent) biological materials are sustainably sourced, as all wood originates from well-managed forest operations certified or controlled according to the FSC® and PEFC certification schemes.[23] For more information on these schemes, please see the "Sourcing" section of the "G1 Business conduct" chapter. For more information on cascading principles of biological materials, please see the "Biorefinery for pulp production" section of this chapter.

Chemicals and solvent recovery are reflected in the high percentage of secondary or reused materials (42 percent). The volume of recovered substances is based on direct measurements (flow meter readings) of the recovered chemicals.

Resource outflows

[E5-5 33, 35]

Lenzing's main product outflows are regenerated cellulose fibers, which are used in applications such as clothing, home textiles, personal care and hygiene products. The fiber portfolio comprises three types of fibers: lyocell, modal and viscose (rayon). Pulp and other biorefinery products as well as co-products from fiber production are sold to other industries.

To meet the needs of some of Lenzing's stakeholders, the following ESRS datapoints that are not material for Lenzing are voluntarily added to the "Annex" of this report: E5-5 37, 39 Waste.

Biorefinery and co-products

[E5-5 35]

Lenzing sells its biorefinery and co-products such as LENZING™ Acetic Acid Biobased, LENZING™ Furfural Biobased, xylose (wood sugar)[24], LENZING™ Soda Ash and LENZING™ Magnesium-Lignosulfonate Biobased to other industries.

Natural circularity

[E5-5 34a i]

Biodegradability

Lenzing's fibers consist of cellulose, the most abundant organic polymer, which is inherently biodegradable and mainly obtained from the renewable raw material wood. Wood is part of the biological cycle.

LENZING™ Lyocell, Modal and Viscose Standard fibers are certified by TÜV Austria as biodegradable and compostable.[25] The property of these fibers to biodegrade safely in the natural environment enables the cellulose material loop to close in accordance with the biological cycle.

A 2023 study conducted by Scripps Institution of Oceanography (SIO) offers scientific evidence that LENZING™ Lyocell Standard fibers, LENZING™ Viscose Standard fibers and LENZING™ Modal

[23] License codes: FSC-C041246, PEFC/06-33-92

[24] Purified/marketed by a partner company

[25] LENZING™ fibers which are TÜV certified as 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. An exception in certification exists for the LENZING™ Lyocell Filament fiber, for which the necessary tests to confirm biodegradability within a marine environment have not been conducted.

Standard fibers biodegrade in both sea-surface and deep-sea conditions.[26] This research confirms that these fibers can return to the ecosystem at the end of their life cycle. Scientists at SIO at the University of California, San Diego, had previously established in 2021 that LENZING™ Lyocell Standard fibers completely and rapidly biodegrade in sea-surface conditions.[27]

BIODEGRADABILITY OF REGENERATED CELLULOSE FIBERS COMPARED TO NATURAL CELLULOSE FIBERS.

A STUDY BY HYDRA INSTITUTE IN 2025[28]

Cellulose, the most abundant natural polymer, occurs both in native plant fibers, such as cotton, and as regenerated fibers, such as viscose, modal and lyocell. The environmental fate of regenerated fibers remains debated, despite there are only minor structural differences to natural fibers. We assessed the biodegradation of diverse cellulosic materials, including powders, loose fibers, fabrics, and nonwovens, under technical and natural conditions across soil, home compost, freshwater and marine environments. The study combined a total of 122 scenarios across standardized laboratory tests, mesocosm and field experiments, spanning cold-temperate to tropical regions as well as temperatures between 0 and 30 °C.
All cellulosic fibers exhibited inherent biodegradability, with biodegradation half-lives typically ranging from weeks to months. Regenerated cellulose degraded at rates comparable to native cellulose, indicating no scientifically justified distinction in environmental behavior. Biodegradation rates were primarily driven by water availability, temperature and nutrient levels, while oxygen played a minor role. Standardized tests aligned well with field observations, confirming their validity for assessing inherent biodegradability with environmental relevance. However, persistence in real-world scenarios is influenced by product-level modifications such as dyeing and finishing, rather than polymer type. These findings underscore that environmental risk assessments should focus on the final product rather than the base polymer.

Net-benefit fibers

[E5-5 35]

Lenzing offers net-benefit products that deliver environmental and societal advantages and benefits for value chain partners, surpassing many competing alternatives. These products take the entire life cycle into account, encompassing both upstream and downstream value chain processes. In 2025 the net-benefit/speciality fiber share based on fiber revenue amounted to 92.0 percent (2024: 92.6 percent). This percentage is voluntary information.

EU Ecolabel

Moreover, TENCEL™ Lyocell and Modal and LENZING™ ECOVERO™ fibers are certified with the widely recognized EU Ecolabel[29]. This label is awarded to products that meet high environmental standards throughout their entire life cycle. Achieving the EU Ecolabel would not have been possible without Lenzing`s production processes with high recovery rates.

Fibers with climate action

In 2025, TENCEL™ Lyocell, VEOCEL™ Viscose and VEOCEL™ Lyocell are available as products certified by Climate Partner. This certification enables the disclosure of voluntary financial contributions to GHG compensation projects as the last step in a five step protocol: climate action strategy (including carbon footprints), emission reduction targets, implemented reductions, financed climate projects and transparent communication.

Spun-dyed fibers

Fibers with the TENCEL™ Modal with Eco Color technology and TENCEL™ Modal with Indigo Color technology directly incorporate pigments during fiber production and thereby help to avoid downstream and energy-intensive conventional dyeing processes. A fabric made from these fibers generates 60 percent fewer greenhouse gas emissions than conventionally dyed fabrics.[30]

First launched in 2021, TENCEL™ Modal Color has been established as a solution to address demand for spun-dyed fibers among brands and retailers.

For more information on products and technologies, please refer to the Lenzing website.

[26] S.-J. Royer et al (2023). Not so biodegradable: Polylactic acid and cellulose/plastic blend textiles lack fast biodegradation in marine waters. Plos One, https://doi.org/10.1371/journal.pone.0284681

[27] Royer, S.-J., Wiggin, K., Kogler, M., Deheyn, D.D., (2021). Degradation of synthetic and wood-based cellulose fabrics in the marine environment: Comparative assessment of field, aquarium, and bioreactor experiments. Science of The Total Environment, 791, 148060, https://doi.org/10.1016/j.scitotenv.2021.148060 .

[28] Christian Lott et al., Hydra Institute, Germany. https://www.biorxiv.org/content/10.64898/2025.12.24.696393v1

[29] The EU Ecolabel is recognized in all member states of the European Union, as well as Norway, Liechtenstein and Iceland. The voluntary label, introduced by an EU regulation (Regulation EEC 880/92) in 1992, has gradually become a reference point for consumers who want to help reduce pollution by purchasing more environmentally-friendly products and services. EU Ecolabel for textile products (license no. AT/016/001)

[30] Terinte, N., Manda, B.M.K., Taylor, J., Schuster, K.C. and Patel, M. (2014). Environmental assessment of coloured fabrics and opportunities for value creation: spin-dyeing versus conventional dyeing. In: Journal of Cleaner Production 72, pp. 127–138; Textile processing steps being similar for Modal and Viscose, therefore savings are based on calculations of fabric production and dyeing via jet dyeing excl. fiber impact.

Durability and repairability

[E5-5 36a, 36b, MDR-M 77a]

Lenzing's fiber are intermediate products that are integrated into finished products (such as t-shirts and wet wipes). With regard to the durability of materials, it is important to note that durability is not determined solely by the fiber itself but is heavily influenced by the subsequent textile processing steps and, ultimately, by the construction of the final product. Once the fiber is spun, the durability of the final product is determined by several critical factors, such as fabric construction, dyeing processes, surface treatment and finishing. These processes of the downstream value chain vary significantly depending on manufacturer, machine equipment and process parameters and exert a major influence on product properties. For this reason, comparing industry averages for fiber materials does not yield significant insights; instead, optimization of specific products is necessary to improve durability. In addition, a distinction must be drawn between textiles and nonwovens, as sustainability considerations for production processes also differ. Similarly, this applies to repairability.

This statement may be subject to modification if minimum requirements change due to legislative changes.

Recyclable content

[E5-5 36c, MDR-M 77a]

As regenerated cellulose fibers can technically be recycled into new regenerated cellulose fibers, they consist of 100 percent recyclable content. The recyclable content rate in product packaging stands at around 90 percent. This is an estimate for the whole Group based on exact figures from the Lenzing (Austria) site. The underlying assumption is that packaging made from a single component, such as PET-only packaging, is recyclable, while packaging made from two or more constituent materials is non-recyclable. The recyclability rates were calculated by dividing the total weight of recyclable materials incorporated into the product/packaging by the total weight of the product/packaging.

[MDR-M 77b]

Except for the assurance provider of this report, resource inflows and outflows are not subject to external verification. However, the sustainably sourced biological materials are certified.

HIGHLIGHTS SOCIAL

OWN WORKFORCE

Caring for our employees

Our latest employee survey (April 2025) shows significant improvements across all areas (+5 points), with a Health Climate Index of 76% and participation above 70%. Over two-thirds of employees reported positive changes since the last survey. Results guide site-specific actions, tracked to ensure continuous progress toward a healthier work environment.

More in the chapter >

76%

Health Climate Index

OWN WORKFORCE

Verified social & labor excellence

In 2025, all nine Lenzing production sites successfully completed Facility Social Labor Module (FSLM) verification through self-assessment and on-site third party audits. Results exceeded industry averages, with several sites ranking in the top 25% nationally – a clear reflection of our commitment to ensure fair labor practices and continuous improvement.

More in the chapter >

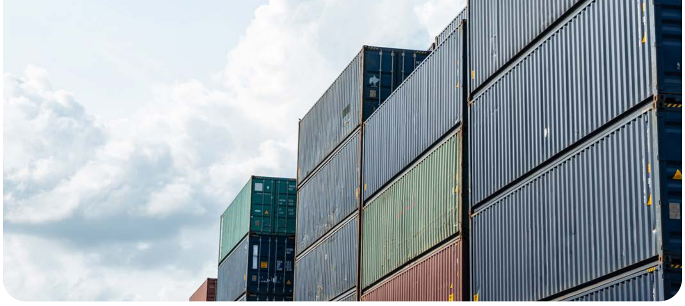
Higg Index

WORKERS IN THE VALUE CHAIN

Responsible supply chains

In 2025, over 1,000 suppliers were assessed through EcoVadis, covering 68% of global procurement spend. Five suppliers underwent audits via the Together for Sustainability program, and top chemical supplier agreements include sustainability clauses. Supplier engagement remains a key priority to amplify impact across our supply chain.

More in the chapter >



OWN WORKFORCE

Building an inclusive culture

In 2025, the Employee Resource Group groups PrideAlliance@Lenzing, Women@Lenzing, and Multicultural@Lenzing continued to drive awareness and empowerment. Pride Month and International Women's Day were celebrated with panels, cultural events, and initiatives like free access to menstrual products at headquarters. A dedicated EDI (Equity, Diversity, Inclusion) lead was appointed at group level, strengthening Lenzing's commitment to equity and belonging.

More in the chapter >

S1 Own workforce

ABSTRACT

Lenzing's employees are at the core of the company's long-term success and sustainability performance. As a global organization, Lenzing recognizes that its strength lies in the diversity, skills and commitment of its workforce. This chapter outlines how Lenzing supports and engages with its employees across key areas such as employment, working conditions, equal opportunities, diversity and inclusion, employee development and occupational health and safety.

Creating an inclusive, fair and respectful workplace is fundamental to Lenzing's people strategy. The company values diversity in all its forms and is committed to attracting, developing and retaining talent from a wide range of backgrounds. Ethical conduct and respect for human rights form the foundation of Lenzing's culture and are embedded in its global operations through alignment with internal standards and international frameworks.

Ensuring the health, safety and well-being of all individuals working at Lenzing sites is a top priority. The company strives to provide a safe working environment that meets or exceeds regulatory expectations and realizes continuous improvements through proactive risk management and open dialog. Health and safety measures also apply to contractors and other individuals on site, reflecting Lenzing's commitment to a safe, fair and inclusive workplace for everyone.

Impacts, risks and opportunities

[S1-4 38a, 38c, 40, MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Working conditions - Secure employment	Risk and opportunity - OO - Short-term	Maintaining employer attractiveness during workforce reductions and economic challenges, with an emphasis on transparent communication.	*Communication Guideline	*No target	*Communication actions	*Employees' turnover (S1-6 50 c)
	Opportunity - OO - Medium-term	Lenzing sees a growing requirement for social certificates from its customers. By being certified, Lenzing secures business by being listed as a preferred supplier.	*Policy for Health, Safety and Environment *Policy on Human Rights and Labor Standards *Global Code of Business Conduct	*Social Standard	*Social audits	*Number of inquiries about social certificates (entity-specific)
Working conditions – **Work-life balance**	Positive impact - Actual - OO - Short-term	The implementation of flexible working time models, comprehensive leave options, and employee benefits supports a healthier work-life balance for the workforce. These measures are designed to reduce stress, enhance job satisfaction, and enable employees to better manage personal and professional responsibilities, contributing to overall well-being and retention.	*No Policy	*No target	*Work-life balance and benefits provided actions	*Social protection (S1-11) *Work life balance metrics (S1-15) *Health climate index (entity-specific)
Working conditions – **Health and safety**	Negative impact - Potential - OO - Medium-term	Inadequate safety precautions can impact and potentially expose its workforce at operated assets to potential health and well-being impacts.	*Policy for Health, Safety and Environment *Life Saving Rules Guideline	*Health (TRIFR)	*Health and safety actions	*Health and safety metrics (S1-14)

	Risk - OO - Short-term	A poor working climate can lead to employee turnover or reduce their productivity. (Due to mental health.)	*Policy on Human Rights and Labor Standards *Global Code of Business Conduct *Global Equity, Diversity and Inclusion Policy	*No target	*Equity, diversity & inclusion (EDI) actions *Health and safety actions	*Health climate index (entity-specific)
Equal treatment and opportunities for all – **Gender equality and equal pay for equal work**	Negative impact - Actual - OO - Medium-term	Lenzing has challenges in the area of equal pay for equal work due to cultural issues and unconscious bias. Lenzing recognises the importance of gender equality and equal pay for equal work and is committed to continuous improvement in this area.	*Global Equity, Diversity and Inclusion Policy	*Equity, Diversity and Inclusion	*Equity, diversity & inclusion (EDI) actions	*Remuneration metrics (S1-16)
Equal treatment and opportunities for all – **Training and skills development**	Risk - OO - Short- to medium-term	Insufficient quality in succession planning can lead to a recline in productivity.	*Global Learning & Development Guideline *Global Performance Management Guideline	*Succession planning	*Learning and development actions	*Training and skills development metrics (S1-13) *Total expenditure on lifelong learning and personnel development (voluntary information) *Number top talents (voluntary information)
Equal treatment and opportunities for all – **Diversity**	Negative impact - Potential - OO - Short-term	A lack of support of diversity can lead to exclusion, isolation as well as discrimination and can have psychological consequences for employees.	*Global Equity, Diversity and Inclusion Policy	*Equity, Diversity and Inclusion	*Equity, diversity & inclusion (EDI) actions	*Diversity metrics (S1-9) *Persons with disabilities (S1-12)
	Opportunity - OO - Medium-term	Diversity drives innovation and performance. Diverse and inclusive workplaces are linked to better talent retention, innovation and market competitiveness.	*Global Equity, Diversity and Inclusion Policy	*Equity, Diversity and Inclusion	*Equity, diversity & inclusion (EDI) actions	*Diversity metrics (S1-9) *Persons with disabilities (S1-12)

OO...Own operations
VC...Value chain

Strategy

Managing social sustainability

[S1 ESRS 2 SBM-3 13a]

Managing impacts, risks and opportunities for Lenzing's workforce is closely tied to the company's corporate strategy, which is built on premiumization, excellence, innovation and sustainability. The following elements are interconnected: diversity drives innovation, work-life balance supports excellence, and social sustainability strengthens overall performance.[31] For additional context on the overarching double materiality process, please see the "Double materiality analysis" section in the "ESRS 2 General disclosures" chapter.

[S1 ESRS 2 SBM-3 14a]

Lenzing is committed to conducting business with respect for human rights and dignity. Members of Lenzing's own workforce who could be materially impacted include employees and non-employees. Non-employees constitute a small fraction of leased personnel and self-employed individuals.

Impacts

[S1 ESRS 2 SBM-3 14b, 15]

The potential negative impact on the health and well-being of Lenzing's workforce in the case of accidents is incidental (individual incidents). As a manufacturing company, blue-collar workers face higher health and safety risks compared with white-collar workers. Please see the "Impacts, risks and opportunities" section of this chapter for a short description of the impacts, risks and opportunities.

[S1 ESRS 2 SBM-3 14c]

Lenzing's employees are positively impacted by the work-life balance that is provided. For details of actions that result in the positive impact, please see the corresponding action in the "Actions" section of this chapter.

Risks and opportunities

[S1 ESRS 2 SBM-3 13b, 14d, 16]

Lenzing depends on maintaining employee trust and morale, particularly during periods of workforce reductions and economic uncertainty. Insufficient transparency and ineffective communication can undermine trust and reduce employee motivation. If not addressed, this may contribute to a deteriorating working climate, which in turn can increase unwanted turnover and lower productivity. Such developments would adversely affect operational per-

[31] The underlying studies and further details supporting this statement can be found in the Lenzing Sustainability Report 2022, chapter Diversity

formance, weaken knowledge retention, reduce innovation capacity and hinder the execution of strategic priorities. This represents a material risk to Lenzing's strategy and business model, both of which rely on workforce well-being, engagement, and productivity. Training and skills development is one of Lenzing's strategic key areas. Failing to provide development opportunities for employees could lead to a shortage of qualified personnel and gaps in succession planning. Last but not least, Lenzing sees diversity as a driver of innovation, supported by studies showing that a diverse workforce enhances innovative capacity. This opportunity applies to all individuals contributing to workforce diversity.

[S1 ESRS 2 SBM-3 14f, 14g]

Lenzing does not tolerate child or forced labor, in line with ILO Convention, the UN Guiding Principles on Business and its Policy on Human Rights and Labor Standards. Country-level risk assessments indicate that regions such as parts of Asia, South America, Eastern Europe, and Eurasia carry higher systemic risk of child and forced labor. This does not indicate any identified cases within Lenzing's own operations.

To mitigate potential risks, Lenzing has implemented preventive measures such as its Global Child Labor Remediation Procedure and annual assessments using the Higg Facility Social & Labor Module (FSLM). In 2025, all production sites completed the full verification process. Seven sites had already successfully completed it in previous years, while two sites were verified for the first time. The process included both self-assessment and third-party audits. This marks a significant step in strengthening social due diligence and transparency across the company's global operations. For more information, please refer to the "Policies" and "Social Audits" sections of this chapter.

Policies

[S1-1, MDR-P 65]

Policy	**Policy on Human Rights and Labor Standards**
Accountability	Senior Vice President (SVP) Corporate Human Resources
Scope and coverage	Lenzing Group Upstream value chain and downstream Tier 1 Local communities
Objective and key elements	Objective: Lenzing is fully committed to uphold the protection of human rights in its sphere of influence and to identify, prevent, mitigate and remediate adverse human rights impacts. Key elements: Lenzing fully supports the fundamental labor principles which prohibit child and forced labor, freedom of association and bargaining, fair compensation and working hours, safe and healthy workplaces as well as protection from discrimination, harassment and inhumane treatment.
Third party standards / initiatives	UN Global Compact UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises ILO Declaration on Fundamental Principles Universal Declaration of Human Rights (UDHR)
Accessibility	Lenzing website

Topical standards	S1 Own workforce S1-1 20a The Lenzing Group places the highest priority on its employees and its social responsibilities towards them. Lenzing fully supports all internationally recognized human rights and the principles set out in the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the fundamental labor principles protecting workers´ rights as defined in the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). 20b Lenzing engages with its own workforce through regular and varied communication channels; please see the “Communication” section of this chapter. 20c Lenzing provides appropriate remedies for human rights impacts to affected individuals, employees and local communities, including indigenous peoples, through both judicial and non-judicial mechanisms. 21 For alignment with internationally recognized instruments, please see row "Third party standards / initiatives" in this table. 22 The policy addresses human rights topics such as forced labor and child labor. S2 Workers in the value chain S2-1 16 The scope of the Policy covers the sphere of influence, which encompasses workers in the upstream value chain as well as in the downstream Tier 1 level. 17a Lenzing is dedicated to meeting - and wherever possible, exceeding - all applicable social and ethical standards across its global network, while protecting human rights within its sphere of influence. This commitment extends to its suppliers, which are expected to uphold the same high standards. Lenzing fosters compliance with its high internal standards and all applicable external requirements on a continuing basis through training programs and risk-based auditing for suppliers. 17b In its Policy on Human Rights and Labor Standards, Lenzing is committed to identifying, preventing, mitigating, and remediating any actual or potential adverse human rights impacts associated with its operations and business relationships. This commitment includes ensuring that appropriate remedies are provided to affected individuals, workers and local communities, including indigenous people, through both judicial and non-judicial mechanisms. 17c Lenzing`s policy commitments do not include a general approach for its engagement with value chain workers. 18 The policy addresses human rights topics such as forced labor and child labor. 19 For alignment with internationally recognized instruments, please see the row "Third party standards / initiatives" in this table. In the reporting year, no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises were reported in the upstream value chain.

Policy	**Global Equity, Diversity & Inclusion Policy (EDI)**
Accountability	Senior Vice President (SVP) Corporate Human Resources
Scope and coverage	Lenzing Group
Objective and key elements	Objective: Lenzing is committed to an equitable, diverse and inclusive workplace, where all people are respected and valued regardless of their background or characteristics. Key elements: Lenzing is committed to all applicable laws and regulations to ensure an environment free from unlawful discrimination and facilitates ethical values by promoting EDI for all employees, fostering dignity and respect and offering equal opportunities for development.
Third party standards / initiatives	UN Global Compact UN SDGs
Accessibility	Lenzing website
Topical standards	S1 Own workforce S1-1 21 Please see the row "Third party standards / initiatives" in this table for references to internationally recognized instruments. 24a The EDI Policy aims at eliminating discrimination, including harassment and promoting equal opportunities. 24b Lenzing aims to provide equal opportunities for all, regardless of gender, marital status, family responsibilities, ethnicity, race, skin color, nationality, national extraction origin, disability, neurodiversity, HIV / AIDS, chronic diseases, sexual orientation, religion or belief, age or other characteristics. Lenzing strives to build a diverse and inclusive work environment where differences are respected and valued. 24c Lenzing is committed to inclusion which is addressed in its EDI Policy. It focuses on ensuring equality of opportunity, respect and a discrimination-free environment for all employees, including those from vulnerable groups. 24d There was no formalized procedure in place to prevent, mitigate and combat discrimination in the reporting year. Lenzing has actions in place to advance diversity and inclusion.

Policy	Communication Guideline
Accountability	Vice President (VP) Corporate Communications, Sustainability, Investor Relations and Public Affairs
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to integrate all employees across the Lenzing Group into a communication network to ensure access to relevant information. Key elements: Lenzing promotes open communication and encourages employees to share ideas and topics of interest to foster a collaborative environment.
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet

Policy	Life Saving Rules Guideline
Accountability	Vice President (VP) Global HSE
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The goal is to remind individuals of essential safety measures to mitigate risk and prevent fatalities in the industry. Key elements: The Life Saving Rules are based on a consistent set of rules and activities which enable an industry-wide common safety language and increase individual awareness and ownership of critical safeguards.
Third party standards / initiatives	N/A
Accessibility	Lenzing website

Policy	Global Learning & Development Guideline
Accountability	Senior Vice President (SVP) Corporate Human Resources
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to develop the key competencies essential for sustainable competitiveness and future growth through a structured, company-wide approach. Key elements: Lenzing identifies and develops strategically relevant competencies and supports employees to gain a clear understanding of the required leadership and functional competencies for their current and/or potential future roles.
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet

Policy	Global Performance Management Guideline
Accountability	Vice President (VP) of Operations Service Group
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to manage, support and ensure the performance of teams and individuals to achieve strategic choices and build sustainable business performance. Key elements: Performance management at Lenzing involves setting clear goals, tracking progress and reviewing results through regular performance and development discussions.
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet

The “own workforce” topic is also governed by the two following policies, whose minimum disclosure and topic-specific requirements are outlined in the “Policies” section of other chapters. The Policy for Health, Safety and Environment in the “E2 Pollution” chapter also addresses topic-specific requirements regarding coverage on specific groups, internationally recognized instruments, and policies or management systems for workplace accident prevention. The Global Code of Business Conduct in the “G1 Business Conduct” chapter also addresses topic-specific requirements regarding internationally recognised instruments, trafficking in human beings, forced labour and child labour.

Communication

[S1-2 27a]

The Managing Board communicates regularly with employees and their representatives. This ensures a clear understanding of the business strategy, goals, market conditions and financial situation. Information is shared through multiple channels including onboarding sessions, townhall meetings, notice boards, internal email and internal news.

[S1-2 27b, 27c]

Key elements of Lenzing’s engagement include semi-annual global townhall meetings for all Group companies and employees to address globally relevant topics. Additional site-specific townhalls cover local issues and general updates. Press releases are used for important updates or special occasions. Townhalls are interactive, held via video chat, thereby allowing employees to pose questions directly to the respective presenters. Lenzing Connect (Intranet) provides ongoing updates and functional tools for everyday work. Responsibility for ensuring this engagement lies with the Senior Vice President Corporate Human Resources.

Works council/social dialog
[S1-2 27a, 27b]

The Lenzing Group’s management is committed to transparent communication with employees’ official representatives. Local works councils exist at both Austrian sites. At the Lenzing site, the council holds a seat and voting rights on the Supervisory Board of Lenzing AG in accordance with the Austrian Labor Constitution Act. They represent employees in Lenzing and Heiligenkreuz (Austria). To actively include employees’ perspectives in decision-making, the works council meets with the CEO before Supervisory Board meetings and with the CFO on a monthly basis. Additional meetings are arranged as needed. With the exception of the site in Prachinburi (Thailand), trade union representatives from various fractions and/or employee interest groups represent the interests of the employees at all other sites.

Health and safety committees
[S1-2 27a, 27b, 27c]

Health and safety committees operate at all Lenzing sites to ensure active workforce participation in occupational health and safety matters. Each committee includes management representatives, employee delegates and health and safety specialists. They meet regularly to review workplace risks, monitor incident trends and assess effectiveness measures. These committees provide a formal channel for employees to raise concerns, suggest improvements and contribute safety initiatives. Recommendations are documented and escalated to senior management where needed. This ensures that feedback informs policy updates and continuous improvement across the organization.

Lenzing Climate Survey
[S1-2 27e]

The Lenzing Climate Survey is conducted among employees across the Lenzing Group to assess psychosocial working conditions. The survey is based on the “House of Health” framework, which uses internationally recognized methods such as employee satisfaction metrics that are widely applied in both international and academic contexts. This ensures that the assessment is not only methodologically sound but also meets globally recognized standards and provides a reliable basis for the findings and conclusions. In a combined review, results and next steps are communicated on its internal platform. Sites and departments develop specific actions whose progress is tracked by Lenzing to improve the findings of this survey. The three most important measures per site or department are surveyed and the implementation status is tracked. The latest survey from April 2025 showed significant improvements in all areas (+5 percentage points on average). The health climate index, for example, reached a value level of 76 percent. The participation rate was once again above 70 percent. More than two-thirds of all participants perceived positive impacts compared to the last climate survey.

Employee Resource Groups
[S1-2 27a, 28]

ERGs are a channel of communication for specific groups such as women, different ethnicities, LGBTQ, etc. Lenzing has three Employee Resource Groups (ERGs): “Women@Lenzing”, “Multicultural@Lenzing” and “PrideAlliance@Lenzing” For more information on ERGs, please see the “Equity, diversity & inclusion actions” section of this chapter.

Channels to raise concerns
[S1-3 32b, 32c]

The following processes are in place for Lenzing’s workforce to raise concerns and grievances.

- Whistleblower system (described in the “G1 Business conduct” chapter)
- Works council at the Lenzing and Heiligenkreuz sites, both situated in Austria (see the “Communication” section in this chapter)
- Trade unions/employee interest groups (except Prachinburi (Thailand) site; see the “Communication” section in this chapter)

[S1-3 32d, 32e, 33]

A mandatory eLearning course entitled “Our Whistleblower System” helps employees to understand and use available channels to raise concerns and grievances. The Compliance team also conducts an integrity scan through a survey to assess employees' knowledge. In addition, a Whistleblower Directive is in place. For more information on the Whistleblower Directive, please see the "Policies" section in the “G1 Business conduct” chapter. For the monitoring and tracking of issues raised, please see the “Handling of reported concerns” section in the “G1 Business Conduct” chapter.

[S1-3 32a]

There is no formal process for remediation or assessing the effectiveness for remediation. Remediation is conducted on an individual, case-by-case basis. Lenzing has a Global Child Labor Remediation Procedure. This procedure provides guidance for handling any instance of child labor within Lenzing. It outlines remediation steps for managers to ensure child safety, uphold rights, and act in the best interests of child.

Actions

[S1-4 38a; MDR-A 68a]

List of key actions
- Learning and development actions
- Equity, diversity & inclusion (EDI) actions
- Social audits
- Communication actions
- Work-life balance and benefits provided actions
- Health and safety actions

Allocation of resources and identification & effectiveness of actions

[S1-4 43]

The allocated resources for managing the material impacts on Lenzing's own workforce, broken down by topic and department, are as follows:

- Secure Employment: cross-functional collaboration
- Health & Safety: Health in Corporate Health Care and Well-being; Safety in Global Occupational Health and Safety
- Work life balance: Corporate Human Resources
- Diversity & Inclusion: Corporate Human Resources
- Training and Skills Development: eLearning in Digital HR Learning, SuccessFactors in Corporate Talent Management
- Measures against violence and harassment in the workplace: Corporate Human Resources, Compliance

[S1-4 39]

Lenzing identifies its actions by investigating a subject matter, assessing the risk and seeking adequate action informed by best practices.

[S1-4 38d]

The effectiveness of Lenzing's actions is tracked by various quantitative and qualitative metrics. These include the Lenzing Climate survey, Total Recordable Injury Frequency Rate (TRIFR), gender pay gap ratio, employee turnover and workforce diversity.

Remediation

[S1-4 38b]

In 2025, a tragic incident resulted in the death of a contractor working at the plant in Lenzing Biocel Paskov (Czech Republic). While the individual was not a direct employee of Lenzing, the company collaborated closely with the contractor's employer to ensure the family received appropriate support, including access to counselling. For more information on the incident, please see the "Health and safety" section in this chapter.

Learning and development actions

[S1-4 40a]

Individual learning path offerings
[MDR-A 68a, 68b, 68c]

Lenzing relies on the skills and productivity of its employees. To enable their continuous and individual development, Lenzing offers a global Learning & Development (L&D) catalog. This is available long-term through the Learn@Lenzing platform, allowing employees to browse and select individual development opportunities. This includes eLearning, blended learning as well as face-to-face training opportunities.

- LinkedIn Learning was introduced in 2025 and integrated into Learn@Lenzing.
- 428 Learn@Lenzing courses have been assigned in the skill matrix IT tool.

Global Performance and Talent Management
[MDR-A 68a, 68b, 68c]

Effective Talent and Performance management are pivotal to Lenzing's success and the growth of its workforce. The related processes shape employee development by setting and tracking clear performance goals aligned with roles and functions and by identifying Lenzing's talent mix. The company strengthens these processes by rolling out Performance and Talent Management for all white-collar employees. This ensures broad access, individual development support and integration into long-term workforce planning.

Equity, diversity & inclusion (EDI) actions

"A collective responsibility"

Lenzing is committed to fostering a diverse and inclusive environment where everyone can thrive – regardless of gender, age, ethnicity, cultural background, or language.

[S1-4 40a, 40b, MDR-A 68a, 68b, 68c]

Three Employee Resource Groups (ERGs) support EDI at Lenzing: Women (Women@Lenzing), different nationalities (Multicultural@Lenzing), and LGBTQIA+ (PrideAlliance@Lenzing). In 2025, Pride Month was celebrated at multiple sites with awareness-raising activities. Women@Lenzing marked International Women's Day globally, organized gender-focused panels, empowerment initiatives, cultural events and supported access to menstrual products at headquarters. All EDI initiatives are open to all employees and foster personal development through inclusive practices. These efforts form part of Lenzing's long-term people strategy and talent development.

Social audits

[MDR-A 68a, 68b, 68c]

In 2025, all production sites completed verification under the Higg Facility Social & Labor Module (FSLM), which is based on the Social & Labor Convergence Program (SLCP). The process included a comprehensive self-assessment and on-site audit and identifies potential improvement opportunities. It requires annual renewal.

The overall results were well above the median scores. Most sites ranked in the top quartiles within their respective countries. These results can be shared with partners along the value chain, explicitly asking for these audits and information on social sustainability. In addition, a customer audit focusing on labor standards and fair labor practices took place at Lenzing's sites in Grimsby (UK). Several questionnaires from the value chain on relevant social topics were completed throughout the year.

Communication actions

[S1-4 40a, 40b, MDR-A 68a]

Lenzing uses various channels to support the communication of major changes in the company in order to keep its workforce up to date. For the description of actions (ESRS 2 MDR-A), please refer to the "Communication" section in this chapter.

Work-life balance and benefits provided actions

[S1-4 38c, MDR-A 68a, 68b, 68c]

Lenzing supports work–life balance through flexible hours, part-time roles and remote-work options at most sites. These arrangements are available to all eligible employees to ensure equal opportunity to manage professional and personal responsibilities. Benefits granted to full-time employees are generally extended to part-time staff and, in many cases, to temporary employees. This approach ensures fair and inclusive access across the workforce.

Health and safety actions

[S1-4 38a, 40a, 41]

Hazard identification and assessment

[MDR-A 68a, 68b, 68c]

The company systematically identifies and mitigates workplace hazards through cross-functional risk assessments, audits and process safety reviews. These efforts are supported by measurable goals and stakeholder feedback and form part of an ongoing process. Employees and contractors are empowered to uphold safety standards, including the right to stop unsafe work without reprisal. A centralized system for incident reporting and investigation tracks KPIs such as closure times and recurrence rates, thereby supporting transparency and root cause analysis. Hazard identification covers six core categories: safety, biological, physical, ergonomic, chemical and psychosocial. It draws on internal assessments, adverse event analysis, inspections, and expert input to safeguard all workers and maintain a responsive, group-wide approach to health and safety. Actions arising from these processes are described in this section.

Occupational medical care

[MDR-A 68a, 68b, 68c]

In 2025, the Lenzing Corporate Health Care & Well-being function together with Global Health, Safety and Environment function continued to coordinate occupational medical care at various locations. The aim here was to provide guidance and to ensure that company standards exceeded the minimum requirements of each country.

By enhancing competence in the occupational medical care provision of Lenzing's regional partners, Lenzing will ensure that employees and managers have the best resources available to protect themselves from, and deal with, risks in the workplace.

Safety training

[MDR-A 68a, 68b, 68c]

The safety vision of Lenzing is to "leave home healthy, come home healthy". The aim is to provide a working environment and culture in which people actively engage and drive health and safety excellence. It is recognized that all employees can influence health and safety performance and that employees can contribute to a safer workplace through individual ownership and engagement.

Lenzing provides targeted occupational health and safety training to all employees, tailored to task-specific hazards. Annual and refresher training schedules are aligned with regulatory requirements. Induction training is also delivered to contractors and site visitors.

Health promotion

[MDR-A 68a, 68b, 68c]

Since 2019, the Lenzing Group has been focusing on promoting fitness as part of employees' regular activities. These programs aim to encourage and support employees in adopting a healthy lifestyle both at work and during their leisure time. To aid these efforts, a healthy living app (Moveeffect®) designed for corporate use to accommodate the needs of Lenzing's employees at the various sites was adopted and distributed to all employees for voluntary use. The app's purpose is to motivate employees to become more active. A total of 3,100 employees are currently registered in the app.

In 2025, healthy eating was the focus of health promotion. The topic was promoted with an internal company food pyramid, several podcasts on nutrition and a food challenge in the app.

Health care at Lenzing's production facilities

[MDR-A 68a, 68b, 68c]

At all production sites, Lenzing gives employees access to an in-house primary care system, complementing the existing health systems of the individual countries. Medical services range from regular examinations and therapy sessions at smaller sites to fully equipped outpatient clinics with qualified staff and on-site ambulances at larger sites. This ensures prompt treatment and follow-up care. All Lenzing facilities have first aiders trained in certified basic and regular first aid refresher courses. The production sites and their health care facilities are visited by an occupational physician from the Lenzing Health Care & Well-being department periodically to ensure the quality of those services.

Targets

[S1-5, MDR-T 80a, 80j]

The Social Standard target as well as the Equity, Diversity and Inclusion target directly align with Lenzing's Global Equity, Diversity and Inclusion Policy and Policy on Human Rights and Labor Standards. It promotes an inclusive work environment, gender equality and upholding human rights across all levels of the organization. The process of monitoring the targets is described in the "Sustainability targets" section in the "ESRS 2 General disclosures" chapter.

Social Standard target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To have a continuously valid third-party audited accredited social certificate for every Lenzing Group production (fiber or dissolving wood pulp)		Continuous On track
Scope	All Lenzing production sites	
Geographical coverage	Grimsby (United Kingdom), Heiligenkreuz (Austria), Indianópolis (Brazil), Lenzing (Austria), Mobile (USA), Nanjing (China), Paskov (Czech Republic), Prachinburi (Thailand), Purwakarta (Indonesia)	
Base year	2020	
Baseline value	0 production sites	
Target value	9 production sites	
Status 2025	FSLM verification (self-assessment and on-site audit) was successfully completed by all nine Lenzing production sites in 2025. All sites achieved very good results with improvements over the previous year (where assessments were available). The overall performance was above the industry median and most sites ranked among the top 25 percent in their respective countries.	

[S1-5 44a, 47a, 47b, 47c, MDR-T 80f, 80h]

The Facility Social Labor Module (FSLM) is crucial for mitigating negative impacts and risks on employees through ensuring that social standards are consistently upheld across all Lenzing production sites. By implementing and updating the FSLM assessments on an annual basis, Lenzing commits to fair labor practices, safe working conditions and respect for workers' rights. This proactive approach helps to prevent labor violations and promotes overall employee well-being. Regular audits and sharing verified modules with supply chain also increase transparency and accountability, thereby further protecting employees from potential social risks. The target is based on internationally recognized third-party social certifications (SLCP) and ensures continuous compliance through independent audits at all Lenzing Group production sites. It aligns with international frameworks such as the OECD Due Diligence Guidance and the UNGPs. It also contributes to SDGs 8 and 12 by promoting fair labor conditions. Local labor laws, regional challenges and stakeholder engagement are taken into consideration in order to ensure a context-specific and sustainable approach to social responsibility. The Corporate Sustainability team, Human Resources, the Management Board and the fiber and pulp Group Operations were involved in target setting. Additionally, Lenzing directly engaged with site HR leaders and the works council to compile a list of initiatives for each location. This list served as the basis for setting targets, tracking performance and identifying lessons for continuous improvement.

Equity, Diversity and Inclusion target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To create an empowering work environment by respecting human rights, employee wellbeing and diversity		Continuous On track
Sub-targets	**Lenzing implements training courses for 75 percent of the workforce on diversity, discrimination, the non-discrimination policy, and human rights**	**2025 Achieved**
	Lenzing increases its proportion of women to 22.5 percent in all positions graded 5a and above by 2025[a]	**2025 Delayed**
	Lenzing achieves an inclusion Index score of 75 percent in the global Lenzing Climate Survey by 2026	**2026 On track**
Scope	Lenzing's own workforce	
Geographical coverage	Group-wide	
Base year	2020; 2022; 2023	
Baseline value	0%; 19.7%; 71%	
Target value	75%; 22.5%; 75%	
Status 2025	Lenzing has established Code of Conduct trainings for all employees, covering topics such as diversity, discrimination, the non-discrimination policy, and human rights. The Code of Conduct training has been completed by 85 percent of all employees therefore the sub-target has been achieved. The PrideAlliance@Lenzing continues in 2025 alongside Women@Lenzing and Multicultural@Lenzing. Pride Month was celebrated with awareness activities at multiple sites. Additionally, International Women's Day was marked through gender focused panels, empowerment initiatives, cultural events and supported access to menstrual products at headquarters. During the reporting year, a person responsible for EDI topics was appointed at Group-level. In 2025, Lenzing's proportion of women in the target group was 21.9 percent (in 2024: 22.8 percent). Despite the target has been achieved in 2024, due to organizational changes it hasn't been achieved in 2025. This year the cooperation with a specialist consultant of EDI "Shape Talent" was approved in order to set up a new EDI Governance for Lenzing Group.	

a) Relevant for the Managing Board long-term incentive (LTI) bonus targets. The percentage excludes the site in Indianópolis (Brazil) as there is a different grading scheme.

[S1-5 44b, 47a, 47b, 47c, MDR-T 80f, 80h]

The target aims to create an empowering work environment for all Lenzing employees by upholding human rights, prioritizing well-being, and fostering diversity and inclusion. It aligns with international frameworks such as the OECD Due Diligence Guidance and the UNGPs. It also contributes to SDGs 3, 5, and 10 by promoting good health and well-being, gender equality and reduced inequality. Local labor laws, regional challenges, and stakeholder engagement are taken into consideration to ensure a context-specific and sustainable approach to social responsibility. Human Resources, Corporate Sustainability and the Managing Board were key stakeholders in setting the target. Employee expectations and perspectives were actively incorporated through direct consultation with the works council. Human Resources is responsible for tracking performance and identifying any opportunities for improvements.

Health targets

[S1-5 44a, 47a]

In January 2025, Lenzing set a Group-level target to reduce the Total Recordable Injury Frequency Rate (TRIFR) per 200,000 working hours from a baseline of 1.1 to 0.8 by year-end 2025. The target was achieved. It supports the Health, Safety and Environment policy objective of protecting people from harm, which is a fundamental prerequisite for conducting business. The previous target of 0.3 by 2025 was revised following review considering current context and progressive ambition level. Target setting involved site directors and the responsible Managing Board member. The works council was not directly engaged in target setting, performance tracking, or identifying improvements.

[S1-5 44b]

Site-level targets are aligned with Group TRIFR objectives and adjusted for site size and performance. They are complemented by goals for leading safety indicators at departmental level. Each site develops tailored safety programs in coordination with Global Occupational Health and Safety (OHS). Using the TRIFR metric to measure injury occurrences, these targets aim to enhance employee well-being and contribute to SDG 3 (Good Health and Well-Being).

Other targets

For the risk “insufficient quality in succession planning can lead to a recline in productivity”, there is no measurable time-bound, outcome-oriented target at present. Last year, Lenzing set a target to approach 50 percent of mid-senior leadership roles with identified successors by the end of the 2026 cycle. The company has already achieved approximately 50 percent, reflecting strong progress. Despite the challenging economic environment and headcount reductions, Lenzing will maintain the 50 percent target for the next cycle. Keeping this level ensures stability in leadership continuity and safeguards critical roles during a period of organizational change. This is essential for long-term resilience.

For the “Risk of a potential poor working climate leading to employee turnover or reduce their productivity” (mental health), there is no measurable time-bound, outcome-oriented target at present. However, the general objective is to prevent and mitigate cases to the largest extent possible. The effectiveness of actions is measured by means of the Lenzing Climate survey which asks two questions related to the topic: “Do I have enough time doing my work? Do I have enough recovery time?”. For more information, see “Lenzing Climate survey” paragraph in the “Health promotion” section of this chapter.

At present, Lenzing has no target regarding the following impacts, risks and opportunities: Negative impact on the workforce if there is a lack of work-life balance; Positive impact on the workforce through various working time models, benefits and leaves; Risk and opportunity for being an attractive employer through (non-)transparent communication; Negative impact on gender equality and equal pay for equal work. Lenzing`s current resource constraints have made it challenging to fully address these important topics.

Metrics

[S1-6 - S1-17 2 MDR-M 77a, 77b]

Unless otherwise stated in the data point, the figures for this chapter are taken from internal systems and an HR questionnaire sent out to the sites.

The metrics in the “S1 Own workforce” chapter, besides the metrics related to S1-14 Health and safety, are not validated by an external body other than the assurance provider.

To satisfy the decision-making needs of some of Lenzing’s stakeholders, the following ESRS datapoints that are not material for Lenzing can be found in the “annex” of this report: S1-8 60a Collective bargaining, S1-10 Adequate wages and S1-16 98 Breakdown of the gender pay gap.

Employees in numbers

[S1-6 50d, 50e, 50f]

To strengthen long-term competitiveness, a structured job reduction program was initiated in 2025. Therefore, the main reasons for employees’ departures during the reporting year were mutual or voluntary contract terminations, employer-initiated terminations and retirements. These categories are reflected consistently in all figures in the following tables.

The most representative number of employees in the financial statements can be found in note 9. Personnel expenses. The number of employees is presented in note 9 as full-time equivalents (FTEs), whereas this section reports the total headcount.

The numbers shown in the following tables are in head count and as of December 31, 2025.

Gender is recorded in the systems based on official ID documents presented. In countries where the legal registration of a third gender is possible, this option can be used voluntarily. In 2025, Lenzing has no employees registered with the gender category “ other”.

[S1-6 50a]

Employees 2025

Employees per gender and in head count	2025	2024
Female	1,439	1,451
Male	6,690	6,777
Total number of employees	**8,129**	**8,228**

Employees 2025

Employees per country and in head count	2025	2024
Austria	3,418	3,511
Brazil	1,282	1,236
Indonesia	1,322	1,342
Czech Republic	528	541
China	802	816
USA	201	212
UK	227	225
Thailand	276	269
Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France)	73	76

Employment contracts

[S1-6 50b, 52]

Most Lenzing Group employees are employed in a permanent employment/service relationship. It is currently customary to work the first six months under a fixed-term contract followed by an automatic transition to a permanent employment/service relationship. Only around 4.5 percent of the workforce (including external personnel) has a genuine fixed-term employment/service contract that extends beyond the usual six-month fixed-term period. The six-month fixed-term period does not relate to the number of temporary employees.

Employees 2025

Employees by contract type broken down by gender and in head count	2025	2024
Total number of employees	**8,129**	**8,228**
Female	1,439	1,451
Male	6,690	6,777
Total number of permanent employees[a]	**7,819**	**7,834**
Female	1,359	1,350
Male	6,460	6,484
Total number of temporary employees	**310**	**394**
Female	80	101
Male	230	293
Total number of non-guaranteed hours employees	**0**	**0**
Female	0	0
Male	0	0
Total number of full-time employees	**7,535**	**7,690**
Female	1,111	1,111
Male	6,424	6,579
Total number of part-time employees	**594**	**538**
Female	328	340
Male	266	198

a) New employees in the probationary period are included in the permanent employees/workforce, because the goal is long-term employment.

As of December 31, 2025, Lenzing had a total of 243 apprentices (2024: 253), of which were 60 female and 183 male (2024: 58 and 195) The information about apprentices is voluntary information.

Employee turnover

[S1-6 50c]

Employees 2025

Employee turnover	2025	2024
Number of employees that left the company, total	**875**	**888**
Female	203	174
Male	672	714
Under 30 years	211	216
30-50 years	406	452
Over 50 years	258	220
Austria	384	290
Brazil	272	266
Indonesia	70	173
China	31	36
Czech Republic	42	29
USA	37	44
United Kingdom	14	29
Thailand	13	14
Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France)	12	7
Percentage of employees that left the company (turnover rate), total	**11%**	**11%**
Female	23%	20%
Male	77%	80%
Under 30 years	24%	24%
30-50 years	46%	51%
Over 50 years	29%	25%
Austria	44%	33%
Brazil	31%	30%
Indonesia	8%	19%
China	4%	4%
Czech Republic	5%	3%
USA	4%	5%
United Kingdom	2%	3%
Thailand	1%	2%
Others (India, Türkiye, Korea, Singapore, Taiwan, Germany, Italy and France)	1%	1%

[ESRS S1-7]

Non-employees 2025

	2025	2024
Total number of non-employees	**114**	**149**

The numbers reported are in head count and as of December 31, 2025. The total number of non-employees does not include self-employed people as they are not recorded in the HR system.

The largest group of non-employees consists of supervised workers employed indirectly through an employment agency. They are treated in the same way as Lenzing employees. Most supervised workers are employed in the production area (shift work), as determined by an evaluation of their job titles and description.

Inquiries on social certificates

[entity-specific]

The number of interactions with value chain partners in which social sustainability topics or social audits were addressed is tracked monthly. In the reporting year, Lenzing recorded a total of 30 such contacts.

Diversity metrics

[S1-9 66a]

Individuals within management roles are defined as people who directly oversee at least one other employee.

Category 1	white collar manager
Category 2	blue collar manager
Category 3	supervised worker - manager

Employees 2025

Individuals within managing role (at least one direct)	2025	2024
Number of individuals, total	**933**	**912**
Under 30 years	30	29
30-50 years	611	599
Over 50 years	292	284
Female	162	164
Male	771	748
Percentage of individuals		
Under 30 years	3 %	3 %
30-50 years	65 %	66 %
Over 50 years	31 %	31 %
Female	17 %	18 %
Male	83 %	82 %
Number of employee category 1, total	**736**	**729**
Under 30 years	7	7
30-50 years	483	476
Over 50 years	246	246
Female	147	149
Male	589	580
Percentage of employee category 1		
Under 30 years	1 %	1 %
30-50 years	66 %	65 %
Over 50 years	33 %	34 %
Female	20 %	20 %
Male	80 %	80 %
Number of employee category 2, total	**193**	**181**
Under 30 years	23	22
30-50 years	120	122
Over 50 years	50	37
Female	13	14
Male	180	167
Percentage of employee category 2		
Under 30 years	12 %	12 %
30-50 years	62 %	67 %
Over 50 years	26 %	20 %
Female	7 %	8 %
Male	93 %	92 %
Number of employee category 3, total	**4**	**2**
Under 30 years	0	0
30-50 years	2	1
Over 50 years	2	1
Female	2	1
Male	2	1
Percentage of employee category 3		
Under 30 years	0 %	0 %
30-50 years	50 %	50 %
Over 50 years	50 %	50 %
Female	50 %	50 %
Male	50 %	50 %

[S1-9 66b]

Employees 2025

Employees` diversity	2025	2024
Number of individuals, total	**8,129**	**8,224**
Under 30 years	1,392	1,463
30-50 years	5,008	5,031
Over 50 years	1,729	1,730
Female	1,439	1,451
Male	6,690	6,773
Percentage of individuals		
Under 30 years	17%	18%
30-50 years	62%	61%
Over 50 years	21%	21%
Female	18%	18%
Male	82%	82%

Social protection

[S1-11]

Social protection against income loss due to major life events, including sickness, unemployment (from the start of employment at Lenzing), work-related injury, acquired disability, parental leave and retirement, is provided to all employees through public programs in all countries where Lenzing operates. The only exception is the USA, where payments for sickness and parental leave are not provided. The information was obtained from official government sources and the International Labour Organization (ILO).

