Lenzing

Innovative by nature

Half-Year Report

01-06/2024

Lenzing Group

Selected Indicators of the Lenzing Group

Key earnings and profitability figures

EUR mn	01-06/2024	01-06/2023	Change
Revenue	1,310.7	1,250.2	4.8%
EBITDA (earnings before interest, tax, depreciation and amortization)	164.4	136.5	20.4%
EBITDA margin	12.5%	10.9%	
EBIT (earnings before interest and tax)	18.9	(12.0)	n/a
EBIT margin	1.4%	(1.0)%	
EBT (earnings before tax)	(22.3)	(76.1)	70.7%
Net profit/loss after tax	(65.4)	(65.8)	0.6%
Earnings per share in EUR	(1.84)	(3.92)	53.2%

Key cash flow figures

EUR mn	01-06/2024	01-06/2023	Change
Gross cash flow	46.4	(19.3)	n/a
Cash flow from operating activities	202.8	(29.2)	n/a
Free cash flow	141.5	(165.4)	n/a
CAPEX	61.6	136.5	(54.8)%
EUR mn	**30/06/2024**	**31/12/2023**	**Change**
Liquid assets	825.9	731.0	13.0%
Unused credit facilities	201.6	203.0	(0.7)%

Key balance sheet figures

EUR mn	30/06/2024	31/12/2023	Change
Total assets	5,289.3	5,214.6	1.4%
Adjusted equity	1,733.6	1,809.1	(4.2)%
Adjusted equity ratio	32.8%	34.7%	
Net financial debt	1,427.8	1,562.6	(8.6)%
Net financial debt incl. lease liabilities	1,558.9	1,704.7	(8.5)%
Net debt	1,631.8	1,779.5	(8.3)%
Net gearing	82.4%	86.4%	
Trading working capital	505.4	551.1	(8.3)%
Trading working capital to annualized group revenue	19.4%	21.0%	

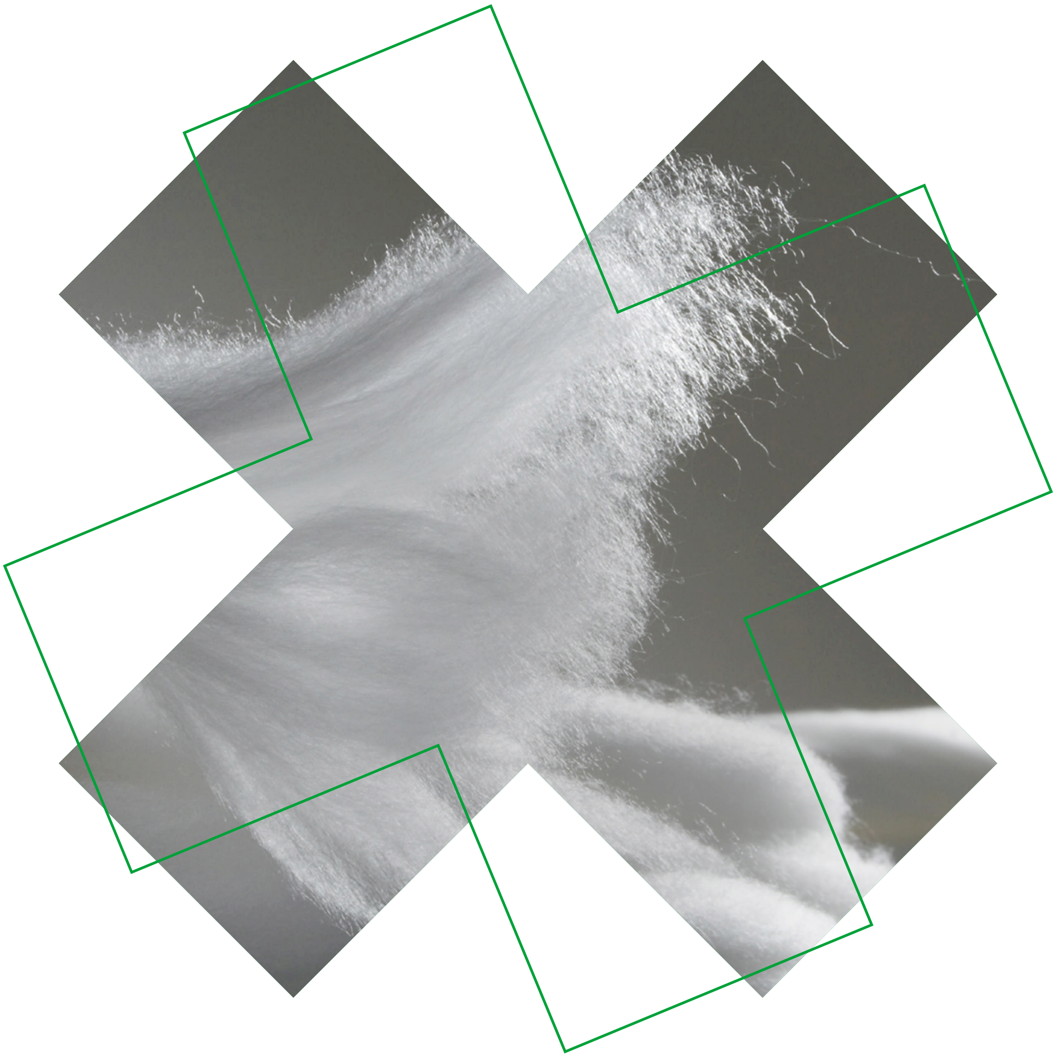
Key stock market figures

EUR	30/06/2024	31/12/2023	Change
Market capitalization in mn	1,264.7	1,372.9	(7.9)%
Share price	32.75	35.55	(7.9)%

Employees

	30/06/2024	31/12/2023	Change
Full-time equivalents (FTE)	7,778	7,917	(1.8)%

The above financial indicators are derived primarily from the Lenzing Group's condensed consolidated interim financial statements and the 2023 consolidated financial statements. Additional details are provided in the section "Notes on the Financial Performance Indicators of the Lenzing Group", in the glossary to the half-year report and in the condensed consolidated interim financial statements, resp. the 2023 consolidated financial statements of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.



Ready to join?

Rethink, Redesign, and Rebuild: Only through this trifold approach can we achieve innovative solutions on the scale the world needs. Our corporate strategy of "Better Growth" means we aim to generate as much benefit for the economy, environment, and society as possible. That's why we invite you to think, shape, and participate in driving the transition towards a circular economy together.

New actions start with new thinking

Before anything can be made new, it must first be thought anew: Our culture of innovation serves as the foundation for ideas and projects that propel the circular economy forward.

Rethink with us

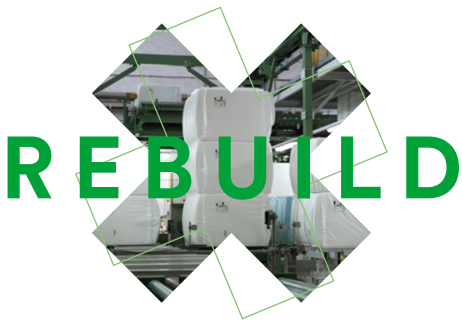
The path brings us closer to the goal

Every innovative solution paves new paths. In line with the principles of the circular economy, we optimize processes at every stage of the value chain.

Redesign with us

Sustainability on a new scale

Striving for as much positive change as possible: In addition to expertise, we bring capacities that enable the sustainable transformation of large business sectors. Ready to join? Learn more!



Rebuild with us

Letter from the CEO

Dear readers,

We are pleased to present you with our Half-Year Report 2024.

The first half of the year continued to be characterized by geopolitical tensions and changing conditions in the global economy. Existing trade conflicts, the Israel-Gaza war, the ongoing war against Ukraine, high inflation, and the economic downturn exerted a negative impact on global economic activity. We had prepared ourselves for the fact that the market would not provide broad support.

Although slight signs of recovery emerged in the relevant commodity and energy markets as well as in demand, the results in the first half of 2024 largely reflect the performance measures we have developed and implemented. The current reporting period shows an improved business performance by the Lenzing Group compared to the first half of 2023, with revenue of around EUR 1.3 bn (+ 4.8%). EBITDA increased by 20,4% compared to the first half of 2023 to EUR 164.4 million. Free cash flow amounted to a pleasing EUR 141.5 million (compared with minus EUR 165.4 million in the prior-year period).

An important measure that has contributed to this positive outcome is our comprehensive performance program with its focus on positive free cash flow, stronger revenue and margin growth, and sustainable cost excellence. Walter Bickel joined us on the Managing Board as Chief Transformation Officer in mid-April 2024 and is further advancing our performance program. He is supporting us in achieving our overarching goal of positioning Lenzing on an even stronger footing and of further enhancing its resilience. With our performance program, we expect to achieve cost savings of in excess of EUR 100 mn per year from 2025, of which around 50 percent will be effective in the current 2024 financial year. This program was, and is, a clear sign that we are not passively waiting for a tailwind from the market, but that we are actively adapting to market conditions and positioning Lenzing as a resilient, profitable, and strong market player. This process of improving earnings must and will continue to be implemented, and accelerate over the coming quarters and years.

The best contribution we can make to a livable present and future is to operate on a basis that is successfully sustainable and highly innovative. Profitable and affordable sustainability on a large scale is the challenge facing the textile industry. Here, too, we made further progress in the first half of 2024.

We are working tirelessly to make the industries in which we operate even more sustainable. Lenzing is not only focusing on the continuous reduction of its emissions, which is paving the way to a net-zero future, but is also advancing the transformation from a linear to a circular economy model.

For this reason, I am extremely pleased that Lenzing's efforts in this area are being acknowledged. Rating agency MSCI awarded Lenzing an "AA" rating for the third consecutive time, thereby ranking Lenzing among the top eight percent of rated companies in our peer group. We also recently received the most important Austrian sustainability award for top listed companies, the VÖNIX Sustainability Award of the Vienna Stock Exchange, and took first place in the "Industrials" category.

Lenzing once again raised the bar for the industry when it comes to climate protection. In February 2024, we updated our climate targets. The Science Based Targets Initiative (SBTi), the most respected organization in the area of climate-related target setting, has reviewed and confirmed our target improvement. As a consequence, Lenzing is the only producer of regenerated cellulosic fibers with a scientifically confirmed net-zero target.

With our award-winning sustainability reports, we have been setting standards, creating transparency for many years, documenting our achievements to date, and the progress we have made in achieving our ambitious targets. The first combined Lenzing Annual and Sustainability Report 2023, which was published in March this year, describes our achievements in the environmental, economic, and social areas as well as our ongoing commitment to a future where the circular economy is the norm. As a consequence, I cordially invite you to read this latest Annual and Sustainability Report of the Lenzing Group: https://reports.lenzing.com/annual-and-sustainability-report/2023/

In addition to all the ecological and economic challenges, the textile industry also has to contend with a number of social challenges. Transparency along the entire supply chain plays an important role here. As a consequence, a key sustainability goal of Lenzing is to obtain a valid, independently audited and accredited social standard certificate for every production site of the Lenzing Group by 2024. This objective is pursued through the Higg Facility Social & Labor Module (Higg FSLM), which assesses social and work-related conditions. More than 7,200 companies worldwide have undergone this audit, with Lenzing's results placing it in the top 25 percent of all verified Higg FSLM companies. These outstanding results show that social sustainability and responsibility are not just empty words for us, but that we are actively committed to better working conditions.

Let me now take a look ahead: as the entire Managing Board, we commented on the occasion of our first quarter results that we are well on the way to returning Lenzing to its successful course step by step. I can confirm this once again today: we are moving in the right direction! As a comparison with the first quarter in particular shows, Lenzing is on a steady recovery track, although visibility remains limited.

Together as the Lenzing Group, we are doing our best every day to strengthen our innovation and market leadership and to accelerate the business turnaround. For this, I would like to express my sincere thanks to all our employees.

I would now like to turn to our most recent change in the shareholder structure. Our main shareholder, B&C Group, and the Brazilian pulp producer Suzano S.A. signed a long-term partnership in June 2024 in connection with the majority interest in Lenzing. Under this agreement, Suzano S.A. will acquire a 15 percent interest in Lenzing AG from B&C Group.

