CHAPTER

2/4

MANAGEMENT REPORT

2024

CONTENT

General Market Environment

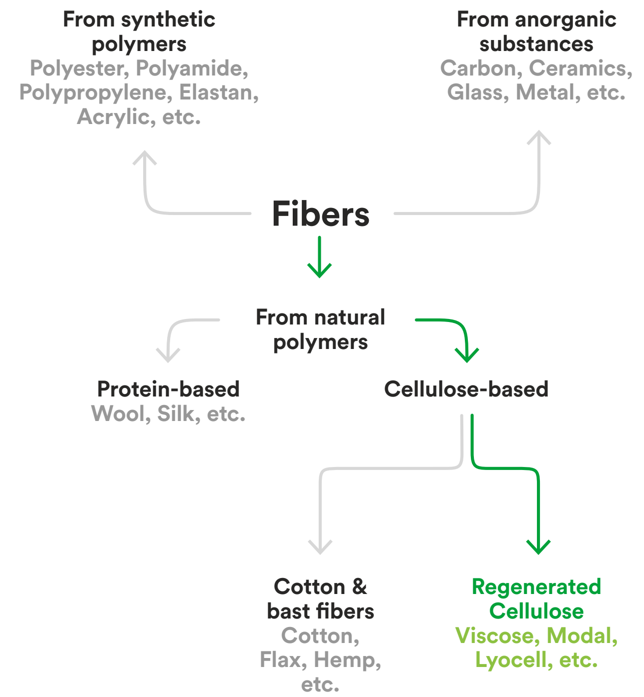
Global economy[1]

The global economy expanded at a rate of 3.2 percent in 2024, according to the International Monetary Fund (IMF). Economic momentum thereby continues to stand below the level of the pre-Covid period, when the average for the years 2000 to 2019 amounted to 3.7 percent. The US economy performed well with growth of 2.8 percent, mainly thanks to strong domestic demand. In some European countries, by contrast, recession continued, with growth in the overall Eurozone amounting to 0.8 percent. The continued high level of energy prices due to the Russian war of aggression against Ukraine, the tightening of monetary policy in previous years, and persistently high levels of inflation exerted a dampening effect. Although consumer confidence recovered slightly compared to the previous year, it remained at a low level in absolute terms. At 4.8 percent, Chinese economic growth also fell short of both expectations and the government's target. While export demand recovered, growth was slowed by weak domestic consumption and the ongoing crisis in the real estate market. The IMF forecasts growth of 3.3 percent for 2025.

Although demand along the value chain in the textile and apparel industry improved slightly year-on-year, this was at least partly due to accelerated purchasing effects in anticipation of higher trade barriers, particularly towards the year-end. Prices remained under pressure. Satisfaction with the business situation rose over the course of 2024, according to a global survey conducted by the International Textile Manufacturers Federation (ITMF).[2] Most market participants, however, continue to view the situation negatively.

As in previous years, retail sales of hygiene products in the nonwovens industry proved to be crisis-resistant. Sales volumes of major brands were stable to slightly lower, while demand for lower-priced brands was stronger.

Fibers on the world market



Global fiber market[3]

Continued stable growth in global fiber production

Global retail apparel sales in 2024 (after adjusting for price effects) reported hardly any year-on-year change, according to preliminary estimates. While demand stagnated in China and even decreased in Europe, it proved to be more stable than expected in the USA.

Following a reduction in stock levels in the clothing retail sector over the course of the previous year, stocks were built up again in 2024, which was at least partly due to orders being brought forward in light of the threat of US import tariffs. Meanwhile, stock levels in the upstream production stages barely rose.

Demand for home textiles in 2024 continued to be negatively impacted by reduced levels of construction activities due to high interest rates and investments brought forward during the Covid pandemic.

Global fiber production rose by slightly more than 3 percent to 126 mn tonnes in 2024, according to initial estimates. This growth is in line with the long-term average.

The cotton harvest decreased by around 1 percent to 24.1 mn tonnes during the past 2023/2024 season. Cultivated areas were down for the second consecutive year, by just under 2 percent, while the global average yield per hectare rose slightly. Higher production levels in Brazil and Pakistan almost completely offset reduced harvest levels in China, India, and the USA. Brazil replaced the USA as the most important exporter for the first time. Demand for cotton recovered by just under 6 percent to reach a level of 25 mn tonnes. As a consequence, stocks reduced by 5 percent to 18.5 mn tonnes. The production of other natural fibers such as wool, linen, hemp, and silk also decreased by 4 percent year-on-year.

The production of regenerated cellulosic fibers such as lyocell, modal, and viscose fibers rose by 8 percent to 8.4 mn tonnes, ac-

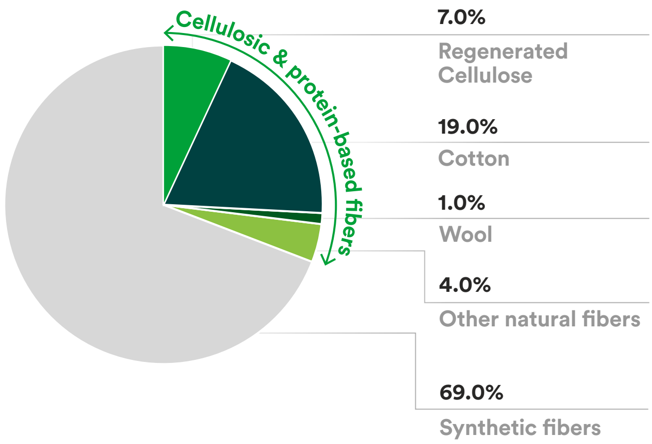
[1] Source: IMF, World Economic Outlook, January 2025
[2] Source: ITMF, 30th Global Textile Industry Survey, January 2025

[3] All production figures in this section have been updated compared to the initial estimates published in the 2023 Annual Report.
Sources: The Fiber Year, ICAC, Cotton Outlook, CCFG, FAO

cording to initial estimates. This growth mainly reflected higher capacity utilization at viscose plants followed by a global increase in lyocell fiber production.

Production volumes of synthetic polymer fibers amounted to around 87.5 mn tonnes, up 5 percent year-on-year, according to initial estimates.

Global fiber production 2024[1]
by type of fiber in percent (basis = 126 mn tons)



Variation in staple fiber prices

Price trends on staple fiber markets proved to be mixed in 2024. While cotton and polyester prices decreased, viscose prices rose slightly.

However, cotton prices proved to be very volatile. While the Cotlook A index started the year at 91 US cents per pound and rose to as high as 107 US cents per pound in February, it was down 14 percent over the course of the year to 79 US cents per pound following a slight recovery in the fall. This index last fell to below the 80 US cents per pound level in December 2020.

The price of polyester staple fiber in China also decreased over the course of the year. Although it reached a high of RMB 7,940 per tonne in July due to higher costs for crude oil and the intermediate products required for fiber production, it then fell to RMB 6,980 per tonne by the end of the year. Over the year as a whole, this represents a reduction of 5 percent.

