Lenzing
Innovative by nature

2022

Half-Year Report

01-06/2022

Lenzing Group

Selected Indicators of the Lenzing Group

Key earnings and profitability figures

EUR mn	01-06/2022	01-06/2021	Change
Revenue	1,293.6	1,033.3	25.2%
EBITDA (earnings before interest, tax, depreciation and amortization)	188.9	217.8	(13.3)%
EBITDA margin	14.6%	21.1%	
EBIT (earnings before interest and tax)	95.6	138.9	(31.2)%
EBIT margin	7.4%	13.4%	
EBT (earnings before tax)	100.0	123.8	(19.2)%
Net profit/loss for the year (/the period)	72.3	96.1	(24.8)%
Earnings per share in EUR	2.36	3.06	(22.8)%

Key cash flow figures

EUR mn	01-06/2022	01-06/2021	Change
Gross cash flow	169.7	199.5	(14.9)%
Cash flow from operating activities	15.2	199.8	(92.4)%
Free cash flow	(372.7)	(224.3)	66.2%
CAPEX	389.0	426.0	(8.7)%
EUR mn	**30/06/2022**	**31/12/2021**	**Change**
Liquid assets	872.5	1,124.1	(22.4)%
Unused credit facilities	241.2	454.5	(46.9)%

Key balance sheet figures

EUR mn	30/06/2022	31/12/2021	Change
Total assets	5,737.3	5,322.8	7.8%
Adjusted equity	2,184.7	2,115.7	3.3%
Adjusted equity ratio	38.1%	39.7%	
Net financial debt	1,502.0	977.0	53.7%
Net debt	1,588.8	1,079.3	47.2%
Net gearing	68.8%	46.2%	
Trading working capital	566.6	387.4	46.3%
Trading working capital to annualized group revenue	20.9%	16.0%	

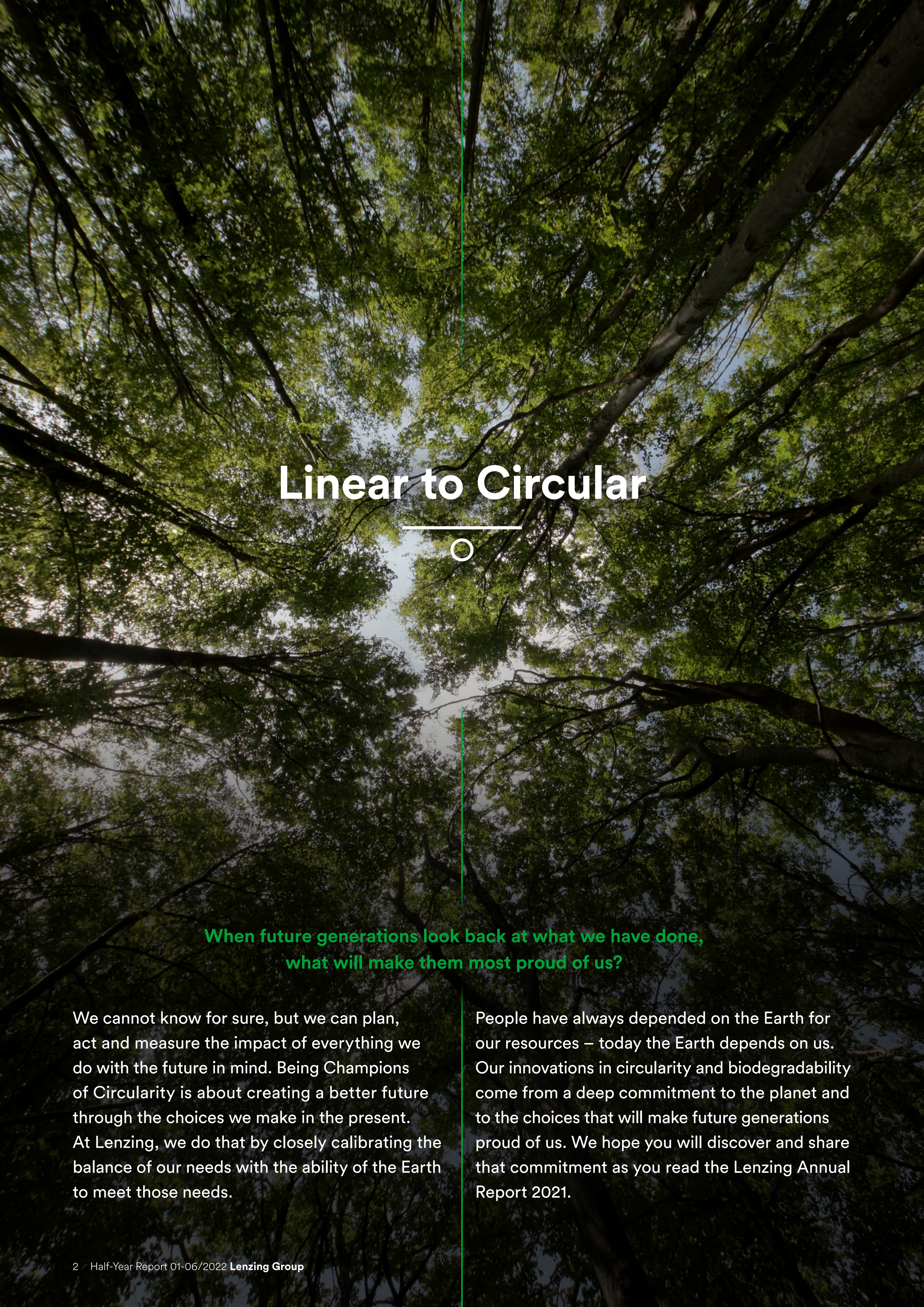
Key stock market figures

EUR	30/06/2022	31/12/2021	Change
Market capitalization in mn	2,047.0	3,239.1	(36.8)%
Share price	77.10	122.00	(36.8)%

Employees

	30/06/2022	31/12/2021	Change
Number (headcount)	8,278	7,958	4.0%

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



Linear to Circular

When future generations look back at what we have done, what will make them most proud of us?

We cannot know for sure, but we can plan, act and measure the impact of everything we do with the future in mind. Being Champions of Circularity is about creating a better future through the choices we make in the present. At Lenzing, we do that by closely calibrating the balance of our needs with the ability of the Earth to meet those needs.

People have always depended on the Earth for our resources – today the Earth depends on us. Our innovations in circularity and biodegradability come from a deep commitment to the planet and to the choices that will make future generations proud of us. We hope you will discover and share that commitment as you read the Lenzing Annual Report 2021.

Champions of Circularity








The online Annual Report 2021 of the Lenzing Group contains many exciting stories that tell the story of our journey from a linear to a circular economy.

Read the Stories of 2021

Letter from the CEO

Ladies and Gentlemen,

As a sustainability champion, we have set out to fundamentally change the textile and nonwovens industries from a linear to a sustainable circular economy model. The global textile and nonwovens industries continue to place a significant burden on the environment. For this reason, Lenzing is investing considerable amounts in order to change this situation, and make all the value chains more sustainable.

In the first half of 2022, we have accomplished an enormous amount together in order to achieve our ambitious goals. Thanks to considerable efforts, we can also be satisfied with our business performance in the face of the numerous challenges surrounding the Ukraine war and the extreme developments in global energy and raw materials markets. Lenzing generated revenue of EUR 1.29 bn and EBITDA of EUR 188.9 mn in the first half of 2022.

We are particularly proud of the successful implementation of the two key strategic projects in Thailand and Brazil, which represent the largest investment program in the company's history to date.

The new lyocell plant in Thailand, which ranks as the largest of its kind in the world with a nominal annual capacity of 100,000 tonnes, was commissioned in the first quarter and from now on will make a decisive contribution to meet growing demand for our wood-based and biodegradable TENCEL™ brand lyocell fibers. The fact that the site can be operated on a carbon-neutral manner was one of several basic requirements for this investment. For Lenzing, the project also represents an important step towards strengthening the Group's leading position in the specialty fibers market.

In Brazil, the world's largest pulp plant of its type with a capacity of 500,000 tonnes per year was commissioned and production started. The plant strengthens the Group's own supply of dissolving wood pulp and thereby also growth in specialty fibers. Furthermore, it will rank as one of the world's most productive and energy-efficient plants and feed more than 50 percent of the electricity it generates into the public grid as renewable energy. The ramp-up phase is expected to be completed by the end of the year.

I would like to express my sincere gratitude to the entire Lenzing team and especially to our employees, as well as to the many external stakeholders who gave everything in order to realize these projects despite the global pandemic. The successful implementation of such projects represents an outstanding achievement given the pandemic-related challenges.

For this reason, I am all the more pleased to report that we are also continuing to progress purposefully towards Group-wide climate neutrality with investments of more than EUR 200 mn at our existing Asian sites in China and in Indonesia. In 2019, we became the first fiber manufacturer to set a scientifically confirmed target to reduce our carbon emissions by 50 percent by 2030 and to be climate-neutral by 2050.

In order to reduce our carbon emissions even further in line with our strategic targets, we also aim to rely to an even greater extent in the future on electricity generated from renewable energies. We are currently working on the construction of several photovoltaic plants at our headquarters site in Lenzing, and are looking into further investments that diversify into renewable energies.

Concepts such as these will make us even more independent of global energy markets in the medium to long term. Thanks to the sustainable biorefinery concept, we are already almost self-sufficient at our pulp sites, or even feed surplus energy into the public grid. In contrast, where we exclusively produce cellulosic fibers, we are severely affected by the energy crisis, as is the whole of manufacturing industry. In order for us to remain competitive as a sustainable company, policymakers are also called upon to implement related offsetting measures quickly and unbureaucratically.

Lenzing represents Austria in the global textile industry and in Europe as a sustainability champion. This position is reflected to a significant extent in top ratings by CDP, MSCI and EcoVadis. In 2022, we were also pleased to receive the prestigious environmental award from the Austrian Society for Environment and Technology (ÖGUT) in the “World Without Waste” category.

Innovation and technological progress are crucial factors for transitioning industry towards a circular economy, and I am convinced that this will also require collaboration by as many players as possible. This is precisely why in 2022 we have joined the initiative for sustainable supply chains in the chemical industry – Together for Sustainability (TfS) – with numerous internationally active companies.

With the positioning of our product brands, Lenzing has been sending a strong message to consumers since 2018. With TENCEL™ und LENZING™ ECOVERO™ as umbrella brands for all specialty products in the textile segment, VEOCEL™ as the umbrella brand for all specialty nonwoven products, and LENZING™ for all industrial applications, we showcase our strengths in a targeted manner. The year 2022 marks the 30th anniversary of our premium textile brand TENCEL™. The TENCEL™ brand today stands for high-quality, sustainable fibers, digital technologies and transparency in the supply chain worldwide. This brand success is also reflected in the company’s collaboration with more than 300 partner brands.

Since April 1 of this year, I have had the privilege of leading this company as CEO. At the same time, the Lenzing Managing Board has been reduced from five to four members. We are thereby very well positioned in terms of personnel to actively shape the future of the company and the sector.

It is precisely for this purpose that we have also set the right strategic course in recent months by thoroughly reviewing and further developing our corporate strategy, which since 2015 has proved to be extremely successful. Lenzing will continue to focus on sustainable innovations and will push ahead with the transition from linear to circular. The topic of textile recycling is increasingly moving into our focus. We aim to further extend our technological lead here and also exploit it commercially. On the basis of the further development of our strategy, and assuming a healthy economic environment, we will continue to improve our profitability and significantly increase our EBITDA to over EUR 1 bn by 2027, with an ROCE of over 12 percent.

