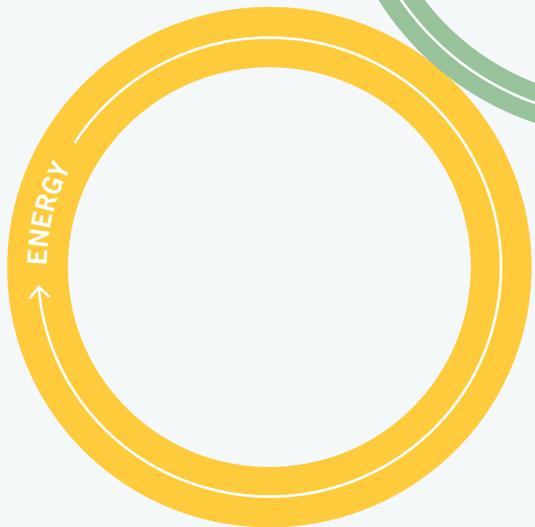
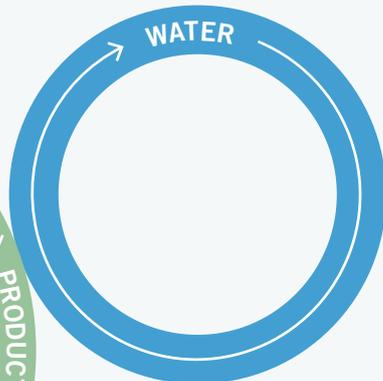


Closing Cycles





With four production sites in Europe, HEINZEL GROUP specializes in the manufacture of market pulp, packaging papers, and magazine papers. The company also trades pulp, paper, recovered paper, and packaging solutions worldwide. Sustainable business practices form a central element of all commercial activities.

KEY FIGURES FOR HEINZEL GROUP AS PER IFRS

		2023	2022	2021	2020 (RESTATED)	2019
PRODUCTION AND SALES						
Total production	metric tons	1,420,083	1,524,611	1,687,939	1,607,030	1,604,524
thereof pulp	metric tons	442,563	488,381	501,719	509,781	526,161
thereof paper	metric tons	977,520	1,036,231	1,186,220	1,097,249	1,078,363
Total sales	metric tons	3,342,443	3,438,428	3,712,092	3,685,496	3,818,761
thereof in-house production	metric tons	1,432,765	1,517,448	1,682,242	1,606,603	1,593,042
thereof traded goods	metric tons	1,909,678	1,920,980	2,029,850	2,078,894	2,225,719
INCOME STATEMENT						
Net sales	EUR million	2,214.9	2,777.4	2,038.2	1,611.7	1,916.9
EBITDA	EUR million	116.5	287.5	195.8	126.0	181.1
EBITDA margin	in %	5.3	10.3	9.6	7.8	9.4
EBIT	EUR million	33.8	214.3	121.9	57.7	115.1
EBIT margin	in %	1.5	7.7	6.0	3.6	6.0
Financial result	EUR million	-19.1	1.3	-2.5	-1.5	-1.2
Earnings before tax	EUR million	14.7	215.6	119.4	56.2	113.9
Net profit for the year ¹	EUR million	1.0	164.7	94.0	39.9	85.6
BALANCE SHEET						
Total assets	EUR million	1,705.1	1,640.1	1,433.9	1,327.9	1,360.3
Shareholders' equity	EUR million	983.2	1,007.6	849.3	778.2	772.9
Equity ratio	in %	57.7	61.4	59.2	58.6	56.8
Net debt (-) / Net credit (+)	EUR million	1.8	42.5	28.1	-5.1	-56.4
CASH FLOW, INVESTMENTS						
Cash flow from operating activities	EUR million	135.0	162.9	129.8	112.3	188.5
Investments in property, plant, and equipment	EUR million	-137.1	-68.5	-46.4	-27.2	-111.4
Cash flow from investing activities	EUR million	-144.5	-89.2	-73.6	-18.6	-113.9
Free cash flow	EUR million	-9.5	73.7	56.3	93.7	74.6

¹ Excluding minority interests



heinzelpöls estoniacell heinzelpaper heinzelsales **EUR PAPIER** **BUNZL & BIACH**