For us, the constellation of the now two strong core shareholders B&C Group and Suzano S.A. is a strategic gain, and we welcome the intended transaction.

Let me conclude this letter by warmly welcoming our new Managing Board member Rohit Aggarwal to the Lenzing Group. Mr. Aggarwal possesses decades of professional experience in leading positions in the chemical industry. Having held numerous global management positions in Europe, the USA, and Asia, he has a sound understanding of the strategic development of international markets and the establishment of efficient management teams. Thanks to his experience in markets relevant to Lenzing, he is fully familiar with Lenzing's core business in all its content-related and geographical facets. Rohit Aggarwal will familiarize himself with the Fiber Division in the coming weeks and months and will then assume from me the role of CEO of Lenzing AG.

Already today, I wish him every success in this role!

Yours,

Stephan Sielaff

Content

The business development of the Lenzing Group continues to point in the right direction even without a significant recovery in the relevant markets.

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Revenue 01-06/2024

EUR 1.31 bn

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General Market Environment

Global economy[1]

The global economy proved resilient in the first half of 2024 and growth is likely to return to the long-term average following the shocks of recent years. The International Monetary Fund (IMF) forecasts global growth of 3.2 percent for the full 2024 year. A recession thereby appears to have been averted. Inflation rates in the USA and Europe began to normalize in the first six months of the current financial year. This enabled the European Central Bank (ECB) to cut its key interest rate for the first time. However, inflation is not expected to move any closer to the 2 percent target before next year, which limits the scope for further interest rate cuts.

Global retail apparel sales in the first half of 2024 were down slightly year-on-year, according to preliminary calculations.[2] Demand expanded in the USA, while it stabilized in China. European consumers were reluctant to buy clothing, partly due to the late start to spring and persistently tight household finances. After falling at the end of the previous year, clothing stocks stabilized at this low level in the first half of 2024. Demand along the textile value chain improved slightly. However, many retailers are still reluctant to place orders, as short-term consumer demand is proving very difficult for them to predict. While retail sales of hygiene products in the nonwovens industry were slightly lower year-on-year in the first quarter of 2024, demand recovered slightly in the second quarter of 2024, particularly in the USA.

Global fiber market[3]

The recovery in the global fiber market has been limited to date during the first half of 2024. Demand for fibers improved in many areas, and most strongly for sustainably produced fibers. Prices, however, remain under pressure.

International cotton prices were volatile in the period under review. While the Cotlook A index reached a high of 107 US cents per pound at the end of February 2024, prices fell in the second quarter of 2024 to a low of just under 82 US cents per pound, a level last seen in December 2020. These low prices were mainly due to falling futures prices in light of higher harvest expectations. Over the course of the first half of 2024, prices were down by 7 percent and stood at 85 US cents per pound by the middle of the year. The Chinese cotton price was mostly higher than the international price in the first six months of 2024, which supported demand for cotton from the USA and Brazil in particular.

The price of polyester staple fibers in China rose by 7 percent and stood at RMB 7,885 per tonne at the end of the first half of 2024. Intermediate products, the main price driver for polyester, also increased in the single-digit percentage range, while the price of Brent crude oil traded in US dollars rose by almost 14 percent.

The optimistic outlook after the Chinese New Year and rising raw material costs has led the Chinese viscose price to improve to RMB 13,520 per tonne in the meantime. However, seasonal demand was not as positive as expected. As a consequence, the price fell again in March 2024 and then leveled off at around RMB 13,000 per tonne. Supported by an unexpected cutback in Chinese production facilities in May and slightly higher demand, Chinese stocks decreased and prices recovered to RMB 13,350 per tonne (as of the reporting date June 30, 2024). As a consequence, the price stood 6 percent higher at the end of the first half of 2024 than at the start of the year. The price increase continued at the start of the third quarter of 2024. However, prices remain at a low level.

The price premium for TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brand fibers proved to be comparatively resistant.

The Chinese import price for hardwood-based dissolving wood pulp, the key raw material for the production of wood-based cellulosic fibers, benefited from good demand in the first two months of 2024. The price remained stable in the following months and ended the first half of 2024 at USD 942 per tonne. It was thereby 7 percent higher than at the start of the year. The price of paper pulp in China rose by 13 percent in the same period.

[1] Source: IMF, World Economic Outlook, July 2024
[2] Sources: Nominal sales, estimate based on statistics at country level
[3] Sources: ICAC, Cotton Outlook, CCFG, China Cotton Association

The Development of Business in the Lenzing Group

Lenzing Group business trends reported a steady improvement during the first half of 2024, although the recovery of the markets relevant to Lenzing proved to be sluggish, as expected. On the volume side, a clear upward trend was evident. Prices also followed a positive trend in the first half of the year, although they still stand below the previous year's level. This, coupled with the continued rise in raw material and energy costs, as well as tangibly higher logistics costs, exerted a dampening effect on both Lenzing Group's business trends and the overall sector in the first six months of 2024.

Lenzing already implemented a cost-cutting program at the end of 2022 and, building on this, the Managing Board is currently implementing a comprehensive performance program with the overriding objective of significantly enhanced long-term resilience to crises and greater agility in the face of market changes. The program initiatives are primarily aimed at improving EBITDA and at generating free cash flow through stronger revenue and margin growth, as well as sustainable cost excellence. In addition to the clearly positive effects at the revenue level, the Managing Board expects annual cost savings in excess of EUR 100 mn, of which more than 50 percent will be effective from the current 2024 financial year onwards. The performance program is currently ahead of schedule. Very good progress has been made, particularly in terms of costs per kilogram of product as well as quality improvements, thanks to smart efficiency-enhancement measures. The same applies to purchasing, which has made very good progress in both the strategic and tactical areas. Looking ahead, including beyond 2024, the holistic performance program is expected to continue to improve manufacturing costs through further optimization and to leverage further cost potentials, particularly in the area of overhead functions. The Business Service Center in Paskov is also increasingly being used for this purpose. At the same time, the initiated structural and process improvements will have a positive effect on revenue and margin generation.

Revenue grew by 4.8 percent year-on-year to EUR 1.31 bn in the first half of 2024. This growth primarily reflects higher revenue from fibers.

The positive effects of the performance program were the main factor in the operating earnings trend. Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 20.4 percent to EUR 164.4 mn in the first half of 2024 compared with the first half of 2023. The EBITDA margin increased from 10.9 percent to 12.5 percent.

The operating result (EBIT) amounted to EUR 18.9 mn (compared with minus EUR 12 mn in the first half of 2023) and the EBIT margin was 1.4 percent (compared with minus 1 percent in the same period of the previous year). Earnings before tax (EBT) amounted to minus EUR 22.3 mn (compared with minus EUR 76.1 mn in the same period of 2023).

The income tax expense amounted to EUR 43.1 mn in the first half of 2024 (compared with tax income of EUR 10.3 mn in the first half of 2023).

The strongly improved cash flow from operating activities amounted to EUR 202.8 mn in the first half of the year (compared with minus EUR 29.2 mn in the same period of 2023). Free cash flow recorded a clearly positive trend with an increase to EUR 141.5 mn (compared with minus EUR 165.4 mn in the first half of 2023).

Capital expenditure on intangible assets, property, plant and equipment, and on biological assets (CAPEX) amounted to EUR 61.6 mn in the first half of 2024 (compared with EUR 136.5 mn in the first half of 2023), partly due to reduced investment activities. Compared to December 31, 2023, cash and cash equivalents increased by 13 percent to EUR 825.9 mn as of June 30, 2024.

Total assets rose by 1.4 percent compared with December 31, 2023, and amounted to EUR 5.29 bn as at June 30, 2024. Adjusted equity decreased by 4.2 percent to EUR 1.73 bn. The adjusted equity ratio amounted to 32.8 percent as at June 30, 2024 (compared with 34.7 percent as at December 31, 2023). Net financial debt reduced to EUR 1.43 bn as at the reporting date (compared with EUR 1.56 bn as at December 31, 2023).[1] Net gearing decreased to 82.4 percent (compared with 86.4 percent as at December 31, 2023)[1] Trading working capital reduced by 8.3 percent to EUR 505.4 mn.

In detail, the revenue and earnings performance in the reporting period is as follows:

[1] Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities (see the supplement to the management report "Notes on the Financial Performance Indicators of the Lenzing Group").

Condensed consolidated income statement[1] EUR mn

			Change	
	01-06/2024	01-06/2023	Absolute	Relative
Revenue	**1,310.7**	**1,250.2**	**60.5**	**4.8%**
Cost of sales	(1,088.1)	(1,064.4)	(23.7)	(2.2)%
Gross profit	**222.6**	**185.8**	**36.7**	**19.8%**
Other operating income	27.2	24.9	2.3	9.2%
Selling expenses	(145.0)	(133.0)	(12.0)	(9.0)%
Administrative expenses[2]	(69.1)	(63.4)	(5.6)	(8.9)%
Research and development expenses	(15.0)	(10.3)	(4.7)	(45.1)%
Other operating expenses	(1.8)	(15.9)	14.1	88.6%
EBIT	**18.9**	**(12.0)**	**30.9**	**n/a**
Financial result	(41.2)	(64.1)	22.9	35.7%
EBT	**(22.3)**	**(76.1)**	**53.8**	**70.7%**
Income tax expense	(43.1)	10.3	(53.4)	n/a
Net profit/loss after tax	**(65.4)**	**(65.8)**	**0.4**	**0.6%**

1) The complete consolidated income statement is presented in the consolidated financial statements.
2) The increase in administrative expenses is mainly due to accruals for a potential bonus payment for the current financial year and higher wages and salaries in Austria.

The Development of Business in the Divisions

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

The implementation of the "Better Growth" corporate strategy continued in the first half of 2024. This strategy is aimed at better serving structurally growing demand for the environmentally responsible and high-quality specialty fibers of the TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brands, among other objectives. Following the successful completion of the major projects in Brazil and Thailand and the transformation of capacities in China and Indonesia, Lenzing will now pursue a profitable growth track, sharpen its focus on sustainable and high-quality premium fibers for textiles and nonwovens and, at the same time, further accelerate the transition to a circular economy model.

Lenzing also announced personnel changes on its Managing Board During the first half of 2024. Walter Bickel was appointed as member of the Managing Board and as Chief Transformation Officer of Lenzing AG until December 31, 2025, with effect as of April 15, 2024. Moreover, Rohit Aggarwal will take over the Fiber division as a new member of the Managing Board during the third quarter of 2024. Stephan Sielaff, current CEO of Lenzing AG, will leave the company at the latest when his contract expires at the end of March 2025. After his onboarding phase, Rohit Aggarwal will succeed Stephan Sielaff as the new CEO of Lenzing AG. The Managing Board of Lenzing AG will thereby be temporarily expanded from three to five members and reduced to four members again following the departure of Stephan Sielaff.

Fiber Division

The Fiber Division comprises all Lenzing Group business activities with cellulosic fibers, especially those in the textiles and nonwovens areas.

Lenzing stands worldwide for the ecologically responsible production of specialty fibers based on cellulose and recycled materials. With the lyocell plant opened in Thailand in 2022 and the successful investments in existing production sites in Asia, Lenzing is able to generate 100 percent of fiber revenues from the specialty fiber business under the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands.

Of particular note in the reporting period is the innovation project "Glacial Threads: From Forests to Future Textiles", a collaboration between the Textiles and Nonwovens divisions and selected external partners. As part of this collaboration, a geotextile made of LENZING™ fibers was developed that offers an environmentally responsible alternative to conventional, microplastic-releasing glacier protection fleeces. In a successful field test on the Stubai Glacier in Austria, four meters of ice were saved from melting. This pilot project also successfully tested the recycling of nonwovens for geotextiles, and a fashionable "Glacier Jacket" was produced from the recovered fibers.