As early as 2024 (for the 2023 financial year), we plan to pay an annual dividend of at least EUR 4.50 per share (adjusted for inflation). The dividend will be paid subject to specific dividend proposals by the Managing and Supervisory Boards. These proposals may diverge from the new dividend policy if this is appropriate in the then prevailing situation, and they are subject to the approval of the Annual General Meeting.

Let me take a further look at the near future: The second half of the year will continue to be characterized by elevated levels of uncertainty and extreme challenges on the energy and raw materials sides. High market volatility and the information-related asymmetries that prevail at present make it difficult to plan, and further limit visibility. Lenzing is a company with an international footprint and for this reason partly able to offset certain local challenges globally, albeit at significantly higher costs. For months, we have been preparing as best as we can for a situation of acute energy shortages, rising prices and supply constraints, and are doing everything within our power to ensure sustainable business performance, and to continue to be a reliable partner.

I would like to extend my express thanks all Lenzing Group employees. It is only through their tireless efforts that we have succeeded in achieving our goals in relation to the implementation of the two key strategic projects and in terms of the development of our business. We would also like to express our special thanks to our customers, partners, shareholders and many other stakeholders for our successful joint work, and for the trust they have placed in us.

Yours,

Stephan Sielaff

Content

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In the first half of 2022, we have accomplished an enormous amount together in order to achieve our ambitious goals.

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Revenue 01-06/2022

+25,2%

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General Market Environment

Global economy[1]

The war in Ukraine, China's zero-Covid policy and the significant rise in inflation hit the global economy hard in the first half of 2022. The International Monetary Fund recently downgraded its growth expectations for the current calendar year to 3.2 percent. In Europe, many economies have been severely affected by the consequences of the war, such as the sharp rise in energy costs, and will expand much more slowly in 2022 than previously expected. Consumer confidence has plummeted to historic lows in many places. China's economic performance has been significantly reduced by the widespread restrictions on public life due to the pandemic, which also further exacerbated supply chain problems. The IMF reduced its forecast for China for 2022 to 3.3 percent.

Global fiber market[2]

Sentiment in the textile industry deteriorated noticeably, particularly in the second quarter. Satisfaction with the current business situation continues to diminish, and expectations regarding the business outlook were also recently more pessimistic than in the previous year, according to a global survey conducted by the International Textile Manufacturers Federation (ITMF).[3] Market participants are primarily concerned about high energy, raw material and logistics costs and a feared slowdown in demand.

Global retail apparel sales in the first half of 2022[4] were around 5 to 10 percent above the pre-coronavirus levels of 2019. In China, demand was around 6 percent lower, and outside China around 10 to 15 percent higher.

Prices on the cotton market rose steadily until the beginning of May, reaching a high of around 173 US cents per pound as measured by the Cotlook A Index – a level unmatched since May 2011. At the end of the first half of the year, prices rapidly slumped to around 139 US cents per pound, although they are still 10 percent higher than at the start of the year. The price increase for cotton in the previous year was only partly due to fundamentals, and was mainly driven by dynamics in international raw material markets and the problems in the global supply chain. Concerns about the weakening of consumer demand are currently exerting a correcting effect.

The price of polyester staple fiber in China increased by 21 percent during the half year and stood at RMB 8,515 per tonne at the end of June 2022, having risen to RMB 9,295 per tonne in the interim.

Prices for standard viscose in China rose steadily and by a total of 27 percent during the first half of the year to reach RMB 15,390 per tonne at the end of June. Demand remained comparatively stable even during the lockdowns in China, and it was possible to pass on some of the rising production costs to customers.

Prices for wood-based specialty fibers such as those of the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands rose during the first half of 2022.

The Chinese import price for hardwood-based fiber pulp, the key raw material for the production of wood-based cellulosic fibers, increased by 33 percent during the first half of the year to reach an eleven-year high of USD 1,200 per tonne by the end of June. Several manufacturers were forced to temporarily curtail production due to external factors, which, together with logistical challenges, led to limited availability in the Chinese market. This lower supply met robustly high demand from fiber producers. The price of paper pulp increased by 46 percent over the same period.

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[1] Source: IMF, World Economic Outlook, July 2022

[2] All production-related figures in this section were updated from the initial estimates published in the Annual Report 2020.
Source: ICAC, IWF, Cotton Outlook, CCFG, FAO

[3] Source: ITMF, 14th Corona Survey, June 2022

[4] Source: Estimate based on state-level statistics from January to May

The Development of Business in the Lenzing Group

In the first half of 2022, the Lenzing Group, like the entire manufacturing industry, was significantly affected by the extreme developments in global energy and commodity markets. The strategic focus on specialty fibers, such as those of the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands, and the contributions from the Pulp Division had a stabilizing effect on business performance during the reporting period.

Revenue increased by 25.2 percent year-on-year to reach EUR 1.29 bn in the first half of 2022, primarily due to higher fiber prices. Currency effects bolstered this price trend.

The earnings performance essentially reflects the positive market trend. Energy, raw materials and logistics costs rose sharply once again in the first half of 2022, after cost pressure had already risen steadily throughout the 2021 financial year. The strength of the specialty strategy and of brands based on innovation and sustainable activity, as well as the continued focus on measures to improve structural earnings in all regions, mitigated this negative effect. Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 13.3 percent year-on-year to EUR 188.9 mn. The EBITDA margin reduced from 21.1 to 14.6 percent. Earnings before interest and tax (EBIT) amounted to EUR 95.6 mn (compared to EUR 138.9 mn in the first half of 2021) and the EBIT margin stood at 7.4 percent (compared to 13.4 percent in the first half of 2021). Earnings before tax (EBT) amounted to EUR 100 mn (compared to EUR 123.8 mn in the first half of 2021). Net profit for the period decreased by 24.8 percent to EUR 72.3 mn, while earnings per share amounted to EUR 2.36 (compared to EUR 3.06 in the first half of 2021).

The income tax expense of EUR 27.7 mn (compared with EUR 27.6 mn in the first half 2021) follows the earnings trend and reflects currency effects and the valuation allowance applied to individual Group companies' tax assets.

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

Condensed consolidated income statement[1] — **EUR mn**

			Change	
	01-06/2022	**01-06/2021**	**Absolute**	**Relative**
Revenue	**1,293.6**	**1,033.3**	**260.3**	**25.2 %**
Cost of sales	-1,010.5	-758.5	-252.0	33.2 %
Gross profit	**283.2**	**274.8**	**8.4**	**3.0 %**
Other operating income	43.8	40.0	3.8	9.4 %
Selling expenses	-140.3	-104.1	-36.1	34.7 %
Administrative expenses	-72.8	-60.4	-12.4	20.6 %
Research and development expenses	-14.8	-11.3	-3.4	30.3 %
Other operating expenses	-3.5	0.0	-3.5	n.a.
EBIT	**95.6**	**138.9**	**-43.3**	**-31.2 %**
Financial result	4.4	-15.2	19.6	n.a.
EBT	**100.0**	**123.8**	**-23.7**	**-19.2 %**
Income tax expense	-27.7	-27.6	-0.1	0.3 %
Net profit for the period	**72.3**	**96.1**	**-23.8**	**-24.8 %**

1) Since the beginning of the 2021 financial year, the Lenzing Group has reported its consolidated income statement by applying the cost of sales method. The previous presentation applied the nature of expense method. The complete consolidated income statement is presented in the consolidated financial statements.

High level of investment activity

Gross cash flow reduced by 14.9 percent to EUR 169.7 mn in the first half of 2022, mainly reflecting the earnings trend. Due to the higher level of working capital, cash flow from operating activities amounted to EUR 15.2 mn (compared to EUR 199.8 mn in the first half of 2021). Free cash flow amounted to EUR minus 372.7 mn (compared to EUR minus 224.3 mn in the first half of 2021) especially due to the investment activities related to the projects in Thailand and Brazil. Capital expenditure on intangible assets, on property, plant and equipment and on biological assets (CAPEX) decreased by 8.7 percent to EUR 389 mn. The continued high level of investment volume primarily reflects the completion of the two key projects, which will make their first significant contributions to earnings from the second half of the year. Liquid assets reduced by 22.4 percent compared to December 31, 2021, and amounted to EUR 872.5 bn as of June 30, 2022.

Solid balance sheet structure

Total assets rose by 7.8 percent compared to December 31, 2021 and amounted to EUR 5.74 bn as of June 30, 2022. The most significant changes relate to the increase in property, plant and equipment due to investing activities and the associated increase in financial liabilities.

Adjusted equity grew by 3.3 percent to EUR 2.18 bn as a consequence of the operating profit trend and positive currency effects. The dividend that was distributed reduced adjusted equity. As a consequence, the adjusted equity ratio amounts to 38.1 percent. Net financial debt stood at EUR 1.5 bn as of June 30, 2022 (compared to EUR 977 mn as of December 31, 2021). This increase is due to the investments made in the two key projects in Thailand and Brazil. As a consequence, net gearing rose to 68.8 percent as of the reporting date (December 31, 2021: 46.2 percent). Trading working capital expanded by 46.3 percent to EUR 566.6 mn, mainly reflecting an increase in inventories of EUR 141.1 mn due to the start-up of the new plants in Thailand and Brazil and higher manufacturing costs, as well as a positive effect of EUR 35.4 mn from the reactivation of the factoring program.

The Development of Business in the Divisions

The management of the Lenzing Group's business is allocated to the two divisions "Fibers" and "Pulp".[1]

The expansion of the Group's own supply of dissolving wood pulp, the higher share of specialties and the implementation of climate targets in line with the corporate strategy continued to form the focus of the Lenzing Group's investment activities in the first half of 2022.

In March 2022, the Lenzing Supervisory Board announced the appointment of Mr. Stephan Sielaff as the new Chief Executive Officer of the Lenzing Group. As of April 1, 2022, Mr. Sielaff succeeded Mr. Cord Prinzhorn, who took over as interim CEO in the fourth quarter of 2021. This reduced the Managing Board from five to four members. Chief Financial Officer Mr. Thomas Obendrauf informed the Lenzing Supervisory Board that he would not be available for a further extension of his contract, which expired in June 2022. The Lenzing Supervisory Board is currently working on a replacement for him. Until a successor is appointed, Stephan Sielaff will perform the Chief Financial Officer's duties on an interim basis, while Thomas Obendrauf will assist the company in an advisory capacity. Meanwhile, the Managing Board mandate of Chief Pulp Officer Christian Skilich was extended early by a further three years until May 31, 2026.

A comprehensive review of the corporate strategy was also conducted in the reporting period. As a consequence, Lenzing will continue on its profitable growth trajectory following the successful implementation of the two key projects in Thailand and Brazil, sharpen its focus on sustainable and high-quality premium textile fibers and nonwoven fibers, and further advance the transition from a linear to a circular economy model. On the basis of this further development of the corporate strategy, Lenzing also adjusted its financial targets and, assuming that a healthy economic environment prevails, will significantly increase its EBITDA to over EUR 1 bn by 2027, with an ROCE of over 12 percent.[2]

Fiber Division

The Fiber Division comprises all business activities of the Lenzing Group with the different generations of wood-based cellulosic fibers.

Specialty fibers are Lenzing's great strength. By 2024, more than 75 percent of fiber revenue is to be generated from the business with wood-based, biodegradable specialty fibers under the TENCEL™, LENZING™ ECOVERO™ and VEOCEL™ brands. With the opening of the lyocell plant in Thailand and the investments in existing production sites, Lenzing will already have increased specialty fibers' share of fiber revenue to well above the 75 percent target by the 2024 target year.