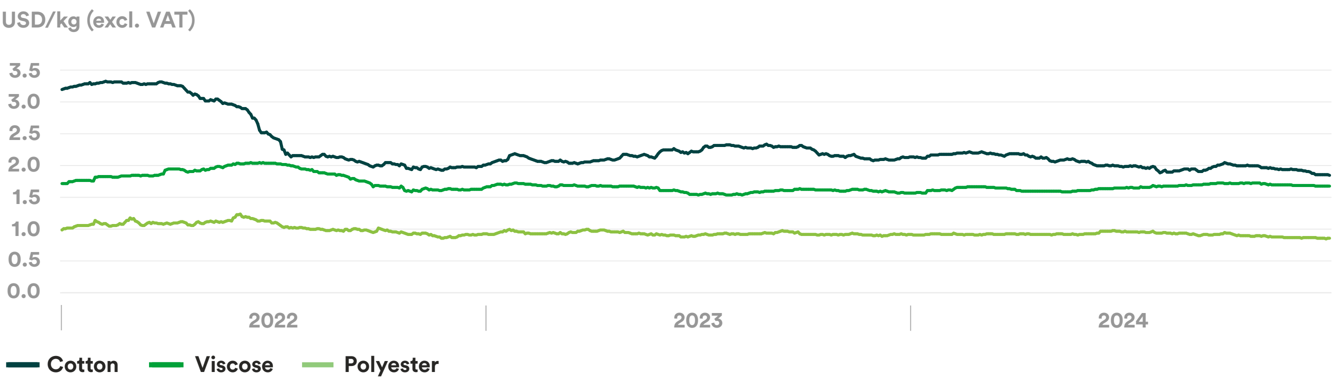
Viscose prices in China rose by 9 percent over the course of the year to RMB 13,750 per tonne. However, the average year-on-year increase in 2024 was moderate at just 3 percent. The 2024 year was characterized by high capacity utilization in Chinese viscose plants of in excess of 85 percent and low average annual stock levels of around ten days – both levels were last reached in 2017 and indicate an increasing level of equilibrium between supply and demand. However, the economic situation for manufacturers that lack backward integration remained challenging.

The price premium for differentiated specialty fibers from the TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brands proved to be comparatively resilient.

With the exception of minimal corrections, the Chinese import price for dissolving wood pulp, the key raw material for regenerated cellulosic fiber production, rose continuously over the course of 2024 and, at USD 970 per tonne at the end of December, stood 10 percent higher than at the start of the year. The average price for the year also rose by 7 percent. This is all the more remarkable given that the Chinese price for hardwood pulp decreased by more than USD 150 per tonne in August and continued to fall until the year-end.

As in the previous year, dissolving wood pulp decoupled from this trend, as limited supply encountered high demand from fiber manufacturers. The price premium for dissolving wood pulp reached an unusually high level of USD 425 per tonne at the end of the year.

Staple fiber prices – Development in China[2]



[1] Sources: ICAC, TFY, Lenzing estimates

[2] Sources: CCFG, CCA

The Development of Business in the Lenzing Group

The Lenzing Group's business performance improved steadily over the course of 2024, although the recovery of the markets relevant to Lenzing proved to be slow, as anticipated. On the volume side, a clear uptrend was evident. Although prices recorded a positive trend during the reporting year, they continue to stand below the previous year's level. This, coupled with the continued rise in raw material and energy costs and a tangible increase in logistics costs, exerted a dampening effect on both the Lenzing Group's business performance and the overall sector in 2024.

The earnings development of the Lenzing Group was also characterized by one-off effects, which had a negative impact on the net result after tax. Nevertheless, Lenzing continued its recovery course thanks to the decisive measures taken in response to the past years of crisis.[1]

The Lenzing Group Managing Board is currently implementing a comprehensive performance program with the overriding objective of achieving significantly enhanced long-term resilience to crises and greater agility in the face of market changes. The program initiatives are aimed primarily at an improvement in EBITDA and free cash flow generation through higher profitability and sustainable cost excellence. Extensive actions are being undertaken to strengthen sales activities, such as the acquisition of new customers for the most important fiber types and expansion in previously smaller markets, which are having a positive impact in terms of revenue. In addition, the Managing Board anticipates significant cost savings, of which over EUR 130 mn were already realized in 2024. As a consequence, the performance program is delivering significantly above planned levels. Very good progress was achieved in terms of product costs and quality thanks to smart efficiency enhancement measures. Successes were also achieved in the purchasing area thanks to operational and strategic measures. Looking ahead, including beyond 2024, this holistic performance program is expected to continue to lead to improvements in production costs, and further cost potentials will be leveraged, particularly in the area of overhead functions. In parallel, the structural and process improvements that have been initiated will lead to positive effects in terms of revenue and margin generation.

Revenue grew by 5.7 percent year-on-year to EUR 2.66 bn in 2024, mainly reflecting a higher level of revenue generated from fibers (+10 percent).

The positive effects of the performance program were the main factor driving the operating earnings trend. Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 30.4 percent year-on-year to EUR 395.4 mn in 2024. The EBITDA margin increased from 12.0 percent to 14.8 percent.

The operating result (EBIT) amounted to EUR 88.5 mn (compared with minus EUR 476.4 mn in 2023) and the EBIT margin stood at 3.3 percent (compared with minus 18.9 percent in 2023). The result before tax (EBT) amounted to minus EUR 42.0 mn (compared with minus EUR 585.6 mn in 2023).

The income tax expense amounted to EUR 96.3 mn in 2024 (compared with EUR 7.3 mn in 2023). Among other factors, this reflected the retroactive withdrawal from the Austrian tax group as a consequence of the interest of B&C Holding Österreich GmbH (group parent) falling below 50 percent for 2022. As a consequence, the Lenzing Group was required to pay a tax allocation of EUR 22.2 mn to the group parent in accordance with the group tax allocation agreement. This tax allocation was expensed in the reporting year. Details about the financial effects of the withdrawal from the tax group with B&C Holding Österreich GmbH are presented in note 29 and note 38 to the consolidated financial statements ("Relationship with related companies" section). In addition, the income tax expense was influenced by the value adjustment of tax assets of individual Group companies and by currency effects due to the translation of tax items from the local currency into the functional currency[2] in a volume of EUR 47.5 million. Moreover, foreign withholding taxes amounting to EUR 5.6 mn were incurred. The remaining effects derive from positive tax results of individual Lenzing companies and related current and deferred tax items.

Cash flow from operating activities improved significantly to EUR 322.5 mn in 2024 (compared with EUR 160.3 mn in 2023); this was supported by measures to reduce working capital. Cash flow from investing activities amounted to minus EUR 185 mn (compared with minus EUR 291.5 mn in 2023). Free cash flow showed a clearly positive trend with an increase to EUR 167 mn (compared with minus EUR 122.8 mn in 2023). Cash flow from financing activities amounted to minus EUR 430 mn in 2024 (compared with EUR 421.1 mn in 2023).

Liquid assets (including liquid bills) decreased by 38.2 percent compared to December 31, 2023, to a level of EUR 451.7 mn as of December 31, 2024, mainly due to the repayment of private placements and other financial liabilities.

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 156.3 mn in 2024 (compared with EUR 283.6 mn in 2023) including due to the reduction in the level of investment activities.

Total assets decreased by 4.6 percent compared with December 31, 2023, to EUR 4.98 bn as of December 31, 2024. Adjusted equity was also down by 4.6 percent to EUR 1.73 bn. The adjusted equity ratio remained unchanged at 34.7 percent as of December 31, 2024. Net financial debt reduced by 1.9 percent to EUR 1.53 bn as of the reporting date. Net gearing increased to 88.8 percent (compared with 86.4 percent as of December 31, 2023). Trading working capital rose by 4.9 percent to EUR 578 mn.

[1] The key figures in this section are explained in more detail in the financial glossary of the Annual and Sustainability Report 2024.

