

# Remuneration Report of the Lenzing Group

## Market environment and business trends

The long-awaited recovery in demand and prices in the textile and clothing industry largely failed to materialize. According to a global survey conducted by the International Textile Manufacturers Federation<sup>1</sup>, satisfaction with the business situation continued to decrease in the second half of 2023, contrary to expectations, and touched a new low in November 2023. A slight improvement in the business situation was evident in January 2024. The continued increase in raw material and energy costs on the one hand and very subdued demand on the other had a negative impact on the Lenzing Group's business trends in 2023, as well as on the overall sector.

Revenue in the reporting year decreased by 1.7 percent year-on-year to EUR 2.52 bn. This reduction was primarily due to lower fiber revenues, while pulp revenues were up. The operating earnings trend was mainly influenced by the market environment. Earnings before interest, tax, depreciation, and amortization (EBITDA) rose by 25.4 percent year-on-year to EUR 303.3 mn in the reporting year.

The operating result (EBIT) amounted to minus EUR 476.4 mn (compared with EUR 16.5 mn in 2022) due to impairment losses of EUR 464.9 mn. The recognition of impairment losses arises from the ongoing uncertainties in the economic environment, continued higher raw material and energy costs, as well as higher discount rates due to the change in the interest rate environment. The impairment losses were not cash-effective, but had an impact on EBIT in 2023.

As early as the end of 2022, Lenzing successfully implemented a reorganization and cost reduction program with a volume in excess of EUR 70 mn. At the same time, the balance sheet and liquidity positions were significantly strengthened through the successful capital increase in a volume of around EUR 400 mn and the extension of debt terms in a volume of around EUR 250 mn in the reporting year.

Building on this, the Managing Board is currently implementing a comprehensive performance program with the overriding objective of achieving significantly enhanced long-term resilience to crises and greater agility in the face of market changes. The program initiatives are aimed primarily at an improvement in EBITDA and free cash flow generation through stronger revenue and margin growth, and sustainable cost excellence. In addition to the significantly positive revenue effects, the Managing Board expects annual cost savings of more than EUR 100 mn, of which around 50 percent will be effective from the current financial year onwards.

## Remuneration Policy and Remuneration Report

The Remuneration Report provides a comprehensive overview of the remuneration owing or granted to current or former members of the Managing and Supervisory boards, including all types of benefits during the past financial year. The statutory requirements of the Austrian Stock Corporation Act (Section 78c et seq. AktG) form the related legal basis.

The principles that are applied to determine the remuneration of the Managing and Supervisory boards of Lenzing Aktiengesellschaft (Lenzing AG) are defined in the Remuneration Policy of Lenzing AG. The remuneration system implements the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance (ACCG). The primary aim of the Remuneration Policy is to promote the long-term and sustainable development of the company's business. The Remuneration Policy was first approved by the Annual General Meeting on June 18, 2020.

The remuneration system for members of the Managing Board of Lenzing AG that was applied for the 2023 financial year was presented as an updated version at the Annual General Meeting on April 26, 2022, and approved by a majority of 74.35 percent.

The Remuneration Report for 2022 was submitted to be voted upon by the shareholders' Annual General Meeting on April 19, 2023, and was approved by a majority of 75.62 percent.

## Remuneration of the Managing Board

### Principles of remuneration of members of the Managing Board

The Supervisory Board's Remuneration Committee is responsible for preparing, regularly revising, and controlling the implementation of the Remuneration Policy for the Managing Board. The final determination of the Remuneration Policy is the responsibility of the entire Supervisory Board. If required, this committee and/or the Supervisory Board are supported by an external remuneration advisor. To avoid conflicts of interest, it is ensured that any advisor that is consulted does not also advise the Managing Board on remuneration issues.

The Managing Board members' tasks and activities, the company's situation as well as standard remuneration levels are taken into consideration when determining the remuneration of the Managing Board. The Managing Board members' professional experience and responsibilities as well as the scope and complexity of their work are taken into consideration. A horizontal remuneration comparison to other Austrian and German industrial companies ensures that the Managing Board remuneration is competitive and in line

<sup>1</sup> Source: ITMF, 24<sup>th</sup> Global Textile Industry Survey, January 2024

with the market, and that it will attract, motivate and retain the most qualified Managing Board members for the company. In addition, the remuneration and employment condition of the company's employees are taken into consideration in order to establish the relationship of Managing Board remuneration to the company's remuneration structure.

Managing Board members are employed on local Austrian terms and conditions. For this reason, remuneration components are determined in euros (gross). The Managing Board members' employment contracts are concluded with Lenzing AG and are subject to Austrian law.