Lenzing is currently investing more than EUR 200 mn in production sites in China and in Indonesia in order to convert existing capacities for standard viscose into capacities for environmentally responsible specialty fibers. In Nanjing, Lenzing is working on converting a line to TENCEL™ modal fibers. The Chinese fiber plant's portfolio will thereby consist entirely of specialty fibers by the end of 2022. As part of substantial investments at the Indonesian site in Purwakarta, Lenzing is creating additional capacity for LENZING™ ECOVERO™ fibers. The site will thereby become a pure specialty viscose supplier as of 2023.

In addition to the new lyocell plant in Thailand, which is operated on a carbon-neutral basis, investments at existing sites are also in line with Lenzing's targets to reduce carbon emissions per tonne of product by 50 percent by 2030, and to be climate-neutral by 2050.

With the positioning of its product brands, Lenzing has been sending a strong message to consumers since 2018. With TENCEL™ und LENZING™ ECOVERO™ as umbrella brands for all specialty products in the textile segment, VEOCEL™ as the umbrella brand for all specialty nonwoven products, and LENZING™ for all industrial applications, the company showcases its strengths in a targeted manner. Lenzing also enhanced the visibility of its brands in the first half of 2022 through targeted communication measures.

The Fiber Division's revenue reached a level of EUR 1.12 bn in the first half of 2022, of which 67.7 percent was attributable to textile fibers and 32.3 percent to nonwoven fibers and special applications. Despite significant logistical constraints, fiber sales volumes were stable at a level of approximately 450,000 tonnes (compared with approximately 454,000 tonnes in the first half of 2021). Specialty fibers' share of fiber revenues decreased to 71.4 percent (compared with 72.8 % in the first half of 2021) as a consequence of the recovery in standard viscose prices. The division's earnings (EBITDA) amounted to EUR 110.6 mn, while operating earnings (EBIT) stood at EUR 51.7 mn.

Textile fibers

The market for textile fibers experienced consistently high demand in the first half of 2022, although differences were apparent in relation to individual regions and fiber types.

Demand for wood-based specialty fibers of the TENCEL™ and LENZING™ ECOVERO™ brands performed very well in all regions. For some fiber types, demand was even significantly higher than production capacity.

For Lenzing's standard viscose, demand and prices recorded a positive trend in line with the market trend in the first half of 2022. Prices increased significantly for almost all product groups in the first half of 2022, driven by sharply rising energy, raw material and logistics costs. The lockdown imposed in the port metropolis of

[1] Note 3 to the condensed consolidated interim financial statements as of June 30, 2021

[2] Adjusted for major plants under construction and in the start-up phase

Shanghai in March led to significant supply chain problems in the Chinese textile industry, leading to a further accumulation of stocks.

Lenzing also successfully developed the business with its TENCEL™ Luxe brand lyocell filaments. The interest of haute couture designers and brands in the luxury and premium segment as well as in the classic apparel segment is growing steadily.

With a series of global campaigns and initiatives, Lenzing again raised the awareness and visibility of its TENCEL™ and LENZING™ ECOVERO™ brands in the first half of the year. The TENCEL™ brand has been supporting customers and partners in the textile and apparel industry with sustainable fiber innovations since 1992. In 2022, Lenzing is celebrating the 30th anniversary of its premium textile brand, which today stands for high-quality, sustainable fibers, digital technologies and transparency in the supply chain worldwide. This brand success is also reflected in the company's collaboration with more than 300 partner brands. Since February, Lenzing has been launching customer and employee activities in various regions to mark its brand anniversary under the motto "Feel Good Fibers Since 1992". In the first six months, the campaign reached more than 110 million consumers worldwide.

Lenzing and the TENCEL™ brand once again enjoyed very positive international attention at this year's Oscars, the Academy Awards, in Hollywood. In 2022, together with RCGD Global (formerly Red Carpet Green Dress™), three customized dresses made of TENCEL™ Luxe Filament and TENCEL™ lyocell fibers were presented to a world audience. More than 770 million impressions were achieved via social media and public relations.

Nonwoven fibers

The nonwoven fibers sector is and remains an important strategic pillar for Lenzing, and not only in times of a pandemic. This was also the result of the corporate strategy review that was conducted in the first half of the year. For this reason, Lenzing will further intensify its activities in this area in order to make the best possible use of existing growth opportunities as a leading company in the area of sustainable innovations. Worldwide, consumer awareness about biodegradable and recyclable materials is growing steadily and is continuing to support Lenzing's growth in this business area.

Lenzing experienced solid demand for its wood-based nonwoven fibers in the first half of 2022 and kept its profitability largely stable despite rising raw material and energy costs.

Lenzing also further raised the awareness and visibility of its VEOCEL™ brand through a number of global initiatives during the reporting period. The "VEOCEL™ Cares for the Future" campaign underscores the brand's mission of a sustainable future for generations to come. The campaign included engagement activities and consumer information via social media in Europe, the USA and Asia.

In addition, the VEOCEL™ brand continues to educate about sustainable materials and their contribution to climate and environmental protection. Capitalizing on the changes that arose from the Single-Use Plastics (SUP) Directive (EU) 2019/904, which came into effect in 2019, the brand produced a video series and social media campaign through the #ItsInOurHands platform to further raise awareness about the impact of single-use plastic products on the environment. Through its high-impact campaigns and initiatives, the VEOCEL™ brand reached more than 290,000 consumers worldwide in the first half of 2022, reflecting an increase of 12 percent from December 31, 2021.

Fibers for special applications

Due to their special properties, Lenzing's wood-based cellulosic fibers are also deployed in a wide range of special technical applications. Examples of specialty applications include flushable biodegradable wipes, disposable and reusable nonwovens, high-efficiency filter material, high-temperature heat protection, electronic components, agricultural applications, footwear applications, automotive interiors and packaging. The growing awareness of customers and consumers concerning environmentally responsible products and alternatives to plastic, as well as legislation that promotes the complete elimination of plastic in some areas and thereby the switch to sustainable products, are generating increasing interest in these business areas.

Co-products of fiber production

At all locations where the Lenzing Group produces viscose or modal fibers, manufactured co-products include LENZING™ sodium sulfate. This is used in the detergent and glass industries and for the production of food and animal feed. The volatility of the market and a strained logistics situation were well cushioned by diversification of the customer portfolio. Sales volumes at the Lenzing site increased by 13 percent year-on-year in the first half of 2022.

Pulp Division

The Pulp Division comprises all Lenzing Group business activities from wood procurement through to the production of fiber pulp and biorefinery products. In addition to the activities in Paskov and Lenzing, in the first half of 2022 the division focused on the completion of the major project in Brazil, which is also progressing successfully in 2022. With the successful start-up on schedule, Lenzing, which holds a 51 percent interest in the LD Celulose joint venture, achieved a further important milestone. The plant ramp-up phase is scheduled to be completed by the end of 2022.

With the new pulp plant, Lenzing is strengthening its own supply of dissolving wood pulp and thereby also specialty fiber growth in line with the corporate strategy. Furthermore, it will rank as one of the world's most productive and energy-efficient plants and feed more than 50 percent of the electricity generated into the public grid as renewable energy. To provide the biomass, LD Celulose secured over 44,000 hectares of FSC®-certified commercial forest and leased additional land in order to have at its disposal approximately 70,000 hectares of FSC®-certified land when completed.[1] These plantations operate fully in accordance with Lenzing's guidelines and high standards for sourcing wood and pulp.

In line with the corporate strategy that it has further developed, Lenzing will further strengthen its recycling activities and accelerate the transformation of the textile and nonwovens industries from a linear to a circular economy model. Lenzing has

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

proactively developed and promoted innovations in recycling for several years (such as the REFIBRA™ and Eco Cycle technologies) in order to provide solutions to the global textile waste problem. Since 2021, Lenzing has also been working with Swedish pulp producer Södra to jointly develop new processes for the recycling of used textiles. The two companies are also planning to expand capacity to recover pulp from used textiles. The goal is to recycle approximately 25,000 tonnes of used textiles per year by 2025. The Pulp Division's revenue amounted to a total of EUR 401.5 mn in the first half of 2022. The division's earnings before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 126 mn and its earnings before interest and tax (EBIT) to EUR 97.1 mn.

Wood

The Ukraine war further accelerated the price trend on the wood market. Wood is also increasingly in demand for the generation of heating and electricity due to the expected energy shortage, which in turn is affecting the availability and prices of industrial wood.

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

In 2021, audits in accordance with the Forest Stewardship Council® (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC) 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.[1]

Biorefinery

Pulp

The Pulp Division supplies the Lenzing Group's fiber production locations with high-quality fiber pulp, and operates its own dissolving wood pulp plants at the Lenzing and Paskov sites. Once the ramp-up phase has been completed and the nominal capacity of the new pulp plant in Brazil has been reached, Lenzing will not only achieve self-sufficiency of more than 75 percent, but also become a structural supplier to the global pulp market. Most of the fiber pulp sourced externally is purchased on the basis of long-term contracts. The two pulp plants in Paskov and Lenzing produced a total of approximately 302,000 tonnes of dissolving wood pulp in the first half of 2022.

The price of hardwood-based dissolving wood pulp in China rose by an average of 13 percent to USD 1,121 per tonne in the first half of 2022. This increase is due to high demand, capacity shortages as well as ongoing problems along the entire supply chain.

Biorefinery products

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

Sales volumes for the biorefinery products LENZING™ Acetic Acid Biobased and LENZING™ Furfural Biobased were largely stable in the reporting period, with prices rising sharply in line with the market situation.

The issues of sustainability and the circular economy also form a focus for biorefinery products. A lifecycle analysis performed by research institute Quantis confirmed that the carbon footprint of LENZING™ Acetic Acid Biobased is more than 85 percent less than that of comparable products based on fossil resources.

Energy and other raw material supplies for the divisions

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

Energy

Lenzing's biorefinery concept at the Lenzing and Paskov locations makes the Group a pioneer in highly self-sufficient fiber and pulp production. For its other locations, Lenzing is developing energy efficiency enhancement programs.

Lenzing is making the best possible preparations for the situation of rising energy prices and acute energy shortages. Intensive work was carried out during the reporting period to replenish energy stocks, although availability on the world market is currently extremely limited. Lenzing is a company with an international footprint and for this reason is partly able to offset certain local challenges globally, albeit at a higher cost. The current supply situation has the greatest impact on the Central European sites and, in particular, on the Heiligenkreuz site (Austria).

In Europe, energy prices continued to rise sharply in the first half of 2022, starting from an already historic price level in the previous year. Developments in Ukraine and the intensification of Russian supply restrictions towards the end of the reporting period caused prices for natural gas, in particular, to rise significantly. A 40 percent price increase in the spot market price led to an average price of slightly below EUR 100 per MWh. The warm winter counteracted an even more significant rise. The price of coal rose by as much as 70 percent due to the EU's planned embargo on Russian coal. The price of carbon credits increased by 33 percent due to expensive gas prices. As a consequence, the electricity price also rose by 49 percent to more than EUR 206 per MWh. Compared with other energy sources, the price increase for crude oil was the least, which was up by 37 percent in the period under review.

The Lenzing Group's procurement strategy for the main cost components, electricity and natural gas, is based largely on procurement via the spot market. Price increases in global energy markets consequently also led to a significant rise in the company's energy costs in the first half of 2022.

The energy plants at the Lenzing location operated predominantly in normal mode during the reporting period. At present, the largest

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

open-space photovoltaic plant in the state of Upper Austria is being constructed on an area of 55,000 m². In addition, several rooftop systems will be installed. The commissioning of all photovoltaic systems is expected to occur in the third quarter of 2022.

The energy plants in Paskov were also running in normal operation. Surplus energy was fed into the public power grid.

