

Report of the Supervisory Board

To the 80th Annual General Meeting

Dear shareholders,

The 2023 year was characterized by a number of challenges for Lenzing Aktiengesellschaft. The ongoing war in Ukraine, the flare-up of the Israel-Gaza conflict, continued high inflation, and a simultaneously weak economy are having a significant negative impact on our sector's performance. The past financial year was characterized by continued low demand for cellulosic fibers, with correspondingly lower prices. As a consequence, the recovery in the market that was originally expected failed to materialize, or is unfolding at a much slower rate than originally anticipated.

At the same time, and despite the unfavorable market trend, Lenzing was able to achieve groundbreaking successes for the coming years. The modernization and conversion of the site in Indonesia was successfully completed in the third quarter. This has led to a significant reduction in carbon emissions at the site and certification of the fibers produced there in accordance with the EU Ecolabel. The conversion of a production line to modal fiber production at the Nanjing (China) site was also successfully completed. As a consequence, we are now able to offer our Chinese customers locally produced TENCEL™ brand fibers for the first time. The investments that we have realized over recent years position Lenzing very well to meet growing demand for sustainable specialty fibers in the future.

Building on the successful implementation of the cost reduction and reorganization program launched in the third quarter of 2022, a comprehensive performance program focusing on free cash flow, revenue growth, and margin growth, as well as on a sustainable improvement in the cost structure was launched in 2023. This should further strengthen Lenzing's crisis resilience in the future. The capital increase implemented in the middle of the year with gross proceeds of EUR 400 million supports this objective. The cash and cash equivalents raised were deployed to strengthen the company's financial position and to advance the "Better Growth" corporate strategy, including in a challenging environment.



Significant successes were also achieved in 2023 as part of the sustainability strategy that is firmly anchored within the company. The acquisition of the biomass power plant at the Iyocell site in Heiligenkreuz represents a milestone in this context. The transaction will enhance energy independence and site security, as well as significantly reduce carbon emissions. Thanks to its comprehensive sustainability efforts, Lenzing was one of only ten companies worldwide to be awarded a triple "A" rating by CDP. This confirms Lenzing's leading role in transparency and performance in the areas of climate change, forests, and water security. The certifications we have received fill us with pride and confirm the positioning of resource conservation, the circular economy, and innovation as essential cornerstones of our targeted carbon neutrality.

The Supervisory Board fulfilled the monitoring obligations defined by law, the articles of association, and the rules of procedure in connection with these varied activities. The Supervisory Board was involved in fundamental decisions on a timely basis and provided professional advice for the Managing Board. The Managing Board, in turn, submitted regular detailed reports to the Supervisory Board on the financial position and performance of Lenzing AG and of the Lenzing Group. In addition, the Managing Board also reported to the Chairman of the Supervisory Board outside the context of scheduled meetings concerning business performance, the company's position, as well as major transactions. Individual issues were handled in depth by the committees established by the Supervisory Board, which then reported on their activities to the plenary Supervisory Board.

Supervisory Board meetings

The Supervisory Board of Lenzing AG met six times during the reporting year. At these meetings, the Managing Board reported on business performance as well as on major transactions and

measures. The Managing Board's work was also monitored, and the Supervisory Board offered its professional advice on major strategic issues. Given the lack of a market recovery, collaboration with the Managing Board was further intensified. In close coordination between the Supervisory Board and the Managing Board, measures were developed to mitigate the negative effects on business performance, and to improve Lenzing's business position. The capital increase was closely monitored by the Supervisory Board. A special committee was also set up for this purpose. A detailed analysis and discussion of the market trend for fibers and pulp, and thereby trends in the business, price and cost situation, formed a further focus of Supervisory Board meetings. The strategic development of the Group, the sustainability strategy and ESG issues, research and development priorities, digitalization, personnel measures, financing measures, and the budget for the 2024 financial year and its approval were also discussed in detail. Meetings were also used to discuss the progress of the performance program initiated in 2023 and to define related measures in collaboration with the Managing Board. The Supervisory Board also addressed the efficiency of its own working procedures, and discussed and initiated measures.

At the Annual General Meeting on April 19, 2023, Gerhard Schwartz and Nicole van der Elst Desai were newly elected to the Supervisory Board of Lenzing AG. Helmut Bernkopf, Dr. Christian Bruch and Dr. Franz Gasselsberger were re-elected to the Supervisory Board. Patrick Prügger stepped down from the Supervisory Board at the end of the Annual General Meeting on April 19, 2023, due to the expiry of his term of office. After twelve years on the Supervisory Board of Lenzing, Mr. Prügger decided not to stand for a further term of office. We would like to thank him for his many years of trusting, constructive support, and guidance, and wish him all the best for the future.