## Components and structure of remuneration

The Managing Board members' remuneration comprises both performance-unrelated and performance-based components, which are as follows:

### Overview of remuneration components

Remuneration components	Description of major parameters
<b>Performance-unrelated remuneration</b>	
Basic remuneration	Fixed salary at a competitive level taking into consideration individual Managing Board members' responsibilities and performance
Remuneration in kind and other benefits	Company car, insurance premiums
Pension contributions	Defined pensions are paid via an external pension fund
<b>Performance-based remuneration</b>	
Short-term variable performance bonus (Short-Term Incentive, STI)	<p>Performance assessment based on financial and non-financial criteria over a one-year assessment period</p> <ul style="list-style-type: none"> <li>Financial criteria: consolidated EBITDA, consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG</li> <li>Non-financial targets: overall performance and individual performance (modifier of +/- 20 %)</li> </ul> <p>Cap: 150 % of the target value bonus</p>
Long-term variable performance bonus (Long-Term Incentive, LTI)	<p>Performance assessment based on financial and non-financial criteria over an assessment period of several years</p> <ul style="list-style-type: none"> <li>Financial criteria: consolidated ROCE, the share of net profit/loss for the year attributable to Lenzing AG shareholders, and relative TSR</li> <li>Non-financial criteria: sustainability targets</li> </ul> <p>Cap: 200 % of the target value bonus</p>
Special grants and bonuses	May be granted in the case of extraordinary achievements that have a future-oriented benefit for the company, as well as sign-on and retention bonuses

The components of the target remuneration (excluding remuneration in kind and other benefits, pension contributions and any special grants or bonuses) account for the following percentages:

Remuneration components as a percentage of target remuneration	Chairperson of the Managing Board	Member of the Managing Board
Base salary	35-45 %	35-55 %
STI	15-30 %	20-35 %
LTI	30-50 %	20-35 %

The relative percentages of the existing contracts with Managing Board members lie within above-stated ranges. At the same time, they serve as a benchmark for the conclusion of future contracts with Managing Board members. Information about the absolute amounts of remuneration components is presented in the Corporate Governance Report or in the company's Remuneration Reports after the Annual General Meeting for the 2020 financial year.

The long-term variable performance bonus promotes medium- to long-term value enhancement as well as the successful implementation of the Group strategy, including the sustainability strategy, of Lenzing AG. In addition, the LTI also takes into consideration the relative total shareholder return (TSR), in other words, the shareholder return from the share price performance and the dividend in relation to selected companies of the ATX Prime and MDAX. This serves the purpose of aligning the targets of the Managing Board members with the interests of shareholders and stakeholders.

As a consequence of taking the relative TSR into consideration, Managing Board members are granted share-based remuneration. In other respects, the focus of variable remuneration components is to be placed more on internal performance indicators relating to the company's financial results and sustainability indicators. The reason for this is that the stock market price of the company's shares is sometimes significantly affected by exogenous factors such as interest rates trends as well as bull and bear phases in the capital market, and for this reason has only limited use as a benchmark for assessing the Managing Board's performance.

With regard to C-Rule 27 of the Austrian Code of Corporate Governance, the Remuneration Policy makes provision whereby that the company may reclaim variable remuneration components if it transpires that they were paid on the basis of evidently false data (claw back).

### Base salary

The base salary consists of a fixed annual salary which is paid out in 14 equal installments. These payments cover all overtime, traveling time and all work performed in excess of normal working hours applying to the company's employees. This also includes directorships held at Group companies.

The base salary is a fixed competitive payment that incentivizes Managing Board members to act for the company's benefit in accordance with shareholder interests, employee interests and the public interest.

## Short-term variable performance bonus (Short-Term Incentive; STI)

The STI is based on the company's performance in the respective past financial year and depends on the financial targets of consolidated EBITDA, consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG as well as non-financial criteria.

### Overview of STI performance criteria

Performance criterion	Financial			Non-financial
	EBITDA (absolute)	Return on capital employed (ROCE)	Share of net profit/loss for the year attributable to shareholders of Lenzing AG	Multiple ("modifier")
Weighting	40 %	30 %	30 %	0.8-1.2

The Supervisory Board's Remuneration Committee defines the target levels as well as the upper and lower limits for financial performance criteria for the assessment period (the current financial year), which apply to all Managing Board members equally, by January 31 of the financial year in question. The target may be defined by following the approved budget for the relevant year, among other methods. The actual target achievement rates are then being calculated on the basis of the audited IFRS consolidated financial statements after the end of the respective financial year.

### Overview of the STI entitlement calculation



In the case of extraordinary performance that is not reflected in the financial criteria, the Remuneration Committee may increase the bonus that derives from the achievement of the financial performance criteria by a maximum of 20 percent by applying a modifier or may reduce the same by a maximum of 20 percent if performance lies below expectations. Normally, a modifier of 1.0 is applied. The basis for assessing non-financial performance is, firstly, the collective performance of the entire Managing Board and, secondly, the individual performance of each Managing Board member. This may, for example, include the achievement of important strategic corporate goals and the realization of key projects.

The level of the STI target bonus is defined individually for each Managing Board member in his or her employment contract. The STI bonus is limited to 150 percent of the target value bonus and cannot be exceeded, including by applying the modifier. The amount of the payment is calculated by June 30 of the financial year following the end of the assessment period and is then paid out in seven equal installments in the months July to December (including a special payment in December).