People with disabilities

[S1-12]

In the reporting year, 1.6 percent of Lenzing's employees had a disability (2024: 2 percent). The category "employees with disabilities" is based on the legal definitions in the respective country of operations. For example, the definition for Austria can be found here. At the Grimsby (UK) and Mobile (USA) sites, no formal recording takes place, as local legislation does not define disability status and employees are not required to disclose a potential disability to their employer. Therefore the reported numbers for both sites are an estimate.

Learning and development

[ESRS S1-13 83b]

Courses offered through Learn@Lenzing were completed approximately 93,996 times in the reporting year. This resulted in a total training time of 54,757.7 hours and an average training time of 6.7 hours per employee. The average training time was 7.7 hours for women and 6.5 hours for men (2024: average training time 6 hours, 7 hours for women, 6 hours for men). Including Bildungszentrum Lenzing, the total expenditure on lifelong learning and personnel development stayed at EUR 6.70 million in 2025 compared with EUR 6.70 million in 2024. The total expenditure is voluntary information.

Global Performance and Talent Management

[S1-13 83a]

In 2025, Lenzing continued to strengthen its integrated Performance and Talent Management processes. The efforts support employee growth, foster a culture of continuous development, and ensure the organization's long-term success.

During the Performance Management cycle, 88.7 percent of the target group (68 percent male, 32 percent female) defined three to five individual goals in SuccessFactors. Furthermore, 80.6 percent (55.7 percent male, 24.9 percent female) who had set goals in 2024 completed their annual goal review. These figures reflect the company's ongoing commitment to embedding a structured feedback and performance culture across all levels.

[voluntary information]

In parallel, the Talent Management Process captured data for 70.2 percent of Lenzing's white-collar workforce (2024: 80.4 percent). Additionally, 1,008 out of 2,706 key positions already have at least one identified successor in place (2024: 973 out of 2,535). This underscores Lenzing's proactive approach to succession planning and leadership continuity.

Lenzing's HR department strengthened talent assessment beyond the SuccessFactors system through cross-level and cross-business talent reviews. This process culminated in three senior-level People Conference Days, fostering transparency and alignment in talent decisions. Managers identified 373 top talents in SuccessFactors, including 148 employees at salary grade 5 and above (2024: 400 top talents, 156 grade 5 and above). A total of 66 key talents were calibrated and discussed by business area during the second People Conference Days. This highlights Lenzing's ongoing commitment to cultivating a strong, diverse, and future-ready talent base. It reinforces employee engagement and supports the company's long-term sustainability.

Health and safety

[S1-14]

The company maintains a strong focus on improving occupational health and safety performance through the monitoring of leading and lagging indicators. Integrated safety dashboards provide teams with daily access to key metrics within their management systems, thereby supporting informed decision-making and continuous improvement.

[S1-14 88a, 90]

100 percent of Lenzing's employees, non-employees and contracted staff working on company premises are covered by the Occupational Health and Safety (OHS) Management system. All manufacturing sites are certified to ISO 45001 with the current certification renewed in 2024 and valid until 2027. Regular internal and external audits assess health, safety, environmental performance and compliance with the Lenzing Code of Business Conduct. External audits also verify that the OHS management systems continue to operate in full conformance with ISO 45001.

[MDR-M 77b]

Internal management system audits assess each site OHS program for compliance with ISO 45001, company policies, contractual obligations and regulatory requirements. In addition, the corporate HSE organization conducts its own audit process, with sites scheduled on a rotating, risk-based basis. All sites must perform periodic internal audits in line with corporate policy and undergo formal external OHS management system audits linked to OHS commitments or certifications, such as ISO 45001 and ISO 14001. Regular documented OHS management review meetings at all sites inform decisions on potential system changes, which are recorded in the corporate database communicated to employees.

Key figures: occupational accidents and work-related injuries

[S1-14 88b, 88c, 88d, 88e]

Work-related injuries for employees per 1,000,000 working hours

	2025	2024
Total hours worked (productive working hours)	**15,656,014**	**15,763,108**
i) Number of fatalities of work-related injuries and ill health	0	1
ii) Number of recordable work-related injuries	70	86
ii) Rate of recordable work-related injuries (TRIFR)	4.5	5.5
iii) Number of recordable work-related ill health	0	0
iv) Number of work-related injuries and ill health	224	312
iv) Rate of work-related injuries and ill health	14	20
v) Number of days lost	1,256	1,585

Work-related injuries for non-employees per 1,000,000 working hours

	2025	2024
Total hours worked (productive working hours)	**7,008,265**	**6,737,569**
i) Number of fatalities of work-related injuries and ill health	1	0
ii) Number of recordable work-related injuries	15	21
ii) Rate of recordable work-related injuries (TRIFR)	2.1	3.1
iii) Number of recordable work-related ill health	0	0
iv) Number of work-related injuries and ill health	45	93
iv) Rate of work-related injuries and ill health	6.4	13.8
v) Number of days lost	532	338

Changes over time

[voluntary information]

Lenzing is deeply saddened to report that in 2025, a tragic incident occurred, resulting in the loss of a contractor who was fatally injured following exposure to a hazardous substance. The company extends its sincere condolences and ongoing support to the family and colleagues affected by this event.

In 2025, Lenzing demonstrated a marked improvement in its health and safety performance. The Total Recordable Injury Frequency Rate (TRIFR) for employees (based on 1,000,000 working hours) decreased from 5.5 in 2024 to 4.5 in 2025. For contractors, the TRIFR decreased from 3.1 to 2.1 over the same period. Furthermore, the rate of all work-related injuries for employees was reduced from 20.0 to 14.3, while the corresponding rate for contractors fell from 13.8 to 6.4.

In 2025, the Group recorded no high-consequence work-related injury events involving employees.

Within Lenzing, work-related hazards that pose a risk to ill health generally include chemical hazards (solvents, adhesives, dusts, etc.), physical hazards (noise, radiation, heat, etc.), biological hazards (infectious diseases), and ergonomic risk factors (heavy lifting, repetitive motions, vibration).

Contractors
[S1-14 88a]

A large number of workers who are not directly employed by the Lenzing Group work at its operating sites and premises. Contractors are selected on the basis of the same stringent occupational safety criteria applied to Lenzing`s own employees. Most of them hold certified OHS management systems. Where certification is not in place, contractors must participate in recognized regional competency schemes or implement additional OHS controls. Each contractor working under Lenzing's control has a designated company contact to ensure effective communication and oversight. For landlord-tenant arrangements, health and safety responsibilities are clearly defined and jointly managed.

Health climate index
[entity-specific]

The health climate index, reached a value level of 76 percent. For the methodology, please see "Lenzing Climate Survey" in the "Communication" section of this chapter.

Family-related leave

[S1-15]

All (100 percent) of Lenzing's employees are entitled to take family related leave such as paternity, maternity or parental leave. A total of 93 percent of Lenzing's employees are entitled to take carer's leave. Sites where employees are not entitled to take carers' leave are the production sites in Prachinburi (Thailand), Mobile (USA) and the offices in Coimbatore, Hong Kong and Singapore.

In 2025, 11 percent of employees took family related-leave, of which 27 percent were female and 73 percent were male (2024: 6 percent, 28 percent female, 72 percent male).

Annual total remuneration ratio

[S1-16]

The annual total remuneration ratio is 58.20 in 2025 (2024: 51.87 – this is the adjusted value from 2024). All components of the total compensation ratio were used in detail in close cooperation with the legal entities. The number includes the total remuneration before taxes and including boni. It reflects the remuneration paid in the respective financial year. For further information regarding remuneration, please see the Remuneration Reports (Report 2025 available from March 24, 2026).

Gender pay gap

[S1-16]

The total gender pay gap for the Lenzing Group, including all Lenzing entities, is 27.16 (2024: 25.30 – this is the adjusted value from 2024). The calculation method corresponds to the calculation method defined in the ESRS standard. The calculation was based in part on estimated working hours and annual pay. The accuracy of the estimates corresponds to level 2 (1 – exact figure, 2 – calculation/accurate estimate, 3 – rough estimate).

The Gender Pay Gap is represented as a ratio, where 0 is the ideal value, indicating that men and women are paid equally for the same amount of work. Higher positive values signify a greater disparity in pay between genders, where women earn less than men. For instance, if a man's salary is double that of a woman, the pay gap ratio amounts to 50.

With regard to the gender pay gap, Lenzing recognizes that room for improvement still exists. Nevertheless, Lenzing believes that it is already on the right track. The detailed analysis of the gender pay gap can be found in the "Additional voluntary information on chapters" section in the "Annex".

Raised concerns and human rights incidents

[S1-17]

In the reporting year, 125 complaints were filed through the Lenzing Group whistleblower system and the whistleblower system of Lenzing's joint venture LD Celulose in Indianópolis (Brazil) (2024: 161 complaints filed).

No cases of discrimination or (severe) human right abuses, based on Discrimination ILO 111 Article 1, within Lenzing's own workforce were filed, reported or recorded within the reporting year (2024: no cases). Consequently, Lenzing did not receive any penalties and paid no fines or compensation for damages related to such cases or incidents.

S2 Workers in the value chain

ABSTRACT

Lenzing's activities span the textile, nonwovens, chemical, and forestry industries, creating responsibility across complex value chains. This chapter outlines how Lenzing upholds human rights, labor standards and environmental principles in its operations and supplier network. Compliance is ensured through regular audits, risk assessments, and corrective actions. Lenzing works only with partners that meet international and national standards, thereby fostering transparency and accountability. By leading by example, the company encourages ethical conduct and strengthens sustainability across its global supply chain.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Other work-related rights - Child labor	Negative impact - Potential - VC - Short-term	Child labor remains a significant issue in the textile industry, where children are stripped of their rights, exposed to health and safety risks, denied access to education, and trapped in a cycle of poverty and inequality. Given the prevalence of child labor in textile manufacturing, there is a possibility that it could exist within the value chain of Lenzing.	*VC: Global Code of Business Conduct *VC (partly): Global Supplier Code of Conduct *VC (partly): Policy on Human Rights and Labor Standards *VC (partly): Wood and Pulp Policy	*VC (partly): Supplier Engagement	*Upstream and downstream value chain - hotspot analysis *Supplier engagement *Sustainable wood and pulp sourcing *EcoVadis *Quarterly supply chain sustainability risk management meetings *Together for Sustainability (TfS)	*Average EcoVadis score of suppliers (entity-specific) *Number of suppliers assessed via EcoVadis (entity-specific) *Number of reported cases through whistleblower system (S1-17 103b) *% wood sourced covered by FSC® and PEFC (entity-specific) *Number of Together for Sustainability (TfS) audits conducted by Lenzing (entity-specific)
Other work-related rights - Forced labor	Negative impact - Potential - VC - Short-term	Forced labor remains a persistent issue in the textile industry, where individuals' basic rights and freedoms are violated, often resulting in physical and psychological harm while perpetuating cycles of poverty and inequality. Given its prevalence in textile manufacturing, there is a potential risk of forced labor being present in Lenzing's value chain.	*VC: Global Code of Business Conduct *VC (partly): Global Supplier Code of Conduct *VC (partly): Policy on Human Rights and Labor Standards *VC (partly): Wood and Pulp Policy	*VC (partly): Supplier Engagement	*Upstream and downstream value chain - hotspot analysis *Supplier engagement *Sustainable wood and pulp sourcing *EcoVadis *Quarterly supply chain sustainability risk management meetings *Together for Sustainability (TfS)	*Average EcoVadis score of suppliers (entity-specific) *Number of suppliers assessed via EcoVadis (entity-specific) *Number of reported cases through whistleblower system (S1-17 103b) *% wood sourced covered by FSC® and PEFC (entity-specific) *Number of Together for Sustainability (TfS) audits conducted by Lenzing (entity-specific)

OO...Own operations
VC...Value chain

Strategy

Workers across the value chain

[S2 SBM-3 10a]

The widespread problem of insufficient monitoring of suppliers may contribute to actual or potential adverse impacts on value chain workers. Acknowledging potential adverse impacts of sourcing on value chain workers, Lenzing implements a sustainable sourcing strategy.

[S2 SBM-3 11a ii, 11a iii]

Lenzing`s value chain includes a diverse range of workers who could be materially impacted. Upstream, this includes foresters, loggers, wood and pulp suppliers, chemical suppliers and workers in transportation and logistics.

Downstream, it covers textile and nonwovens value chain workers, including garment makers, retail and distribution staff, as well as those involved in waste management and logistics.

Vulnerable groups and geographic exposure

[S2 SBM-3 11a v, 11b, 11c, 11c i, 12]

Lenzing recognizes that certain vulnerable groups - such as migrant workers, women, young workers and ethnic minorities - are particularly at risk of child and forced labor in contexts where socioeconomic vulnerabilities, weak labor law enforcement and complex supply chains prevail. Given its chemical and forestry sourcing and garment production, the company acknowledges an elevated potential for such systemic negative impacts in Asia, South America, Central America and the Caribbean, Eastern Europe and Eurasia.

[S2 SBM-3 11, 11a v, 11c i]

Lenzing continues to improve and assess its upstream and downstream impacts with a focus on responsible practices and due diligence in relevant value chain steps where Lenzing has direct influence. At this stage, detailed data on specific vulnerable groups or systemic impacts is still being collected.

Lenzing's approach is aligned with international standards and incorporates risk analysis and double materiality considerations into strategic decision-making. The company's strategy includes continuous improvement of due diligence processes, stakeholder engagement, and the implementation of responsible sourcing and labor practices.

Policies

[S2-1, MDR-P 65]

Lenzing's approach to workers in the value chain is governed by four policies. The minimum disclosure requirements and topic-specific requirements of these policies are outlined in the "Policies" section of the respective chapters: the Global Code of Business Conduct and the Global Supplier Code of Conduct in the "G1 Business conduct" chapter, the Policy on Human Rights and Labor Standards in the "S1 Own workforce" chapter and the Wood and Pulp Policy in the "E4 Biodiversity and ecosystems" chapter.

The Policy on Human Rights and Labor Standards addresses all topic-specific requirements. The Global Supplier Code of Conduct addresses the coverage of specific groups, human trafficking, forced labor and child labor. The Global Code of Business Conduct and the Wood & Pulp Policy address the topic-specific requirement regarding coverage of specific groups.

Grievance mechanisms and remediation

[S2-2]

At present, Lenzing has not yet have established a standardized process for engaging with workers in its value chain.

Grievance mechanism

[S2-3 27b]

Lenzing's online whistleblower system "Tell us" enables employees, customers, suppliers, workers in the value chain and other stakeholders worldwide, to report concerns confidentially and anonymously. The platform, accessible via the Lenzing website, covers matters such as corruption, bribery, conflicts of interest, antitrust violations and breaches of capital market law. In 2025 the system has been updated for further quality improvement reinforcing Lenzing's commitment to transparency and the protection against retaliation as outlined in the Global Code of Business Conduct.

[S2-3 27d, 28]

For more information on the whistleblower system, its anonymous reporting feature, the processing of reports and its effectiveness, please refer to the "Whistleblower system" and "Handling of reported concerns" sections in the "G1 Business conduct" chapter.

[S2-3 27c]

As far as such channels at Lenzing's suppliers are concerned, Lenzing's Global Supplier Code of Conduct states: "Suppliers are required to provide means for their employees to report concerns or potentially unlawful activities in the workplace. Any report should be treated confidentially, wherever possible. Suppliers are required to investigate such reports and take corrective action if needed. It is expected that suppliers shall not retaliate against or harass any employee submitting a report in good faith."

Processes of remediation

[S2-3 27a, 28, S2-4 33c]

Lenzing's Policy on Human Rights and Labor Standards addresses the topic of remediation (see the "Policies" section of the "S1 Own workforce" chapter). Lenzing is committed to providing appropriate remedies on a case-by-case basis. It has not yet been possible to assess the effectiveness of this process as no cases were reported during the year under review. While Lenzing conducts audits at supplier sites, these audits currently do not include verification of workers' awareness of, or trust in, Lenzing's whistleblower system.

Actions

[S2-4, MDR-A 68a]

List of key actions

- Upstream and downstream value chain – hotspot analysis
- Supplier engagement
  - Sustainable wood and pulp sourcing
  - EcoVadis
  - Quarterly supply chain sustainability risk management meetings
  - Together for Sustainability (TfS)

Human Rights Due Diligence

[S2-4 32b, 35]

In the reporting year, Lenzing did not identify any incidents in its value chain and therefore did not provide remediation related to an actual material impact. The company is working to deepen its understanding of value chain risks to ensure that its own practices do not cause or contribute to material negative impacts on value chain workers. At this stage, Lenzing cannot yet determine whether it does or does not cause or contribute to such impacts.

[S2-4 32a, 32d]

All actions described below support Lenzing's Supplier Engagement target. By gaining greater insight into Lenzing's suppliers, potential human rights violations can be prevented and/or mitigated more effectively. The effectiveness of Lenzing`s actions is tracked by various quantitative and qualitative metrics.

Upstream and downstream value chain – hotspot analysis

[MDR-A 68a, 68b, 68c]

After focusing on child and forced labor in the hotspot analysis in 2024, the analysis was extended in the reporting year to include the topics of occupational health and safety, freedom of association and collective bargaining, discrimination, fair employment community impacts, and corruption/transparency. The analysis was finalized by the end of Q3. As this represents the first step in a two-phase approach, the subsequent evaluation and prioritization of measures based on the identified hotspots will follow as the second step. Consequently, the results have not yet been reflected in the current revision of the materiality assessment but will be incorporated in the next update.

Supplier engagement

[MDR-A 68a, 68b, 68c]

All targeted suppliers of Lenzing are required to confirm that they have read, understood, and will comply with Lenzing's Global Supplier Code of Conduct, which includes environmental, labor and human rights standards. The action remains ongoing to ensure continued compliance and relevance.

Sustainable wood and pulp sourcing
[MDR-A 68a, 68b, 68c]

Following the initial information provided in 2024, references to the Global Supplier Code of Conduct and the Wood and Pulp Policy have been integrated into Lenzing's wood purchasing general terms and conditions. These references remain applicable on an ongoing basis and apply to all wood suppliers. This ensures that Lenzing's sustainability and responsible sourcing principles are consistently embedded in its supplier relationships and procurement practices.

In addition, FSC® certification ensures that core labor requirements according to the International Labour Organization (ILO) Core Conventions and the ILO Declaration are met. This reinforces the company's commitment to responsible sourcing and highlights the importance of collaborative efforts in promoting sustainable forestry. For more information on FSC® certification, please see the "Sourcing" section in the "G1 Business conduct" chapter.

EcoVadis
EcoVadis is a provider of business sustainability ratings that has assessed more than 100,000 companies in over 175 countries worldwide. Related topics cover the environment, human and labor rights, ethics and sustainable procurement, depending on industry and company size. Within the human and labor rights section of the questionnaire, companies are evaluated on topics such as employee health and safety, working conditions, social dialog, career management and child labor incidents, among others.

Lenzing encourages an increasing number of its suppliers to undergo sustainability assessments by providers such as EcoVadis, in line with its Supplier Engagement target.

[MDR-A 68a, 68b, 68c]

Supplier performance of all registered suppliers is continuously monitored in the EcoVadis dashboard, which uses various sources to monitor relevant suppliers, such as the "360° Watch". AI-supported searches scan for global news sources with findings categorized as positive, neutral or negative. Suppliers are engaged to improve their performance and implement corrective actions where necessary. Major negative findings can impact a supplier's overall score. Discussions on monitoring results and required corrective actions form part of regular reviews conducted by Lenzing's purchasers and management.

Lenzing seeks to engage suppliers, particularly those with significant procurement volume, in sustainability assessments ideally through EcoVadis or Together for Sustainability (TfS) and expects a minimum EcoVadis score of 50 points. This requirement forms an integral part of Lenzing's sustainable sourcing approach and is subject to ongoing monitoring. Suppliers falling below this threshold are required to submit a corrective action plan within three months in order to maintain the business relationship. The implementation and effectiveness of these measures is subsequently reviewed. No supplier relationships were terminated in 2025.

Quarterly supply chain sustainability risk management meetings

[S2-4 33a, 33b, MDR-A 68a, 68b, 68c]

Lenzing purchasers and its global purchasing sustainability manager engage in regular dialogue. Furthermore, Lenzing has established a quarterly supply chain sustainability risk management meeting as a permanent governance mechanism. These meetings are attended by purchasing managers as well as supply chain and sustainability experts, who discuss and manage risks and opportunities across the value chain. The risk assessment of Lenzing's lowest performing suppliers includes considerations related to human rights forms part of these meetings. By regularly reviewing suppliers' performance and initiating corrective measures, the target is to mitigate or minimize negative impacts on value chain workers. A further aim is to strengthen sustainability-risk awareness with the purchasing community and suppliers.

Together for Sustainability (TfS)

[MDR-A 68a, 68b, 68c]

Suppliers, preferably chemical and logistic providers, are continuously engaged in audits conducted through the Together for Sustainability (TfS) network, which in addition to broader ESG criteria also assesses the performance of human rights aspects, thereby ensuring compliance with applicable legislation, such as the UN Convention on the Rights of the Child and the ILO Core conventions.

Allocated resources

[S2-4 38]

The allocated resources for managing the material impacts on workers in the value chain are as follows:

- In Global Purchasing: one purchasing sustainability expert
- In Commercial Affairs Pulp: one sustainability expert
- In Corporate Sustainability: one social sustainability expert

Targets

[S2-5, MDR-T 80g, 80j]

The target-setting and monitoring process is described in the "Sustainability targets" section of the "ESRS 2 General disclosures" chapter.

Supplier Engagement target

[MDR-T 80b, 80c, 80d, 80e, 80i, 80j]

To engage key suppliers, covering more than 80 percent of spend, to improve sustainability performance		Continuous On track
Sub-target	**Lenzing assesses 95 percent of its top 200 suppliers via EcoVadis, the Together for Sustainability Audit or an internal assessment/audit by 2025.**	2025 Delayed
Scope	Key Suppliers; Top 200 Suppliers	
Geographical coverage	Group-wide	
Base year	2022	
Baseline value	Data not available for 2022	
Target value	80% of spend assessed; 95% of top 200 suppliers assessed	
Status 2025	More than 1000 of Lenzing's suppliers are assessed and monitored by EcoVadis. Five suppliers underwent audits by Lenzing through the Together for Sustainability audit program. Engaging and onboarding suppliers is an ongoing process, whereby buyers strive to engage the biggest possible portion of all of Lenzing's key suppliers. 68 percent of the global procurement spend, including wood and pulp was covered by these assessments. The sub-target of assessing 95 percent of 200 suppliers has achieved around 70 percent of these suppliers. There were challenges in the EU chemical industry and logistics due to geopolitical situation and events like the Red Sea crisis, which has changed the supplier composition in the last years and thus delayed the sub-target accomplishment. Supply agreements signed with the top chemical suppliers also include sustainability clauses.	

[S2-5 42a, 42b, 42c, MDR-T 80h]

While there was no direct engagement with workers in the value chain, their legitimate representatives or external stakeholders, during the process of setting targets, tracking performance, or identifying improvements, several internal stakeholder groups played a crucial role. These included the corporate sustainability department, the site teams and the procurement team, which were instrumental in defining and validating the targets.

[S2-5 39a, MDR-T 80f]

The Supplier Engagement target is based on internationally recognized third-party assessment, namely EcoVadis and the Together for Sustainability (TfS) network. EcoVadis ratings and the corresponding audits play a central role in identifying and mitigating potential negative impacts on workers in the value chain. They provide a comprehensive evaluation of suppliers' social and environmental performance, enabling the identification, prioritization and management of material risks and opportunities related to workers in the value chain. These evaluations align with all applicable legislation and international frameworks including the OECD Due Diligence Guidance, ILO Core Conventions and the UN Guiding Principles on Business and Human Rights (UNGPs). They also support Sustainable Development Goals (SDGs) 12 and 17 by promoting responsible sourcing and collaboration across the value chain.

[MDR-T 80f]

The calculation of the percentage of assessed spend is based on two components. First, the total 2024 procurement spend from global procurement (excluding wood and pulp), and the share of these suppliers assessed in 2025. Second, wood and pulp suppliers assessed through forest certifications and/or internal due-diligence processes. The weighted average of these two components forms the final percentage of assessed supply spend.

[MDR-T 80c]

At present, no specific targets have been established for workers in the downstream value chain. Lenzing's current focus is on areas within its strongest sphere of influence, primarily upstream. However, Lenzing recognizes the relevance of downstream impacts and is committed to further assess potential measures to enhance social sustainability across all stages of the value chain.

Metrics

EcoVadis Rating

[entity-specific]

In 2025, the average score of Lenzing's EcoVadis-rated suppliers was 56.2 (2024: 55.6), thereby exceeding the benchmark group by +6.7 points. This demonstrates that suppliers in Lenzing's supply chain perform significantly above the average of all suppliers assessed by EcoVadis. Lenzing actively engages with its suppliers to further enhance their sustainability performance.

Cases reported through whistleblower system

[entity-specific]

In 2025, no cases related to workers in the value chain and human rights were reported through Lenzing`s whistleblower system (2024: No cases).

Wood and pulp certifications

[entity-specific]

Lenzing sources 100 percent of its wood and pulp from FSC® or PEFC certified or controlled wood sources (2024: 100 percent).[32] Through this approach, Lenzing minimizes the risk related to child labor, forced labor and other human rights violations in its upstream value chain. For further details on Lenzing's assessment of wood and pulp suppliers, please refer to the "Sourcing" section and the "Supplier evaluation" section of the "G1 Business conduct" chapter.

"Together for Sustainability" audits

[S2-4 36, entity-specific]

In 2025, Lenzing conducted five supplier audits through the network "Together for Sustainability (TfS)" and relies on additional audit results shared by other TfS members for relevant suppliers of Lenzing (2024: four audits). The audits did not detect any severe human rights issues.

[32] License codes: FSC-C041246, PEFC/06-33-92

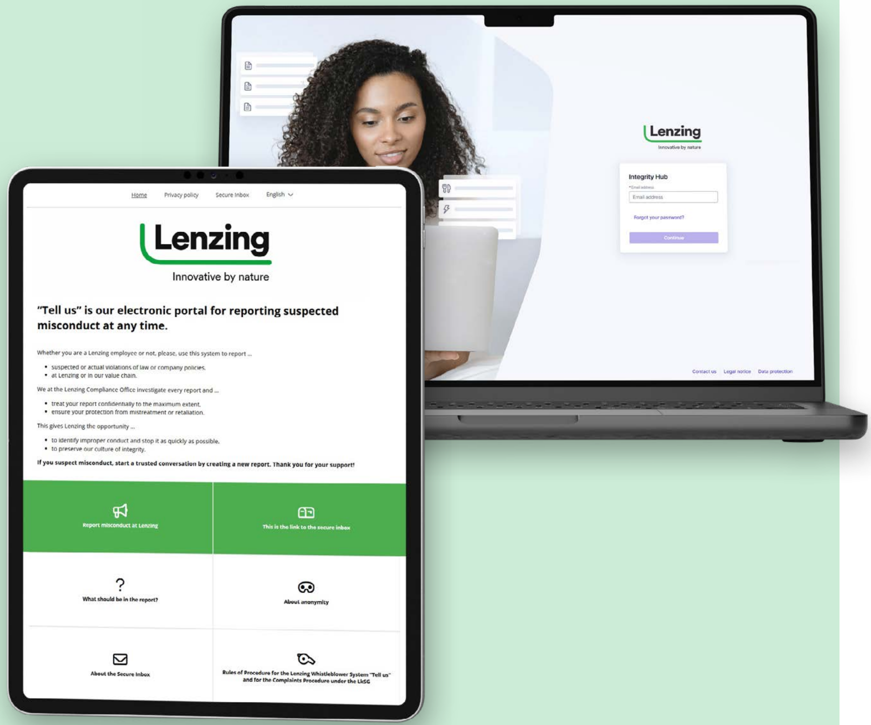
HIGHLIGHTS GOVERNANCE

BUSINESS CONDUCT

Strengthening compliance

In 2025, Lenzing launched its Compliance Cockpit, a comprehensive system to reinforce ethical business conduct. Key features include an enhanced whistle-blower tool, improved gift & hospitality management, a conflict-of-interest registration tool, and a policy manager for streamlined acknowledgment of company policies.

More in the chapter >



BUSINESS CONDUCT

Ensuring integrity & trust

In 2025, all reported concerns were reviewed and addressed, resulting in no convictions or fines related to anti-bribery or anti-corruption laws. No public complaints were filed. On product safety, all relevant products were successfully re-certified, and the ISO 9001 audit confirmed no major non-conformities, underscoring our commitment to quality and trust.

More in the chapter >

G1 Business conduct

ABSTRACT

The chapter describes Lenzing's commitment to ethical business practices and robust corporate governance as a foundation for sustainable success. All employees and contractors are required to act in accordance with the Group's Global Code of Business Conduct and compliance policies, which exceed legal requirements to ensure integrity, transparency, and accountability. Lenzing continuously enhances its Compliance Management System to prevent misconduct, mitigate compliance risks and protect its people. This includes systematic risk assessments, monitoring and clear confidential channels for reporting concerns without fear of retaliation. Regular training ensures understanding of expected behavior and promotes a culture of responsibility and integrity. These business conduct standards also apply to suppliers, who must meet stringent professional and ethical requirements, thereby reinforcing responsible sourcing and sustainable partnerships throughout the value chain. By embedding these principles into its governance framework, Lenzing improves trust, fairness and long-term value creation.

Impacts, risks and opportunities

[MDR-P 65a]

This section outlines impacts, risks and opportunities (IROs) where applicable. The table illustrates how IROs relate to specific policies, targets, actions, and metrics. However, this does not imply that all listed elements are interconnected.

Sub-topic	IRO	IRO description	Policies	Targets	Actions	Metrics
Corporate culture	Risk - OO - Short- to medium-term	Non-compliance, such as non-compliance with health and safety standards, can lead to lawsuit, monetary loss and reputation loss.	*Product Safety Policy	*No target	*Compliance product safety	*Positive external audit outcomes (entity-specific) *Positive re-certification of products (entity-specific)
Protection of whistleblowers	Negative impact - Potential - OO - Medium-term	The absence of ongoing efforts, training, reaction and clear procedures can lead to termination of employment and retaliation against the whistleblower, ultimately undermining overall business conduct efforts and compliance activities.	*Whistleblower Directive *Investigation Directive	*No target	*Protection of whistleblowers (G1-1 10c)	*Confidential metric
Corruption and bribery - Incidents	Negative impact - Actual and potential - OO - Short-term	While a compliance program is in place, incidents may still occur if individuals engage in non-compliant behavior.	*Global Code of Business Conduct *Whistleblower Directive *Investigation Directive *Anti-Bribery and Corruption Directive *Anti Money Laundering Directive	*No target	*Prevention and detection of corruption and bribery (G1-3) Compliance Management System Whistleblower system Compliance training Compliance cockpit Global compliance risk assessment (Planned action)	*Incidents of corruption and bribery (G1-4) *Number of reported cases through whistleblower system (S1-17 103b)

Management of relationships with suppliers including payment practices	Risk - OO - Short-term	There is a risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented.	*Global Code of Business Conduct *Global Supplier Code of Conduct *Wood and Pulp Policy	*Supplier Engagement	*Sourcing (G1-2 15) Sustainable chemical sourcing Sustainable wood and dissolving wood pulp sourcing	*Number of suppliers responding to EcoVadis questionnaire (entity-specific) *Average EcoVadis score of Lenzing`s suppliers (entity-specific) *Regionality of purchased chemicals (entity-specific) *Regional wood supply in Europe (entity-specific) *% wood sourced covered by FSC® and PEFC (entity-specific)

OO...Own operations
VC...Value chain

Governance

Compliance goes beyond adhering to legal requirements

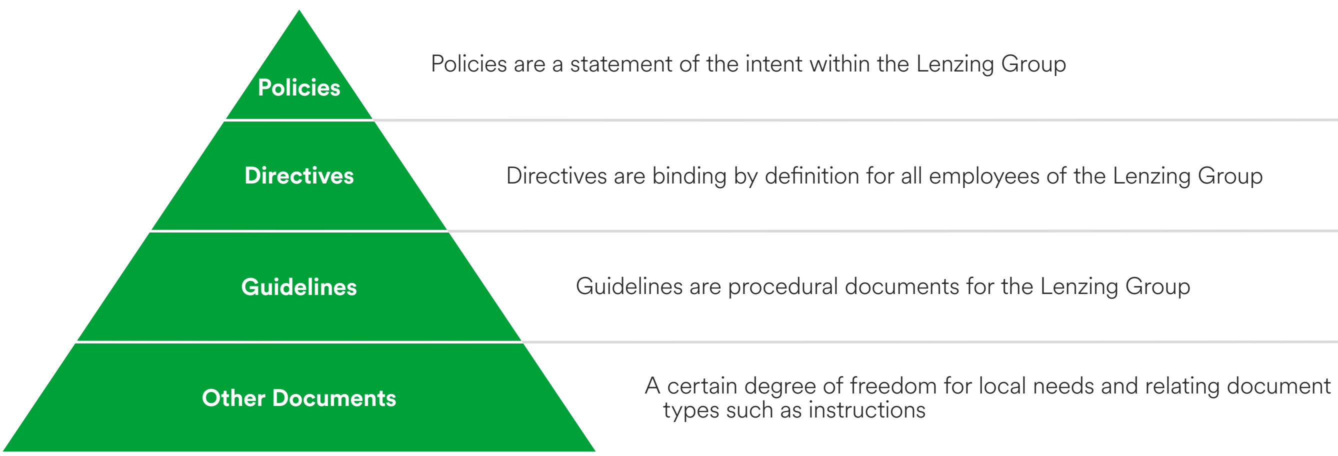
Lenzing is committed to exemplary quality in its products and processes, as well as to integrity and honesty in its dealing with business partners and shareholders. Compliance at the Lenzing Group extends beyond adherence to statutory and regulatory requirements. It reflects a fundamental attitude and a culture of responsibility, respect and integrity. Compliance is firmly anchored across the entire Group through the active responsibility of all employees and executives and supported by a shared culture of values.

Policies

[G1-1 9, MDR-P 65]

Lenzing strengthens and upholds its corporate culture through a comprehensive Global Code of Business Conduct, supported by accessible policies, directives and guidelines. Continuous monitoring, clear responsibilities and consequences for violations ensure adherence to high ethical and safety standards as well as to applicable international regulations.

Hierarchy of compliance guidelines and directives



Policy	**Global Code of Business Conduct**
Accountability	Group Compliance Officer
Scope and coverage	Lenzing Group Value chain Local communities
Objective and key elements	Objective: The objective is that shared corporate values are upheld and that ethical principles are consistent across all locations, guided by clear compliance standards. Key elements: The Global Code of Conduct is consistent with the principles of the UN Global Compact and underscores our commitment to international standards, with compliance being diligently monitored.
Third party standards / initiatives	UN Global Compact ILO Declaration on Fundamental Principles Paris Climate Agreement (COP 21) UN SDGs
Accessibility	Lenzing website
Topical standards	S1 Own workforce S1-1 21 Please see the row "Third party standards / initiatives" in this table for references to internationally recognized instruments. 22 Lenzing explicitly addresses trafficking of human beings, forced or compulsory labor as well as child labor through its Global Code of Business Conduct, which strictly prohibits these practices and ensures compliance with local legal requirements regarding the minimum age for employment. S2 Workers in the value chain S2-1 16 The Policy covers workers in the value chain.

Policy	Global Supplier Code of Conduct
Accountability	Senior Vice President (SVP) Global Purchasing Senior Vice President (SVP) Commercial Pulp, Biorefinery & Co-Products, Wood
Scope and coverage	Lenzing Group Upstream value chain
Objective and key elements	Objective: The objective is to ensure that suppliers operate in accordance with its principles and all applicable laws and standards. Key elements: Lenzing's Supplier Code of Conduct outlines the expectations for suppliers regarding safety, health, labor and human rights, environmental protection, ethics and management practice.
Third party standards / initiatives	N/A
Accessibility	Lenzing website
Topical standards	S2 Workers in the value chain S2-1 16 The Policy covers workers in the upstream value chain. 18 Lenzing has a Supplier Code of Conduct. It states that the use of child labor is strictly prohibited under any circumstances. Suppliers are required to maintain official documentation verifying each worker's date of birth and to ensure adherence to all relevant child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions. Furthermore, forced, bonded or involuntary labor is strictly prohibited and all work must be voluntary. Slavery and human trafficking are not tolerated. Suppliers must uphold these principles in all aspects for their operations.

Policy	Product Safety Policy
Accountability	Vice President (VP) of Operations Service Group
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to meet and, whenever possible, exceed all applicable safety standards and legislations to ensure the production of safe products. Key elements: Lenzing ensures product safety by embedding high environmental and occupational safety standards into its manufacturing processes and by continuously improving its practices through maintaining transparency on product ingredients as well as testing and labelling according to international requirements and third-party certifications.
Third party standards / initiatives	N/A
Accessibility	Lenzing website

The Wood and Pulp Policy and its minimum disclosure requirements can be found in the “Policies” section of the “E4 Biodiversity and ecosystems” chapter.

Directives

Policy	Anti-Bribery and Corruption Directive (ABC Directive)
Accountability	Group Compliance Officer
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The goal is to ensure that all relevant anti-bribery and corruption regulations are known and observed across the Lenzing Group. Key elements: Lenzing prevents bribery and corruption by facilitating compliance with all applicable laws and providing guidance for all employees to avoid the risks of bribery, foster trust, and protect the company’s reputation.
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet
Topical standards	G1 Business conduct G1-1 10b The ABC Directive is aligned with the United Nations Convention against Corruption.

Policy	Investigation Directive
Accountability	Group Compliance Officer
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to establish a clear framework for investigating material and substantiated violations of laws, the Global Code of Business Conduct as well as internal policies and directives. Key elements: The Directive requires a thorough, timely and consistent investigation of all potentially non-compliance cases, based on objectivity, independence, confidentiality and non-retaliation, while ensuring consistency of remedial measures, compliance with regulatory reporting obligations, preserving important evidence and protecting attorney client, work product and equivalent legal privileges.
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet

Policy	Anti Money Laundering Directive (AML Directive)
Accountability	Group Compliance Officer
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to combat money laundering and terrorist financing by ensuring compliance with Anti-Money Laundering (AML) laws and regulations. Key elements: The Directive describes the processes and control mechanisms implemented.
Third party standards / initiatives	Basel AML Index Financial Action Task Force (FATF)
Accessibility	Lenzing intranet

Policy	Whistleblower Directive
Accountability	Group Compliance Officer
Scope and coverage	Lenzing Group
Objective and key elements	Objective: The objective is to encourage employees to speak up in good faith against potential violations without fear of retaliation. Key elements: There are clearly defined proceedings on how to report compliance concerns, which can be reported to appropriate contact points or through the whistleblower system "Tell us".
Third party standards / initiatives	N/A
Accessibility	Lenzing intranet

Detective measures

Whistleblower system

[G1-1 10a, 10c; S1-3 32b, 32d, 32e, 33; S2-3 27b, 27d, 28]

To enable all employees and external stakeholders to report concerns related to corruption, bribery, conflicts of interest, antitrust laws and capital market law as well as other compliance matters, a global online-based whistleblower system has been established since 2017. Lenzing's joint venture LD Celulose also maintains its own whistleblower channel. Concerns can be raised internally, either personally, by phone or email, or through supervisors, the works council or the Group Compliance Officer. In addition, the whistleblower system ("Tell us") is accessible via the Lenzing website and allows anonymous reporting. It is available in all languages relevant to production sites (English, German, Czech, Chinese, Bahasa, Thai and Portuguese). The system is open not only to employees, but also to customers, suppliers and other third parties worldwide. Concerns can be submitted anonymously and without fear of retaliation as the system's anonymity safeguards are certified by an independent body. Professional and confidential handling of all reports ensures the protection of both the whistleblower and the persons concerned.

A Whistleblower Directive is in place and ensures that individuals who report concerns in good faith (that is with a reasonable suspicion that a potential violation has occurred, is occurring, or is likely to occur), are protected from any form of punishment, discrimination, retaliation, disadvantage, harassment or employment termination. Although the directive does not explicitly refer to monitoring activities, the effectiveness, accessibility and overall acceptance of the whistleblower system are evaluated through a regular Integrity Survey.

Handling of reported concerns

[G1-1 10c, 10e, G1-3 18b, 18c]

Reports are processed in a targeted manner in accordance with the internal Investigation Directive (see the G1-1 "Directives" section in this chapter). Reported incidents are assessed by lawyers (if necessary, in cooperation with local partners) and forwarded to the Group Compliance Officer or to the Local Compliance Officer. A report is processed by designated employees. The individuals entrusted with conducting the procedure are obligated to maintain confidentiality. If necessary, other departments and individuals are also involved in processing a reported incident. The reports are processed on a case-by-case basis, situation-related measures are defined and, if necessary, an investigation team is formed. These teams comprise employees and managers who are not involved in the incident itself. Confidentiality surrounding the identity of the person concerned is maintained and the procedures provide effective protection from retaliation against the whistleblower. Recommendations as to whether the investigation should be pursued further or be terminated are provided. Monthly reporting on the status of compliance as well as ongoing investigations are provided to the Managing Board. In addition, the Audit Committee of the Supervisory Board is informed about reported incidents on a quarterly basis.

Employees receive training on the use of the whistleblower system (for further information, please see the "Compliance training" section of this chapter). Training is also provided to those responsible for handling reported concerns. The effectiveness, accessibility and overall acceptance of the whistleblower system are evaluated through an Integrity Survey supported by an independent scientific team to ensure objectivity.

If actual negative impacts on employees occur, remediation is provided on an individual basis as no Group-wide remediation process is currently in place.

Training Directive
[G1-1 10g]

All directives related to business conduct include provisions on training. A comprehensive Training Directive is being developed to assign specific training requirements to defined job functions. As part of its design, a risk assessment is carried out to more precisely define and identify functions-at-risk within the organization. These functions will then receive targeted, role-specific training. This approach ensures that employees are well equipped with the necessary knowledge and skills to perform their roles effectively and ethically, thereby further enhancing Lenzing's commitment to integrity and compliance. The directive is planned for the next fiscal year.

For information on target audience, frequency and depth of coverage, please see the "Compliance training" section under "Actions" in this chapter.

Functions-at-risk

[G1-1 10h]

The functions at risk of corruption and bribery identified as part of the compliance risk assessment are: Global Legal, IP and Compliance; Global Health, Safety & Environment; Global Procurement; Global Supply Chain; Corporate Treasury; Corporate Human Resources; Corporate Audit & Risk; Corporate Accounting; Corporate Tax; Corporate Sustainability & Corporate Communications; Commercial Textiles; Commercial Nonwovens. These departments are considered at risk because their day-to-day operations involve maintaining relationships with public bodies, authorities and their representatives, as well as with agents, distributors, lawyers, customs agents, suppliers and service providers. Due to their core activities, they are required to establish internal controls to prevent corruption, money laundering, fraud, embezzlement and other risks.

Actions

[G1-3, MDR-A 68a]

List of key actions
- Compliance Management System
- Whistleblower system
- Compliance training
- Compliance cockpit
- Compliance product safety
- Global compliance risk assessment (Planned Actions)

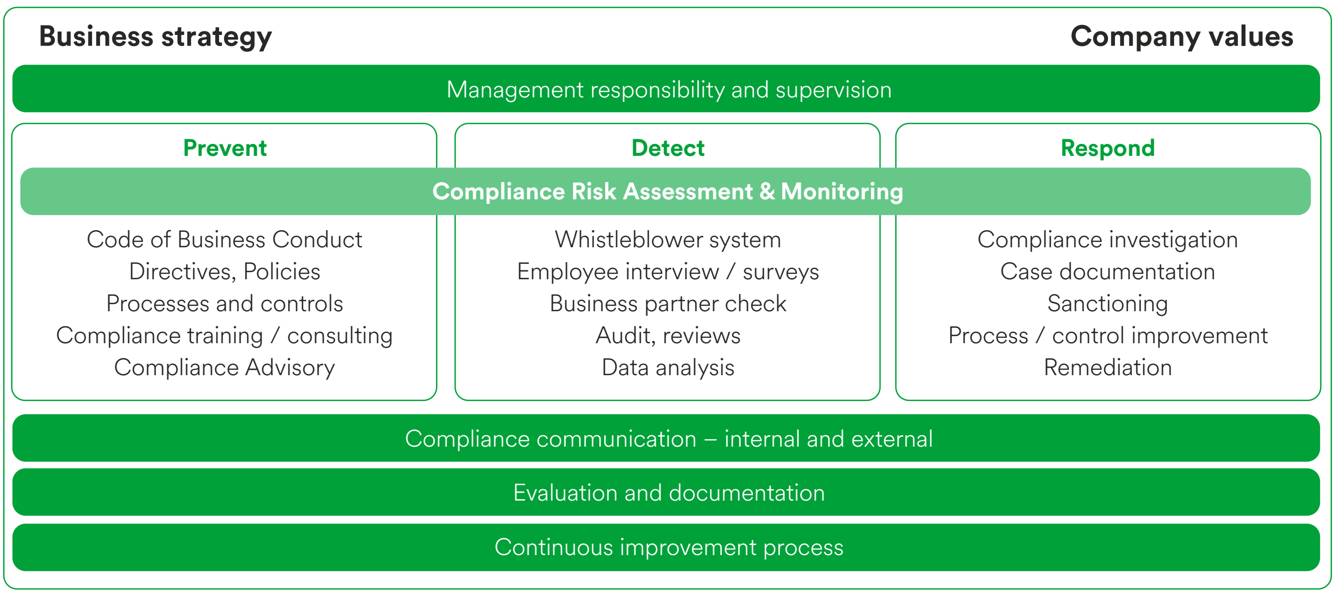
For the key actions related to sourcing, please see the "Sourcing" section in this chapter.

Compliance Management System

[G1-3 18a]

The objective in setting up and continuously developing the Compliance Management System is to prevent, detect and respond to compliance violations against the interests of the company, as well as to avoid liability risks and damage to the company's reputation. Furthermore, the Compliance Management System aims to advise and safeguard the company's management, executives and employees as well as to increase efficiency by coordinating existing compliance activities. The Compliance Management System corresponds to the following structure (figure Elements of the Lenzing Compliance Management System):

Elements of the Lenzing Compliance Management System



Formal structures, such as the assignment of responsibilities, ongoing monitoring and structures for communication, evaluation and documentation are essential components of the Compliance Management System. The ongoing compliance program is based on the following pillars:

- Measures to prevent misconduct
- Measures to detect compliance risks and weaknesses
- Measures to respond to misconduct and identified weaknesses in order to avoid them in future.

Whistleblower system

[G1-3 18a]

To enable employees and external stakeholders to report concerns related to corruption, bribery, conflicts of interest, antitrust laws or capital market law, an online whistleblower system was established in 2017. For further details on the ongoing action (ESRS 2 MDR-A), please refer to the "Detective measures" (G1-1) section of this chapter.

Compliance training

[G1-1 10g, G1-3 18a, 21a, 21c, MDR-A 68b]

Understanding applicable rules and regulations is essential for responsible conduct. Hence, eLearning programs were further expanded during the reporting year to efficiently convey key compliance content to defined target groups. New employees receive onboarding material including the Lenzing Global Code of Business Conduct, and employees with IT access are assigned mandatory annual eLearning courses. Successful completion requires achieving at least 80 percent in the final assessment to ensure comprehension. Mandatory training topics for all employees, including the Managing Board, cover the Global Code of Business Conduct, the whistleblower system and know-how protection. In 2025, 87 percent of assigned employees completed the required eLearning modules based on 6,185 employees enrolled (2024: 89 percent). A small number of employees additionally receive in-person classroom training.

[G1-3 21a, 21b, 21c]

All white-collar employees and the Managing Board (2,661 employees) were assigned the mandatory ABC Directive training, of whom 95 percent completed the course (2024: 97 percent).

[G1-3 21a, 21b]

Specific trainings were provided to all identified functions-at-risk (100 percent). A total of 248 employees were required to complete the Antitrust training, with a completion rate of 92 percent (2024: 92 percent). The Anti-Money Laundering training was assigned to 326 employees with a completion rate of more than 85 percent (2024: 83 percent).

[G1-3 21a, 21c]

The Supervisory Board completed the e-Learnings Global Code of Business Conduct and ABC Directive trainings in 2025. The goal was to give them an understanding of their responsibilities in regard of overseeing the Managing Board's implementation of compliance as well as of Lenzing`s values and corruption-related risks.

Compliance cockpit

[G1-3 18a, MDR-A 68a, 68b, 68c]

In 2025, the so-called Compliance Cockpit was globally implemented, as planned, to further strengthen business conduct management. The new system bundle includes the improvement of the whistleblower tool and the gift-and-hospitality tool. As well as the implementation of a conflict-of-interest registration tool and a policy manager for receiving, reading and acknowledging policies.

Compliance product safety

ISO 9001 certification

[MDR-A 68a, 68b]

An internal and external audit plan are executed to identify improvement opportunities and non-conformities that require corrective action. Thereby ensuring that Lenzing's quality assurance system adequately supports the Product Safety Policy. The ultimate goal is to maintain valid certification for the Lenzing Group.

[MDR-A 68c]

In 2025, five out of nine sites were audited as part of the process to ensure all relevant sites are audited by 2027 and support the Lenzing Group's ISO recertification.

3rd party product certifications

[MDR-A 68a, 68b, 68c]

The internal product testing plan and required recertifications were executed to ensure the product portfolio remains compliant to third-party certifications and associated high product safety standards. In 2025, the recertification of our fibers based on OEKO-TEX® STANDARD 100 was completed. In addition, the re-certification of 16 products with the food contact certification from ISEGA was completed.

Planned Actions

Global compliance risk assessment

[MDR-A 68 a, 68b, 68c]

Lenzing planned to conduct a global compliance risk assessment as part of its monitoring activities. The assessment focuses on reviewing existing controls and identifying current and potential compliance risks with the aim of implementing targeted mitigation measures. The scope of the action covers all legal entities, and the assessment is expected to be conducted and finalized in the first half of 2026.

Update Anti-Bribery and Corruption (ABC) Directive and Anti Money Laundering (AML) Directive

[MDR-A 68a, 68b, 68c]

In 2026, Lenzing plans to update the ABC Directive and the AML Directive. Moreover, Lenzing also aims to strengthen its Compliance Management System by clearly defining core values and ensuring that appropriate mitigation measures are implemented in response to existing risks. These directives will apply to all Lenzing's legal entities and are expected to be implemented by the beginning of 2027, after the Global compliance risk assessment has been concluded. In addition, the ABC Directive is planned to be formalized as a policy.

Targets

For information on the Supplier Engagement target which is connected with the “Risk of non-compliance with the Corporate Supply Chain Due Diligence Directive (CSDDD) if internal processes are not implemented”, please refer to the “Targets” section in the “S2 Workers in the value chain” chapter.

Metrics

Compliance monitoring

[G1-4 24b, S1-17 103b]

Concerns reported via the whistleblower system are recorded in the Legal, IP and Compliance department. A total of 125 cases were filed through the Lenzing Group whistleblower system and the whistleblower system of Lenzing’s joint venture LD Celulose in Indianópolis (Brazil) (2024: 161 filed cases). Lenzing’s investigation team reviewed and processed any reported violations of its principles and, if necessary, imposed appropriate sanctions.