Robert van de Kerkhof stepped down from the Managing Board of Lenzing AG as of December 31, 2023, due to the expiry of his term of office. Mr. Kerkhof had been a member of the Lenzing Management Board since 2014 and decided not to stand for a further extension of his contract. We would like to thank him for his extraordinary achievements for Lenzing over the past nine years and wish him every success in his future endeavors. The Lenzing Managing Board was thereby reduced from four to three members. CEO Stephan Sielaff will essentially take over the sales agendas in the Fiber Division.

Committee meetings

The Remuneration Committee established by the Supervisory Board met four times during the reporting year and dealt primarily with performance evaluation and goal setting for the Managing Board members as well as further remuneration topics relating to the Managing Board. The Nomination Committee convened for three meetings in the reporting year. The meetings primarily dealt with personnel development measures and succession planning issues, as well as the departure of Robert van de Kerkhof from the Managing Board and the future allocation of the responsibilities concerned. The committee discussed nominations to the Supervisory Board and submitted corresponding nominations for approval. The Audit Committee convened for three meetings in the reporting year. Some of these meetings were also attended by representatives of the auditors who reported on their auditing

activities, and coordinated them with the Audit Committee. Specific accounting topics were also discussed in the presence of the auditor. In addition to reviewing and preparing the separate and consolidated financial statements, the committee also addressed the additional tasks in accordance with Section 92 Para. 4a of the Austrian Stock Corporation Act (AktG), focusing particularly on critically examining and monitoring the functioning and effectiveness of the internal control, audit, and risk management systems. The results were subsequently discussed with the plenary Supervisory Board. At the constituent meeting of the Supervisory Board on April 19, 2023, a decision was taken to establish a Strategy, Growth and Innovation Committee, as well as an ESG Committee. The Strategy, Growth and Innovation Committee is responsible for reviewing the company's strategic positioning, the monitoring of strategy implementation, and for growth and innovation projects. The Strategy, Growth and Innovation Committee met once in the reporting year. At this meeting, the committee primarily dealt with issues relating to strategic positioning within the competitive environment and the innovation roadmap. The newly established ESG Committee also met once in the reporting year. This is intended to support the Managing Board, the plenary Supervisory Board, the Audit Committee, and the Strategy, Growth and Innovation Committee in matters relating to non-financial reporting and strategic ESG issues. The Supervisory Board set up a separate committee to oversee the capital increase, which met twice in the reporting year. This was dissolved following the successful completion of the capital increase. A committee was also formed to monitor the structure and implementation of the performance enhancement program, which held two meetings in the 2023 financial year.

Additional information about the composition and working procedures of the Supervisory Board and its remuneration is provided in the Corporate Governance Report and the remuneration report of Lenzing AG.

Audit of the separate annual financial statements and management report as well as the consolidated financial statements and Group management report

The separate annual financial statements of Lenzing AG together with the related management report, and the consolidated financial statements of the Lenzing Group together with the Group management report, including the non-financial statement in accordance with Section 245a of the Austrian Commercial Code (UGB) as of December 31, 2023, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded an unqualified opinion. The Corporate Governance Report was evaluated by PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz. It was found that the declaration of compliance with the Corporate Governance Code issued by Lenzing AG (January 2021) corresponds to the actual circumstances. The Supervisory Board's Audit Committee reviewed the separate annual financial statements and the consolidated financial statements as well as the separate management report and Group management report and the Corporate Governance Report. The results of this review were subsequently discussed

with the auditor in detail. The Audit Committee concurred with the results of the auditor's report based on its review, and reported to the Supervisory Board on this matter as required. The committee also recommended that the Supervisory Board submit a proposal to the Annual General Meeting to appoint KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor for the 2024 financial year. The Supervisory Board formally approved the management report and the Corporate Governance Report after its review, and adopted the separate annual financial statements for 2023 in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act (AktG). Furthermore, the Supervisory Board declared its approval of the consolidated financial statements and the Group management report, as well as the non-financial statement, pursuant to Sections 244 and 245a UGB. The Supervisory Board concurs with the recommendation by the Audit Committee and will consequently submit a proposal to the 80th Annual General Meeting for the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements for the 2024 financial year. Furthermore, the Supervisory Board will propose to the 80th Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed as the auditor of the sustainability report for the 2024 financial year if statutory provisions require the appointment by the Annual General Meeting of an external auditor of the sustainability report. The Supervisory Board was not informed of any conflicts of interest on the part of Managing Board or Supervisory Board members during the reporting year that would require disclosure to the Annual General Meeting.

The Supervisory Board would like to extend its thanks and acknowledgment to the Managing Board and all employees of Lenzing AG for their outstanding commitment. Thanks to their personal commitment, Lenzing Aktiengesellschaft was able to overcome the special challenges posed by the lack of a market recovery, and to continue to implement the Group strategy with undiminished vigor. We also wish to extend our special thanks to the customers, shareholders, suppliers, and business partners of Lenzing for their trust and solidarity.

Thank you!

Vienna, March 14, 2024

Cord Prinzhorn,
Chairman of the Supervisory Board