### Financial performance criteria – STI

Performance	Target achievement rate
Upper limit	150 %
Target value	100 %
Lower limit	50 %
Lower limit not reached	0 %

If exactly the lower limit is achieved for the respective financial performance criterion, the target achievement level amounts to 50 percent. If the upper limit is reached or exceeded, the target achievement rate is 150 percent (cap). Intervening target achievement rates are distributed on a linear basis (linear interpolation). If the lower limit is not reached, the target achievement rate is 0 percent. As a consequence, the bonus share for the relevant performance criterion and the short-term variable performance bonus (STI) as a whole may be omitted completely.

The inclusion of three financial and one non-financial target key performance indicators in the assessment ensures a comprehensive and balanced assessment of the Managing Board members' performance. The financial target key performance indicators take into consideration trends in both profitability and returns on capital. By using consolidated EBITDA with a weighting of 40 % the focus is on the trend in profitability. In addition, consolidated ROCE with a weighting of 30 percent takes into consideration the efficiency of capital employment. The appropriation of the share of the net profit/loss for the year attributable to the shareholders of Lenzing AG has the effect of aligning the remuneration with the interests of the shareholders of Lenzing AG.

Under special circumstances (in particular in a period of corporate restructuring) the Supervisory Board's Remuneration Committee may replace the financial performance criteria by alternative performance criteria, such as free cash flow as well as the EBITDA or EBIT margin, by January 31 of the current financial year. The weighting of the criteria may also be adjusted in the course of such a change. This is intended to enable the management to focus on generating free cash flows in critical phases in compliance with profitability trends.

## Long-term variable performance bonus (Long-Term Incentive; LTI)

The LTI is a performance-based remuneration component with an assessment period of several years which is intended to achieve a long-term incentive effect. The LTI is granted on a rolling basis, i.e. in annual tranches with assessment periods of three years each. For this purpose, financial performance criteria, namely the share of net profit/loss attributable for the year to shareholders of Lenzing AG, consolidated ROCE and the company's capital market performance in relation to selected peer companies (relative TSR), and non-financial sustainability criteria are applied.

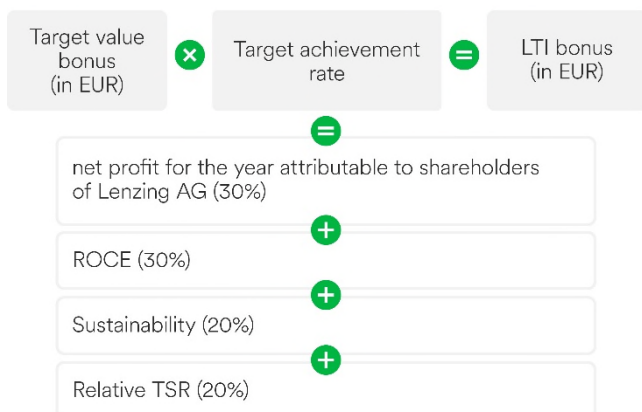
### Overview of LTI performance criteria

Performance criterion	Financial			Non-financial
	Share of net profit/loss for the year attributable to shareholders of Lenzing AG	Return on capital employed (ROCE)	Relative total shareholder return (TSR)	Sustainability criteria (ESG KPIs)
Weighting	30 %	30 %	20 %	20 %

The Supervisory Board's Remuneration Committee defines the target values as well as the upper and lower limits for the financial LTI performance criteria for the assessment period (mean of the next three financial years), which applies to all Managing Board members, by January 31 of the financial year in question.

Starting from January 2022, the relevant ESG KPIs, assessment criteria and specific targets for sustainability criteria are to be defined by January 31 of the respective financial year.

### Overview of the LTI entitlement calculation



Incentivizing Managing Board members in a uniform manner simplifies the integration of newly appointed Managing Board members, thereby serving the company's sustainable performance. When defining LTI targets, recourse is made to both internal sources such as corporate planning and, where appropriate, external sources such as analysts' estimates and historical peer performance. This is intended to create a target that is ambitious in comparison to competitors, thereby supporting the long-term competitiveness of Lenzing AG. The level of target achievement is then determined on the basis of the audited IFRS consolidated financial statements and of the sustainability reporting or, where applicable, the corresponding external ESG ratings for the financial years of the assessment period. In contrast to the STI, the LTI target achievement rate amounts to 200 percent (CAP) when reaching the upper limit.

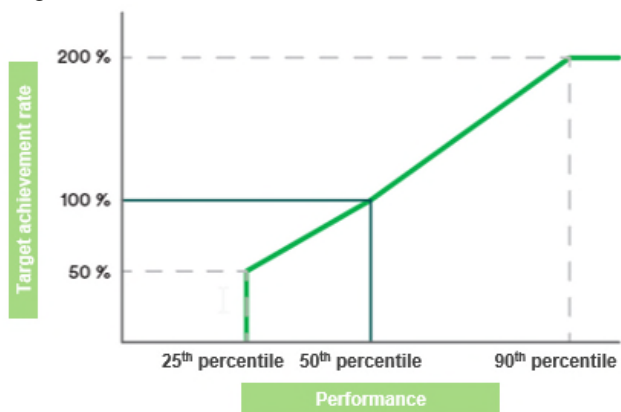
### Target achievement rates – LTI

Performance	Target achievement rate
Upper limit	200 %
Target value	100 %
Lower limit	50 %
Lower limit not reached	0 %

Accordingly, the bonus share for the relevant performance criterion and the long-term variable performance bonus as a whole may be omitted entirely.