[G1-4 24a]

In 2025, there were no convictions or fines related to anti-bribery and anti-corruption laws (2024: No convictions or fines). No public complaints in connection with corruption incidents were brought against the company or its employees during the reporting period.

Compliance to product safety

[entity-specific]

In 2025, all products in scope were successfully re-certified with success measured through positive external audit outcomes. The outcome of the ISO 9001 audit was positive, with no major nonconformities being identified.

[MDR-M 77b]

The metrics in this section are not validated by an external body other than the assurance provider.

Sourcing

[G1-2 15a, 15b]

List of key actions
- Sustainable chemical sourcing
- Sustainable wood and dissolving wood pulp sourcing

Wood, pulp and chemicals purchasing are handled by three different teams within the Lenzing Group. Lenzing aims to minimize purchasing risks, such as major price fluctuations and supply bottlenecks through reliable, long-term supply relationships and active supplier management. The most important materials procured are (in order of annual procurement volume): wood, dissolving wood pulp, sodium hydroxide, sulfuric acid, sulfur, carbon disulfide, sulfur dioxide and magnesium oxide.

In 2025 (and 2024), when screening for risk suppliers, no Lenzing suppliers were identified as having significant actual and potential negative environmental impacts. This statement is based on the following tools and certifications schemes: EcoVadis, Together for Sustainability, FSC® and PEFC.

Directives and polices are implemented throughout supplier engagements. Lenzing strives to lead as an industry role model for ethical business conduct, while expecting the same standards from its business partners. For more information about the Supplier Code of Conduct, please see the “Policies” section in this chapter.

[MDR-M 77 b]

The metrics in this section are not validated by an external body other than the assurance provider.

Sustainable chemical sourcing

Supplier engagement

[MDR-A 68a, 68b, 68c]

The current Supplier Engagement target aims to continuously engage with key chemical suppliers, therefore Lenzing has signed agreements, including sustainability clauses, with its key chemical suppliers. Some of these conditions include setting GHG reduction targets approved by the Science Based Target initiative (SBTi) to provide information on the product carbon footprint and water scarcity at facilities from which Lenzing sources products.

Supplier management through EcoVadis

[entity-specific]

Number of EcoVadis assessed suppliers

2025	1,025
2024	824
2023	608
2022	387
2021	163
2020	152
2019	102
2018	93
2017	82

For the percent of total spend covered by audits, please see the “Targets” section in the “S2 Workers in the value chain” chapter.

Lenzing engages only with EcoVadis rated suppliers that achieve a minimum score of 50 points. For more information about EcoVadis and the average EcoVadis score of Lenzing’s suppliers please see the “Actions” and “Metrics” sections in the “S2 Workers in the value chain” chapter.

Regionality

[entity-specific]

Regionality[a] of purchased chemicals

	2025	2024
Regionally purchased	87%	87%
Not regionally purchased	13%	13%

a) Regionally is defined as the same country and neighboring countries as significant operational sites. Significant operational sites include all production sites of the Lenzing Group.

In 2025, 80 percent of all purchased chemicals (in liquid metric tons) were delivered by 33 suppliers (2024: 36 suppliers). Relationships with these suppliers are in general highly stable.

Sustainable wood and dissolving wood pulp sourcing

[MDR-A 68a, 68b, 68c]

Wood and dissolving wood pulp are Lenzing’s most important raw materials. The Lenzing Group demonstrates responsibility by focusing on continuous sustainable sourcing. The sourcing is covered by certification, responsible consumption, and the highly efficient use of these valuable resources.

Lenzing sources wood and dissolving wood pulp from semi-natural forests as well as from plantations, both as defined by the Food and Agriculture Organization of the United Nations (FAO)[33, 34]. Semi-

[33] Carle, J., and Holmgren, P. (2003). Working paper 79. Definitions Related to Planted Forests. In: Food and Agriculture Organization of the United Nations (2003). Forest Resources Assessment Program Working paper series. Available at: https://openknowledge.fao.org/server/api/core/bitstreams/56870b47-e648-4d9e-855a-560e45b63992/content

[34] Terms and Definitions, FRA 2020, FAO, 2018 https://openknowledge.fao.org/server/api/core/bitstreams/531a9e1b-596d-4b07-b9fd-3103fb4d0e72/content

natural forests include naturally regenerating and planted forests with similar species composition to that of natural forests in the area. Lenzing does not source wood and dissolving wood from primary, natural or ancient and endangered forests.

Assuming a dissolving wood pulp yield from wood of 40 percent, a rough estimate for the total yearly wood input of Lenzing's regenerated cellulose fibers would amount to 2.5 million tons (dry matter). The wood input is split between Lenzing's own production and purchased dissolving wood pulp.

Dissolving wood pulp sources

In addition to its own dissolving wood pulp production, Lenzing procures dissolving wood pulp from the global market, mostly under long-term supply contracts. Please find the list of Lenzing's pulp suppliers on Lenzing's website.

Wood sources

Lenzing operates three pulp mills where wood is turned into dissolving wood pulp. Regional wood supply is important to Lenzing, since this represents one measure to reduce GHG emissions deriving from transportation.

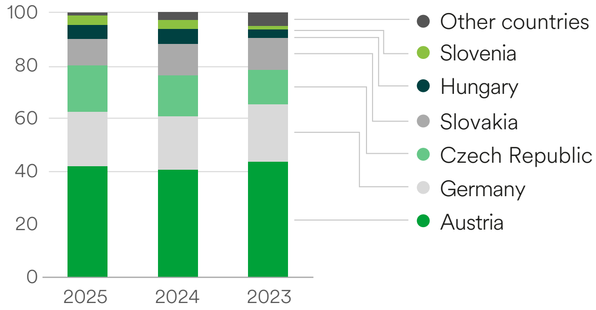
Regional wood supply in Europe

[entity-specific]

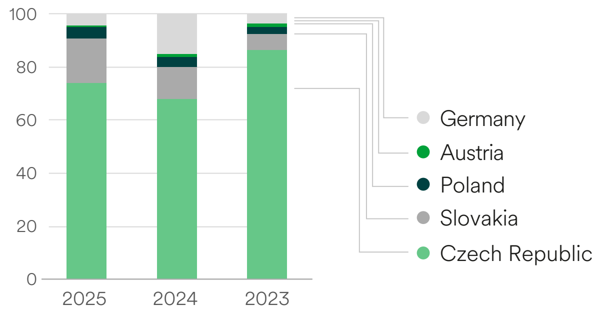
Lenzing is committed to source the wood for its pulp mills in Europe as locally as possible. The Lenzing site (Austria) mainly uses beech wood plus small amounts of other hardwoods and spruce, whereas the Paskov plant (Czech Republic) mainly uses spruce.

Wood sourcing for Lenzing's pulp mills in Europe

Lenzing Pulp Mill



Paskov Pulp Mill



Beech and spruce by country. Regional wood supply originates from the country where the pulp mill is situated and from neighboring countries from which wood can be transported directly without crossing a third country. "Other countries" for the Lenzing site are France, Switzerland, Croatia and Poland.

For the Lenzing site (Austria) regional wood[35] accounted for 98.8 percent in 2025 (2024: 97.1 percent). For the Paskov site (Czech Republic), the regional supply rate has been constant at 100 percent since 2019. For the underlying figures, please see the "Annex".

Local wood supply in Brazil

Lenzing's pulp mill in Indianópolis (Brazil), a joint venture with Dexco under the name of LD Celulose, uses eucalyptus from its own plantations. These plantations operate entirely in compliance with the Lenzing Group's guidelines and high standards for the sourcing of wood and pulp as well as with the requirements of leading certification schemes.

The plantations are located in Triângulo Mineiro in the State of Minas Gerais. The area that was transformed into the LD Celulose plantation unit has been used for cattle raising, intensive agricultural activities and eucalyptus forestry since the 1970s. The plantations are located more than 800 kilometers away from the Amazon rainforest region.

For more information about Lenzing's plantations in Brazil, please see the "Actions" section of the "E4 Biodiversity and ecosystems" chapter.

[35] Regional wood supply originates from the country where the pulp mill is situated and from neighboring countries from which wood can be transported directly without crossing a third country.

Due diligence wood and pulp

Lenzing's wood and pulp sourcing due diligence consists of the following steps:

- Policies – Wood and Pulp Policy and Supplier Code of Conduct
- Supplier evaluation
- Certifications and independent assessments – FSC®, PEFC and Canopy

Wood and Pulp Policy and Supplier Code of Conduct

The Lenzing Wood and Pulp Policy and Supplier Code of Conduct apply to all wood purchasing activities and are provided to potential suppliers before a business relationship begins. Deliveries to Lenzing are only permitted if these conditions are accepted. For information on the Supplier Code of Conduct, please see the "Policies" section of this chapter. For the Wood and Pulp Policy, please see the "Policies" section of the "E4 Biodiversity and ecosystems" chapter.

Supplier evaluation

[MDR-A 68a, 68b, 68c]

All key suppliers of wood and dissolving pulp are evaluated for sustainability performance. Lenzing's key suppliers are mostly those of significant size and supply volume.

Lenzing conducts regular audits and sustainability assessments of both new and established suppliers, including compliance with environmental and safety standards. Suppliers are periodically interviewed and evaluated with support from external experts, followed by a final assessment. These results feed into the overall supplier rating and serve as a key criterion for long-term supplier cooperation.

Pulp suppliers are assessed using a due diligence system based on FSC® Controlled Wood criteria. This includes an annual assessment of pulp suppliers' sustainability performance, using a comprehensive questionnaire covering aspects such as procurement standards, supply areas, supply chain traceability and GHG emissions. The results of the survey are used to identify key sustainability issues and guide Lenzing's future supplier engagement activities. All pulp suppliers are certified by leading forest certification schemes and supply Lenzing with certified or controlled pulp.

All *wood suppliers* – totaling to around 700 (in 2024: more than 600) half of which are private owners – in all sourcing countries are assessed once a year against FSC® Controlled Wood and PEFC Controlled Sources criteria.

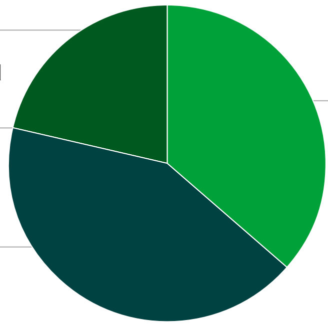
Certifications – FSC®, PEFC and Canopy

[entity-specific]

LENZING RANKED #1 BY CANOPY

#1 Globally: Lenzing leads Canopy Hot Button Ranking and was awarded the "Dark Green Shirt". The Hot Button Ranking is a leading industry assessment of global pulp and fiber producers' sustainability performance, including topics such as forest conservation, supply chain transparency, and innovation. Canopy credited Lenzing an impressive 34.5 out of 40 points, with leading scores in the areas of sourcing, conservation, and next-generation solutions.

Certification status



Certification status of total wood input at Lenzing fiber production sites via own and purchased dissolving wood pulp.
Basis: dissolving wood pulp by weight.

[MDR-A 68a, 68b, 68c]

100 percent of wood and dissolving wood pulp used by the Lenzing Group is continuously either certified by FSC® and PEFC or controlled and inspected in line with these standards.[36] Wood with a PEFC certificate also receives the status FSC® Controlled Wood. For the certification status, please see the "Certification status" figure. "Certified" represents the sum of "FSC® Mix Credit" and "PEFC". This reflects the amount of pulp available to make fibers with the corresponding Chain of Custody certification.

Lenzing's Chain of Custody (CoC) certifications also enable its customers to have their products certified. The Chain of Custody documents the flow of materials from the forest source through all supply chain stages up to the final product. All Lenzing Group production sites are FSC® CoC certified. The multi-site certification for PEFC CoC currently covers five sites: Lenzing (Austria), Paskov (Czech Republic), Purwakarta (Indonesia), Nanjing (China) and Mobile (USA).

PEFC certification is mainly used for wood sourced from Central Europe. FSC® certification of forests is not widespread in this region. Therefore, most of the wood sourced in Europe is procured with a PEFC certificate and receives FSC® Controlled Wood status at Lenzing sites after a due diligence process. As a result, all wood input to the Lenzing Group is either certified or controlled by the FSC® certification system as well. As forestry operations in Central Europe are generally small in scale, many small forest owners harvest wood for additional income and do not participate in a certification process. Therefore, Lenzing occasionally procures reliable

[36] License codes: FSC-C041246, PEFC/06-33-92

but limited quantities of such wood that is not FSC® or PEFC certified. This category of wood is inspected in line with these standards and counts as controlled wood. Stringent forestry legislation and enforcement in Central Europe also requires all forest owners to pursue sustainable management.

Pulp suppliers can hold more than one forest-related certificate. Most of the pulp suppliers located in North America also carry certification from the Sustainable Forest Initiative (SFI), which is also a national member of, and fully endorsed by, the global PEFC certification scheme.

For detailed explanations of the certificates, controlled wood and the internal due diligence system, please see the "Wood and pulp" focus paper.

Supplementary information pursuant to § 243b UGB

The figures and information in this chapter relate to Lenzing AG pursuant to § 243b UGB and therefore only to the Lenzing site (Austria).

Lenzing Aktiengesellschaft – Safety

Work-related injuries for employees in Lenzing (Austria) per 1,000,000 working hours

	2025	2024
Total hours worked (productive working hours)	**5,598,187**	**5,753,287**
i) Number of fatalities of work-related injuries and ill health	0	0
ii) Number of recordable work-related injuries	45	54
ii) Rate of recordable work-related injuries (TRIFR)	8.0	9.4
iii) Number of recordable work-related ill health	0	0
iv) Number of work-related injuries and ill health	106	128
iv) Rate of work-related injuries and ill health	18.9	22.2

Work-related injuries for non-employees in Lenzing (Austria) per 1,000,000 working hours

	2025	2024
Total hours worked (productive working hours)	**1,095,631**	**831,956**
i) Number of fatalities of work-related injuries and ill health	0	0
ii) Number of recordable work-related injuries	9	10
ii) Rate of recordable work-related injuries (TRIFR)	8.2	12.0
iii) Number of recordable work-related ill health	0	0
iv) Number of work-related injuries and ill health	18	26
iv) Rate of work-related injuries and ill health	16.4	31.3

Work-related fatalities (Austria)

No work-related fatalities were reported at Lenzing AG in the 2025 financial year.

Top five injury types (Austria)

Top five injury types – Lenzing (Austria)

	2025		2024	
For employees in the own workforce	Bruises	28	Cuts & lacerations	35
	Cuts & lacerations	18	Bruises	27
	Chemical burns	16	Chemical burns	20
	Strains	11	Abrasions	17
	Fractures	11	Fractures	8
For non-employees in the own workforce	Cuts & lacerations	7	Cuts & lacerations	6
	Foreign bodies	3	Bruises	4
	Chemical burns	2	Chemical burns	2
	Strains	1	Abrasions	2
	Bruises	1	Foreign bodies	2
	Electrical burns/shocks	1		
	Fractures	1		
	Dislocations	1		

Lenzing Aktiengesellschaft – Workforce

Employees 2025

Lenzing Aktiengesellschaft: Number of employees in head count as of December 31, 2025.

Employees 2025 - Lenzing (Austria)

Lenzing AG Lenzing Aktiengesellschaft: Number of employees as of December 31; employees only (including apprentices, excluding temporary workers)	2025	2024
Total headcounts as of 31.12.	**3,047**	**3,128**
Proportion of women	20%	19%
Proportion of age >50	22%	23%
Proportion of non-Austrians	9%	9%
Apprentices	151	150
Contractors	87	113
Proportion of employees with full-time contract	82%	85%
Thereof female	12%	12%
Thereof male	88%	88%
Proportion of employees with part-time contract	18%	15%
Thereof female	54%	63%
Thereof male	46%	37%
Proportion of employees for whom collective bargaining agreements exist	100%	100%
Employees with disabilities	44	50
Turnover rate	12%	8%

Potential corruption offenses or breaches of antitrust law

As regards potential corruption offenses or breaches of antitrust law, no official measures were undertaken or legal claims made against Lenzing Aktiengesellschaft in 2025.

Environment

Figures concerning environmental matters will not be reported separately for competitive reasons and because these matters are managed and measured on a group-wide basis. The omission of this information does not prevent a fair and balanced understanding of its development, performance, position, and impact of these activities.

Additional voluntary information on chapters

Sourcing

Wood and pulp procurement

Wood procurement for the company's own fiber pulp plants in Lenzing (Austria) and Paskov (Czech Republic)

Beech and spruce, by country
Regional – own country and neighboring countries

Wood procurement for Lenzing (Austria)

Country	2025	2024
Austria	41.93 %	40.67 %
Germany	20.61 %	20.11 %
Czech Republic	17.37 %	15.56 %
Slovakia	10.15 %	11.86 %
Hungary	5.22 %	5.65 %
Slovenia	3.57 %	3.32 %
Total regional	**98.85 %**	**97.17 %**
Poland	0.49 %	1.16 %
France	0.39 %	1.15 %
Switzerland	0.00 %	0.28 %
Croatia	0.27 %	0.24 %
Other countries	**1.15 %**	**2.83 %**
Total	**100.00 %**	**100.00 %**

Wood procurement for Paskov (Czech Republic)

Country	2025	2024
Czech Republic	73.94 %	67.85 %
Slovakia	16.75 %	12.08 %
Poland	4.46 %	3.82 %
Austria	0.47 %	1.09 %
Germany	4.37 %	15.16 %
Total regional	**100.00 %**	**100.00 %**

Certification status in the Lenzing Group

Certification status of total wood input at Lenzing fiber production sites of its own and purchased dissolving wood pulp. Basis: dissolving wood pulp by weight. All PEFC certified or controlled sources are also FSC® controlled.[37]

Certification status in the Lenzing Group, 2024–2025

	2025	2024
PEFC	36.50 %	28.60 %
FSC® 100 %	0.00 %	10.20 %
FSC® Mix	42.33 %	39.50 %
FSC® Controlled Wood	21.17 %	21.70 %
No claim	0.00 %	0.00 %
Total	**100.00 %**	**100.00 %**

Lenzing's most important wood species in 2025

Lenzing's most important wood species

Wood sourcing region	Europe	South Africa	North America	South America
Wood species (most important)	beech, spruce, ash, birch, poplar	eucalyptus	pine, ash, aspen, maple, fir, hemlock	eucalyptus

[37] License codes: FSC-C041246, PEFC/06-33-92

Biodiversity sensitive areas and protected sites near Lenzing production sites

[E4 ESRS 2 SBM-3 – not material after ESRS]

Biodiversity sensitive areas and protected sites near Lenzing production sites

Site	Name of Biodiversity Sensitive Area/Protected Site	Type of protected area (water/wetland/terrestrial)	Distance in km	Type/Categorization of Biodiversity Sensitive Area	Location of protected area in coordinates (nearest point)	Competent authority
Operational Site: Lenzing Fibers Grimsby Ltd., Grimsby, United Kingdom Lat.: 53.591351, Long.: –0.133550; Area of Site: 13.5 ha						
Grimsby	Lincolnshire Wolds National Landscape, Area of Outstanding Natural Beauty	terrestrial	8	Area of Outstanding Natural Beauty (AONBs) IUCN Management Category V	53.531305, –0.181701	East Yorkshire and Northern Lincolnshire, Extra-Regio, Lincolnshire, Environment Agency
Grimsby	Humber Estuary, Special Area of Conservation (SAC) and a Special Protection Area (SPA)	water/marine	1	IUCN Management Category V Key Biodiversity Area (KBA) Ramsar Site, Wetland of International Importance (Nr. 663) Site of Special Scientific Interest Marine Protected Area (OSPAR) Emerald Network Site UK0030170 (former Natura 2000 site UK9006111 und UK0030170) Outstrays Managed Realignment Scheme (OMRS) – Habitat creation (managed realignment)	53.601297, –0.129826	East Yorkshire and Northern Lincolnshire, Extra-Regio, Lincolnshire, Environment Agency
Grimsby	Laughton Forest	terrestrial	38	Key Biodiversity Area (KBA)	53.485517, –0.678116	Forestry England
Grimsby	Lincolnshire Coronation Coast	water	19	National Nature Reserve (NNR) IUCN Management Category IV	53.500774, 0.101097	Natural England
Grimsby	Bradley & Dixon Woods	terrestrial	7	Local Nature Reserve IUCN Management Category IV	53.536737, –0.120475	Natural England
Grimsby	Weelsby Woods Park	terrestrial	7	Local Nature Reserve IUCN Management Category IV	53.552149, –0.063515	Natural England
Operational Site: Lenzing Fibers GmbH, Heiligenkreuz, Austria Lat.: 46.968158, Long.: 16.256086 Area of Site: 27.15 ha						
Heiligenkreuz	Lafnitz Fluss, Austria	water	0.4	Natura 2000 (AT1122916)	46.965609, 16.255422	Amt d. Burgenländischen Landesregierung, Abt. 4 Agrarwesen, Natur- und Klimaschutz
Heiligenkreuz	Naturpark Raab	terrestrial	0.5	IUCN Management Category V EEA European Protected Site Nature Park	46.968766, 16.250901	Amt d. Burgenländischen Landesregierung, Abt. 5, Natur- und Umweltschutz, Amt d. Steiermärkischen Landesregierung Referat Naturschutz
Heiligenkreuz	Lafnitztal	water, terrestrial	0.5	Natura 2000 (AT1122916) Ramsar site (nr. 1169)	46.971812, 16.266184	Amt d. Burgenländischen Landesregierung, Abt. 4 Agrarwesen, Natur- und Klimaschutz, Amt d. Steiermärkischen Landesregierung Referat Naturschutz

Operational Site: Lenzing, Austria **Lat.: 47.978798, Long.: 13.616135** **Area of Site: 153.4 ha**						
Lenzing	Mond- und Attersee	water	4	Natura 2000 (AT3117000) EEA European Protected Site Special Areas of Conservation (Habitats Directive)	47.949561, 13.589000	Amt der Oö. Landesregierung, Abteilung Naturschutz
Lenzing	Untere Traun	water	25	Natura 2000 (AT3113000) EEA European Protected Site Key Biodiversity Area (KBA) Special Protection Area (Birds Directive)	48.083621, 13.908800	Amt der Oö. Landesregierung, Abteilung Naturschutz
Lenzing	Gerlhamer Moor	wetland	5	Natura 2000 (AT3140000) IUCN Management Category IV Special Areas of Conservation (Habitats Directive) EEA European Protected Site	47.952161, 13.555073	Amt der Oö. Landesregierung, Abteilung Naturschutz
Lenzing	Naturpark Attersee-Traunsee	terrestrial	17	IUCN Management Category V Nature Park	47.831764, 13.549271	Amt der Oö. Landesregierung, Abteilung Naturschutz
Lenzing	Reinthaler Moos	wetland	10	Natura 2000 (AT3106000) EEA European Protected Site Special Areas of Conservation (Habitats Directive)	47.916750, 13.526394	Amt der Oö. Landesregierung, Abteilung Naturschutz
Operational Site: Lenzing Fibers Inc., Axis, USA **Lat.: 30.960825, Long.: –88.025558** **Area of Site: 65.97 ha**						
Mobile	Upper Delta Wildlife Management Area	water	4	IUCN Management Category V Wildlife Management Area	30.974528, –87.985303	Alabama Department of Conservation and Natural Resources (ADCNR), Division of Wildlife & Freshwater Fisheries
Operational Site: Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China **Lat.: 32.283358, Long.: 118.875262** **Area of Site: 34.86 ha**						
Nanjing	Lanbowan–Qilihe Wetland	wetland	30	Key Biodiversity Area (KBA)	32.070129, 118.668259	
Operational Site: Lenzing Biocel Paskov a.s., Paskov, Czech Republic **Lat.: 49.718049, Long.: 18.294587** **Area of Site: 211.96 ha**						
Paskov	Řeka Ostravice Česká republika	water	1	Natura 2000 (CZ0813462) Special Areas of Conservation (Habitats Directive)	49.718333, 18.313795	Krajský úřad Moravskoslezského kraje – Odbor životního prostředí a zemědělství
Paskov	Paskov PP Přírodní památka Paskov Česká republika	terrestrial	2	Natura 2000 (CZ0813463)	49.731168, 18.295834	Krajský úřad Moravskoslezského kraje – Odbor životního prostředí a zemědělství
Paskov	Koryto řeky Ostravice	water	1	IUCN Management Category III Nature Monument	49.733750, 18.302202	Krajský úřad Moravskoslezského kraje – Odbor životního prostředí a zemědělství, Ministry of the Environment of the Czech Republic
Paskov	Mokřad u Rondelu -	wetland	11	Natura 2000 (CZ0813455) IUCN Management Category III Nature Monument	49.786667, 18.407222	Krajský úřad Moravskoslezského kraje

Paskov	Poodří (CZ0814092)	water, terrestrial	18	Natura 2000 (CZ0814092) Protected Landscape Area IUCN Management Category V Special Areas of Conservation (Habitats Directive) Special Protection Area (Birds Directive) Key Biodiversity Area (KBA)	49.692595, 18.045228	AOPK ČR - RP SCHKO Poodří
Operational Site: LD Celulose S.A, Indianópolis, Brazil Lat.: –18.836333, Long.: –47.917333 Area of Site: 150 (mill area) ha 90,200 ha (plantation)						
LD Celulose S.A, Indianópolis	LD Celulose S.A, Indianópolis (within plantation area)	water	0.5	High conservation value area within LDC plantations	–18.836333, –47.917333	LD Celulose S.A
LD Celulose S.A, Indianópolis	Páu Furado State Park/Parque Estadual do Pau Furado	water, terrestrial	26	IUCN Management Category II	–18.829523, –48.159716	Instituto Estadual De Florestas De Minas Gerais - Mg, Secretaria de Biodiversidade e Florestas, Ministério do Meio Ambiente

Waste

[E5-5 37, 39 – not material after ESRS]

Waste

(Tons)	2025	2024
Total waste generated	**155,540**	**163,983**
Total waste diverted from disposal	**115,569**	**129,153**
Hazardous waste diverted from disposal	25,118	29,838
Hazardous waste preparation for reuse	0	0
Hazardous waste recycling	25,118	29,838
Hazardous waste other recovery operations	0	0
Non-hazardous waste diverted from disposal	90,452	99,315
Non-hazardous waste preparation for reuse	0	0
Non-hazardous waste recycling	90,452	99,315
Non-hazardous waste other recovery operation	0	0
Total waste directed to disposal	**39,971**	**34,830**
Hazardous waste directed to disposal	3,131	4,034
Hazardous waste incineration	1,834	2,842
Hazardous waste landfill	211	102
Hazardous waste other disposal operations	1,086	1,090
Non-hazardous waste directed to disposal	36,840	30,796
Non-hazardous waste incineration	12,189	10,901
Non-hazardous waste landfill	23,688	18,996
Non-hazardous waste other disposal operations	963	899
Percentage of non-recycled waste	26%	21%
Total amount of non-recycled waste	39,971	34,830
Total amount of hazardous waste	**28,249**	**33,873**

Own workforce

Collective bargaining and social dialog

[S1-8 – not material after ESRS]

Lenzing complies with the local labor standards in all countries in which it operates. Collective agreements cover 80.3 percent (2024: 79.9 percent) of the Lenzing Group's global workforce. 99.7 percent (2024: 99.6 percent) of employees are subject to notice periods governed by labor law or collective agreements.

For more information on Lenzing's social dialog, please see the "Works council/social dialog" section of the "S1 Own workforce" chapter.

Adequate wages

[S1-10 - not material after ESRS]

After comparing the salaries and wages of all Lenzing employees against the living wage benchmark, it can be stated that everyone is paid an adequate wage or salary. 100 percent of Lenzing`s employees were covered by the analysis.

Gender pay gap - breakdown

[S1-16 98]

Gender Pay Gap

		Blue collar worker		White collar worker			
	Total	Junior Professional	Seasoned Professional	Clerical / Operations	Supervisory / Junior Professional	Middle Management / Seasoned Professional	Senior Management / Executives
Lenzing Group (Production sites and Sales Offices)	27.16						
Production sites							
Lenzing (Austria)	9.88	23.54	8.44	5.27	11.12	2.74	17.51
Heiligenkreuz (Austria)	11.94	19.76	44.36	−0.23	15.57	9.79	only male
Paskov (Czech Republic)	1.47	−1.12	5.51	only female	20.87	0.09	only female
Grimsby (United Kingdom)	−12.99	35.20	−6.33	13.62	−10.50	21.27	only female
Mobile (USA)	−2.65	−2.04	no employees	−9.58	11.26	0.30	only male
Indianópolis (Brazil)	29.29	30.89	40.85	4.03	12.66	27.70	only male
Purwakarta (Indonesia)	−128.28	−46.58	no employees	no employees	1.57	−13.46	only male
Prachinburi (Thailand)	−39.22	−10.32	−1.99	5.19	14.37	11.96	only male
Nanjing (China)	1.21	0.08	only male	only female	17.67	−1.13	only male

Legend

Grading	White collar workers
1-3	Clerical / Operations
3a-4a, M1, M2	Supervisory / Junior Professional
5-6, M3	Middle Management / Seasoned Professional
6A - 7a	Senior Management / Executives

Grading	Blue collar workers
1-12, L1-L4, K2-K5 incl. K4A, K4B	Junior Professional
13-17, F2, K6-K7-K8, 3a-4a	Seasoned Professional

Top five injury types

Top five work-related injuries

	2025		2024	
For employees in the own workforce	Cuts & lacerations	47	Cuts & lacerations	75
	Bruises	46	Bruises	52
	Abrasions	28	Abrasions	36
	Strains	22	Puncture wounds	29
	Chemical burns	21	Chemical burns	24
For non-employees in the own workforce	Cuts & lacerations	14	Cuts & lacerations	20
	Bruises	6	Bruises	10
	Chemical burns	4	Chemical burns	10
	Foreign bodies	3	Abrasions	10
	Hot burns	3	Foreign bodies	7
			Dislocations	7

Nationalities within the Lenzing Group

Different nationalities within the Lenzing Group 2025

Nationality	Female	Male	Total
Afghanistan		3	3
Albania	1	2	3
Argentina	1		1
Austria	583	2,520	3,103
Belgium		3	3
Bolivia	1		1
Bosnia Herzeg.	8	35	43
Brazil	300	988	1,288
Bulgaria	1		1
Canada	1		1
China	164	638	802
Columbia	1	1	2
Croatia	6	16	22
Czech Republic	120	398	518
Dutch Antilles		1	1
Egypt		2	2
France	4	4	8
Georgia		2	2
Germany	19	79	98
Hong Kong		2	2
Hungary	4	16	20
India	5	24	29
Indonesia	63	1,251	1,314
Italy		9	9
Kirghizstan		1	1
Kosovo	3	8	11
Malaysia	1	5	6
North Macedonia	2	3	5
Mexico	1	1	2
Montenegro		1	1
Netherlands	3	4	7
Nigeria		2	2
Pakistan	1	3	4
Poland	2	6	8
Portugal		1	1
Romania	1	20	21
Russian Fed.	2	3	5
Serbia	2	3	5
Singapore	3	1	4
Slovenia	1	4	5
Slovakia	5	8	13
Somalia		1	1
South Africa		2	2
South Korea	2	1	3
Spain		2	2
Switzerland		2	2
Syria		8	8
Tajikistan		1	1
Taiwan	1	3	4
Thailand	43	227	270
Türkiye	11	12	23
Ukraine	4		4
United Kingdom	26	204	230
USA	42	157	199
Vietnam		1	1
No nation	1	1	2
Total	**1,439**	**6,690**	**8,129**

NaDiVeG compliance table

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2025/sustainability/annex/nadiveg.html

TCFD index

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2025/sustainability/annex/tcfd.html

TNFD index

You can find this table here:
https://reports.lenzing.com/annual-and-sustainability-report/2025/sustainability/annex/tnfd-index.html

Lenzing, March 5, 2026
Lenzing Aktiengesellschaft

The Managing Board

Georg Kasperkovitz Chief Operations Officer	**Mathias Breuer** Chief Financial Officer	**Christian Skilich** Chief Pulp & Chief Technology Officer

CHAPTER

3/4

CORPORATE GOVERNANCE REPORT

CONTENT

Consolidated Corporate Governance Report

The Austrian Code of Corporate Governance (ACCG) provides stock companies in Austria with a framework for corporate management and control. This framework includes internationally recognized standards for good corporate governance as well as the regulations of Austrian stock corporation law that are significant in this context.

The goal of the code is to ensure the responsible management and controlling of companies and corporate groups based on sustainable and long-term value creation. This is intended to create a high degree of transparency for all company's stakeholders.

The Austrian Code of Corporate Governance applies through the voluntary commitment of companies to the corporate governance principles as amended.

Declaration of Commitment to the ACCG

Lenzing AG respects the ACCG and, for the first time in 2010, committed itself to compliance with the documented provisions. The Supervisory Board also passed a unanimous resolution to adhere to the ACCG in full. The current version of the code is available on the Internet at https://www.corporate-governance.at.

Lenzing AG and its executives fulfil all binding L-rules ('Legal Requirements') and comply with all C-rules with one exception as described below.

C-Rule 27 of the ACCG is the only rule that is not fully complied with, as no non-financial criteria have been established in one board member´s contract. The explanation is provided in Chapter "Remuneration of the Managing Board and the Supervisory Board". In accordance with L-Rule 60 of the ACCG, Lenzing AG is required to prepare and publish a Group Corporate Governance Report. The Group Corporate Governance Report of Lenzing AG also represents the Corporate Governance Report for the Lenzing Group.

This Corporate Governance Report is published on the website of Lenzing AG in accordance with C-Rule 61 of the ACCG at https://www.lenzing.com/investors/corporate-governance/evaluations-reports

The Corporate Bodies of Lenzing AG

Dual management structure

The dual management structure of Lenzing AG as a listed stock corporation consists of a Managing Board and a Supervisory Board. Both bodies are strictly separated from each other in terms of personnel and functions and can therefore fulfil their different tasks independently. The Managing Board is responsible for independently managing the company, while the Supervisory Board is responsible for monitoring the decisions and actions taken by the Managing Board.

Managing Board

At the end of the financial year 2025 the Managing Board consisted of four members: Rohit Aggarwal, Nico Reiner, Christian Skilich and Georg Kasperkovitz. During the financial year 2025 the following changes took place within the Managing Board: Walter Bickel withdraw from his position by mutual agreement while Georg Kasperkovitz joined the Managing Board. The division of responsibilities among the members of Lenzing's Managing Board during the 2025 financial year was as follows:

Rohit Aggarwal (m)[1]: (1967):
- Chairman of the Managing Board, Chief Executive Officer (since September 1, 2024)
- First appointed: September 1, 2024
- Current term of office ends: January 31, 2026

Responsibilities: Commercial Fibers, Integrated Supply Chain, Sustainability, Corporate Communications & Investor Relations, Human Resources, Strategy and M&A

Supervisory board functions at other companies: None

Management and monitoring functions at major subsidiaries: None

Nico Josef Alois Maria Reiner (m)[1]: (1969):
- Member of the Managing Board, Chief Financial Officer
- First appointed: January 1, 2023
- Current term of office ends: December 31, 2025

Responsibilities: Corporate Controlling, Corporate Accounting, Corporate Tax, Corporate Treasury, Global Legal, IP & Compliance, Global IT / Digital Innovation, Corporate Audit & Risk, Lenzing Business Services

Supervisory board functions at other companies: None

Management and monitoring functions at major subsidiaries: None

Christian Skilich (m)[1]: (1968):
- Member of the Managing Board, Chief Pulp & Chief Technology Officer
- First appointed: June 1, 2020
- Current term of office ends: May 31, 2029

Responsibilities: Commercial Pulp, Co-Products & Wood, Operations Pulp, Global Health, Safety & Environment, Global Purchasing, Global Innovation

Supervisory board functions at other companies: Labewood s.r.o. (since January 1, 2021), Stölzle Oberglas GmbH (since November 18, 2021)

Management and monitoring functions at major subsidiaries: LD Celulose S.A.

Georg Kasperkovitz(m)[1]: (1966):
- Member of the Managing Board, Chief Operations Officer (since June 1, 2025)
- First appointed: June 1, 2025
- Current term of office ends: May 31, 2028

Responsibilities: Operations Fibers, Site Lenzing, Operations Service Group, Value Creation Program

Supervisory board functions at other companies: Board of Directors of SBB AG, Bern, Schweiz (as of May 2016)

Management and monitoring functions at major subsidiaries: None

Walter Bickel (m)[1]: (1959):
- Member of the Managing Board, Chief Transformation Officer (since April 15, 2024)
- First appointed: April 15, 2024
- Current term of office ends: March 1, 2025

Responsibilities: Operations Service Group, Lenzing Business Service, Value Creation Program

Supervisory board functions at other companies: None

Management and monitoring functions at major subsidiaries: None

Mr. Walter Bickel stepped down from the Managing Board with effect as of March 1, 2025.

The Managing Board directs the business operations of Lenzing AG in accordance with the applicable legal regulations, the articles of association, and the internal rules of procedure for the Managing Board. Business is allocated among the individual members of the Managing Board in accordance with a business distribution plan which is appended to the rules of procedure. The rules of procedure also regulate collaboration within the Managing Board. Furthermore, the Managing Board is required to comply in full with the rules of the Austrian Code of Corporate Governance.

[1] The members of the Management Board do not belong to minorities; (m) stands for the gender 'male'

Supervisory Board

At the end of the 2025 financial year, the Supervisory Board consisted of a total of 15 members, ten of whom were shareholder representatives elected by the Annual General Meeting and five of whom were employee representatives delegated by the Works Council. According to the Articles of Association, the mandate of at least two members of the Supervisory Board expires each year at the end of the Annual General Meeting. The resulting staggered term of office of the shareholder representatives on the Supervisory Board enables a continuous exchange and adaptation of the Supervisory Board to possible changes in conditions through regular elections and ensures increased accountability. As shown in the tables below, there have been several changes in the Supervisory Board throughout the financial year 2025.

Composition of the Supervisory Board[1]

	Year of birth	First-time election to the Supervisory Board	Term of office	Supervisory Board functions at other companies
Shareholder Representatives				
Patrick Lackenbucher (m), Chairman[2]	1978	April 17, 2025	Until Annual General Meeting that passes resolutions relating to the 2029 financial year	None
Carlos Aníbal de Almeida Junior (m)[2] 1. Deputy Chair	1969	October 10, 2024	Until Annual General Meeting that passes resolutions relating to the 2028 financial year	Fibria Celulose USA, Inc., Spinnova PLC
Stefan Fida (m), 2. Deputy Chair[2]	1979	April 17, 2019	Until Annual General Meeting that passes resolutions relating to the 2029 financial year	Semperit AG Holding (Deputy Chair)
Helmut Bernkopf (m)[2,3]	1967	April 23, 2009	Until Annual General Meeting that passes resolutions relating to the 2025 financial year	Oesterreichische Entwicklungsbank AG, OeKB CSD GmbH, Acredia Versicherung AG, OeKB EH Beteiligungs- und Management AG, Österreichische Hotel- und Tourismusbank GmbH
Cornelius Baur (m)[2]	1962	April 18, 2024	Until Annual General Meeting that passes resolutions relating to the 2028 financial year	CTS Eventim AG & Co. KGaA, Evonik Industries AG
Markus Fürst (m)[2]	1976	April 14, 2021 (member until April 18, 2024, and again since October 10, 2024)	Until Annual General Meeting that passes resolutions relating to the 2028 financial year	None
Franz Gasselsberger (m)[2,3]	1959	April 24, 2013	Until Annual General Meeting that passes resolutions relating to the 2027 financial year	Gasteiner Bergbahnen AG (Chair), BTV Vier Länder Bank AG, BKS Bank AG, Voestalpine AG
Leonardo Barrretto De Araujo Grimaldi (m)[2]	1974	April 17, 2025	Until Annual General Meeting that passes resolutions relating to the 2029 financial year	Fibria Celulose USA, Inc., Veracel Celulose, S.A., Portocel Terminal Especializado De Barra do Riacho S.A., Suzano Material Technoogy Development Ltd., Suzano International Trade GmbH, Suzano Shanghai Trading Ltd., Suzano Shanghai Ltd, Suzano Pulp and Paper America Inc.
Gerhard Schwartz (m)[2]	1965	April 19, 2023	Until Annual General Meeting that passes resolutions relating to the 2027 financial year	AMAG Austria Metall AG
Astrid Skala-Kuhmann (f)[2]	1953	April 19, 2012	Until Annual General Meeting that passes resolutions relating to the 2025 financial year	B&C Industrieholding GmbH, B&C KB Holding GmbH
Employee Representatives				Works council function
Helmut Kirchmair (m)	1968	2015	–	Chairman of the Works Council, Chairman of the Blue-Collar Works Council
Stephan Gruber (m)	1972	2023	–	Chairman of the White-Collar Works Council, Deputy Chairman of the Group Works Council and Deputy Chairman of the the Works Council
Bonita Haag (f)	1967	2023	–	Member of the Blue-Collar Works Council, Deputy Chairman of Blue-Collar Works Council
Michael Bichler (m)	1989	2025	–	Deputy Chairman of the White-Collar Works Council
Stefan Ertl (m)	1967	2024	–	Member of the White-Collar Works Council

[1]As of December 31, 2025
[2]Have declared their independence to the Supervisory Board in accordance with C Rule 53 of the Austrian Corporate Governance Code.
[3]No representation of a shareholder over 10% (C-Rule 54 of the Austrian Corporate Governance Code)
m = male / f = female

Former members of the Supervisory Board (who left during the financial year 2025)

	Year of birth	First-time election to the Supervisory Board	Term of office
Shareholder Representatives			
Thomas Cord Prinzhorn (m)	1972	April 14, 2021; since April 26, 2022, Chairman	Thomas Cord Prinzhorn stepped down from the Supervisory Board as of April 17, 2025
Employee Representatives			
Johann Schernberger (m)	1964	2001	Georg Liftinger stepped down from the Supervisory Board as of November 10, 2025

m = male / f = female

Independence

The Supervisory Board has adopted the guidelines for the independence of its members pursuant to Appendix 1 of the ACCG.

Accordingly, all members of the Supervisory Board have declared that they are independent of the company and its subsidiaries.

In accordance with C-Rule 54 of the ACCG, the Supervisory Board members Helmut Bernkopf and Franz Gasselsberger declared that they were neither shareholders with an interest of more than ten percent in the company nor did they represent the interests of such shareholders during the 2025 financial year.

Working procedures of the Supervisory Board

In order to fulfill its responsibility to monitor the work of the Managing Board, the Supervisory Board of Lenzing AG holds meetings at least once every quarter. Seven Supervisory Board meetings were held during the reporting year (C-Rule 36). The Supervisory Board was informed by the Managing Board about business performance as well as major transactions and measures. The Supervisory Board supervised the work of the Managing Board and provided advice regarding significant strategic decisions. The main topics discussed at the meeting included trends in the business situation, the strategic development of the Group including ESG topics and M&A projects, the status of investment projects that had been implemented, measures to mitigate the negative effects of the current economic environment, analysis and discussion of market trends for fibers and pulp, discussion of the KPIs relevant for Lenzing and their trend over the coming years, (re-)financing topics and measures, objectives and progress of the performance program that had been launched, research and development, as well as the personnel composition of the Managing Board and the distribution of responsibilities. As a special key focus topic in 2025, the Group refinancing was discussed and monitored as part of a separate refinancing committee.

The Supervisory Board of Lenzing AG appointed nine committees from among its members in the 2025 financial year (C-Rules 34 and 39 of the ACCG):

Audit Committee

The Audit Committee fulfills the responsibilities defined by Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG). Accordingly, it is especially responsible for monitoring the financial accounting process and making recommendations or suggestions to ensure its reliability. This committee also oversees the effectiveness of the internal control system, of internal auditing, and of the risk management system. It supervises the audit of the separate and consolidated financial statements, examines and monitors the auditor's independence, and approves and controls non-audit services. The Audit Committee also examines the annual financial statements and prepares their approval by the full Supervisory Board, evaluates the Managing Board's proposal for the distribution of profits, the Management Report, and the Group Corporate Governance Report. The chair of the Audit Committee defines the reciprocal communication between the auditor and the Audit Committee (C-Rule 81a of the ACCG). The committee is required to report to the Supervisory Board on its activities. In the 2025 financial year, five meetings of the Audit Committee were held. Reports from the Managing Board, the auditor, the compliance, internal audit, and risk management departments were discussed, as well as the financial accounting processes and the internal control system. In addition, the auditor's independence was monitored.

Nomination Committee

The Supervisory Board has formed a Nomination Committee. This committee makes recommendations to the Supervisory Board for appointments to fill vacant positions on the Managing Board and deals with issues related to succession planning. Recommendations are also made to the Annual General Meeting for appointments to the Supervisory Board. In the 2025 financial year, six meetings of the Nomination Committee were held. These dealt in particular with issues of succession planning for the Managing Board, succession planning for the Supervisory Board, and talent management.

Remuneration Committee

The Supervisory Board has formed a Remuneration Committee. It deals with the terms and conditions of the employment contracts with the members of the Managing Board and ensures compliance with C-Rules 27, 27a and 28 of the ACCG. In addition, the Remuneration Committee is responsible for preparing and reviewing the remuneration policy for the Managing Board members and Supervisory Board members, and for controlling the implementation of the remuneration policy for Managing Board members. The Remuneration Committee held nine meetings in the 2025 financial year, which dealt in particular with the Managing Board evaluation, target agreements, ensuring appropriate remuneration for Managing Board members in the challenging 2025 year, as well as the arrangement, adjustment or termination of employment contracts with Managing Board members.

Committee for Urgent Matters

The Supervisory Board has formed a committee to deal with urgent matters. It is authorized to make decisions in particularly urgent cases relating to transactions that require Supervisory Board approval. One meeting was held in the 2025 financial year.

Refinancing Committee
The Supervisory Board established a Refinancing Committee at its meeting on March 11, 2025. The Refinancing Committee is tasked with overseeing the Management Board in the design and implementation of a comprehensive refinancing program for Lenzing Aktiengesellschaft. The Refinancing Committee is authorized to adopt all resolutions and grant all approvals required for the implementation of the refinancing program on behalf of the Supervisory Board. Its mandate was limited until the completion of the refinancing, but no later than August 31, 2025. One meeting was held in the 2025 financial year.

Strategy and ESG Committee
At the Supervisory Board meeting on June 17, 2025, the former ESG Committee and the Strategy, Growth and Innovation Committee were merged in order to increase the efficiency of the Supervisory Board and to form the new Strategy and ESG Committee.

The Strategy, Growth and Innovation Committee and the ESG Committee each held one meeting before they were consolidated into the Strategy and ESG Committee. This newly formed committee also met once. The meetings focused on strategic initiatives and growth opportunities, the strategic positioning of the Group within the competitive landscape and the review of this positioning, measures to optimize the commercial organization, monitoring the implementation of the strategy, as well as matters relating to non-financial reporting and strategic ESG topics. This paragraph also fulfils the ESRS disclosure requirements of ESRS 2 GOV-1 paragraphs 22 b and 22 c i.

Value Creation Committee
The Supervisory Board of Lenzing AG established the Value Creation Committee in 2023 and continued in 2024 and 2025 to monitor the design and implementation of the holistic performance enhancement program initiated by the Managing Board. Four meetings were held in the 2025 financial year, the activities of the Value Creation Committee ended with the meeting on May 22nd, 2025.

The following table shows the composition of the Committees of the Lenzing Supervisory Board during the financial year 2025:

Composition of the Lenzing Supervisory Board Committees

Committee	Members during the 2025 financial year
Audit Committee	Gerhard Schwartz (Chair, Financial Expert), Thomas Cord Prinzhorn (until April 17, 2025), Franz Gasselsberger, Cornelius Baur, Markus Fürst, Patrick Lackenbucher (since April 17, 2025), Carlos Aníbal de Almeida Junior, Johann Schernberger (until November 10, 2025), Stephan Gruber, Helmut Kirchmair, Michael Bichler (since November 10, 2025)
Nomination Committee	Thomas Cord Prinzhorn (Chair until April 17, 2025), Patrick Lackenbucher (Chair since April 17, 2025), Astrid Skala-Kuhmann, Stefan Fida, Carlos Aníbal de Almeida Junior (until April 17, 2025), Leonardo Barretto De Araujo Grimaldi (since April 17, 2025), Stephan Gruber, Johann Schernberger (until November 10, 2025), Helmut Kirchmair (since November 10, 2025)
Remuneration Committee	Thomas Cord Prinzhorn (Chair until April 17, 2025), Patrick Lackenbucher (Chair since April 17, 2025), Stefan Fida, Carlos Aníbal de Almeida Junior (until April 17, 2025), Leonardo Barrretto De Araujo Grimaldi (since April 17, 2025)
Committee for Urgent Matters	Thomas Cord Prinzhorn (Chair until April 17, 2025), Patrick Lackenbucher (Chair since April 17, 2025), Gerhard Schwartz, Stefan Fida, Carlos Aníbal de Almeida Junior, Johann Schernberger (until November 10, 2025), Stephan Gruber, Helmut Kirchmair (sinceNovember 10, 2025)
Strategy, Growth and Innovation Committee (until June 17, 2025)	Thomas Cord Prinzhorn (Chair until April 17, 2025), Patrick Lackenbucher (Chair since April 17, 2025), Astrid Skala-Kuhmann, Cornelius Baur, Carlos Aníbal de Almeida Junior, Gerhard Schwartz, Helmut Kirchmair, Stephan Gruber
ESG Committee (until June 17, 2025)	Thomas Cord Prinzhorn (Chair until April 17, 2025), Gerhard Schwartz (Chair since April 17, 2025), Patrick Lackenbucher (since April 17, 2025), Astrid Skala-Kuhmann, Carlos Aníbal de Almeida Junior (until April 17, 2025), Leonardo Barrretto De Araujo Grimaldi (since April 17, 2025), Helmut Kirchmair, Stefan Ertl
Value Creation Committee	Cornelius Baur (Chair), Thomas Cord Prinzhorn (until April 17, 2025), Patrick Lackenbucher (since April 17, 2025), Stefan Fida, Carlos Aníbal de Almeida Junior, Helmut Kirchmair, Stephan Gruber
ESG & Strategy Committee (since June 17, 2025)	Patrick Lackenbucher (Chair), Carlos Aníbal de Almeida Junior, Astrid Skala-Kuhmann, Cornelius Baur, Helmut Kirchmair, Stephan Gruber
Refinancing Committeee	Gerhard Schwartz (Chair), Stefan Fida, Franz Gasselsberger, Carlos Aníbal de Almeida Junior, Helmut Kirchmair, Stephan Gruber

Cooperation between the Managing and Supervisory Boards

The Managing Board reports to the Supervisory Board on fundamental issues relating to future business policies and the outlook for the financial position and financial performance of both Lenzing AG and the Group companies. In addition, the Managing Board provides the Supervisory Board with regular information about the business trends and position of both the parent company and the Group in comparison to forecasts, taking future trends into account. At a separate strategy meeting, the Managing and Supervisory boards also discuss the Lenzing Group's long-term growth objectives.