[2] Predominant currency of the primary economic environment of a subsidiary

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

Condensed consolidated income statement[1] EUR mn

			Change	
	2024	**2023**	**Absolute**	**Relative**
Revenue	**2,663.9**	2,521.2	142.7	5.7%
Cost of sales	(2,155.8)	(2,597.6)	441.8	17.0%
Gross profit	**508.1**	**(76.5)**	**584.5**	**n/a**
Other operating income	61.8	108.7	(46.9)	(43.1)%
Selling expenses	(300.5)	(274.9)	(25.6)	(9.3)%
Administrative expenses	(146.7)	(144.7)	(2.0)	(1.4)%
Research and development expenses	(29.2)	(69.1)	39.9	57.8%
Other operating expenses	(4.9)	(20.0)	15.0	75.2%
EBIT	**88.5**	**(476.4)**	**564.9**	**n/a**
Financial result	(130.5)	(109.2)	(21.3)	(19.5)%
EBT	**(42.0)**	**(585.6)**	**543.6**	**92.8%**
Income tax expense	(96.3)	(7.3)	(89.0)	<(100)%
Net profit/loss after tax	**(138.3)**	**(593.0)**	**454.7**	**76.7%**

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

The Development of Business in the Divisions

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

In 2024, the "Better Growth" corporate strategy was advanced. The strategy is aimed at better serving long-term demand growth for high-quality and sustainably manufactured specialty fibers of the TENCEL™, LENZING™ ECOVERO™, and VEOCEL™ brands, among other objectives. Following the implementation of the large-scale projects in Brazil and Thailand as well as the modernization of capacities in China and Indonesia, Lenzing will pursue a profitable growth path, sharpen its focus on premium fibers for textiles and nonwovens and, at the same time, further accelerate the transition to a circular economy model.

Lenzing also updated its climate targets in 2024 in order to align its commitment to climate change mitigation with the goals of the Paris Agreement on climate, which aims to limit the global increase in temperatures to 1.5 degrees Celsius. The Science Based Targets initiative (SBTi), the leading organization in the area of climate-related target setting, reviewed and confirmed the target increase. Lenzing is the only producer of regenerated cellulosic fibers with a scientifically confirmed net zero target (see also the chapter "E1 Climate change" in the non-financial statement of the Annual and Sustainability Report).

Lenzing has once again been recognized by the industry's most important rating providers for its performance and leadership in environmental and social sustainability. CDP again placed Lenzing on the prestigious A-list in the "Climate Change" category in 2024, the fourth time in a row. In the "Forests" and "Water Security" categories, Lenzing achieved very good "A-" and "B" ratings respectively. In the EcoVadis CSR rating, Lenzing achieved platinum status, the highest rating, for the fourth consecutive time, placing it among the top one percent of companies rated worldwide. MSCI rated Lenzing with an "A", and the company achieved first place in the global "Hot Button Ranking" of the non-profit organization Canopy, which evaluates the performance of global producers of regenerated cellulosic fibers in the areas of sustainable sourcing, transparency, and innovation. More information about ratings and awards relating to environmental and social sustainability can be found in the non-financial statement in the Annual and Sustainability Report.

Lenzing also announced personnel changes on its Managing Board in 2024. As of September 1, Rohit Aggarwal assumed the position of Managing Board Chairman (CEO) from Stephan Sielaff, who left Lenzing AG by mutual agreement with the Supervisory Board at the end of August. Walter Bickel was appointed Chief Transformation Officer and member of the Managing Board of Lenzing AG until December 31, 2025, with effect as of April 15.

Fiber Division

The Fiber Division comprises, in particular, the Lenzing Group's business activities with its regenerated cellulosic fibers for textiles and nonwovens.

Lenzing stands worldwide for the ecologically responsible production of specialty fibers under the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands.

The "Glacial Threads: From Forests to Future Textiles" project combines sustainable glacier protection and textile recycling, and serves as an exemplar of Lenzing's collaborative innovative capabilities in 2024. Geotextiles made from biodegradable LENZING™ fibers[1] make a significant contribution to protecting glaciers, which are highly endangered by global warming, without polluting the environment with microplastics. Together with a network of innovative partners, Lenzing is currently working on processing used geotextiles into new textile fibers. The recycling of nonwovens for geotextiles was successfully tested in an initial pilot phase. This pilot project was showcased as part of the International Day of Forests celebrations at the Palace of Nations, the home of the United Nations Office in Geneva, and also received the "Biodiversity and Water Award" at the CNMI Sustainable Fashion Awards 2024 in Milan in September.

With the positioning of its product brands, the Lenzing Group has been sending a strong message to consumers since 2018. With TENCEL™ and LENZING™ ECOVERO™ as overarching brands for all specialty products in the textile segment, VEOCEL™ as the overarching brand for all specialty nonwoven products, and LENZING™ for all industrial applications, the company successfully showcases its strengths. Lenzing also enhanced its brands' visibility in 2024 through targeted communication and marketing activities. Sustainability combined with transparency and traceability, innovation and strong brands represent Lenzing's key differentiators.

The Fiber Division's revenue reached a level of EUR 2.03 bn in 2024, 65.4 percent of which was attributable to textile fibers and 34.6 percent to nonwoven fibers. Fiber sales volumes grew to approximately 960,000 tonnes (compared with approximately 840,000 tonnes in 2023). The share of specialty fibers in fiber revenue increased to 92.6 percent (compared with 78.9 percent in 2023). The division's earnings (EBITDA) amounted to EUR 32.8 mn, while the operating result (EBIT) amounted to minus EUR 68.7 mn.

[1] LENZING™ fibers certified by TÜV as biodegradable (soil, freshwater & marine) and compostable (household & industrial) include the following products: LENZING™ Viscose Standard Textiles/Nonwovens, LENZING™ Lyocell Standard Textiles/Nonwovens, LENZING™ Modal Standard Textiles, LENZING™ Lyocell Filament, LENZING™ Lyocell Dry, and LENZING™ Nonwoven Technology. An exception in certification applies for the LENZING™ Lyocell Filament fiber, for which the necessary tests for confirming biodegradability in a marine environment have not yet been conducted.

Textile fibers

The market environment in the textile segment was again characterized by uncertainty and subdued demand in 2024. As a consequence, orders along the textile value chain continued to be placed at very short notice.

Despite generally subdued consumer sentiment, Lenzing encountered solid demand for its specialty fibers under the LENZING™ ECOVERO™, TENCEL™ Modal, TENCEL™ Lyocell, and TENCEL™ Luxe brands. As a consequence, sales volumes for most specialty fibers posted growth compared to 2023. Lenzing's quality, the sustainable benefits of its fibers, and its innovative capabilities proved to be especially strong selling points. The company was also successful in further consolidating its ingredient branding strategy and in establishing the TENCEL™ and LENZING™ ECOVERO™ brands in light of their sustainability and comfort claims.

China, Turkey, India, Pakistan, and Bangladesh continued to be the most important direct sales markets for Lenzing fibers in 2024.

In addition to the development of radically new technologies, Lenzing is continuously working on developing new application areas for existing fibers. In 2024, for example, a special denim collection with matte TENCEL™ brand lyocell fibers was developed together with Chinese partner Advance Denim. These fibers make it possible to develop fabrics made of lyocell fibers with a particularly matte appearance. Especially in the denim segment, this characteristic has encountered great interest from customers and partners, and enables the development of new application areas and sub-segments.

Thanks to its particularly innovative and sustainable character, the lyocell filament business also enjoyed a successful year. A further record in terms of sales volumes was set in 2024, and interest from brands, retailers, and fabric manufacturers continued to expand. Lenzing also demonstrated the high-quality applicability of TENCEL™ Luxe brand filaments in a unique collaboration with designer Peet Dullaert.

Lenzing enhanced the visibility and awareness of its TENCEL™ and LENZING™ ECOVERO™ brands with a series of global campaigns and initiatives that generated more than 15.5 bn impressions in online media and 59.3 mn interactions, including video views, on social media. The success of the TENCEL™ and LENZING™ ECOVERO™ brands in the 2024 financial year is also reflected in the collaboration with around 380 brand partners worldwide, including international and up-and-coming brands such as Armedangels, GANNI, Guess, Carhartt, Joao Maraschin, Marc O'Polo, VOGUE Collection, Camper, Calzedonia, Candiani, Yamamay, Impetus, COS, Next, Mother of Pearl, Stripe & Stare, Reformation, CASA, Sense of Place, Aimer, Eifini, DVF (Diane von Furstenberg), Peacebird, and LUOLAI.