Rating agency MSCI awarded Lenzing an "AA" rating for the third consecutive time, thereby ranking Lenzing among the top eight percent of rated companies in its peer group. Lenzing's excellent governance structures and leadership in introducing strong initiatives to mitigate the risk of environmental liabilities related to the release of toxic pollutants were particularly highlighted. Its strong water stewardship program, which includes a water risk assessment, was also mentioned positively.

Lenzing participated for the first time in the Higgs FEM verification of the Sustainable Apparel Coalition (SAC) to assess the environmental impact of product manufacturing at its sites and achieved outstandingly positive results. SAC is an alliance of the clothing, footwear, and textile industries, of which Lenzing is an active member. The Higgs Facility Environmental Module (FEM) is a revolutionary tool for assessing the environmental impact of product manufacturing in operational facilities and provides a clear picture of a facility's environmental impact. With almost 20,000 participating companies from various industries, which achieved an average of less than 50 percent of the possible points in 2023, the Lenzing sites that participated achieved verified scores of between 70 and 95 percent.

Lenzing also achieved outstanding results in the Higg Facility Social & Labor Module (FSLM) for social sustainability. Here, the social impact of production was measured in areas such as wages, working hours, health protection, and treatment of employees. The five Lenzing production sites that were assessed ranked among the top 25 percent of all 7,200 companies participating in 2023.

With the positioning of its product brands, Lenzing has been sending a strong message to consumers since 2018. With TENCEL™ and LENZING™ ECOVERO™ as umbrella brands for all specialties in the textile sector, with VEOCEL™ as the umbrella brand for all specialties in the nonwovens sector, and with LENZING™ for all industrial applications, the company showcases its strengths in a targeted manner. In the first half of 2024, Lenzing continued to deploy targeted communication measures in order to enhance its brands' visibility.

The Lenzing product brands TENCEL™, LENZING™ ECOVERO™, VEOCEL™, and LENZING™ Industrial were able to further differentiate themselves from the competition through the introduction of updated advertising claims as well as continuous innovations and co-branding partnerships. To support customers and partners along the value chain in handling rapidly changing regulatory requirements within a complex industry environment, Lenzing recently clarified a number of brand promises to comply with all new directives, such as the European Union's Green Claims Directive.

One focus in the Fiber Division was the consistent implementation of the sales optimization project, which is being continued under the performance program. The focus is on stronger revenue and margin growth. The project is already having a clear impact. Positive earnings contributions above the planned level were achieved in the first half of 2024. In addition to optimized processes, the structure was also strengthened. In two out of three regions, new managers with excellent market knowledge were recruited. Looking ahead, a reorganization in the second quarter strengthened the management of the Filament area as well as global textile management. As a consequence, the Textile area is ideally positioned at management level to meet the challenges of the coming quarters.

However, the Fiber Division's earnings contribution was negatively impacted by continued higher costs for raw materials and energy as well as increased logistics costs in the first half of 2024.

The Fiber Division's external revenue grew from EUR 927.5 mn in the first half of 2023 to EUR 1.01 bn in the first half of 2024. Of this total, textile fibers accounted for 64.6 percent and nonwoven fibers for 35.4 percent. The volume of fibers sold rose to around 493,000 tonnes in the first half of 2024 (compared with around 408,000 tonnes in the same period of the previous year). The share of specialty fibers in fiber revenue increased to 92.1 percent compared with 78.2 percent in the first half of 2023. The division's earnings (EBITDA) amounted to EUR 20.8 mn compared with minus EUR 45.2 mn in the comparable prior-year period. The operating result (EBIT) amounted to minus EUR 29.4 mn compared with minus EUR 109.7 mn in the first half of 2023.

Textile fibers

While volume sales of fibers showed a clear upward trend in the first half of 2024, uncertainty continued to prevail throughout the textile value chain, as the recovery that has been anticipated in the target markets has not yet materialized. The continuing practice of awarding contracts at short notice across the entire value chain also led to difficulties in forecasting demand from Lenzing's customers and downstream partners.

Innovation is the key to leading the textile industry into a more sustainable future. For this reason, Lenzing works closely with its partners to improve the value chain by improving industry practices. With the aim of reducing dependency on plastic-based elastane materials in stretchable fabrics, Lenzing developed an innovative processing technique for partner manufacturers and brands to produce stretchable fabrics from TENCEL™ Lyocell fibers. As the textile industry continues to operate with high levels of water consumption and pollution in dyeing processes, Lenzing also worked closely with Cobalt Fashion and technology start-up Exponent Envirotech to launch waterless dyeing technology on a commercial scale for wood-based cellulosic fibers for the first time. As this technology can significantly reduce water consumption, it offers the potential to become a possible alternative to conventional water-based dyeing in the textile value chain.

Lenzing has been working for many years to accelerate the circular economy within the value chain. To this end, Lenzing entered into a further partnership with Recyc Leather, an expert in leather alternatives, during the reporting period. Together, they developed Pélinova®, an innovative material that combines TENCEL™ Lyocell fibers and recycled leather fibers for the production of garments and shoes in high-end fashion (such as Slouchy Boots from the Danish brand GANNI). Together with UK-based fashion brand Mother of Pearl, Lenzing also launched a campaign to address customers in a specially designed pop-up boutique. Through its collaboration with outdoor clothing brands Houdini, Devold, and Royal Robbins, Lenzing continues to work to bring fashion and outdoor clothing made from sustainable, alternative materials to mainstream consumers.

With a shared objective of bringing responsible fashion choices to the forefront and driving real change in the fashion world, Lenzing is partnering with iconic brand Diane von Furstenberg (DVF) to launch several flagship collections incorporating TENCEL™ and LENZING™ ECOVERO™ fibers into timeless fashion pieces.

Despite the industry-wide challenge of ensuring a constant supply of high-quality recycled cotton pulp for fiber production, Lenzing remains committed to promoting the circular economy within the value chain through the continuous production of LENZING™ ECOVERO™ fibers utilizing REFIBRA™ technology. LENZING™ ECOVERO™ Black viscose fibers have already achieved a high level of recognition in the industry and are available as co-branded products in online and offline stores worldwide.

To date, Lenzing has further enhanced the awareness and influence of its TENCEL™ and LENZING™ ECOVERO™ brands with various campaigns and initiatives that have generated more than 7.8 bn impressions in PR and online media and 23 mn interactions (including video views) on social media.

To maintain the visibility of the TENCEL™ and LENZING™ ECOVERO™ brands in the global fashion and textile industry ecosystem, Lenzing works closely with over 330 brand partners worldwide, including Allbirds, Aritzia, Benetton, Calzedonia, Camper, DVF (Diane von Furstenberg), Eberjey, Forever New, Ganni, Jack & Jones, Jimmy Key, Jockey, Les Enphants, LINING, Luolai, Marc O'Polo, MAVI, Mother of Pearl, OXXO, Pepe Jeans, Pottery Barn, Reformation, Rip Curl, Sézane, Sussan, Urban Outfitters, Victoria's Secret, and Vogue Collection.

Lenzing also continued its mission to protect intellectual property and brands in the reporting period with the "Only One TENCEL™ Brand" campaign. This campaign is being run in all of Lenzing's key regions worldwide, both online (via social media channels and the Lenzing website) and offline (on displays and Lenzing stands at important trade fairs). The campaign has been well received to date and has established a measured reach of more than 10.6 mn on various platforms.

Nonwoven fibers

Nonwoven fibers are an important strategic pillar for the Lenzing Group. Lenzing offers fibers for the nonwovens industry under the VEOCEL™ brand and under the LENZING™ Industrial brand. These two brands serve a wide range of applications from wipes and hygiene products to packaging, filters, and other industrial applications. Despite the general market dynamics in the first half of 2024, the hygiene and wipes segments remained relatively stable on the global market, while industrial applications such as geotextiles and filtration saw increasing interest worldwide in cellulosic fiber solutions.

Building on a dedicated nonwovens strategy, Lenzing is working to further strengthen its market position and promote sustainable and profitable growth. As a consequence, Lenzing is continuing to develop its range of targeted solutions for a variety of product and application needs based on market requirements. To make this possible and further promote the industry's transition to cellulosic fibers, the “Advance to Cellulosics” topic for nonwovens was developed at the start of this year. With this new approach, Lenzing aims to bring the environmentally responsible advantages of its cellulosic fiber portfolio closer to the market and at the same time offer customers a wide variety of nonwoven application solutions. Lenzing’s objective is to invite customers and consumers in the changing market environment to utilize and promote innovative cellulosic solutions from the VEOCEL™ fiber portfolio.

In 2024, Lenzing also further diversified its market opportunities in the nonwovens business by focusing on absorbent hygiene products (AHPs). New fiber innovations that came onto the market in the first half of 2024 supported this strategy. For example, VEOCEL™ Totally Chlorine-Free (TCF) fibers were developed with AHP customers and consumers in mind to ensure a high level of product safety within the value chain for the industry. The completion of pre-development work for the expansion of the LENZING™ Lyocell Dry product portfolio represents a further example. Thanks to their innovative ability to conduct liquids across their surface (LENZING™ Dry Technology), these fibers offer completely new product solutions for hygiene products that could previously only be achieved by utilizing synthetic fibers. LENZING™ Lyocell Dry fibers are not classified as “plastic” under the EU Single-Use Plastics Directive and offer a very soft and environmentally responsible cellulose-based alternative for brands and manufacturers looking to develop plastic-free feminine and personal care products. With the expansion of the LENZING™ Lyocell Dry fiber portfolio, Lenzing aims to respond to the market’s various application requirements.

This year, Lenzing celebrated the fourth year of its #ItsInOurHands initiative on Earth Day, April 22, 2024. Since its launch in 2020, the #ItsInOurHands platform has been dedicated to inspiring global communities and raising consumer awareness about the importance of fighting plastic pollution, highlighting the benefits of utilizing cellulosic fibers in personal care and hygiene, and giving people simple tips and advice on how to make environmentally conscious choices in their daily lives.

In May 2024, Lenzing participated in the China International Disposable Paper Expo (CIDPEX) 2024 in Nanjing, which was held under the motto “Care Together”. As part of the event, VEOCEL™ fiber applications for products in the personal care, beauty care, intimate care, and flushable products market segments were presented, and, in a keynote speech, the Lenzing sustainability strategy “Naturally Positive”, and the most important successes of VEOCEL™ in the area of sustainability. The event proved to be a great success, with visitors being inspired to prioritize ESG and the SDGs in their work. In Europe, Lenzing was also represented at the Techtextil trade fair with a joint stand for the LENZING™ and VEOCEL™ brands, where application solutions for geotextiles were presented.

Furthermore, LENZING™ Nonwoven Technology was launched on the market in the first half of 2024. This technology, which has been continuously improved in recent years, has proven that it can become an important strategic platform for the cellulosic nonwovens sector by opening up new opportunities for differentiation and diversification. The focus was shifted from technology development and product development to preparations for marketing and market launch in collaboration with partners.

Co-products of fiber production

At locations where the Lenzing Group produces viscose or modal fibers, manufactured co-products include LENZING™ sodium sulphate. This is used in the detergent and glass industries and for the production of food and animal feed. In the first half of 2024, revenue from the sale of co-products remained at almost the same level as in the same period of 2023.

Pulp Division

The Pulp Division bundles all Lenzing Group business activities from wood purchasing through to the production and sale of dissolving wood pulp and biorefinery products. The new pulp mill in Indianópolis (Brazil) produces volumes above the nominal capacity of 500,000 tonnes per year at an excellent quality level, making it one of the largest and most productive dissolving wood pulp mills in the world. Surplus electricity is also fed into the public grid as renewable energy. The new production volumes contribute significantly to strengthening Lenzing’s self-sufficiency in dissolving wood pulp and support premiumization in line with the corporate strategy. In addition to the pulp plant in Brazil, Lenzing produces fiber at the Lenzing and Paskov locations.

With the new pulp plant in Brazil, Lenzing is deepening its backward integration towards its own wood from long-term leased forest areas, which will account for approximately 70,000 hectares of FSC®-certified forest area when completed.[1] These plantations operate in full accordance with Lenzing’s guidelines and high standards for wood and pulp sourcing.