Self-evaluation by the Supervisory Board

The Supervisory board conducted a self-evaluation in accordance with C Rule 36 of the Austrian Code of Corporate Governance in the 2025 financial year. The self-evaluation included an online questionnaire which was distributed to the members of the Supervisory Board. The results were discussed in the following Supervisory Board meeting and joint recommendations for actions defined. In addition, the Supervisory Board also ensures constant feedback loops between its members and the Managing Board, to consistently enhance the effectiveness and efficiency of all governance processes.

Remuneration of the Managing and Supervisory Boards

The general information on the remuneration of the Managing Board and Supervisory Board is not included in this Corporate Governance Report. In this regard, please refer to the remuneration policy and the separate remuneration report. Both documents are published on the company's website (https://www.lenzing.com/investors/corporate-governance/remuneration-reports-policy/).

The remuneration policy for the Managing Board generally applies to all board members. However, for the Chief Transformation Officer contract, the Supervisory Board decided to deviate from the policy to focus the variable compensation elements solely on financial KPIs (group performance and financing) and exclude non-financial KPIs. This reflects the temporary nature of the CTO´s engagement in the Managing Board and should ensure full incentivization on his specific area of responsibility, namely the further development and implementation of Lenzing’s performance program. This presents a deviation to C-Rule 27 of the ACCG as also outlined in Chapter “Declaration of Commitment to the ACCG.”

Advancement of women on the Managing and Supervisory Boards and in key management positions (L-Rule 60 ACCG)

Lenzing endeavors to foster a diverse and inclusive environment where people feel a sense of belonging and are able to perform successfully, regardless of characteristics such as gender, marital status, ethnicity, skin color, citizenship, national origin, disability, sexual orientation, religion/belief, age, or other characteristics. To this end, a global policy for equal opportunities, diversity and inclusion (EDI) was launched in 2023 and revised in 2024 with explanatory videos in all seven languages of our production sites. Core teams of the global Employee Resource Groups (ERGs) Women@Lenzing and Multicultural@Lenzing, consisting of committed and interested employees, are now in the process of identifying obstacles to diversity and measures to promote greater inclusivity. Further ERGs are being planned.

The company’s Supervisory Board includes the following female members: Dr. Astrid Skala-Kuhmann and Bonita Haag. The following positions are held by women: Executive Vice President Commercial Nonwovens, Vice President Filament, Vice President Site Lenzing, Senior Director Global Product & Application Management, Senior Director Global HR BP Commercial, Senior Director Global HR BP Operations, Senior Director Global Marketing, Senior Director Commercial Affairs Biorefinery & Co-Products, Site Director Operations Pulp Paskov, Director Global Application Center Management, Senior Director Global HR BP Finance & Corporate Functions, Director Global Commercial Operations, Senior Director Fiber Controlling EMEA & US, Senior Director Corporate Audit & Risk Management.

“Modern working conditions” are defined as a focus in the strategic HR orientation. Among other issues, work-life balance represents a key issue in this context. This is implemented according to location and country-specific needs.

Diversity concept

Respect, diversity and inclusion form integral and indispensable elements of the corporate culture of Lenzing AG and are reflected in appointments to all functions. Recommendations to the Annual General Meeting for elections to the Supervisory Board and the appointment of members to the Managing Board are designed to achieve a balance in relation to both technical and diversity factors, as this makes an important contribution to the professionalism and effectiveness of the work performed by the Supervisory and Managing boards. In addition to technical and personal qualifications, further key criteria include age structure, origin, gender, education, and experience.

External evaluation

In accordance with C-Rule 62 of the ACCG, Lenzing must arrange for an external institution to evaluate its compliance with the code’s C-Rules on a regular basis, albeit at least every three years. Lenzing commissioned PwC Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to evaluate its Group Corporate Governance Report for 2025. The evaluation did not lead to any findings. All external evaluation reports are published on the company’s website at https://www.lenzing.com/investors/corporate-governance/reports-evaluations/.

Risk management and Corporate Audit

The effectiveness of Lenzing’s risk management system during the reporting year was evaluated by KPMG Austria GmbH, in accordance with C-Rule 83 of the ACCG and the Managing Board was informed of the results. No findings emerged. The Managing Board was informed of the result of the audit. In addition, the Head of Risk Management reports regularly on current risks at the Audit Committee meetings.

The Corporate Audit Department reports directly to the Managing Board. The annual audit schedule is finalized in close cooperation with the Managing Board and the Audit Committee. The Head of Corporate Audit also makes regular reports to the Audit Committee on key audit findings.

Directors' Dealings

The purchase and sale of shares by members of the Managing and Supervisory boards are disclosed in accordance with the applicable legal regulations (Art. 19 Regulation (EU) No. 596/2014). Information about these purchases and sales is provided on the company's website.

Compliance

Lenzing has a compliance management system that is applied throughout the entire Group. The compliance function aims to advise and support all Lenzing employees, executives, and managers through preventative risk-oriented measures as well as uniform detection and response processes, thereby ultimately protecting them from the negative consequences of violations of laws and values. The General Counsel reports to the Audit Committee on compliance issues.

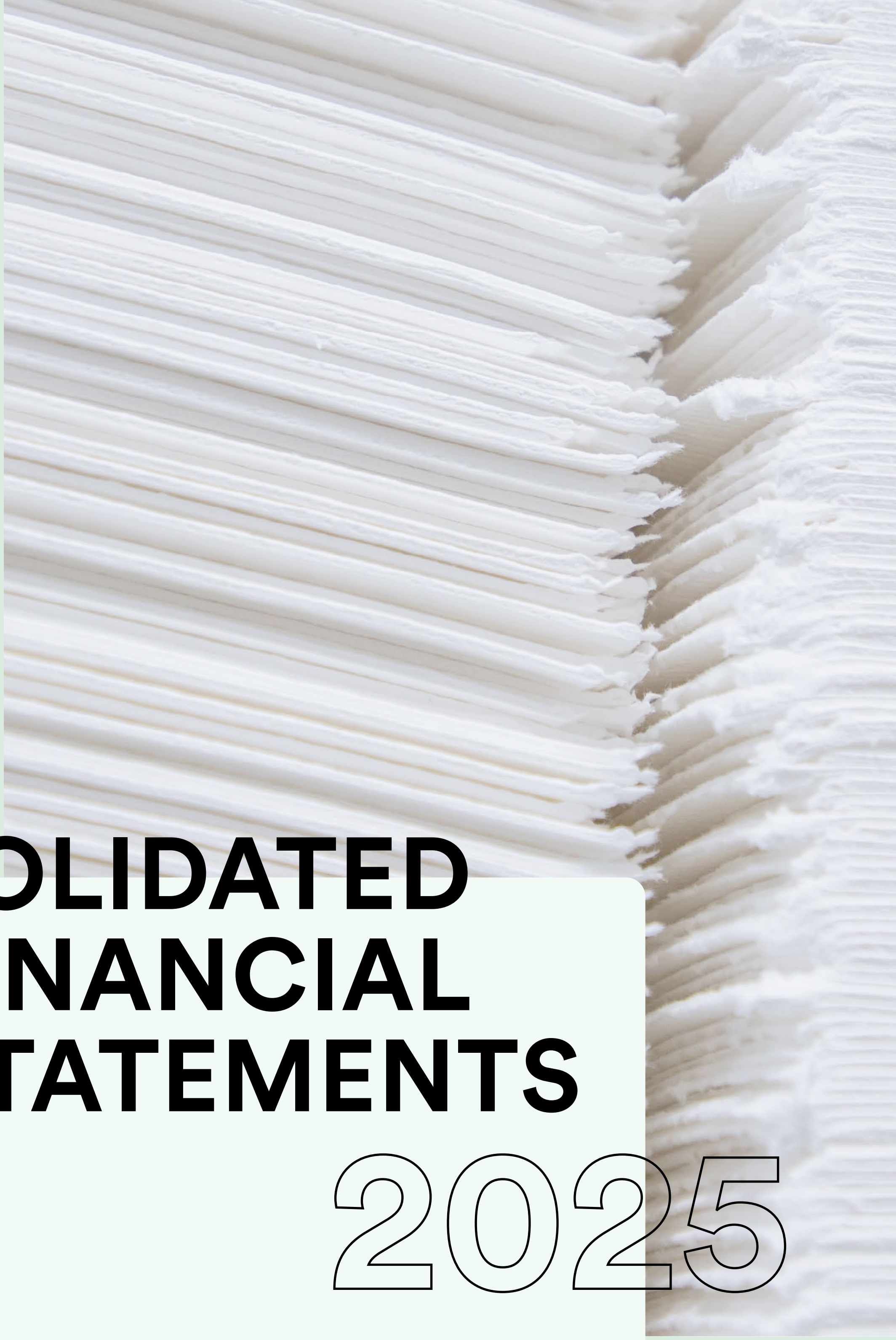
Lenzing, March 5, 2026
Lenzing Aktiengesellschaft

The Managing Board

Georg Kasperkovitz
Chief Operations Officer

Mathias Breuer
Chief Financial Officer

Christian Skilich
Chief Pulp & Chief Technology Officer



CHAPTER

4/4

CONSOLIDATED FINANCIAL STATEMENTS 2025

CONTENT

Content notes

Consolidated Income Statement

for the period from January 1 to December 31, 2025

EUR '000

	Note	2025	2024
Revenue	(5)	2,602,432	2,663,898
Cost of sales	(6)	(2,264,056)	(2,155,843)
Gross profit		**338,377**	**508,055**
Other operating income	(7)	133,578	61,770
Selling expenses	(6)	(280,937)	(300,501)
Administrative expenses	(6)	(126,349)	(146,715)
Research and development expenses	(6)	(29,142)	(29,156)
Other operating expenses	(7)	(17,927)	(4,949)
Earnings before interest and tax (EBIT)[1]		**17,600**	**88,503**
Result from investments accounted for using the equity method	(12)	(3,373)	0
Result from non-current and current financial assets and liabilities	(13)	(703)	33,830
Financing costs	(14)	(136,009)	(164,339)
Financial result		**(140,085)**	**(130,508)**
Earnings before tax (EBT)		**(122,485)**	**(42,005)**
Income tax expense	(15)	(12,728)	(96,273)
Net profit/loss after tax		**(135,212)**	**(138,278)**
Attributable to:			
Shareholders of Lenzing AG		(210,306)	(156,601)
Non-controlling interests		36,820	(10,427)
Share planned for hybrid capital owners	(16)	38,274	28,750
Earnings per share		EUR	EUR
Diluted = basic	(16)	(5.45)	(4.06)

1) EBIT: Operating result, resp. earnings before interest and tax.

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2025

EUR '000

	Note	2025	2024
Net profit/loss after tax		**(135,212)**	**(138,278)**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(30)	1,790	(2,805)
Financial assets measured at fair value through other comprehensive income (equity instruments) – net fair value gain/loss on remeasurement recognized during the period	(26)	687	(334)
Income tax relating to these components of other comprehensive income	(26)	(1,617)	(9,359)
Investments accounted for using the equity method - share of other comprehensive income (net of tax)	(21)	106	(36)
		966	**(12,534)**
Items that may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences arising during the period	(26)	(124,751)	58,022
Foreign operations - reclassification of foreign currency translation differences due to loss of control		0	0
Cash flow hedges – effective portion of changes in fair value recognized during the period and non-designated components	(35)	26,581	(17,960)
Cash flow hedges – reclassification to profit or loss	(35)	(10,759)	(17,712)
Income tax relating to these components of other comprehensive income	(26)	(4,437)	13,516
Investments accounted for using the equity method - share of other comprehensive income (net of tax)	(26)	232	(2,696)
		(113,134)	**33,170**
Other comprehensive income (net of tax)		**(112,169)**	**20,637**
Total comprehensive income		**(247,381)**	**(117,642)**
Attributable to:			
Shareholders of Lenzing AG		(286,021)	(141,665)
Non-controlling interests		366	(4,727)
Share planned for hybrid capital owners		38,274	28,750

Lenzing AG

Consolidated Statement of Financial Position

as at December 31, 2025

EUR '000

Assets	Note	31/12/2025	31/12/2024
Intangible assets	(17)	22,437	23,835
Property, plant and equipment	(18)	2,487,379	2,870,931
Biological assets	(19)	176,639	192,217
Right-of-use assets	(20)	124,629	139,333
Investments accounted for using the equity method	(21)	38,035	24,954
Other investments	(22)	62,441	37,106
Deferred tax assets	(29)	2,891	4,331
Current tax assets	(29)	5,052	16,861
Other financial assets	(25)	1,109	1,409
Other non-financial assets	(25)	54,841	57,389
Non-current assets		**2,975,452**	**3,368,365**
Inventories	(23)	531,688	646,235
Trade receivables	(24)	245,318	318,182
Current tax assets	(29)	8,695	2,654
Other financial assets	(25)	33,945	26,786
Other non-financial assets	(25)	132,779	160,962
Other investments	(22)	6,525	11,301
Cash and cash equivalents	(33)	675,007	442,297
Current assets		**1,633,958**	**1,608,417**
Total assets		**4,609,409**	**4,976,782**

Equity and liabilities	Note	31/12/2025	31/12/2024
Share capital		40,108	40,108
Capital reserves		417,683	513,455
Hybrid capital		486,247	496,582
Other reserves		(38,759)	42,321
Retained earnings		70,531	217,361
Equity attributable to shareholders of Lenzing AG		**975,810**	**1,309,826**
Non-controlling interests		329,532	342,175
Equity	**(26)**	**1,305,342**	**1,652,001**
Loans and borrowings	(28)	1,667,411	1,828,545
Government grants	(27)	10,928	12,110
Deferred tax liabilities	(29)	55,166	74,602
Provisions	(30)	69,507	82,976
Puttable non-controlling interests	(35)	285,818	230,954
Other financial liabilities	(32)	12,218	5,254
Other non-financial liabilities	(32)	4,369	4,542
Non-current liabilities		**2,105,417**	**2,238,983**
Loans and borrowings	(28)	502,122	279,449
Trade payables	(31)	323,583	386,383
Government grants	(27)	64,300	83,513
Current tax liabilities		13,651	16,011
Provisions	(30)	33,866	28,520
Other financial liabilities	(32)	181,086	161,115
Other non-financial liabilities	(32)	80,043	130,806
Current liabilities		**1,198,651**	**1,085,797**
Total equity and liabilities		**4,609,409**	**4,976,782**

Consolidated Statement of Changes in Equity

for the period from January 1 to December 31, 2025

	Note	Equity attributable to shareholders of Lenzing AG and to hybrid capital owners							EUR '000
	Note	Share capital	Capital reserves	Hybrid capital	Other reserves[1]	Retained earnings	Total	Non-controlling interests	Equity
As at 01/01/2024		40,108	513,455	496,582	29,961	360,281	1,440,386	301,779	**1,742,165**
Net profit/loss after tax as per consolidated statement of profit or loss		0	0	0	0	(127,851)	**(127,851)**	(10,427)	**(138,278)**
Other comprehensive income (net of tax)		0	0	0	14,936	0	**14,936**	5,701	**20,637**
Total comprehensive income		**0**	**0**	**0**	**14,936**	**(127,851)**	**(112,915)**	**(4,727)**	**(117,642)**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory		**0**	**0**	**0**	**1,466**	**0**	**1,466**	**1,535**	**3,001**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**(35)**	**0**	**0**	**0**	**(4,042)**	**4,042**	**0**	**0**	**0**
Increase in capital	(26)	0	0	0	0	0	**0**	34,912	**34,912**
Acquisition/disposal of non-controlling interests and other changes	(3,26)	0	0	0	0	(8,825)	**(8,825)**	8,825	**0**
Measurement of puttable non-controlling interest recognized directly in equity	(35)	0	0	0	0	18,464	**18,464**	0	**18,464**
Dividends paid (including hybrid coupon)	(26)	0	0	0	0	(28,750)	**(28,750)**	(150)	**(28,900)**
Transactions with equity holders		**0**	**0**	**0**	**0**	**(19,111)**	**(19,111)**	**43,587**	**24,476**
As at 31/12/2024 = 01/01/2025		40,108	513,455	496,582	42,321	217,361	1,309,826	342,175	**1,652,001**
Net profit/loss after tax as per consolidated statement of profit or loss		0	0	0	0	(172,032)	**(172,032)**	36,820	**(135,212)**
Other comprehensive income (net of tax)		0	0	0	(75,715)	0	**(75,715)**	(36,453)	**(112,169)**
Total comprehensive income		**0**	**0**	**0**	**(75,715)**	**(172,032)**	**(247,747)**	**366**	**(247,381)**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory		**0**	**0**	**0**	**(2,349)**	**0**	**(2,349)**	**(2,382)**	**(4,731)**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**(35)**	**0**	**0**	**0**	**(2,990)**	**2,990**	**0**	**0**	**0**
Reversal of capital reserve	(26)	0	(95,772)	0	0	95,772	**0**	0	**0**
Proceeds from the issuance of hybrid capital	(26)	0	0	489,665	0	0	**489,665**	0	**489,665**
Repayment of hybrid capital	(26)	0	0	(500,000)	0	0	**(500,000)**	0	**(500,000)**
Acquisition/disposal of non-controlling interests and other changes	(3,26)	0	0	0	(25)	24	**(2)**	2	**0**
Measurement of puttable non-controlling interest recognized directly in equity	(35)	0	0	0	0	(54,864)	**(54,864)**	0	**(54,864)**
Resolved and paid dividends (including hybrid coupon)	(26)	0	0	0	0	(18,720)	**(18,720)**	(10,629)	**(29,349)**
Transactions with equity holders		**0**	**(95,772)**	**(10,335)**	**(25)**	**22,212**	**(83,920)**	**(10,627)**	**(94,548)**
As at 31/12/2025	**(26)**	**40,108**	**417,683**	**486,247**	**(38,759)**	**70,531**	**975,810**	**329,532**	**1,305,342**

1) Details of the other reserves are presented in Note 26.

Consolidated Statement of Cash Flows

for the period from January 1 to December 31, 2025

EUR '000

		Note	2025	2024[1] (adjusted)
Earnings before tax (EBT)			(122,485)	(42,005)
+	Financial result as per consolidated statement of profit or loss		140,085	130,508
Earnings before interest and tax (EBIT)			17,600	88,503
+	Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets	(10)	397,148	308,764
–	Income from the reversal of investment grants		(1,719)	(1,841)
Earnings before interest, tax, depreciation and amortization (EBITDA)			413,029	395,426
–/+	Gain / loss from the change in fair value of biological assets	(19)	(23,953)	(32,199)
–/+	Other non-cash income / expenses	(33)	7,648	(52,700)
Other non-cash income / expenses			(16,305)	(84,899)
+/–	Change in inventories		73,899	(39,557)
+/–	Change in trade receivables		39,021	(10,738)
+/–	Change in trade liabilities		(33,510)	68,352
Change in trading working capital			79,410	18,057
+/–	Change in other working capital		(29,668)	143,441
–	Income taxes paid		(26,721)	(76,977)
Cash flow from operating activities			419,745	395,048
–	Acquisition of intangible assets, property, plant and equipment, and biological assets		(141,083)	(153,761)
–	Acquisition/disbursement of other investments and investments accounted for using the equity method		(26,061)	(37,024)
+	Proceeds from the sale of intangible assets, property, plant and equipment, and biological assets		356	880
+	Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method		5,829	7,548
+	Investment grants		301	2,408
+	Distributions received from investments accounted for using the equity method		55	3,360
+	Interest received		13,657	24,475
Cash flow from investing activities			(146,946)	(152,113)
+	Capital injections to consolidated companies by non-controlling interests	(26)	0	34,912
+	Proceeds from the issuance of hybrid capital	(26)	226,365	0
–	Repayment of hybrid capital	(26)	(236,700)	0
–	Distribution to shareholders	(26)	(100)	(150)
–	Interest paid on hybrid capital	(26)	(18,720)	(28,750)
+	Increase of bonds and private placements	(33)	0	581,763
+	Increase in other loans and borrowings	(33)	368,126	309,441
–	Repayment of bonds and private placements	(33)	(68,500)	(236,431)
–	Repayment of other loans and borrowings	(33)	(141,733)	(1,067,009)
–	Principal component of lease payments	(33)	(10,631)	(10,257)
–	Interest paid		(134,467)	(118,886)
Cash flow from financing activities			(16,360)	(535,368)
Total change in liquid funds			256,439	(292,433)
Liquid funds at the beginning of the year			442,297	725,639
Currency translation adjustment relating to liquid funds			(23,729)	9,091
Liquid funds at the end of the period			675,007	442,297

1) 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).

Notes to the Consolidated Financial Statements

as at December 31, 2025

General information

Note 1. Basic information

Description of the company and its business activities

Lenzing Aktiengesellschaft (Lenzing AG), which maintains its registered headquarters in 4860 Lenzing, Werkstrasse 2, Austria, is the parent company of the Lenzing Group (the "Group"). The shares of Lenzing AG are listed in the Prime Market Segment (since April 18, 2011) and in the ATX benchmark index (since September 19, 2011) of the Vienna Stock Exchange in Vienna, Austria.

As at December 31, 2025, Lenzing AG is controlled by the B&C Group, which directly and indirectly holds an interest of around 37.25 percent (December 31, 2024: around 37.25 percent) in the share capital of Lenzing AG. B&C KB Holding GmbH, Vienna, B&C Privatstiftung, Vienna and B&C Ares Holding GmbH, Vienna hold direct interests in Lenzing AG. The next-higher parent company which prepares and publishes consolidated financial statements that include the Lenzing Group is B&C Holding Österreich GmbH, Vienna, Austria. The ultimate parent company of the B&C Group, and therefore also of Lenzing AG, is B&C Privatstiftung, Vienna.

On June 12, 2024, Suzano S.A. acquired a 15 percent interest in Lenzing AG from the B&C Group subject to a condition precedent. The transaction was closed on August 30, 2024. According to the syndicate agreement between the B&C Group and Suzano S.A., which also became effective on August 30, 2024, the B&C Group retains sole control of Lenzing AG.

The core business of the Lenzing Group is the production and marketing of regenerated cellulosic fibers. The pulp required for production is manufactured for the most part in the Group's own plants and is supplemented by external purchases.

Basis of Reporting

The consolidated financial statements for the period from January 1 to December 31, 2025 were prepared in accordance with the IFRS accounting standards and interpretations which were endorsed in the EU and required mandatory application as of the reporting date. The additional requirements of Section 245a Para. 1 of the Austrian Commercial Code ("Unternehmensgesetzbuch") were also met.

The reporting currency is the euro (EUR), which is also the functional currency of Lenzing AG. The functional currency of the majority of the subsidiaries is the euro (EUR) or US-Dollar (USD). The figures shown in these consolidated financial statements and notes were rounded to the next thousand, unless indicated otherwise ("EUR '000"). The use of automatic data processing tools can lead to rounding differences in the addition of rounded amounts and percentage rates.

Measurement

Assets and liabilities are principally measured at amortized or depreciated cost. In contrast, other measurement methods are used for the following material positions:

- Biological assets are measured at their fair value.
- Provisions are measured at the present value of the expected settlement amount.
- Deferred tax assets and deferred tax liabilities are recognized at their nominal value. They are measured on the basis of the temporary differences existing as at the reporting date and the effective tax rate expected when the differences are realized.
- Derivative financial instruments and financial assets measured through profit or loss and through other comprehensive income are measured at their fair value.
- Puttable non-controlling interests are measured at fair value directly through retained earnings.

Estimation uncertainty and judgments

The Managing Board of Lenzing AG uses estimates, assumptions and judgments in preparing the IFRS consolidated financial statements. These estimates, assumptions and judgments are based on the circumstances as at the reporting date and have to some extent a significant effect on the presentation of the Group's financial position and financial performance. They involve the recognition and measurement of assets and liabilities, contingent receivables and liabilities, the reporting of cash flows and income and expenses (including other comprehensive income) as well as the presentation of disclosures in the notes.

Assumptions and estimates

The following forward-looking assumptions and other major sources of estimation uncertainty as of the reporting date have a significant effect on these consolidated financial statements of the Lenzing Group:

- Intangible assets, property, plant and equipment and right-of-use assets (see note 10): determination of the recoverable amount in impairment tests in accordance with IAS 36 (impairment), in particular assumptions regarding the development of sales prices and achievable premiums, a potential change in product mix and achievable markups, and the possibility of realizing these planned changes.
- Biological assets (see note 19): determination of fair value less costs to sell.
- Financial instruments (see note 35 and note 37): determination of fair values and expected credit losses.
- Provisions (see note 30): determination of the expected settlement amount and the net liability of the defined benefit pension and severance payment plans.
- Puttable non-controlling interests (see note 35): determination of fair value.
- Deferred taxes and receivables from current taxes (see note 29): assessment of the extent to which deferred tax assets (in particular, from loss carryforwards) can be utilized and assessment of the recoverability of receivables from current taxes.

Assumptions and estimates are based on experience and other factors that are considered relevant by the Managing Board. However, the amounts ultimately realized may deviate from these assumptions and estimates if general conditions develop in a different way than the expectations at the reporting date.

Judgments when applying accounting policies

The application of accounting policies by the Lenzing Group included the following major judgments that have a material effect on these consolidated financial statements:

- Receivables under factoring agreements (see note 35, section "Transfer of financial assets (sale of receivables/factoring)"): assessment whether the derecognition criteria as defined in IFRS 9 have been met.
- Liabilities under reverse factoring agreements (see note 31 and note 32): assessment of whether the derecognition criteria as defined in IFRS 9 (financial instruments) have been met and presentation in the statement of financial position and in the cash flow statement.
- Full consolidation and equity method (see note 3, note 35 and note 41): assessment of the existence of control over subsidiaries and assessment of the existence of joint control or significant influence. Application of the present access method to puttable non-controlling interests.
- Indications of impairment (see note 10): assessment of the existence of indications of impairment or, in the case of impaired cash-generating units, assessment of whether there have been any material changes compared with the previous year.

Effects of country-specific US tariff policy on the results for the year and on estimation uncertainties and discretionary decisions

The country-specific US tariff policy announced at the beginning of April 2025 had a significant impact on the global economy in the 2025 financial year. Since then, management has been analyzing various scenarios and implementing appropriate countermeasures, particularly with regard to the cost structure. In addition, the effects of possible recessions on markets of importance to the Lenzing Group are being analyzed and measures are being identified to mitigate potential risks arising from the uncertainty arising from the current global economic situation.

The country-specific US tariff policy has an impact on the IFRS consolidated financial statements, in particular on assumptions, estimates and discretionary decisions. When preparing the consolidated financial statements, the Managing Board took developments in connection with the country-specific US tariff policy into consideration. Economic uncertainties on global markets and associated sharp fluctuations in commodity prices, changes in demand on sales markets, disruptions to supply chains and changes in both interest rates and exchange rates have the following effects on the consolidated financial statements in particular:

- The measurement of assets and liabilities measured at fair value, in particular biological assets (see note 19), financial instruments and puttable non-controlling interests (see note 35).
- The calculation and recognition of currency translation effects in the income statement and in equity (see note 36). This mainly relates to receivables and liabilities denominated in USD.
- The impairment testing of cash-generating units (see note 10, section "Impairment of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)").

In addition, current developments in procurement and sales prices were taken into consideration in estimates and discretionary decisions (e.g. as part of corporate planning, which is used to determine recoverable amounts).

Additional information on the effects of the country-specific US tariff policy and the measures taken by the Lenzing Group can be found in the Group Management Report.

Impact of climate change on estimation uncertainties and judgments

The Lenzing Group is committed to the ecologically responsible production of fibers from the renewable raw material wood. Innovation, sustainability and the circular economy lie at the core of Lenzing's corporate strategy. The implementation of climate targets in line with the corporate strategy was one of the focus areas of the Lenzing Group's investment activities in the 2025 financial year. In this context, the Lenzing Group is continuously working on utilizing raw materials more efficiently, improving production processes and making recycled used textiles usable for fiber production. Current developments and measures relating to climate change and sustainability do not lead to fundamental changes to assumptions and estimates in terms of financial accounting. The Managing Board estimates the potential impact of climate-related opportunities and risks on the IFRS consolidated financial statements as follows:

- Useful lives of assets (see note 18): The Lenzing Group has evaluated the extent to which the useful lives of property, plant and equipment could be affected by climate-related risks. In particular, an assessment was made as to whether, on the basis of existing and announced legal and regulatory requirements, the potential pollution from individual industrial plants (for example, by exceeding emission limits) poses a risk for the granting of operating permits. No influence of external or internal obligations on useful lives was derived.
- Impairment of assets (see note 10, section "Impairment tests of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)"): The short- and medium-term financial planning and consequently the impairment tests are based on the Lenzing Group's sustainable strategy and the sustainable business model. The short- and medium-term financial plans of the individual CGUs take appropriate account of assumptions regarding climate-related factors such as wood shortages and stricter environmental requirements for capital expenditure programs (CAPEX), technologies and production processes for achieving the Group's internal climate targets, and the ecologically sustainable product mix based upon these.
- Provisions and contingent liabilities (see note 30 and note 40): In the 2025 financial year, no new obligations arising from climate protection laws and/or climate regulations arose in the Lenzing Group that would have required the recognition of a provision or the disclosure of a contingent liability. No obligations exist to recultivate existing properties.
- Biological assets (see note 19): The measurement of the biological asset requires assumptions relating to the growth rates of mature timber. The growth rates are in turn dependent on the climatic conditions in the Minas Gerais region of Brazil. Climate change may lead to changes in the growth behavior of mature timber (e.g. accelerated or slowed growth), and thereby to the adjustment of growth assumptions in the valuation of the biological asset.

Note 2. Changes in accounting policies

The accounting policies applied by the Lenzing Group in 2025 remained unchanged in comparison with the previous financial year, with the exception of the changes described in this section.

Mandatory changes in accounting policies

The following new and amended standards and interpretations were adopted into EU law and required mandatory application by the Lenzing Group beginning with the 2025 financial year:

Standards/interpretations		Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31/12/2025
IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	15/08/2023	01/01/2025	yes

The amended standard, which is to be applied from January 1, 2025, does not lead to any material changes to the Lenzing Group's financial statements.

The following new or amended standards and interpretations had been published by the IASB prior to the preparation of these consolidated financial statements, but did not require mandatory application by the Lenzing Group for financial years beginning on or before January 1, 2025:

Standards/interpretations		Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31/12/2025
IFRS 10, IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	11/09/2014	unknown[1]	no
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	no[2]
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	30/05/2024	01/01/2026	yes
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	18/12/2024	01/01/2026	yes
Various	Annual Improvements to IFRS 2021-2023	18/07/2024	01/01/2026	yes
IFRS 18	Presentation and Disclosures in Financial Statements	09/04/2024	01/01/2027	no
IFRS 19	Subsidiaries without Public Accountability: Disclosures	09/05/2024	01/01/2027	no
IFRS 19	Amendments to disclosures	21/08/2025	01/01/2027	no
IAS 21	Amendments on the effects of changes in foreign exchange rates	13/11/2025	01/01/2027	no

1) The IASB has deferred the effective date of this standard indefinitely.
2) The European Commission does not recommend the adoption of interim standard IFRS 14 into EU law at the present time.

The other aforementioned new or amended standards and interpretations were not adopted early by the Lenzing Group.

The Lenzing Group is currently evaluating the potential impact of the new standard IFRS 18 (Presentation and Disclosure in Financial Statements), particularly in relation to the structure of the consolidated income statement and the additional disclosure requirements for management-defined performance measures (MPMs). The Lenzing Group expects changes in the allocation of income and expenses between the operating result (currently presented as "earnings before interest and tax" and, under IFRS 18, to be presented as "operating profit or loss") and the financial result, which will in future be allocated to the investing and financing categories. The most significant impact identified to date relates to the reclassification of foreign exchange differences arising from cash and cash equivalents from the operating category to the investing category. The presentation of the consolidated statement of cash flows has been adjusted since the second quarter of the 2025 financial year and already complies with the requirements of IFRS 18;

accordingly, no further impacts are expected in this respect. Furthermore, the impact on the way information is grouped in the financial statements, including items currently referred to as “other”, are reviewed.

The amendments to IFRS 9 and IFRS 7 supplement the existing disclosures in the notes by requiring additional explanations relating to contractual clauses that give rise to volume risk, relating to off-balance-sheet commitments, as well as relating to qualitative and quantitative information on the resultant effects on profit or loss.

The other new or amended standards and interpretations mentioned above are either not relevant for the Group or have no material impact on the Lenzing Group’s results, assets, liabilities, or statement of cash flows.

The application of these standards and interpretations is generally planned following their endorsement by the EU.

Voluntary changes in accounting policies

For the presentation of the consolidated statement of cash flows, the accounting options available under IAS 7 were utilized anew in order to enhance the transparency of the information on the Lenzing Group’s financial position. From the second quarter of the 2025 financial year onwards, the consolidated statement of cash flows is presented starting with earnings before tax (EBT).

Until the 2024 financial year, payments for interest received and paid (excluding the portion for leases in accordance with IFRS 16, and capitalized borrowing costs in accordance with IAS 23) as well as dividends received were allocated to cash flow from operating activities. Since the second quarter of the 2025 financial year, interest and dividends received (distributions received from investments accounted for using the equity method) are reported in cash flow from investing activities, while interest paid is reported in cash flow from financing activities.

Starting with the second quarter of the 2025 financial year, the capitalized borrowing costs in accordance with IAS 23, which were previously included in cash flow from investing activities under the item “acquisition of intangible assets, property, plant and equipment, and biological assets”, are allocated to the item “interest paid” and are therefore presented in the cash flow from financing activities. As a result, the “CAPEX” figure for the comparative period was adjusted retroactively by EUR 2,574 thousand to EUR 153,761 thousand.

Furthermore, investment grants previously reported in cash flow from financing activities have been allocated to cash flow from investing activities since the second quarter of the 2025 financial year. As a result, the “free cash flow” figure for the comparative period was adjusted retroactively by EUR 2,408 thousand to EUR 169,379 thousand.

The change in presentation is made retroactively by adjusting all comparative information presented and has the following effect:

EUR '000		2024
Cash flow from operating activities (previously)		322,503
+	Interest paid (incl. share for leasing in accordance with IFRS 16 and capitalized borrowing costs in accordance with IAS 23)	118,886
–	Interest expense for leases in accordance with IFRS 16 (previously already included in cash flow from financing activities under “Repayment of other loans and borrowings”)	(15,892)
–	Capitalized borrowing costs in accordance with IAS 23 (previously included in cash flow from investing activities in "acquisition of intangible assets, property, plant and equipment, and biological assets")	(2,574)
–	Interest received	(24,475)
–	Distributions received from investments accounted for using the equity method	(3,360)
+/–	Other	(40)
Cash flow from operating activities (adjusted)		**395,048**

EUR '000		2024
Cash flow from investing activities (previously)		(184,971)
+	Interest received	24,475
+	Distributions received from investments accounted for using the equity method	3,360
+	Capitalized borrowing costs in accordance with IAS 23 (previously included in "acquisition of intangible assets, property, plant and equipment, and biological assets")	2,574
+	Investment grants	2,408
+/–	Other	40
Cash flow from investing activities (adjusted)		**(152,113)**

EUR '000		2024
Cash flow from financing activities (previously)		(429,965)
–	Interest paid (incl. share for leasing in accordance with IFRS 16 and capitalized borrowing costs in accordance with IAS 23)	(118,886)
+	Interest expense for leases in accordance with IFRS 16 (previously already included in cash flow from financing activities under “Repayment of other loans and borrowings”)	15,892
–	Investment grants	(2,408)
Cash flow from financing activities (adjusted)		**(535,368)**

As part of the change in presentation, the allocation of individual items to income taxes paid, interest received, and interest paid was also re-evaluated. This results in a retroactive adjustment of the comparative period for income taxes paid of minus EUR 2,255 thousand, interest received of EUR 394 thousand, and interest paid of EUR 12,044 thousand.

Note 3. Consolidation

Scope of consolidation

The consolidated financial statements of the Lenzing Group include Lenzing AG, as the parent company, and its subsidiaries, all on the basis of financial statements as at December 31, 2025.

The number of companies included in the scope of consolidation developed as follows:

Development of the number of consolidated companies (incl. parent company)

	2025		2024	
	Full-consolidation	Equity	Full-consolidation	Equity
As at 01/01	**31**	**7**	**28**	**7**
Included in consolidation for the first time during the year	0	1	3	0
Merged during the year	0	0	0	0
Deconsolidated during the year	0	0	0	0
As at 31/12	**31**	**8**	**31**	**7**
Thereof in Austria	8	3	8	3
Thereof abroad	23	5	23	4

A list of the group companies as at December 31, 2025 is provided in note 41. The most important group companies produce, and market regenerated cellulosic fibers (Segment Division Fiber) and, in some cases, pulp (Segment Division Pulp).

In October 2024, a minority interest was acquired in the Swedish cellulose fiber company TreeToTextile AB (TTT), Stockholm, Sweden. With the closing of this transaction in February 2025, the associate TTT was included in the scope of consolidation at equity.

In January 2024, the subsidiary Lenzing Business Services s.r.o., Paskov, Czech Republic, was founded and included in the scope of full consolidation.

In March 2024, the subsidiary Lenzing France SARL, Paris, France, was founded and included in the scope of full consolidation.

In September 2024, the subsidiary LD Celulose International GmbH, Vienna, Austria, was founded and included in the scope of full consolidation.

Basis of consolidation

Subsidiaries are companies controlled by the parent company. The Lenzing Group decides individually for each acquisition whether the non-controlling interests in the acquired subsidiary will be recognized at fair value or based on the proportional share of the acquired net assets. On acquisition, non-controlling interests are measured at fair value or the corresponding share of recognized net assets and are reported under equity and comprehensive income as "non-controlling interests".

Lenzing AG holds a majority interest of 51 percent and thereby controls LD Celulose S.A., Indianópolis, Brazil. The Dexco Group holds a 49 percent interest in LD Celulose S.A. and a put option to sell its shares (puttable non-controlling interests). Lenzing AG applies the present access method for the accounting of the liability deriving from puttable non-controlling interests. Accordingly, the Dexco Group's non-controlling interest in LD Celulose S.A. continues to be recognized in equity, and additionally a financial liability for puttable non-controlling interests is recognized (see note 35). The liability is subsequently measured at fair value directly in retained earnings.

The investments in associates and joint ventures are accounted for by applying the equity method.

The Lenzing Group wholly owns an insurance cell of White Rock Insurance (Europe) Protected Cell Company Limited, Birkirkara, Malta. This company has an insurance concession and enables the Lenzing Group to administer its operationally necessary insurance policies more effectively. The insurance cell essentially holds cash and cash equivalents. It is classified as a structured entity, and fully consolidated.

Structured entities include those assets and liabilities that are held by the Lenzing Group

The reporting currency of Lenzing AG and the Lenzing Group is the euro. The subsidiaries prepare the annual financial statements in their functional currency. The functional currency is the currency of the primary economic environment in which the respective company operates. With the exception of the subsidiaries mentioned below, the functional currency is the currency of the country or region where the subsidiary is located. The US dollar is the functional currency for LD Celulose S.A., Indianópolis, Brazil, LD Celulose International GmbH, Vienna, Austria, Lenzing (Thailand) Co., Ltd, Prachinburi, Thailand, Lenzing Singapore Pte. Ltd, Singapore, Republic of Singapore, and PT. South Pacific Viscose, Purwakarta, Indonesia.

The following key exchange rates were used for translation into the reporting currency euro:

Exchange rates for key currencies

			2025		2024	
Unit		Currency	End of the year	Average	End of the year	Average
1 EUR	USD	US Dollar	1.1750	1.1293	1.0444	1.0821
1 EUR	GBP	British Pound	0.8726	0.8566	0.8295	0.8466
1 EUR	CZK	Czech Koruna	24.2370	24.6920	25.2260	25.1190
1 EUR	CNY	Renminbi Yuan	8.2262	8.1149	7.6234	7.7863
1 EUR	BRL	Brazilian Real	6.4364	6.3055	6.4760	5.8268

For the sales company Lenzing Elyaf Anonim Şirketi, Istanbul, Turkey, hyperinflation accounting in accordance with IAS 29 was applied for the first time for the 2023 financial year. The first-time adjustment of the carrying amounts of non-monetary assets and liabilities based on a general price index was recognized directly in retained earnings and amounted to EUR 31 thousand. Gains and losses deriving from ongoing hyperinflation effects on non-monetary assets and liabilities as well as equity are recognized in other operating income or expenses in the income statement. In the 2025 financial year a loss of EUR 379 thousand (2024:EUR 360 thousand) from ongoing hyperinflation effects was recognized. The financial statements are based on the historical cost concept. The price index in Turkey as at December 31, 2025, amounted to 4,783.04 (December 31, 2024: 3,746.52).

Note 4. Segment report

The reportable segments are the “Division Fiber”, “Division Pulp” and “Others”. The Lenzing Group classifies its segments based on the differences between their products, which require individual technologies and market strategies.

The Division Fiber produces all three generations of regenerated cellulosic fibers and markets them under the product brands TENCEL™, VEOCEL™, LENZING™ ECOVERO™ and LENZING™. The products made from lyocell, modal and viscose fibers are used for the production of textiles as well as nonwovens and special applications.

The Division Pulp produces and procures dissolving pulp, which is the necessary primary and intermediate product for fiber production. The pulp is used for the company’s own cellulosic fiber production and marketed externally. The fiber and pulp production plants are used and managed independently of each other.

“Others” mainly comprises central headquarters functions, cross-divisional activities and the business activities of BZL – Bildungszentrum Lenzing GmbH, Lenzing (training and personnel development).

Information on business segments EUR '000

2025	Division Fiber	Division Pulp	Other	Segment total	Reconciliation	Group
Revenue from external customers	1,897,791	701,649	2,992	**2,602,432**	0	**2,602,432**
Inter-segment revenue	285	602,689	0	**602,975**	(602,975)	**0**
Total revenue	**1,898,076**	**1,304,338**	**2,992**	3,205,407	(602,975)	**2,602,432**
Cost of sales	(1,844,127)	(1,025,284)	(11,152)	**(2,880,563)**	616,508	**(2,264,056)**
Selling expenses	(173,557)	(99,936)	(10,342)	**(283,835)**	2,898	**(280,937)**
EBITDA (segment result)	108	451,537	(51,640)	**400,005**	13,024	**413,029**
EBIT	(184,431)	249,618	(60,611)	**4,576**	13,024	**17,600**
Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets	(185,798)	(202,161)	(9,189)	**(397,148)**	0	**(397,148)**
Thereof impairment	(81,953)	0	0	**(81,953)**	0	**(81,953)**
Other material non-cash income (+) and expenses (-)	(7,834)	6,401	(23,578)	**(25,012)**	0	**(25,012)**
CAPEX	62,485	77,306	4,232	**144,023**	(2,940)	**141,083**
EBITDA margin[1]	0.0%	34.6%	n/a	**12.5%**	-	**15.9%**
EBIT margin[2]	(9.7)%	19.1%	n/a	**0.1%**	-	**0.7%**

1) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
2) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

Information on business segments (previous year) **EUR '000**

2024	Division Fiber	Division Pulp	Other	Segment total	Recon-ciliation	Group
Revenue from external customers	2,033,002	627,557	3,339	**2,663,898**	0	**2,663,898**
Inter-segment revenue	469	754,049[1]	0	**754,518**[1]	(754,518)[1]	**0**
Total revenue	**2,033,471**	**1,381,606**[1]	**3,339**	**3,418,417**[1]	**(754,518)**[1]	**2,663,898**
Cost of sales	(1,853,060)	(828,558)	(3,530)	**(2,685,148)**	529,304	**(2,155,843)**
Selling expenses	(191,707)	(105,365)	(4,543)	**(301,615)**	1,113	**(300,501)**
EBITDA (segment result)	32,838	436,277	(52,495)	**416,619**	(21,193)	**395,426**
EBIT	(68,692)	243,696	(65,307)	**109,696**	(21,193)	**88,503**
Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets	(102,855)	(192,816)	(13,093)	**(308,764)**	0	**(308,764)**
Thereof impairment	(3,751)	0	0	**(3,751)**	0	**(3,751)**
Other material non-cash income (+) and expenses (-)	33,531	42,199	(1,133)	**74,598**		**74,598**
CAPEX	78,977	75,984	1,274	**156,235**	(2,474)[4]	**153,761**[4]
EBITDA margin[2]	1.6%	31.6%[1]	n/a	**12.2%**[1]	-	**14.8%**
EBIT margin[3]	(3.4)%	17.6%[1]	n/a	**3.2%**[1]	-	**3.3%**

1) Retroactive adjustment of inter-segment revenue in the Division Pulp due to change in internal reporting for the respective corporate entity.
2) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
3) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).
4) Retroactive adjustment of EUR 2,574 thousand due to voluntary change in accounting policy. Details are explained in note 2.

The other significant non-cash operating expenses and income relate to non-cash measurement effects from biological assets, receivables, inventories and provisions.

The performance of the segments and the Group is measured by EBITDA (earnings before interest, tax, amortization of intangible assets, depreciation on property, plant and equipment and right-of-use assets and depletion of biological assets and before income from the reversal of investment grants).

Information on products and services

Revenue from external customers can be classified by products and services as follows:

Revenue from external customers by products and services EUR '000

	2025	2024
Regenerated cellulosic fibers	1,833,233	1,965,253
Co-products of fiber production	57,661	63,406
Other	6,898	4,343
Division Fiber	**1,897,791**	**2,033,002**
Pulp	524,183	456,732
Biorefinery-products and energy	112,216	111,613
Mechanical and plant engineering, engineering services, wood and other	65,250	59,212
Division Pulp	**701,649**	**627,557**
Other	2,992	3,339
Revenue as per consolidated statement of profit or loss	**2,602,432**	**2,663,898**

Meets the disclosure requirement ESRS 2 SBM-1 40b as outlined in the European Sustainability Reporting Standards (ESRS).

No single external customer is responsible for more than 10 percent of external revenue.

Information on geographic regions

The following table provides a classification of revenue from external customers by sales market by geographic area.

Revenue from external customers by geographic regions EUR '000

	2025	2024
Austria	88,979	88,155
Europe (excl. Austria, incl. Turkey)	674,714	751,711
Asia	1,581,918	1,571,470
America (North, Central and South America)	242,520	237,712
Rest of the world	14,300	14,850
Revenue as per consolidated statement of profit or loss	**2,602,432**	**2,663,898**

Revenue is allocated according to the geographic region of the customer.

The following table shows non-current assets (excluding other investments and tax assets; reconciled to the consolidated figures for total non-current assets) by geographic region:

Information on non-current assets by geographic regions EUR '000

	31/12/2025	31/12/2024
Austria	782,422	791,232
Europe (excl. Austria, incl. Turkey)	205,301	205,406
Asia	498,995	676,135
America (North, Central and South America)	1,418,350	1,637,294
Subtotal	**2,905,067**	**3,310,067**
Reconciliation to consolidated figures	70,384	58,298
Consolidated total	**2,975,452**	**3,368,365**

The above amounts cover all segments of the Lenzing Group. Additional information on the segments is provided in the management report of the Lenzing Group as at December 31, 2025.

Notes on the Consolidated Income Statement

Note 5. Revenue

The breakdown of revenue is shown in the segment report (see note 4, in particular information on products and services as well as geographic regions).

Revenue results exclusively from contracts with customers in accordance with IFRS 15 (Revenue from Contracts with Customers). Revenue comprises all income generated by the typical business activities of the Lenzing Group.

Income is recognized at a point in time, and thus when ownership of the product has been transferred to the customer (i.e. with the transfer of risks), the amount of income and the related costs can be reliably determined and the economic benefits from the transaction will probably flow to the Group.

Since all performance obligations in the Lenzing Group have a term of a maximum of one year, the remaining performance obligations are not disclosed.

Contract liabilities are presented under other liabilities and consist mainly of down payments received of EUR 19,508 thousand (December 31, 2024: EUR 18,830 thousand) and accruals for discounts and rebates of EUR 5,961 thousand (December 31, 2024: EUR 4,033 thousand) (see note 32). The amount of EUR 18,738 thousand included in contract liabilities as at December 31, 2024 has been recognized as revenue in 2025 (2024: EUR 11,479 thousand).

Note 6. Functional costs

Cost of sales

The cost of sales mainly relates to the cost of materials and other purchased manufacturing services, gains and losses from changes in the fair value of biological assets, personnel expenses, depreciation and amortization and other operating expenses, in particular expenses for maintenance and repair, other third-party services and expenses for waste disposal. The expenses for maintenance and repair amount to EUR 71,747 thousand (2024: EUR 71,223 thousand) and for maintenance material and cleaning to EUR 112,415 thousand (2024: EUR 109,484 thousand).

Selling expenses

Selling expenses mainly relate to personnel expenses and other operating expenses, particularly expenses for outbound freight as well as rental and leasing expenses.

Administrative expenses

Administrative expenses mainly relate to personnel expenses and other operating expenses, in particular legal, audit and consulting expenses.

Research and development expenses

Research and development expenses mainly relate to personnel expenses and other operating expenses, in particular filing and defense costs for patents and trademarks. Research and development expenses include amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets amounting to EUR 1,666 thousand (2024: EUR 1,639 thousand) and income from the reversal of investment grants amounting to EUR 143 thousand (2024: EUR 143 thousand).

Note 7. Other operating income and expenses

Other operating income consists of the following:

Other operating income EUR '000

	2025	2024
Income from the reversal of deferred income for emission certificates and from subsidies and the sale of emission certificates	77,587	10,703
Income from recharging of services and other products	31,222	24,468
Green energy bonus	11,967	1,618
Rental income	6,853	6,121
Compensation	2,205	4,250
Foreign currency gains	0	10,202
Sundry	3,745	4,408
Total	**133,578**	**61,770**

EU emission certificates were sold in the 2025 financial year (see note 27) and are allocated to the Segment Division Pulp.

The other operating expenses amounting to EUR 17,927 thousand (2024: EUR 4,949 thousand) mainly relate to foreign exchange effects (2024: asset disposals).

Note 8. Cost of material and other purchased services

The cost of material and other purchased services comprises the following:

Cost of material and other purchased services EUR '000

	2025	2024
Material	1,160,875	1,159,992
Other purchased services	210,057	220,771
Total	**1,370,932**	**1,380,763**

The cost of material comprises primarily the input factors consumed, i.e. pulp (and wood for the internal production of pulp), key chemicals (particularly caustic soda, carbon disulfide, and sulfuric acid) and merchandise. The cost of purchased services is related mainly to the consumption of energy.

The cost of the raw material and supplies consumed during the year is based on the weighted average cost method.

Note 9. Personnel expenses

The following table shows the composition of personnel expenses:

Personnel expenses EUR '000

	2025	2024
Wages and salaries	364,343	422,317
Expenses for severance payments and gratuity	14,775	3,152
Retirement benefit expenses	9,434	10,072
Statutory social security expenses	96,760	100,208
Other employee-related costs	9,976	10,300
Total	**495,289**	**546,049**

The expenses for severance payments mainly include those for the statutory obligations of Lenzing AG and its Austrian subsidiaries towards their employees, as well as voluntary termination payments and severance payments recognized as part of restructuring provisions (see note 30).

The number of employees in the Lenzing Group is as follows:

Number of employees (Full-time equivalents)

	2025	2024
Average	7,707	7,826[1]
As at 31/12	7,738	7,816

1) The previous year's comparative figure was adjusted due to a data correction.