The TENCEL™ brand also presented a new, modern brand identity in 2024. With its new brand manifesto "Nature. Future. Us.", this brand emphasizes its commitment to promoting partnerships along the value chain and to driving positive change in the textile industry.

Nonwoven fibers

Nonwoven fibers are a strategic business segment for Lenzing which has grown over the course of the years. In addition to the functional benefits of Lenzing's fibers, this growth has been driven by the global battle against plastic pollution, including ongoing UN Plastics Treaty negotiations, the EU Single-Use Plastic Directive, and the upcoming UK ban on plastics in wipes. To raise awareness about plastic pollution and about fiber solutions to reduce reliance on synthetic materials, Lenzing participated in the 2024 UNEP Sea of Solutions Conference.

In 2024, the focus was on expanding the fiber portfolio to include several specialty fibers. It has been a very successful year in which several innovations were developed and launched on the market. Paramount to these developments has been reduced time to market thanks to a strengthening of the innovation process.

Following the very positive market response to VEOCEL™ Lyocell fibers with Dry Technology in 2023, the Lyocell Dry family was expanded last year. This product family contributes to material conversion from plastic to wood-based cellulosic fibers in applications such as absorbent hygiene products (AHP) and wipes. The Lyocell Dry family enables customers to use hydrophobic fibers to meet fluid management requirements, and its product range features further characteristics such as softness and strength in their products.

A further highlight was the development of a new fiber finish for our nonwoven lyocell fibers, made without the use of palm oil, palm kernel or derivatives of palm oil as a component, thereby further enhancing their environmental credentials, such as fiber quality and performance.

Fibers from the Lyocell Shortcut product range with improved fibrillation were also presented at the Filtech trade fair in order to tap further sales potentials in the growing global filter market.

In the reporting year, Lenzing has also intensified its cooperation with key customers and downstream partners by developing joint innovation roadmaps covering products that are to be second and third generation products by 2030 and beyond. Furthermore, a comprehensive "Voice of the customer" project has been rolled out to better understand the needs and future aspirations of the market, and contribute to the success and performance of customers and value chain partners.

Lenzing not only strengthened existing business relationships in the reporting year, but also successfully focused on acquiring new partners. The company currently has 23 co-branding partners in Europe and North America, including two new additions. Long-standing partners such as Coterie in the US and Bode Chemie in Europe launched new VEOCEL™ branded products, thereby enriching their portfolios. Lenzing also entered into a partnership with Carefree sanitary pads in the USA, integrating VEOCEL™ lyocell fibers with Dry Technology into their top sheets. To promote this collaboration, Lenzing invested in live broadcasts on US television channels that are popular with its target consumers, which was supported by a social media influencer campaign. These efforts significantly boosted the brand's visibility in the market.

In Asia, Lenzing engaged in several strategic partnerships, such as with Graminton to develop two co-branded products and accompanying campaigns, and with NBond to launch a new co-branded product in the moist toilet tissue sector. Lenzing also joined forces with Kindoh and well-known media Allure for Green Products

Awards, as well as with LIFE Bioral and Akachan Honpo Water 99, to promote SDGs and sustainability as an important topic in the region.

One of the highlights of the reporting year was the VEOCEL™ Customer Event, where partners from the value chain were welcomed to the Lenzing site in Austria for a two-day experience.

Consumer education remained a further priority in 2024. Lenzing highlighted the benefits of choosing regenerated cellulosic fibers over synthetic materials. In a campaign, aired across social media and aimed at empowering consumers, Lenzing emphasized the importance of making informed purchasing decisions to support a healthier planet and a sustainable future.

Co-products of fiber production

At all 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 2024 reporting year, sales volumes increased mainly due to the exploration of opportunities outside the EU markets.

Pulp Division

The Pulp Division comprises all Lenzing Group business activities from wood procurement through to the production and sale of dissolving wood pulp and biorefinery products. In the reporting year, the new pulp mill in Indianópolis (Brazil) produced at levels well above its nameplate capacity of approx. 500,000 tonnes per year, while at the same time delivering excellent quality. Surplus electricity is fed into the public grid as renewable energy. These 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 September 2024, Lenzing announced a USD 650 mn green bond issue by joint venture LD Celulose (issuer LD Celulose International GmbH). This bond encountered great demand from institutional investors. LD Celulose's new financing structure, which comprises a total volume of USD 1 billion, also includes a USD 350 million syndicated loan. LD Celulose used the net proceeds from both the issue and the loan disbursement, plus available cash, to repay its existing project financing and convert it into independent corporate financing. Lenzing holds a 51 percent interest in the joint venture, which was established for the construction of the plant.

To provide the biomass, LD Celulose secured over 44,000 hectares of FSC® certified commercial forest, and leased additional land, in order to have approximately 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 also continuing its recycling activities. Lenzing has been proactively developing and promoting innovations in the area for 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. Sluggish conditions on the textile market slowed growth in the sector, as the cost structure does not yet allow for higher volumes.

The Pulp Division's (internal and external) revenue reached a level of EUR 1.17 bn in 2024. Divisional earnings (EBITDA) amounted to EUR 436.3 mn, and operating earnings (EBIT) stood at EUR 243.7 mn.

Wood

Wood markets stabilized further in 2024 due to lower industrial demand for wood as well as lower energy prices and the associated lower consumption of biomass. Wood prices fell accordingly, although in line with expectations.

The Lenzing Group's procurement strategy entailing long-term master agreements achieved a good stabilizing effect on volumes and prices. As a consequence, Lenzing was able to supply its pulp sites in Lenzing (Austria) and Paskov (Czech Republic) with sufficient wood during the reporting year.

In 2024, audits in accordance with the Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) forest certification systems confirmed again for both sites that, in addition to stringent forestry laws in the supplier countries, all wood used derives from PEFC and FSC® certified or controlled sources.[2]

Pulp

To supply the fiber production sites with high-quality dissolving wood pulp, Lenzing Group operates its own pulp mills at its sites in Lenzing (Austria), Paskov (Czech Republic), and Indianópolis (Brazil). This increased the level of self-sufficiency to significantly more than 75 percent targeted by the corporate strategy. Lenzing also established itself as a structural supplier in the global pulp market. Most of the dissolving wood pulp sourced externally is purchased on the basis of long-term contracts. A total of approximately 1,176,000 tonnes of dissolving wood pulp was produced at Lenzing's pulp plants in 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 rely on biobased products from Lenzing.

In 2024, Lenzing and C.P.L. Prodotti Chimici signed their first licensing agreement for LENZING™ Bio-based Acetic Acid, which marks a further step towards a more sustainable and resource-efficient industry. A lifecycle analysis performed by the research institute Quantis confirmed that the carbon footprint of LENZING™ Bio-based Acetic Acid is more than 85 percent smaller than that of comparable products based on fossil resources.

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

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

Divisional supplies of energy and other raw materials

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

Energy

With its biorefinery concept at its 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 all its production sites.

Energy reserves at the Lenzing Group's European sites remain very well filled in light of the geopolitical situation and associated uncertainties.

Energy prices in Europe continued to fall in 2024, thereby continuing their normalization, although a renewed rise occurred towards the end of the year. Continued low levels of gas consumption in Europe and the associated low level of imports led to a 15 percent reduction in gas prices. The price of electricity even decreased by as much as 20 percent thanks to the high level of production of renewable energies. The price of coal was down by 10 percent and the oil price decreased by 3 percent. The carbon dioxide price reduced by 22 percent.

The Lenzing Group partially restructured its energy price hedging in 2023 in the wake of the supply crisis and thereby reduced its exposure to the risk of 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 exert only a weakened impact on the company's energy costs.

In November 2023, Lenzing signed a supply contract with Austrian electricity producer WLK energy for the purchase of around 13 MW of wind power. The plant was constructed in 2024 and has been supplying green electricity for the Lenzing site since 2025. In addition, Lenzing is planning (subject to official approval) to expand its PV capacities for the site, thereby not only underscoring its commitment to the energy transition, but also realizing a long-term investment in diversified electricity supplies that offer stable prices. At present, the site procures electricity from PV systems with a total output of 7 MWp.