The plants in Purwakarta (Indonesia) were operated with a high level of availability and were further optimized. The price of coal in Asia continued its upward trend in the first half of the year, which led energy costs to remain at a high level. The price of coal rose by 95 percent compared with the prior-year period. The grid electricity price stood 22 percent higher than the previous year's level. Lenzing will be sourcing green electricity exclusively from renewable sources at its Indonesian site from July 2022 and is also currently working on converting to biomass.

In the first half of 2022, steam costs at the Nanjing site (China) also followed the rising coal price. On average, the steam price was around 37 percent higher than in the first half of 2021. The grid electricity price stood around 29 percent higher than the previous year's level. The changeover in energy production from coal to natural gas, which is intended to reduce carbon emissions, was advanced further in the first half of 2022.

In the first half of 2022, the lyocell plant at the Prachinburi site (Thailand) was commissioned. Electricity and steam prices have since been at a similar level to those at the Nanjing site. The new site in Thailand will be operated on a carbon-neutral basis.

Other raw materials

The shock to global commodity markets triggered by the pandemic and the massive rise in energy costs led to a supply shortage and significant price increases in the first half of 2022.

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 co-product from chlorine production. Prices for caustic soda increased to a record level worldwide in the first half of 2022. This was due to rising demand combined with tight supply due to the massive rise in energy prices and unexpected logistics and production disruptions.

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 also rose significantly in the first half of 2022, and reached new record levels. This was mainly due to rising demand and lower production volumes due to the pandemic – with negative effects on market availability in the meantime.

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 2.3 mn in the first half of 2022. The result (EBITDA) amounted to EUR minus 49.9 mn, while the operating result (EBIT) stood at EUR minus 55.4 mn.

The Lenzing share

The performance of the Lenzing share price reflected the general negative market environment in the first half of 2022. The Lenzing share started the 2022 stock market year at a price of EUR 120.00 and touched its previous low of EUR 75.80 on June 23. It closed the reporting period at EUR 77.10. This corresponds to a reduction in the share price of minus 35.8 percent compared with the start of the year. The ATX Index, Vienna's benchmark index, ended the first half of the year down 25.5 percent.

Seven analysts cover the Lenzing AG share at present. Their recommendations range between buy and hold. A dividend of EUR 4.35 was distributed this year for the 2021 financial year. The portion of the 26.55 mn shares that is not freely tradable amounts to 50 percent plus 2 shares and is attributable to B&C Privatstiftung through its wholly-owned subsidiary B&C Österreich GmbH and its wholly-owned subsidiary B&C KB Holding GmbH pursuant to Section 92 (4) of the Austrian Stock Exchange Act (BoerseG).

The 78th Annual General Meeting of Lenzing AG was again held virtually via Livestream due to the COVID-19 pandemic. The Lenzing Managing Board gave a presentation of the company's business performance during the 2021 financial year. The resolution adopted by the Annual General Meeting to link the remuneration policy for the multi-year, performance-based remuneration of the Managing Board to non-financial sustainability criteria (ESG) in addition to financial performance criteria once again demonstrates Lenzing's strong commitment to sustainable and responsible management.

The Managing Board of Lenzing also decided to adjust the dividend policy during the reporting period. Starting in the 2023 financial year (with distribution in 2024), Lenzing plans to pay an annual dividend of at least EUR 4.50 per share (adjusted for inflation). The dividend will be paid subject to specific dividend proposals by the Managing and Supervisory boards. These proposals may diverge from the new dividend policy if this is considered appropriate under the then prevailing circumstances, and are subject to the decision of the Annual General Meeting.

Risk Report

The risk report for the first half of 2022 is based on estimates of the management of the Lenzing Group and covers the main business risks for 2022 and the medium term.

Current risk environment

The current risk environment is characterized by an exceptionally significant accumulation of global crises. While the pandemic and the war in Ukraine and the resultant escalating energy crisis continue to dominate the picture especially in Europe, the associated sharp rise in inflation is having an extremely negative impact on economic growth. The threat of a sharp rise in interest rates poses a particularly high risk for countries with high debt ratios.

Lenzing risk outlook for the second half of 2022

An assessment of the risk for the business areas of the Lenzing Group can currently only be made on the basis of an "as-is" scenario. A further escalation in the global crises would lead to a deterioration in the Lenzing Group's business performance.

The ongoing recovery in consumer markets, a strong increase in cotton prices (until mid-May) and sharply rising raw material costs led to higher prices for all wood-based cellulosic fibers in the first half of 2022. However, this positive demand was affected by bottlenecks, in particular on international shipping routes, which led to significantly higher logistics prices and delays. The performance of the fiber business is primarily dependent on the further course of the pandemic, the energy crisis and the world economy. Lenzing's corporate strategy, which focuses on increasing the share of specialty fibers, aims to mitigate price and demand fluctuations.

Based on the steady expansion of existing pulp capacity and sufficient available supplies on the global market, pulp supplies are secured for the fiber plants. Short-term bottlenecks can lead to production cutbacks in the fiber plants due to natural events or strikes in pulp suppliers' countries. Lenzing is expanding its pulp volumes by commissioning a new plant in Brazil with an annual capacity of 500,000 tonnes, thereby also securing its own supply for the long term.

In the case of the main chemicals, significant price increases occurred in the first half of 2022 due to the crises, combined with supply bottlenecks. If the risk situation remains unchanged, a slight stabilization at a high level is expected for the second half of the year.

Risks relating to energy prices and supply potentially affect the Lenzing Group's European sites, in particular. In the event of a halt to Russian gas supplies, temporary shutdowns of production lines in Central Europe cannot be ruled out.

The US dollar appreciated against major currencies during the reporting period, fluctuating in a range of approximately 1.03 to 1.14 against the euro. The Chinese yuan fluctuated in a range of 6.86 to 7.28 against the euro. A depreciation of both currencies against the euro would have a negative impact on Lenzing's open currency volume. Liquidity risk is classified as low for 2022 due to the very stable financial structure.

In the category of operational risks as well as environmental and liability risks, no significant loss events with a high loss potential occurred in the reporting period.

Opportunities and risks of relevance to ESG (Environment, Social and Governance) are integrated into the Lenzing Group's Enterprise Risk Management and are evaluated on a recurring basis in accordance with the internal risk management process. Due to the long-term nature of ESG risks, this risk category is not expected to have any significant (negative) impact on Lenzing's business results in the short term.

The two major projects in Brazil and Thailand have been largely successfully implemented and are expected to be fully ramped up by the end of the financial year. Logistical problems and supply constraints may have a negative impact on progress with other major projects, particularly in China and Indonesia.

As part of Group-wide crisis management, a crisis team for energy issues was set up at the start of the Ukraine war to ensure rapid and coordinated action in the event of supply constraints.

The uncertainty relating to the current forecast for the Lenzing Group's short and medium-term business performance is currently high.

Outlook

The International Monetary Fund forecasts global growth of 3.2 percent for 2022. However, the war in Ukraine and China's zero-Covid policy hit the global economy hard in the first half of 2022. Extreme developments in energy and commodity markets as well as global supply chain constraints are currently posing a major challenge for the whole of manufacturing industry. The currency environment is expected to remain volatile in the regions of relevance to Lenzing.

The recovery in global retail sales of textiles and apparel continued in the first half of 2022, although the pandemic-related lockdowns in China caused a regional slump in demand. The rising inflation rate is depressing consumer sentiment, particularly in Europe and the USA, which is also leading to a noticeable deterioration in sentiment in the textile value chain. High stock levels across the entire industry are adding to the pressure on demand.

In the trend-setting market for cotton, signs are emerging of a slight increase in stock volumes in the current 2021/2022 harvest season, although dynamics in international commodity markets and global supply chain constraints are likely to continue to have a significant bearing on price trends.

The highly uncertain supply situation and the sharp rise in prices in energy and raw material markets as well as ongoing supply chain disruptions are currently creating an extremely challenging market environment. As a consequence, earnings visibility has diminished further.

In structural terms, Lenzing continues to anticipate growth in demand for environmentally responsible fibers for the textile and clothing industry as well as the hygiene and medical sectors. For this reason, Lenzing regards the further development of its strategy as having been validated, and will continue to drive growth in specialty fibers and strengthen its own supply of dissolving wood pulp, including boosting the sustainable energy mix and the reduction of carbon emissions.

Taking into consideration the aforementioned factors and the first earnings contributions from the key projects in Thailand and Brazil, the Lenzing Group continues to anticipate that EBITDA for the full 2022 year will be significantly above the level of 2021.

Lenzing, July 29, 2022
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer and Chief Financial Officer a.i.

Robert van de Kerkhof
Chief Commercial Officer Fiber

Christian Skilich
Chief Pulp Officer

Notes on the Financial Performance Indicators of the Lenzing Group

Interim Report 01-06/2022

The key financial indicators for the Lenzing Group are described in detail in the following section. These indicators are derived primarily from the condensed consolidated interim financial statements and the consolidated financial statements of the previous year of the Lenzing Group. The Management Board believes these financial indicators provide useful information on the financial position of the Lenzing Group because they are used internally and are also considered important by external stakeholders (in particular investors, banks and analysts).

The effects of the COVID-19 pandemic on the operating activities, company performance and the related uncertainties are explained in the management report. Further explanations regarding the impact on the consolidated financial statements according to IFRS, in particular on estimates, assumptions and judgments, are provided in note 1 to the consolidated financial statements 2021.

EBITDA, EBITDA margin, EBIT and EBIT margin

EBITDA and EBIT are viewed by the Lenzing Group as the benchmarks for the strength of operating earnings and profitability (performance) before and after depreciation and amortization. Due to their significance - also for external stakeholders - the EBIT is presented on the consolidated income statement and EBITDA is presented in the Financial Performance Indicators and, in order to provide a comparison of margins, in relation to group revenue (as the EBITDA margin and EBIT margin).

	EUR mn	01-06/2022	01-06/2021
	Earnings before interest and tax (EBIT)	95.6	138.9
+	Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets	94.3	79.8
-	Income from the release of investment grants	(1.0)	(0.9)
	Earnings before interest, tax, depreciation and amortization (EBITDA)	**188.9**	**217.8**

EUR mn	01-06/2022	01-06/2021
Earnings before interest, tax, depreciation and amortization (EBITDA)	188.9	217.8
/ Revenue	1,293.6	1,033.3
EBITDA margin	**14.6%**	**21.1%**

EUR mn	01-06/2022	01-06/2021
Earnings before interest and tax (EBIT)	95.6	138.9
/ Revenue	1,293.6	1,033.3
EBIT margin	**7.4%**	**13.4%**

EBT

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

Gross cash flow

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

	EUR mn	01-06/2022	01-06/2021
	Net profit for the period	72.3	96.1
+	Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets	94.3	79.8
+/–	Change in the fair value of biological assets	(3.1)	(0.9)
–	Income from the release of investment grants	(1.0)	(0.9)
+/–	Change in non-current provisions	(9.6)	0.7
–/+	Income / expenses from deferred taxes	(1.8)	(4.4)
+/–	Change in current tax assets and liabilities	18.4	6.1
+/–	Non-cash profit/loss from investments accounted for using the equity method	1.3	5.1
–/+	Other non-cash income / expenses	(1.0)	17.9
	Other non-cash income / expenses	3.1	23.6
	Gross cash flow	**169.7**	**199.5**

Free cash flow

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

	EUR mn	01-06/2022	01-06/2021
	Cash flow from operating activities	15.2	199.8
–	Cash flow from investing activities	(378.8)	(425.5)
+	Acquisition of financial assets and investments accounted for using the equity method	0.2	6.6
–	Proceeds from the sale/repayment of financial assets and the sale of investments accounted for using the equity method	(9.2)	(5.1)
	Free cash flow	**(372.7)**	**(224.3)**

CAPEX

CAPEX shows the expenditures for intangible assets, property, plant and equipment and biological assets. It is presented in the consolidated statement of cash flows.