To assess the target achievement rate of the relative TSR, the TSR performance of Lenzing AG is compared with the performance of all ATX Prime and MDAX companies (in each case excluding banks, insurance companies and real estate companies). If the TSR of Lenzing AG equals the 50th percentile (median) of the peer group, the target achievement rate amounts to 100 percent. The 25th percentile is defined as the lower limit with a target achievement rate of 50 percent and the 90th percentile is defined as the upper limit with a target achievement rate of 200 percent. If the TSR of Lenzing AG lies below the 25th percentile, the degree of target achievement amounts to 0 percent. Between the 25th and 50th percentiles as well as the 50th and 90th percentiles, the TSR target achievement levels are distributed on a straight-line basis (linear interpolation).


## Target achievement curve – relative TSR



In addition to the relative TSR, the use of the consolidated ROCE and the share of net profit/loss for the year attributable to Lenzing AG shareholders takes into consideration both profitability and the earnings trend in the long-term variable performance bonus. While the consolidated ROCE focuses efficient long-term capital employment, the share of net profit/loss for the year attributable to the shareholders of Lenzing AG has the effect of aligning remuneration with the shareholders’ interests. The target levels and upper and lower limits for the consolidated ROCE and the share of net profit/loss for the year attributable to shareholders of Lenzing AG are generally not identical for the short-term and long-term performance bonus. By using the consolidated ROCE in both remuneration components the focus is on efficient capital employment.


Owing to the increasing significance of the topic of sustainability for all businesses and in particular also for Lenzing AG, from the 2022 LTI tranche onwards two to five sustainability targets are to be defined according to the following list of criteria:

List of Criteria




**Environment**

- Climate Targets
- Efficient use of resources
- Innovative processes
- Innovative products
- Broadening of raw material base
- ...



**Social**

- Attractiveness as employer
- Business culture
- Customer satisfaction
- Occupational health and safety
- Supplier relations
- ...



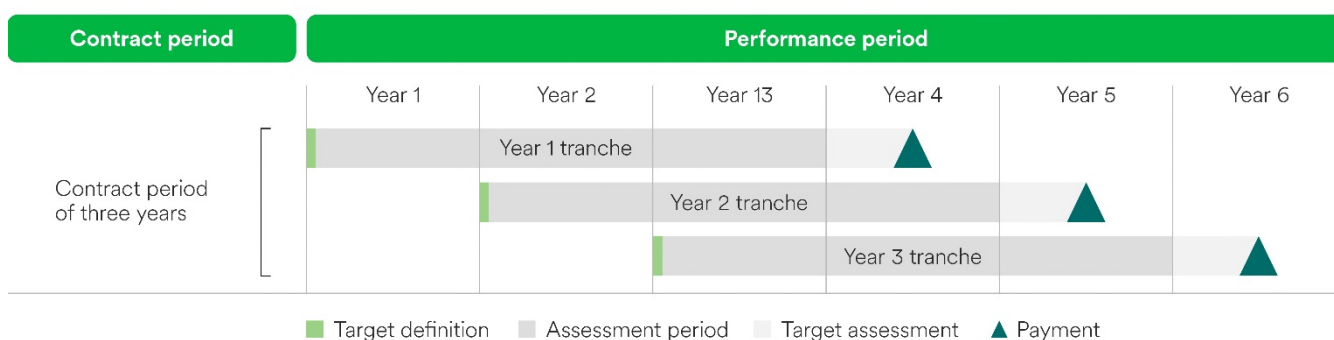
**Governance**

- Compliance
- Human rights
- Data security
- Governance structures
- Reporting
- Diversity
- ...

Positioning in external ESG-Ratings

The sustainability targets can thereby be adjusted to the business environment of Lenzing AG, and different emphasis can be set for each financial year. The LTI is granted in yearly tranches with three-year assessment periods. Here, the target values and the upper and lower limits for the three financial performance criteria always refer to the mean of the three years of the assessment period. An LTI target bonus applies to each tranche, whose amount is defined for each Managing Board member individually in his or her employment contract.

The tranche model used for the LTI is intended to promote the company’s long-term strategic development. When defining the LTI, this model also reflects the company’s performance after the end of the term of office of a Managing Board member. This incentivizes Managing Board members to continue to hold long-term investments in the company at the end of their terms of office. This also helps to offset the effects of cyclical earnings fluctuations on the LTI.



The payment amount of the LTI tranche is to be calculated by June 30 of the financial year following the end of the assessment period for an LTI tranche, and is then paid in seven equal installments in the months July to December (including a special payment in December). If Managing Board members resign from their role before the end of the term for which they were appointed, or if they are dismissed for an exceptional reason as defined in Section 75 AktG, all claims to LTI payments for all LTI tranches for which the assessment period has not yet expired are forfeited.

