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## Lenzing update on Hygiene Austria

- Quality of the delivered masks checked and assured
- Certification granted following audit
- Top management replaced
- New call for tenders to provide personnel services
- Lenzing is transferring its shareholding to Palmers to ensure continuity

Lenzing – Over the past four weeks, Lenzing AG has worked intensively together with Palmers Textil AG to address the allegations concerning Hygiene Austria LP GmbH. Lenzing concluded that measures had to be taken immediately in light of the state of its public image. The following steps have been or will be taken in cooperation with Palmers Textil AG:

1. There is no longer any doubt about the excellent quality of the masks: The masks manufactured in Austria as well as those from China have been examined once again and judged to be technically flawless in every respect.
2. CE certification has been secured: In another audit carried out by the Hungarian test center Gépteszt on March 25, 2021, the quality of the production and the type examination was confirmed once again. This means that the future certification of the FFP2 masks produced by Hygiene Austria is ensured by the CE mark.
3. The managing director positions have been filled with new people: Effective April 2, 2021, two experienced, external executives, namely Claudia Witzemann and Michael Schleiss, have been appointed to serve as the new managing directors of Hygiene Austria.
4. A new tendering procedure for providing personnel services will be held without delay: The new top management will be able to rely on temporary workers that meet the highest quality demands.
5. Lenzing and Palmers have agreed that the principle underlying the founding of Hygiene Austria – to establish an excellent company to supply protective masks for Austria – must be upheld as quickly as possible and in a way that is also sustainable.

6. Along with the performance specifications needed to ensure the sound and continuing existence of the company as a going concern, the two shareholders have agreed that Lenzing's stake in Hygiene Austria will be transferred to Palmers. Lenzing will waive its right to a suitable purchase price for the time being in order to ensure the continued existence of Hygiene Austria in line with its founding principle. In turn, this should enable Palmers to provide further funding to the company.

"Following several extremely intense weeks, I am pleased to report that we have pinpointed the primary deficiencies and have made every effort to deal with them in cooperation with Palmers. Accordingly, we have put in place a framework for consistently professional management, outstanding quality assurance, and good working conditions", said Stephan Sielaff, member of the Managing Board of Lenzing AG who was charged by the Supervisory Board to review and deal with the events related to Hygiene Austria.

Lenzing stands for strong values and an internationally recognized process and governance system. However, mistakes were made in implementing the business idea of Hygiene Austria. The Managing Board of Lenzing AG will draw the necessary lessons for the future in consultation with the Supervisory Board. For example, a comprehensive investment management system will also be established for small projects.

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### About the Lenzing Group

The Lenzing Group stands for ecologically responsible production of specialty fibers made from the renewable raw material wood. As an innovation leader, Lenzing is a partner of global textile and nonwoven manufacturers and drives many new technological developments.

The Lenzing Group's high-quality fibers form the basis for a variety of textile applications ranging from elegant ladies clothing to versatile denims and high-performance sports clothing. Due to their consistent high quality, their biodegradability and compostability Lenzing fibers are also highly suitable for hygiene products and agricultural applications.

The business model of the Lenzing Group goes far beyond that of a traditional fiber producer. Together with its customers and partners, Lenzing develops innovative products along the value chain, creating added value for consumers. The Lenzing Group strives for the efficient utilization and processing of all raw materials and offers solutions to help redirect the textile sector towards a closed-loop economy. In order to reduce the speed of global warming and to accomplish the targets of the Paris Climate Agreement and the "Green Deal" of the EU Commission, Lenzing has a clear vision: namely to make a zero-carbon future come true.

### Key Facts & Figures Lenzing Group 2020

Revenue: EUR 1.63 bn

Nameplate capacity: 1,045,000 tons

Employees: 7,358

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