KEY FIGURES FOR HEINZEL GROUP AS PER ESRs

		2023	2022	2021
E1 CLIMATE CHANGE				
E1-6: Total GHG emissions Scope 1+2, market based	t CO ₂ e	502,972	535,295	628,595
E1-6: Total GHG emissions Scope 3	t CO ₂ e	4,132,956	3,969,998	4,209,555
E1-6: GHG intensity based on production Scope 1+2, market based	t CO ₂ e/t	0.32	0.32	0.34
E1 RENEWABLE ENERGY				
E1-5: Total energy consumption related to own operations	MWh	4,666,288	4,912,760	5,286,523
E1-5: Share of total energy consumption from renewable resources	in %	58.8	58.4	55.5
E1-5: Energy intensity based on production	MWh/t	2.97	2.91	2.87
E3 RESPONSIBLE WATER USE				
E3-4: Total water withdrawals	m ³	32,303,149	32,486,272	34,532,987
E3-4: Specific freshwater withdrawal per metric ton	m ³ /t	20.7	19.4	18.8
E3-4: Share of wastewater safely treated	in %	100	100	100
E4 BIODIVERSITY				
E4: Share of sourced timber (FSC®, PEFC, EUTR)	in %	100	100	100
E4: Share of sourced pulp with FSC® or PEFC certification (production)	in %	99.0	88.1	89.6
E5 SUSTAINABLE AND CIRCULAR PRODUCTS				
E5-4: Share of recycled or renewable materials used	in %	94.7	94.6	94.8
E5-5: Share of recyclable content in products excl. by-product	in %	99.5	99.4	99.3
E5-5: Share of waste thermally/materially recycled	in %	94.3	98.3	98.0
S1 GOOD EMPLOYER				
S1-6: Employees (FTE average)	number	2,540	2,447	2,411
S1-6: Share of female employees	in %	29.1	28.2	28.0
S1-13: Total training expenditure	EUR million	1.1	1.1	0.8
S1-14: LTIFR (Lost Time Injury Frequency Rate)	number	8.3	9.1	8.4
S3 ENGAGED CORPORATE CITIZEN				
S3: Enquires and complaints from residents	number	77	84	106
S3: Renewable energy sold	MWh	231,555	247,515	279,616
G1 FAIR OPERATING PRACTICES				
G1-3: Share of functions-at-risk covered by training programmes	in %	89.0	98.8	98.1
G1-4: Number of convictions for violation of anti-corruption/ anti-bribery laws	number	0	0	0

PLANET

PEOPLE

PARTNERS

TABLE OF CONTENTS

HEINZEL GROUP Sustainability and Annual Report 2023

We are HEINZEL GROUP

- 03 Foreword by the CEO
- 04 HEINZEL EMACS – everyone counts
- 06 Creating value
- 08 HEINZEL GROUP companies
- 12 Interview with Management
- 16 Sustainability strategy
- 22 Sustainability management

Closing cycles for our PLANET

- 24 Climate change
- 30 Renewable energy
- 36 Responsible water use
- 40 Biodiversity
- 42 Sustainable and circular products

Closing cycles for our PEOPLE

- 48 Good employer
- 56 Engaged corporate citizen

Closing cycles for our PARTNERS

- 62 Fair operating practices

Closing cycles for our PERFORMANCE

- 70 Consolidated management report
- 82 Consolidated financial statements
- 88 Notes to the Consolidated Financial Statements
- 142 Auditor's Report
- 145 Supervisory Board Report

SUPPLEMENTARY SUSTAINABILITY REPORTING: information and KPIs

- 148 Governance structure
- 149 ESG risk management
- 151 Voluntary memberships

Sustainability metrics

- 153 Climate change
- 156 Renewable energy
- 158 Responsible water use
- 159 Biodiversity
- 160 Sustainable and circular products
- 162 Social engagement
- 162 Fair business practices
- 163 Good employer

- 166 About this report / imprint
Group structure

The financial information and key financial figures published here (prepared in accordance with IFRS as adopted by the EU) and the group management report of Heinzl Holding GmbH as at December 31, 2023 can be derived from the consolidated financial statements and group management report as at December 31, 2023 audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Dear Reader,

Closing Cycles, that is the motto of our 2023 sustainability and annual report. The most important cycle we closed in 2023 was the conclusion of the purchase of the Steyrmühl paper mill in Upper Austria. Having tried several times in recent years to merge the neighboring mills in Laakirchen and Steyrmühl, we were finally successful. Following extensive preparations, we were able to officially welcome all Steyrmühl employees to HEINZEL GROUP on January 1, 2024. The integration of Steyrmühl plays a central role in our mission to optimize further economic and environmental cycles: production cycles, energy cycles, carbon cycles, and water cycles.