Liquid assets

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

EUR mn	30/06/2022	31/12/2021
Cash and cash equivalents	866.0	1,113.3
+ Liquid bills of exchange (in trade receivables)	6.5	10.8
Liquid assets	**872.5**	**1,124.1**

Trading working capital and trading working capital to annualized group revenue

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

EUR mn	30/06/2022	31/12/2021
Inventories	618.0	477.0
+ Trade receivables	335.7	325.2
- Trade payables	(387.2)	(414.8)
Trading working capital	**566.6**	**387.4**

EUR mn	2022	2021
Latest reported quarterly group revenue	678.6	606.1
x 4 (= annualized group revenue)	2,714.4	2,424.5
Trading working capital to annualized group revenue	**20.9%**	**16.0%**

Adjusted equity and adjusted equity ratio

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

EUR mn	30/06/2022	31/12/2021
Equity	2,118.1	2,072.1
+ Non-current government grants	14.0	13.7
+ Current government grants	74.3	44.2
- Proportional share of deferred taxes on government grants	(21.7)	(14.2)
Adjusted equity	**2,184.7**	**2,115.7**
/ Total assets	5,737.3	5,322.8
Adjusted equity ratio	**38.1%**	**39.7%**

Net financial debt, net gearing and net debt

Net financial debt is used by the Lenzing Group as the benchmark for its financial indebtedness and capital structure. It is also an important indicator for external stakeholders. The ratio of net financial debt to adjusted equity (net gearing) illustrates the relation of net debt to adjusted equity. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders. Net debt in the Lenzing Group measures the level of financial indebtedness, including the provisions for severance payments and pensions.

EUR mn	30/06/2022	31/12/2021
Current financial liabilities	161.4	120.1
+ Non-current financial liabilities	2,213.1	1,981.0
- Liquid assets	(872.5)	(1,124.1)
Net financial debt	**1,502.0**	**977.0**

EUR mn	30/06/2022	31/12/2021
Net financial debt	1,502.0	977.0
/ Adjusted equity	2,184.7	2,115.7
Net gearing	**68.8%**	**46.2%**

EUR mn	30/06/2022	31/12/2021
Net financial debt	1,502.0	977.0
+ Provisions for severance payments and pensions	86.8	102.2
Net debt	**1,588.8**	**1,079.3**

Consolidated Income Statement

for the period from January 1 to June 30, 2022

EUR mn

	Note	04-06/2022	04-06/2021	01-06/2022	01-06/2021
Revenue	(3)	678.6	544.0	1,293.6	1,033.3
Cost of sales		(524.4)	(389.7)	(1,010.5)	(758.5)
Gross profit		**154.3**	**154.3**	**283.2**	**274.8**
Other operating income		18.4	24.5	43.8	40.0
Selling expenses		(75.3)	(55.2)	(140.3)	(104.1)
Administrative expenses		(37.8)	(34.1)	(72.8)	(60.4)
Research and development expenses		(7.0)	(5.9)	(14.8)	(11.3)
Other operating expenses		(0.6)	0.0	(3.5)	0.0
Earnings before interest and tax (EBIT)[1]		**52.0**	**83.5**	**95.6**	**138.9**
Income from investments accounted for using the equity method		0.6	(0.3)	(0.5)	(4.8)
Income from non-current and current financial assets		13.4	(2.3)	18.3	1.2
Financing costs		(7.5)	(2.3)	(13.4)	(11.5)
Financial result		**6.5**	**(4.8)**	**4.4**	**(15.2)**
Earnings before tax (EBT)[1]		**58.5**	**78.7**	**100.0**	**123.8**
Income tax expense	(4)	(20.3)	(12.4)	(27.7)	(27.6)
Net profit for the period		**38.2**	**66.3**	**72.3**	**96.1**
Attributable to:					
Shareholders of Lenzing AG		39.7	53.1	62.7	81.2
Non-controlling interests		(8.6)	5.9	(4.7)	0.5
Share planned for hybrid capital owners		7.2	7.2	14.4	14.4
Earnings per share		EUR	EUR	EUR	EUR
Diluted = basic		1.49	2.00	2.36	3.06

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

Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30, 2022

					EUR mn
	Note	04-06/2022	04-06/2021	01-06/2022	01-06/2021
Net profit for the period		38.2	66.3	72.3	96.1
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		8.4	0.0	14.9	0.0
Financial assets measured at fair value through other comprehensive income (equity instruments) - net fair value gain/loss on remeasurement recognized during the period	(6)	(3.9)	24.0	(14.1)	24.7
Income tax relating to these components of other comprehensive income		(1.1)	(6.0)	(0.2)	(6.2)
		3.4	18.0	0.6	18.5
Items that may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences arising during the period		56.4	(4.9)	81.7	44.9
Financial assets measured at fair value through other comprehensive income (debt instruments) - net fair value gain/loss on remeasurement recognized during the period		0.0	0.0	0.0	0.0
Financial assets measured at fair value through other comprehensive income (debt instruments) - reclassification of amounts relating to financial assets disposed during the period		0.0	0.0	0.0	0.1
Cash flow hedges – effective portion of changes in fair value recognized during the period and non-designated components		(3.7)	25.4	19.0	(4.5)
Cash flow hedges – reclassification to profit or loss		9.5	(1.0)	16.0	(2.7)
Income tax relating to these components of other comprehensive income		(7.3)	(0.6)	(15.2)	(1.2)
Investments accounted for using the equity method - share of other comprehensive income (net of tax)		(0.7)	2.2	2.4	1.2
		54.1	21.0	103.9	38.0
Other comprehensive income (net of tax)		57.5	39.0	104.5	56.5
Total comprehensive income		95.7	105.3	176.8	152.6
Attributable to:					
Shareholders of Lenzing AG		84.6	84.4	142.4	134.4
Non-controlling interests		3.9	13.7	20.1	3.9
Share planned for hybrid capital owners		7.2	7.2	14.4	14.4

Lenzing AG

Consolidated Statement of Financial Position

as at June 30, 2022

EUR mn

Assets	Note	30/06/2022	31/12/2021
Intangible assets	(4)	38.5	36.0
Property, plant and equipment	(4)	3,285.8	2,877.6
Biological assets	(4)	112.5	95.8
Right-of-use assets		80.8	70.1
Investments accounted for using the equity method		26.0	24.8
Financial assets	(6)	29.8	38.9
Deferred tax assets	(4)	3.6	3.6
Current tax assets		16.3	14.9
Other assets	(4)	77.6	42.7
Non-current assets		**3,670.8**	**3,204.5**
Inventories	(4)	618.0	477.0
Trade receivables	(4,6)	335.7	325.2
Current tax assets		3.1	1.9
Other assets	(4)	227.3	168.7
Financial assets	(6)	16.3	32.2
Cash and cash equivalents	(6)	866.0	1,113.3
Current assets		**2,066.5**	**2,118.3**
Total assets		**5,737.3**	**5,322.8**

Equity and liabilities	Note	30/06/2022	31/12/2021
Share capital		27.6	27.6
Capital reserves		133.9	133.9
Hybrid capital		496.6	496.6
Other reserves		91.7	15.1
Retained earnings		1,108.4	1,206.4
Equity attributable to shareholders of Lenzing AG		**1,858.2**	**1,879.6**
Non-controlling interests		259.9	192.5
Equity	(4)	**2,118.1**	**2,072.1**
Financial liabilities	(6)	2,213.1	1,981.0
Government grants		14.0	13.7
Deferred tax liabilities	(4)	73.8	59.8
Provisions		95.8	118.2
Puttable non-controlling interests	(6)	298.9	234.4
Other liabilities		3.3	6.7
Non-current liabilities		**2,698.9**	**2,413.9**
Financial liabilities	(6)	161.4	120.1
Trade payables	(4)	387.2	414.8
Government grants		74.3	44.2
Current tax liabilities		58.0	38.3
Provisions		33.5	39.1
Other liabilities		206.0	180.4
Current liabilities		**920.4**	**836.8**
Total equity and liabilities		**5,737.3**	**5,322.8**

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2022

				Other reserves							EUR mn
	Share capital	Capital reserves	Hybrid capital	Foreign currency translation reserve	Financial assets measured at fair value through other comprehensive income	Hedging reserve and non-designated components	Actuarial gains/losses	Retained earnings	Equity attributable to shareholders of Lenzing AG and to hybrid capital owners	Non-controlling interests	Equity
As at 01/01/2021	27.6	133.9	496.6	(41.1)	8.7	(38.7)	(46.9)	1,192.8	1,732.9	148.5	1,881.4
Net profit for the period as per consolidated income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	95.6	95.6	0.5	96.1
Other comprehensive income (net of tax)	0.0	0.0	0.0	39.5	18.6	(4.9)	0.0	0.0	53.1	3.3	56.5
Total comprehensive income	0.0	0.0	0.0	39.5	18.6	(4.9)	0.0	95.6	148.7	3.9	152.6
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0.0	0.0	0.0	0.0	0.0	23.9	0.0	0.0	23.9	22.4	46.3
Acquisition/disposal of non-controlling interests and other changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.7)	(2.7)	2.7	0.0
Increase in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	2.9
Measurement of puttable non-controlling interest recognized directly in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(24.1)	(24.1)	0.0	(24.1)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)
Transactions with equity holders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(26.8)	(26.8)	5.4	(21.4)
As at 30/06/2021	27.6	133.9	496.6	(1.6)	27.3	(19.8)	(46.9)	1,261.6	1,878.7	180.1	2,058.9
As at 01/01/2022	27.6	133.9	496.6	48.5	33.4	(18.8)	(48.0)	1,206.4	1,879.6	192.5	2,072.1
Net profit for the period as per consolidated income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	77.1	77.1	(4.7)	72.3
Other comprehensive income (net of tax)	0.0	0.0	0.0	62.4	(10.6)	16.7	11.2	0.0	79.7	24.8	104.5
Total comprehensive income	0.0	0.0	0.0	62.4	(10.6)	16.7	11.2	77.1	156.7	20.1	176.8
Hedging gains and losses and cost of hedging transferred to the cost of non-current assets and cost of inventory	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	1.9	1.9	3.8
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0.0	0.0	0.0	0.0	(5.0)	0.0	0.0	5.0	0.0	0.0	0.0
Increase in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.5	45.5
Measurement of puttable non-controlling interest recognized directly in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(64.5)	(64.5)	0.0	(64.5)
Dividends paid (including hybrid coupon)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(115.5)	(115.5)	(0.2)	(115.6)
Transactions with equity holders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(180.0)	(180.0)	45.4	(134.6)
As at 30/06/2022	**27.6**	**133.9**	**496.6**	**110.9**	**17.9**	**(0.2)**	**(36.8)**	**1,108.4**	**1,858.2**	**259.9**	**2,118.1**

Consolidated Statement of Cash Flows (condensed)

for the period from January 1 to June 30, 2022

EUR mn

		Note	01-06/2022	01-06/2021
Net profit for the period			72.3	96.1
+	Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets		94.3	79.8
–/+	Other non-cash income/expenses		3.1	23.6
Gross cash flow			169.7	199.5
+/–	Change in inventories		(128.4)	(72.2)
+/–	Change in receivables		(28.6)	(17.8)
+/–	Change in liabilities		2.5	90.3
Change in working capital			(154.5)	0.3
Cash flow from operating activities			15.2	199.8
–	Acquisition of intangible assets, property, plant and equipment and biological assets (CAPEX)	(4)	(389.0)	(426.0)
–	Acquisition of financial assets and investments accounted for using the equity method		(0.2)	(6.6)
+	Proceeds from the sale of intangible assets, property, plant and equipment and biological assets		1.1	2.0
+	Proceeds from the sale/repayment of financial assets and the sale of investments accounted for using the equity method		9.2	5.1
Cash flow from investing activities			(378.8)	(425.5)
+	Capital injections to consolidated companies by non-controlling interests		44.7	2.8
–	Dividends paid		(115.6)	(0.2)
+	Investment grants		0.0	0.3
+	Increase in other financial liabilities	(6)	237.5	312.9
–	Repayment of bonds and private placements		(36.0)	(56.0)
–	Repayment of other financial liabilities		(23.2)	(49.0)
Cash flow from financing activities			107.4	210.8
Total change in liquid funds			(256.2)	(14.9)
Liquid funds at the beginning of the year			1,113.3	1,070.0
Currency translation adjustment relating to liquid funds			9.0	8.6
Liquid funds at the end of the period			866.0	1,063.7
Additional information on payments in the cash flow from operating activities:				
Interest payments received			4.8	1.4
Interest payments made			20.1	10.4
Income taxes paid			11.4	26.4
Distributions received from investments accounted for using the equity method			0.8	0.3

Notes to the Consolidated Financial Statements: Selected Notes

on the condensed consolidated interim financial statements as at June 30, 2022

General Information

Note 1. Basic Information

Description of the company and its business activities

Lenzing Aktiengesellschaft (Lenzing AG), which maintains its registered headquarters in 4860 Lenzing, Werkstrasse 2, is the parent company of the Lenzing Group (the "Group"). The main shareholder of Lenzing AG as at June 30, 2022 is the B&C Group, which directly or indirectly holds an investment of 50 percent plus two shares (December 31, 2021: 50 percent plus two shares) in the share capital of Lenzing AG. The core business of the Lenzing Group is the production and marketing of wood-based cellulosic fibers.