In line with its “Better Growth” strategy, Lenzing is further advancing its recycling activities in order to support the transformation of the textile and nonwovens industries from a linear to a circular economy model. Lenzing has been proactively developing and promoting innovations in this area for several years 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 used textiles on an industrial scale.

The Pulp Division’s external revenue amounted to EUR 295.7 mn in the first half of 2024, compared with EUR 321 mn in the same period of 2023. The division’s earnings (EBITDA) amounted to EUR 184.2 mn in the first six months of 2024, compared with EUR 203.6 mn in the prior-year reporting period. The operating result (EBIT) amounted to EUR 92.5 mn, compared with EUR 122.8 mn in the same period of 2023.

Wood

Timber markets developed as expected in the first half of 2024. Both beech and spruce are sufficiently available and the price trend was stable. However, new requirements such as the EUDR (European Deforestation Regulation) or RED II/III (Renewable Energy Directive) pose major challenges for the industry, such as extensive documentation obligations, additional administrative work, and a

[1] FSC license code: FSC-C175509, FSC-C165948

potential future supply shortage. Europe-wide rail infrastructure problems have a significant impact on logistics costs.

The Lenzing Group's procurement strategy entailing long-term master agreements achieved a good stabilizing effect on volumes and prices in the first six months of 2024. As a consequence, Lenzing supplied its pulp sites in Lenzing (Austria) and Paskov (Czech Republic) with sufficient wood during the reporting period.

In the first half of 2024, audits in accordance with the Forest Stewardship Council® (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC) continued to confirm 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.[1]

Biorefinery

Pulp

The Pulp Division supplies the Lenzing Group's fiber production sites with high-quality dissolving wood pulp and operates its own dissolving wood pulp plants at the Lenzing, Paskov, and Indianópolis sites, thereby ensuring a very high level of self-sufficiency. Lenzing has also established itself as a structural supplier in the global viscose pulp market. Most of the dissolving wood pulp sourced externally is purchased on the basis of long-term contracts. The Lenzing Group's pulp plants produced approximately 561 thousand tonnes of dissolving wood pulp in the first half of 2024.

Biorefinery products

In addition to dissolving wood pulp, the Lenzing Group's biorefineries also produce and market biorefinery products so that further components of the valuable raw material wood are utilized. Renowned customers from the food, animal feed, pharmaceutical, and chemical industries increasingly rely on biobased products from Lenzing.

Lenzing also benefited from the trend towards greater sustainability and regional supply chains in the first half of 2024. A lifecycle analysis conducted by the Quantis research institute in 2018 is still up to date and confirms that LENZING™ Acetic Acid Biobased brand acetic acid has a carbon footprint that is more than 85 percent smaller than comparable products based on fossil raw materials.

Despite higher volumes, revenue generated by the biorefinery products LENZING™ Acetic Acid Biobased and LENZING™ Furfural Biobased decreased in the first half of 2024 in line with the general price trend in the corresponding market segment

Energy and other raw material supplies for the divisions

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 Lenzing, Paskov, and Indianópolis sites, Lenzing is one of the pioneers of fiber and pulp production that is as self-sufficient in energy as possible, and is continuously working to enhance energy efficiency at its other production sites.

Energy reserves at the Lenzing Group's European sites, which were mainly affected by the war in Ukraine, remain very high.

Energy prices continued their downward trend in the first half of 2024 compared with the previous year's reporting period. A further warm winter in Europe and lower industrial demand pushed gas prices on the Austrian spot market down to EUR 30.3 per MWh, reflecting a drop of 35 percent. The electricity price even decreased by 41 percent in the same period. Carbon dioxide prices that were 27 percent lower as well as a high level of production from new renewables were key factors in this context. The price of coal and reduced by 18 percent, while the price of oil rose by 4 percent. Overall, energy prices continue to lie above the 2019 level.

The Lenzing Group partly restructured its energy price hedging in the first quarter of 2023 in the wake of the supply crisis, thereby reducing risk deriving from price changes. Natural gas and electricity are now procured in accordance with a defined purchasing strategy, under which part of the energy required is procured via fixed supply contracts with fixed prices on the forward market. For this reason, spot market trends have only a weakened impact on the company's energy costs.

Only the Lenzing site is currently implementing 30 energy efficiency projects. Lenzing is thereby not only underscoring its commitment to climate protection and the energy transition, but is also investing in energy efficiency in the long term.

At the Heiligenkreuz site, the purchase of the biomass power plant further optimized the operation of the energy plants, which led to a significant reduction in natural gas usage. Furthermore, the power plant portfolio at the Heiligenkreuz site has been used in the Austrian balancing energy market since 2013 to stabilize the public grid. Innovative, customized flexibility products make it possible to generate revenue on the energy market and at the same time secure the electricity grid. For this reason, available balancing energy capacities were used as optimally as possible to maximize revenue in the first half of 2024.

With the continuous expansion of renewable energies, Lenzing is making itself less dependent on global energy markets and is continuing to reduce its carbon emissions in line with its strategic targets.

[1]License code: FSC-C041246 and PEFC/06-33-92

The energy plants at the Paskov and Indianópolis pulp sites operated normally during the reporting period. Surplus energy was fed into the public power grid.

Other raw materials

The sharp rise in energy prices due the COVID-19 pandemic and the Ukraine war led among other things to supply shortages and significant price increases on global commodity markets. The significant price increases for all commodities continued in the period under review, with most commodity prices still above pre-crisis levels.

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. Caustic soda prices stagnated at a continued high level in the first half of 2024. This is due to relatively stable demand coupled with a shortage of supply as a consequence of diminishing demand for chlorine.

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. Sulfur prices remained stable in the first six months of 2024, slightly above the pre-crisis level.

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 1.6 mn in the first half of 2024. The result (EBITDA) amounted to minus EUR 28.2 mn, while the operating result (EBIT) stood at minus EUR 31.8 mn.

The Lenzing share

The Lenzing share started the 2024 stock market year at a price of EUR 35.70 (opening price on January 2, 2024) and touched its low to date on March 18, 2024, with a closing price of EUR 24.85. The high for the year was reached on June 13, 2024, with a closing price of EUR 37.20. At the end of the reporting period on June 28, 2024, the Lenzing share closed trading at EUR 32.75. This corresponds to a decrease of 8.3 percent compared with the start of the year. The ATX Index, Vienna's benchmark index, ended the first half of 2024 up 5 percent. The dividend payment for the 2023 financial year was suspended on the basis of a resolution by the Managing Board. On April 11, the Lenzing Group Managing Board passed a resolution to indefinitely suspend the existing dividend policy of at least EUR 4.50 per share.

The share capital of Lenzing AG amounted to EUR 40,107,738.37 as at June 30, 2024, and is divided into 38,618,180 zero par value shares. B&C Group is the majority shareholder with 52.25 percent of the voting rights. Goldman Sachs Group, Inc., currently holds 6.97 percent of the shares. 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. Under this agreement, Suzano S.A. will acquire a 15.0 percent interest in Lenzing AG from B&C Group.

The 80th Annual General Meeting of Lenzing AG was held on April 18, 2024, as an in-person event in Lenzing. The AGM ratified the actions of the Managing and Supervisory Board members for the 2023 financial year and set the remuneration of the Supervisory Board members for the 2024 financial year in advance. The remuneration policy of Lenzing AG for the performance-based remuneration of the Managing Board is linked not only to financial performance criteria but also to non-financial sustainability criteria (ESG criteria), which further promote the sustainable business strategy.

Risk Report

The risk report for the first half of 2024 is based on estimates of the management of the Lenzing Group and covers the main business risks for both 2024 and the medium term.

Current risk environment

International conflicts, rising social tensions, technological developments, and tight financial conditions have led to greater volatility in the global risk landscape and are profoundly changing the structures of economic activity.

Increasing polarization and political instability in many countries has contributed significantly to this complexity, the destabilizing potential of which is exacerbated by the high number of political elections in 2024.

Despite the prevailing risks for the global economy, the chief economists of the World Economic Forum (WEF) are cautiously optimistic about the prospects of an economic recovery occurring to varying degrees in different sectors and regions. They also identified positive trends in terms of the resilience of global supply chains.

A detailed analysis of the trends in the global fiber market during the reporting period and the related risks for the Lenzing Group is presented in the “General Market Environment” section.

Lenzing risk outlook for the second half of 2024

An assessment of the risk for the second half of 2024 for the Lenzing Group is based on the current status of the global risk landscape. Negative developments in global trouble spots could lead to a deterioration in the Lenzing Group’s business performance.

The recovery of the global fiber business is still fraught with uncertainty. This depends to a great extent on the further development of global textile inventories and price trends in the trend-setting cotton market.

The Lenzing Group’s “Better Growth” corporate strategy seeks, among other objectives, to counteract market-related price and demand fluctuations through innovation and the development, production and distribution of high-quality premium products.

The supply of dissolving wood pulp is considered secure in the long term thanks to a high level of self-sufficiency and sufficient market supply. However, the markets for energy, commodities, and logistics continue to be volatile, although prices are expected to ease further slightly in the second half of 2024 if the risk situation remains unchanged.

The liquidity risk for the second half of 2024 is classified as moderate thanks to the Lenzing Group’s strong cash position and unutilized credit lines with banks. On the currency side, the US dollar fluctuated against the euro in a range of around 4 percent, while the Chinese yuan fluctuated against the euro in a range of around 3.5 percent. A depreciation of these two currencies would exert a negative impact on Lenzing’s open currency volume. A persistently high interest rate level or even rising interest rates would have a negative impact on earnings. The currency environment is expected to remain volatile in the regions relevant to Lenzing.

In the category of operational risks, a fire in the recovery plant at the Lenzing site led to a restriction of viscose fiber production for several days, whereby the loss incurred was less than the insurance limit and was consequently borne as a deductible. Above and beyond this, no significant cases of damage occurred in the area of operational, environmental, and liability risks in the reporting period.

Opportunities and risks of relevance to ESG (Environment, Social and Governance) are integrated into the Lenzing Group’s risk management system and are evaluated on a recurring basis in accordance with the internal risk management process. Due to the sometimes very long-term time horizon of ESG risks, no significant (negative) effects on Lenzing’s business results are expected in this risk category in the short term.

The uncertainty relating to the current forecast for the Lenzing Group’s short- and medium-term business performance remains. All relevant risks are described in full in the 2023 Annual Report.

Outlook

The IMF left its growth forecast for 2024 unchanged at 3.2 percent and raised it to 3.3 percent for 2025. Nevertheless, a number of risks for the global economy remain.

Forecasting future economic growth is rendered more difficult by smoldering global conflicts, trade disputes, and the uncertain outcome of elections, including in the USA and the EU.

Consumers are holding back on unnecessary purchases in an environment of rising prices, falling real wages in some cases, and concerns about economic growth. This is hampering a revival of the consumer apparel market, which is important for Lenzing.

The currency environment is expected to remain volatile in the regions relevant to Lenzing.

In the trend-setting market for cotton, a reduction in stock levels and a stable price trend at a low level is expected for the remainder of the 2023/2024 harvest season. Initial cautious estimates for the coming 2024/2025 harvest season suggest a further build-up of stocks.

Earnings visibility remains limited overall.

Revenue and earnings in the first half of 2024 were slightly above Lenzing's expectations despite a persistently difficult market. Lenzing is ahead of schedule with the implementation of the performance program. The company expects that the measures will make a greater contribution to further improving earnings in the coming quarters.

Taking the above factors into consideration, the Lenzing Group confirms its guidance for the 2024 financial year of year-on-year higher EBITDA.

Structurally, Lenzing continues to anticipate 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 strategy and is pushing both profitable growth with specialty fibers and the further expansion of its market leadership in the sustainability area.