### Special grants and bonuses

The Remuneration Committee reserves the right to grant special bonuses for special work or achievements in addition to the aforementioned variable performance bonuses, provided that the company has derived a future-oriented benefit from such special work or achievements. Special bonuses are intended to motivate Managing Board members to manage the company on a sustainable and long-term basis.

The granting of sign-on bonuses and retention bonuses to Managing Board members is permitted. This may be necessary to attract top qualified Managing Board members and to retain them for the company.

### Pension fund

Lenzing AG pays contributions into an external pension fund for the Managing Board members it employs. The level of such payments is defined individually for each Managing Board member in his or her employment contract and amounts to between 4 percent and 15 percent of the annual basic salary. Normally, no early retirement schemes apply.

### Remuneration in kind and other benefits

The company has taken out a directors and officers (D&O) insurance policy, accident insurance and any other insurance necessary for Managing Board members' activities, such as a legal expenses insurance and foreign travel health insurance, the costs of which are borne by the company. The company may provide Managing Board members with a company car. In addition, Managing Board members may be reimbursed reasonable business expenses incurred in connection with their work as a Managing Board member, as well as travel expenses. Managing Board members have health, pension, and accident insurance cover with an Austrian social security institution. The costs of social security contributions are divided between Managing Board members and the company according to the statutory key, and the company pays a statutory contribution to a severance payment and pension fund. In the case

of the death of a Managing Board member, the company may grant the widow or the children of the deceased a death benefit.

### Derogation from the Remuneration Policy in extraordinary circumstances

In extraordinary circumstances, the Remuneration Committee or the Supervisory Board may temporarily derogate from this Remuneration Policy in accordance with Section 78a (8) AktG in order to ensure the company's long-term development and/or profitability.

If the office of a Managing Board member is assumed by a Supervisory Board member on an interim basis, the variable remuneration components and the proportion between the basic salary and variable remuneration components may be defined on a different basis in order to incentivize the Managing Board member who has been delegated by the Supervisory Board in a manner that is appropriate for the situation.

In addition, in extraordinary circumstances that are particularly challenging in macroeconomic terms or specifically for the company, other short-term and long-term performance bonuses may be defined on a temporary basis in order to attract and/or retain particularly suitable Managing Board members and to motivate them accordingly by means of remuneration incentives.

### Term of office of Managing Board members

The term of office of a Managing Board member is normally limited to approximately three years; in exceptional cases a term of office of up to five years may be agreed. Re-appointments are permitted. To ensure continuity on the Managing Board, the Supervisory Board ensures that the majority of the contracts of Managing Board members do not end on the same date.

### Termination of the office of a Managing Board member

The Managing Board members' employment contracts are concluded for limited periods of time. They may only be terminated for exceptional reasons, in particular those of Section 27 of the Austrian Employees Act (AngG), with no notice period being applicable. In the case of permanent occupational disability or if an illness continues for more than six months, the employment relationship may also be terminated during the term of the contract by either of the parties by giving three months' written notice as of June 30 or December 31 of a given year.

In the case of early termination of an appointment to the Managing Board by the company for any of the reasons stated in Section

75 AktG, or in the case of resignation from office without an exceptional reason and without the Supervisory Board's consent, the employment contract is also to end.

If severance pay was agreed with Managing Board members in the case of early termination without an exceptional reason, such severance pay must not exceed the annual base salary plus the maximum STI for a maximum of two years or a shorter residual term of contract, if applicable.

## Overview of the total remuneration of the Managing Board

Due to the overall economic, business and financial conditions, the targets for the short-term variable bonus were not achieved. The targets for the financial component of the current LTI tranches were also not met due to the current economic situation. Given the necessary implementation of measures to strengthen the liquidity position of Lenzing AG and in order to motivate the members of the Managing Board to assume the extraordinary efforts expected of them, the Remuneration Committee held out the prospect to Managing Board members Sielaff, Reiner, and Skilich, of a special and retention bonus of EUR 1,040 thousand (Sielaff), EUR 835 thousand (Skilich) and EUR 770 thousand (Reiner) in June 2023. Due to the high individual performance of the individual

members of the Managing Board in 2023, in particular the successful implementation of the capital increase in summer 2023, the extension of loan terms, and the major efforts in connection with the ongoing cost-saving program, the Remuneration Committee decided at the beginning of 2024 to grant the prospective special bonus. While part of the special bonus will be paid out in 2024, the remaining part of the special bonus will not be paid out until 2026, provided that the respective Managing Board member has not by then resigned from their position early at their own request, or been dismissed early on good grounds.

The total remuneration of all members of the Managing Board for the 2023 financial year amounts to EUR 5,213 thousand. Performance-unrelated components account for EUR 2,369 thousand while performance-based components amounted to a total of EUR 2,441 thousand.

The following table shows the remuneration due and granted in accordance with the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance.