Basis of reporting

The condensed consolidated interim financial statements for the period from January 1 to June 30, 2022 were prepared in accordance with IAS 34 (Interim Financial Reporting). They are in accordance with the International Financial Reporting Standards ("IFRS"), which were endorsed and applied in the European Union. The condensed consolidated interim financial statements of the Lenzing Group as at June 30, 2022 are based on the consolidated financial statements as at December 31, 2021 and should therefore always be read in conjunction with these statements. The accounting policies used in the consolidated interim financial statements are the same as were applied for the consolidated financial statements for the 2021 financial year.

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

Audit and review

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

Effects of the COVID-19 crisis and of the Ukraine crisis on the half-year result

The war in Ukraine, China's zero-Covid policy and the rise in inflation in many countries had a significant impact on the global economy in the first half of 2022. The Lenzing Group recorded significant price increases on both the sales and the procurement sides, driven by sharp rises in energy, raw material and logistics costs.

The current uncertainties in relation to European natural gas supplies currently affect only one production site to any significant extent. Other sites have natural gas sources that are independent of Russian production, or already operate largely self-sufficiently in terms of energy. In order to secure the supply of energy and raw materials to the European fiber production sites, both short- and medium-term physical and financial hedges have been arranged (see in particular note 6), and medium- and long-term strategies to switch to alternative energy supplies have been initiated. The problems in global supply chains, which have been exacerbated in some cases by the crisis situation, were countered by targeted measures.

In preparing the interim consolidated financial statements, the Managing Board has taken into consideration developments in connection with the COVID-19 crisis and the Ukraine crisis. The uncertain supply situation, sharply higher prices on energy and raw material markets, ongoing supply chain disruptions, and changes in the interest-rate environment and in exchange rates exert effects on the interim consolidated financial statements, in particular in the following areas:

- The measurement of assets and liabilities measured at fair value (in particular biological assets, financial instruments and puttable non-controlling interests).

- The calculation and recognition of currency translation effects in the income statement and in equity.

- Impairment testing of cash-generating units (see note 4, in the section “Impairment tests of intangible assets, property, plant and equipment, right-of-use assets and cash-generating units (CGUs)”). In this context, an indication of impairment was identified for the respective cash-generating unit Fiber Site Heiligenkreuz. The recoverable amount showed sufficient coverage of the carrying amounts.

In addition, current developments in procurement and sales prices were taken into consideration in estimates and judgments (such as in the context of the corporate planning used to determine the recoverable amounts). Additional information on the effects of the COVID-19 crisis and the Ukraine crisis as well as the measures taken by the Lenzing Group can be found in the interim Group management report. The Lenzing Group does not have any significant assets in either Ukraine or Russia.

Estimation uncertainty and judgments

The Managing Board of Lenzing AG uses estimates, assumptions and judgments in preparing the IFRS condensed consolidated interim financial statements. These estimates, assumptions and judgments are based on the circumstances assumed as at the reporting date and can have a significant effect on the presentation of the Group’s financial position and financial performance. They are explained in detail in the consolidated financial statements of the Lenzing Group as at December 31, 2021 (Note 1). In addition, the following forward-looking assumption and other key sources of estimation uncertainty existing at June 30, 2022 may have a material impact on these interim consolidated financial statements of the Lenzing Group:

- Property, plant and equipment (see note 4, in the section “Intangible assets and property, plant and equipment”): Assessing the timing of the commissioning of newly constructed production sites.

Mandatory changes in accounting policies

The accounting standards requiring application by the Lenzing Group as of January 1, 2022 have no material effect on the presentation of the financial position and financial performance of the Lenzing Group as at June 30, 2022:

Standards/interpretations		Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 30/06/2022
IFRS 3	References to the Conceptual Framework	14.05.2020	01.01.2022	yes
IAS 16	Property, plant and equipment - Proceeds before intended use	14.05.2020	01.01.2022	yes
IAS 37	Onerous contracts - Cost of fulfilling a contract	14.05.2020	01.01.2022	yes
Various	Annual Improvements of IFRSs 2018-2020	14.05.2020	01.01.2022	yes

Voluntary changes in accounting policies

Since the beginning of the 2022 financial year, no voluntary changes in accounting policies have been implemented. In the 2021 financial year, the Lenzing Group reported its consolidated income statement using the cost of goods sold method for the first time in order to enhance the international comparability of the Lenzing Group’s consolidated income statement.

Note 2. Consolidation

Scope of consolidation

In January 2022, the subsidiary Reality Paskov s.r.o., Paskov, Czech Republic, was merged with Lenzing Biocel Paskov a.s., Paskov, Czech Republic.

Note 3. Segment reporting

The change in the composition of the segments implemented in the 2021 financial year was retained unchanged in the interim financial statements for 2022. The same principles have been applied in the presentation of the segment reporting as in the consolidated financial statements as of December 31, 2021.

Information on business segments EUR mn

01-06/2022	Division Fiber	Division Pulp	Others	Segment total	Recon-ciliation	Group
Revenue from external customers	1,117.6	173.7	2.3	1,293.6		1,293.6
Inter-segment revenue	0.0	227.8	0.0	227.8	(227.8)	0.0
Total revenue	1,117.6	401.5	2.3	1,521.4	(227.8)	1,293.6
EBITDA (segment result)	110.6	126.0	(49.9)	186.7	2.1	188.9
EBIT	51.7	97.1	(55.4)	93.5	2.1	95.6
EBITDA margin[1]	9.9%	31.4%	-	12.3%		14.6%
EBIT margin[2]	4.6%	24.2%	-	6.1%		7.4%

Information on business segments (previous year) EUR mn

01-06/2021	Division Fiber	Division Pulp	Others	Segment total	Recon-ciliation	Group
Revenue from external customers	911.5	119.2	2.6	1,033.3	0.0	1,033.3
Inter-segment revenue	0.0	215.9	0.0	215.9	(215.9)	0.0
Total revenue	911.5	335.0	2.6	1,249.2	(215.9)	1,033.3
EBITDA (segment result)	171.4	78.6	(29.2)	220.8	(3.0)	217.8
EBIT	119.5	56.0	(33.5)	142.0	(3.0)	138.9
EBITDA margin[1]	18.8%	23.5%	-	17.7%		21.1%
EBIT margin[2]	13.1%	16.7%	-	11.4%		13.4%

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

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

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

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

	01-06/2022	01-06/2021
Earnings before interest and tax (EBIT)	95.6	138.9
Amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and depletion of biological assets	94.3	79.8
Income from the release of investment grants	(1.0)	(0.9)
Earnings before interest, tax, depreciation and amortization (EBITDA)	188.9	217.8
Segment amortization and depreciation	(94.3)	(79.8)
Consolidation	0.0	0.0
Income from the release of investment grants	1.0	0.9
Earnings before interest and tax (EBIT)	95.6	138.9
Financial result	4.4	(15.2)
Earnings before tax (EBT)	100.0	123.8

The consolidated income statement shows the reconciliation of earnings before tax (EBT) to net profit/loss for the period.

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

Information on products and services

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

Revenue from external customers by products and services — **EUR mn**

	01-06/2022	01-06/2021
Wood-based cellulosic fibers	1,080.0	880.8
Co-products of fiber production	30.6	25.1
Mechanical and plant engineering, engineering services and others	7.1	5.6
Division Fiber	**1,117.6**	**911.5**
Pulp	83.5	65.8
Biorefinery-products and energy	76.0	36.3
Wood and other	14.2	17.1
Division Pulp	**173.7**	**119.2**
Others	2.3	2.6
Revenue as per consolidated income statement	**1,293.6**	**1,033.3**

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

Information on geographical regions

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

Revenue from external customers by geographic regions — **EUR mn**

	01-06/2022	01-06/2021
Austria	59.8	34.5
Europe (excl. Austria, incl. Turkey)	409.5	304.7
Asia	701.6	607.4
America	114.5	81.6
Rest of the world	8.2	5.1
Revenue as per consolidated income statement	**1,293.6**	**1,033.3**

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

Notes on the Primary Financial Statements and on Risk Management

Note 4. Notes on the primary financial statements

Intangible assets and property, plant and equipment

Internally generated intangible assets (mainly process and product developments) of EUR 2.5 mn were capitalized in the first half of 2022 (01-06/2021: EUR 1.7 mn).

The continued high level of investments (CAPEX) results mainly from the construction of the lyocell plant in Thailand and the construction of the dissolving wood pulp plant in Brazil.

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

The Lenzing Group has reviewed all key assumptions for the impairment tests against the background of the currently existing uncertainties in connection with the COVID-19 crisis and the Ukraine crisis in accordance with the methods applied to date. In the case of cash-generating units (CGUs), the forecasts for 2022 required for the cash flow forecasts have been recalculated where necessary, and the medium-term plans, in particular for 2023, have been adapted. The WACCs (weighted average cost of capital) take into consideration the deterioration of the situation on the capital markets. The result of the review is that no impairments were identified in the first half of 2022.

The carrying amounts of the intangible assets and property, plant and equipment of the CGU Fiber Site China impaired in previous years totaled EUR 55.8 mn at June 30, 2022 (December 31, 2021: EUR 57.1 mn). This amount includes accumulated impairment losses of EUR 12.0 mn (December 31, 2021: EUR 13.6 mn) from the previous impairment tests.

Biological assets

Biological assets developed as follows:

Development of biological assets EUR mn

	2022	2021
As at 01/01	95.8	84.3
Acquisition	0.0	0.2
Sales	0.0	(1.9)
Capitalized production costs	6.8	5.6
Depletion	(4.8)	0.0
Change in the fair value	6.2	2.7
Currency translation adjustment	9.6	2.9
Other changes	(1.2)	0.0
As at 30/06	**112.5**	**93.7**

Gains and losses from the change in the fair value of biological assets of EUR 3.1 mn (01-06/2021: EUR 0.9 mn) consisted of the regular remeasurement of EUR 6.2 mn (01-06/2021: EUR 2.7 mn) and changes in the value of hedges related to the exchange rate of EUR minus 3.1 mn (01-06/2021: EUR minus 1.8 mn).

