

MANAGEMENT REPORT

2025

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General Market Environment

Global economy¹

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 (ITMF²) 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 market³

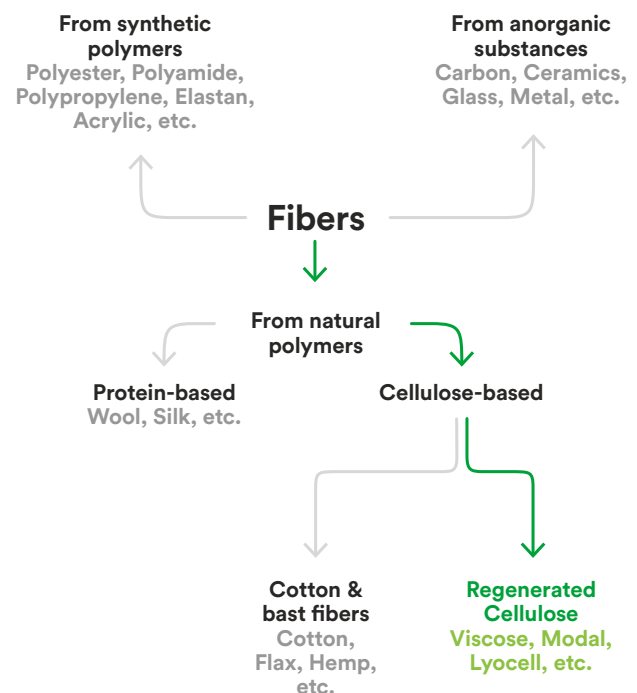
Global apparel sales grew only slightly in 2025 when adjusted for price effects, and remained subdued overall. In the USA, advance purchases in anticipation of tariffs provided a tangible short-term boost to demand. Europe exhibited significantly weaker performance, with somewhat subdued sentiment in 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.

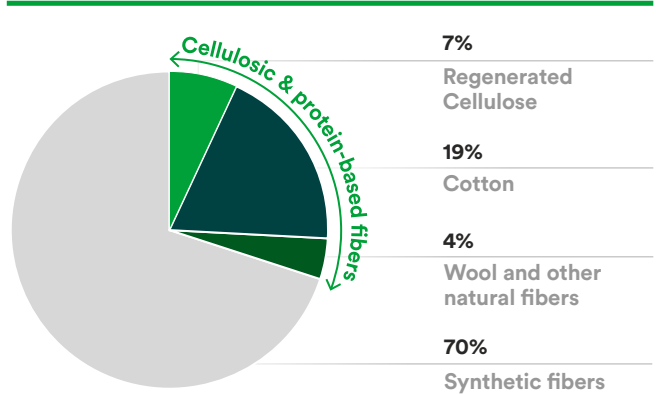
Sources: The Fiber Year, ICAC, Cotton Outlook, CCFG, FAO

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 2025¹
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.

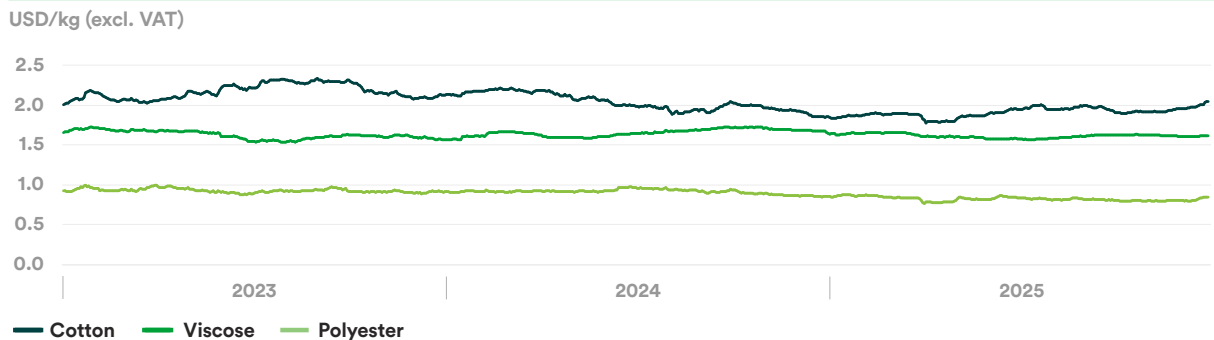
The price of polyester staple fibers was mainly determined by the trend in raw material costs. Accordingly, macroeconomic events suggesting a shortage in crude oil supply led to short-term price spikes. However, as Chinese producers in particular were producing polyester staple fibers at high capacity 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. Although 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 China²



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.