### Overview of Managing Board remuneration 2023 – Remuneration due and granted

EUR thousands	DI Stephan Sielaff	Robert van de Kerkhof, MBA <sup>1)</sup>	DI Christian Skilich, MBA, LL.M	Dr. Nico Reiner <sup>2)</sup>	Mag. Thomas Obendrauf, MBA <sup>3)</sup>	Total
<b>Performance-unrelated</b>	<b>704</b>	<b>522</b>	<b>582</b>	<b>561</b>	<b>0</b>	<b>2,369</b>
Base salary	620	470	506	480	0	2,076
Benefits in kind and other benefits (especially company cars)	9	9	17	24	0	60
Contributions to the inter-company pension fund	74	42	59	57	0	233
Other insurance benefits	0	0	0	0	0	0
<b>Performance-based</b>	<b>993</b>	<b>-102</b>	<b>798</b>	<b>770</b>	<b>-19</b>	<b>2,441</b>
Short-Term Incentive; STI	0	0	0	0	0	0
Long-Term Incentive; LTI	-47	-102	-37	0	-19	-204
<i>thereof owed</i>	-13	-35	-13	0	-13	-75
<i>thereof granted</i>	-33	-67	-23	0	-6	-129
Other performance-based remuneration	1,040	0	835	770	0	2,645
<i>thereof owed</i>	440	0	405	370	0	1,215
<i>thereof granted</i>	600	0	430	400	0	1,430
<b>Remuneration of affiliated companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Salary for managing director activities at subsidiaries	0	0	0	0	0	0
<b>Other remuneration</b>	<b>0</b>	<b>403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>403</b>
Compensation payments and one-off severance payments <sup>4)</sup>	0	403	0	0	0	403
Extraordinary remuneration payments	0	0	0	0	0	0
<b>Remuneration from former board function</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Retirement pension	0	0	0	0	0	0
<b>Total remuneration</b>	<b>1,697</b>	<b>823</b>	<b>1,380</b>	<b>1,331</b>	<b>-19</b>	<b>5,213</b>
<i>thereof performance-unrelated in %</i>	41,5%	112,4%	42,2%	42,2%	0,0%	53,2%
<i>thereof performance-based in %</i>	58,5%	-12,4%	57,8%	57,8%	100,0%	46,8%
Disbursements in 2023 for performance-based bonuses <sup>5)</sup>	18	22	13	0	22	75

<sup>1)</sup> Stepped down from the Managing Board as of December 31, 2023

<sup>2)</sup> Appointed to the Managing Board as of January 1, 2023

<sup>3)</sup> Stepped down from the Managing Board as of May 31, 2022

<sup>4)</sup> The compensation payment was granted in full

<sup>5)</sup> For benefits/payments in the 2023 financial year or for prior year periods

The remuneration due represents those remuneration components that actually accrued in the 2023 reporting period and are attributable to this reporting period, as well as the final entitlements acquired for this period. Within the performance-based remuneration components in the 2023 financial year, the remuneration component owed amounts to EUR 1.140 thousand. This is derived from the final calculation of the entitlements for the 2021 LTI tranche and the resultant adjustment (recognized in profit or loss) to the provision, as well as the portion of the special bonus that will be paid out in 2024.

Remuneration granted includes those remuneration components that are economically attributable to the 2023 reporting period, but have not yet been finally determined and disbursed. Allocations to provisions for severance payments and pensions are excluded from this. In the reporting year, the 2022 and 2023 LTI tranches, the part of the special bonus not to be paid out until 2026, and the compensation for Robert van de Kerkhof's compensation payment, represent remuneration components granted. The EUR 1.301 thousand of remuneration granted arises from the part of the special bonus that will be paid out in 2026, and from the change in provisions for the 2022 LTI tranche. The provision for the LTI tranche 2022 was adjusted through profit or loss due to the preliminary determination of the claims.

Robert van de Kerkhof's contract expired on December 31, 2023. The calculation and payment of the STI and LTI are made in accordance with the provisions of the employee contract and the target agreement for the respective year. In addition, a post-contractual non-competition clause was agreed with the Managing Board member. For compliance with the post-contractual non-competition clause, the Managing Board member is entitled to a consideration of EUR 403 thousand as remuneration, for which a liability was expensed. Outstanding LTI entitlements are offset against the compensation payment, as a consequence of which the provision in the amount of EUR 102 was released to the income statement. At the time of departure, a vacation replacement payment of EUR 10 thousand was paid out and expensed in the reporting period.

For the calculation of the relative shares of performance-unrelated and performance-based components of total remuneration, ancillary benefits, pension contributions as well as other components are not taken into consideration, as specified by the Remuneration Policy.