In 2024, an environmental impact assessment was successfully conducted for the construction and operation of a new fluidized bed boiler system at the Lenzing site. This project aims to replace the old system, minimize the use of traditional fossil fuels, and improve air quality. Construction is scheduled to begin in mid-2025.

The energy plants at the Lenzing site were mainly in normal operation during the reporting period. A number of energy efficiency measures were implemented in the reporting year, which not only lead to considerable savings, but also make an important contribution to climate change mitigation, resource conservation, and competitiveness.

The power plants in Paskov also operated normally during the reporting period. Surplus energy was fed into the public power grid.

Natural gas prices at the site in Mobile, USA, changed only slightly compared to the previous year. The electricity price posted a slight increase.

The plants in Purwakarta, Indonesia, were operated with a high level of availability and were further optimized. No significant change occurred to the coal price compared to the previous year. Lenzing has been sourcing green electricity from renewable sources at its Indonesian site since the third quarter of the previous year. The electricity price decreased further year-on-year.

Steam and electricity prices at the site in Nanjing, China, continued to fall compared to the previous year. With the commissioning of two gas turbines, a further milestone was reached in the reporting year in the conversion of energy supplies from coal to natural gas with the aim of reducing carbon emissions.

Steam and electricity prices for the lyocell plant in Prachinburi, Thailand, were down year-on-year.

Other raw materials

The chemicals markets relevant to Lenzing recorded moderate price increases in 2024 compared to the end of 2023, partly due to the continued rise in energy costs on the manufacturer side.

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 recorded a moderate trend in the first few months of 2024, but rose continuously in all regions in the second half of the year. This was due to relatively stable demand from nickel and aluminum production, coupled with a shortage of supply due to 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 were stable in the first half of 2024, but recorded a significant increase towards the year-end due to the strong growth in demand for sulphuric acid and fertilizers.

Others

The "Others" area mainly comprises central headquarters functions and overarching activities as well as R&D activities and the activities of BZL-Bildungszentrum Lenzing GmbH (training and personnel development). Revenue in the "Others" area reached EUR 3.3 mn in 2024. The result (EBITDA) amounted to minus EUR 52.5 mn, while the operating result (EBIT) stood at minus EUR 65.3 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 reached its highest closing price in 2024 of EUR 37.20 on June 13, 2024. The lowest closing price was registered on March 18, 2024 at EUR 24.85. At the end of the reporting year, the Lenzing share was trading at a level of EUR 29.50. This corresponds to a decrease in the share price of 17.37 percent compared with the start of the year. Vienna's benchmark ATX index ended the year up 6.62 percent compared with the start of the year. No dividend was distributed in the reporting year for the 2023 financial year. In the reporting year, the Managing Board of Lenzing AG passed a resolution to suspend on an indefinite basis the existing policy of paying a dividend of at least EUR 4.50 per share.

Research and Development

In 2024, the Lenzing Group focused its innovation activities to an even greater extent on customers' specific requirements, and on the goal of implementing developments more rapidly. Technological and basic developments are combined within a central area, while product and product application developments are assigned to the commercial teams as separate groups. Lenzing also reorganized its Operational Service Group, which deals with continuous improvements, among other areas. These groups are closely networked and also work together with other teams such as the sustainability department in order to gradually strengthen Lenzing's innovative capabilities.

Due to these organizational adaptations, key innovation indicators can only be compared with previous years to a limited extent. At the end of 2024, a total of 205 staff were engaged in the various innovation areas (compared with 222 employees at the end of 2023). Research and development expenditures calculated according to the Frascati method (less grants received) amounted to EUR 30.4 mn (compared with EUR 31.6 mn in 2023). Lenzing's products and technologies were protected by 1,114 patents and patent applications (from 144 patent families) in 46 countries and organizations as of the end of 2024.

Focus areas in 2024

In addition to the clear focus on customers and consumers, sustainability is a key guiding principle for all of the Lenzing Group's innovation activities, including process and product development, with a special focus on decarbonization and the circular economy. Almost all of the development projects reflect key aspects of environmental sustainability and support the ambitious target of net zero by 2050. These especially include projects to close production cycles and reduce wastewater emissions, as well as to enhance energy efficiency and reduce carbon emissions.

Lenzing has been increasingly active at the European level in recent years and has been involved in several successful project submissions. Lenzing is a partner in a total of four research projects funded by the European Union. Lenzing is one of the main partners in the CELLFIL project, which was launched in 2024 and addresses the production of lyocell filaments and their applications. The company is also involved in the LIFE-TREATS (textile recycling), CISUTAC (textile sustainability), and ESCIB (new methods for sustainability assessment) projects.

In 2024, Lenzing also continued to advance the textile recycling topic, particularly in cooperation with its partners. The partnership with Swedish pulp producer Södra, which is focusing intensively on developing the recycling of used textiles and the construction of a pilot plant, features as a flagship project in the textile recycling area (including as part of the LIFE-TREATS project). Moreover, various recycled pulps were evaluated and tested for their usability in fiber production during the reporting year.

The innovation areas also supported the Lenzing Group's performance program in the reporting year. Activities that show positive short-term effects focus on saving energy and resources and on enhancing plant efficiency.

The acquisition of a minority interest in Swedish cellulosic fiber company TreeToTextile AB represented a further highlight in the innovation area. Lenzing joined existing investors H&M Group, Inter IKEA Group, Stora Enso, and LSCS Invest. TreeToTextile was founded in 2014 as a joint venture to develop a more sustainable process for cellulosic fiber production. The company has been operating pilot plants since 2015, and invested in a demo plant in 2021. The next step will be to scale up production. The closing of this transaction occurred in February 2025.

Further information and key figures about "Sustainable innovations" can be found in the non-financial statement in the Annual and Sustainability Report.

Investments

Capital expenditures for intangible assets, property, plant and equipment, and biological assets (CAPEX) amounted to EUR 156.3 mn in the reporting year (down from EUR 283.6 mn in 2023) due to reduced investment activities.

In 2024, Lenzing focused clearly on maintenance and license-to-operate projects as part of its performance program, following significant investments in previous years. To meet the group's ambitious environmental standards, Lenzing has invested EUR 24 million since 2021 in the construction of a new wastewater treatment plant at the Grimsby site (United Kingdom). The plant is scheduled to be commissioned in 2025. Upon successful completion of this project, wastewater emissions at the site are expected to be reduced by up to 80 percent (see also chapter "E2 Pollution" in the non-financial statement of the Annual and Sustainability Report).

Part of the capital expenditures in 2024 also includes final payments for investment projects in China and Indonesia. Since 2021, Lenzing has invested more than EUR 200 million in the production sites in Nanjing (China) and Purwakarta (Indonesia) to convert existing capacities for generic viscose into capacities for specialty fibers, thus better meeting the structurally growing demand for environmentally friendly cellulosic fibers. The completion of these two investment projects, which help achieve the Lenzing Group's net-zero target (see also chapter "E1 Climate Change" in the non-financial statement of the Annual and Sustainability Report), was achieved in 2023.

Risk Report

Current risk environment

The global risk landscape is becoming increasingly fractured as a result of geopolitical, environmental, societal, economic, and technological developments.

State armed conflicts are considered to pose one of the greatest risks in 2025. As a result, national security considerations are increasingly dominating government agendas. This harbors the risk of a geopolitical recession and an escalation of tariffs and global trade-related protectionism.

Key countries are increasingly focusing on growing economic or social domestic concerns rather than on trying to strengthen multilateral relationships to tackle global challenges.

Economic downturn, inflation, and debt are considered the main risks relating to inequality, which in turn promotes social and political instability.

