Lenzing
Innovative by nature

Report of the Management Board
of
Lenzing Aktiengesellschaft
Commercial Register No. (“FN“) 96499 k
pursuant to sec 170 para 2 and 153 para 4 of the Austrian Stock Corporation Act
(Authorization to exclude subscription rights in the case of capital increase from authorized capital)
Item 8. of the agenda of the 79th Annual General Meeting

At the 79th Annual General Meeting of Lenzing Aktiengesellschaft, FN 96499 k, with its registered office in Lenzing (the "Company"), to be held on 19 April 2023, the Management Board of the Company shall be authorized for a period of five years from the date on which the amendment to the articles of incorporation is entered in the commercial register to increase, with the approval by the Supervisory Board, the Company's share capital by up to EUR 13,787,034.68 against cash or contribution kind, in one or several tranches, by issuing up to 13,274,999 new no-par value bearer or registered shares and to determine the issue price and further conditions of issue.

The statutory subscription right can be granted to shareholders in such a way that the capital increase is taken over by a bank or a consortium of banks with the obligation to offer it to shareholders in accordance with their subscription right (indirect subscription right).

The Management Board shall further be authorized, with the approval by the Supervisory Board, to exclude shareholders' subscription rights in the event of a capital increase from authorized capital in whole or in part (i) if the capital increase is carried out against contributions in kind for the purpose of acquiring companies, parts of companies, operations, parts of operations, equity interests in companies or other assets relating to an acquisition project, (ii) to service an over-allotment option (greenshoe) or (iii) for the compensation of fractional amounts.

The Supervisory Board shall be authorized to resolve on amendments to the articles of incorporation resulting from the issue of shares from authorized capital.

In accordance with statutory provisions, the Company's Management Board, pursuant to sec 170 para 2 in conjunction with sec 153 para 4 of the Austrian Stock Corporation Act, makes the following

REPORT:

1. Already at the Annual General Meeting on 12 April 2018, the Management Board of the Company was authorized to increase the Company's capital by issuing new shares against cash or contributions in kind (authorized capital) for a period of five years from the date on which the amendment to the articles of incorporation was entered into the commercial register. To date, no use has been made of this authorization.

2. Lenzing AG should continue to take advantage of its market opportunities and expand its leading market position through investments and acquisitions. In order to finance the growth course, the Management Board should also be able to raise equity capital through an additional option. For this reason, the Management Board should be authorized for a further time, with the consent by the Supervisory Board, to increase the Company's share capital by the maximum amount as permitted under securities laws of EUR 13,787,034.68 by issuing up to 13,274,999 new no-par value bearer or registered shares with a maximum term of five years

from the date of registration of the amendment to the articles of incorporation, while simultaneously cancelling the previous authorization.

3. In accordance with sec 170 para 1 Austrian Stock Corporation Act in conjunction with sec 153 Austrian Stock Corporation Act, the shareholders have a statutory subscription right to shares issued as part of a capital increase from authorized capital to the extent of their existing participation.

4. The authorization of the Management Board to be resolved at the 79th Annual General Meeting now provides that the subscription right of shareholders may be excluded in whole or in part with the consent of the Supervisory Board if the capital increase is carried out (i) against contributions in kind for the purpose of acquiring companies, parts of companies, operations, parts of operations, participations in companies or other assets relating to an acquisition project, (ii) to service an over-allotment option (greenshoe) or (iii) to compensate for fractional amounts.

5. The exclusion of subscription rights in these cases is objectively justified and generally recognized as grounds for exclusion:

   5.1. The authorization of the Management Board, with the consent by the Supervisory Board, to exclude the subscription right in whole or in part against contributions in kind for the purpose of acquiring companies, parts of companies, operations, parts of operations, participations in companies or other assets related to an acquisition project is intended to allow Lenzing AG to use own shares as "transaction currency" in these cases instead of a cash purchase price.

   The Company regularly finds opportunities to acquire suitable acquisition objects. Under certain circumstances, owners of attractive investment and acquisition objects may only be prepared to sell their companies if they receive Lenzing shares exclusively or in part as consideration.

   The use of own shares as "transaction currency" is also advantageous for the Company because the financing requirements for acquisitions can be reduced and the use of own shares as "transaction currency" can preserve the existing liquid funds for the Company and also the shareholders.

   The exclusion of subscription rights is also proportionate because the Company regularly has an interest in acquiring the relevant company. The interests of the shareholders are safeguarded by the fact that shares are granted in proportion to the company value.

   5.2. The authorization of the Management Board, with the consent by the Supervisory Board, to exclude the subscription right in whole or in part to service an over-allotment option (greenshoe), is intended to allow the Company to satisfy a demand exceeding the initial volume by issuing additional shares in the event of a capital increase. This is intended to stabilize the share price and avoid excessively large price fluctuations following a capital increase.

   5.3. The authorization of the Management Board shall also include the right, with the consent by the Supervisory Board, to exclude shareholders' subscription rights for the settlement of arithmetical fractional amounts. Depending on the extent of the authorized capital actually utilized, this may lead to unfavorable subscription conditions, which tend to make it more difficult for shareholders, especially those with little interest, to exercise their subscription rights. The possibility of determining a practicable subscription ratio facilitates the technical implementation of a capital increase. Since the emergence of such fractional amounts tends to impede the exercise of their subscription rights, especially for investors with only a small interest, such partial exclusion of subscription rights to avoid the formation of fractional amounts is typically in the interest of minority shareholders and is therefore generally permissible. The new shares, which are excluded from the shareholders' subscription rights as fractional shares, will be sold on the stock exchange or in any other way for the best interests of the Company. Within the scope of the utilization of the authorization to be resolved, however, the Management Board of the Company will make sure that the occurrence of fractional amounts is avoided as far as possible when determining the subscription ratio.

6. The interests of the Company and its shareholders are safeguarded in particular by the fact that the Management Board is bound by the prior consent of the Supervisory Board in excluding subscription rights and determining the conditions for issuing shares.

7. The Management Board will only use the authorization to exclude shareholders' subscription rights and to determine the issuing conditions if the requirements described above and all legal requirements are met. The Management Board will also comply with the disclosure and announcement obligations under stock exchange law and stock corporation law.

Vienna, March 2023

Management Board