## Overview of the annual change in the total remuneration of the Managing Board and the company's performance

### Annual change in total remuneration of the Managing Board and financial performance in 2023

EUR thousands	2023	Change in %	2022	Change in %	2021	Change in %	2020
<b>Change in Managing Board remuneration</b>							
DI Stephan Sielaff, CEO	1,697	> +100%	666	-46%	1,238	> +100%	511
Robert van de Kerkhof <sup>1)</sup> , MBA, member of the Managing Board	823	100%	412	-59%	1,010	64%	615
DI Christian Skilich, MBA, LL.M., member of the Managing Board	1,380	> +100%	394	-68%	1,239	> +100%	581
Dr. Nico Reiner <sup>2)</sup> , member of the Managing Board	1,331	n. a.		n. a.		n. a.	
<b>The company's financial performance</b>							
EBITDA (in EUR mn)	303,3	25%	241,9	-33%	362,9	85%	196,6
Net Income (in EUR mn)	-593,0	< -100%	-37,2	< -100%	127,7	< -100%	-10,6
Net Income attributable to shareholders (in EUR mn)	-649,4	< -100%	-73,1	< -100%	110,3	> +100%	6,3
ROCE (in %)	-14,2	< -100%	2,0	-63%	5,4	> +100%	-0,6
Free Cashflow (in EUR mn)	-122,8	83%	-740,7	-66%	-445,5	28%	-614,8
TSR (percentile)	1,5	-88%	12,9	-83%	75,8	> +100%	23,9
<b>Remuneration of employees</b>							
Average remuneration of employees on a full-time equivalent basis	75	10%	68	-13%	78	20%	65
Average remuneration without government subsidies for short-time work	75	10%	68	-13%	78	15%	68
Total number of employees on a full-time equivalent basis	2,829	-3%	2,912	4%	2,812	5%	2,669

The following accrued remuneration components were included in the calculation of the average remuneration of other employees: basic wage, basic salary, apprentice remuneration, special payments, allowances, overtime, and bonuses. The calculation basis thereby corresponds to the remuneration due.



## STI target achievement

In accordance with the remuneration policy, the STI of Lenzing AG is based on the company's performance in the 2023 financial year and is dependent on financial targets and non-financial criteria. Due to the current economic conditions and the resultant operational focus on cash flow generation, the consolidated ROCE performance criterion was replaced by the consolidated free cash flow as part of the existing remuneration policy for 2023

### STI target achievement 2023

Criteria		Lower limit	Target value	Upper limit	Actual value 2023	Target achievement	Weighting	Weighted
Consolidated EBITDA	EUR mn	445.0	470.0	495.0	303.3	0.0	40%	0.0%
Consolidated Free cash flow	EUR mn	50.0	125.0	200.0	-122.8	0.0	30%	0.0%
Net profit/loss for the year <sup>1)</sup>	EUR mn	5.0	25.0	45.0	-649.4	0.0	30%	0.0%
<b>Target achievement before modifier</b>	<b>in %</b>							<b>0.0%</b>

<sup>1)</sup> Net profit/loss for the year attributable to the shareholders of Lenzing AG

### STI bonus entitlement 2023 – Managing Board members

EUR thousands	DI Stephan Sielaff	Robert van de Kerkhof, MBA <sup>1)</sup>	DI Christian Skilich, MBA, LL.M.	Dr. Nico Reiner <sup>2)</sup>
Target remuneration	440	250	405	370
STI bonus entitlement 2023	0	0	0	0

<sup>1)</sup> Stepped down from the Managing Board as of December 31, 2023

<sup>2)</sup> Appointed to the Managing Board as of January 1, 2023

The company reserves the right not to publish the target values as well as the lower and upper limits for the LTI in order to thereby protect sensitive business information. The target remuneration for the 2023 tranche is as follows:

### LTI tranche 2023 target remuneration – Managing Board members

EUR thousands	DI Stephan Sielaff	Robert van de Kerkhof, MBA <sup>1)</sup>	DI Christian Skilich, MBA, LL.M.	Dr. Nico Reiner <sup>2)</sup>
Target remuneration	600	200	430	400

<sup>1)</sup> Stepped down from the Managing Board as of December 31, 2023

<sup>2)</sup> Appointed to the Managing Board as of January 1, 2023

## LTI target achievement

The LTI of Lenzing AG is granted on a rolling basis, i.e. in annual tranches with assessment periods of three years each. The financial performance criteria used are consolidated net profit and consolidated ROCE, relative TSR, and, from the tranche 2022 financial year onwards, an additional two to five sustainability targets from a defined catalog of criteria.

As of the 2023 financial year, the assessment period for the 2021 LTI tranche was completed and the entitlements finally vested. This tranche will be paid out in 2024. The following table presents the final target achievement for the 2021 tranche.

### LTI target achievement 2021 tranche

Criteria		Lower limit	Target value	Upper limit	Actual value 2021–23	Target achievement	Weighting	Weighted
Net profit/loss for the year	EUR mn	150.0	187.0	224.0	-167.5	0.0%	40%	0.0%
ROCE	in %	5.0%	6.3%	7.6%	-2.3%	0.0%	40%	0.0%
Relative TSR	Percentile	25.0	50.0	90.0	n.a.	54.8%	20%	11.0%
<b>Overall target achievement</b>	<b>in %</b>							<b>11.0%</b>

For the net profit for the year and the consolidated ROCE, the lower limit of the KPIs was not reached. The target achievement consequently amounts to 0.0 percent. The target achievement of the relative TSR amounts to 54.8 percent. As a consequence, the overall target achievement for the 2021 tranche stands at 11.0 percent.