The following table shows the number of employees in Lenzing AG and the Austrian subsidiaries of the Lenzing Group:

Average number of employees in Austria (Full-time equivalents)

	2025	2024
Hourly workers	1,761	1,749
Salaried employees	1,260	1,340
Total	**3,020**	**3,089**

Note 10. Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets

Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets include the following:

Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets, and depletion of biological assets EUR '000

	2025	2024
Amortization and depreciation	241,173	241,976
Depletion (see note 19)	74,022	63,037
Impairment	81,953	3,751
Total	**397,148**	**308,764**

Impairment

In the financial year 2025, impairment losses of EUR 81,953 thousand were allocated to cost of sales (EUR 80,121 thousand), selling expenses (EUR 1,344 thousand) and administrative expenses (EUR 487 thousand). The impairment losses in the 2024 financial year amounting to EUR 3,751 thousand were included in administrative expenses in full.

The impairment losses recognized in the 2024 financial year relate to a right-of-use asset for land of an Indian subsidiary that was established for the purpose of constructing a viscose fiber plant in India. This project was no longer pursued due to legal delays and the deterioration in the market environment. Alternative utilization options for the assets held by the company were evaluated. The recoverable amount (EUR 1,740 thousand) led to an impairment loss of EUR 3,751 thousand on land and buildings. The impairment is allocated to the Segment Division Fiber.

Impairment of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)

If there is an indication of impairment in accordance with IAS 36, intangible assets, property, plant and equipment and right-of-use assets as well as cash-generating units (CGUs) are tested for impairment. A qualitative and quantitative analysis is performed at the reporting dates for all consolidated financial statements and interim consolidated financial statements to determine whether there are any indications of impairment or any material year-on-year changes in impaired CGUs. This analysis is based on criteria defined by the management of Lenzing AG. Intangible assets, property, plant and equipment and right-of-use assets allocated to a CGU that includes goodwill are tested during the annual impairment testing of goodwill. The CGUs in the Lenzing Group represent, above all, the individual production sites.

The Lenzing Group initially determines the recoverable amount based on the applicable fair value less costs of disposal. The budget is approved by the Management Board and the Supervisory Board. The medium-term plans for the subsequent four years are approved by the Management Board and acknowledged by the Supervisory Board. These plans are the starting point for the cash flow projections on a post-tax basis to determine the fair value less costs of disposal. Basically, the management prepares planning accounts over a detailed planning period of five years. If the steady state is not already achieved at the end of the five-year detailed planning period, this period will be extended until a steady state of cash flows can be assumed. Subsequently, a perpetuity growth rate reflecting a sustainable long-term growth rate is applied after the detailed planning period. The estimate for the sustainable long-term growth rate generally equals half of the inflation rate expected in the relevant country during the next few years, as projected by an international economic research agency. This value usually tends to offset general inflation. A growth-related retention of financial surpluses in the perpetual annuity is taken into consideration in the planning calculations. In addition, the risks listed in the group management report are incorporated into the planning calculations. The planned/projected cash flows are discounted to their present value with a discounted cash flow method. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market. The applied discount rate is calculated on an individual basis using the capital asset pricing model (CAPM) and represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. After-tax WACCs ranging from 8.1 percent to 8.9 percent were used in 2025 (2024: 8.4 percent to 9.0 percent) for impairment tests of CGUs that include goodwill.

The WACCs were, for the most part, determined on the basis of externally available capital market data for comparable companies (in particular, to determine the risk premium). The planning and forecasts of free cash flows are based, above all, on internal and external assumptions for the expected development of selling prices and volumes (especially for fibers and cellulose) and the related costs (in particular, raw materials like cellulose, wood and energy plus labor and taxes), including the expected market environment and market positioning. Other input factors include anticipated investments and the changes in working capital. These internal assumptions are based on past experience, current operating results and the assessment of future developments. They are supplemented by external market assumptions such as sector-specific market studies and economic outlooks.

In the financial year under review, impairment losses in accordance with IAS 36 were recognized for the CGU Fiber Site Indonesia in the amount of EUR 81,953 thousand. No impairments of CGUs in accordance with IAS 36 were recognized in the 2024 financial year.

In the 2025 and 2024 financial years, no significant changes were identified for impaired CGUs compared to the previous year that would have led to a reversal of impairment.

Impairment test of the CGU Fiber Site Indonesia

The CGU Fiber Site Indonesia produces viscose fibers in Purwakarta, Indonesia. The deterioration of the market environment, which was primarily influenced by the effects of country-specific US tariff policy, has led to substantial losses for the Fiber Site Indonesia CGU. In addition, a resolution was passed in the third quarter of the 2025 financial year to review the strategic options for the site in Indonesia, including a possible sale. This triggered an indication of impairment in accordance with IAS 36 for the CGU Fiber Site Indonesia. As a consequence, the recoverable amount of the non-current assets, in particular property, plant and equipment, was determined. The fair values less costs to sell of the individual assets represent the lower limit for the impairment. The calculated fair value less costs to sell (EUR 13,207 thousand) resulted in an impairment requirement in the amount of EUR 81,953 thousand. Impairment losses were applied to land and buildings in the amount of EUR 24,012 thousand, to technical equipment, machinery, operating, and office equipment in the amount of EUR 54,837 thousand, and to advance payments and assets under construction in the amount of EUR 3,103 thousand. All assets are allocated to the Fiber Division segment.

As the lower limit for any further potential impairment loss is represented by the fair value less costs to sell, an adjustment of the discount rate (WACC) would not have led to any further impairment loss.

In the 2024 financial year, the recoverable amount of the CGU Fiber Site Indonesia was determined due to an indication of impairment in accordance with IAS 36. The recoverable amount provided sufficient coverage of the carrying amounts. This resulted in sufficient coverage of the carrying amounts.

Impairment test of the CGU Fiber Site China

CGU Fiber Site China produces viscose and modal fibers in Nanjing, China. Due to an indication of impairment as per IAS 36, the recoverable amount of the CGU Fiber Site China was determined for the 2025 financial year. The recoverable amount was sufficient to cover the carrying amounts.

Impairment test of CGUs to which goodwill is allocated

Goodwill was allocated to the following segments/cash-generating units (CGUs) as at the reporting date:

Goodwill by segment/CGU EUR '000

	31/12/2025	31/12/2024
Segment Division Pulp		
CGU Pulp Site Czech Republic	10,896	10,469
Segment Divison Fiber		
Other CGUs	4,114	4,389
Total	**15,010**	**14,858**

The recoverable amount of the largest CGU with goodwill in 2025 – the CGU Pulp Site Czech Republic – was determined on the basis of fair value less costs of disposal. The measurement of fair value is classified in full under level 3 of the fair value hierarchy. The following individual assumptions from the most recent impairment tests were used for annual testing:

Assumptions for impairment testing of the largest CGU to which goodwill was allocated

	2025	2024
CGU Pulp Site Czech Republic		
Average annual operating margin in planning period	5.2%	10.1%
Long-term growth rate of perpetual yield	1.2%	1.2%
After-tax discount rate (WACC)	8.3%	9.0%

The average revenue growth of the Pulp Site Czech Republic during the detailed planning period equals 2.2 percent per year (2024: 1.7 percent per year).

The estimated fair value less costs of disposal of the CGU Pulp Site Czech Republic exceeds the carrying amount by EUR 43,720 thousand (2024: EUR 199,054 thousand). The following table shows a sensitivity analysis with hypothetical scenarios for the key assumptions as well as the possible changes in value as at the reporting date which, if they occurred, would result in the recoverable amount equaling the carrying amount of the CGU plus goodwill.

Sensitivity analysis of assumptions for impairment testing

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount
CGU Pulp Site Czech Republic		
Operating margin	5.2%	minus 1.5 percentage points
After-tax discount rate (WACC)	8.3%	plus 1.7 percentage points

Sensitivity analysis of assumptions for impairment testing (previous year)

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount
CGU Pulp Site Czech Republic		
Operating margin	10.1%	minus 7.4 percentage points
After-tax discount rate (WACC)	9.0%	plus 9.1 percentage points

The other CGUs with goodwill include the CGU Fiber Site UK, the CGU Fiber Site Heiligenkreuz, and the CGU Fiber Site USA. For these, a long-term growth rate of 1.0 percent to 1.2 percent (2024: of 1.0 percent to 1.2 percent) was taken into account as perpetual yield.

In addition to the annual impairment test for CGUs with goodwill, in the 2025 and 2024 financial years an additional indication of impairment in accordance with IAS 36 was identified at the CGU Heiligenkreuz Fiber Site due to the deterioration in the market environment, which has an impact on the volume and price structure of the fibers produced, and the recoverable amount was determined accordingly. This resulted in sufficient coverage of the carrying amounts in both years. The average EBITDA growth of the CGU Fiber Site Heiligenkreuz during the detailed planning period was a multiple of that in perpetuity in the 2025 financial year as well as in the 2024 financial year. The operating margin of the CGU Fiber Site Heiligenkreuz amounts to 3.2 percent (2024: 3.9 percent) and could decrease by a maximum of 0.5 percentage points (2024: 0.7 percentage points) so that the carrying amounts are sufficiently covered by the recoverable amount. The discount rate (WACC) amounts to 8.1 percent (2024: 8.4 percent) and could increase by a maximum of 1.0 percentage points (2024: 1.4 percentage points). The determined recoverable amount would increase by EUR 54,761 thousand or decrease by EUR 54,958 thousand if the planned EBITDA increased (decreased) by 20 percent. In the event of a 10 percent reduction in EBITDA, the recoverable amount would be EUR 32,924 thousand below the carrying amounts.

The planned EBITDA was estimated on the basis of past experience, with the following key assumptions:

- The revenue growth is dependent on the CCF price derivation including premiums for special products. This assumes an ongoing premiumization of the portfolio, resulting in average growth of 6.2% in the detailed planning period.
- The planned investments include one investment in the detailed planning period that will lead to potential savings and consequently exert a significant impact on the planned EBITDA.

Note 11. Auditors' fees

The fees expensed for services provided by KPMG Austria GmbH, Linz, comprise the following:

Auditors' fees expensed EUR '000

2025	Lenzing AG	Subsidiaries	Total
Audit of the annual financial statements (incl. consolidated financial statements)	421	165	586
Other assurance services	381	0	381
Other services	63	0	63
Total	**865**	**165**	**1,030**

Auditors' fees expensed (previous year) EUR '000

2024	Lenzing AG	Subsidiaries	Total
Audit of the annual financial statements (incl. consolidated financial statements)	626	170	796
Other assurance services	308	0	308
Other services	64	0	64
Total	**998**	**170**	**1,169**

The fees for other assurance services mainly relate to fees for the review of the consolidated half-year financial statements as well as the Sustainability Report.

Note 12. Income from investments accounted for using the equity method

The result of minus EUR 3,373 thousand (2024: EUR 0 thousand) arises from the Group's share of the current result as well as the measurement of associated companies and joint ventures. No impairment losses or reversals of impairment losses were recognized in the 2025 and 2024 financial years.

Note 13. Income from non-current and current financial assets and liabilities

The income from non-current and current financial assets and liabilities consists of the following items:

Result from non-current and current financial assets and liabilities EUR '000

	2025	2024
Income from non-current and current financial assets		
Interest income from bank balances, originated loans and receivables	20,581	27,482
Income from dividends for equity instruments measured at fair value through other comprehensive income	156	156
Measurement of financial assets at fair value through profit or loss	339	118
Net foreign currency gains from financial assets	0	7,422
	21,075	**35,177**
Expenses from non-current and current financial assets		
Measurement and loss from the disposal of financial assets at amortized cost	(791)	(1,074)
Net foreign currency losses from financial assets	(22,127)	0
	(22,918)	**(1,074)**
Income and expenses from non-current financial liabilities		
Change in the fair value of contingent considerations	1,140	(273)
	1,140	**(273)**
Total	**(703)**	**33,830**

As of December 31, 2025 a decrease in the contingent consideration, arising from the acquisition of the biomass power plant in the financial year 2023, of EUR 1,140 thousand (December 31, 2024: increase of EUR 273 thousand) was recognized. The contingent consideration is recognized on the consolidated balance sheet under other financial liabilities.

Note 14. Financing costs

Financing costs comprise the following:

Financing costs EUR '000

	2025	2024
Net foreign currency gains/losses from financial liabilities	(186)	(164)
Interest expense from bonds and private placements	(56,257)	(27,537)
Interest expense for bank loans, other interest and similar expenses	(94,845)	(153,881)
Capitalized borrowing costs for property, plant and equipment and biological assets	15,279	17,244
Total	**(136,009)**	**(164,339)**

Note 15. Income tax expense

This item includes current income tax expense as well as income/expense from deferred taxes (changes in deferred tax assets and deferred tax liabilities) and comprises the following:

Income tax expense by source — EUR '000

	2025	2024
Current income tax expense		
Austria	2,216	(20,681)
Abroad	27,104	37,304
	29,320	**16,623**
Income/expense from deferred taxes	(16,592)	79,651
Total	**12,728**	**96,273**

Income tax expense by cause — EUR '000

	2025	2024
Current income tax expense		
Tax expense for current year	40,601	44,398
Reduction due to the use of tax losses	(8,960)	0
Reduction due to the use of tax credits	(78)	(280)
Tax expense relating to other accounting periods	(2,243)	(27,495)
	29,320	**16,623**
Income/expense from deferred taxes		
Recognition and reversal of temporary differences	(34,375)	67,248
Change in capitalized loss carryforwards	7,959	31,283
Effects of previously unrecognized temporary differences from prior periods	4,945	(29,272)
Changes in valuation adjustment to deferred tax assets (excl. loss carryforwards)	4,879	10,391
	(16,592)	79,651
Total	**12,728**	**96,273**

The item "Change in capitalized loss carryforwards" relates to the capitalization of loss carryforwards incurred in the financial year in the amount of minus EUR 973 thousand (2024: minus EUR 16,094 thousand) and the utilization of capitalized loss carryforwards in the amount of EUR 8.933 thousand (2024: EUR 0 thousand). Moreover, a valuation allowance on deferred tax assets recognized in prior years for loss carryforwards not yet utilized amounting to EUR 47,377 thousand was included in this item in the 2024 financial year.

The reconciliation of calculated income tax expense based on the Austrian corporate tax rate of 23 percent (December 31, 2024: 23 percent) to effective income tax expense is shown in the following table:

Tax reconciliation — EUR '000

	2025	2024
Earnings before tax (EBT)	(122,485)	(42,005)
Calculated tax expense (23% of earnings before tax)	(28,172)	(9,661)
Deductible distribution of hybrid coupon	(4,306)	(6,613)
Tax-free income and tax allowances (particularly research allowance)	(1,411)	(1,455)
Non-deductible expenses and similar permanent differences	4,495	5,962
Non-deductible withholding taxes	2,707	5,582
Income from investments accounted for using the equity method	776	0
Effect of different tax rates	9,293	6,655
Taxes from prior periods	2,702	20,968
Exchange rate differences resulting from the translation of tax items from local into functional currency	(25,286)	47,480
Change in unrecognized deferred tax assets from loss carryforwards, interest carryforwards, tax credits and other temporary differences	53,210	26,586
Other	(1,282)	768
Effective tax expense	**12,728**	**96,273**

As in the previous year, the ratio of effective income tax expense to earnings before tax is disproportionate in the 2025 financial year. The Group reports significant reconciliation items arising from write-downs on tax assets (in particular from non-capitalized loss carryforwards arising in the Austrian tax group as well as in Indonesia, China, and Thailand). Furthermore, tax expense was affected by currency effects from the translation of tax items from the local currency into the functional currency. In addition, a tax-deductible distribution to hybrid capital holders was realized in the 2024 and 2025 financial years.

In the 2024 financial year the "Taxes from prior periods" item included an additional tax claim of EUR 23,019 thousand of the former tax group with the B&C Group (see also note 38). This additional tax claim resulted from the retroactive withdrawal from the B&C tax group as early as the 2022 financial year (EUR 22,209 thousand), and from a correction of the tax allocation for the 2021 financial year in the amount of EUR 810 thousand.

Lenzing AG and the Austrian subsidiaries of the Lenzing Group are subject to an income tax rate of 23 percent. The income tax rates for foreign companies range from 9.9 percent to 34 percent (December 31, 2024: from 9.9 percent to 34 percent).

B&C Privatstiftung, Vienna, is the ultimate parent company of Lenzing AG and its subsidiaries for the purposes of the minimum taxation rules. In accordance with minimum taxation rules, Lenzing AG is a partially owned parent company.

An evaluation of the effects of the new minimum taxation rules for the Lenzing Group as a subgroup of the B&C Group was conducted. Due to the temporary safe harbor regulations and based on the minimum tax calculation, no material impact on the recognition and measurement of tax assets and liabilities was identified in a stand-alone analysis of the Lenzing Group subgroup for the 2025 and 2024 financial years. Insofar as minimum taxation rules are applicable (as is currently the case in Hong Kong and Malta), the financial impact was assessed for the 2025 financial year (taking into account the primary supplementary taxes applicable in Austria and Malta, as well as the national supplementary tax in Hong Kong). At EUR 1 thousand, no material effects were identified for the Lenzing Group.

The Lenzing Group applies the temporary, mandatory exemption with regard to the recognition of deferred taxes arising from the introduction of global minimum taxation and recognizes these as current tax expense/income when they arise.

Note 16. Earnings per share

Earnings per share are calculated as follows:

Earnings per share EUR '000

	2025	2024
Net profit/loss after tax attributable to shareholders of Lenzing AG used in the calculation of earnings per share	(210,306)	(156,601)
Weighted average number of shares	38,618,180	38,618,180
	EUR	EUR
Diluted = basic	(5.45)	(4.06)

Earnings per share are calculated by dividing the share of net (after tax) income/loss for the year attributable to shareholders of Lenzing AG, reduced by the share of hybrid capital holders amounting to EUR 38,274 thousand (2024: EUR 28,750 thousand), by the weighted average number of shares outstanding during the year.

Notes to the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity

Note 17. Intangible assets

Development

Intangible assets developed as follows

Development of intangible assets EUR '000

2025	Goodwill	Concessions, industrial property rights, licenses and similar rights	Internally generated intangible assets	Total
Cost				
As at 01/01/2025	100,547	30,907	44,469	**175,923**
Currency translation adjustment	(9,372)	(470)	0	**(9,842)**
Addition	0	1,331	0	**1,331**
Disposals	0	(195)	0	**(195)**
As at 31/12/2025	91,175	31,574	44,469	**167,218**
Accumulated amortization				
As at 01/01/2025	(85,689)	(26,659)	(39,741)	**(152,089)**
Currency translation adjustment	9,524	277	0	**9,801**
Amortization	0	(1,647)	(1,040)	**(2,688)**
Disposals	0	195	0	**195**
As at 31/12/2025	(76,165)	(27,835)	(40,781)	**(144,781)**
Carrying amount as at 01/01/2015	14,858	4,248	4,728	**23,835**
Carrying amount as at 31/12/2025	**15,010**	**3,739**	**3,688**	**22,437**

Development of intangible assets (previous year) EUR '000

2024	Goodwill	Concessions, industrial property rights, licenses and similar rights	Internally generated intangible assets	Total
Cost				
As at 01/01/2024	95,879	30,044	44,906	170,829
Currency translation adjustment	4,668	208	0	4,876
Addition	0	810	0	810
Disposals	0	(155)	(437)	(592)
As at 31/12/2024	100,547	30,907	44,469	175,923
Accumulated amortization				
As at 01/01/2024	(80,990)	(24,517)	(38,595)	(144,102)
Currency translation adjustment	(4,699)	(112)	0	(4,812)
Amortization	0	(2,033)	(1,146)	(3,179)
Impairment	0	0	0	0
Disposals	0	4	0	4
As at 31/12/2024	(85,689)	(26,659)	(39,741)	(152,089)
Carrying amount as at 01/01/2024	14,889	5,528	6,311	26,728
Carrying amount as at 31/12/2024	**14,858**	**4,248**	**4,728**	**23,835**

Of the additions in the 2025 financial year, EUR 1,331 thousand (2024: EUR 810 thousand) relate to purchased intangible assets. Development costs are recognized as intangible assets if the specific requirements of IAS 38 are met, in particular the ability to generate future economic benefits.

The revaluation option was not exercised. Amortization is calculated according to the straight-line method based on the estimated useful lives. The estimated useful lives of the major asset classes are as follows:

Useful lives for intangible assets

	Years
Software/computer programs	4 to 7
Licenses and other intangible assets	
Purchased	4 to 25
Internally generated	7 to 15

All items of intangible assets are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

The amortization of concessions, industrial property rights, licenses, similar rights and internally generated intangible assets is presented in the cost of sales, selling expenses, administrative expenses as well as research and development expenses.

Note 18. Property, plant and equipment

Development

Property, plant and equipment developed as follows:

Development of property, plant and equipment **EUR '000**

2025	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost				
As at 01/01/2025	1,270,107	5,020,698	141,817	**6,432,622**
Currency translation adjustment	(77,872)	(252,776)	(5,542)	**(336,190)**
Reclassification right of use assets	0	3,637	0	**3,637**
Addition	3,285	65,455	54,383	**123,123**
Disposals	(338)	(7,497)	0	**(7,835)**
Reclassifications	10,817	70,092	(80,909)	**0**
As at 31/12/2025	1,205,999	4,899,609	109,750[1]	**6,215,357**
Accumulated depreciation				
As at 01/01/2025	(548,073)	(2,987,479)	(26,139)	**(3,561,691)**
Currency translation adjustment	25,507	105,009	3,041	**133,556**
Reclassification right of use assets	0	(1,667)	0	**(1,667)**
Depreciation	(34,370)	(189,250)	0	**(223,619)**
Impairment	(24,012)	(54,837)	(3,103)	**(81,953)**
Disposals	203	7,193	0	**7,396**
As at 31/12/2025	(580,745)	(3,121,031)	(26,201)	**(3,727,978)**
Carrying amount as at 01/01/2015	722,034	2,033,219	115,678	**2,870,931**
Carrying amount as at 31/12/2025	**625,253**	**1,778,578**	**83,549**	**2,487,379**

1) The down payments amounted to EUR 5,142 thousand as at December 31, 2025. The increase in down payments by EUR 1,345 thousand compared to December 31, 2024, arises from currency translation differences of EUR 7 thousand and additions in down payments rendered of EUR 1,338 thousand.

Development of property, plant and equipment (previous year) EUR '000

2024	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost				
As at 01/01/2024	1,195,510	4,758,149	193,533	6,147,191
Currency translation adjustment	37,321	121,349	4,612	163,281
Addition	11,068	64,493	56,721	132,281
Disposals	(54)	(10,077)	0	(10,131)
Reclassifications	26,264	86,785	(113,048)	0
As at 31/12/2024	1,270,107	5,020,698	141,817[1]	6,432,622
Accumulated depreciation				
As at 01/01/2024	(497,379)	(2,759,313)	(24,786)	(3,281,478)
Currency translation adjustment	(11,456)	(48,208)	(1,353)	(61,017)
Depreciation	(35,488)	(188,422)	0	(223,910)
Impairment	(3,751)	0	0	(3,751)
Disposals	0	8,464	0	8,464
As at 31/12/2024	(548,073)	(2,987,479)	(26,139)	(3,561,691)
Carrying amount as at 01/01/2024	698,131	1,998,835	168,747	2,865,713
Carrying amount as at 31/12/2024	**722,034**	**2,033,219**	**115,678**	**2,870,931**

1) The down payments amounted to EUR 3,798 thousand as at December 31, 2024. The decrease in down payments by EUR 2,348 thousand compared to December 31, 2023, arises from currency translation differences of EUR 79 thousand, and reductions in down payments rendered of minus EUR 2,428 thousand.

Property, plant and equipment are measured at cost, including capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated according to the straight-line method based on the estimated useful lives. The estimated useful lives of the major asset classes are as follows:

Useful lives for property, plant and equipment

	Years
Land use rights	30 to 50
Buildings	10 to 50
Fiber and pulp production lines	5 to 15
Energy production plants	4 to 25
Other machinery	4 to 20
Vehicles	4 to 20
Office equipment and other fixtures and fittings	2 to 15
IT hardware	2 to 7

All items of property, plant and equipment are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

Operating leases as a lessor

Operating leases are in place for land and buildings with acquisition cost of EUR 42,552 thousand as at December 31, 2025 (December 31, 2024: EUR 42,622 thousand). The carrying amount of this land and buildings is EUR 8,713 thousand as at December 31, 2025 (December 31, 2024: EUR 9,262 thousand). Depreciation of EUR 818 thousand was recognized on these assets in the 2025 financial year (2024: EUR 808 thousand). For further details on rental income from operating leases see note 20.

Capitalization of borrowing costs

Borrowing costs of EUR 1,212 thousand were capitalized on property, plant and equipment in 2025 (2024: EUR 2,574 thousand). A weighted average interest rate or 3.48 percent (2024: 3.02 percent) was used.

The Lenzing Group defines qualifying assets as construction projects or other assets that require at least twelve months to be ready for their intended use or sale. They are capitalized under the item "financing costs" and the respective asset account. All other borrowing costs are recognized in the financial result for the period in which they are incurred.

Note 19. Biological assets

Biological assets comprise standing trees of a plantation in Minas Gerais, Brazil, which are used as a raw material for pulp production. In accordance with IAS 41 (Agriculture), biological assets are presented at fair value in the consolidated statement of financial position. The plantation is recognized at fair value less estimated costs to sell at the harvest at level 3 of the fair value hierarchy. It is assumed that fair values can be measured. Measurement of biological assets is monitored and reviewed by the Lenzing Group. The necessary market data are validated on the basis of the dual control principle.

The measurement is based on a discounted cash flow model on the basis of sustainable forest management plans, industry benchmarks for wood prices and delivery costs and taking into account the growth cycle. A wood price based on a multi-quarter average of industry benchmarks is used for the valuation. The annual harvest from the projected tree growth is multiplied by wood prices, and the forestry and harvesting costs are deducted. The fair value of the plantation is measured as the present value of the harvest from one growth cycle on the basis of the productive forest area, taking into account environmental restrictions and other reservations. The determined fair value would increase (decrease) in particular if both the timber price and the timber volume were to increase (decrease). The calculated fair value would decrease (increase) if the discount rate were to increase (decrease).

Young standing timber less than one year old is considered an immature asset and is recognized at cost. After a growth period of seven years the wood reaches maturity and from that point on the standing trees are harvested. When harvested, biological assets are transferred to the item inventories of the consolidated statement of financial position. Changes in the fair value of hedging instruments in relation to the foreign exchange risk are recognized in the income statement under the cost of sales.

As at December 31, 2025, the plantation comprised approximately 40,635 hectares of eucalypt wood (December 31, 2024: 40,817 hectares) and 349 hectares of pine wood (December 31, 2024: 497 hectares). The wood is up to 16 years (December 31, 2024: 15 years) old. Wood amounting to EUR 15,811 thousand (December 31, 2024: EUR 15,736 thousand) is less than one year old and therefore considered an immature asset.

Biological assets developed as follows:

Development of biological assets EUR '000

	2025	2024
As at 01/01	192,217	194,759
Acquisition	5,164	7,259
Capitalized production costs	39,111	37,076
Depletion	(74,022)	(63,037)
Change in the fair value	36,317	5,195
Currency translation adjustment	(22,149)	10,965
As at 31/12	**176,639**	**192,217**

The capitalized production costs include capitalized borrowing costs of EUR 14,068 thousand (2024: EUR 14,669 thousand), the financing cost rate of which is 14.1 percent (2024: 14.1 percent). The consumption-based depreciation (depletion) relates to reductions in biological assets as a result of harvesting. The gains and losses from the change in the fair value of biological assets in the amount of EUR 23,953 thousand (2024: EUR 32,199 thousand) are included in the cost of sales. They consist of the regular remeasurement of EUR 36,317 thousand (2024: EUR 5,195 thousand) and foreign currency gains/losses of minus EUR 12,363 thousand (2024: EUR 27,004 thousand) from the remeasurement of the lease liability for the land use right which is directly related to the plantation.

The following assumptions were made:

Assumptions of level 3 input factors for biological assets

	31/12/2025	31/12/2024
Market price EUR/m³	22.57	22.01
Discount rate	6.94%	7.96%
Wood volume m³	6,959,714	8,414,007

A change in key input factors which cannot be observed on the market would have the following effects on the measurement of biological assets:

Sensitivity analysis of level 3 input factors for biological assets as at 31/12/2025 EUR '000

	Increase	Decrease
Change in the market price (+/- 10%)	20,343	(20,343)
Discount rate (+/- 1%)	(3,187)	3,415
Wood volume (+/- 5%)	10,172	(10,172)

Sensitivity analysis of level 3 input factors for biological assets as at 31/12/2024 EUR '000

	Increase	Decrease
Change in the market price (+/- 10%)	20,880	(20,880)
Discount rate (+/- 1%)	(2,285)	2,446
Wood volume (+/- 5%)	10,441	(10,441)

Note 20. Right-of-use assets

The Lenzing Group as the lessee

The Lenzing Group has obligations from rental and lease agreements for property, plant and equipment, which are recognized as right-of-use-assets in the consolidated statement of financial position. The corresponding lease liabilities are reported as part of financial liabilities (see note 28).

The following table shows the development of right-of-use assets classified by type of asset:

Development of right-of-use assets EUR '000

2025	Land and buildings	Technical equipment and machinery, factory and office equipment	Total
Carrying amount as at 01/01	124,369	14,964	**139,333**
Addition	7,649	8,738	**16,387**
Disposals	0	(320)	**(320)**
Reclassification to property, plant and equipment	0	(1,970)	**(1,970)**
Depreciation fiscal year	(6,881)	(7,985)	**(14,866)**
Currency translation adjustment	(13,576)	(359)	**(13,935)**
Carrying amount as at 31/12	**111,560**	**13,068**	**124,629**

Development of right-of-use assets (previous year) EUR '000

2024	Land and buildings	Technical equipment and machinery, factory and office equipment	Total
Carrying amount as at 01/01	120,017	14,531	**134,547**
Addition	5,071	8,026	**13,097**
Disposals	(126)	(65)	**(191)**
Depreciation fiscal year	(7,028)	(7,745)	**(14,773)**
Currency translation adjustment	6,435	216	**6,651**
Carrying amount as at 31/12	**124,369**	**14,964**	**139,333**

In the 2025 financial year, the main items included EUR 5,723 thousand of right-of-use assets recognized for the index increase for land use rights, EUR 3,706 thousand for forklifts, cars and other vehicles, EUR 3,520 thousand for machinery, EUR 1,871 thousand for offices and warehouses and EUR 1,500 thousand for wagons.

In the 2024 financial year, the main items included EUR 4,825 thousand of right-of-use assets recognized for wagons, EUR 2,720 thousand recognized for the index increase for land use rights, EUR 2,516 thousand for forklifts, cars and other vehicles, EUR 2,057 thousand for warehouses and open spaces and EUR 666 thousand for machinery.

The terms and conditions of the main leases can be summarized as follows:

- **Land use rights**: The biological assets (see note 19) are located on land which is not owned by the Lenzing Group. Land use rights are in place for this land. The lease has a term of 30 years, with an option to extend the lease by 19 years after 30 years. This extension option was not taken into account in estimating the expected term of the lease because the use of the biological assets in 30 years is not sufficiently certain from today's perspective. Price adjustment clauses exist.
- **Office and storage premises**: The leases have a term of up to five years and some contracts have an indefinite term. Ordinary useful lives were applied to office and storage premises with indefinite useful lives where economic exit barriers exist. These leases do not include an option to purchase the office and storage premises at the end of the contract term. Some of the leases include price adjustment clauses.
- **Wagons**: The leases have a term of up to 15 years. The option exists to terminate the contracts after a minimum term. Some of the leases have price adjustment clauses.
- **Wastewater treatment plant**: The lease agreement relates to a lease for an industrial primary clarifier and related expansion investments. The plant, including the land, became property of the Lenzing Group in the financial year 2025. The payment of the transfer fee will be paid in the financial year 2026.

Termination and extension options are considered when estimating the expected term of the leases if it is sufficiently certain that they will or will not be exercised. The Lenzing Group estimates that possible future cash outflows from extension options which were not taken into account in the measurement of the lease liability could result in an increase in the lease liability and the related future cash outflows by EUR 4,157 thousand (December 31, 2024: EUR 3,435 thousand).

The following expenses relating to leases were recognized in the consolidated income statement in the 2025 financial year.

Expenses from leases EUR '000

	2025	2024
Expenses relating to short-term leases	7,130	8,548
Expenses relating to variable leases	12,556	12,631
Expenses relating to leases of low-value assets	1,341	1,963
Non-lease components	1,091	1,122
Rental and leasing expenses	22,118	24,264
Interest on lease liabilities = Financing costs	**15,328**	**15,909**

Short-term leases are leases with a term of less than one year. Where contracts have no term, leases are considered short-term leases if both parties have a right to terminate the contract, which can be exercised without the consent of the counterparty and no termination penalties or economic barriers exist. Leases with exclusively variable lease payments that are not linked to an index or (interest) rate are not capitalized as right-of-use assets.

Expenses relating to variable leases mainly include variable rental payments for warehouses based on monthly storage quantities.

The Lenzing Group has concluded several long-term power purchase agreements for electricity generated from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices (see note 37 "Commodity risk"). Some of the electricity purchase agreements are leases where the payments are entirely variable and are therefore included in the variable lease payments.

In the 2025 financial year, cash outflows for leases total EUR 47,010 thousand (2024: EUR 49,291 thousand). They include expenses relating to short-term and variable leases and to leases of low-value assets.

The rental and leasing expenses are fully cash-effective and included in cash flow from operating activities. The cash flows incurred in connection with the repayment of lease liabilities are explained in note 33.

All right-of-use assets are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 10).

The Lenzing Group as the lessor

The future undiscounted minimum lease payments during the non-cancellable term of the leases relate primarily to land and buildings and are as follows, classified by year:

Undiscounted annual minimum lease payments as lessor EUR '000

	31/12/2025	31/12/2024
In the following year	4,882	3,990
In the following 1 to 2 years	4,566	3,680
In the following 2 to 3 years	4,277	3,680
In the following 3 to 4 years	4,088	3,674
In the following 4 to 5 years	4,071	3,670
Thereafter	14,211	0
Total	**36,096**	**18,695**

The most important lease involves land on which a recycling plant is operated. The lease payments are indexed. The lease was concluded for an indefinite term and can be canceled at the earliest as at December 31, 2040, subject to a six-year notice period.

Rental income for the 2025 financial year is shown in note 7.

The Lenzing Group classifies these leases as operating leases since the main risks and opportunities associated with ownership are retained.

Note 21. Investments accounted for using the equity method

Investments accounted for using the equity method comprise the following:

Carrying amounts of investments accounted for using the equity method EUR '000

	31/12/2025	31/12/2024
TreeToTextile AB (TTT)	14,316	0
Lenzing Papier GmbH (LPP)	7,481	6,982
Other associates	4,660	4,832
LD Florestal S.A. (LDF)	11,478	13,033
Other joint ventures	100	107
Total	**38,035**	**24,954**

The investments in associates represent shares in companies in which the Lenzing Group can exert significant influence over financial and operating policies. Joint ventures are joint arrangements managed by the Lenzing Group together with one or more partners, whereby the Lenzing Group has rights to the net assets of the arrangement.

The main investments accounted for using the equity method include, in particular, the interest in TreeToTextile AB (TTT), Stockholm, Sweden, which is allocated to the Fiber Division segment as well as Lenzing Papier GmbH (LPP), Lenzing, which is allocated to the "Others" segment and LD Florestal S.A. (LDF), Indianópolis, Brazil, which is allocated to the Pulp Division segment. For the strategic importance of the other investments accounted for using the equity method and their relationship with the Lenzing Group, please see note 38.

Investments accounted for using the equity method developed as follows:

Development of the carrying amounts of investments accounted for using the equity method EUR '000

2025	TTT	LPP	Other associates	LDF	Other joint ventures	Total
As at 01/01	0	6,982	4,832	13,033	107	**24,954**
Addition	16,171	0	0	0	0	**16,171**
Share in profit or loss of investments accounted for using the equity method	(2,197)	393	97	(1,671)	6	**(3,373)**
Other comprehensive income – remeasurement of defined benefit liability	0	106	0	0	0	**106**
Other comprehensive income – foreign currency translation differences arising during the year and other	342	0	(228)	115	2	**232**
Distributions	0	0	(40)	0	(15)	**(55)**
As at 31/12	**14,316**	**7,481**	**4,660**	**11,478**	**100**	**38,035**

Development of the carrying amounts of investments accounted for using the equity method (previous year) EUR '000

2024	TTT	LPP	Other associates	LDF	Other joint ventures	Total
As at 01/01	0	9,651	4,836	16,425	134	**31,045**
Result from remeasurement of investments accounted for using the equity method	0	0	0	0	0	**0**
Share in profit or loss of investments accounted for using the equity method	0	647	14	(676)	14	**0**
Other comprehensive income – remeasurement of defined benefit liability	0	(36)	0	0	0	**(36)**
Other comprehensive income – foreign currency translation differences arising during the year and other	0	0	22	(2,716)	(2)	**(2,696)**
Distributions	0	(3,280)	(40)	0	(40)	**(3,360)**
As at 31/12	**0**	**6,982**	**4,832**	**13,033**	**107**	**24,954**

The Lenzing Group recognizes both measurement effects and the results from investments accounted for using the equity method together in income from investments accounted for using the equity method.

The Lenzing Group, as at December 31, 2025, held 22.6 percent of capital and voting rights in TTT (December 31, 2024: 0.0 percent). The core business of TTT, which is not publicly listed, is the research, production, and sale of sustainably regenerated cellulosic fibers. The relations between the Lenzing Group and this company are described in note 38.

The following table provides summarized financial information on TTT in accordance with local accounting standards (100 percent):

Summarized financial information on TTT EUR '000

	31/12/2025
Non-current assets	55,927
Current assets	4,961
Equity	46,476
Non-current liabilities	4,190
Current liabilities	10,222
	2025
Revenue	2
Earnings before tax (EBT)	(11,601)
Total comprehensive income	(10,087)
Thereof net profit/loss after tax	(11,601)
Thereof other comprehensive income	1,514

The reconciliation of equity to the carrying amount of the investment in TTT is as follows:

Reconciliation of equity to carrying amount of the investment in TTT EUR '000

	31/12/2025
Equity	46,476
Thereof:	
Group's interest (22.6%; previous year: 0.0%)	10,504
Consolidation and other effects	3,811
Carrying amount	**14,316**

The Lenzing Group held 40 percent of capital and voting rights in LPP as at December 31, 2025 (December 31, 2024: 40 percent). The core business of LPP, which is not publicly listed, is the production of cellulose-based products, in particular paper. The relations between the Lenzing Group and this company are described in note 38.

The following table provides summarized financial information on LPP in accordance with IFRS (100 percent):

Summarized financial information on LPP EUR '000

	31/12/2025	31/12/2024
Non-current assets	14,985	11,721
Current assets	26,791	27,925
Equity	18,981	17,735
Non-current liabilities	2,999	4,191
Current liabilities	19,795	17,721
	2025	2024
Revenue	86,675	95,443
Earnings before tax (EBT)	1,128	2,093
Total comprehensive income	1,246	1,529
Thereof net profit/loss after tax	982	1,618
Thereof other comprehensive income	264	(89)

The reconciliation of equity to the carrying amount of the investment in LPP is as follows:

Reconciliation of equity to carrying amount of the investment in LPP EUR '000

	31/12/2025	31/12/2024
Equity	18,981	17,735
Thereof:		
Group's interest (40%; previous year: 40%)	7,593	7,094
Consolidation and other effects	(112)	(112)
Carrying amount	**7,481**	**6,982**

The Lenzing Group, as at December 31, 2025, held 20 percent of capital and voting rights in Equi-Fibres Beteiligungsgesellschaft mbH (EFB) which is not publicly listed (December 31, 2024: 20 percent). The core business of EFB is the production and marketing of regenerated cellulosic fibers. The relations between the Lenzing Group and this company are described in note 38.

In October 2024, Kelheim Fibres GmbH (KFG), Kelheim, Germany, a wholly owned subsidiary of EFB, filed for insolvency under provisional self-administration. Insolvency proceedings were opened on January 1, 2025, and self-administration was ordered. On January 26, 2026, the management of KFG announced that the business operations of KFG will be discontinued as of March 31, 2026. The company is not expected to continue operating beyond this date. As EFB holds this as its only investment, the recoverability of its assets is directly impacted by the insolvency filing and the discontinuation of business operations. In summary, due to the impairment losses recognized in previous years, there are no further effects on the consolidated financial statements of the Lenzing Group in the 2024 and 2025 financial years.

The previous business relationships (pulp deliveries) will continue against advance payment until the end of March 2026. In the 2025 financial year, a final distribution was made from the supplier pool established in the course of insolvency proceedings. As a result, the impairment loss on trade receivables recognized in the 2024 financial year was reversed accordingly (see notes 37, Credit risk and note 38).

In the 2025 and 2024 financial year, losses relating to shares in the associate EFB were not recognized, as the Lenzing Group has no obligation with regard to such losses and no financial information relating to EFB is available for the 2025 and 2024 financial years.

The Lenzing Group has an outstanding purchase price receivable as well as a receivable from a long-term loan due from the purchaser of EFB (including its subsidiaries). A loss allowance has been recognized for the full amount of these receivables; accordingly, the carrying amount as at December 31, 2025, stands at EUR 0 thousand (December 31, 2024: EUR 0 thousand). In addition, a long-term performance-related purchase price component exists that depends on the future economic earning capacity of the company; this is discounted to a present value of EUR 0 thousand as of December 31, 2025 (December 31, 2024: EUR 0 thousand).

The Lenzing Group holds a lien on the remaining shares of EFB. This lien can be realized in the event of non-payment on the due date of the outstanding purchase price claim and of the long-term loan. In addition, the buyer was granted a credit line of up to EUR 0 thousand (December 31, 2024: EUR 1.376 thousand), which could be utilized in the event of predefined adverse changes in EFB's general conditions on the sales market until December 31, 2025, at the latest. As at December 31, 2025, and as at December 31, 2024 this credit line had not been utilized.

No financial information on EFB's consolidated financial statements for the last two financial years has been available until the time of preparation of the Lenzing Group's IFRS consolidated financial statements, The latest available summarized IFRS financial information for EFB (100 percent) for the 2023 financial year can be found in the Annual and Sustainability Report 2024.

The Lenzing Group held 50 percent of the capital and voting rights in LDF as at December 31, 2025 (December 31, 2024: 50 percent). The core business of LDF, which is not publicly listed, is granting rights of use. The relations between the Lenzing Group and this company are described in note 38.

The following table provides summarized financial information on LDF in accordance with IFRS (100 percent):

Summarized financial information on LDF EUR '000

	31/12/2025	31/12/2024
Non-current assets	248,566	200,088
Current assets	1,895	3,809
Thereof cash and cash equivalents	258	385
Equity	22,955	26,067
Non-current liabilities	217,433	168,484
Thereof loans and borrowings (excluding trade payables, other liabilities and provisions)	217,433	168,484
Current liabilities	10,073	9,346
Thereof loans and borrowings (excluding trade payables, other liabilities and provisions)	1,874	1,047
	2025	**2024**
Revenue	4,886	3,575
Amortization and depreciation	(2,477)	(1,931)
Interest income	14,250	13,283
Interest expense	(20,667)	(15,574)
Income tax expense	1,667	596
Earnings before tax (EBT)	(5,007)	(1,743)
Total comprehensive income	(3,112)	(6,782)
Thereof net profit/loss after tax	(3,342)	(1,351)
Thereof other comprehensive income	231	(5,431)

The reconciliation of equity to the carrying amount of the investment in LDF is as follows:

Reconciliation of equity to carrying amount of the investment in LDF EUR '000

	31/12/2025	31/12/2024
Equity	22,955	26,067
Thereof:		
Group's interest (50%; previous year: 50%)	11,478	13,033
Carrying amount	**11,478**	**13,033**

Note 22. Financial assets

Non-current financial assets comprise the following:

Non-current other investments EUR '000

	31/12/2025	31/12/2024
Non-current securities	6,906	6,582
Other equity investments	12	12
Originated loans	55,523	30,512
Total	**62,441**	**37,106**

Details about the loans can be found in note 37 and note 38.

Current financial assets include Oberbank ordinary shares in the amount of EUR 6,525 thousand (December 31, 2024: EUR 10,863 thousand) and shares in the company Spinnova OY, Jyväskylä, Finland, in the amount of EUR 0 thousand (December 31, 2024: EUR 439 thousand). In the 2025 financial years, a complete disposal of the shares in Spinnova OY, Jyväskylä, Finland, was realized at fair value of EUR 396 thousand (2024: partial disposal EUR 2,155 thousand). The realized gain of EUR 302 thousand (2024: EUR 1,912 thousand) was already included in other comprehensive income and was reclassified to retained earnings net of taxes of EUR 70 thousand (2024: EUR 440 thousand). In addition, some of the Oberbank ordinary shares were sold in the 2025 and 2024 financial year at a fair value of EUR 5,068 thousand (2024: EUR 4,931 thousand). The realized gain of EUR 3,581 thousand (2024: EUR 3,337 thousand) was already included in other comprehensive income and was reclassified to retained earnings net of taxes of EUR 824 thousand (2024: EUR 768 thousand).

In the 2025 financial year, Oberbank ordinary shares paid dividends of EUR 156 thousand (2024: EUR 156 thousand). Thereof dividends of EUR 98 thousand (2024: EUR 156 thousand) were recognized for ordinary shares held and EUR 57 thousand (2024: EUR 0 thousand) for ordinary shares sold.

Note 23. Inventories

Inventories include the following components:

Inventories EUR '000

	31/12/2025	31/12/2024
Raw materials and supplies	311,452	386,964
Work in progress	12,216	11,323
Finished goods and merchandise	205,882	244,513
Advance payments made	2,139	3,434
Total	**531,688**	**646,235**

Raw materials and supplies consist primarily of wood for pulp production, pulp and chemicals for cellulosic fiber production and various incidentals. The cost of raw materials and supplies is calculated using the weighted average cost method. Finished goods and work in progress include cellulosic fibers, co-products of fiber production, pulp and biorefinery-products.

In the 2025 financial year, write-downs to reflect the net realizable value of inventories amount to EUR 9,028 thousand (2024: EUR 8,085 thousand). Expenses for inventories, which are included in the cost of material totaled EUR 1,160,875 thousand (2024: EUR 1,159,992 thousand).

Note 24. Trade receivables

Trade receivables comprise the following:

Trade receivables EUR '000

	31/12/2025	31/12/2024
Trade receivables (gross)	246,862	325,057
Bad debt provisions	(1,544)	(6,875)
Total	**245,318**	**318,182**

All trade receivables are classified as current assets. For further information on trade receivables, please refer to note 35 (section “Transfer of financial assets (sale of receivables/factoring)”) and note 37 (section “Credit risk”).

Note 25. Other assets

Other non-current assets comprise both financial and non-financial items. Other non-current financial assets as at December 31, 2025 are reported in the amont of EUR 1,109 thousand (December 31, 2024: EUR 1,409 thousand) and relate to other assets. The reported non-financial assets amount to EUR 54,841 thousand as at December 31, 2025 (December 31, 2024: EUR 57,389 thousand), and mainly include tax receivables in the amount of EUR 54,145 thousand as at December 31, 2025 (December 31, 2024: EUR 56,205 thousand).

Other current assets comprise the following:

Other current assets EUR '000

	31/12/2025	31/12/2024
Other current financial assets		
Recharging of maintenance services	12,968	11,450
Unadvanced amount from factoring agreements	8,507	8,566
Interest receivables	7,926	2,482
Derivatives not yet settled (open positions)	1,483	2,099
Sundry	3,061	2,188
	33,945	**26,786**
Other current non-financial assets		
Emission certificates	76,569	93,256
Receivables from other taxes and duties	45,891	37,285
Prepaid expenses	6,456	8,242
Advance payments made	2,688	21,098
Sundry	1,175	1,081
	132,779	**160,962**
Total	**166,724**	**187,747**

In the 2024 financial year, the advance payments made included the acquisition of shares in TreeToTextile AB, Stockholm, Sweden (see note 21).

Note 26. Equity

Share capital and capital reserves

The share capital of Lenzing AG totaled EUR 40,107,738.37 as at December 31, 2025 (December 31, 2024: EUR 40,107,738.37) and is divided into 38,618,180 zero par value shares (December 31, 2024: 38,618,180 shares). The proportion of share capital attributable to one share equals roughly EUR 1.04. Each ordinary share represents an equal interest in capital and conveys the same rights and obligations, above all the right to a resolved dividend and the right to vote at the Annual General Meeting. The issue price of the shares is fully paid in. No other classes of shares have been issued.

By resolution of the Annual General Meeting on April 18, 2024, the Managing Board was again authorized, with Supervisory Board consent, to purchase treasury shares in a volume of up to 10 percent of the share capital for a maximum of 30 months from the date of the resolution. The same conditions concerning the purchase of treasury shares apply as in the Annual General Meeting resolution of April 26, 2022, which was revoked by the above resolution.

The Annual General Meeting on April 19, 2023 authorized the Managing Board – while at the same time canceling the resolutions regarding this matter of the Annual General Meeting of April 12, 2018 – subject to the approval of the Supervisory Board, to increase share capital by up to EUR 13,787,034.68 through the issue of up to 13,274,999 zero par value shares ("authorized capital") – also in tranches – in exchange for cash and/or contributions in kind, within five years from entry in the commercial register. The proportion of authorized capital attributable to one share equals roughly EUR 1.04. This authorized capital was recorded in the commercial register on May 26, 2023. With effect from July 2023, Lenzing AG carried out a capital increase that had been approved by the Annual General Meeting on April 19, 2023. A total of 12,068,180 new shares were issued. The share capital was fully paid in.

In addition, a resolution of the Annual General Meeting on April 19, 2023 authorized the Managing Board – while at the same time canceling the resolutions regarding this matter of the Annual General Meeting of April 12, 2018 – to issue, subject to the approval of the Supervisory Board, convertible bonds by April 19, 2028 in one or several tranches that grant or provide for the subscription or conversion right or a subscription or conversion obligation for up to 13,274,999 shares of the company ("contingent capital"). They can be serviced through the contingent capital and/or treasury shares.

The Managing Board did not utilize the authorizations existing on or before December 31, 2025, to issue convertible bonds and buy back treasury shares in the reporting period.

The capital reserves represent appropriated reserves of Lenzing AG that may only be used to offset an accumulated loss by Lenzing AG. These reserves were created from the inflow of funds received by Lenzing AG from shareholders in excess of share capital. In the 2025 financial year, capital reserves in the amount of EUR 95,772 thousand (2024: EUR 0 thousand) were released to cover an otherwise reportable net accumulated loss of Lenzing.

Other reserves

Other reserves include all accumulated other comprehensive income and consist of the foreign currency translation reserve, the reserve for financial assets measured at fair value through other comprehensive income, the hedging reserve and actuarial gains/losses.