The following individual assumptions were used as at June 30, 2022:

Assumptions of level 3 input factors for biological assets

	30/06/2022	30/06/2021
Market price EUR/m^3	9.43	8.32
Discount rate	6.31%	7.23%
Wood volume m^3	11,767,962	11,662,186

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

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

	30/06/2022		30/06/2021	
	Increase	Decrease	Increase	Decrease
Change in the market price (+/- 1%)	1.1	1.1	0.9	(0.9)
Discount rate (+/- 1%)	(0.8)	0.9	(0.8)	0.9
Wood volume (+/- 5%)	5.7	(5.7)	4.9	(4.9)

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

Trade Receivables

As of June 30, 2022, the factoring agreements have a maximum utilizable nominal volume totaling EUR 60.0 mn (December 31, 2021: EUR 73.2 mn). As of June 30, 2022 due to factoring agreements, trade receivables in the amount of EUR 58.6 mn (December 31, 2021: EUR 0.0 mn) were sold and derecognized from the Lenzing Group's consolidated income statement. The unadvanced amount is recognized as other current assets in the amount of EUR 5.9 mn as of June 30, 2022 (December 31, 2022: EUR 0.0 mn).

In the interim reporting period, bad debt provisions for trade receivables in the amount of EUR 1.7 mn were recognized through profit or loss (1-6/2021: EUR minus 0,1 mn recognized through profit or loss).

Other assets

The EUR 34.9 million increase in other non-current assets in the first half of the year 2022 is mainly due to higher fair values of derivatives with a positive market value of EUR 27.7 million (see note 6), while the EUR 58.6 million increase in other current assets is mainly due to the allocation of EUR 27.7 million of emission allowances.

Inventories and provisions for onerous procurement contracts

In the interim reporting period write-downs to net realizable value of inventories in the amount of EUR 2.9 mn (01-06/2021: EUR 8.9 mn) were recognized in profit or loss. The provision for onerous procurement contracts for raw materials totaled EUR 16.5 mn at June 30, 2022 (December 31, 2021: EUR 21.2 mn).

Equity

The share capital and the number of zero par value shares did not change in the interim reporting period. No shares were repurchased. The Managing Board did not utilize the authorizations in place on or up to June 30, 2022 to increase share capital, issue convertible bonds or repurchase treasury shares during the interim reporting period.

By resolution of the Annual General Meeting on April 26, 2022, the Managing Board was again authorized, with the approval of the Supervisory Board, to acquire treasury shares in a volume of up to 10 percent of the share capital for a maximum period of 30 months from the date of the resolution. The same conditions apply as in the Annual General Meeting resolution of June 18, 2020 relating to the acquisition of treasury shares, which was revoked by the above resolution.

The dividend for the shareholders of Lenzing AG is as follows:

Dividends of Lenzing AG resolved and paid	Total	Number of shares	Dividend per share
	EUR mn		EUR
Dividend for the financial year 2021 resolved at the Annual Shareholders' Meeting on April 25, 2022 (payment as of May 03, 2022)	115.5	26,550,000	4.35
Dividend for the financial year 2020 resolved at the Annual Shareholders' Meeting on April 14, 2021	0.0	26,550,000	0.00

Deferred and current taxes

Income tax expense for the condensed interim consolidated financial statements is determined based on the best estimate of the average annual income tax rate expected for the full financial year in accordance with IAS 34. In addition, one-off effects which relate to the reporting date as at June 30, 2022 are taken into account, in particular estimates regarding the impairment of loss carryforwards, uncertain tax positions as well as temporary differences arising due to market measurements as at the reporting date. The ratio of the effective income tax expense to earnings before tax in the first half of 2022 was higher than the expected tax rate of 25 percent, in contrast to the first half of 2021. As in the prior-year period, reconciliation items arising from write-downs on tax assets (in particular from non-capitalized start-up losses) and from the translation of tax items from local to functional currency (in particular Indonesia, Brazil and Thailand) had the effect of increasing taxes. Offsetting this, as in the 2021 financial year, a tax-deductible distribution to hybrid capital holders reduces the effective tax rate. Further tax-reducing effects in the first half of 2021 included the utilization of loss carryforwards for which no asset was recognized, and in the first half of 2022 the adjustment of deferred taxes in Austria to the tax rates approved as part of the 2022 tax reform.

Trade payables

Reverse factoring agreements with suppliers of the Lenzing Group are in place as at June 30, 2022. Trade payables totaling 80.7 mn (December 31, 2021: EUR 126.7 mn) were affected by these agreements.

Provisions for pensions and similar obligations

In the first half of 2022, due to the significant increase in long-term interest rates in the Eurozone since December 31, 2021, the net liability of the defined benefit pension and severance plans in Austria was remeasured (interest rate on pensions 3.1 percent, previously 0.9 percent; interest rate on severance payments: 3.2 percent, previously 0.9 percent). The expense from the remeasurement in the 1-6/2022 period amounted to EUR 11.2 mn (after tax) and was recognized in other comprehensive income. In the first half of 2021, the net liability of the defined benefit pension and severance plans was not remeasured.

Note 5. Capital risk management

All capital requirements were satisfied in the interim reporting period. Unused credit facilities in the amount of EUR 241.2 mn were available for possible future financing requirements as at June 30, 2022 (December 31, 2021: EUR 454.5 mn).

Note 6. Disclosures on financial instruments

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities for each class and each IFRS 9 (Financial Instruments) category and reconciles this information to the appropriate line items on the statement of financial position. “Other receivables” (non-current and current) and “other liabilities” (non-current and current) as reported on the statement of financial position include financial instruments as well as non-financial assets and liabilities. Therefore the “no financial instrument” column allows for a complete reconciliation with the line items on the statement of financial position. This “no financial instrument” column also contains lease liabilities since they represent other financial liabilities which cannot be allocated to any IFRS 9 measurement category.

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

Financial assets as at 30/06/2022	Carrying amount: At amortized cost	Carrying amount: At fair value through profit or loss	Carrying amount: At fair value through other comprehensive income – Equity instruments	Carrying amount: At fair value through other comprehensive income – Cash flow hedges	Carrying amount: No financial instrument	Carrying amount: Total	Fair value: Fair value	Fair value: Fair value hierarchy
Originated loans	9.5					**9.5**	9.5	[1]
Non-current securities		6.2	14.0			**20.2**	20.2	Level 1
Other equity investments			0.0			**0.0**	0.0	Level 3
Current securities			16.3			**16.3**	16.3	Level 1
Financial assets	**9.5**	**6.2**	**30.3**	**0.0**	**0.0**	**46.1**	**46.1**	
Trade receivables	**335.7**	**0.0**	**0.0**	**0.0**	**0.0**	**335.7**	**335.7**	[1]
Derivatives with a positive fair value (cash flow hedges)				31.5		**31.5**	31.5	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		1.0				**1.0**	1.0	Level 2
Other	27.1	4.1			241.2	**272.4**	272.4	Level 3
Other assets (current and non-current)	**27.1**	**5.1**	**0.0**	**31.5**	**241.2**	**304.9**	**304.9**	
Cash and cash equivalents	**641.9**	**224.1**	**0.0**	**0.0**	**0.0**	**866.0**	**866.0**	[2]
Total	**1,014.2**	**235.5**	**30.3**	**31.5**	**241.2**	**1,552.8**	**1,552.8**	

Financial liabilities as at 30/06/2022	Carrying amount: At amortized cost	Carrying amount: At fair value through profit or loss	Carrying amount: At fair value through other comprehensive income – Cash flow hedges/Fair value hedges	Carrying amount: At fair value through other comprehensive income – Retained earnings	Carrying amount: No financial instrument	Carrying amount: Total	Fair value: Fair value	Fair value: Fair value hierarchy
Private placements	606.4					**606.4**	592.5	Level 3
Liabilities to banks	1,639.6					**1,639.6**	1,676.8	Level 3
Liabilities to other lenders	51.7					**51.7**	48.3	Level 3
Lease liabilities					76.8	**76.8**	76.8	[1]
Financial liabilities	**2,297.7**	**0.0**	**0.0**	**0.0**	**76.8**	**2,374.5**	**2,394.3**	
Trade payables	**387.2**	**0.0**	**0.0**	**0.0**	**0.0**	**387.2**	**387.2**	[1]
Provisions (current)	**0.0**	**0.0**	**0.0**	**0.0**	**33.5**	**33.5**	**33.5**	[1]
Puttable non-controlling interests	**0.0**	**0.0**	**0.0**	**298.9**	**0.0**	**298.9**	**298.9**	**Level 3**
Derivatives with a negative fair value (cash flow hedges)			8.4			**8.4**	8.4	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		13.4				**13.4**	13.4	Level 2
Other	75.0				112.5	**187.5**	187.5	[1]
Other liabilities (current and non-current)	**75.0**	**13.4**	**8.4**	**0.0**	**112.5**	**209.3**	**209.3**	
Total	**2,759.9**	**13.4**	**8.4**	**298.9**	**222.7**	**3,303.4**	**3,323.2**	

1) The carrying amount approximates fair value.
2) Cash and cash equivalents include money market funds. These money market funds are allocated to the category "at fair value through profit or loss" and are categorized in level 1 of the fair value hierarchy. The carrying amount of other cash and cash equivalents approximates fair value.

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

	Carrying amount						Fair value	
Financial assets as at 31/12/2021	**At amortized cost**	**At fair value through profit or loss**	**At fair value through other comprehensive income**		**No financial instrument**	**Total**	**Fair value**	**Fair value hierarchy**
			Equity instruments	**Cash flow hedges**				
Originated loans	11.7	0.6				**12.3**	12.3	[1]
Non-current securities		6.6	12.8			**19.4**	19.4	Level 1
Other equity investments			7.1			**7.1**	7.1	Level 3
Current securities			32.2			**32.2**	32.2	Level 1
Financial assets	**11.7**	**7.2**	**52.1**	**0.0**	**0.0**	**71.1**	**71.1**	
Trade receivables	**325.2**	**0.0**	**0.0**	**0.0**	**0.0**	**325.2**	**325.2**	[1]
Derivatives with a positive fair value (cash flow hedges)				1.8		**1.8**	1.8	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		0.1				**0.1**	0.1	Level 2
Other	13.5	4.1			191.9	**209.5**	209.5	Level 3
Other assets (current and non-current)	**13.5**	**4.2**	**0.0**	**1.8**	**191.9**	**211.4**	**211.4**	
Cash and cash equivalents	**769.8**	**343.5**	**0.0**	**0.0**	**0.0**	**1,113.3**	**1,113.3**	[2]
Total	**1,120.2**	**354.9**	**52.1**	**1.8**	**191.9**	**1,721.0**	**1,721.0**	

	Carrying amount						Fair value	
Financial liabilities as at 31/12/2021	**At amortized cost**	**At fair value through profit or loss**	**At fair value through other comprehensive income**		**No financial instrument**	**Total**	**Fair value**	**Fair value hierarchy**
			Cash flow hedges/Fair value hedges	**Retained earnings**				
Private placements	637.8					**637.8**	638.8	Level 3
Liabilities to banks	1,342.7					**1,342.7**	1,384.5	Level 3
Liabilities to other lenders	57.2					**57.2**	56.9	Level 3
Lease liabilities					63.5	**63.5**	63.5	[1]
Financial liabilities	**2,037.7**	**0.0**	**0.0**	**0.0**	**63.5**	**2,101.2**	**2,143.8**	
Trade payables	**414.8**	**0.0**	**0.0**	**0.0**	**0.0**	**414.8**	**414.8**	[1]
Provisions (current)	**0.0**	**0.0**	**0.0**	**0.0**	**39.1**	**39.1**	**39.1**	[1]
Puttable non-controlling interests	**0.0**	**0.0**	**0.0**	**234.4**	**0.0**	**234.4**	**234.4**	**Level 3**
Derivatives with a negative fair value (cash flow hedges)			22.6			**22.6**	22.6	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		5.8				**5.8**	5.8	Level 2
Other	40.4				118.3	**158.7**	158.7	[1]
Other liabilities (current and non-current)	**40.4**	**5.8**	**22.6**	**0.0**	**118.3**	**187.1**	**187.1**	
Total	**2,492.9**	**5.8**	**22.6**	**234.4**	**220.8**	**2,976.5**	**3,019.2**	

1) The carrying amount approximates fair value.
2) Cash and cash equivalents include money market funds. These money market funds are allocated to the category "at fair value through profit or loss" and are categorized in level 1 of the fair value hierarchy. The carrying amount of other cash and cash equivalents approximates fair value.