#### LTI tranche 2021 bonus entitlement – Managing Board members

EUR thousands	DI Stephan Sielaff	Robert van de Kerkhof, MBA	DI Christian Skilich, MBA, LL.M.	Mag. Thomas Obendrauf, MBA
Target remuneration	200	200	200	200
LTI bonus entitlement 2021	22	22 <sup>1)</sup>	22	22

<sup>1)</sup> Pursuant to the agreement, outstanding LTI claims are offset against the compensation payment. As a consequence, the corresponding provision was released through profit or loss.

#### Remuneration of former board members

Post-employment benefits of EUR 1,469 thousand were recognized for former members of the Managing Board of Lenzing AG or their surviving dependents in the form of expense in the income statement and allocations to other comprehensive income (2022: EUR 826 thousand of income). The present value of the pension provision recognized in this context, after deduction of the fair value of plan assets (net obligation), amounted to EUR 5,548 thousand as of December 31, 2023 (December 31, 2022: EUR 4,923 thousand).

## Remuneration of the Supervisory Board

The Remuneration Committee is responsible for preparation and regular review of the Remuneration Policy for Supervisory Board members. The plenary Supervisory Board is responsible for setting up the Remuneration Policy for the Supervisory Board. The rules for determining the Supervisory Board members' remuneration are provided in the Articles of Association (Section 13) of Lenzing AG, which are disclosed on the company's website. The final annual determination of the remuneration for the Supervisory Board is the responsibility of the Shareholders' General Meeting (Section 98 AktG).

### Basic principles of the remuneration policy

As a matter of principle, the remuneration for the Supervisory Board consists of basic remuneration for work on the Supervisory Board and for membership of a committee, and an attendance fee for meetings of the Supervisory Board and its committee(s). In view of the greater responsibility and the broader scope of activities, the chair of the Supervisory Board and his/her deputy, the chairs of the committee(s), specific committee members and the financial expert may be granted a basic remuneration that is higher than that of regular Supervisory Board members. In addition, Supervisory Board members are entitled to reimbursement of their expenses.

If Supervisory Board members take on a special task within the company, special remuneration may be granted to them by resolution of the Annual General Meeting.

In order to attract, motivate and retain the most suitable Supervisory Board members, remuneration is defined in a performance-based manner and is in line with the market. When defining remuneration that is in line with the market, not only Austrian but also foreign companies, in particular currently German companies, are used as benchmarks. In view of the global business activities of Lenzing AG, this is necessary in order to offer highly qualified international candidates attractive remuneration.

The company has taken out a directors and officers (D&O) insurance policy, which also includes the members of the Supervisory Board.

### Overview of the total remuneration of the Managing Board

The total remuneration of all Supervisory Board members for the 2023 financial year amounts to EUR 1,221 thousand (previous year: EUR 745 thousand), which corresponds to an increase of 63.9 per cent.

The following table shows the remuneration due in accordance with the statutory requirements of the Austrian Stock Corporation Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance. No additional remuneration was granted to the Supervisory Board.

### Overview of the total remuneration of the Supervisory Board in 2023

EUR thousands	Fixed remuneration	Committee activity	Meeting fees	Special remuneration	Insurance payments	Total
Cord Prinzhorn, MBA, Chairman	115	162	34	0	0	310
Dr. Stefan Fida, Deputy Chairman	75	30	23	0	0	128
Dr. Markus Fürst, member	50	57	26	0	0	133
Mag. Helmut Bernkopf, member	50	0	14	0	0	64
Dr. Christian Bruch, member	50	17	11	0	0	78
Dr. Franz Gasselsberger, MBA, member	50	25	16	0	0	91
Dr. Astrid Skala-Kuhmann, member	50	42	20	0	0	112
Melody Harris-Jensbach, member	50	17	14	0	0	80
Mag. Gerhard Schwartz <sup>1)</sup> , member	33	53	24	0	0	110
Nicole van der Elst Desai <sup>1)</sup> , member	33	27	13	0	0	73
Mag. Patrick Prügger <sup>2)</sup> , former member	13	16	4	0	0	33
Members delegated by the Works Council	0	0	10	0	0	10
<b>Total remuneration</b>	<b>569</b>	<b>445</b>	<b>208</b>	<b>0</b>	<b>0</b>	<b>1,221</b>

<sup>1)</sup> Appointed to the Supervisory Board as of April 19, 2023

<sup>2)</sup> Stepped down from the Supervisory Board as of April 19, 2023

### Information about share-based remuneration

The remuneration of the Supervisory Board is intended to promote the business strategy and the long-term development of the company by appropriately taking into consideration the responsibility and the scope of work of the Supervisory Board members as well as the company's financial position. In order to ensure that the Supervisory Board can supervise the management in an unbiased

manner, Supervisory Board members are neither granted variable remuneration or bonuses nor share-based remuneration; this prevents convergence with the interests of the Managing Board.