Lenzing, August 2, 2024
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer

Nico Reiner
Chief Financial Officer

Christian Skilich
Chief Pulp and Technology Officer

Walter Bickel
Chief Transformation Officer

Notes on the Financial Performance Indicators of the Lenzing Group

Interim Report 01-06/2024

The key financial indicators for the Lenzing Group are described in detail in the following section. These indicators are derived primarily from the condensed consolidated interim financial statements and the consolidated financial statements of the previous year of the Lenzing Group. The Management 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 viewed by the Lenzing Group as the benchmarks for the strength of operating earnings and profitability (performance) before and after depreciation and amortization. Due to their significance - also for external stakeholders - the EBIT is presented on the consolidated income statement and EBITDA is presented in the Financial Performance Indicators and, in order to provide a comparison of margins, in relation to group revenue (as the EBITDA margin and EBIT margin).

EUR mn	01-06/2024	01-06/2023
Earnings before interest and tax (EBIT)	18.9	(12.0)
+ Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets	146.4	149.5
- Income from the release of investment grants	(0.9)	(1.0)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**164.4**	**136.5**

EUR mn	01-06/2024	01-06/2023
Earnings before interest, tax, depreciation and amortization (EBITDA)	164.4	136.5
/ Revenue	1,310.7	1,250.2
EBITDA margin	**12.5%**	**10.9%**

EUR mn	01-06/2024	01-06/2023
Earnings before interest and tax (EBIT)	18.9	(12.0)
/ Revenue	1,310.7	1,250.2
EBIT margin	**1.4%**	**(1.0)%**

EBT

EBT measures the pre-tax earnings strength of the Lenzing Group and is shown on the consolidated income statement.

Gross cash flow

In the Lenzing Group, gross cash flow serves as the benchmark for the company's ability to convert gains/losses from operating activities (before changes in working capital) into cash and cash equivalents.

EUR mn	01-06/2024	01-06/2023
Net profit/loss after tax	(65.4)	(65.8)
+ Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets	146.4	149.5
+/− Change in the fair value of biological assets	(11.2)	(42.5)
− Income from the release of investment grants	(0.9)	(1.0)
+/− Change in non-current provisions	(5.4)	(0.6)
−/+ Income / expense from deferred taxes	16.4	(20.5)
+/− Change in current tax assets and liabilities	1.7	(5.0)
+/− Non-cash profit/loss from investments accounted for using the equity method	1.6	6.7
−/+ Other non-cash income / expenses	(36.8)	(40.1)
Other non-cash income / expenses	(34.6)	(103.1)
Gross cash flow	**46.4**	**(19.3)**

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	01-06/2024	01-06/2023
Cash flow from operating activities	202.8	(29.2)
− Cash flow from investing activities	(65.7)	(137.7)
+ Acquisition/disbursement of other investments and investments accounted for using the equity method	11.2	2.4
− Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method	(6.9)	(0.9)
Free cash flow	**141.5**	**(165.4)**

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.

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	30/06/2024	31/12/2023
Cash and cash equivalents	813.5	725.6
+ Liquid bills of exchange (in trade receivables)	12.4	5.4
Liquid assets	**825.9**	**731.0**

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	30/06/2024	31/12/2023
Inventories	564.7	552.9
+ Trade receivables	286.7	294.5
- Trade payables	(345.9)	(296.3)
Trading working capital	**505.4**	**551.1**

EUR mn	2024	2023
Latest reported quarterly group revenue	652.3	655.4
x 4 (= annualized group revenue)	2,609.3	2,621.6
Trading working capital to annualized group revenue	**19.4%**	**21.0%**

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. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders.

EUR mn	30/06/2024	31/12/2023
Equity	1,658.4	1,742.2
+ Non-current government grants	13.3	14.1
+ Current government grants	83.7	72.1
- Proportional share of deferred taxes on government grants	(21.9)	(19.3)
Adjusted equity	**1,733.6**	**1,809.1**
/ Total assets	5,289.3	5,214.6
Adjusted equity ratio	**32.8%**	**34.7%**

Net financial debt, 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.

EUR mn	30/06/2024	31/12/2023
Current loans and borrowings	565.1	529.0
+ Non-current loans and borrowings	1,819.7	1,906.7
- Liquid assets	(825.9)	(731.0)
Net financial debt incl. lease liabilities	**1,558.9**	**1,704.7**
- Current lease liabilities	(9.7)	(9.8)
- Non-current lease liabilities	(121.4)	(132.3)
Net financial debt	**1,427.8**	**1,562.6**

EUR mn	30/06/2024	31/12/2023
Net financial debt	1,427.8	1,562.6
/ Adjusted equity	1,733.6	1,809.1
Net gearing	**82.4%**	**86.4%**

EUR mn	30/06/2024	31/12/2023
Net financial debt	1,427.8	1,562.6
+ Current lease liabilities	9.7	9.8
+ Non-current lease liabilities	121.4	132.3
+ Provisions for severance payments and pensions	72.9	74.8
Net debt	**1,631.8**	**1,779.5**

Lenzing AG

Consolidated Income Statement

for the period from January 1 to June 30, 2024

					EUR mn
	Note	04-06/2024	04-06/2023	01-06/2024	01-06/2023
Revenue	(3)	652.3	627.1	1,310.7	1,250.2
Cost of sales		(532.4)	(502.4)	(1,088.1)	(1,064.4)
Gross profit		**119.9**	**124.7**	**222.6**	**185.8**
Other operating income		17.5	14.8	27.2	24.9
Selling expenses		(73.9)	(67.2)	(145.0)	(133.0)
Administrative expenses		(36.9)	(29.1)	(69.1)	(63.4)
Research and development expenses		(7.8)	(6.2)	(15.0)	(10.3)
Other operating expenses		(1.4)	(7.6)	(1.8)	(15.9)
Earnings before interest and tax (EBIT)[1]		**17.5**	**29.4**	**18.9**	**(12.0)**
Income from investments accounted for using the equity method		0.1	(0.8)	(0.3)	(4.1)
Income from non-current and current financial assets and liabilities		8.8	(1.9)	21.3	(7.9)
Financing costs		(30.9)	(28.6)	(62.2)	(52.1)
Financial result		**(22.0)**	**(31.2)**	**(41.2)**	**(64.1)**
Earnings before tax (EBT)		**(4.5)**	**(1.8)**	**(22.3)**	**(76.1)**
Income tax expense	(4)	(34.0)	1.0	(43.1)	10.3
Net profit/loss after tax		**(38.5)**	**(0.8)**	**(65.4)**	**(65.8)**
Attributable to:					
Shareholders of Lenzing AG		(39.0)	(23.7)	(70.9)	(104.2)
Non-controlling interests		(6.7)	15.7	(8.8)	24.0
Share planned for hybrid capital owners		7.2	7.2	14.4	14.4
Earnings per share		EUR	EUR	EUR	EUR
Diluted = basic		(1.01)	(0.89)	(1.84)	(3.92)

1) EBIT: Operating result, resp. earnings before interest and tax.

Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30, 2024

					EUR mn
	Note	04-06/2024	04-06/2023	01-06/2024	01-06/2023
Net profit/loss after tax		(38.5)	(0.8)	(65.4)	(65.8)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		0.0	0.0	0.0	0.0
Financial assets measured at fair value through other comprehensive income (equity instruments) – net fair value gain/loss on remeasurement recognized during the period	(6)	(0.1)	(0.3)	0.0	1.4
Income tax relating to these components of other comprehensive income		0.0	(0.1)	0.0	(0.3)
		(0.1)	(0.4)	0.0	1.1
Items that may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences arising during the period		12.8	(10.4)	26.3	(27.9)
Foreign operations - reclassification of foreign currency translation differences due to loss of control		0.0	0.0	0.0	0.2
Cash flow hedges – effective portion of changes in fair value recognized during the period and non-designated components		0.9	18.2	3.1	19.8
Cash flow hedges – reclassification to profit or loss		(2.1)	(6.0)	(3.7)	(11.3)
Income tax relating to these components of other comprehensive income		0.9	(2.6)	(0.7)	(0.3)
Investments accounted for using the equity method - share of other comprehensive income (net of tax)		(1.3)	0.5	(1.5)	0.7
		11.2	(0.2)	23.6	(18.9)
Other comprehensive income (net of tax)		11.1	(0.6)	23.6	(17.8)
Total comprehensive income		(27.3)	(1.4)	(41.8)	(83.6)
Attributable to:					
Shareholders of Lenzing AG		(29.0)	(25.4)	(55.5)	(116.0)
Non-controlling interests		(5.5)	16.8	(0.7)	18.1
Share planned for hybrid capital owners		7.2	7.2	14.4	14.4

Lenzing AG

Consolidated Statement of Financial Position

as at June 30, 2024

EUR mn

Assets	Note	30/06/2024	31/12/2023
Intangible assets		24.8	26.7
Property, plant and equipment		2,857.0	2,865.7
Biological assets	(4)	188.5	194.8
Right-of-use assets		137.3	134.5
Investments accounted for using the equity method		28.0	31.0
Other investments	(6)	29.7	21.0
Deferred tax assets	(4)	52.0	48.6
Current tax assets		17.6	16.2
Other financial assets	(6)	27.5	26.6
Other non-financial assets		31.8	48.9
Non-current assets		**3,394.3**	**3,414.0**
Inventories	(4)	564.7	552.9
Trade receivables	(4,6)	286.7	294.5
Current tax assets		8.8	5.7
Other financial assets	(6)	29.5	35.4
Other non-financial assets		179.8	167.6
Other investments	(6)	12.1	18.7
Cash and cash equivalents	(6)	813.5	725.6
Current assets		**1,895.0**	**1,800.5**
Total assets		**5,289.3**	**5,214.6**

Equity and liabilities	Note	30/06/2024	31/12/2023
Share capital		40.1	40.1
Capital reserves		513.5	513.5
Hybrid capital		496.6	496.6
Other reserves		41.6	30.0
Retained earnings		230.9	360.3
Equity attributable to shareholders of Lenzing AG		**1,322.6**	**1,440.4**
Non-controlling interests		335.8	301.8
Equity	(4)	**1,658.4**	**1,742.2**
Loans and borrowings	(6)	1,819.7	1,906.7
Government grants		13.3	14.1
Current tax liabilities		48.0	48.0
Deferred tax liabilities	(4)	61.4	40.1
Provisions		84.0	89.1
Puttable non-controlling interests	(6)	326.0	249.4
Other financial liabilities	(6)	5.2	8.4
Other non-financial liabilities		4.9	5.1
Non-current liabilities		**2,362.5**	**2,361.0**
Loans and borrowings	(6)	565.1	529.0
Trade payables	(4)	345.9	296.3
Government grants		83.7	72.1
Current tax liabilities		37.8	32.1
Provisions		34.8	52.6
Other financial liabilities	(6)	100.2	66.8
Other non-financial liabilities		100.8	62.5
Current liabilities		**1,268.3**	**1,111.4**
Total equity and liabilities		**5,289.3**	**5,214.6**