Other reserves (Equity attributable to shareholders of Lenzing AG and to hybrid capital owners) **EUR '000**

	Foreign currency translation reserve	Financial assets measured at fair value through other comprehensive income	Hedging reserve and non-designated components	Actuarial gains/losses	Total
As at 01/01/2024	65,733	10,368	(3,362)	(42,779)	**29,961**
Other comprehensive income	37,388	(334)	(17,141)	(2,830)	**17,082**
Tax effect	2,260	1,889	4,956	(11,251)	**(2,146)**
After tax	**39,648**	**1,555**	**(12,186)**	**(14,081)**	**14,936**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0	0	2,289	0	**2,289**
Tax effect	0	0	(823)	0	**(823)**
After tax	**0**	**0**	**1,466**	**0**	**1,466**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	(5,250)	0	0	**(5,250)**
Tax effect	0	1,207	0	0	**1,207**
After tax	**0**	**(4,042)**	**0**	**0**	**(4,042)**
Other reclassification	366	0	(360)	(6)	**0**
As at 31/12/2024 = 01/01/2025	105,747	7,881	(14,441)	(56,867)	**42,321**
Other comprehensive income	(83,644)	687	9,121	1,892	**(71,944)**
Tax effect	0	0	(2,159)	(1,613)	**(3,772)**
After tax	**(83,644)**	**687**	**6,962**	**279**	**(75,715)**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0	0	(3,626)	0	**(3,626)**
Tax effect	0	0	1,277	0	**1,277**
After tax	**0**	**0**	**(2,349)**	**0**	**(2,349)**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	(3,883)	0	0	**(3,883)**
Tax effect	0	893	0	0	**893**
After tax	**0**	**(2,990)**	**0**	**0**	**(2,990)**
Other reclassification	0	0	0	(25)	**(25)**
As at 31/12/2025	**22,103**	**5,578**	**(9,828)**	**(56,613)**	**(38,759)**

The hedging reserve developed as follows:

Changes in the hedging reserve EUR '000

	2025	2024
Gains/losses recognized in the reporting period from the valuation of cash flow hedges		
Commodity price risks	(8,010)	2,964
Currency risks	34,308	(21,450)
Interest- and interest-/currency risks	283	526
	26,581	**(17,960)**
Reclassification to profit or loss of amounts relating to cash flow hedges		
Commodity price risks	1,771	6,444
Currency risks	(13,217)	3,935
Interest- and interest-/currency risks	688	(28,091)
	(10,759)	**(17,712)**
Total	**15,822**	**(35,672)**

The fair value changes from cash flow hedges recognized in the reporting period relate to hedging against currency risks from the operating business, hedging against interest rate/currency risks from taking out loans, and hedging against commodity price risks (see note 35, section "Derivative financial instruments and hedges").

The above amounts from the reclassification to profit or loss of cash flow hedges against commodity price risks and foreign currency risks are primarily recognized as part of earnings before interest and tax (EBIT), mainly under revenue and cost of sales. The above amounts from the reclassification to profit or loss of cash flow hedges against combined interest-/currency risks are reported under financial result.

Retained earnings

Retained earnings comprise the following:

Retained earnings EUR '000

	31/12/2025	31/12/2024
Unappropriated revenue reserves of Lenzing AG under Austrian law (Austrian Commercial Code – UGB)	0	202,023
Accumulated profits of Lenzing AG under Austrian law (Austrian Commercial Code – UGB)	0	0
Earnings attributable to subsidiaries, including the effect of adjusting the financial statements of Lenzing AG and its subsidiaries from local regulations to IFRS	70,531	15,338
Total (excl. other reserves)	**70,531**	**217,361**

The unappropriated revenue reserves of Lenzing AG can be released at any time and distributed to shareholders as part of accumulated profits. Austrian law only permits the distribution of dividends from accumulated profits as stated in the approved annual financial statements of the parent company prepared in accordance with the Austrian Commercial Code.

No dividends were resolved and distributed to the shareholders of Lenzing AG for the 2025 and 2024 financial years.

The loss for the year according to the Austrian Commercial Code (UGB) for the 2025 financial year of Lenzing AG is to be appropriated as follows:

Appropriation of the 2025 net loss EUR '000

Lenzing AG closed the 2025 financial year with loss under Austrian law (UGB) of	(297,795)
after the reversal of (distributable) revenue reserves	202,023
after the reversal of (distributable) capital reserves	95,772
remains an accumulated profit of	**0**

Hybrid capital

In December 2020, a subordinated perpetual bond (hybrid capital) with a total volume of EUR 500,000 thousand and a coupon of 5.75 percent was issued. The hybrid capital had a perpetual tenor and could be called and redeemed by Lenzing AG between September 7 and December 7, 2025, at the earliest. This hybrid bond was completely replaced by a new hybrid bond in the financial year under review.

In July 2025, Lenzing AG successfully completed the placement of a new subordinated perpetual bond (hybrid capital) with a nominal amount of EUR 500,000 thousand and an annual interest rate of 9.0 percent. The existing holders of the hybrid bond from 2020 were offered an exchange into the new hybrid bond. This was accepted by 63.6 percent of the existing bondholders, as a result of which EUR 263,300 thousand were exchanged for the new hybrid bond, while EUR 54,700 thousand plus accrued interest were redeemed. New investors subscribed for an amount of EUR 236,700 thousand of the new hybrid bond. In September 2025, Lenzing AG exercised its contractual right to call and redeem the remaining outstanding portion of the old hybrid bond in the amount of EUR 182,000 thousand, plus accrued interest.

The terms of the new hybrid bond are based on those of the hybrid bond issued in 2020. Interest is payable semi-annually in arrears on January 9 and July 9 of each year, unless Lenzing AG elects to defer the relevant interest payment. Outstanding deferred interest must be paid under certain circumstances, in particular when the Annual General Meeting of Lenzing AG resolves to declare a dividend. The hybrid capital has a perpetual tenor and can be called and redeemed by Lenzing AG for the first time between April 9, 2028, and July 9, 2028. Investors have no call rights. If the hybrid capital is not called and redeemed, it will bear interest from July 9, 2028, at a revised, increased interest rate, calculated as the then applicable three-year swap rate plus a margin increased by 500 basis points.

The bond meets the criteria for equity under IAS 32 (Financial Instruments: Presentation). Accordingly, coupons are presented as part of appropriation of profits in the consolidated income statement. The new hybrid capital incurred directly attributable transaction costs in the amount of EUR 10,335 thousand, which were offset against equity.

Non-controlling interests

Non-controlling interests represent the investments held by third parties in consolidated group companies. The Group companies with non-controlling interests are listed in note 41 under "Consolidated companies". These are companies in which the Lenzing Group holds an interest of less than 100 percent.

Of the non-controlling interests as at December 31, 2025, EUR 329,226 thousand (December 31, 2024: EUR 341,556 thousand) related to LD Celulose S.A. (LDC), Indianópolis, Brazil including its wholly owned subsidiary, LD Celulose International GmbH (LDI), Vienna, which is allocated to the Division Pulp segment. As of December 31, 2025 the non-controlling shareholders held 49.0 percent (December 31, 2024: 49.0 percent) of the capital and voting rights of the non-listed LDC, and have a put option to sell their shares (see note 3 and note 35). LDC's core business consists of the production and sale of pulp.

The following table provides summarized financial information on LDC (including LDI) in accordance with IFRS (100 percent):

Summarized financial information on LDC (inclusive LDI) EUR '000

	31/12/2025	31/12/2024
Non-current assets	1,423,103	1,613,096
Current assets	288,648	252,156
Equity	671,891	697,054
Thereof equity attributable to shareholders of Lenzing AG	342,664	355,497
Thereof equity attributable to non-controlling interests	329,226	341,556
Non-current liabilities	903,162	1,037,534
Current liabilities	136,698	130,665
	2025	**2024**
Revenue	495,398	503,209
Earnings before tax (EBT)	77,244	47,921
Total comprehensive income	1,186	(6,279)
Thereof net profit/loss after tax	75,529	(18,393)
Net profit/loss after tax attributable to shareholders of Lenzing AG	38,520	(9,380)
Net profit/loss after tax attributable to non-controlling interests	37,009	(9,012)
Thereof other comprehensive income	(74,344)	12,114
Other comprehensive income attributable to shareholders of Lenzing AG	(37,915)	6,178
Other comprehensive income attributable to to non-controlling interests	(36,428)	5,936
Cash flow from operating activities	247,672	219,778[1]
Cash flow from investing activities	(72,306)	(57,664)[1]
Cash flow from financing activities	(124,740)	(169,610)[1]
Change in cash and cash equivalents	50,626	(7,495)
Dividend resolved for distribution to non-controlling shareholders	10,529	0

1) Retroactive adjustment due to voluntary change in accounting policy. Details are explained in note 2.

The following shares of other comprehensive income are attributable to non-controlling interests in the subsidiaries of Lenzing AG:

Other comprehensive income attributable to non-controlling interests EUR '000

	2025	2024
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	4	(10)
Income tax relating to these components of other comprehensive income	(4)	2
Items that may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences arising during the period	(40,875)	17,938
Cash flow hedges – effective portion of changes in fair value recognized during the period and non-designated components	6,701	(18,530)
Income tax relating to these components of other comprehensive income	(2,278)	6,300
Other comprehensive income (net of tax)	**(36,453)**	**5,701**

Note 27. Government grants

The amount accrued under this item resulted primarily from grants for investments in environmental protection and for general investment support.

Investment grants are reported as liabilities and recognized in profit or loss on a straight-line basis over the useful life of the subsidized investments as "Income from the reversal of investment grants".

Government grants for cost reimbursements are recognized as other income in the period in which the related costs are incurred, unless the receipt of the grant is contingent on conditions that are not yet sufficiently likely to occur. Receivables from funding commitments are reported in the consolidated statement of financial position under other assets.

Government grants of EUR 16,556 thousand were recognized in profit or loss in the reporting period (2024: EUR 15,067 thousand), resulting predominantly from promotion of research activities and energy topics. Any conditions attached to the grants were fulfilled and repayment, in full or in part, is therefore considered unlikely.

Government grants also included EUR 63,254 thousand of emission certificates as at December 31, 2025 (December 31, 2024: EUR 82,069 thousand). In accordance with Directive 2003/87/EC of the European Parliament and the European Council on a system for trading greenhouse gas emission certificates, a total of 366,189 EU-emission certificates and 25,517 UK-emission certificates were allocated free of charge to the relevant companies in the Lenzing Group for 2025 through national allocation plans (2024: 367,108 EU-emission certificates and 23,167 UK-emission certificates).

Emission certificates are capitalized at fair value at the time of allocation and reported under other current non-financial assets (see note 25). The difference between the fair value and the purchase price paid by the company for the emission certificates is recognized under government grants. At the end of each reporting period, a provision is recognized for the certificates used up to that date. The amount of the provision is based on the recognized asset value of the certificates if they are covered by certificates held by the company at this reporting date. If the certificates used exceed the certificates held, the provision is based on the fair value of the certificates (to be purchased subsequently) as at the relevant reporting date. Future laws and commitments on emissions, especially in the countries of the Lenzing Group's production sites, could lead to further precautionary measures in the future.

In the 2025 financial year, 600,000 EU emission certificates were sold (2024: 0 EU emission certificates), which had been allocated to the Lenzing Group free of charge. The income from the sale in the 2025 financial year amounted to EUR 45,147 thousand and is included in other operating income (see note 7).

In the 2025 financial year expenses for emission certificates amounted to EUR 24,193 thousand (2024: EUR 2,037 thousand).

Note 28. Loans and borrowings

The following table shows the composition of loans and borrowings as at December 31:

Loans and borrowings	31/12/2025				31/12/2024			EUR '000
	Currency	Nominal value	Carrying amount	Average effective interest in %	Currency	Nominal value	Carrying amount	Average effective interest in %
Bond								
Fixed interest	USD	650,000	542,622	8.0	USD	650,000	608,553	8.0
			542,622				**608,553**	
Private placements								
Fixed interest	EUR	102,000	101,906	1.2	EUR	170,500	170,345	1.5
Floating rate interest	EUR	164,000	163,931	3.2	EUR	164,000	163,864	4.9
			265,837				**334,208**	
Bank loans								
Loans:								
Fixed interest	EUR	156,106	156,106	1.5	EUR	333,175	254,725	1.6
Fixed interest	CNY	0	0	n/a	CNY	94,000	12,330	3.6
Floating rate interest	EUR	740,575	735,469	4.2	EUR	392,152	352,777	4.8
Floating rate interest	USD	300,000	240,389	7.7	USD	350,000	313,909	8.0
Operating loans[1]:								
Floating rate interest	CNY	490,000	59,566	2.7	CNY	410,000	53,782	3.1
Floating rate interest	USD	13,126	11,171	6.0	USD	21,721	20,798	6.6
			1,202,701				**1,008,322**	
Lease liabilities								
Fixed interest	EUR	128,488	128,488	12.1	EUR	123,862	123,862	12.0
			128,488				**123,862**	
Loans from other lenders								
Fixed interest	EUR	4,595	4,595	1.3	EUR	4,972	4,949	0.7
Fixed and floating rate interest	EUR	25,290	25,290	0.8	EUR	28,100	28,100	0.5
			29,885				**33,049**	
Total			**2,169,533**				**2,107,994**	
Thereof current			502,122				279,449	
Thereof non-current			1,667,411				1,828,545	

1) Revolving credit agreements and overdrafts

In the 2024 financial year, a bond with a final maturity in January 2032 and a fixed interest rate of 7.950% was issued. Details about this financing are presented in note 35 and note 37.

In the 2025 financial year, a syndicated loan agreement was concluded with the Group's main banks in the amount of EUR 545,000 thousand. This facility comprises a syndicated bullet loan of EUR 355,000 thousand and a syndicated revolving credit facility of EUR 190,000 thousand. Further details about this financing facility can be found in note 37.

Bank loans of EUR 783,012 thousand (December 31, 2024: EUR 922,462 thousand) are secured by pledged property, plant and equipment in the amount of EUR 985,819 thousand (December 31, 2024: EUR 1,109,094 thousand), and biological assets in the amount of EUR 176,639 thousand (December 31, 2024: EUR 192,217 thousand). In addition, the shares in LD Celulose S.A., Indianópolis, Brazil, were pledged.

Furthermore, of the reported financial liabilities, EUR 11,171 thousand (December 31, 2024: EUR 20,798 thousand) are secured by receivables.

The next interest rate adjustment for the floating rate loans and partially fixed rate loans will take place within the next six months, depending on the loan agreement. The conditions for loans that can be utilized multiple times (revolving loans) are fixed for a certain period and generally carry floating interest rates.

Other loans primarily involve obligations to the Austrian fund for the promotion of research in industry ("Forschungsförderungsfonds der gewerblichen Wirtschaft") and the ERP fund.

Note 29. Deferred taxes (deferred tax assets and liabilities) and current taxes

Deferred tax assets and liabilities relate to the following items on the statement of financial position:

Deferred tax assets EUR '000

	31/12/2025	31/12/2024
Intangible assets and property, plant and equipment	58,523	46,950
Other investments	38,316	37,889
Inventories	7,793	11,282
Other assets	4,264	1,196
Provisions	9,907	11,636
Investment grants	619	96
Lease liabilities	40,328	38,844
Other liabilities	11,041	50,960
Tax loss carryforwards	228,726	219,736
Interest carryforwards	1,293	1,293
Gross deferred tax assets – before valuation allowance	**400,811**	**419,882**
Valuation allowance on deferred tax assets	(316,353)	(298,587)
Thereof relating to tax loss carryforwards	(220,092)	(203,328)
Thereof relating to interest carryforwards	(1,293)	(1,293)
Thereof relating to temporary differences	(94,969)	(93,967)
Gross deferred tax assets	**84,457**	**121,295**
Offsettable against deferred tax liabilities	(81,566)	(116,964)
Net deferred tax assets	**2,891**	**4,331**

Deferred tax liabilities EUR '000

	31/12/2025	31/12/2024
Intangible assets and property, plant and equipment	50,603	97,867
Right-of-use assets	39,671	44,538
Biological assets	16,036	24,739
Other investments	0	14,647
Inventories	394	2,332
Other assets	3,086	7,001
Investment grants	264	199
Other liabilities	26,677	243
Gross deferred tax liabilities	**136,732**	**191,566**
Offsettable against deferred tax assets	(81,566)	(116,964)
Net deferred tax liabilities	**55,166**	**74,602**

Of the total gross deferred tax assets, EUR 22,020 thousand (December 31, 2024: EUR 30,819 thousand) are due within one year. Of the total gross deferred tax liabilities, EUR 14,952 thousand (December 31, 2024: EUR 8,528 thousand) are due within one year. The remaining amounts are due in more than one year.

Deferred taxes developed as follows:

Development of deferred taxes EUR '000

	2025	2024
As at 01/01	(70,271)	8,461
Recognized in profit or loss	16,592	(79,651)
Recognized in other comprehensive income or directly in equity	(3,550)	2,556
Currency translation adjustment	4,954	(1,638)
As at 31/12	**(52,275)**	**(70,271)**

The Group held tax loss carryforwards of EUR 1,013,826 thousand as at December 31, 2025 (December 31, 2024: EUR 966,073 thousand). The existing tax loss carryforwards can be utilized as follows:

Loss carryforwards (assessment basis) EUR '000

	31/12/2025	31/12/2024
Total	1,013,826	966,073
Thereof capitalized loss carryforwards	25,925	48,389
Thereof non-capitalized loss carryforwards	987,900	917,684
Possible expiration of non-capitalized loss carryforwards		
Within 1 year	40,921	79,328
Within 2 years	92,451	42,732
Within 3 years	113,445	141,299
Within 4 years	78,934	188,380
Within 5 years or longer	240,189	145,012
Unlimited carryforward	421,960	320,934

As of December 31 2025, deferred tax assets totaling EUR 2,891 thousand (December 31, 2024: EUR 4,331) were capitalized. Of this amount, EUR 524 (December 31, 2024: EUR 1,844 thousand) are attributable to deferred tax assets relating to Group units that generated losses in either the past or previous year. If there is no substantial evidence for recoverability, deferred tax assets are recognized to the extent that sufficient taxable temporary differences exist.

The valuation allowance on deferred tax assets relates mainly to companies based in Austria in the amount of EUR 123,794 thousand (December 31, 2024: EUR 96,723 thousand), in Indonesia in the amount of EUR 112,083 thousand (December 31, 2024: EUR 113,622 thousand), in Thailand in the amount of EUR 47,862 thousand (December 31, 2024: EUR 45,946 thousand), in China in the amount of EUR 25,415 thousand (December 31, 2024: EUR 33,340 thousand), and in the USA in the amount of EUR 7,199 thousand (December 31, 2024: EUR 7,668 thousand). Certain loss carryforwards were not capitalized because their usability is restricted. If all tax loss carryforwards could be utilized in full, the deferred tax assets on loss carryforwards would total EUR 228,726 thousand (December 31, 2024: EUR 219,736 thousand) instead of EUR 8,634 thousand (December 31, 2024: EUR 16,408 thousand).

The financial assets and other assets shown under deferred tax assets in the above table include amounts for outstanding partial write-downs to investments in accordance with Section 12 Para. 3 no. 2 of the Austrian Corporation Tax Act ("Siebentelabschreibung", the partial write-downs of investments over a period of seven years for tax purposes) corresponding to a measurement base of

EUR 130,653 thousand (December 31, 2024: EUR 179,362 thousand). Deferred tax assets on the total amount of outstanding partial write-downs to investments are recognized only to the extent that taxable temporary differences exist. Partial write-downs of EUR 34,091 thousand were utilized for tax purposes in 2025 (2024: EUR 34,200 thousand).

The recoverability of deferred tax assets is generally based on the positive taxable results expected in the future – after the deduction of taxable temporary differences – in line with the forecasts approved by the Managing Board. These forecasts are also used for impairment testing (see note 10). The assessment of unused tax loss carryforwards and tax credits also involves the consideration of utilization requirements.

Deferred tax liabilities were not recognized for temporary differences with a measurement base of EUR 324,139 thousand (December 31, 2024: EUR 396,234 thousand) in connection with investments in subsidiaries, joint ventures and associates and the related proportional share of net assets held by group companies because the Lenzing Group is able to control the timing of the reversal of the temporary difference and these differences are not expected to reverse in the foreseeable future.

Current tax assets include prepayments made to foreign taxation authorities. These amounts are recognized when the recoverability is probable, while valuation adjustments are made in all other cases. The gross carrying amount of non-current receivables from current taxes as at December 31, 2025 amounts to EUR 11,613 thousand (December 31, 2024: EUR 21,457 thousand). Payments are sometimes uncertain, especially the timing of payments due to the occasionally long duration of proceedings. For this reason, as at December 31, 2025, write-downs of EUR 6,561 thousand were recognized (December 31, 2024: EUR 4,596 thousand).

Current tax liabilities include a provision for uncertain tax items of EUR 9,157 thousand (December 31, 2024: EUR 13,380 thousand) in connection with regular tax audit procedures. In the 2025 financial year, an amount of EUR 3,359 thousand (2024: EUR 0 thousand) was utilized.

Following the retroactive withdrawal of Lenzing AG from the B&C tax group, a new tax group according to Section 9 of the Austrian Corporate Income Tax Act (öKStG) was established for the 2024 financial year, with Lenzing AG as the group parent and five subsidiaries of Lenzing AG as group members. In this context, a group and tax equalization agreement was concluded, under which tax profits and losses are offset between the group parent and the included group members. The deferred tax assets and deferred tax liabilities of the included group members are offset because of the consolidated tax assessment.

The Lenzing Group includes the effects of uncertain tax positions in the calculation of current and deferred taxes. Tax claims are recognized at the expected reimbursement amount in cases where the claim is sufficiently certain. The tax returns of the Lenzing Group's subsidiaries are reviewed regularly by the taxation authorities. Taking into account a variety of factors, including the interpretation, commentary and legal decisions relating to the respective tax jurisdiction, as well as past experience, appropriate provisions have been made for possible future tax liabilities. In addition, uncertain tax positions are evaluated on the basis of estimates and assumptions for future events. New information can become available in the future that leads the Group to change its assumptions regarding the appropriateness of tax positions. Any such changes will affect tax expense in the period in which they are identified.

Note 30. Provisions

The Lenzing Group's provisions are classified as follows:

Provisions **EUR '000**

	Total		Thereof current		Thereof non-current	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Provisions for pensions and similar obligations						
Pensions and severance payments	63,590	75,864	6,452	7,584	57,138	68,280
Jubilee benefits	13,100	15,512	949	1,676	12,151	13,835
	76,689	**91,376**	**7,401**	**9,261**	**69,289**	**82,115**
Other provisions						
Restructuring measures	12,081	6,901	12,081	6,901	0	0
Anticipated losses and other risks	0	2,475	0	2,475	0	0
Emission certificates	13,080	8,803	13,080	8,803	0	0
Sundry	1,522	1,942	1,305	1,081	218	861
	26,683	**20,120**	**26,465**	**19,259**	**218**	**861**
Total	**103,372**	**111,496**	**33,866**	**28,520**	**69,507**	**82,976**

Provisions for pensions and similar obligations

Pensions and severance payments

The Lenzing Group has entered into obligations for pensions and severance payments from defined benefit plans, which are reported under provisions for pensions and severance payments, and from defined contribution plans.

Defined benefit plans (for pensions and severance payments)

The benefits resulting from the defined benefit plans for pensions and severance payments are dependent on the final salary or wage and the length of service. They do not require any contributions by employees.

The defined benefit pension plans are based on contractual obligations. The Lenzing Group's most important defined benefit pension plan is located in Austria. It applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. The claims generally arose after a vesting period of at least 10 or 15 service years. A retirement age of 58 to 63 years is assumed for the beneficiaries, depending on their gender. At present, the plan primarily covers employees who have already retired. Qualifying insurance policies were recognized as plan assets in some cases, while coverage for these obligations is also provided by securities that do not qualify as plan assets.

The defined benefit severance plans are based on statutory obligations and obligations under collective agreements. The Lenzing Group's most important defined benefit severance plan is located in Austria. This plan entitles employees whose employment relationship is governed by Austrian law and started before January 1, 2003 to a severance payment in specific cases, in particular when they reach the statutory retirement age and in the event of termination by the employer ("old severance payment system"). The amount of severance payment depends on the employee's salary or wage at the termination of employment and on the length of the employment relationship. There are similar major defined benefit severance plans in Indonesia and the Czech Republic, which apply to all employees irrespective of when they joined the respective company. The defined benefit severance plans are not covered by assets but are financed entirely through provisions.

In the 2025 financial year, portions of the provisions for defined benefit severance obligations were reclassified to other provisions for restructuring measures (see section "Other provisions").

In the 2023 and 2022 financial years, parts of provisions for accrued defined benefit severance plans were reclassified to other provisions for restructuring measures and reclassified back again in the 2024 financial year in the amount of EUR 3,796 thousand (see the section "Other provisions").

The defined benefit pension and severance plans are principally connected with the following risks that influence the amount of obligations to be recognized:

- **Investment risk**: A decline in the income from plan assets below the discount rate will result in a plan deficit and an increase in the obligations.
- **Interest rate risk**: A decrease in the discount rate due to lower bond interest rates on the capital market will result in an increase in the obligations.
- **Salary and pension trend**: An increase in the actual salary and pension trends over the expected future levels will result in an increase in the obligations.
- **Personnel turnover and departure risk**: A decline in the expected personnel turnover rates will result in an increase in the obligations.
- **Longevity risk**: An increase in the life expectancy of the beneficiaries will result in an increase in the obligations.

The Lenzing Group is also exposed to currency risks in connection with these plans.

The Lenzing Group takes various steps to reduce the risks from defined benefit plans. The related measures include, in particular, the external financing of defined benefit plans with plan assets or the coverage of obligations with securities that do not qualify as plan assets and the settlement of existing defined benefit plans with lump sum payments. In addition, pension and similar commitments are now only concluded as defined contribution commitments where possible and legally permissible.

The objectives of the investment policy are to create an optimal composition of plan assets and to ensure sufficient coverage for the existing claims of participating employees. The investment strategies (asset allocations) for the plan assets are contractually regulated. A reinsurance policy was concluded for part of the claims from the Austrian pension plan. It is reported as plan asset in the amount of EUR 2,101 thousand (December 31, 2024: EUR 2,221 thousand). This policy is a conventional life insurance policy which invests primarily in debt instruments that reflect the maturity profile of the underlying claims and are intended to maintain a high degree of investment security. The Lenzing Group makes no further contributions to this insurance policy.

The fair value of the insurance policy is not determined on an active market, but corresponds to the reported actuarial policy reserve. The plan assets do not include any financial instruments issued by or assets used by the Lenzing Group. The actual return on plan assets totaled EUR 164 thousand in 2025 (2024: EUR 161 thousand). The net interest expense from the defined benefit plans (expenses from the accrued interest on the obligations and the return on plan assets) is reported under financing costs.

The most important actuarial parameters applied to the defined benefit pension and severance plans are as follows:

Actuarial assumptions for defined benefit pension and severance plans p. a. in %

31/12/2025	Discount rate	Salary increase	Pension increase	Staff turnover deductions
Austria – pensions	3.7	3.0	0.0-3.0	0.0
Austria – severance payments	3.9	3.0	N/A	0.0
Indonesia	6.0	7.5	N/A	1.0-5.0
Czech Republic	3.8	4.0	N/A	1.6
31/12/2024				
Austria – pensions	3.3	3.0	0.0-3.0	0.0
Austria – severance payments	3.4	3.0	N/A	0.0
Indonesia	7.0	7.5	N/A	1.0-5.0
Czech Republic	3.4	4.2	N/A	1.6

The major obligations from the defined benefit plans are the obligations for pensions and severance payments in the Lenzing Group's Austrian companies. The discount rate for these obligations was derived from high-quality fixed-income corporate bonds with at least an AA rating based on an international actuary's standards. Bonds with significantly higher or lower interest rates than the other bonds in their risk class ("statistical outliers") were not included in the calculation. The currency and terms of the bonds used to derive the discount rate are based on the currency and expected terms of the obligations to be settled. The estimated salary and pension increases, which are also considered realistic for the future, were derived from the averages of recent years. Separate employee turnover rates were applied for each company depending on the composition of the workforce and the employees' length of service. The retirement age used for the calculation is based on the applicable legal regulations. Individual, country-specific assumptions were made for each of the other countries to determine the discount rate, salary increases, employee turnover rates and retirement age.

The parameters used to calculate the defined benefit pension plans in Austria included the biometric data from AVÖ 2018 P – the calculation base for pension insurance for salaried employees

The following biometric data and assumptions are used in other countries:

- Indonesia: Tabel Mortalita Indonesia (TMI 2019)
- Czech Republic: AVÖ 2018-P
- Other: No biometric assumptions were made because of the low number of beneficiaries.

The obligations (carrying amounts) from defined benefit pension and severance plans reported in the consolidated statement of financial position comprise the following:

Development of defined benefit plans EUR '000

	Present value of pension and severance payment obligation (DBO)		Fair value of plan assets		Carrying amounts of defined benefit pension and severance plans	
	2025	2024	2025	2024	2025	2024
As at 01/01	78,085	80,982	2,221	2,344	75,864	78,638
Service cost						
Current service cost	2,966	3,419	0	0	2,966	3,419
Gain/loss on curtailments of plan	(47)	0	0	0	(47)	0
Net interest	2,933	3,138	68	75	2,865	3,063
Income and expenses from defined benefit plans recognized in the income statement	**5,852**	**6,557**	**68**	**75**	**5,784**	**6,483**
Remeasurement during the reporting period						
On the basis of demographic assumptions	(7)	(599)	0	0	(7)	(599)
On the basis of financial assumptions	(909)	(175)	0	0	(909)	(175)
On the basis of experience adjustments	(779)	3,664	0	0	(779)	3,664
On the basis of income from plan assets, excl. amounts included in interest income	0	0	95	86	(95)	(86)
Remeasurement of defined benefit plans recognized in other comprehensive income	**(1,695)**	**2,891**	**95**	**86**	**(1,790)**	**2,805**
Cash flows						
Payments made from the plan	(283)	(283)	(283)	(283)	0	0
Direct payments and contributions by the employer	(11,526)	(12,219)	0	0	(11,526)	(12,219)
Currency translation adjustment	(2,164)	158	0	0	(2,164)	158
Other reconciliation items	**(13,973)**	**(12,345)**	**(283)**	**(283)**	**(13,690)**	**(12,061)**
As at 31/12	**68,269**	**78,085**	**2,101**	**2,221**	**66,168**	**75,864**
Thereof pensions in Austria	16,944	18,589	2,101	2,221	14,843	16,368
Thereof severance payments in Austria	29,359	39,831	0	0	29,359	39,831
Thereof pensions and severance payments in other countries	19,388	19,666	0	0	19,388	19,666
Thereof restructuring measures	2,578	0	0	0	2,578	0

Sensitivity analyses are performed to evaluate the risk of changes in the actuarial parameters used to measure the present value of the obligations from defined benefit plans. These sensitivity analyses show the effects on the present value of the obligations from hypothetical changes in key parameters that could have reasonably changed as at the reporting date. One parameter was changed for each analysis, while all other parameters were kept constant. The sensitivity analyses are based on the present values of the obligations as at the reporting date before the deduction of plan assets (gross obligation/DBO) and before reclassification from or to other provisions for restructuring measures.

The sensitivities of the parameters as at the reporting dates are as follows:

Sensitivity analysis of the defined benefit pension and severance payment obligations

31/12/2025	Change in parameters (percentage points)	Decrease in parameter/ change in present value of obligation in EUR '000	Increase in parameter/ change in present value of obligation in EUR '000
Discount rate	1.0	5,098	(4,492)
Salary increase	1.0	(3,565)	3,980
Pension increase	1.0	(943)	1,040

Sensitivity analysis of the defined benefit pension and severance payment obligations (previous year)

31/12/2024	Change in parameters (percentage points)	Decrease in parameter/ change in present value of obligation in EUR '000	Increase in parameter/ change in present value of obligation in EUR '000
Discount rate	1.0	5,991	(5,264)
Salary increase	1.0	(4,168)	4,658
Pension increase	1.0	(1,084)	1,201

The above sensitivity analyses represent hypothetical changes based on assumptions. Actual deviations from these assumptions will result in other effects. In particular, the parameters changed individually for the analysis may actually correlate with each other. The deduction of plan assets and of the amount reclassified from or to other provisions for restructuring will lead to a further reduction of the effects.

The weighted average terms (durations) of the defined benefit pension and severance payment obligations in years are as follows:

Weighted average durations of the defined benefit pension and severance payment obligations — Years

	31/12/2025	31/12/2024
Austria – pensions	6	7
Austria – severance payments	8-19	8-20
Indonesia	7	7
Czech Republic	8	8

Defined contribution plans (for pensions and severance payments)

The Lenzing Group makes payments to pension funds and similar external funds for defined contribution pension and severance plans. The most significant defined contribution pension and severance plans for the Lenzing Group are located in Austria ("new severance payment system" and individual contractual commitments).

The expenses for defined contribution plans are as follows:

Expenses for defined contribution plans — EUR '000

	2025	2024
Austria – pensions	2,004	2,224
Austria – severance payments	3,560	3,140
Other countries	6,311	6,088
Total	**11,875**	**11,452**

Provisions for jubilee benefits

Collective agreements require Lenzing AG and certain subsidiaries, particularly in Austria and the Czech Republic, to pay jubilee benefits to employees who have been with the company for a certain length of time. In the Austrian companies employees have the option to convert the jubilee benefits into time credits. No assets were segregated from the company and no contributions were made to a pension fund or any other external fund to cover these obligations. The jubilee benefits do not require any contributions by employees.

The obligations from jubilee benefits for employees (long-service bonuses) are considered other long-term employee benefits under IFRS. The net interest expense from jubilee benefits (expenses from the accrued interest on the obligations) is recorded under financing costs. The discount rate applied to the Austrian obligations is similar to the discount rate used for the other defined benefit plans. Employee turnover rates were determined separately for each company depending on the composition of the workforce and employees' length of service. Individual, country-specific assumptions were made regarding the discount rate, employee turnover rates and salary increases in the other countries.

The main actuarial parameters applied to the obligations for jubilee benefits are as follows:

Actuarial assumptions for the jubilee benefit obligations p. a. in %

31/12/2025	Discount rate	Salary increase	Staff turnover deductions
Austria	4.1	3.0	0.0-12.2
Czech Republic	3.8	4.0	1.6
31/12/2024			
Austria	3.5	3.0	0.0-10.5
Czech Republic	3.4	4.2	1.6

The following table shows the development of the obligation (provision) for jubilee benefits:

Development of the jubilee benefit obligation (provision) EUR '000

	2025	2024
As at 01/01	**15,512**	**14,766**
Service cost		
Current service cost	908	918
Net interest	518	507
Remeasurement during the reporting period		
On the basis of demographic assumptions	(912)	(568)
On the basis of financial assumptions	(828)	1
On the basis of experience adjustments	(549)	1,125
Income and expenses from jubilee benefit obligations recognized in the income statement	**(862)**	**1,982**
Cash flows		
Direct payments by employer	(1,544)	(1,237)
Currency translation adjustment	(5)	1
Other reconciliation items	**(1,549)**	**(1,236)**
As at 31/12	**13,100**	**15,512**

Other provisions

Other provisions developed as follows:

Development of other provisions EUR '000

2025	As at 01/01	Currency translation adjustment	Reclassification	Utilization	Reversal	Addition	As at 31/12	Thereof current	Thereof non-current
Restructuring measures	6,901	0	2,578	(4,227)	(2,674)	9,503	**12,081**	12,081	0
Anticipated losses and other risks	2,475	(276)	0	0	(2,199)	0	**0**	0	0
Emission certificates	8,803	19	0	(8,596)	(1)	12,855	**13,080**	13,080	0
Sundry	1,942	40	0	(1,415)	(97)	1,053	**1,522**	1,305	218
Total	**20,120**	**(216)**	**2,578**	**(14,238)**	**(4,971)**	**23,410**	**26,683**	**26,465**	**218**

Development of other provisions (previous year) EUR '000

2024	As at 01/01	Currency translation adjustment	Reclassification	Utilization	Reversal	Addition	As at 31/12	Thereof current	Thereof non-current
Restructuring measures	24,087	0	(3,796)	(12,681)	(1,308)	600	**6,901**	6,901	0
Anticipated losses and other risks	10,806	303	0	0	(9,096)	462	**2,475**	2,475	0
Emission certificates	9,972	(19)	0	(9,303)	(86)	8,239	**8,803**	8,803	0
Sundry	7,218	(77)	0	(3,938)	(2,999)	1,738	**1,942**	1,081	861
Total	**52,082**	**206**	**(3,796)**	**(25,922)**	**(13,489)**	**11,039**	**20,120**	**19,259**	**861**

The measurement of provisions is based on past experience, current cost and price information and estimates/appraisals by internal and external experts. The assumptions underlying the provisions are reviewed regularly. The actual values may differ from these assumptions if general conditions develop in contrast to expectations as at the reporting date. Changes are recognized in profit or loss when better information is available, and the premises are adjusted accordingly.

As in the previous year, other provisions for restructuring measures in the 2025 financial year relate particularly to provisions due to staff reductions as part of reorganization and cost-cutting programs. The provisions were formed particularly for resultant severance payments and termination benefits. As at December 31, 2025, provisions amounting to EUR 2,578 thousand (December 31, 2024: EUR 0 thousand), originating from provisions previously formed (in particular from the statutory provision for severance payments; see section "Defined benefit plans (for pensions and severance payments)"), were included in the provisions for restructuring measures. In the 2024 financial year, a reclassification back of EUR 3,796 thousand of provisions that had already been recognized as at December 31, 2023, was carried out (in particular from the statutory provision for severance payments; see the section "Defined benefit plans (for pensions and severance payments)"). The remaining amount of the necessary provisions of EUR 9,503 thousand (2024: EUR 600 thousand) was allocated mainly to personnel expenses and to other operating expenses (administrative expenses). The total provisions of EUR 12,081 thousand (December 31, 2024: EUR 6,901 thousand) are expected to be fully utilized within the next 12 months.

In the financial year 2024, other provisions for anticipated losses and other risks included, in particular, provisions for onerous procurement contracts of EUR 2,475 thousand and for other onerous contracts. These were completely reversed in the 2025 financial year. Other provisions for emission certificates comprise the equivalent value of the emission certificates used.

The other current provisions and accruals were expected to lead to an outflow of funds within the next twelve months. The outflow of funds arising from the long-term portion of other provisions is dependent on various factors (in particular, guarantee and warranty periods, contract terms and other events).

Note 31. Trade payables

The Lenzing Group participates in reverse factoring arrangements under which suppliers can elect to receive payment of their invoices earlier from a bank. Under this arrangement, the bank offers to pay invoices owed by the Lenzing Group to participating suppliers, and the Lenzing Group pays the bank at a later date.

These reverse factoring agreements enable the Lenzing Group to centralize the payment of trade payables to the bank and to enable efficient payment processes, rather than paying each supplier individually. In addition, participating suppliers can be offered early payment dates compared to the due date of the invoices concerned. From the Lenzing Group's perspective, the agreements do not significantly extend the payment period compared to normal payment periods with other not participating suppliers. However, the agreements offer participating suppliers the advantage of earlier payment. As a consequence, the amounts covered by these agreements are reported under trade payables, as the nature and function of these liabilities remain the same as for other trade payables.

The present value test and qualitative analyses indicate that these agreements do not significantly change the contract terms (in particular payment terms and interest rates). The agreements do not lead to the reclassification of the trade payables involved to another class of liability under civil law or IFRS regulations from the Lenzing Group's perspective. Consequently, there are no changes to the presentation on the consolidated statement of financial position (under trade payables) or the consolidated statement of cash flows (under cash flow from operating activities). The Lenzing Group has not derecognized the original trade payables subject to these agreements, as it has neither been legally released from the obligation nor has the liability been materially modified by entering into the agreement.

From the Lenzing Group's perspective, the payments made by banks to suppliers represent non-cash transactions. The payments rendered by the Lenzing Group to the banks are included in the cash flow from operating activities, as the factual connection to the original liability and thereby the financial background of the cash outflows remains. As in the previous year, the Lenzing Group has not provided any collateral.

Supplier Finance Arrangements TEUR

Reverse factoring agreements	31/12/2025	31/12/2024	Presentation in the consolidated statement of financial position
Carrying amount of liabilities affected by the agreements	110,002	114,059	Trade payables
thereof payments already effected by banks	98,682	99,792	
Payment services	**31/12/2025**	**31/12/2024**	**Presentation in the consolidated statement of financial position**
Carrying amount of liabilities affected by the agreements	100,529	64,480	Other financial liabilities
thereof payments already effected by payment services	100,529	64,480	

Range of due dates in days

	2025		2024	
	Affected by reverse factoring agreement	Not affected by reverse factoring agreement	Affected by reverse factoring agreement	Not affected by reverse factoring agreement
Austrian reverse factoring agreement	120 - 180	45 - 90	120 - 180	45 - 90
Brazilian reverse factoring agreement	10 - 90	10 - 150	10 - 90	10 - 150

In the 2024 financial year, a supplier financing program was concluded with a payment service provider for trade payables. Further details can be found in note 32.

The liquidity risk of the supplier finance agreements is a concentration since the supplier finance agreements currently in place have been made with only two financial institutions and one payment service provider, giving rise to the risk of a revocation of the supplier finance agreements by the same financial institution or the same payment service provider. The liabilities affected by these supplier finance agreements are settled in accordance with the agreed due date. The related, estimated outflows are taken into account in liquidity planning. The Lenzing Group assesses the risk concentration with regard to sufficient financing sources as rather low because the risk spread of the Lenzing Group's financing over different financial institutions is maintained. Furthermore, the supplier finance agreements include no material financing component. A potential discontinuation of these agreements would result in an increase in financing requirements. Liabilities relating to reverse factoring agreements amount to 34.0 percent as at the reporting date (December 31, 2024: 29.5 percent) relative to the group's total trade payables. Liabilities to payment service providers amounted to 52.0 percent (December 31, 2024: 38.8 percent) of other financial liabilities as at the balance sheet date . No non-cash changes occurred to the carrying amount of the financial liabilities covered by the supplier financing agreements.

Information regarding the liquidity and foreign currency risk of the group exposure is presented in note 37.

Note 32. Other liabilities

Other non-current liabilities comprise both financial and non-financial items. Other non-current financial liabilities as at December 31, 2025 are reported in the amount of EUR 12,218 thousand (December 31, 2024: EUR 5,254 thousand), and relate in particular to a dividend resolved for distribution to non-controlling shareholders in the amount of EUR 8,525 thousand (December 31, 2024: EUR 0 thousand) and to derivatives and other liabilities. The reported non-financial liabilities amount to EUR 4,369 thousand as at December 31, 2025 (December 31, 2024: EUR 4,542 thousand), and mainly include accrued items for personnel expenses and partial retirement obligations.

Other current liabilities consist of the following:

Other current liabilities EUR '000

	31/12/2025	31/12/2024
Other current financial liabilities		
Supplier finance arrangements (payment services)	100,529	64,480
Other accruals	28,790	35,531
Interest accruals	25,575	20,413
Customer payments from factoring not yet forwarded	10,968	10,120
Contract liabilities - accruals for discounts and rebates (see note 5)	5,961	4,033
Derivatives not yet settled (open positions)	3,713	20,484
Dividend payable to non-controlling shareholders	2,085	0
Other current financial liabilities	3,465	6,054
	181,086	**161,115**
Other current non-financial liabilities		
Accruals for personnel expenses	35,445	84,035
Contract liabilities - down payments received (see note 5)	19,508	18,830
Wage and salary liabilities	9,667	9,452
Social security liabilities	8,199	8,391
Liabilities from other taxes	5,831	7,822
Deferred income and other	1,393	2,276
	80,043	**130,806**
Total	**261,129**	**291,921**

The other accruals mainly cover liabilities for the delivery of goods and the performance of services by third parties which have not yet been invoiced.

In the 2024 financial year, the Lenzing Group started supplier financing agreements with suppliers of individual Group companies. The payment service provider settles the original trade payables on the respective invoice due date, discharging the debt, which results in a change of presentation in the consolidated statement of financial position. Liabilities to the payment service provider are shown as other current financial liabilities. Under the supplier financing agreements, the Lenzing Group pays the payment service provider 61 days (2024: 60 days) after the invoice due date. The payments rendered to the payment service providers are included in the cash flow from operating activities, as the factual connection to the original liability and thereby the financial background of the cash outflows remains. The Lenzing Group regards the payments made by the payment service provider as non-cash transactions (see note 31).

The accruals for personnel costs consist primarily of liabilities for short-term claims by active and former employees (in particular, for unused vacation and compensation time, overtime and performance bonuses).

Notes to the Consolidated Statement of Cash Flows

Note 33. Disclosures on the Consolidated Statement of Cash Flows

Liquid funds represent cash and cash equivalents as shown in the statement of financial position. Cash and cash equivalents include cash in hand and cash at banks, demand deposits, checks and short-term time deposits. Due to customer payments from factoring that have not yet been forwarded, cash and cash equivalents amounting to EUR 10,968 thousand (31 December 2024: EUR 10,120 thousand) are not freely available as at 31 December 2025 (see Note 32).

Other non-cash income and expenses in both the 2025 financial year and the previous year include the measurement of inventories as well as non-cash changes in provisions. Other non-cash income/expenses also contain unrealized net foreign exchange rate gains/losses and measurement effects from receivables.

Cash flows from investing activities (purchases of intangible assets, property, plant and equipment and biological assets) are adjusted either for payments not yet rendered to suppliers in the current period, or for payments rendered to suppliers for payables from prior periods. In the 2025 financial year, these mainly comprise payments not yet made to suppliers in the current period in the amount of EUR 12,350 thousand (2024: EUR 6,347 thousand).

Cash flow from financing activities includes repayments of hybrid capital in the amount of EUR 236,700 thousand and cash inflows from the issuance of hybrid capital in the amount of EUR 236,700 thousand (before deduction of transaction costs). For non-cash changes, please refer to note 26.

Reconciliation of loans and borrowings EUR '000

2025		Bond	Private placements	Subtotal bond and private placements	Bank loans	Loans from other lenders	Lease liabilities	Subtotal other financial liabilities	Total
As at 01/01		608,553	334,208	942,761	1,008,322	33,049	123,862	1,165,233	2,107,994
Cash flows	Increase in loans and borrowings	0	0	0	366,365	1,761	0	368,126	368,126
	Repayment of loans and borrowings	0	(68,500)	(68,500)	(136,809)	(4,925)	(25,983)[1]	(167,716)	(236,216)
Non-cash changes	Currency translation adjustment	(67,710)	0	(67,710)	(40,304)	0	(865)	(41,169)	(108,879)
	Discounting/accrued interest	1,780	129	1,908	5,126	0	15,420	20,547	22,455
	Additions to lease liabilities	0	0	0	0	0	16,388	16,388	16,388
	Other changes	0	0	0	0	0	(334)	(334)	(334)
As at 31/12		**542,622**	**265,837**	**808,459**	**1,202,701**	**29,885**	**128,488**	**1,361,074**	**2,169,533**

1) The repayment of lease liabilities comprises the repayment portion of lease payments in the amount of EUR 10,631 thousand, and interest payments in the amount of EUR 15,352 thousand.

Reconciliation of loans and borrowings (previous year) EUR '000

2024		Bond	Private placements	Subtotal bond and private placements	Bank loans	Loans from other lenders	Lease liabilities	Subtotal other financial liabilities	Total
As at 01/01		0	567,805	567,805	1,687,892	37,890	142,107	1,867,889	2,435,694
Cash flows	Increase in loans and borrowings	581,763	0	581,763	309,340	101	0	309,441	891,204
	Repayment of loans and borrowings	0	(236,431)	(236,431)	(1,062,069)	(4,941)	(26,149)[1]	(1,093,159)	(1,329,590)
Non-cash changes	Currency translation adjustment	26,311	2,607	28,918	30,060	(2)	(20,952)	9,107	38,025
	Discounting/accrued interest	479	227	705	43,099	0	15,958	59,056	59,762
	Additions to lease liabilities	0	0	0	0	0	13,153	13,153	13,153
	Other changes	0	0	0	0	0	(254)	(254)	(254)
As at 31/12		**608,553**	**334,208**	**942,761**	**1,008,322**	**33,049**	**123,862**	**1,165,233**	**2,107,994**

1) The repayment of lease liabilities comprises the repayment portion of lease payments in the amount of EUR 10,257 thousand, and interest payments in the amount of EUR 15,892 thousand.

Note 34. Capital risk management

General information

The overriding objective of equity and debt management in the Lenzing Group is to optimize the income, expenditures and assets of the individual operations/business units and of the Group as a whole in order to achieve and maintain sustainably strong economic performance and a sound balance sheet structure. An important role in this process is played by financial leverage capacity, the protection of sufficient liquidity at all times and a clear focus on key cash-related and performance indicators in line with the Group's strategic course and long-term goals. This protects the ability of the group companies to operate on a going concern basis. In addition, the authorized capital and contingent capital give Lenzing AG greater flexibility in raising additional equity in order to take advantage of future market opportunities.

The equity management strategy followed by the Lenzing Group is designed to ensure that Lenzing AG and the other group companies have an adequate equity base to meet local requirements.

Management uses an adjusted equity ratio for internal control purposes. Adjusted equity is calculated in accordance with IFRS and comprises equity as well as investment grants less the related deferred taxes. The adjusted equity ratio (= adjusted equity in relation to total assets) equaled 29.6 percent as at December 31, 2025 (December 31, 2024: 34.7 percent).

Adjusted equity is calculated as follows:

Adjusted equity EUR '000

	31/12/2025	31/12/2024
Equity	1,305,342	1,652,001
+ Government grants	75,228	95,623
- Proportional share of deferred taxes on government grants	(17,047)	(21,700)
Total	**1,363,522**	**1,725,924**

The dividend policy of Lenzing AG, as the parent company of the Lenzing Group, is based on the principles of continuity and a long-term focus in order to support the future development of the company, to distribute dividends to shareholders in line with the company's opportunity and risk situation, and to appropriately reflect the interests of all other stakeholders who are decisive for the company's success.

Net financial debt

The Supervisory Board and Managing Board of Lenzing AG regularly review the development of net financial debt because this indicator is an extremely important benchmark not only for the Group's management, but also for the financing banks. The ratio of net financial debt to EBITDA is particularly relevant. The continued optimal development of the Lenzing Group is only possible with convincing internal financing strength as the basis for increased debt capacity.