The role of technology in cyber espionage and warfare is a growing concern. The spread of false or misleading content, including the role of generative AI (GenAI), is increasingly seen as a threat that influences geopolitical narratives and leads to social polarization.

The effects of climate change are becoming more evident every year, with more frequent and more severe extreme weather events worldwide leading to increasing damage to property and interruptions to business.

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

Lenzing risk outlook for 2025

Developments in the global risk landscape, particularly with regard to the prevailing geopolitical hotspots, influence Lenzing's risk environment to varying degrees.

For 2025, the IMF forecasts global economic growth of 3.2 percent. Global headline inflation is expected to decrease to 4.2 percent in 2025, and to 3.5 percent in 2026.[1]

An escalation of global trade-related protectionism, particularly stemming from the newly elected US administration, and the associated tightening of global trade sanctions harbors the risk of increasing import restrictions or other logistical or sales-related consequences in the markets relevant to Lenzing.

Risks to earnings arise primarily from persistently weak demand for regenerated cellulose fibers and correspondingly low fiber prices, as well as from unforeseen price scenarios for important raw materials and energy.

Lenzing proactively counters these risks by consistently executing its "Better Growth" strategy and by focusing on sustainable growth with low-emission premium products.

The supply of high-quality dissolving wood pulp to the fiber production sites is secured by the company's own pulp supply and sufficient market capacities.

The liquidity risk for 2025 is classified as moderate due to the cash position, undrawn credit lines with banks, and expected free cash flow development. Lenzing has significantly strengthened its balance sheet and liquidity position with the capital increase of around EUR 400 mn and the extension of credit lines in 2023, and again recorded a significant increase in free cash flow in in the reporting period. A persistently high interest rate level, rising interest rates or an unexpectedly negative development of the operating business and the resulting free cash flow would pose a risk to the available liquidity. The availability of credit and capital markets for refinancing activities is important for Lenzing in 2025 and represent risk-mitigating factors for liquidity management.

In terms of currencies, the US dollar fluctuated against the euro in a range of around 7.8 percent, while the Chinese yuan fluctuated against the euro in a range of around 5.4 percent. A devaluation of both currencies would have a negative impact on Lenzing's open currency volumes.

No significant losses were incurred from operational, environmental, or product liability risks in the reporting year. Among non-operational risks, cyber security, data protection, and other compliance-related risks are of key relevance to Lenzing due to their potential impact in terms of business disruption or damage to reputation. Lenzing addresses these risks through targeted preventive measures such as state-of-the-art technological infrastructure, Group-wide guidelines, training and development programs, and a global organizational structure.

Risk management objectives

The main purpose of risk management in the Lenzing Group is to safeguard and strengthen the company through an adequate, objective, and transparent assessment of financial, operational, and strategic risks, including those related to ESG issues. The Lenzing Group's Managing Board, together with the heads of the reporting departments, conducts extensive coordinating and controlling operations as part of a comprehensive integrated internal control system that covers all locations. The timely identification, evaluation, and response to strategic and operational risks form essential components of these management activities and make a significant contribution to the company's value. This approach is based on a

[1] Source: IMF, World Economic Outlook, January 2025

standardized reporting system and the ongoing monitoring of strategic and operational plans.

Lenzing uses an established, holistic, and company-wide risk management process that ensures the central coordination of risks and their monitoring in a comprehensive risk management system for the entire Group. Together with the operating units, significant risks are identified and assessed and then communicated and transparently presented to the Managing Board and other stakeholders. Proactive analysis of potential risks is just as much the aim of risk management as the task of actively controlling risks and evaluating appropriate measures with the business units concerned. In connection with climate change, climate-related risks and opportunities, and their short-, medium- and long-term effects on the Lenzing Group, are identified and evaluated as part of risk management, and appropriate risk mitigation measures are derived. This takes into account the requirements of the TCFD (Task Force on Climate-Related Financial Disclosures) as well as the EU Taxonomy and associated obligations to report climate-related risks and opportunities. The Enterprise Risk Management (ERM) approach, which integrates Environmental, Social, and Governance (ESG) risks and opportunities, also meets the disclosure requirements outlined in European Sustainability Reporting Standards (ESRS), specifically ESRS 2 GOV-1, paragraph 22(c)(iii).

Risk management strategy & process

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

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

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

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

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

Market environment risks

Market risk

As an international corporation, the Lenzing Group is exposed to a variety of risks. Price trends for textile fibers and, to a lesser extent, nonwoven fibers are cyclical, as they depend on global and regional economic conditions. Lenzing fibers compete with cotton, regenerated cellulose, and synthetic fibers in many submarkets. The price trends of these products, driven among other factors by overall demand and market saturation, consequently also exert an influence on the revenue and sales volumes trends of Lenzing fibers.

The Lenzing Group counteracts this risk through the continuous premiumization of its global product portfolio, and a consistent sustainability and innovation strategy. In addition to developing premium products and services, the aim is to further expand the company's role as a leader in terms of sustainability and the circular economy in the fiber sector.

The Lenzing Group relies on a strong international market presence, especially in Asia, combined with a first-class regional support network for customers, as well as a high level of customer-oriented product diversification.

Sales risk

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

Competitive and innovation risks

The Lenzing Group is exposed to the risk of losing its position on the fiber market due to greater competition or new technologies developed by competitors. In particular, the Lenzing Group could lose its market position if it were no longer able to offer its products at competitive prices, if its products were to fail to comply with customer specifications and quality standards, or if its customer service were to fail to meet customer expectations. Lenzing counteracts this risk with research and development activities that exceed the average for the sector, and by a high level of product innovation and steady cost optimization. The Lenzing Group – similar to other producers – is exposed to the risk that acceptable or superior alternative products may become available and at more favorable prices than regenerated cellulose fibers.

Laws and regulations

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

With its own in-house legal and compliance experts, the Lenzing Group has a corporate area that performs corresponding consulting services and risk assessments. Due to the progressive effects of climate change on society and ecosystems, more stringent legislation and regulations on the part of governments and other stakeholders are to be expected. For example, in addition to reducing carbon credits issued in the EU, additional taxes on carbon dioxide emissions could be introduced, among other measures, such as Carbon Border-Adjusted Mechanism (CBAM). Other regions and countries are currently also implementing similar steps. The implementation of regionally differing measures could have a negative impact on the Lenzing Group's performance and success. The Lenzing Group is implementing a number of measures to reduce climate-related physical and transition risks, and to further enhance resilience in this area.

Intellectual property risks

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

ESG-related risks and opportunities

As part of a double materiality analysis, Lenzing surveyed material issues in relation to its sustainably oriented business model in 2024 using a multi-stage and holistic approach. Relevant risks and opportunities are assigned to the respective ESG topics, which are successively integrated in the Enterprise Risk Management System and taken into account in Lenzing's long-term strategic business planning.

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

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

The global textile industry, especially the fashion industry in which Lenzing's products are frequently deployed, is regarded in a critical light due to its sometimes resource-intensive consumption of raw materials and its production processes. Lenzing sees this development as an opportunity due to its business model with responsibly produced fibers. In addition, Lenzing sees significant business opportunities through access to new and emerging markets with innovative new products and technologies. Innovation, sustainability, and the circular economy lie at the core of Lenzing's corporate strategy.

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

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

In the area of corporate governance (Governance), risks such as cyber security incidents (see "IT risks") as well as poor compliance with corporate governance and resulting risks are material. Lenzing is continuously tightening its internal rules and expanding its compliance organization accordingly.