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2024

EUR mn

	Share capital	Capital reserves	Hybrid capital	Other reserves				Retained earnings	Equity attributable to shareholders of Lenzing AG and to hybrid capital owners	Non-controlling interests	Equity
				Foreign currency translation reserve	Financial assets measured at fair value through other comprehensive income	Hedging reserve and non-designated components	Actuarial gains/losses				
As at 01/01/2023	27.6	133.9	496.6	97.5	15.6	16.5	(39.5)	991.7	1,739.9	286.0	**2,025.9**
Net profit/loss after tax as per consolidated income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(89.8)	(89.8)	24.0	**(65.8)**
Other comprehensive income (net of tax)	0.0	0.0	0.0	(18.2)	1.1	5.3	0.0	0.0	(11.8)	(6.0)	**(17.8)**
Total comprehensive income	0.0	0.0	0.0	(18.2)	1.1	5.3	0.0	(89.8)	(101.6)	18.1	**(83.6)**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0.0	0.0	0.0	0.0	0.0	(0.8)	0.0	0.0	(0.8)	(0.5)	**(1.3)**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.5	0.0	0.0	**0.0**
Measurement of puttable non-controlling interest recognized directly in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(18.7)	(18.7)	0.0	**(18.7)**
Dividends paid (including hybrid coupon)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	**(0.3)**
Transactions with equity holders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(18.7)	(18.7)	(0.3)	**(18.9)**
As at 30/06/2023	27.6	133.9	496.6	79.4	16.2	20.9	(39.5)	883.7	1,618.8	303.3	**1,922.1**
As at 01/01/2024	40.1	513.5	496.6	65.7	10.4	(3.4)	(42.8)	360.3	1,440.4	301.8	**1,742.2**
Net profit/loss after tax as per consolidated income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(56.6)	(56.6)	(8.8)	**(65.4)**
Other comprehensive income (net of tax)	0.0	0.0	0.0	13.8	0.0	1.6	0.0	0.0	15.4	8.2	**23.6**
Total comprehensive income	0.0	0.0	0.0	13.8	0.0	1.6	0.0	(56.6)	(41.2)	(0.7)	**(41.8)**
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**(0.1)**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0.0	0.0	0.0	0.0	(3.7)	0.0	0.0	3.7	0.0	0.0	**0.0**
Increase in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.9	**34.9**
Measurement of puttable non-controlling interest recognized directly in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(76.6)	(76.6)	0.0	**(76.6)**
Dividends paid (including hybrid coupon)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	**(0.2)**
Transactions with equity holders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(76.6)	(76.6)	34.8	**(41.8)**
As at 30/06/2024	**40.1**	**513.5**	**496.6**	**79.5**	**6.6**	**(1.8)**	**(42.8)**	**230.9**	**1,322.6**	**335.8**	**1,658.4**

Consolidated Statement of Cash Flows (condensed)

for the period from January 1 to June 30, 2024

EUR mn

		Note	01-06/2024	01-06/2023
Net profit/loss after tax			(65.4)	(65.8)
+	Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets		146.4	149.5
–/+	Other non-cash income / expenses		(34.6)	(103.1)
Gross cash flow			46.4	(19.3)
+/–	Change in inventories		21.7	83.9
+/–	Change in receivables		46.4	(41.4)
+/–	Change in liabilities		88.4	(52.3)
Change in working capital			156.4	(9.9)
Cash flow from operating activities			202.8	(29.2)
–	Acquisition of intangible assets, property, plant and equipment and biological assets		(61.6)	(136.5)
–	Acquisition/disbursement of other investments and investments accounted for using the equity method		(11.2)	(2.4)
+	Proceeds from the sale of intangible assets, property, plant and equipment and biological assets		0.3	0.3
+	Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method		6.9	0.9
Cash flow from investing activities			(65.7)	(137.7)
+	Capital injections to consolidated companies by non-controlling interests		34.9	0.0
–	Dividends paid		(0.2)	(0.3)
+	Investment grants		0.3	0.8
+	Increase in other loans and borrowings		2.6	134.9
–	Repayment of other loans and borrowings		(93.1)	(75.8)
Cash flow from financing activities			(55.5)	59.6
Total change in liquid funds			81.7	(107.3)
Liquid funds at the beginning of the year			725.6	446.9
Currency translation adjustment relating to liquid funds			6.2	(6.4)
Liquid funds at the end of the period			813.5	333.2
Additional information on payments in the cash flow from operating activities:				
Interest payments received			13.1	3.5
Interest payments made			61.6	61.0
Income taxes paid			23.9	8.0
Distributions received from investments accounted for using the equity method			1.3	2.6

Notes to the Consolidated Financial Statements: Selected Notes

on the condensed consolidated interim financial statements as at June 30, 2024

General Information

Note 1. Basic Information

Description of the company and its business activities

Lenzing Aktiengesellschaft (Lenzing AG), which maintains its registered headquarters in 4860 Lenzing, Werkstraße 2, is the parent company of the Lenzing Group (the "Group"). The core shareholder of Lenzing AG as at June 30, 2024 is the B&C Group, which directly and indirectly holds an investment of around 52.25 percent (December 31, 2023: around 52.25 percent) in the share capital of Lenzing AG. The core business of the Lenzing Group is the production and marketing of wood-based cellulosic fibers.

Basis of reporting

The condensed consolidated interim financial statements for the period from January 1 to June 30, 2024 were prepared in accordance with IAS 34 (Interim Financial Reporting). They are in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the EU. The condensed consolidated interim financial statements of the Lenzing Group as at June 30, 2024 are based on the consolidated financial statements as at December 31, 2023 and should therefore always be read in conjunction with these statements. The accounting policies used in the consolidated interim financial statements are the same as were applied for the consolidated financial statements for the 2023 financial year.

The reporting currency is the euro (EUR), which is also the functional currency of Lenzing AG. The functional currency of the majority of the subsidiaries is the euro (EUR) or US-Dollar (USD).

Audit and review

These condensed consolidated interim financial statements of the Lenzing Group were reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz.

Estimation uncertainty and judgments

The Managing Board of Lenzing AG uses estimates, assumptions and judgments in preparing the IFRS condensed consolidated interim financial statements. These estimates, assumptions and judgments are based on the circumstances assumed as at the reporting date and can have a significant effect on the presentation of the Group's financial position and financial performance. They are explained in detail in the consolidated financial statements of the Lenzing Group as at December 31, 2023 (Note 1).

Mandatory changes in accounting policies

The accounting standards applicable for the first time as of January 1, 2024 or amended accounting standards that are relevant for the Lenzing Group have no material effect on the presentation of the financial position and financial performance of the Lenzing Group as at June 30, 2024:

Standards/interpretations		Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 30/06/2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	22/09/2022	01/01/2024	yes
Amendments to IAS 1	Classification of liabilities as current or non-current	23/01/2020	01/01/2024	yes
Amendments to IAS 1	Classification of debt with covenants as current or non-current	31/10/2022	01/01/2024	yes
Amendments to IAS 7, IFRS 7	Disclosures on Supplier Finance Arrangements	25/05/2023	01/01/2024	yes

Note 2. Consolidation

Scope of consolidation

In January 2024 the subsidiary Lenzing Business Services s.r.o., Paskov, Czech Republic was founded and included in the scope of fully consolidated companies.

In March 2024 the subsidiary Lenzing France SARL, Paris, France was founded and included in the scope of fully consolidated companies.

Note 3. Segment report

The same principles have been applied in the presentation of the segment reporting as in the consolidated financial statements as at December 31, 2023.

Information on business segments EUR mn

01-06/2024	Division Fiber	Division Pulp	Others	Segment total	Recon-ciliation	Group
Revenue from external customers	1,013.4	295.7	1.6	1,310.7		1,310.7
Inter-segment revenue	0.2	267.5	0.0	267.8	(267.8)	0.0
Total revenue	1,013.6	563.2	1.6	1,578.5	(267.8)	1,310.7
EBITDA (segment result)	20.8	184.2	(28.2)	176.9	(12.4)	164.4
EBIT	(29.4)	92.5	(31.8)	31.3	(12.4)	18.9
EBITDA margin[1]	2.1%	32.7%	-	11.2%		12.5%
EBIT margin[2]	(2.9)%	16.4%	-	2.0%		1.4%

Information on business segments (previous year) EUR mn

01-06/2023	Division Fiber	Division Pulp	Others	Segment total	Recon-ciliation	Group
Revenue from external customers	927.5	321.0	1.8	1,250.2		1,250.2
Inter-segment revenue	7.8	210.2	0.0	218.0	(218.0)	0.0
Total revenue	935.3	531.2	1.8	1,468.3	(218.0)	1,250.2
EBITDA (segment result)	(45.2)	203.6	(22.5)	135.9	0.6	136.5
EBIT	(109.7)	122.8	(25.7)	(12.6)	0.6	(12.0)
EBITDA margin[1]	(4.8)%	38.3%	-	9.3%		10.9%
EBIT margin[2]	(11.7)%	23.1%	-	(0.9)%		(1.0)%

1) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
2) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

The performance of the segments is measured based on EBITDA (earnings before interest, tax, amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets and before income from the release of investment grants).

The following table shows the reconciliation of operating result (EBIT) to segment result (EBITDA) to earnings before tax (EBT):

Reconciliation of earnings before interest and tax (EBIT) to the earnings before interest, tax, depreciation and amortization (EBITDA) and to the earnings before tax (EBT) EUR mn

	01-06/2024	01-06/2023
Earnings before interest and tax (EBIT)	18.9	(12.0)
Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets	146.4	149.5
Income from the release of investment grants	(0.9)	(1.0)
Earnings before interest, tax, depreciation and amortization (EBITDA)	164.4	136.5
Segment amortization and depreciation	(146.4)	(149.5)
Income from the release of investment grants	0.9	1.0
Earnings before interest and tax (EBIT)	18.9	(12.0)
Financial result	(41.2)	(64.1)
Earnings before tax (EBT)	**(22.3)**	**(76.1)**

The carrying amounts for segment reporting are based on the same accounting policies applied to the IFRS consolidated financial statements.

Information on products and services

Revenue from external customers can be classified by products and services as follows:

Revenue from external customers by products and services EUR mn

	01-06/2024	01-06/2023
Wood-based cellulosic fibers	979.6	882.4
Co-products of fiber production	30.5	30.4
Mechanical and plant engineering, engineering services and others	3.3	14.6
Division Fiber	**1,013.4**	**927.5**
Pulp	215.1	247.2
Biorefinery-products and energy	51.6	60.1
Wood and other	29.0	13.6
Division Pulp	**295.7**	**321.0**
Others	1.6	1.8
Revenue as per consolidated income statement	**1,310.7**	**1,250.2**

No single external customer is responsible for more than ten percent of external revenue.

Information on geographical regions

Revenue from external customers by sales market can be classified by geographical regions as follows:

Revenue from external customers by geographic regions EUR mn

	01-06/2024	01-06/2023
Austria	44.4	53.6
Europe (excl. Austria, incl. Turkey)	369.2	310.5
Asia	770.4	763.7
America	120.1	115.7
Rest of the world	6.6	6.8
Revenue as per consolidated income statement	**1,310.7**	**1,250.2**

Revenue is allocated according to the geographical region of the customer.

Notes on the Primary Financial Statements and on Risk Management

Note 4. Notes on the primary financial statements

Impairment tests of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)

As of the reporting date for the interim consolidated financial statements, an analysis was performed to determine whether there were any indications of impairment or, in the case of impaired CGUs, whether any material changes had occurred compared with December 31, 2023. As a consequence, in the first half of 2024, no indicators of impairment losses and reversals of impairment losses were identified.

Biological assets

Biological assets comprise standing trees of a plantation in Minas Gerais, Brazil, which are used as a raw material for pulp production. Measurement at fair value less estimated costs to sell is allocated to Level 3. The measurement is based on the cash flows expected from the sale of the biological assets on the basis of sustainable forest management plans, industry benchmarks for wood prices and delivery costs and taking into account the growth cycle.

As at June 30, 2024, the plantation comprised approximately 41,431 hectares of eucalypt wood (December 31, 2023: 41,204 hectares) and 601 hectares of pine wood (December 31, 2023: 714 hectares). The wood is up to 15 years (December 31, 2023: 15 years) old. Wood amounting to EUR 15.5 mn (December 31, 2023: EUR 9.9 mn) is less than one year old and therefore considered an immature asset.

Biological assets developed as follows:

Development of biological assets EUR mn

	2024	2023
As at 01/01	194.8	127.7
Acquisition	0.2	0.0
Capitalized production costs	18.9	17.9
Depletion	(26.9)	(18.2)
Change in the fair value	(4.7)	49.1
Currency translation adjustment	6.2	(3.9)
As at 30/06	**188.5**	**172.7**

In the income statement, the cost of sales includes gains and losses from the change in the fair value of biological assets of EUR 11.2 mn (01-06/2023: EUR 42.5 mn). These consist of regular remeasurement in the amount of EUR minus 4.7 mn (01-06/2023: EUR plus 49.1 mn) and foreign currency gains/losses on the lease liability from land use rights directly associated with the plantation in the amount of EUR plus 15.9 mn (01-06/2023: EUR minus 6.6 mn).