Interest-bearing financial liabilities are classified as follows:

Interest-bearing loans and borrowings EUR '000

	31/12/2025	31/12/2024
Non-current loans and borrowings	1,667,411	1,828,545
Current loans and borrowings	502,122	279,449
Total	**2,169,533**	**2,107,994**

Liquid assets consist of the following:

Liquid assets EUR '000

	31/12/2025	31/12/2024
Cash and cash equivalents	675,007	442,297
Liquid bills of exchange (in trade receivables)	15,899	9,384
Total	**690,906**	**451,681**

Net financial debt in absolute terms and in relation to EBITDA is as follows:

Net financial debt (absolute) EUR '000

	31/12/2025	31/12/2024
Interest-bearing loans and borrowings	2,169,533	2,107,994
- Liquid assets	(690,906)	(451,681)
Net financial debt incl. lease liabilities	**1,478,627**	**1,656,314**
- Current lease liabilities	(10,949)	(9,637)
- Non-current lease liabilities	(117,539)	(114,225)
Net financial debt	**1,350,139**	**1,532,452**

Net financial debt in relation to EBITDA EUR '000

	31/12/2025	31/12/2024
EBITDA	413,029	395,426
Net financial debt / EBITDA	3.3	3.9

Note 35. Disclosures on financial instruments

Carrying amounts, fair values, measurement categories and measurement methods

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities for each class and each IFRS 9 category and reconciles this information to the appropriate line items on the statement of financial position. The balance sheet items loans and borrowings (non-current and current) include lease liabilities that are to be regarded as financial liabilities but are not allocated to a measurement category in accordance with IFRS 9. They are reported in the “no financial instruments” column to enable a reconciliation to the balance sheet item. In addition, the (current) provisions balance sheet item is reported as a financial liability. However, this is also not allocated to an IFRS 9 measurement category and is consequently also reported in the "no financial instruments" column.

Carrying amounts, category, fair value and fair value hierarchy of financial instruments

EUR '000

Financial assets as at 31/12/2025	Carrying amount						Fair value	
	At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income		No financial instrument	Total	Fair value	Fair value hierarchy
			Equity instruments	Cash flow hedges				
Originated loans	55,523					**55,523**	54,506	Level 3
Non-current securities		6,906				**6,906**	6,906	Level 1
Other equity investments			12			**12**	12	1
Current securities			6,525			**6,525**	6,525	Level 1
Other investments (current and non-current)	**55,523**	**6,906**	**6,537**	**0**	**0**	**68,965**	**67,949**	
Trade receivables	**245,318**	**0**	**0**	**0**	**0**	**245,318**	**245,318**	1
Derivatives with a positive fair value (cash flow hedges)				324		**324**	324	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		1,159				**1,159**	1,159	Level 2
Other	33,570					**33,570**	33,570	1
Other financial assets (current and non-current)	**33,570**	**1,159**	**0**	**324**	**0**	**35,054**	**35,054**	
Cash and cash equivalents	**675,007**	**0**	**0**	**0**	**0**	**675,007**	**675,007**	1
Total	**1,009,419**	**8,065**	**6,537**	**324**	**0**	**1,024,345**	**1,023,328**	

Financial liabilities as at 31/12/2025	Carrying amount						Fair value	
	At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income		No financial instrument	Total	Fair value	Fair value hierarchy
			Cash flow hedges/Fair value hedges	Retained earnings				
Bond	542,622					**542,622**	580,851	Level 1
Private placements	265,837					**265,837**	258,255	Level 3
Liabilities to banks	1,202,701					**1,202,701**	1,213,368	Level 3
Liabilities to other lenders	29,885					**29,885**	26,813	Level 3
Lease liabilities					128,488	**128,488**		
Loans and borrowings	**2,041,045**	**0**	**0**	**0**	**128,488**	**2,169,533**	**2,079,287**	
Trade payables	**323,583**	**0**	**0**	**0**	**0**	**323,583**	**323,583**	1
Provisions (current)	**0**	**0**	**0**	**0**	**33,866**	**33,866**		
Puttable non-controlling interests	**0**	**0**	**0**	**285,818**	**0**	**285,818**	**285,818**	Level 3
Derivatives with a negative fair value (cash flow hedges)			6,155			**6,155**	6,155	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		143				**143**	143	Level 2
Contingent consideration		10				**10**	10	Level 2
Other	186,996					**186,996**	186,996	1
Other financial liabilities (current and non-current)	**186,996**	**153**	**6,155**	**0**	**0**	**193,304**	**193,304**	
Total	**2,551,625**	**153**	**6,155**	**285,818**	**162,354**	**3,006,104**	**2,881,992**	

1) The carrying amount approximates fair value.

Carrying amounts, category, fair value and fair value hierarchy of financial instruments (previous year) **EUR '000**

Financial assets as at 31/12/2024	Carrying amount: At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Cash flow hedges	No financial instrument	Total	Fair value: Fair value	Fair value hierarchy
Originated loans	30,512					**30,512**	26,421	Level 3
Non-current securities		6,582				**6,582**	6,582	Level 1
Other equity investments			12			**12**	12	1
Current securities			11,301			**11,301**	11,301	Level 1
Other investments (current and non-current)	**30,512**	**6,582**	**11,314**	**0**	**0**	**48,407**	**44,317**	
Trade receivables	**318,182**	**0**	**0**	**0**	**0**	**318,182**	**318,182**	1
Derivatives with a positive fair value (cash flow hedges)				2,250		**2,250**	2,250	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		270				**270**	270	Level 2
Other	25,675					**25,675**	25,675	1
Other financial assets (current and non-current)	**25,675**	**270**	**0**	**2,250**	**0**	**28,195**	**28,195**	
Cash and cash equivalents	**442,297**	**0**	**0**	**0**	**0**	**442,297**	**442,297**	1
Total	**816,666**	**6,852**	**11,314**	**2,250**	**0**	**837,081**	**832,991**	

Financial liabilities as at 31/12/2024	Carrying amount: At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income: Cash flow hedges/Fair value hedges	At fair value through other comprehensive income: Retained earnings	No financial instrument	Total	Fair value: Fair value	Fair value hierarchy
Bond	608,553					**608,553**	624,701	Level 1
Private placements	334,208					**334,208**	333,340	Level 3
Liabilities to banks	1,008,322					**1,008,322**	1,030,105	Level 3
Liabilities to other lenders	33,049					**33,049**	32,453	Level 3
Lease liabilities					123,862	**123,862**		
Loans and borrowings	**1,984,132**	**0**	**0**	**0**	**123,862**	**2,107,994**	**2,020,599**	
Trade payables	**386,383**	**0**	**0**	**0**	**0**	**386,383**	**386,383**	1
Provisions (current)	**0**	**0**	**0**	**0**	**28,520**	**28,520**		
Puttable non-controlling interests	**0**	**0**	**0**	**230,954**	**0**	**230,954**	**230,954**	**Level 3**
Derivatives with a negative fair value (cash flow hedges)			15,213			**15,213**	15,213	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		7,729				**7,729**	7,729	Level 2
Contingent consideration		1,150				**1,150**	1,150	Level 2
Other	142,277					**142,277**	142,277	1
Other financial liabilities (current and non-current)	**142,277**	**8,878**	**15,213**	**0**	**0**	**166,369**	**166,369**	
Total	**2,512,793**	**8,878**	**15,213**	**230,954**	**152,382**	**2,920,220**	**2,804,305**	

1) The carrying amount approximates fair value.

Depending on the classification/measurement category, financial instruments are subsequently measured at (amortized) cost or fair value. The Lenzing Group uses the following measurement categories: "at amortized cost", "at fair value through profit or loss" and "at fair value through other comprehensive income". The measurement category "at fair value through profit or loss" is solely used for financial assets that are mandatorily measured at fair value.

The Lenzing Group accounts for reclassifications in the fair value hierarchy at the end of the reporting period in which the changes occur. In the 2025 and 2024 financial years, no shifts occurred between the various levels of the fair value hierarchy for financial instruments.

Where valuations of financial instruments are conducted by external institutions (banks), these are monitored by the Lenzing Group and subjected to a further review and, where appropriate, adopted for financial accounting purposes. The necessary market data are validated on the basis of the dual control principle.

In light of the varying influencing factors, the fair values presented can only be regarded as indicators of the values that could actually be realized on the market.

Financial assets

Securities are measured at fair value and, due to the exercise of the corresponding option, measurement is recognized directly in equity. In the 2025 financial year the entire interest in the company Spinnova OY, Jyväskylä, Finland, was divested (2024: partial disposal). In addition, some of the ordinary shares in Oberbank were sold in the 2025 and 2024 financial years (see note 22).

The fair values of loans are determined using the discounted cash flow method. This involves calculating the expected future contractual cash flows over the remaining term and discounting them at a current market interest rate observed on the market. The loans mainly result from the loan agreement between LD Celulose S.A. and LD Florestal S.A. (see note 38).

The fair value of shares is derived from the current stock exchange prices. These securities are assigned to the category "at fair value through other comprehensive income".

The fair value of investment funds is derived from the latest calculated value. These securities are assigned to the category "at fair value through profit or loss".

The other equity investments are classified as "at fair value through other comprehensive income".

Bond

The fair value of the bond issued is derived from the current market price, and its fair value changes are especially due to changes in market interest rates and the credit rating of LD Celulose International GmbH, Vienna, as well as of its guarantors LD Celulose S.A., Indianópolis, Brazil, and LD Florestal S.A. Indianópolis, Brazil.

Puttable non-controlling interests

The Dexco-Group has a put option and has the right to sell its shares in LD Celulose S.A., Indianópolis, Brazil, within certain periods, upon expiry of time or upon the occurrence of a contractually defined change of control regarding the owner of the Lenzing Group (change of control clause). This obligation is recognized under liabilities from puttable non-controlling interests. The liability from puttable non-controlling interests is subsequently measured at fair value directly through retained earnings (not in profit or loss). The fair value of these puttable non-controlling interests is determined based on the planned or projected cash flows less cost of disposal and net debt at the measurement date. The budget approved by the Management and Supervisory Boards and the medium-term plans approved by the Management Board are the starting point for the cash flow projections. After the detailed planning period of five years, a 25-year return based on a sustainable EBITDA margin is expected based on the assumptions for the last year. The planning period for the calculation of fair value is contractually limited to a maximum of 30 years. Cash flows are discounted to their present value with a discounted cash flow method. The applied discount rate represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. An after-tax WACC of 7.7 percent (December 31, 2024: 8.2 percent) was used at the measurement date. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market.

Development of level 3 fair values of puttable non-controlling interest **EUR '000**

	2025	2024
As at 01/01	230,954	249,418
Measurement of puttable non-controlling interest recognized directly in equity	54,864	(18,464)
As at 31/12	**285,818**	**230,954**

The determined fair value would increase (decrease) if the EBITDA increased (decreased) or if the after-tax WACC decreased (increased). A change of these unobservable input factors would have the following effects on the measurement of puttable non-controlling interests:

Sensitivity analysis of level 3 input factors for puttable non-controlling interest **EUR '000**

	Measurement result offset against retained earnings			
	31/12/2025		31/12/2024	
Puttable non-controlling interests	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA (+/- 1%)	8,548	(8,548)	9,058	(9,058)
Discount rate (WACC) after tax (+/- 0.25%)	(13,097)	13,516	(13,424)	13,876

The sensitivities are determined by conducting the measurements again using the changed parameters.

Other financial liabilities

The fair values of the other financial liabilities are determined in accordance with generally accepted valuation methods based on the discounted cash flow method. The most important input factor is the discount rate, which incorporates the available market data (risk-free interest rates) and the credit standing of the Lenzing Group, which is not observable on the market. The fair values of the financial guarantee contracts represent the estimated expected default arising from the maximum possible payment obligation and the expected loss.

The fair value of the contingent consideration is determined by means of option valuation using an arbitrage-free Monte Carlo model approach. The gas price (TTF ICE) is the main input factor in this context. This liability with a carrying amount of EUR 10 thousand (December 31, 2024: EUR 1,150 thousand) is assigned to the category "at fair value through profit or loss". The change was recognized under income from non-current and current financial assets and liabilities (see note 13).

Derivative financial instruments and hedges

Derivatives are measured at fair value. The fair value of derivatives is calculated using standard methods based on the market data available at the measurement date (in particular exchange rates and interest rates). Currency and commodity forwards are measured at the respective forward rate or price at the reporting date. These forward rates or prices are based on the spot rates or prices and include forward premiums and discounts. The Group's own models are used to estimate the measurement. The measurement of derivatives also includes the counterparty risk (credit risk/counterparty risk/non-performance risk) in the form of discounts to the fair value that would be used by a market participant for pricing.

Basically, the Lenzing Group applies the hedge accounting rules defined by IFRS 9 to the following derivative financial instruments. The retrospective hedging effect or ineffectiveness is evaluated with the dollar-offset method, which compares the accumulated changes in the fair value of the hedged items with the accumulated changes in the fair value of the hedges in line with the compensation method.

The measurement of the hedged item is offset by the hedge and is therefore effective. Risks of ineffectiveness include the credit risk of a counterparty, a significant change in the credit risk of a contractual party in the hedging relationship or the change of time of payment of the hedged item, reduction of the total invoice amount or price of the hedged item. Risks are always hedged in their entirety. The target hedging ratio for the hedged nominal values is about 67 percent.

The critical terms of payment of the hedged items and hedging instruments (in particular, the nominal value and time of payment) are generally identical or offset one another ("critical terms match"). Therefore, when forming a measurement unit, the Managing Board considers the offsetting of value changes of the hedged items and of the hedging instrument resulting from changes of the hedged risk as highly effective.

Cash flow hedge derivatives for currency risks

The Lenzing Group uses derivative financial instruments to hedge currency risks arising from the operating business. These derivative financial instruments serve to balance the variability of cash flows from future transactions. Hedges are determined in advance on the basis of the expected purchases and sales in the relevant foreign currency. In hedging future cash flows in foreign currencies (cash flow hedges), the Lenzing Group typically hedges the risk up to the time of the foreign currency payment. Hedge effectiveness is measured by grouping the hedged items and hedging instruments together in at least quarterly maturity ranges for each hedged risk. Cash flow hedges whose underlying hedged item was already recognized in profit or loss are used to hedge foreign currency receivables/liabilities that were recognized at the reporting date but do not impact cash until a later time.

Lenzing AG has arranged currency hedges to hedge USD loans issued to a subsidiary. Due to the early repayment of part of the loan, the currency hedge was sold to the bank ahead of schedule in the 2024 financial year. A nominal amount of USD 65,000 thousand was terminated early at a rate of 1.12 USD/EUR.

The nominal values and fair values of the cash flow hedges are as follows as at the reporting date:

Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks

31/12/2025								EUR '000
		Nominal value in '000	**Positive fair value**	**Negative fair value**	**Net fair value**	**Hedging period until**	**Average hedging rate**	**Change in fair value used to calculate ineffectiveness**
Forward foreign exchange contracts								
BRL buy / USD sale	BRL	430,000	109	(400)	(290)	12/2026	5.73	349
USD-sale / EUR-buy	USD	37,500	215	0	215	12/2026	1.18	402
Total			**324**	**(400)**	**(76)**			**751**

Fair value: + = receivable, – = liability from the Lenzing Group’s perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks (previous year)

31/12/2024								EUR '000
		Nominal value in '000	**Positive fair value**	**Negative fair value**	**Net fair value**	**Hedging period until**	**Average hedging rate**	**Change in fair value used to calculate ineffectiveness**
Forward foreign exchange contracts								
CNY/CNH-sale / EUR-buy	CNY/CNH	408,300	0	(851)	(851)	09/2025	7.76	(1,195)
CNY/CNH-sale / GBP-buy	CNY/CNH	152,300	0	(146)	(146)	09/2025	9.15	(300)
BRL buy / USD sale	BRL	545,000	7	(6,339)	(6,331)	12/2025	5.94	(6,497)
USD-sale / CZK-buy	USD	81,400	0	(3,917)	(3,917)	09/2025	22.90	(3,166)
USD-sale / EUR-buy	USD	25,400	0	(1,142)	(1,142)	09/2025	1.10	(1,142)
Total			**7**	**(12,395)**	**(12,387)**			**(12,299)**

Fair value: + = receivable, – = liability from the Lenzing Group’s perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items (purchases and sales) designated as hedging instruments as of the balance sheet dates are as follows:

Disclosures on hedged items of cash flow hedge derivatives for currency risks - ineffectiveness **EUR '000**

	2025			2024		
Currency risks	**Change in fair value used to calculate ineffectiveness**	**Ineffectiveness**	**Line item in the income statement**	**Change in fair value used to calculate ineffectiveness**	**Ineffectiveness**	**Line item in the income statement**
Sales	402	0	Financial result	(5,802)	0	Financial result
Purchases	349	0	Financial result	(6,497)	0	Financial result
Total	**751**	**0**		**(12,299)**	**0**	

Cash flow hedge derivatives for combined interest rate/currency risks and interest rate risks

The Lenzing Group deploys derivative financial instruments in order to hedge interest rate/currency risks arising from private placements denominated in US dollars. Hedges are utilized to offset the variability of interest and principal payments resulting from the hedged item. These private placements expired on schedule in December 2024 and were repaid.

The Lenzing Group uses derivative financial instruments to hedge interest rate risks arising from loans taken out with variable interest rates. These hedges are used to offset the variability of cash flows from future interest payments resulting from the hedged item. Some of these hedges were repaid early in the 2024 financial year due to the refinancing of a Lenzing Group subsidiary. The nominal value at the time when the hedge accounting was terminated amounted to USD 395,032 thousand. Due to the early termination, income of EUR 17,377 thousand from the interest rate hedging reserve was reclassified to the consolidated income statement (Financial result).

The nominal values and fair values of the cash flow hedge derivatives for interest rate risks are as follows as at the reporting dates:

Nominal, fair value and hedging period of cash flow hedge derivatives for interest rate risks

				31/12/2025				EUR '000
	Nominal in EUR '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	Average fixed interest rate	Average hedging rate	Change in fair value used to calculate ineffectiveness
Interest rate derivative								
Fixed purchase / variable sale	100,000	0	(1,455)	(1,455)	12/2028	2.98	-	(1,455)
Total	**100,000**	**0**	**(1,455)**	**(1,455)**				**(1,455)**

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

Nominal, fair value and hedging period of cash flow hedge derivatives for interest rate risks (previous year)

				31/12/2024				EUR '000
	Nominal in EUR '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	Average fixed interest rate	Average hedging rate	Change in fair value used to calculate ineffectiveness
Interest rate derivative								
Fixed purchase / variable sale	100,000	0	(2,457)	(2,457)	12/2028	2.98	-	(2,426)
Total	**100,000**	**0**	**(2,457)**	**(2,457)**				**(2,426)**

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items (loans) designated as hedging instruments as at the balance sheet dates are as follows:

Disclosures relating to hedged items of cash flow hedge derivatives for interest rate risks - ineffectiveness EUR '000

		2025			2024	
	Change in fair value used to calculate ineffectiveness	Ineffectiveness	Line item in the income statement	Change in fair value used to calculate ineffectiveness	Ineffectiveness	Line item in the income statement
Interest rate derivative						
Fixed purchase / variable sale	(1,455)	0	Financial result	(2,426)	(32)	Financial result
Total	**(1,455)**	**0**		**(2,426)**	**(32)**	

Cash flow hedge derivatives for commodity price risks

In addition to physical purchase contracts, the Lenzing Group deploys derivative financial instruments in order to hedge against gas price risks. These hedges are used to offset the variability of cash flows from future gas price payments deriving from the hedged item.

The nominal values and fair values of the commodity hedges are as follows as at the reporting dates:

Nominal value, fair value and hedging period of cash flow hedge derivatives for commodity price risks

		31/12/2025						EUR '000
		Nominal in MWh	Positive fair value	Negative fair value	Net fair value	Hedging period until	Average hedging rate	Change in fair value used to calculate ineffective-ness
Commodity derivatives								
Gas purchase	EUR	12,048	0	(72)	(72)	03/2026	33.57	32
Gas purchase	EUR	29,231	0	(277)	(277)	12/2026	36.70	277
Gas purchase	GBP	68,838	0	(924)	(924)	03/2026	40.28	852
Gas purchase	GBP	61,947	0	(613)	(613)	06/2026	36.75	533
Gas purchase	GBP	70,372	0	(680)	(680)	09/2026	35.36	596
Gas purchase	GBP	60,167	0	(605)	(605)	12/2026	37.56	514
Gas purchase	GBP	56,627	0	(489)	(489)	03/2027	37.25	410
Gas purchase	GBP	34,962	0	(232)	(232)	06/2027	30.96	183
Gas purchase	GBP	27,238	0	(198)	(198)	09/2027	30.83	159
Gas purchase	GBP	20,435	0	(104)	(104)	12/2027	32.02	73
Gas purchase	GBP	11,103	0	(60)	(60)	03/2028	33.74	34
Gas purchase	GBP	4,996	0	(22)	(22)	06/2028	27.61	13
Gas purchase	GBP	5,674	0	(26)	(26)	09/2028	27.11	17
Total		**463,638**	**0**	**(4,300)**	**(4,300)**			**3,693**

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

Nominal value, fair value and hedging period of cash flow hedge derivatives for commodity price risks (previous year)

		31/12/2024						EUR '000
		Nominal in MWh	Positive fair value	Negative fair value	Net fair value	Hedging period until	Average hedging rate	Change in fair value used to calculate ineffective-ness
Commodity derivatives								
Gas purchase	EUR	8,779	0	(35)	(35)	03/2025	51.60	35
Gas purchase	EUR	51,420	609	0	609	12/2025	34.03	(609)
Gas purchase	EUR	12,048	104	0	104	03/2026	33.57	(104)
Gas purchase	EUR	29,231	36	0	36	12/2026	36.70	(36)
Gas purchase	GBP	38,189	167	(134)	33	03/2025	48.22	(33)
Gas purchase	GBP	62,821	300	(156)	145	06/2025	45.84	(145)
Gas purchase	GBP	89,939	396	(37)	359	09/2025	43.20	(359)
Gas purchase	GBP	64,080	351	0	351	12/2025	40.66	(351)
Gas purchase	GBP	44,404	127	0	127	03/2026	42.42	(127)
Gas purchase	GBP	29,976	81	0	81	06/2026	34.95	(81)
Gas purchase	GBP	17,022	61	0	61	09/2026	32.63	(61)
Gas purchase	GBP	11,348	12	0	12	12/2026	37.03	(12)
Total		**459,257**	**2,242**	**(361)**	**1,882**			**(1,882)**

Fair value: + = receivable, – = liability from the Lenzing Group's perspective
The hedging period represents the period for the expected cash flows and their recognition in profit or loss.

The carrying amounts and the ineffectiveness of the hedged items designated as hedging instruments as at the balance sheet dates are as follows:

Disclosures relating to hedged items of cash flow hedge derivatives for commodity price risks - ineffectiveness EUR '000

	2025			2024		
Commodity derivatives	**Change in fair value used to calculate ineffectiveness**	**Ineffectiveness**	**Line item in the income statement**	**Change in fair value used to calculate ineffectiveness**	**Ineffectiveness**	**Line item in the income statement**
Commodity price risks						
Purchases	3,693	(64)	Cost of sales	(1,882)	0	Cost of sales
Total	**3,693**	**(64)**		**(1,882)**	**0**	

Hedging Reserve

The change in the hedging reserve is as follows:

Changes in the hedging reserve EUR '000

	2025			2024		
	Hedging reserve	**Cost of hedging**	**Total**	**Hedging reserve**	**Cost of hedging**	**Total**
Hedging reserve as at 01/01	(28,876)	5,465	(23,411)	3,654	5,377	9,031
Currency risks	34,308	0	34,308	(21,450)[1]	0	(21,450)
Combined interest rate/currency risks	0	0	0	3,238	0	3,238
Interest rate risks	283	0	283	(2,711)	0	(2,711)
Commodity price risks	(8,010)	0	(8,010)	2,964	0	2,964
Cash flow hedges - changes in fair value recognized during the year	26,581	0	26,581	(17,960)	0	(17,960)
Currency risks	(14,574)	187	(14,387)	3,682	254	3,935
Commodity price risks	1,771	0	1,771	6,444	0	6,444
Reclassification to earnings before interest and tax (EBIT)	(12,803)	187	(12,616)	10,126	254	10,379
Currency risks	(7,874)	639	(7,235)	4,781	(165)	4,615
Reclassification to inventories	(7,874)	639	(7,235)	4,781	(165)	4,615
Currency risks	1,170	0	1,170	0	0	0
Combined interest rate/currency risks	0	0	0	(3,032)	0	(3,032)
Interest rate risks	688	0	688	(25,059)	0	(25,059)
Reclassification to financial result	1,857	0	1,857	(28,091)	0	(28,091)
Reclassifications	0	0	0	(1,386)	0	(1,386)
Hedging reserve as at 31/12	**(21,115)**	**6,291**	**(14,824)**	**(28,876)**	**5,465**	**(23,411)**

1) This includes a gain of EUR 4,550 thousand from the early termination of a currency hedge.

Offsetting financial assets and liabilities

The Lenzing Group has concluded a number of framework netting agreements (in particular, master netting arrangements) with some credit institutions. The amounts owed by each counterparty under such agreements on a single day in the same currency based on the total outstanding transactions are aggregated into a single net amount to be paid by one party to the other.

The following tables present information on offsetting financial assets and liabilities in the consolidated statement of financial position on the basis of framework netting agreements. The (gross) amounts presented in the "Financial assets" and "Financial liabilities" columns correspond to the (net) financial assets and liabilities recognized in the statement of financial position. The column "effect of framework netting agreements" shows the amounts which result from these types of agreements, but which do not meet the criteria for offsetting in the IFRS consolidated statement of financial position.

Offsetting of financial instruments EUR '000

Financial assets as at 31/12/2025	Financial assets (gross=net)	Effect of framework netting agreements	Net amounts
Other financial assets - derivative financial instruments with a positive fair value	1,483	(398)	1,085
Financial assets as at 31/12/2024			
Other financial assets - derivative financial instruments with a positive fair value	2,520	(243)	2,276

Offsetting of financial instruments EUR '000

Financial liabilities as at 31/12/2025	Financial liabilities (gross=net)	Effect of framework netting agreements	Net amounts
Other financial liabilities - derivative financial instruments with a negative fair value	6,308	(398)	5,909
Financial liabilities as at 31/12/2024			
Other financial liabilities - derivative financial instruments with a negative fair value	24,091	(243)	23,848

Transfer of financial assets (sale of receivables/ factoring)

Factoring agreements are in place with banks for the purchase of certain trade receivables of the Lenzing Group. The Lenzing Group is entitled to sell these receivables. The agreements have indefinite terms, whereby each party has the right to cancel the agreements with notice period of three months to the calendar quarter and allow them to expire. As at December 31, 2025 the factoring agreements have a maximum usable nominal volume totaling EUR 90,000 thousand (December 31, 2024: EUR 90,000 thousand), of which USD 72,000 thousand (December 31, 2024: USD 72,000 thousand) is available in US dollars.

The risks relevant to the risk assessment of the receivables sold include credit default risk (del credere risk), foreign currency risk in the case of receivables denominated in foreign currencies, and the risk of late payments. Credit risk-related defaults and, in the case of receivables in foreign currencies, exchange rate fluctuations represent the main opportunities and risks associated with these receivables. The risk of late payments is borne by the Lenzing Group in all factoring agreements and is considered to be negligible.

The Lenzing Group assumes a default liability of 10 percent per payment default which, however, is partly reduced to 5 percent by collateral The remaining credit default risk (up to 90 percent per default) and – in the case of receivables not denominated in the reporting currency – foreign currency risk is assumed by the bank. The Lenzing Group has undertaken to take out credit insurance for the receivables sold and to assume responsibility for debtor management. The banks involved have the right to transfer overdue receivables back to the Lenzing Group for procedural reasons in the event of a legal dispute. However, this does not transfer the credit default risk back to the Lenzing Group and has no effect on the Lenzing Group's liquidity position.

For most receivables, essentially all opportunities and risks are transferred to the bank. For the remaining receivables in the portfolio that has been sold, control of the receivables is transferred to the bank. As at December 31, 2025, receivables under the factoring agreements totaling EUR 85,070 thousand (December 31, 2024: EUR 85,655 thousand) were sold and derecognized from the Lenzing Group's consolidated statement of financial position. As at December 31, 2025, the unadvanced amount was recognized under other current assets (financial) in the amount of EUR 8,507 thousand (December 31, 2024: EUR 8,566 thousand). The fair values correspond approximately to the stated carrying amounts, as in particular the remaining terms of the respective receivables are also categorized as current.

From the Lenzing Group's perspective, the unadvanced amount stated above corresponds to the theoretical maximum credit-risk-related loss for the assumption of the default liability. The fair value of this default liability amounts to EUR 11 thousand as at December 31, 2025 (December 31, 2024: EUR 10 thousand). An other current liability (financial) equivalent to the fair value of this contingent liability was recognized. For the obligations assumed and risks arising from the factoring agreements, EUR 1 thousand of other current receivables (financial) were recognized as at December 31, 2025 (December 31, 2024: EUR 14 thousand of other current liabilities (financial)). In the 2025 financial year, service fees amounting to EUR 185 thousand were expensed (2024: EUR 186 thousand) in the other operating expenses. Since the start of the agreement, a cumulative amount of EUR 510 thousand has been expensed.

Payments received from customers in the period between the last advance and December 31 are deferred in other financial liabilities (current).

In the financial year under review, the Lenzing Group also sold letter of credit receivables due from customers to a bank. All opportunities and risks associated with the letter of credit receivables and the remaining trade receivables have been transferred to the bank. As a consequence, the trade receivables have been fully derecognized from the Lenzing Group's consolidated financial statements. As at December 31, 2025, due to the sale of letter of credit receivables, trade receivables amounting to EUR 34,369 thousand were derecognized from the Lenzing Group's consolidated statement of financial position (December 31, 2024: EUR 25,316 thousand).

Note 36. Net interest and net result from financial instruments and net foreign currency result

Net interest and net result

The following table shows the net interest and net result from financial instruments by class/measurement category in accordance with IFRS 9:

Net interest and net result from financial instruments EUR '000

2025	Interest and dividends income	Interest expense	Net interest	From subsequent measurement at fair value through profit or loss	From subsequent measurement at fair value through other comprehensive income	Measured at fair value through other comprehensive income and reclassified to profit or loss	From impairment/ reversal of an impairment loss	Result on disposal	Net result (total)
Financial assets measured at amortized cost	20,524	0	**20,524**	0	0	0	196	0	**20,720**
Financial assets measured at fair value through profit or loss	57	0	**57**	324	0	0	0	0	**381**
Equity instruments measured at fair value through other comprehensive income	156	0	**156**	0	687	0	0	0	**843**
Financial liabilities measured at amortized cost	0	(143,851)	**(143,851)**	0	0	0	0	0	**(143,851)**
Financial liabilities measured at fair value through profit or loss	0	0	**0**	1,140	0	0	0	0	**1,140**
Total	**20,737**	**(143,851)**	**(123,115)**	**1,463**	**687**	**0**	**196**	**0**	**(120,768)**

Net interest and net result from financial instruments (previous year) EUR '000

2024	Interest income	Interest expense	Net interest	From subsequent measurement at fair value through profit or loss	From subsequent measurement at fair value through other comprehensive income	Measured at fair value through other comprehensive income and reclassified to profit or loss	From impairment/ reversal of an impairment loss	Result on disposal	Net result (total)
Financial assets measured at amortized cost	27,443	0	**27,443**	0	0	0	(1,929)	0	**25,514**
Financial assets measured at fair value through profit or loss	39	0	**39**	118	0	0	0	0	**156**
Equity instruments measured at fair value through other comprehensive income	156	0	**156**	0	(334)	0	0	0	**(179)**
Financial liabilities measured at amortized cost	0	(164,004)	**(164,004)**	0	0	0	0	0	**(164,004)**
Financial liabilities measured at fair value through profit or loss	0	0	**0**	(273)	0	0	0	0	**(273)**
Total	**27,637**	**(164,004)**	**(136,366)**	**(155)**	**(334)**	**0**	**(1,929)**	**0**	**(138,785)**

The net result from financial instruments comprises the following: net interest (current interest income and expenses, including the amortization of premiums and discounts and dividends from companies not accounted for using the equity method), gains/losses on fair value measurement which are recognized in profit or loss or through other comprehensive income and the result of impairment losses (recognition and reversal of bad debt provisions/valuation adjustments) and on disposals. Income from equity and debt instruments measured at fair value through other comprehensive income includes gains/losses from remeasurement and from the reclassification of remeasurement gains/losses to profit or loss. Net result from financial instruments does not include exchange rate gains/losses (with the exception of financial instruments carried at fair value through profit or loss), commitment fees and gains/losses from hedging instruments (cash flow hedges).

The change in the bad debt provisions for receivables measured at amortized cost is mainly recognized under "income from non-current and current financial assets".

The component recognized directly in equity from the subsequent measurement of equity and debt instruments measured at fair value through other comprehensive income is reported under the "reserve for financial assets measured at fair value through other comprehensive income". The remaining components of the net result are included under "income from non-current and current financial assets" (see note 13) and in "financing costs" (see note 14).

Net foreign currency result

Net foreign currency gains/losses are included in other operating income/expenses in the amount of minus EUR 15,747 thousand (2024: EUR 10,202 thousand), in income from non-current and current financial assets in the amount of minus EUR 22,127 thousand (2024: EUR 7,422 thousand), and in financing costs in the amount of minus EUR 186 thousand (2024: minus EUR 164 thousand).

Note 37. Financial risk management

As an international company, the Lenzing Group is exposed to financial and other market risks. A company-wide risk management system, which is regulated comprehensively in guidelines, has been implemented to identify and assess potential risks at an early stage. This system is designed to achieve maximum risk transparency and provide high-quality information by quantifying all risk categories, with a particular emphasis on risk concentration. The efficiency of group-wide risk management is evaluated and monitored on an ongoing basis by both the internal control system (ICS) and the internal audit department.

The financial risks arising from financial instruments – credit risk, liquidity risk, currency risk (above all with regard to the BRL, CNY, CZK, HKD, IDR, THB and USD), commodity price risk and interest rate risk – are classified as relevant risks for the Lenzing Group. Corresponding hedging measures are used to minimize these risks wherever possible.

Credit risk

Credit risk represents the risk of asset losses that may result from the failure of individual business partners to meet their contractual obligations. The credit risk from transactions involving the provision of goods and services (in particular, trade receivables) is secured in part by credit insurance and bank security (guarantees, letters of credit, bills of exchange etc.). Outstanding receivables and customer limits are monitored on an ongoing basis. The credit risk from investments at banks (particularly cash and cash equivalents) and derivatives with positive market values is reduced by ensuring that transactions are only concluded with counterparties with good credit ratings, and that investment limits are defined and continuously monitored for these banks.

Receivables are measured individually. Individual bad debt provisions are recognized for receivables if there are indications of credit impairment (individual measurement) and if they are not expected to be collectible in full. This applies especially when the debtor has significant financial difficulties, is in default or has delayed payments or when there is an increased probability that the debtor will enter bankruptcy, and the involved receivable is not sufficiently collateralized. The expected loss is low because of the Lenzing Group's comprehensive receivables management (extensive collateralization with credit insurance and bankable security as well as continuous monitoring of accounts receivable and customer limits).

To determine the required impairment for trade receivables for which no individual bad debt provisions were recognized, the defaults of the past years were evaluated in the Lenzing Group. The analysis has shown that there is only an immaterial risk for receivables overdue for a certain period.

The loss ratios are based on historical default rates of the last ten years, whereby a distinction is drawn between companies and overdue periods. The default rates were multiplied by a macroeconomic factor weighted by geographical area in order to reflect the economic conditions over the expected term of the receivables.

For originated loans and other financial assets (current and non-current), which are measured at amortized cost, as well as cash and cash equivalents, the calculation of impairment is based on the average default rates. The impairment is based on the default rate per rating for the respective financial instrument. A significant change in credit risk is identified based on the rating and default of payment. Regarding instruments with a low credit risk, the Lenzing Group assumes that the credit risk has not increased significantly since the first recognition. Consequently, the twelve-month credit loss is always recognized for such instruments. Since the expected impairment is immaterial, no expected credit loss is recorded for these financial assets.

Due to the insolvency filing by Kelheim Fibres GmbH (KFG), a wholly owned subsidiary of EFB, in the 2024 financial year, there was an increased risk of default on receivables from these companies. In the 2025 financial year, an increased risk of default no longer existed in the 2025 financial year, as a final distribution of the outstanding receivables was made.

Trade receivables are considered defaulted when they are overdue for more than 270 days or when it is unlikely that the debtor can meet the obligations without the realization of collateral. This long period is due to the fact that around 90 percent of trade receivables are secured by credit insurance or bank collateral (guarantees, letters of credit, bills of exchange, etc.).

Financial assets are only derecognized directly if the contractual rights to payments cease to exist (particularly in the event of bankruptcy). An impairment loss is reversed up to amortized cost if the reasons for its recognition no longer exist.

The Group considers the risk concentration in trade receivables to be rather low because its customers are based in various countries, operate in different sectors and are active on largely independent markets. A rather small amount of the receivables is overdue and not individually impaired (see table “aging of receivables” below). Important effects for a change in bad debt provisions include possible default of payment by major customers or a general increase of receivables at the reporting date. During the 2025 financial year there was no significant increase in defaults.

The bad debt provisions developed as follows:

Development and reconciliation of bad debt provisions EUR '000

2025	Lifetime expected credit loss (portfolio measurement)	Lifetime expected credit loss (individual measurement)
Trade receivables		
Bad debt provisions as at 01/01	311	6,564
Utilization	0	(4,081)
Reversal	(73)	(950)
Addition	49	0
Currency translation adjustment	(13)	(263)
Bad debt provisions as at 31/12	**274**	**1,270**

Development and reconciliation of bad debt provisions (previous year) EUR '000

2024	Lifetime expected credit loss (portfolio measurement)	Lifetime expected credit loss (individual measurement)
Trade receivables		
Bad debt provisions as at 01/01	383	5,492
Utilization	0	(2)
Reversal	(120)	(2)
Addition	41	950
Currency translation adjustment	7	126
Bad debt provisions as at 31/12	**311**	**6,564**

Lifetime expected credit loss (individual measurement) EUR '000

	2025	2024
Originated loans at amortized cost		
Bad debt provisions as at 01/01	15,158	15,029
Reversal	(12)	0
Addition	39	100
Currency translation adjustment	(44)	29
Bad debt provisions as at 31/12	**15,141**	**15,158**
Other financial assets (non-current and current)		
Bad debt provisions as at 01/01	2,195	1,234
Reversal	0	0
Addition	752	961
Bad debt provisions as at 31/12	**2,947**	**2,195**

The bad debt provisions for trade receivables include bad debt provisions of EUR 0 thousand (December 31, 2024: EUR 950 thousand) for companies accounted for using the equity method. Impairment losses on loans include allowances for companies accounted for using the equity method and their subsidiaries in the amount of EUR 5,000 thousand (December 31, 2024: EUR 5,000 thousand).

The bad debt provisions for trade receivables are related primarily to bad debt provisions for overdue, uninsured receivables.

The age structure of the financial receivables is as follows:

Aging and expected credit loss for trade receivables EUR '000

31/12/2025	Gross carrying amount	Expected credit loss
Not overdue	230,896	178
Overdue up to 30 days	12,832	23
Overdue for 31 to 90 days	1,503	4
Overdue for 91 to 365 days	134	1
Overdue for more than one year	68	68
Credit impaired receivables (individual measurement)	1,430	1,270
Total	**246,862**	**1,544**

Aging and expected credit loss for trade receivables (previous year) EUR '000

31/12/2024	Gross carrying amount	Expected credit loss
Not overdue	297,312	235
Overdue up to 30 days	16,398	29
Overdue for 31 to 90 days	1,307	3
Overdue for 91 to 365 days	1,150	11
Overdue for more than one year	33	33
Credit impaired receivables (individual measurement)	8,857	6,564
Total	**325,057**	**6,875**

Aging of financial receivables EUR '000

2025	Originated loans	Other financial receivables (current and non-current)
Gross carrying amount as at 31/12	70,663	38,001
Thereof not overdue	55,523	35,054
Thereof impaired	15,141	2,947

Aging of financial receivables (previous year) EUR '000

2024	Originated loans	Other financial receivables (current and non-current)
Gross carrying amount as at 31/12	45,670	30,390
Thereof not overdue	30,512	28,195
Thereof impaired	15,158	2,195

Securities in the scope of the impairment rules of IFRS 9 as well as cash and cash equivalents have a rating between AAA and BBB.

There are currently no doubts concerning the collectability of financial assets that are neither past due nor impaired.

The maximum exposure to credit risk from recognized financial assets is as follows:

Maximum exposure to credit risk from recognized financial assets EUR '000

	31/12/2025	31/12/2024
Carrying amount of asset financial instruments (see note 35)	1,024,345	837,081
Less risk reduction in relation to receivables due to		
Credit insurance received for trade receivables (not including deductibles)	(116,392)	(179,139)
Guarantees received for trade receivables	(31,605)	(34,053)
Total	**876,348**	**623,889**

The maximum exposure to credit risk from financial guarantee contracts and contingent liabilities is shown in note 40.

Liquidity risk

Liquidity risk represents the risk of not being able to obtain sufficient funds to settle incurred liabilities at all times. The management of liquidity risk has a high priority in the Lenzing Group. Corporate guidelines require uniform, proactive liquidity planning and medium-term planning throughout the entire Group. Ensuring solvency for current and future obligations at all times comprises a key objective of the Lenzing Group's risk management activities. For this reason, the risk of a potential liquidity shortfall is monitored constantly.

To secure short and medium-term liquidity, a reserve is held in the form of bank balances and unutilized credit lines at banks. If necessary, surplus liquid funds are invested in non-speculative, highly liquid financial instruments. These are mainly overnight money, fixed-term deposits and money market securities, which generally have a term of less than three months.

Liquidity risks are determined by rolling liquidity planning conducted throughout the Group. On the basis of the results of rolling liquidity planning and medium-term planning, appropriate financing and capital measures are planned and implemented at an early stage.

The Lenzing Group's refinancing options are determined by numerous financial, macroeconomic and other factors, which the Lenzing Group management takes into consideration as part of its short- and medium-term liquidity management.

The original loan agreements, which were concluded for the construction of the pulp mill in Brazil, were repaid in full in the fourth quarter of 2024. A loan agreement was concluded with banks, and a bond was issued for refinancing purposes (see note 28). The bond was issued by LD Celulose International GmbH, Vienna a wholly owned subsidiary of LD Celulose S.A., Indianópolis, Brazil. The loan is repayable in tranches until October 2029 and the bond matures in January 2032. As at December 31, 2025 the loan has a carrying amount of EUR 240,389 thousand (December 31, 2024: EUR 313,909 thousand) and contains a financial covenant at company level only, which relates to financial and liquidity ratios. This covenant is tested on a quarterly basis and may trigger a repayment obligation in relation to the financial liabilities in the event of non-compliance. The financial covenant stipulates that the total net debt of LD Celulose S.A., Indianópolis, Brazil and of LD Florestal S.A., Indianópolis, Brazil may not exceed a certain level of the total adjusted EBITDA of these companies as of each quarter-end (net leverage). This financial covenant is continuously monitored by both the company's local treasury function and the Corporate Treasury function. The relevant ratios were complied with in the 2025 financial year.

The syndicated loan agreement concluded in May 2025 has a carrying amount of EUR 355,000 thousand as at December 31, 2025. It contains three financial covenants relating to financial and liquidity ratios. These financial covenants are tested on a quarterly basis and may, if breached, trigger an obligation to repay the financial liabilities. The financial covenants include net leverage (net financial debt including lease liabilities/EBITDA), the interest coverage ratio (EBITDA/interest expenses), and minimum liquidity ratios. These metrics are continuously monitored by the Corporate Treasury.

The Lenzing Group expects that the aforementioned entities will comply with the covenants for at least 12 months after the reporting date.

The Lenzing Group had liquid assets totaling EUR 690,906 thousand (December 31, 2024: EUR 451,681 thousand) in the form of cash and cash equivalents including liquid bills of exchange as at the balance sheet date (see note 34). Unused credit facilities of EUR 219,103 thousand were available as at December 31, 2025 (December 31, 2024: EUR 198,075 thousand), thereof 92% (2024: 70%) in Europe and 8% (2024: 30%) in Asia to finance necessary working capital and to cover any shortfalls caused by economic cycles. Of the unused lines of credit as of December 31, 2025, an amount of EUR 190,000 thousand (December 31, 2024: EUR 0 thousand) has a term until May 2028, to which the aforementioned financial covenants from the syndicated loan agreement concluded in May 2025 apply. The medium- and long-term financing for the Lenzing Group is provided by equity (incl. hybrid capital) and loans and borrowings, in particular bonds, private placements and bank loans. Current financial liabilities can regularly be extended or refinanced with other lenders. Trade payables provide short-term financing for the goods and services purchased. The liabilities covered by supplier finance agreements are settled in line with their agreed maturity, whereby the related cash outflows are included in liquidity planning. In connection with these programs, liquidity risks exist with regard to the concentration on a small number of business partners. Should the factor therefore terminate the program at short notice, this would have an impact on liquidity planning and, if necessary, result in an increase in financing requirements. Cash inflows for trade receivables covered by factoring agreements are included in liquidity planning.

The contractually agreed (undiscounted) interest and principal payments for primary financial liabilities (including financial guarantee contracts) are shown below:

Maturity analysis of non-derivative financial liabilities EUR '000

	Carrying amount as at 31/12/2025	Cash flows 2026	Cash flows 2027 to 2030	Cash flows from 2031
Bond	542,622	43,979	175,915	616,076
Private placements	265,837	249,391	20,469	13,933
Bank loans	1,202,701	304,998	1,053,398	0
Loans from other lenders	29,885	6,390	23,792	398
Lease liabilities	128,488	25,696	73,221	275,289
Trade payables	323,583	323,583	0	0
Puttable non-controlling interests	285,818	0	0	430,774
Other financial liabities[1]	186,996	179,201	7,795	0
Total	**2,965,931**	**1,133,237**	**1,354,590**	**1,336,470**
Thereof:				
Interest payments (fixed)		64,167	233,959	239,274
Interest payments (partly fixed)		182	299	0
Interest payments (variable)		57,856	86,907	0
Repayment		1,011,032	1,033,425	1,097,196

1) The above includes the maximum possible payment obligations from financial guarantee contracts. The amounts are assumed to be due in the first year.

Maturity analysis of non-derivative financial liabilities (previous year) EUR '000

	Carrying amount as at 31/12/2024	Cash flows 2025	Cash flows 2026 to 2029	Cash flows from 2030
Bond	608,553	40,270	197,913	746,062
Private placements	334,208	77,157	261,878	14,166
Bank loans	1,008,322	253,245	934,301	12,057
Loans from other lenders	33,049	5,083	25,794	2,821
Lease liabilities	123,862	23,420	66,135	277,444
Trade payables	386,383	386,383	0	0
Puttable non-controlling interests	230,954	0	0	356,133
Other financial liabities[1]	142,277	140,631	1,646	0
Total	**2,867,609**	**926,189**	**1,487,667**	**1,408,683**
Thereof:				
Interest payments (fixed)		61,081	256,313	301,666
Interest payments (partly fixed)		142	470	11
Interest payments (variable)		54,037	120,256	457
Repayment		810,928	1,110,628	1,106,549

1) The above includes the maximum possible payment obligations from financial guarantee contracts. The amounts are assumed to be due in the first year.

The above tables include all primary financial liabilities held at the reporting date but exclude estimated future liabilities. Foreign currency amounts were translated with the spot exchange rate in effect at the reporting date. Floating rate interest payments were calculated on the basis of the last interest rates set before the reporting date. Financial liabilities that are repayable at any time are always assigned to the earliest time period.

The contractually agreed (undiscounted) interest and principal payments for derivative financial instruments are as follows:

Maturity analysis of derivative financial instruments EUR '000

	Carrying amount as at 31/12/2025	Cash flows 2026	Cash flows 2027 to 2030	Cash flows from 2031
Currency, interest rate and commodity derivatives				
Derivatives with a positive fair value (cash flow hedges)	324	324	0	0
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	1,159	1,159	0	0
Positive fair value	**1,483**	**1,483**	**0**	**0**
Derivatives with a negative fair value (cash flow hedges)	(6,155)	(3,570)	(2,585)	0
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) and contingent consideration	(153)	(143)	(10)	0
Negative fair value	**(6,308)**	**(3,713)**	**(2,595)**	**0**
Total	**(4,824)**	**(2,229)**	**(2,595)**	**0**

Cash flows consist solely of principal and do not include any interest components.
Fair value: + = receivable, - = liability from the Lenzing Group's perspective

Maturity analysis of derivative financial instruments (previous year) EUR '000

	Carrying amount as at 31/12/2024	Cash flows 2025	Cash flows 2026 to 2029	Cash flows from 2030
Currency, interest rate and commodity derivatives				
Derivatives with a positive fair value (cash flow hedges)	2,250	1,830	420	0
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	270	270	0	0
Positive fair value	**2,520**	**2,099**	**420**	**0**
Derivatives with a negative fair value (cash flow hedges)	(15,213)	(12,756)	(2,457)	0
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss) and contingent consideration	(8,878)	(7,729)	(1,150)	0
Negative fair value	**(24,091)**	**(20,484)**	**(3,607)**	**0**
Total	**(21,572)**	**(18,385)**	**(3,187)**	**0**

Cash flows consist solely of principal and do not include any interest components.
Fair value: + = receivable, - = liability from the Lenzing Group's perspective

Currency risk

Cash flows from capital expenditures and the operating business as well as investments and financing in foreign currencies expose the member companies of the Lenzing Group to currency risks. Risks arising from foreign currencies are partially hedged to the extent that they affect the Group's cash flows. In the operating business, the individual group companies are exposed to currency risk in connection with planned incoming and outgoing payments which are not denominated in their functional currency. Forward foreign exchange contracts, which are recognized at fair value, are used to hedge the exchange rate risk from foreign currency positions arising from expected future transactions in foreign currencies by group companies.

For companies with the same functional currency, the respective net foreign currency exposures are calculated for the following sales year as part of the budgeting process. Foreign currency purchases and sales are aggregated into separate groups for each currency. Approximately 49 percent of the budgeted net exposure for the following financial year was hedged for USD/BRL, the dominant currency pair in the Lenzing Group, as at December 31, 2025 (December 31, 2024: USD/BRL approximately 45 percent). The CNY also plays an important role. The resulting risk concentration at the reporting date can be seen in the following tables (especially the tables on "sensitivity analysis and risk exposure for foreign currency risks").

Translation risk is also regularly assessed and monitored at the Group level. Translation risk represents the risk arising from the consolidation of foreign investments whose functional currency is not the euro. The greatest risk exposure here is in relation to the US dollar.

Commodity risk

In addition to physical purchase contracts, the Lenzing Group deploys derivative financial instruments in order to hedge against gas price risks (see note 35). The Group uses OTC gas swaps as cash flow hedges to manage gas price risks. The hedging strategies are determined based on the planned gas consumption figures in the relevant currency and are compared with the current market prices on a monthly basis ("mark to market" assessment). The Lenzing Group is exposed to accounting-related price risks because of the gas swaps. These risks particularly relate to the possibility that fair value measurement of the gas swaps may result in a negative impact on other comprehensive income/equity in the event of an adverse change in market prices.

The Group is subject to the usual market price risks in connection with its business activities (especially relating to wood, chemicals, pulp and energy) which are not hedged with derivatives or financial instruments, but are protected through other measures (above all, long-term and short-term supply contracts with various suppliers). The Lenzing Group has concluded several long-term power purchase agreements for electricity generated from renewable energy sources in order to achieve its climate targets and hedge against fluctuating prices. The term amounts to 15 to 30 years. The contracted volume from 2026 onwards amounts to around 56 gigawatt hours. A fixed price was agreed for a significant part of the volume. Some of the electricity purchase agreements are leases where the payments are entirely variable and are consequently included in the variable lease payments (see note 20). The so-called "Own Use Exemption" is applied to the other part of the electricity purchase agreements. Provisions must be made for any contingent losses.