Operational risks

Procurement risk (including pulp supplies)

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

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

Operating and environmental risks

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

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

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

Plant risk

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

Product liability risk

The Lenzing Group markets and sells its products and services to customers worldwide. These business activities can lead to damage to customers, or along the value chain, through the delivery of a defective product by Lenzing or one of its subsidiaries. Moreover, product safety can be jeopardized by pollution, which may cause problems in the value chain, such as potential health implications for employees and customers. Lenzing is also subject to local laws in the countries where its products are delivered. Especially in the USA, the potential implications are considered to be severe. Such risk is countered by a specialized department focusing exclusively on customers' potential problems in processing Lenzing products and on handling complaints. Appropriate precautions in the production process and regular quality inspections have been implemented. Third party damages caused by Lenzing are covered by a global liability insurance program.

Financial risks

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

Tax risk

The Lenzing Group's production sites are subject to local tax regulations in their respective countries and are required to pay corporation tax as well as other taxes. Changes in tax legislation or different interpretations of prevailing regulations could lead to subsequent tax liabilities.

Compliance

Increasingly stringent international codes of conduct and legal regulations are placing additional demands on Lenzing in terms of compliance and monitoring. Inadequate controls in business processes or a lack of documentation can lead to the violation of applicable laws or regulations, and significantly jeopardize reputation and commercial success. Lenzing addresses this risk by, among other measures, continuously developing its Group-wide compliance organization, the corporate code of conduct that is valid throughout the Group, as well as directives addressing the areas of bribery and corruption, money laundering and antitrust practices. Further information on compliance is provided in the Corporate Governance Report.

IT risks

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

Personnel risks

Personnel risks may arise through the turnover of key staff as well as the recruiting of new staff at all global sites. The Lenzing Group has established a Human Resources Department which operates internationally and coordinates personnel planning with the respective sites, and centrally manages and controls all personnel issues. These include global management and training programs for potential managers, which are organized by the Human Resources Department.

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

Risks relating to major projects

The Lenzing Group is continuously expanding its capacities in numerous projects. Major projects entail the inherent risk of cost and time overruns, which Lenzing counters with a standardized planning process, consistent project management, ongoing cost controls as well as insurance solutions and risk transfer. In addition to the ongoing risk management process, Monte Carlo simulations are used for projects of this size to model the sensitivity of the key financial indicators.

Risks from an external perspective and for other stakeholders

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

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

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

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

The company's process organization is characterized by a highly developed and extensive set of rules. These specifications and guidelines provide the framework for the control system. The main areas in terms of approvals and competencies for the Group as a whole are regulated by the Lenzing Group Mandates. The respective management teams are responsible for monitoring compliance with regulations and controls.

The Corporate Audit department is responsible for monitoring the application of, and compliance with, controls in business operations.

Financial reporting

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

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

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

Compliance with legal regulations and internal guidelines

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

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

Shareholder structure and information on capital

Share capital and shareholder structure

The share capital of Lenzing AG amounted to a total of EUR 40,107,738.37 as at the balance sheet date and is divided into 38,618,180 no-par-value shares. The B&C Group announced on June 12, 2024 that it and the Brazilian pulp producer Suzano S.A. have signed a long-term partnership in connection with the majority interest in Lenzing. As part of this agreement, Suzano S.A. acquired a 15 percent interest in Lenzing AG from the B&C Group. As a consequence, the B&C Group held 37.25 percent of the voting rights and Suzano S.A. held 15 percent of the voting rights as of December 31, 2024. Goldman Sachs Group, Inc. holds 6.97 percent of the shares. The free float amounts to approximately 41 percent. This is divided between Austrian and international investors. The Lenzing Group does not hold any treasury shares.

Position of shareholders

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

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

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

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

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

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

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

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

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

Outlook

The IMF[1] recently slightly upgraded its growth forecast for 2025 to 3.3 percent, but emphasizes the continued high extent of variation between regions as well as the high level of uncertainty. The latter is mainly due to geopolitical tensions, increasing protectionist tendencies, and a potential return of inflation.

In times of uncertainty, consumers are remaining cautious and thrifty, which is exerting a negative impact on consumer sentiment and on their propensity to spend.

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

In the trend-setting market for cotton, analysts[2] anticipate a slight increase of stock levels to around 18.7 mn tonnes in the current 2024/2025 harvest season, following a reduction of 0.9 mn tonnes in the previous season, according to preliminary estimates.

Earnings visibility remains limited overall.

Lenzing is still ahead of schedule with the implementation of the performance program. The company expects that the measures will also contribute to further earnings improvement in the coming quarters.

Taking the aforementioned factors into consideration, the Lenzing Group expects EBITDA to be higher in 2025 than in the previous year.

In structural terms, Lenzing continues to expect growth in demand for environmentally responsible fibers for the textile and apparel industry, as well as for the hygiene and medical sectors. As a consequence, Lenzing is very well positioned with its strategy and is driving ahead with not only profitable growth in specialty fibers but also the further expansion of its market leadership in the sustainability area.

[1] Source: IMF, World Economic Outlook, January 2025

[2] Source: ICAC

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

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

EBITDA, EBITDA margin, EBIT and EBIT margin

EBITDA and EBIT are 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	2024	2023	2022	2021	2020
Earnings before interest and tax (EBIT)	88.5	(476.4)	16.5	200.6	33.9[1]
+ Amortization of intangible assets, depreciation of property, plant and equipment and right-of-use assets and depletion of biological assets	308.8	781.8	227.6	164.3	160.4
- Income from the release of investment grants	(1.8)	(2.0)	(2.1)	(1.9)	(2.0)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**395.4**	**303.3**	**241.9**	**362.9**	**192.3[1]**

EUR mn	2024	2023	2022	2021	2020
Earnings before interest, tax, depreciation and amortization (EBITDA)	395.4	303.3	241.9	362.9	192.3[1]
/ Revenue	2,663.9	2,521.2	2,565.7	2,194.6	1,632.6
EBITDA margin	**14.8%**	**12.0%**	**9.4%**	**16.5%**	**11.8%[1]**

EUR mn	2024	2023	2022	2021	2020
Earnings before interest and tax (EBIT)	88.5	(476.4)	16.5	200.6	33.9[1]
/ Revenue	2,663.9	2,521.2	2,565.7	2,194.6	1,632.6
EBIT margin	**3.3%**	**(18.9)%**	**0.6%**	**9.1%**	**2.1%[1]**

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

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. This indicator is presented in the consolidated statement of cash flows.

Free cash flow

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

EUR mn	2024	2023	2022	2021	2020
Cash flow from operating activities	322.5	160.3	(43.2)	394.0	48.9
- Cash flow from investing activities	(185.0)	(291.5)	(687.4)	(841.3)	(666.2)
+ Acquisition/disbursement of other investments and investments accounted for using the equity method	37.1	14.2	0.3	7.3	4.1
- Proceeds from the sale/repayment of other investments and the sale of investments accounted for using the equity method	(7.5)	(5.8)	(10.4)	(5.6)	(1.5)
Free cash flow	**167.0**	**(122.8)**	**(740.7)**	**(445.5)**	**(614.8)**

CAPEX

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

EUR mn	2024	2023	2022	2021	2020
Acquisition of intangible assets, property, plant and equipment and biological assets	156.3	267.8	698.9	844.3	668.8
+ Acquisition of corporate units	0.0	15.7	0.0	0.0	0.0
CAPEX	**156.3**	**283.6**	**698.9**	**844.3**	**668.8**

Liquid assets

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

EUR mn as at 31/12	2024	2023	2022	2021	2020
Cash and cash equivalents	442.3	725.6	446.9	1,113.3	1,070.0
+ Liquid bills of exchange (in trade receivables)	9.4	5.4	6.4	10.8	11.1
Liquid assets	**451.7**	**731.0**	**453.3**	**1,124.1**	**1,081.1**

Trading working capital and trading working capital to annualized group revenue

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

EUR mn as at 31/12	2024	2023	2022	2021	2020
Inventories	646.2	552.9	712.5	477.0	329.4
+ Trade receivables	318.2	294.5	293.6	325.2	249.7
- Trade payables	(386.4)	(296.3)	(435.4)	(414.8)	(195.2)
Trading working capital	**578.0**	**551.1**	**570.7**	**387.4**	**383.8**