The following individual assumptions were used as at June 30, 2024:

Assumptions of level 3 input factors for biological assets

	30/06/2024	30/06/2023
Market price EUR/m^3	19.33	15.87
Discount rate	7.64%	8.00%
Wood volume m^3	9,515,923	11,172,008

A change in key input factors which cannot be observed on the market would have the following effects on the measurement of biological assets:

Sensitivity analysis of level 3 input factors for biological assets EUR mn

	30/06/2024		30/06/2023	
	Increase	Decrease	Increase	Decrease
Change in the market price (+/- 10%)	19.9	(19.9)	18.3	(18.3)
Discount rate (+/- 1%)	(1.6)	1.8	(0.9)	1.0
Wood volume (+/- 5%)	10.0	(10.0)	9.2	(9.2)

To determine the sensitivities, fair value was determined again taking into account the changed input factors.

Trade Receivables

As at June 30, 2024, the factoring agreements have a maximum utilizable nominal volume totaling EUR 90.0 mn (December 31, 2023: EUR 80.0 mn) of which USD 72.0 mn (December 31, 2023: USD 33.0 mn) can be utilized in US dollars. As at June 30, 2024 due to factoring agreements, trade receivables in the amount of EUR 80.4 mn (December 31, 2023: EUR 77.4 mn) were sold and derecognized from the Lenzing Group's consolidated statement of financial position. The unadvanced amount is recognized as other current financial assets in the amount of EUR 8.0 mn as at June 30, 2024 (December 31, 2023: EUR 7.7 mn).

In the first half of 2024, the Lenzing Group sold letter of credit receivables from customers to a bank. All opportunities and risks associated with the letter of credit receivables and the remaining trade receivables are transferred to the bank and as a consequence the trade receivables are fully derecognized from the consolidated financial statements of the Lenzing Group. As at June 30, 2024, due to the sale of letter of credit receivables, trade receivables of EUR 33.5 mn (December 31, 2023 : EUR 0 mn) were derecognized from the Lenzing Group's consolidated statement of financial position.

In the interim reporting period, bad debt provisions for trade receivables in the amount of EUR 0.2 mn were reversed through profit or loss (01-06/2023: EUR 1.6 mn).

Inventories and provisions for onerous procurement contracts

The write-downs on the net realizable value of inventories as at June 30, 2024, amounted to EUR 19.2 mn (December 31, 2023: EUR 44.9 mn) and provision for onerous procurement contracts for raw materials totaled EUR 3.8 mn (December 31, 2023: EUR 10.8 mn).

Equity

The share capital and the number of zero par value shares did not change in the interim reporting period. No shares were repurchased. The Managing Board did not utilize the authorizations in place on or up to June 30, 2024 to increase share capital, issue convertible bonds or repurchase treasury shares during the interim reporting period.

By resolution of the Annual General Meeting on April 18, 2024, the Managing Board was again authorized, with the approval of the Supervisory Board, to purchase treasury shares in a volume of up to 10 percent of the share capital for a maximum of 30 months from the date of the resolution. The same conditions apply as in the Annual General Meeting resolution of April 26, 2022, concerning the purchase of treasury shares, which was revoked by the above resolution.

No dividend was distributed to the shareholders of Lenzing AG for the 2023 and 2022 financial years.

Deferred and current taxes

Income tax expense for the condensed interim consolidated financial statements is determined based on the best estimate of the average annual income tax rate expected for the full financial year in accordance with IAS 34. In addition, one-off effects which relate to the reporting date as at June 30, 2024 are taken into account, in particular estimates regarding the impairment of loss carryforwards, uncertain tax positions as well as temporary differences arising due to market measurements as at the reporting date. Instead of expected tax income of EUR 5.1 mn with an applicable tax rate of 23 percent, a tax expense of EUR 43.1 mn was recognized. In the same period of the previous year, the effective tax income of EUR 10.3 mn was equivalent to 13.5 percent of earnings before tax, which was also below the expected tax rate of 24 percent. As in the same period of the previous year, reconciliation items resulting from valuation allowances on tax assets (particularly from non-capitalized losses) and non-deductible withholding taxes had a tax-increasing effect. Reconciliation items arising from the translation of tax items from the local currency into the functional currency (particularly Brazil) had a tax-reducing effect in the same period of the previous year, but a tax-increasing effect in the interim reporting period.

Trade payables

Reverse factoring agreements with suppliers of the Lenzing Group are in place as at June 30, 2024. Trade payables totaling EUR 121.8 mn (December 31, 2023: EUR 81.2 mn) were affected by these agreements.

Note 5. Capital risk management

All capital requirements were satisfied in the interim reporting period. Unused credit facilities in the amount of EUR 201.6 mn were available for possible future financing requirements as at June 30, 2024 (December 31, 2023: EUR 203.0 mn).

Compared to the disclosures in the consolidated financial statements of the Lenzing Group as at December 31, 2023, no material changes arose as of June 30, 2024 in relation to the financing conditions (financial covenants) in current and future financing agreements, or in relation to liquidity risk (see notes 34, 35 and 37). No financing conditions (financial covenants) were breached in the interim reporting period.

Note 6. Disclosures on financial instruments

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities for each class and each IFRS 9 (Financial Instruments) category and reconciles this information to the appropriate line items on the statement of financial position. The balance sheet item loans and borrowings (non-current and current) includes lease liabilities that are to be regarded as financial liabilities but are not allocated to a measurement category in accordance with IFRS 9. They are reported in the “no financial instruments” column to enable a reconciliation to the balance sheet item.

Carrying amounts, category, fair value and fair value hierarchy of financial instruments EUR mn

Financial assets as at 30/06/2024	Carrying amount: At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Cash flow hedges	No financial instrument	Total	Fair value: Fair value	Fair value hierarchy
Originated loans	23.2					**23.2**	23.2	[1]
Non-current securities		6.5				**6.5**	6.5	Level 1
Other equity investments			0.0			**0.0**	0.0	[1]
Current securities			12.1			**12.1**	12.1	Level 1
Other investments (current and non-current)	**23.2**	**6.5**	**12.1**	**0.0**	**0.0**	**41.8**	**41.8**	
Trade receivables	**286.7**	**0.0**	**0.0**	**0.0**	**0.0**	**286.7**	**286.7**	[1]
Derivatives with a positive fair value (cash flow hedges)				29.8		**29.8**	29.8	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		1.5				**1.5**	1.5	Level 2
Other	25.6					**25.6**	25.6	Level 3
Other financial assets (current and non-current)	**25.6**	**1.5**	**0.0**	**29.8**	**0.0**	**56.9**	**56.9**	
Cash and cash equivalents	**813.5**	**0.0**	**0.0**	**0.0**	**0.0**	**813.5**	**813.5**	[1]
Total	**1,149.0**	**8.0**	**12.1**	**29.8**	**0.0**	**1,198.9**	**1,198.9**	

Financial liabilities as at 30/06/2024	Carrying amount: At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income: Cash flow hedges/Fair value hedges	At fair value through other comprehensive income: Retained earnings	No financial instrument	Total	Fair value: Fair value	Fair value hierarchy
Private placements	569.8					**569.8**	565.5	Level 3
Liabilities to banks	1,645.5					**1,645.5**	1,689.5	Level 3
Liabilities to other lenders	38.4					**38.4**	37.0	Level 3
Lease liabilities					131.1	**131.1**		
Loans and borrowings	**2,253.7**	**0.0**	**0.0**	**0.0**	**131.1**	**2,384.8**	**2,292.1**	
Trade payables	**345.9**	**0.0**	**0.0**	**0.0**	**0.0**	**345.9**	**345.9**	[1]
Provisions (current)	**0.0**	**0.0**	**0.0**	**0.0**	**34.8**	**34.8**		
Puttable non-controlling interests	**0.0**	**0.0**	**0.0**	**326.0**	**0.0**	**326.0**	**326.0**	Level 3
Derivatives with a negative fair value (cash flow hedges)			10.6			**10.6**	10.6	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		4.6				**4.6**	4.6	Level 2
Contingent consideration		0.9				**0.9**	0.9	Level 2
Other	89.3					**89.3**	89.3	[1]
Other financial liabilities (current and non-current)	**89.3**	**5.6**	**10.6**	**0.0**	**0.0**	**105.4**	**105.4**	
Total	**2,688.9**	**5.6**	**10.6**	**326.0**	**166.0**	**3,197.0**	**3,069.4**	

1) The carrying amount approximates fair value.

Carrying amounts, category, fair value and fair value hierarchy of financial instruments (previous year) EUR mn

	Carrying amount						Fair value	
Financial assets as at 31/12/2023	**At amortized cost**	**At fair value through profit or loss**	**At fair value through other comprehensive income**		**No financial instrument**	**Total**	**Fair value**	**Fair value hierarchy**
			Equity instruments	**Cash flow hedges**				
Originated loans	14.6					**14.6**	14.6	1
Non-current securities		6.5				**6.5**	6.5	Level 1
Other equity investments			0.0			**0.0**	0.0	1
Current securities			18.7			**18.7**	18.7	Level 1
Other investments (current and non-current)	**14.6**	**6.5**	**18.7**	**0.0**	**0.0**	**39.8**	**39.8**	
Trade receivables	**294.5**	**0.0**	**0.0**	**0.0**	**0.0**	**294.5**	**294.5**	1
Derivatives with a positive fair value (cash flow hedges)				30.8		**30.8**	30.8	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		7.1				**7.1**	7.1	Level 2
Other	24.1					**24.1**	24.1	Level 3
Other financial assets (current and non-current)	**24.1**	**7.1**	**0.0**	**30.8**	**0.0**	**62.0**	**62.0**	
Cash and cash equivalents	**725.6**	**0.0**	**0.0**	**0.0**	**0.0**	**725.6**	**725.6**	1
Total	**1,058.8**	**13.6**	**18.7**	**30.8**	**0.0**	**1,121.9**	**1,121.9**	

	Carrying amount						Fair value	
Financial liabilities as at 31/12/2023	**At amortized cost**	**At fair value through profit or loss**	**At fair value through other comprehensive income**		**No financial instrument**	**Total**	**Fair value**	**Fair value hierarchy**
			Cash flow hedges/Fair value hedges	**Retained earnings**				
Private placements	567.8					**567.8**	560.5	Level 3
Liabilities to banks	1,687.9					**1,687.9**	1,743.5	Level 3
Liabilities to other lenders	37.9					**37.9**	36.8	Level 3
Lease liabilities					142.1	**142.1**		
Loans and borrowings	**2,293.6**	**0.0**	**0.0**	**0.0**	**142.1**	**2,435.7**	**2,340.9**	
Trade payables	**296.3**	**0.0**	**0.0**	**0.0**	**0.0**	**296.3**	**296.3**	1
Provisions (current)	**0.0**	**0.0**	**0.0**	**0.0**	**52.6**	**52.6**		
Puttable non-controlling interests	**0.0**	**0.0**	**0.0**	**249.4**	**0.0**	**249.4**	**249.4**	Level 3
Derivatives with a negative fair value (cash flow hedges)			11.5			**11.5**	11.5	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		0.1				**0.1**	0.1	Level 2
Contingent consideration		0.9				**0.9**	0.9	Level 2
Other	62.6					**62.6**	62.6	1
Other financial liabilities (current and non-current)	**62.6**	**1.0**	**11.5**	**0.0**	**0.0**	**75.2**	**75.2**	
Total	**2,652.6**	**1.0**	**11.5**	**249.4**	**194.7**	**3,109.2**	**2,961.8**	

1) The carrying amount approximates fair value.

Depending on the classification/measurement category, financial instruments are subsequently measured at (amortized) cost or fair value. The Lenzing Group uses the following measurement categories: “at amortized cost”, “at fair value through profit or loss” and “at fair value through other comprehensive income”. The measurement category “at fair value through profit or loss” is solely used for financial assets that are mandatorily measured at fair value.

The Lenzing Group accounts for reclassifications in the fair value hierarchy at the end of the reporting period in which the changes occur. There were no transfers between the levels of the fair value hierarchy for the financial instruments in the financial year.

The measurement of financial instruments is monitored and reviewed by the Lenzing Group. The necessary market data are validated based on the four-eyes principle.