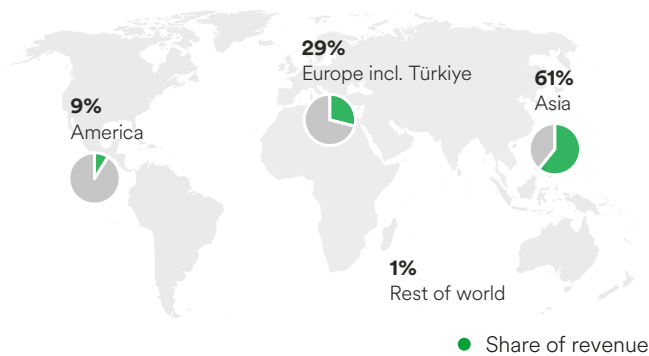
To strengthen sales and revenue growth, new customers were acquired for key products, and expansion into previously smaller markets was stepped up. At the same time, Lenzing is strengthening its international presence in key high-margin markets in North America and Asia. In procurement, too, operational 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 mn² in 2024). Cash flow from investing activities amounted to minus EUR 146.9 mn (compared with minus EUR 152.1 mn² in 2024). Cash flow from financing activities improved significantly to minus EUR 16.4 mn compared with minus EUR 535.4 mn² in the previous year. The increase is mainly due to the refinancing measures realized in the reporting period.

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

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 mn² 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:

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 statement¹
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 to 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

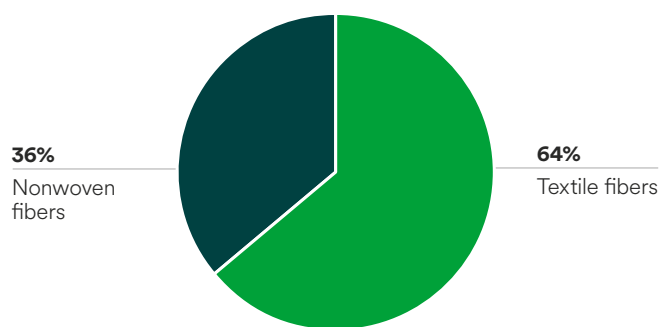
The Lenzing Group bundles its business activities in the area of re-generated cellulose fibers for textile and nonwoven applications in its Fiber Division.

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, All-Saints, 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 for

est 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 1.38² 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 CO₂ 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 CO₂ 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 Nm³ 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

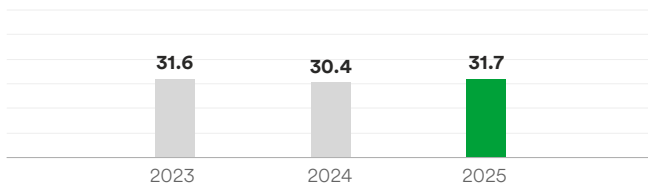
The Lenzing share started the 2025 stock market year at a price of EUR 29.60 (opening price on January 2, 2025) and reached its highest closing price in 2025 of EUR 35.35 on March 19, 2025. The lowest closing price was registered on November 10, 2025, at EUR 20.65. At the end of the reporting year, the 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 CO₂ 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.

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 its 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.

¹Source: IMF, World Economic Outlook, January 2026

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 anti-trust 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.

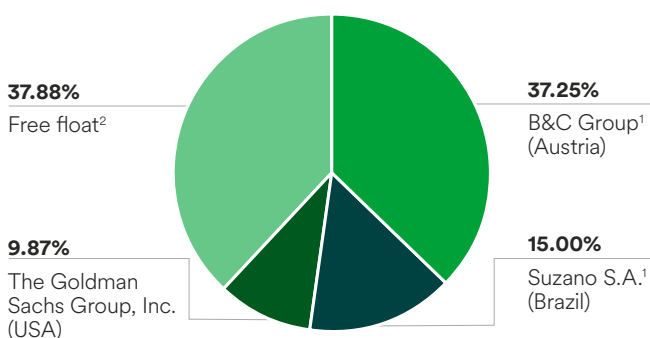
The Lenzing Group complies with the rules defined by the Austrian Corporate Governance Code (ACGC) and prepares a [Corporate Governance Report](#) which is published as part of the Annual Report. The Corporate Governance Report requires the participation of the Supervisory Board, which delegates the 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 IMF¹ 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	153.8¹	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	1,799.4¹	913.6¹
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	7.4¹	2.5¹

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%