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

Cash and cash equivalents includes money market funds of EUR 224.1 mn (December 31, 2021: EUR 343.5 mn). When assessing the allocation of money market funds to cash equivalents, it is examined whether the fund meets the definition of cash equivalents. In particular, Lenzing AG determines whether regular and early redemption is possible and whether the credit risk and interest rate risk are low. Regarding credit risk, the credit standing of the fund itself and the instruments it contains are examined. The interest rate risk is analyzed in particular based on the Weighted Average Maturity (WAM) of the fund. Money market funds are allocated to the category “at fair value through profit or loss”. The fair value is derived from the latest calculated value. It is categorized in level 1 of the fair value hierarchy.

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

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

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

The fair value of purchased bonds is derived from the respective current market prices and fluctuates, in particular, with changes in market interest rates and the credit standing of the issuers. The fair value of shares is derived from the current stock exchange prices. These securities are assigned to the category “at fair value through other comprehensive income”.

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

The measurement of the investments is assigned to the “fair value through other comprehensive income” category. The fair value is to be categorized in level 3 of the fair value hierarchy. In the first half of 2022, the interest in LP Beteiligungs & Management GmbH, Lenzing, was divested at fair value.

The following tables show the development of the fair values of the equity investments and the associated derivatives of level 3:

Reconciliation of level 3 fair values of equity investments EUR mn

	2022	2021
As at 01/01	7.1	12.9
Financial assets measured at fair value through other comprehensive income (equity instruments) – net fair value gain/loss on remeasurement recognized during the year	0.6	(1.2)
Disposal through sale	(7.7)	0.0
Transfer to Level 1	0	(0.5)
As at 30/06	**0.0**	**11.2**

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

The determined fair value would increase (decrease) in particular if EBITDA increased (decreased). The determined fair value would decrease (increase) if the WACC after tax increased (decreased). The determined fair value would increase if the repayment were to be made for example two years earlier.

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

	2022	2021
As at 01/01	4.1	4.1
Gain/loss included in financial result	0.0	0.0
As at 30/06	**4.1**	**4.1**

A change in key input factors which cannot be observed on the market would have immaterial effects on other financial assets.

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

Puttable non-controlling interests

The Dexco-Group has a put option and has the right to sell its shares if a change of control occurs regarding the owner of the Lenzing Group (change of control clause). This obligation is recognized under liabilities from puttable non-controlling interests. Puttable non-controlling interests are allocated to the category “at fair value through other comprehensive income”. The fair value of these puttable non-controlling interests is determined based on the planned or projected cash flows less cost of disposal and net debt at the measurement date. The budget approved by the Management and Supervisory Boards and the medium-term plans are the starting point for the cash flow projections. After the detailed planning period of five years, a 25-year return based on a sustainable EBITDA margin is expected based on last year’s assumptions. The planning period for the calculation of fair value is contractually limited to a maximum of 30 years. Cash flows are discounted to their present value with a discounted cash flow method. The applied discount rate is calculated on an individual basis using the capital asset pricing model (CAPM) and represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. An after-tax WACC of 9.6 percent (December 31, 2021: 8.1 percent) was used at the measurement date. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market.

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

	2022	2021
As at 01/01	234.4	140.3
Measurement of puttable non-controlling interest recognized directly in equity	64.5	24.1
As at 30/06	**298.9**	**164.4**

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

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

	Measurement result offset against retained earnings			
	30/06/2022		30/06/2021	
Puttable non-controlling interests	Increase	Decrease	Increase	Decrease
EBITDA (+/- 1%)	9.1	(9.1)	8.2	(8.2)
Discount rate (WACC) after tax (+/- 0.25%)	(16.3)	16.9	(13.9)	14.5

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

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

Derivative financial instruments and hedges

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

Compared with the information of the latest Annual Financial Report as at December 31, 2021, there were no changes that had a material impact on the half-year financial statements with regard to hedging currency risk arising from the operating business and hedging cross-currency interest rate risks arising from private placements in foreign currencies. A detailed explanation is provided in the Annual Financial Report of the Lenzing Group as at December 31, 2021 (see note 37 there).

Cash flow hedges were concluded to hedge the currency risk related to the highly probably acquisition of additional shares in a subsidiary. With the recognition of the forward foreign exchange contracts, the amounts of the value changes, which were initially recognized in other comprehensive income, are reclassified to the foreign currency translation reserve. As at June 30, 2022, EUR 1.5 mn (December 31, 2021: EUR 0.9 mn) were reclassified to the foreign currency translation reserve.

In addition to physical purchase contracts, derivative financial instruments are utilized within the Lenzing Group in order to hedge against gas price risks. These hedges were arranged in the first half of 2022 and serve to offset the variability of cash flows from future gas price payments resulting from the hedged item.

The nominal amounts of cash flow hedge derivatives as of June 30, 2022 amount to 66,240 MWH (December 31, 2021: 0 MWH). The fair value of the hedging derivatives as of June 30, 2022 amounts to EUR 3.3 mn (December 31, 2021: EUR 0 thousand).

The change in fair value used to calculate the ineffectiveness amounts to EUR 3.3 mn. The ineffective portion as June 30, 2022 amounts to EUR 0.0 million. The average hedge rate over the term is EUR 95.60. The hedge expires in September 2022.

Disclosures on Related Parties and Executive Bodies

Note 7. Related party disclosures

Contractual obligations resulted in the payment or advance payment of tax allocations totaling EUR 5.3 mn to the head of the tax group in the interim reporting period (01-06/2021: EUR 3.8 mn). Moreover, the receivable recognized as at December 31, 2021 for the tax allocation to the head of the tax group was essentially adjusted as at June 30, 2022 for the estimated income tax expense based on the results for the interim reporting period.

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

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

	01-06/2022	01-06/2021
Goods and services provided	37.2	27.0
Goods and services received	1.3	0.4
	30/06/2022	**31/12/2021**
Receivables	14.4	13.5
Liabilities	10.4	20.2

Note 8. Executive bodies

Mr. Stephan Sielaff was appointed Chairman of the Managing Board (Chief Executive Officer) with effect as of April 1, 2022. Mr. Thomas Obendrauf has not extended his contract as Chief Financial Officer beyond May 31, 2022. Mr. Stephan Sielaff will assume the responsibilities of the CFO ad interim.

At the end of the Annual General Meeting on April 26, 2022, Mr. Peter Edelmann stepped down from the Supervisory Board at his own request. At the subsequent constitutive Supervisory Board meeting, Mr. Cord Prinzhorn, who had returned to the Supervisory Board after serving as CEO on an interim basis, was elected Chairman of the Supervisory Board, and Dr. Stefan Fida was re-elected to be Deputy Chairman of the Supervisory Board of Lenzing AG.

Otherwise the composition of the Managing Board and the Supervisory Board has not changed in comparison with December 31, 2021.

Other Disclosures

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

The Lenzing Group has entered into contingent liabilities of EUR 6.6 mn (December 31, 2021: EUR 4.9 mn), above all to secure claims related to the sale of certain equity investments and claims by suppliers, for possible default of payment on sold receivables and for claims by third parties outside the Group. Less important contingencies involve granted retentions. The reported amounts represent the maximum payment obligation from the viewpoint of the Lenzing Group, and there is only a limited potential for recoveries in connection with obligations and liabilities relating to the claims of certain sold equity investments.

The Lenzing Group provides committed credit lines of EUR 4.2 mn (December 31, 2021: EUR 5.4 mn) to third parties. These credit lines were not in use as at June 30, 2022.

Bank guarantees of EUR 11.6 mn (December 31, 2021: EUR 51.7 mn) are in place for future equity injections of Lenzing AG for LD Celulose S.A. in the years 2021 to 2022. These bank guarantees were not drawn as at June 30, 2022.

The obligations from outstanding orders for intangible assets and property, plant and equipment amounted to EUR 174.5 mn as at June 30, 2022 (December 31, 2021: EUR 248.1 mn). The Lenzing Group has long-term purchase obligations related to raw material supplies, in particular for wood, chemicals and energy.

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

The Lenzing Group is not aware of any significant events occurring after the reporting date on June 30, 2022 which would have resulted in a different presentation of its financial position and financial performance.

Lenzing, July 29, 2022
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer and
Chief Financial Officer a.i.

Robert van de Kerkhof
Chief Commercial Officer Fiber

Christian Skilich
Chief Pulp Officer

Declaration of the Managing Board

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

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

Lenzing, July 29, 2022
Lenzing Aktiengesellschaft

The Managing Board

Stephan Sielaff
Chief Executive Officer and
Chief Financial Officer a.i.

Robert van de Kerkhof
Chief Commercial Officer Fiber

Christian Skilich
Chief Pulp Officer

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, for the period from January 1, 2022 to June 30, 2022. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as of June 30, 2022 and the consolidated income statement, (consolidated) statement of comprehensive income, the condensed consolidated statement of cash flows and consolidated statement of changes in equity for the period from January 1, 2022 to June 30, 2022 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

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

Our responsibility is to express a conclusion on this interim financial information based on our review. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

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

Conclusion

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

Statement on the consolidated interim management report for the 6 month period ended June 30, 2022 and on management's statement in accordance with § 125 Austrian Stock Exchange Act (BörseG)

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

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

Linz, July 29, 2022

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gabriele Lehner

Austrian Chartered Accountant

Note: The condensed interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB. This report is a translation of the original report in German, which is solely valid.

Financial Glossary

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

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

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

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

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

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

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

EBITDA margin
EBITDA as a percent of revenue.

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

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

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

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

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

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

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

Liquid funds
Cash and cash equivalents plus current securities.

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

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

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

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

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

Post-employment benefits
Provisions for pensions and severance payments.

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

Trading working capital
Inventories plus trade receivables less trade payables.

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

Working capital

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

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Note:
This English translation of the condensed interim report was prepared for the company´s convenience only. It is a non-binding translation of the German condensed interim report. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This condensed interim group report also contains forward-looking statements based on current assessment and assumptions made by Lenzing Group to the best of its knowledge. Statements using the words “should”, “may”, “will”, “expected”, “intended”, “assume”, “suppose”, “estimate”, “plan”, “anticipate”, “is of the opinion”, “to my knowledge”, “in my estimation” or similar formulations indicate such forward-looking statements. The forecasts relating to the future development of the Lenzing Group are estimates based on the information available at the time of this condensed interim group report going to print.

If the assumptions on which the forecasts are based do not occur or risks arise at a level that was not anticipated, actual results may deviate from forecasts.

Rounding differences can occur when adding up rounded amounts and percentages. The condensed interim group report was prepared with the utmost care to ensure the accuracy and completeness of information in all sections. Nonetheless, errors due to rounding, typesetting and printing cannot be completely ruled out.