In light of the varying influencing factors, the fair values presented can only be considered indicators of the values that could actually be realized on the market.

Other investments

The fair value of shares is derived from the current stock exchange prices. These securities are assigned to the category “at fair value through other comprehensive income”.

The fair value of investment funds is derived from the latest calculated value. These securities are assigned to the category “at fair value through profit or loss”.

Other financial assets

Other financial assets from earn-out agreements are classified “at fair value through profit or loss”. The fair value of these other financial assets is determined based on an income approach. It is to be categorized in level 3 of the fair value hierarchy. The measurement model is based on the planned EBITDA, the weighted average cost of capital (WACC) after tax and the repayment terms.

Due to the medium-term planning provided and the resultant budgeted EBITDAs, realistically expected changes in the after-tax discount rate (WACC) and the repayment terms do not lead to a positive fair value. For this reason, a sensitivity analysis was not conducted as at June 30, 2024.

Development of level 3 fair values of other financial assets EUR mn

	2024	2023
As at 01/01	0.0	4.1
Gain/loss included in financial result	0.0	(0.4)
As at 30/06	**0.0**	**3.7**

A change in significant unobservable input factors would have had the following effect on the measurement of other financial assets as at June 30, 2023:

Sensitivity analysis of level 3 input factors for other financial assets EUR mn

	Financial result	
	30/06/2023	
Other financial assets	**Increase**	**Decrease**
EBITDA (+/- 5%)	0.1	(0.1)
Discount rate (WACC) after tax (+/- 1%)	(0.7)	0.9
Repayment two years earlier	0.6	n/a

The sensitivities are determined by conducting the measurements again using the changed parameters.

Puttable non-controlling interests

The Dexco-Group has a put option and has the right to sell its shares in LD Celulose S.A., Indianópolis, Brazil, if a change of contractually defined control occurs regarding of the Lenzing Group (change of control clause). This obligation is recognized under liabilities from puttable non-controlling interests. The liability from redeemable non-controlling interests is subsequently measured at fair value directly through retained earnings (not in profit or loss). The fair value of these puttable non-controlling interests is determined based on the planned or projected cash flows less cost of disposal and net debt at the measurement date. The budget approved by the Management and Supervisory Boards and the medium-term plans are the starting point for the cash flow projections. After the detailed planning period of five years, a 25-year return based on a sustainable EBITDA margin is expected based on last year’s assumptions. The planning period for the calculation of fair value is contractually limited to a maximum of 30 years. Cash flows are discounted to their present value with a discounted cash flow method. The applied discount rate represents a composite figure that combines the average interest rate for debt and the anticipated return on equity employed (weighted average cost of capital – WACC). An after-tax WACC of 8.2 percent (December 31, 2023: 8.2 percent) was used at the measurement date. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market.

Development of level 3 fair values of puttable non-controlling interest EUR mn

	2024	2023
As at 01/01	249.4	266.1
Measurement of puttable non-controlling interest recognized directly in equity	76.6	18.7
As at 30/06	**326.0**	**284.8**

The determined fair value would increase (decrease) in particular if EBITDA increased (decreased). The determined fair value would decrease (increase) if the WACC after tax increased (decreased). A change in key input factors which cannot be observed on the market would have the following effects on the measurement of puttable non-controlling interests:

Sensitivity analysis of level 3 input factors for puttable non-controlling interest **EUR mn**

	Measurement result offset against retained earnings			
	30/06/2024		30/06/2023	
Puttable non-controlling interests	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA (+/- 1%)	9.4	(9.4)	9.1	(9.1)
Discount rate (WACC) after tax (+/- 0.25%)	(16.3)	16.8	(17.4)	18.0

The sensitivities are determined by conducting the measurements again using the changed parameters.

Other financial liabilities

The fair values of the other financial liabilities are determined in accordance with generally accepted valuation methods based on the discounted cash flow method. The most important input factor is the discount rate, which incorporates the available market data (risk-free interest rates) and the credit standing of the Lenzing Group, which is not observable on the market. The fair values of the financial guarantee contracts represent the estimated expected default arising from the maximum possible payment obligation and the expected loss.

The fair value of the contingent consideration is determined by option valuation using an arbitrage-free Monte Carlo model approach. The main input here is the gas price (TTF ICE). This liability is allocated to the “at fair value through profit or loss” category.

Derivative financial instruments and hedges

Derivatives are measured at fair value. Their fair value is calculated using standard methods based on the market data available at the measurement date (such as exchange rates and interest rates). Currency and commodity forwards are measured at the respective forward rate or price at the reporting date. These forward rates or prices are based on the spot rates or prices and include forward premiums and discounts. The Group’s own models are used to estimate the measurement. The measurement of derivatives also includes the counterparty risk (credit risk/counterparty risk/non-performance risk) in the form of discounts to the fair value that would be used by a market participant for pricing.

Compared with the information of the latest Annual Financial Report as at December 31, 2023, there were no changes that had a material impact on the half-year financial statements with regard to hedging currency risks arising from the operating business, hedging cross-currency interest rate risks arising from private placements in foreign currencies, hedging interest rate risks arising from loans taken out with variable interest rates and hedging against commodity price risks. A detailed explanation is provided in the Annual Financial Report of the Lenzing Group as at December 31, 2023 (see note 35 there).

Disclosures on Related Parties and Executive Bodies

Note 7. Related party disclosures

Contractual obligations resulted in the payment of tax allocations totaling EUR 5.6 mn to the head of the tax group in the interim reporting period (01-06/2023: EUR 0.2 mn).

The extent of material transactions and the amounts of outstanding balances with companies accounted for using the equity method and their material subsidiaries were as follows:

Relationships with companies accounted for using the equity method and their material subsidiaries — **EUR mn**

	01-06/2024	01-06/2023
Goods and services provided	38.0	29.2
Goods and services received	0.8	0.8
	30/06/2024	**31/12/2023**
Receivables	34.3	25.1
Liabilities	0.1	0.0

Note 8. Executive bodies

As of April 15, 2024, Walter Bickel was appointed as a member of the Managing Board (Chief Transformation Officer).

At the Annual General Meeting on April 18, 2024, Cornelius Baur was newly elected to the Supervisory Board. Markus Fürst stepped down from the Supervisory Board at his own request. Furthermore, at the constitutive meeting of the Supervisory Board, the Works Council delegated Stefan Ertl to the Supervisory Board in place of Georg Liftinger.

Christian Bruch stepped down from the Supervisory Board on May 29, 2024, at his own request.

Otherwise the composition of the Managing Board and the Supervisory Board has not changed in comparison with December 31, 2023.

Other disclosures

Note 9. Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks

The Lenzing Group has entered into contingent liabilities of EUR 8.8 mn (December 31, 2023: EUR 8.6 mn), above all to secure claims related to the sale of certain equity investments and claims by suppliers, for possible default of payment on sold receivables and for claims by third parties outside the Group. Less important contingencies involve granted retentions. The reported amounts represent the maximum payment obligation from the viewpoint of the Lenzing Group, and there is only a limited potential for recoveries.

The Lenzing Group provides committed credit lines of EUR 1.4 mn (December 31, 2023: EUR 1.4 mn) to third parties. These credit lines were not in use as at June 30, 2024.

The obligations from outstanding orders for intangible assets and property, plant and equipment amounted to EUR 39.1 mn as at June 30, 2024 (December 31, 2023: EUR 48.8 mn). The Lenzing Group has long-term purchase obligations related to raw material supplies, in particular for wood, chemicals and energy.

Note 10. Significant events after the end of the reporting period

On June 12, 2024, B&C Group announced that it was entering into a long-term partnership with Suzano S.A., São Paulo, Brazil, in relation to its majority interest in Lenzing AG. According to the B&C Group, the closing of the transaction is expected to occur in fall 2024 and is subject to the approval of the relevant regulators. On the basis of this agreement, Suzano S.A. is to acquire a 15 percent interest in Lenzing AG from the B&C Group. According to the B&C Group, B&C Group and Suzano S.A. will form a long-term shareholder syndicate, which will hold 52.25 percent of Lenzing AG after completion of the transaction and over which the B&C Group will exercise control.

On July 23, 2024, B&C Group announced that 25 percent of the shares in Lenzing AG had been transferred by way of an intra-group restructuring. This leads to Lenzing AG leaving the tax group in accordance with Section 9 of the Austrian Corporation Tax Act (ÖKStG). As part of the termination of the tax group, the Lenzing Group is required to pay a tax allocation to the group parent in accordance with the group allocation agreement. The amount of the allocation to be paid will be determined by the Lenzing Group and the group parent in the course of the 2024 financial year and cannot yet be reliably determined as at the half-year reporting date.

Otherwise, the Lenzing Group has not identified any material effects on other agreements (in particular financing agreements) as a consequence of the implementation of the transaction described above.

The Lenzing Group is not aware of any significant events occurring after the reporting date on June 30, 2024 which would have resulted in a different presentation of its financial position and financial performance.

Lenzing, August 2, 2024
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer

Nico Reiner
Chief Financial Officer

Christian Skilich
Chief Pulp and Technology Officer

Walter Bickel
Chief Transformation Officer

Declaration of the Managing Board

Declaration of the Managing Board according to Section 125 Para 1 No. 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Lenzing, August 2, 2024
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer

Nico Reiner
Chief Financial Officer

Christian Skilich
Chief Pulp and Technology Officer

Walter Bickel
Chief Transformation Officer

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, for the period from January 1 to June 30, 2024. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as at June 30, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and consolidated statement of changes in equity for the period from January 1 to June 30, 2024 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the consolidated interim management report and on management's statement in accordance with § 125 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 125 par. 1 subpar. 3 Austrian Stock Exchange Act.

The interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB.

Linz, August 02, 2024

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Alexander Gall

Austrian Chartered Accountant

Note: This report is a translation of the original report in German, which is solely valid.

Financial Glossary

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

Adjusted equity ratio
Ratio of adjusted equity to total assets in percent.

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

Earnings per share
The share of net profit/loss after tax attributable to the shareholders of Lenzing AG divided by the weighted average number of issued shares, calculated according to IFRS (IAS 33 earnings per share).

EBIT (earnings before interest and tax)
Earnings before interest and tax, or operating result; the precise derivation can be found in the consolidated income statement.

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

EBITDA (earnings before interest, tax, depreciation and amortization)
Operating result before interest, tax, amortization of intangible assets, depreciation on property, plant and equipment and right-of-use assets and depletion of biological assets and before income from the release of investment grants.

EBITDA margin
EBITDA as a percent of revenue.

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

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

Free cash flow
Cash flow from operating activities less cash flow from investing activities less net cash inflow from the sale and disposal of subsidiaries and other business areas plus acquisition of other investments and investments accounted for using the equity method plus disbursement of loans to joint ventures less proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method. Free cash flow corresponds to the readily available cash flow.

FTE
Abbreviation for Full-Time Equivalents.

Gross cash flow
Gross cash flow equals cash flow from operating activities before change in working capital; the precise derivation can be found in the consolidated statement of cash flows.

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

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

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

Liquid funds
Cash and cash equivalents plus current securities.

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

Net debt
Interest-bearing loans and borrowings (= current and non-current loans and borrowings) less liquid assets plus provisions for pensions and severance payments.

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

Net gearing
Net financial debt as a percent of adjusted equity.

Net profit/loss after tax
Net profit/loss for the year (/the period). The precise derivation can be found in the consolidated income statement.

Post-employment benefits
Provisions for pensions and severance payments.

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

Trading working capital
Inventories plus trade receivables less trade payables.

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

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

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Notes

This English translation of the financial statements was prepared for the company's convenience only. It is a non-binding translation of the German financial statements. In the event of discrepancies between this English translation and the German original the latter shall prevail. This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing Group. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar items. The projections that are related to the future development of the Lenzing Group represent estimates that were made on the basis of the information available as at the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated. Calculation differences may arise when rounded amounts and percentages are summed. The annual report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, typesetting and printing errors can nevertheless not be completely ruled out.