Interest rate risk

The Lenzing Group is exposed to interest rate risk through its business-related financing and investing activities. Interest rate risks arise through potential changes in the market interest rate. They can lead to a change in the fair value of fixed rate financial instruments and to fluctuations in the cash flows from interest payments for floating rate financial instruments. Interest rate risks and the resulting risk concentrations are managed by monitoring and adjusting the composition of fixed rate and floating rate primary financial instruments on an ongoing basis and by the selective use of derivative financial instruments. The level of the resulting risk concentration as at the reporting date is presented in the following tables (see section "Sensitivity analysis and exposure for interest rate risks").

Sensitivity analysis and exposure for currency risks

The Lenzing Group uses the following assumptions for its sensitivity analysis:

- The sensitivity of profit or loss is based on the receivables and liabilities recognized by the group companies which are denominated in a currency other than the functional currency of the relevant company and the open derivatives from cash flow hedges for currency risks in cases where the hedged item was already recognized in profit or loss as at the reporting date. The carrying amounts of the receivables and liabilities, respectively the nominal values of the derivatives, correspond to the exposure. The individual exposures are presented consistently in relation to the US dollar and euro for the aggregation to the Group's exposure.
- The sensitivity of other comprehensive income as at the reporting date is based on the open derivatives from cash flow hedges for currency risks in cases where the hedged item has not yet been recognized in profit or loss. The nominal value of the open derivatives corresponds to the exposure.

The following tables show the sensitivities and exposure for currency risk as at the reporting dates:

Sensitivity analysis and risk exposure for foreign currency risks (EUR) **EUR '000**

	31/12/2025			31/12/2024		
	Group exposure in relation to EUR	Sensitivity to 10% devaluation of the EUR	Sensitivity to 10% revaluation of the EUR	Group exposure in relation to EUR	Sensitivity to 10% devaluation of the EUR	Sensitivity to 10% revaluation of the EUR
EUR-USD	261,842	29,094	(23,804)	212,255[1]	23,584	(19,296)
EUR-GBP	(4,391)	(488)	399	(3,348)	(372)	304
EUR-CNY/CNH	106,001	11,778	(9,636)	61,474	6,830	(5,589)
EUR-CZK	2,337	260	(212)	(640)	(71)	58
EUR-HKD	(4,220)	(469)	384	(4,524)	(503)	411
Sensitivity of net profit or loss after tax (through receivables and payables)	**361,569**	**40,174**	**(32,870)**	**265,217**	**29,469**	**(24,111)**
Sensitivity of other comprehensive income after tax (through cash flow hedge derivatives)		(2,706)	2,218		(6,596)	5,418
Sensitivity of equity		**37,469**	**(30,652)**		**22,873**	**(18,692)**

Group exposure: + receivable, – liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income
1) The previous year's comparative figures were adjusted due to a data correction.

Sensitivity analysis and risk exposure for foreign currency risks (USD/GBP) **EUR '000**

	31/12/2025			31/12/2024		
	Group exposure in relation to USD/GBP	Sensitivity to 10% devaluation of the USD/GBP	Sensitivity to 10% revaluation of the USD/GBP	Group exposure in relation to USD/GBP	Sensitivity to 10% devaluation of the USD/GBP	Sensitivity to 10% revaluation of the USD/GBP
USD-IDR	(671)	(75)	61	(18,804)	(2,089)	1,709
USD-GBP	3,428	381	(312)	4,144	460	(377)
USD-CNY/CNH	39,226	4,358	(3,566)	39,343	4,371	(3,577)
USD-CZK	(19,890)	(2,210)	1,808	(11,668)	(1,296)	1,061
USD-THB	5,268	585	(479)	(2,739)	(304)	249
USD-BRL	(79,422)	(8,825)	7,220	(55,709)	(6,190)	5,064
GBP-CNY/CNH	9,901	1,100	(900)	1,863	207	(169)
Sensitivity of net profit or loss after tax (through receivables and payables)	**(42,161)**	**(4,685)**	**3,833**	**(43,570)**	**(4,841)**	**3,961**
Sensitivity of other comprehensive income after tax (through cash flow hedge derivatives)		4,655	(3,816)		(4,167)	4,787
Sensitivity of equity		**(29)**	**17**		**(9,008)**	**8,748**

Group exposure: + receivable, – liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income

Sensitivity analysis and exposure for commodity price risks

Sensitivity analyses are performed for the price change risk from gas swaps. They show the effects of hypothetical changes in gas prices on profit or loss/other comprehensive income/equity.

The Lenzing Group uses the following assumptions in its analysis:

- Open derivatives from cash flow hedges for commodity price risks as at the reporting date are used as the basis for the sensitivity.
- The exposure corresponds to the nominal values of the derivatives (not including the hedged items). In economic terms, the derivatives are used to hedge physical hedged items that will impact profit or loss in subsequent periods, meaning that from an economic perspective there is no risk exposure in combination with the hedged items.

If the market price level for gas had been 10% higher/lower as at December 31, 2025, this would have changed other comprehensive income (after tax) by plus/minus EUR 800 thousand (December 31, 2024: plus/minus EUR 1,520 thousand).

Sensitivity analysis and exposure for interest rate risks

The following tables show the exposure for interest rate risks at the reporting dates in the form of the carrying amounts of interest-bearing primary financial instruments:

Risk exposure for interest rate risks EUR '000

	31/12/2025				
	Fixed interest	Fixed and floating rate interest	Floating rate interest	No interest	Total
Cash and cash equivalents	410,917	0	264,091	0	675,007
Other investments	0	0	55,068	13,898	68,965
Loans and borrowings	(933,718)	(25,290)	(1,210,525)	0	(2,169,533)
Net risk position	**(522,801)**	**(25,290)**	**(891,367)**	**13,898**	**(1,425,560)**
Effects from derivative instruments (hedging)	(100,000)	0	100,000	0	0
Net risk position after hedging effect	**(622,801)**	**(25,290)**	**(791,367)**	**13,898**	**(1,425,560)**

+ Receivables, - Liabilities

Risk exposure for interest rate risks (previous year) EUR '000

	31/12/2024				
	Fixed interest	Fixed and floating rate interest	Floating rate interest	No interest	Total
Cash and cash equivalents	183,164	0	259,133	0	442,297
Other investments	0	0	29,871	18,537	48,407
Loans and borrowings	(1,174,764)	(28,100)	(905,130)	0	(2,107,994)
Net risk position	**(991,600)**	**(28,100)**	**(616,126)**	**18,537**	**(1,617,289)**
Effects from derivative instruments (hedging)	(100,000)	0	100,000	0	0
Net risk position after hedging effect	**(1,091,600)**	**(28,100)**	**(516,126)**	**18,537**	**(1,617,289)**

+ Receivables, - Liabilities

Sensitivity analyses are performed for the interest rate risks arising from floating rate financial instruments and from the fluctuation in the market values of cash flow hedge derivatives. They show the effects of hypothetical changes in interest rates on profit or loss, other comprehensive income and equity.

The Lenzing Group uses the following assumptions in its analysis of the interest rate risk arising from floating rate financial instruments:

- The sensitivity analysis includes all floating rate primary and derivative financial instruments as at the reporting date.
- The exposure corresponds to the carrying amount of the floating rate financial instruments.

The sensitivities and exposure for the interest rate risks arising from floating rate financial instruments are as follows as at the reporting dates:

Sensitivity analysis for interest rate risks from floating-rate primary and derivative financial instruments **EUR '000**

31/12/2025	Net risk position after hedging effect	Sensitivity to a 100 bp increase in the interest rate level	Sensitivity to a 100 bp decrease in the interest rate level[1]
Sensitivity of net profit or loss after tax	(791,367)	(5,361)	5,361
31/12/2024			
Sensitivity of net profit or loss after tax	(516,126)	(3,566)	3,566

1) A reduction in the basis points results in a proportional decrease in the sensitivity.

The Lenzing Group bases the sensitivity analysis for the interest rate risk from the fluctuation in market values of cash flow hedge derivatives for interest rate risks on the following assumptions:

- The sensitivity of other comprehensive income as at the reporting date is based on the open derivatives from cash flow hedges for interest rate risks in cases where the hedged item has not yet been recognized in profit or loss.
- The exposure corresponds to the nominal value of the derivative in the amount of EUR 100,000 thousand (December 31, 2024: EUR 100,000 thousand).

An increase in the interest rate level by 1 percentage point would lead to an increase in other comprehensive income (after taxes) of EUR 1,006 thousand (December 31, 2024: EUR 1,730 thousand). A decrease in the interest rate level by 1 percentage point would lead to a reduction in other comprehensive income (after taxes) of EUR 1,006 thousand (December 31, 2024: EUR 1,729 thousand). The interest rate sensitivity has no effect on profit or loss, as the measurement of interest rate derivatives is recognized in the hedging reserve with no effect on profit or loss.

Additional information on financial risk management and financial instruments is provided in the risk report of the Lenzing Group's management report as at December 31, 2025.

Disclosures on Related Parties and Executive Bodies

Note 38. Related party disclosures

Overview

Related parties of the Lenzing Group include, in particular, the member companies of the B&C Group together with its subsidiaries, joint ventures and associates and its corporate bodies (executive board/management and supervisory board, where applicable) as well as close relatives of the members of the corporate bodies and companies under their influence (see note 1, section "Description of the company and its business activities" and note 39). The amounts and transactions between Lenzing AG and its consolidated subsidiaries are eliminated through consolidation and are not discussed further in this section.

B&C Privatstiftung is managed by a board of trustees. No member of the Managing Board of Lenzing AG is a member of this board of trustees or the management/Managing Board of a subsidiary of B&C Privatstiftung, with the exception of subsidiaries of the Lenzing Group. The Lenzing Group has no influence over the business activities of B&C Privatstiftung.

The members of the corporate bodies of Lenzing AG (in particular, the Supervisory Board) and the above-mentioned entities are, in some cases, also members of the corporate bodies or shareholders of other companies with which Lenzing AG maintains ordinary business relationships. The Lenzing Group maintains ordinary business relationships with banks that involve financing, investing and derivatives.

Relationship with related companies

In the 2024 financial year, Lenzing AG retroactively withdrew from the tax group with the B&C Group with effect for the 2023 tax assessment period. In the 2025 financial year, an income tax expense arising from the tax allocation to the B&C Group was recognized in the amount of EUR 0 thousand (2024: EUR 23,019 thousand).

In the 2024 financial year, in connection with its withdrawal from the tax group, Lenzing AG paid a tax allocation of EUR 22,209 thousand, plus interest on arrears of EUR 1,280 thousand, to B&C Holding Österreich GmbH for losses of foreign group members of the tax group of Lenzing AG that had not yet been taxed. In addition, a tax allocation of EUR 810 thousand plus interest of EUR 65 thousand was paid to B&C Holding Österreich GmbH for the 2021 financial year due to an external audit that had been completed.

Relationships with companies accounted for using the equity method and their material subsidiaries

Transactions with companies accounted for using the equity method and their material subsidiaries relate primarily to:

Material relationships with companies accounted for using the equity method

TreeToTextile AB (TTT)	Provision of technical services, delivery of pulp
EQUI-Fibres Beteiligungsgesellschaft mbH and its subsidiaries (EFB)	Distribution of fibers, delivery of pulp, loan assignment
Lenzing Papier GmbH (LPP)	Provision of infrastructure and administrative services
RVL Reststoffverwertung Lenzing GmbH (RVL)	Operation of a recycling plant and purchase of the generated steam; letting of land
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck (GSG)	Provision of infrastructure and administrative services
PT. Pura Golden Lion (PGL)	Holds an interest in a Lenzing Group subsidiary (see note 41)
Wood Paskov s.r.o. (LWP)	Purchase of wood
LD Florestal S.A. (LDF)	land use rights, purchase of mature timber, lending

The scope of material transactions and the outstanding balances with companies accounted for using the equity method and their major subsidiaries are as follows:

Relationships with companies accounted for using the equity method and their material subsidiaries EUR '000

2025	TTT	EFB	LPP	Other associates	LDF	Other joint ventures	Total
Land use rights	0	0	0	0	102,790	0	102,790
Goods and services provided	2,714	29,731	13,345	15	19,248	16,336	81,389
Goods and services received	0	0	1,337	54	19,484[1]	16,578	37,453
Receivables as at 31/12	568	0	4,545	0	15,460[2]	4	20,577
Liabilities as at 31/12	390	2,917	21	0	104,158	36	107,522

1) The interest expenses in connection with the land use rights are included in the goods and services received.
2) The long-term loan to LDF is not included in the receivables as at December 31.

Relationships with companies accounted for using the equity method and their material subsidiaries (previous year) EUR '000

2024	TTT	EFB	LPP	Other associates	LDF	Other joint ventures	Total
Land use rights	0	0	0	0	114,756	0	114,756
Goods and services provided	0	46,917	14,789	49	17,032	15,257	94,044
Goods and services received	0	0	1,300	57	18,964[1]	15,503	35,823
Receivables as at 31/12	0	2,459	4,763	1	9,880[2]	4	17,106
Liabilities as at 31/12	0	1,968	0	0	100,913	31	102,912

1) The interest expenses in connection with the land use rights are included in the goods and services received.
2) The long-term loan to LDF is not included in the receivables as at December 31.

LD Florestal S.A. received a long-term, unsecured loan of EUR 55,068 thousand (December 31, 2024: EUR 29,871 thousand) from the fully consolidated subsidiary LD Celulose S.A. The interest reflects standard bank rates. Interest income of EUR 6,603 thousand was recognized in the financial year under review (2024: EUR 2,500 thousand).

Kelheim Fibers GmbH, Kelheim, Germany, a subsidiary of the equity-accounted investee EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany, received a long-term, unsecured loan of EUR 5,000 thousand from Lenzing AG in 2017. The interest reflects standard bank rates. This loan, including unpaid interest, was written down in full (see note 21 and note 37).

Income of EUR 894 thousand (2024: expense of EUR 939 thousand) was recognized in the 2025 financial year from impairment losses (expense) and reversals of impairment losses (income) on trade receivables due from companies accounted for using the equity method.

There were no major transactions with the other non-consolidated subsidiaries in 2024 and 2025.

Relationships with members of the Managing Board and Supervisory Board of Lenzing AG

The remuneration expensed for key management personnel, which comprises the active members of the Managing Board and Supervisory Board of Lenzing AG, in line with their functions is summarized below (including changes in provisions):

Remuneration for key management personnel (expensed) **EUR '000**

	2025	2024
Remuneration for the Managing Board		
Basic salary	2,702	2,561
Benefits in kind and other benefits (in particular use of company vehicles)	77	55
Short-term variable performance bonus (short-term incentive; STI)	773	2,000
Other performance-based remuneration	67	3,306
Short-term employee benefits	**3,617**	**7,922**
Long-term variable performance bonus (long-term incentive; LTI)	133	591
Other performance-based remuneration	(179)	(421)
Other long-term employee benefits	**(46)**	**170**
Contributions to multiemployer pension fund	304	257
Post-employment benefits	**304**	**257**
Compensation for non-competition clauses and one-off gratuity	2,560	2,185
Termination benefits	**2,560**	**2,185**
Remuneration for the Managing Board	**6,435**	**10,534**
Remuneration for the Supervisory Board		
Short-term employee benefits	1,099	1,438
Total	**7,534**	**11,972**

The benchmark for the long-term bonus component of the members of the Managing Board (long-term incentive/LTI) consists of selected key indicators of the Lenzing Group, each over a three-year calculation period. In addition, the company's capital market performance is assessed in comparison with a group of selected listed companies during these periods.

The employee representatives on the Supervisory Board who were delegated by the Works Council are entitled to regular compensation (wage or salary plus severance and jubilee benefits) under their employment contracts in addition to the compensation for their activity on the Supervisory Board (in particular attendance fees). This compensation represents appropriate remuneration for their role/activities performed in the company.

Mr Rohit Aggarwal was Chairman of the Managing Board (CEO) of Lenzing AG from September 1, 2024, until January 31, 2026. Before taking up his position, payments were made to Mr. Rohit Aggarwal in the 2024 financial year for consulting services rendered in the amount of EUR 149 thousand, as well as payments for cost reimbursements in the amount of EUR 35 thousand. No liabilities are outstanding as at December 31, 2025 (December 31, 2024: EUR 0 thousand). These benefits were drawn on standard market terms.

Mr Walter Bickel was a member of the Managing Board of Lenzing AG from April 15, 2024, to March 31, 2025, and is Managing Director of Bickel Austria GmbH, Vienna. In the 2025 financial year, an amount of EUR 2,706 thousand was paid to Bickel Austria GmbH for consulting services rendered (2024: EUR 4,399 thousand). No liabilities are outstanding as at December 31, 2025 (December 31, 2024: EUR 0 thousand). As at December 31, 2025 , provisions were formed for other performance-related remuneration claims from this company amounting to EUR 0 thousand (December 31, 2024: EUR 1680 thousand). These benefits were drawn on standard market terms.

In line with customary market and corporate practice, Lenzing AG also grants additional benefits, which are considered non-cash benefits, to the members of the Managing Board, selected senior executives and Supervisory Board members. As an example, insurance coverage (D&O, accident, legal protection etc.) is provided, the costs of which are borne by the Lenzing Group. The insurers receive total premium payments, i.e. there is no specific allocation to the Managing Board and the Supervisory Board. In addition, the members of the Managing Board and selected senior executives are provided with company vehicles. The members of the Managing Board and the Supervisory Board are also reimbursed for certain costs incurred, above all travel expenses. The principles of the remuneration system for the Managing Board and the Supervisory Board are described in detail and disclosed in the 2025 remuneration report of the Lenzing Group.

The members of the Managing Board and Supervisory Board received no advances, loans or guarantees. The Lenzing Group has not entered into any contingencies on behalf of the Managing Board or Supervisory Board.

Expenses of EUR 285 thousand in total (2024: EUR 308 thousand) relating to post-employment benefits for former members of the Managing Board of Lenzing AG were recognized through profit or loss or as remeasurement in other comprehensive income. The present value of the pension provision recognized in this context, after deduction of the fair value of plan assets (net obligation), amounted to EUR 4,602 thousand as at December 31, 2025 (December 31, 2024: EUR 5,090 thousand).

Note 39. Executive Bodies

Members of the Supervisory Board

- Patrick Lackenbucher
  Chairman (since April 17, 2025)
- Carlos Aníbal de Almeida Junior (since October 10, 2024)
  First Deputy Chairman (since December 6, 2024)
- Stefan Fida
  Second Deputy Chairman (since October 10, 2024)
- Leonardo Barretto de Araujo Grimaldi (since April 17, 2025)
- Cornelius Baur (since April 18, 2024)
- Helmut Bernkopf
- Markus Fürst (up to April 18, 2024 and since October 10, 2024)
- Franz Gasselsberger
- Gerhard Schwartz
- Astrid Skala-Kuhmann

- Thomas Cord Prinzhorn
  Chairman (up to April 17, 2025)
- Marcelo Feriozzi Bacci (October 10, 2024 up to December 6, 2024)
  First Deputy Chairman (October 10, 2024 up to December 6, 2024)
- Christian Bruch (up to May 29, 2024)
- Nicole van der Elst Desai (up to October 10, 2024)
- Melody Harris-Jensbach (up to October 10, 2024)

Appointed by the Works Council

- Helmut Kirchmair (since November 10, 2025)
  Chairman of the Group Works Council
  Chairman of the Works Committee
  Chairman of the Works Council for Waged Employees
- Stephan Gruber
  Chairman of the Works Council for Salaried Employees
  Deputy Chairman of the Group Works Council
  Deputy Chairman of the Works Committee
- Michael Bichler (since November 10, 2025)
  Deputy Chairman of the Works Council for Salaried Employees
- Bonita Haag
  Deputy Chairwoman of the Works Council for Waged Employees (since November 10, 2025)
- Stefan Ertl (since April 18, 2024)

- Johann Schernberger (up to November 10, 2025)
  Chairman of the Group Works Council
  Chairman of the Works Council for Waged Employees
- Georg Liftinger (up to April 18, 2024)
  Chairman of the Works Council for Salaried Employees
  Deputy Chairman of the Group Works Council
  Deputy Chairman of the Works Committee

Members of the Managing Board

- Georg Kasperkovitz
  Chief Operations Officer (since June 1, 2025)
- Mathias Breuer
  Chief Financial Officer (since January 1, 2026)
- Christian Skilich
  Chief Pulp & Chief Technology Officer

- Rohit Aggarwal
  Chief Executive Officer (September 1, 2024 up to January 31, 2026)
- Nico Reiner
  Chief Financial Officer (up to December 31, 2025)
- Walter Bickel
  Chief Transformation Officer (April 15, 2024 up to March 31, 2025)
- Stephan Sielaff
  Chief Executive Officer (up to August 31, 2024)

Note 40. Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks

There are guarantees for which no liabilities have yet been recognized, in particular to secure claims from suppliers and for potential payment defaults by third parties outside the Group, amounting to EUR 10,019 thousand (December 31, 2024: EUR 10,324 thousand) and, to a lesser extent, guarantees granted in the form of retention amounts. The reported amounts represent the maximum payment obligation from the viewpoint of the Lenzing Group, and there is only a limited potential for recoveries.

There are lines of credit granted to third parties in the amount of EUR 0 thousand (December 31, 2024: EUR 1,376 thousand), which can be utilized until December 31, 2025, at the latest. These credit lines were not utilized as at December 31, 2025, and December 31, 2024 (see also note 21).

The Lenzing Group bears obligations for severance payments and anniversary benefits for former employees of certain sold equity investments up to the amount of the notional claims at the sale date. Provisions were recognized for these obligations as at the reporting date at an amount equal to their present value calculated in accordance with actuarial principles. Lenzing AG, in particular, has also assumed liabilities to secure third-party claims against consolidated companies; these claims are considered unlikely to be realized. The Managing Board is not aware of any other financial obligations with a significant impact on the financial position and financial performance of the Group

The obligations arising from outstanding orders for intangible assets and property, plant and equipment amounted to EUR 24,420 thousand as at December 31, 2025 (December 31, 2024: EUR 30,482 thousand). The Lenzing Group has long-term purchase obligations related to raw material supplies, in particular for wood, pulp, chemicals and energy.

As an international corporation, the Lenzing Group is exposed to a variety of legal and other risks. These risks are related, above all, to product defects, competition and antitrust law, patent law, tax law, employees and environmental protection. It is impossible to predict the outcome of pending or future legal proceedings. Consequently, rulings by the courts or government agencies or settlement agreements can lead to expenses that are not fully covered by insurance and hence could have a material impact on the group's future financial position and financial performance. Additional information can be found in the risk report in the Lenzing Group management report as at December 31, 2025.

Note 41. Group companies

In addition to Lenzing AG, the Lenzing Group includes the following companies (list of group companies in accordance with Section 245a Para. 1 in conjunction with Section 265 Para. 2 of UGB – Austrian Commercial Code):

Group companies		31/12/2025		31/12/2024	
	Currency	Share capital	Share in %	Share capital	Share in %
Consolidated companies					
Beech Investment s.r.o., Zlaté Moravce, Slovakia	EUR	6,639	100.00	6,639	100.00
BZL – Bildungszentrum Lenzing GmbH, Lenzing, Austria	EUR	43,604	75.00	43,604	75.00
LD Celulose International GmbH, Lenzing	EUR	10,000	51.00	10,000	51.00
LD Celulose S.A., Indianópolis, Brazil	BRL	3,299,821,457	51.00	3,299,821,457	51.00
Lenzing Biocel Paskov a.s., Paskov, Czech Republic	CZK	280,000,000	100.00	280,000,000	100.00
Lenzing Business Services s.r.o., Paskov, Czech Republic	CZK	200,000	100.00	200,000	100.00
Lenzing Elyaf Anonim Şirketi, Istanbul, Turkey	TRY	3,500,000	100.00	3,500,000	100.00
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200,000	100.00	200,000	100.00
Lenzing Fibers GmbH, Heiligenkreuz, Austria	EUR	363,364	100.00	363,364	100.00
Lenzing Fibers Grimsby Limited, Grimsby, UK	GBP	1	100.00	1	100.00
Lenzing Fibers Holding GmbH, Lenzing, Austria	EUR	35,000	100.00	35,000	100.00
Lenzing Fibers (Hongkong) Ltd., Hong Kong, China	HKD	30,300,000	100.00	30,300,000	100.00
Lenzing Fibers Inc., Axis, USA	USD	10	100.00	10	100.00
Lenzing Fibers India Private Limited, Coimbatore, India	INR	25,464,000	100.00	25,464,000	100.00
Lenzing Fibers Ltd., Manchester, UK	GBP	1	100.00	1	100.00
Lenzing France SARL, Paris, France	EUR	25,000	100.00	25,000	100.00
Lenzing Germany GmbH, Münchberg, Germany	EUR	25,000	100.00	25,000	100.00
Lenzing Global Finance GmbH, Munich, Germany	EUR	25,000	100.00	25,000	100.00
Lenzing Holding GmbH, Lenzing, Austria	EUR	35,000	100.00	35,000	100.00
Lenzing Italy S.r.l, Rome, Italy	EUR	25,000	100.00	25,000	100.00
Lenzing Korea Yuhan Hoesa, Seoul, Republic of Korea	KRW	280,000,000	100.00	280,000,000	100.00
Lenzing Land Holding LLC., Dover, USA	USD	10,000	100.00	10,000	100.00
Lenzing Modi Fibers India Private Limited, Mumbai, India	INR	1,210,985,270	96.59	1,204,588,370	96.57
Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China	USD	135,440,000	100.00	135,440,000	100.00
Lenzing Singapore Pte. Ltd., Singapore, Republic of Singapore	EUR	1,000,000	100.00	1,000,000	100.00
Lenzing Taiwan Fibers Ltd., Taipei, Taiwan	TWD	5,300,000	100.00	5,300,000	100.00
Lenzing (Thailand) Co., Ltd., Prachinburi, Thailand	THB	16,677,550,000	100.00	16,677,550,000	100.00
PT. South Pacific Viscose, Purwakarta, Indonesia[1]	IDR	4,308,723,453,000	99.88	4,308,723,453,000	99.88
Pulp Trading GmbH, Lenzing, Austria	EUR	40,000	100.00	40,000	100.00
Wasserreinhaltungsverband Lenzing – Lenzing AG, Lenzing, Austria[2]	EUR	0	Membership	0	Membership
Companies accounted for using the equity method					
Associates					
TreeToTextile, Stockholm, Sweden	SEK	549,254	22.60	-	-
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany	EUR	2,000,000	20.00	2,000,000	20.00
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, Austria[3]	EUR	1,155,336	99.90	1,155,336	99.90
Lenzing Papier GmbH, Lenzing, Austria	EUR	35,000	40.00	35,000	40.00
PT. Pura Golden Lion, Jakarta, Indonesia	IDR	2,500,000,000	40.00	2,500,000,000	40.00
Joint ventures					
LD Florestal S.A., Indianópolis, Brazil	BRL	177,452,357	50.00	177,452,357	50.00
RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria	EUR	36,336	50.00	36,336	50.00
Wood Paskov s.r.o., Paskov, Czech Republic	CZK	2,000,000	50.00	2,000,000	50.00

Notes:

1) The share held directly by the Lenzing Group equals 99.80 percent (December 31, 2024: 99.80 percent). A further 0.2 percent (December 31, 2024: 0.2 percent) of the shares are held indirectly via PT. Pura Golden Lion, Jakarta, Indonesia, an associate of the Lenzing Group. The total calculated share therefore equals 99.88 percent (December 31, 2024: 99.88 percent).

2) The Lenzing Group participates through a membership. It holds 50 percent of the voting rights and can appoint half of the Managing Board members. Since all assets are attributable to the respective landowner under company law, the entity is notionally a separate company (a so-called "silo structure"). Assets located on the Lenzing Group's land are therefore included in the consolidation.

3) This investment is not included in the consolidated financial statements as a subsidiary, even though the Lenzing Group holds 99.9 percent of the voting rights in the company. In light of the given circumstances, the Lenzing Group does not control this company because its power is limited and because the returns hardly vary or can hardly be influenced by the Lenzing Group. The Lenzing Group exercises a significant influence on business and financial policy of this company, in particular through its representation on management bodies and its participation in decision-making processes.

Note 42. Significant events after the end of the reporting period

In February 2026, the Lenzing Group increased its existing interest (see note 21) in Swedish innovation company TreeToTextile AB (TTT) by 55.2 percent and thereby acquired a controlling majority. The agreed purchase price for the increase in interest on the acquisition date (translated at the closing rate of EUR/SEK 10.75095) amounted to EUR 24,184 thousand (of which EUR 22,334 thousand in cash and EUR 1,850 thousand as a non-cash contribution). A contingent consideration does not exist. TreeToTextile represents the next major technological advance in cellulose fiber production. The process offers a significantly improved sustainability profile, attractive cost benefits and broad applicability in textile and nonwoven markets. The transaction enables accelerated scaling of the new technology. Lenzing is planning a significant increase in production output at the existing demonstration plant in Nymölla, Sweden, and preparations for the first large-scale industrial plant. In addition, operational synergies are expected from closer collaboration.

Applying IFRS 3.B66, no further disclosures in accordance with IFRS 3.B64 are made for this acquisition in these financial statements, as the initial accounting for the business combination in accordance with IFRS 3.45 had not yet been completed at the time when the financial statements were prepared. The identification and measurement of the acquired intangible assets, in particular the acquired R&D projects and assets, require detailed technical analyses that were not yet fully available at this time. For this reason, the fair values of the identifiable acquired assets and liabilities cannot yet be reliably determined. The required disclosures will be made within the measurement period of up to 12 months from the date of acquisition, as permitted under IFRS 3.

The company is included in the consolidated financial statements of the Lenzing Group as a fully consolidated subsidiary from the date on which control is gained.

As of February 28, 2026, geopolitical tensions in the Middle East have tightened significantly. A large-scale US-Israeli attack on Iranian targets as well as extensive Iranian missile and drone attacks on Israel and several Gulf states have led to significant market reactions, in particular a rise in oil prices and disruptions to regional air and sea traffic. The potential impact of the Iran conflict on the Lenzing Group's financial position and financial performance is currently being analyzed and cannot be estimated at this time.

Other than that, the Lenzing Group is not aware of any significant events occurring after the reporting date of December 31, 2025 which would have led to a different presentation of its financial position and financial performance.

Note 43. Authorization of the consolidated financial statements

These consolidated financial statements were approved on March 5, 2026 (consolidated financial statements as at December 31, 2024: March 4, 2025) by the Managing Board for review by the Supervisory Board, presentation to the Annual General Meeting and subsequent publication. The Supervisory Board may require changes to the consolidated financial statements as part of its review.

Lenzing, March 5, 2026
Lenzing Aktiengesellschaft

The Managing Board

Georg Kasperkovitz
Chief Operations Officer

Mathias Breuer
Chief Financial Officer

Christian Skilich
Chief Pulp & Chief Technology Officer

Auditor’s Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, Austria, and its subsidiaries (“the Group”), which comprise the Consolidated Statement of Financial Position as at December 31, 2025, the Consolidated Income Statement, the Consolidated Statement of Cash Flows, the Consolidated Statement of Other Comprehensive Income and the Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 (“EU Regulation”) and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities” section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor’s report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Our liability as auditors is guided under Section 275 UGB (Austrian Commercial Code).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Recoverability of the cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia”.
Refer to note 10

Risk for the Consolidated Financial Statements

In the 2025 financial year, Lenzing Aktiengesellschaft assessed that there is an indication, that the cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia” may be impaired. The recoverable amount determined as a result (impairment test) led to the recognition of an impairment loss of EUR 82 million for “Fiber Site Indonesia,” which was recognized in the consolidated income statement. For “Fiber Site Heiligenkreuz,” sufficient coverag of the carrying amount was determined.

The measurement of the recoverable amount of cash-generating units requires assumptions and estimates, such as the estimated future cashflows, as well as the determination of the applicable discount rate.

For the consolidated financial statements, there is a risk that inappropriate assumptions and estimates used to measure the recoverable amount could have a significant impact on the recoverable amount and therefore the carrying amounts of the cash-generating units in the consolidated statement of financial position, as well as the operating results in the consolidated income statement.

Our Response

We have assessed the analyses conducted by the company regarding the presence of indications of impairment and, if such an indication was identified, the impairment tests prepared in this case, involving our valuation specialists, as follows:

- In order to assess whether there are indications of impairment, we evaluated whether Lenzing Aktiengesellschaft has appropriately identified existing indications primarily based on the deviation analyses from the planned values.
- In order to assess the appropriateness of cashflow projections used by management, we gained an understanding of the planning process and relevant internal controls, discussed the assumptions regarding growth rates and operational results with the relevant senior personnel within the Group. Additionally, we have compared these cashflow projections with the most recent budget approved by the supervisory board as well as the mid-term planning approved by the management board.
- In cases where the data used in the impairment tests deviated from the budget or medium-term planning, we obtained explanations from the Management Board for the reasons for such deviations and assessed their appropriateness.
- We conducted a comparison of the significant planning assumptions in prior periods with the actual values and analyzed whether historical deviations were appropriately considered by management in their planning assumptions.
- Our valuation experts reviewed and assessed the methodology used in the impairment tests to ensure compliance with relevant standards. The assumptions used to determine the cost of capital rates were compared by our valuation specialists with

market and industry-specific benchmarks, and the accuracy of the calculation scheme was verified.
- In addition, we reconciled the impairment loss recognized in the consolidated financial statements for the cash-generating unit “Fiber Site Indonesia” with the results of the impairment tests and verified whether the recognition of the impairment complied with IAS 36.
- Furthermore, we have evaluated whether the disclosures regarding the impairment tests of the cash-generating units “Fiber Site Heiligenkreuz” and “Fiber Site Indonesia” in the consolidated financial statements are appropriate.

Other information
Management is responsible for other information. Other information is all information provided in the annual and sustainability report, other than the consolidated financial statements, the group management report and the auditor’s report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS Accounting Standards as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole, are free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users based on the consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representation or override of internal controls.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, as well as whether the consolidated financial statements represent the underlying business transactions and events in a manner that achieves fair presentation.
- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Group, in order to form an audit opinion. We are responsible for directing, supervising and reviewing the audit activities carried out for the purposes of auditing the consolidated financial statements. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal controls that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and

other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when, in rare cases, we determine that a matter should not be included in our auditor's report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal and Regulatory Requirements

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with the applicable legal requirements.

It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read it and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 EU Regulation

We were elected as auditors at the Annual General Meeting on April 17, 2025 and were appointed by the supervisory board. on September 3, 2025 to audit the consolidated financial statements of the Company for the financial year ending on December 31, 2025.

We have been auditors of the Company, without interruption, since the consolidated financial statements as of December 31, 2017.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit.

Engagement Partner

The engagement partner is Mr Gerold Stelzmüller.

Linz, March 5, 2026

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerold Stelzmüller
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements, together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Independent assurance report on the non-financial reporting pursuant to Section 243b and 267a UGB

We have performed a limited assurance engagement in the connection with the consolidated non-financial reporting pursuant to Section 243b and 267a UGB (hereafter „non-financial reporting") for the financial year 2025 of the

Lenzing Aktiengesellschaft,
Lenzing
(hereinafter also referred to as „Lenzing" or „Company").

Conclusion with limited assurance

Based on our procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial reporting pursuant to Section 243b and 267a UGB (hereafter „non-financial reporting") is not prepared, in all material respects, in compliance with:

- the statutory provisions of the Austrian Sustainability and Diversity Improvement Act (Sections 243b and 267a of the Austrian Commercial Code (UGB)),
- the reporting requirements according to Article 8 of the EU Regulation 2020/852 (hereinafter referred to as „EU-Taxonomy-Regulation"),
- the requirements of the delegated regulation (EU) 2023/2772 (hereinafter referred to as „ESRS"), and
- the process carried out by the company to identify the information to be included in the consolidated non-financial reporting in accordance with the legal requirements and standards for non-financial reporting (hereinafter referred to as „double materiality assessment process"); with the description set out in disclosure "Double materiality analysis"

in the currently valid version.

Basis for conclusion with limited assurance

Our limited assurance engagement on the non-financial reporting was conducted in accordance with the statutory requirements and Austrian Standards on Other Assurance Engagements and additional expert opinions as well as the International Standard on Assurance Engagements (ISAE 3000 (Revised)) applicable to such engagements. An independent assurance engagement with the purpose of expressing a conclusion with limited assurance („limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance („reasonable assurance engagement"), thus providing reduced assurance.

Our responsibility under those requirements and standards is further described in the „Responsibility of the auditor of the consolidated non-financial reporting" section of our assurance report.

We are independent of the Group in accordance with the Austrian professional regulations and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm is subject to the provisions of KSW-PRL 2022, which essentially corresponds to the requirements of ISQM 1, and applies a comprehensive quality management system, including documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained up to the date of the limited assurance report is sufficient and appropriate to provide a basis for our conclusion as of that date.

Other information

Management is responsible for the other information. The other information comprises all information included in the "Annual and Sustainability Report 2025" but does not include non-financial reporting and our independent assurance report.

Our conclusion on the non-financial reporting does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our limited assurance engagement on the non-financial reporting, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the non-financial reporting or our knowledge obtained in the limited assurance engagement or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the management

Management is responsible for the preparation of a non-financial reporting including the determination and implementation of the double materiality assessment processes in accordance with legal requirements and standards. This responsibility includes:

- identification of the actual and potential impacts, as well as the risks and opportunities associated with sustainability aspects and assessing the materiality of these impacts, risks and opportunities,
- preparing of a non-financial reporting in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act pursuant to section 243b and 267a UGB, including compliance with the ESRS,
- inclusion of disclosures in the consolidated non-financial reporting in accordance with the EU-Taxonomy-Regulation, and
- designing, implementing and maintaining of internal controls that management consider relevant to enable the preparation of sustainability report that is free from material misstatement, whether due to fraud or error; and to enable the double materiality assessment process to be carried out in accordance with the requirements of the ESRS.

This responsibility includes also the selection and application of appropriate methods for non-financial reporting and the making of assumptions and estimates for individual sustainability disclosures that are reasonable in the circumstances.

Inherent limitations in the preparation of non-financial reporting

When reporting forward-looking information, the company is obliged to prepare this forward-looking information based on disclosed assumptions about events that could occur in the future and possible future actions by the company. Actual results are likely to differ as expected events often do not occur as assumed.

When determining the disclosures in accordance with the EU-Taxonomy-Regulation, the management is obliged to interpret undefined legal terms. Undefined legal terms can be interpreted differently, also regarding the legal conformity of their interpretation and are therefore subject to uncertainties.

Responsibility of the auditor of the consolidated non-financial reporting

Our objectives are to plan and perform a limited assurance engagement to obtain limited assurance about whether the non-financial reporting, including the procedures performed to determine the information to be reported and the reporting in accordance with the EU-Taxonomy, is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this non-financial reporting.

In a limited assurance engagement, we exercise professional judgement and maintain professional skepticism throughout the assurance engagement.

Our responsibilities include

- performing risk-related assurance procedures, including obtaining an understanding of internal controls relevant to the engagement, to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Group controls;
- design and perform assurance procedures responsive to disclosures in the non-financial reporting, where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Procedures - Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the non-financial reporting.

Our engagement does not include the assurance of prior period figures, printed interviews or other additional voluntary information of the company, including references to websites or other additional reporting formats of the company.

The nature, timing and extent of assurance procedures selected depend on professional judgement, including the identification of disclosures likely to be materially misstated in the non-financial reporting, whether due to fraud or error.

In conducting our limited assurance engagement on the non-financial reporting, we proceed as follows:

- We obtain an understanding of the company's processes relevant to the preparation of non-financial reporting.
- We assess whether all relevant information identified by the double materiality assessment process carried out by the company has been included in the non-financial reporting.
- We evaluate whether the structure and presentation of the non-financial reporting is in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act as of section 243b and 267a UGB, including the ESRS.
- We perform inquiries of relevant personnel and analytical procedures on selected disclosures in the non-financial reporting.
- We perform risk-oriented assurance procedures, on a sample basis, on selected disclosures in the non-financial reporting.
- We reconcile selected disclosures in the non-financial reporting with the corresponding disclosures in the consolidated financial statements and Group management report.
- We obtain evidence on the methods for developing estimates and forward-looking information.
- We obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in non-financial reporting.

Limitation of liability, publication and terms of engagement

This limited assurance engagement is a voluntary assurance engagement. We issue this conclusion based on the assurance contract concluded with the client, which is also based, with effect on third parties, on the „General Conditions of Contract for the Public Accounting Professions" issued by the Chamber of Tax Advisors and Auditors. These can be viewed online on the website of the Chamber of Tax Advisors and Auditors (currently at https://ksw.or.at/berufsrecht/mandatsverhaeltnis/). With regard to our responsibility and liability under the contractual relationship, point 7 of the AAB 2018 applies.

Our assurance report may only be distributed to third parties together with the consolidated non-financial reporting contained in the "Consolidated non-financial statement / Sustainability report" section of the group management report and only in complete and unabridged form. Because our report is prepared solely on behalf of and for the benefit of the company, its contents may not be relied upon by any other third party, and consequently, we shall not be liable for any other third-party claims.

Auditor responsible for the assurance engagement

The auditor responsible for the assurance engagement of the non-financial reporting is Mr. Mag. Alexander Gall.

Linz
March 5, 2026

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Alexander Gall

Wirtschaftsprüfer
(Austrian Chartered Accountant)

Declaration of the Managing Board

Declaration of the Managing Board according to Section 124 (1) No. 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements of the Lenzing Group as at December 31, 2025 that were prepared in accordance with the applicable accounting standards pursuant to International Financial Reporting Standards (IFRSs) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Lenzing Group and that the group management report gives a true and fair view of the development and performance of the business and the position of the Lenzing Group, together with a description of the principal risks and uncertainties the Lenzing Group faces.

Lenzing, March 5, 2026
Lenzing Aktiengesellschaft

The Managing Board

Georg Kasperkovitz	**Mathias Breuer**	**Christian Skilich**
Chief Operations Officer	Chief Financial Officer	Chief Pulp & Chief Technology Officer

Lenzing Group Five-Year Overview

Key earnings and profitability figures

EUR mn	2025	2024	2023	2022	2021
Revenue	2,602.4	2,663.9	2,521.2	2,565.7	2,194.6
EBITDA (earnings before interest, tax, depreciation and amortization)	413.0	395.4	303.3	241.9	362.9
EBITDA margin	15.9%	14.8%	12.0%	9.4%	16.5%
EBIT (earnings before interest and tax)	17.6	88.5	(476.4)	16.5	200.6
EBIT margin	0.7%	3.3%	(18.9)%	0.6%	9.1%
EBT (earnings before tax)	(122.5)	(42.0)	(585.6)	(10.1)	182.9
Net profit/loss after tax	(135.2)	(138.3)	(593.0)	(37.2)	127.7
Earnings per share in EUR	(5.45)	(4.06)	(20.02)	(2.75)	4.16
ROCE (return on capital employed)	0.7%	3.6%	(14.2)%	2.0%	5.4%
ROE (return on equity)	(7.9)%	(2.4)%	(30.1)%	(0.5)%	9.1%
ROI (return on investment)	0.4%	1.7%	(8.9)%	0.3%	4.2%

Key cash flow figures

EUR mn	2025	2024	2023	2022	2021
Cash flow from operating activities	419.7	395.0[1]	160.3	(43.2)	394.0
Free cash flow	173.9	169.4[2]	(122.8)	(740.7)	(445.5)
Unlevered free cash flow	279.3	244.6	-	-	-
CAPEX	141.1	153.8[3]	283.6	698.9	844.3
Liquid assets as at 31/12	690.9	451.7	731.0	453.3	1,124.1
Unused credit facilities as at 31/12	219.1	198.1	203.0	232.3	454.5

Key balance sheet figures

EUR mn as at 31/12	2025	2024	2023	2022	2021
Total assets	4,609.4	4,976.8	5,214.6	5,525.0	5,322.8
Adjusted equity	1,363.5	1,725.9	1,809.1	2,088.6	2,115.7
Adjusted equity ratio	29.6%	34.7%	34.7%	37.8%	39.7%
Net financial debt	1,350.1	1,532.5	1,562.6	1,799.4[4]	913.6[4]
Net financial debt / EBITDA	3.3	3.9	5.2	7.4[4]	2.5[4]
Net financial debt incl. lease liabilities	1,478.6	1,656.3	1,704.7	1,869.0	977.0
Net debt	1,542.2	1,732.2	1,779.5	1,946.6	1,079.3
Net gearing	99.0%	88.8%	86.4%	86.2%[4]	43.2%[4]
Trading working capital	453.4	578.0	551.1	570.7	387.4
Trading working capital to annualized group revenue	18.0%	20.5%	21.0%	24.0%	16.0%

Key stock market figures

EUR	2025	2024	2023	2022	2021
Market capitalization in mn as at 31/12	903.7	1,139.2	1,372.9	1,454.9	3,239.1
Share price as at 31/12	23.40	29.50	35.55	54.80	122.00
Dividend per share	0.00	0.00	0.00	0.00	4.35

Employees	2025	2024	2023	2022	2021
Full-time equivalents (FTE) as at 31/12[5]	7,738	7,816	7,917	7,931	7,585

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.
4) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities (see the supplement to the management report "Notes on the Financial Performance Indicators of the Lenzing Group").
5) The number of employees has been reported on a full-time equivalent basis since the third quarter of the 2023 financial year. Until the third quarter of the 2023 financial year, the figure was based on the number of individuals.

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.

Financial calendar

Publication of financial calendar 2026 (acc. to prime market regulation)

	Date
Financial results 2025	Thu., March 19, 2026
Evidence reference date “Annual General Meeting”	Mon., April 13, 2026
82nd Annual General Meeting	Thu., April 23, 2026
Ex-dividend date	Mon., April 27, 2026
Record date “dividends”	Tue., April 28, 2026
Dividend payout	Thu., April 30, 2026
Results 1st quarter 2026	Thu., May 07, 2026
Half-year results 2026	Wed., August 05, 2026
Results 3rd quarter 2026	Thu., November 05, 2026

Glossary

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

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

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.

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.

Biobased

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

Biobased chemicals

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

Biodegradable/Biodegradation

The property of a substance or material to be degraded by microorganisms (bacteria, fungi, etc.) to water and carbon dioxide (CO_2) 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.

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.

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.

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.

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;

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.

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/

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_2 emissions, climate risks and reduction targets and strategies of companies. Participation is voluntary.
https://www.cdp.net

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.

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

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.

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.

D

Decarbonization

Decarbonization denotes the declining average carbon intensity (CO_2 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.

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.

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.

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.

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_2), methane (CH4), and nitrous oxide (N2O).

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.

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.

I

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

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.

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.

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.

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.

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.

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.

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.

NMMO

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

Nonwovens

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

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.

P

PEFC

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

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

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.

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).

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.

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.

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.

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?”

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.)

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.

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.

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.

SHEARS

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

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.

Specialty fibers

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

Stakeholders

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

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

T

TCF

Totally chlorine free (bleaching process).

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.

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 fulfils the above-mentioned conditions except biodegradability in marine environments.

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.

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 nonwovens applications.

W

Wood-based cellulosic fiber

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

X

Xylose

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

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.

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).

Financial glossary

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.

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.

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.

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 intabible 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.

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.

L

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

Liquid funds
Cash and cash equivalents plus current securities.

M

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

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.

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).

NOPAT

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

P

Post-employment benefits

Provisions for pensions and severance payments.

R

ROCE (return on capital employed)

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

ROE (Return on equity)

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

ROI (Return on investment)

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

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.

Trading working capital

Inventories plus trade receivables less trade payables.

Trading working capital to annualized group revenue

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

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.

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.

SPECIAL THANKS FOR EDITORIAL CONTRIBUTIONS GO TO:

- Acar Miray
- Allesch Markus
- Arnitz Alexander
- Auer Maria
- Böhm Laura
- Benevides Mara
- Breen Jemma
- Buchleitner Robert
- Cafuta Korn Danijela
- Ebner Michael
- Feilmair Wilhelm
- Fernandes Andre
- Fili Gregor
- Fitzka Alexander
- Gesslbauer Manuela
- Girardi-Walch Alexander
- Gneiß Christoph
- González Citlali
- Goldhalm Gisela
- Goldmann Laurin
- Gorringe Stuart
- Gschwandtner Christian
- Gregorich Katharina
- Grünewald Arne
- Greil Jasmin
- Hofmann Stephanie
- Holezius Stefanie
- Holzinger Franziska
- Innerlohinger Jo-Ann
- Jedinger Rebekka
- Justo Bruno
- Kafka-Hinterleitner Romana
- Kern Bettina
- Knus Sébastien
- Kroeg Walter
- Kroner Gert
- Kulka Stephan
- Ledl Caroline
- Leung Vincent
- Luo Zheng
- Maletzky Matthias
- Manda Krishna
- Mandorfer Philip
- Masali Supriya
- Matiz Thomas
- Mayrhofer Julia
- McGeorge Eva
- Messmer Victoria
- Moosbauer Karin
- Mulle Raphael
- Nader Bernhard
- Nasioudis Andreas
- Neubauer Nicole
- Leitner-Pohn Florian
- Parsan Chand Mahaveer
- Pekari Wilhelm
- Pilz Lydia
- Pomberger Irene
- Promberger Andrea
- Putz Anton
- Raffelsberger Felix
- Reka Sindi
- Rettl Giovanni
- Rippl Sebastian
- Rivera Ramos Alexandra
- Röder Anja
- Sagerer-Foric Ibrahim
- Sargeant Patricia
- Schönberger Isabella
- Schönherr Norma
- Schuster Christian
- Seyfriedsberger Gerhard
- Sklenarova Jana
- Stanger Elisabeth
- Steiner Christian
- Steinmair Philipp
- Stummer Lisa
- Wester Andreas
- Yeo Vernon
- Zeiner Daniela
- Zimmermann Kerstin

Imprint

Copyright and published by

Lenzing Aktiengesellschaft

4860 Lenzing, Österreich

www.lenzing.com

Concept and edited by

TOWA (www.towa-digital.com),
Lenzing Group

Layout and graphic design

nexxar GmbH (www.nexxar.com)

Text pages 2, 25–50, 52–85, 87–141, 143–163, 165–187, 189–195, 198–282

Produced in-house using firesys

Photographs by

Lenzing AG / Christian Leopold / Artwiyanastd / Winnievinzence / FabrikaPhoto / Tehhydina / LightFieldStudios / Chormail / Skyline Medien GmbH / Luka Kolanovic / Ludwig Schedl

Notes

This English translation is a non-binding translation of the German annual and sustainability report (with the exception of the non-financial statement). In the event of discrepancies between this English translation and the German original the latter shall prevail.

This annual and sustainability report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing Group. Such forward-looking statements can be identified by the use of terms such as “should”, “could”, “will”, “estimate”, “expect”, “assume”, “predict”, “intend”, “believe” or similar items. The projections that are related to the future development of the Lenzing Group represent estimates that were made on the basis of the information available as at the date on which this annual and sustainability report was published.

Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed. The annual and sustainability report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, typesetting and graphic errors can nevertheless not be completely ruled out.