EUR mn	2024	2023	2022	2021	2020
Latest reported quarterly group revenue (= 4th quarter respectively)	705.7	655.4	595.5	606.1	437.7
x 4 (= annualized group revenue)	2,822.8	2,621.6	2,382.2	2,424.5	1,750.9
Trading working capital to annualized group revenue	**20.5%**	**21.0%**	**24.0%**	**16.0%**	**21.9%**

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 as at 31/12	2024	2023	2022	2021	2020
Equity	1,652.0	1,742.2	2,025.9	2,072.1	1,881.4
+ Non-current government grants	12.1	14.1	15.0	13.7	14.2
+ Current government grants	83.5	72.1	67.7	44.2	19.9
- Proportional share of deferred taxes on government grants	(21.7)	(19.3)	(20.0)	(14.2)	(8.5)
Adjusted equity	1,725.9	1,809.1	2,088.6	2,115.7	1,907.0
/ Total assets	4,976.8	5,214.6	5,525.0	5,322.8	4,163.0
Adjusted equity ratio	**34.7%**	**34.7%**	**37.8%**	**39.7%**	**45.8%**

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

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

EUR mn as at 31/12	2024	2023	2022	2021	2020
Current loans and borrowings	279.4	529.0	250.3	120.1	105.6
+ Non-current loans and borrowings	1,828.5	1,906.7	2,071.9	1,981.0	1,446.9
- Liquid assets	(451.7)	(731.0)	(453.3)	(1,124.1)	(1,081.1)
Net financial debt incl. lease liabilities	**1,656.3**	**1,704.7**	**1,869.0**	**977.0**	**471.4**
- Current lease liabilities	(9.6)	(9.8)	(6.2)	(6.2)	(7.9)
- Non-current lease liabilities	(114.2)	(132.3)	(63.3)	(57.3)	(53.0)
Net financial debt	**1,532.5**	**1,562.6**	**1,799.4**[1]	**913.6**[1]	**410.5**[1]
/ Earnings before interest, tax, depreciation and amortization (EBITDA)	395.4	303.3	241.9	362.9[2]	192.3[2]
Net financial debt / EBITDA	**3.9**	**5.2**	**7.4**[1]	**2.5**[1]	**2.1**[1, 2]

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

EUR mn as at 31/12	2024	2023	2022	2021	2020
Net financial debt	1,532.5	1,562.6	1,799.4[1]	913.6[1]	410.5[1]
/ Adjusted equity	1,725.9	1,809.1	2,088.6	2,115.7	1,907.0
Net gearing	**88.8%**	**86.4%**	**86.2%[1]**	**43.2%[1]**	**21.5%[1]**

EUR mn as at 31/12	2024	2023	2022	2021	2020
Net financial debt	1,532.5	1,562.6	1,799.4[1]	913.6[1]	410.5[1]
+ Current lease liabilities	9.6	9.8	6.2	6.2	7.9
+ Non-current lease liabilities	114.2	132.3	63.3	57.3	53.0
+ Provisions for severance payments and pensions	75.9	74.8	77.6	102.2	103.7
Net debt	**1,732.2**	**1,779.5**	**1,946.6**	**1,079.3**	**575.0**

1) Since the second quarter of the 2023 financial year, net financial debt is presented excluding lease liabilities.

Return on capital (ROE, ROI and ROCE)

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

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

EUR mn	2024	2023	2022	2021	2020
Earnings before interest and tax (EBIT)	88.5	(476.4)	16.5	200.6	33.9[1]
- Proportional share of current income tax expense (on EBIT)	35.0	(56.5)	54.8	(52.0)	(45.1)[1]
Earnings before interest and tax (EBIT) less proportional share of current income tax expense (NOPAT)	123.5	(532.9)	71.2	148.6	(11.2)[1]
/ Average capital employed	3,458.6	3,748.5	3,541.8	2,766.5	2,216.2
ROCE (return on capital employed)	3.6%	(14.2)%	2.0%	5.4%	(0.5) %[1]
Proportional share of current income tax expense (on EBIT)	35.0	(56.5)	54.8	(52.0)	(45.1)[1]
Proportional share of other current tax expense	(51.6)	(13.7)	(87.6)	3.7	23.0[1]
Current income tax expense	**(16.6)**	**(70.2)**	**(32.8)**	**(48.4)**	**(22.1)**

EUR mn as at 31/12	2024	2023	2022	2021	2020
Total assets	4,976.8	5,214.6	5,525.0	5,322.8	4,163.0
- Trade payables	(386.4)	(296.3)	(435.4)	(414.8)	(195.2)
- Non-current puttable non-controlling interests	(231.0)	(249.4)	(266.1)	(234.4)	(140.3)
- Other non-current liabilities	(9.8)	(13.6)	(3.6)	(6.7)	(26.9)
- Other current liabilities	(291.9)	(129.2)	(133.0)	(180.4)	(141.8)
- Non-current tax liabilities	0.0	(48.0)	0.0	0.0	0.0
- Current tax liabilities	(16.0)	(32.1)	(27.9)	(38.3)	(2.4)
- Deferred tax liabilities	(74.6)	(40.1)	(70.2)	(59.8)	(42.4)
- Proportional share of deferred taxes on government grants	(21.7)	(19.3)	(20.0)	(14.2)	(8.5)
- Current provisions	(28.5)	(52.6)	(66.3)	(39.1)	(25.7)
- Non-current provisions	(83.0)	(89.1)	(91.5)	(118.2)	(120.4)
+ Provisions for severance payments and pensions	75.9	74.8	77.6	102.2	103.7
- Cash and cash equivalents	(442.3)	(725.6)	(446.9)	(1,113.3)	(1,070.0)
- Investments accounted for using the equity method	(25.0)	(31.0)	(26.5)	(24.8)	(29.1)
- Other investments	(48.4)	(39.8)	(41.4)	(71.1)	(40.9)
As at 31/12	3,394.1	3,523.2	3,973.8	3,109.9	2,423.2
As at 01/01	3,523.2	3,973.8	3,109.9	2,423.2	2,009.1
Average capital employed	**3,458.6**	**3,748.5**	**3,541.8**	**2,766.5**	**2,216.2**

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).

EUR mn as at 31/12	2024	2023	2022	2021	2020
Adjusted equity 31/12	1,725.9	1,809.1	2,088.6	2,115.7	1,907.0
Adjusted equity 01/01	1,809.1	2,088.6	2,115.7	1,907.0	1,559.3
Average adjusted equity	**1,767.5**	**1,948.8**	**2,102.2**	**2,011.4**	**1,733.2**

EUR mn	2024	2023	2022	2021	2020
Earnings before tax (EBT)	(42.0)	(585.6)	(10.1)	182.9	22.3
/ Average adjusted equity	1,767.5	1,948.8	2,102.2	2,011.4	1,733.2
ROE (return on equity)	**(2.4)%**	**(30.1)%**	**(0.5)%**	**9.1%**	**1.3%**

EUR mn as at 31/12	2024	2023	2022	2021	2020
Total assets 31/12	4,976.8	5,214.6	5,525.0	5,322.8	4,163.0
Total assets 01/01	5,214.6	5,525.0	5,322.8	4,163.0	3,121.1
Average total assets	**5,095.7**	**5,369.8**	**5,423.9**	**4,742.9**	**3,642.0**

EUR mn	2024	2023	2022	2021	2020
Earnings before interest and tax (EBIT)	88.5	(476.4)	16.5	200.6	33.9[1]
/ Average total assets	5,095.7	5,369.8	5,423.9	4,742.9	3,642.0
ROI (return on investment)	**1.7%**	**(8.9)%**	**0.3%**	**4.2%**	**0.9%[1]**

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2022).