A first highlight at Steyrmühl is that in 2023 we started to reactivate an old paper machine that had been dormant at the site for several years – aligned to our corporate purpose of recreating value.

We pursued this and other projects during the past year against the backdrop of huge challenges that the global pulp and paper markets were facing. Following on from a record-breaking 2022, the year 2023 was characterized by unprecedented slumps in demand and massive declines in the prices of our products. At the same time, the costs of our most important input materials, such as timber, recovered paper, and energy, remained high. Both of our smaller plants, Estonian Cell and Raubling, in particular felt the impact strongly and posted losses. The strong performance of Europapier and heinzelsales in our trading segment for third parties helped us stabilize results at the group level.

Despite all the challenges, we remain true to our strategy and our firm commitment to renewable energy and cutting CO₂ emissions, which we were again able to reduce significantly last year. I am proud that, since March 2024, we have become one of the first ten Austrian companies with science-based short- and long-term climate goals which have been validated and confirmed by the Science Based Targets initiative (SBTi).

In this spirit, I would like to thank all our employees for the solidarity and commitment they demonstrated in these challenging times. Their devotion and persistence form the foundation of our success and enable us to forge ahead along the sustainable path that HEINZEL GROUP is on. We can look forward to 2024 and the future full of optimism and determination.

I hope you enjoy reading this year's sustainability and annual report.

Sebastian Heinzel



heinzleMACS

EVERYONE COUNTS

“ Our commercial motivation is rooted not only in striving for success but in our fundamental responsibility to sustainably operate our mills and the well-being of employees’ families who place their trust in us. We focus on sustainable development, growth rather than simply maximizing profits, and accept responsibility for society and the environment.”

Alfred Heinzl, Supervisory Board Chairman, Heinzl Holding



EMACS-Privatstiftung, a private foundation established by the Austrian entrepreneur Alfred Heinzl named after his family members – Evelyn, Matthias, Alfred, Christoph, and Sebastian – combines four areas of business: paper and pulp (HEINZEL GROUP), energy (EMACS Energie GmbH), agriculture (EMACS Agro GmbH), and real estate (EMACS Immobilien GmbH).

These diverse segments illustrate the broad involvement and entrepreneurial spirit of the Heinzl family, combined with a sustainable and future-oriented strategy to safeguard and further develop their assets and equity investments. This foundation holds around 49% of the shares in the three independently operated production segments and 100% of EMACS real estate. As such, it safeguards both the affiliation and the individual shares in profits of all family members.

Alfred Heinzl’s establishment of the foundation was based on a pragmatic approach, a focus on efficiency, and a lean, unbureaucratic structure. EMACS-Privatstiftung concentrates on reinvesting profits as well as protecting the family’s assets and business interests in the long term.

EMACS MILESTONES

- 1991** Foundation of today’s HEINZEL GROUP as a pulp and paper trading company
- 2000** Entry into pulp production sector and the founding of EMACS
- 2003** Expansion into the agricultural sector
- 2010** Acquisition of the first property in Vienna
- 2010** Establishment of Heinzl Energy
- 2013** Expansion into paper production sector
- 2013** Start of recovered paper trading activities
- 2019** Commissioning of the new hydropower plant Danzermühl
- 2020** Implementation of a professional sustainability management system
- 2021** First forestry investment
- 2022** Entry into the Paracel project to build the first ever pulp mill in Paraguay
- 2023** Start of the transformation of Steyrermühl and Laakirchen to form a center for sustainable packaging papers and renewable energy



HEINZEL GROUP

PAPER

HEINZEL GROUP operates in the paper and pulp sector, with multiple production sites in Europe – Kunda (EE), Laakirchen (AT), Pöls (AT), Raubling (DE), and, since January 2024, also at Steyrermühl (AT) – engaged in the production of market pulp, packaging papers, and magazine papers. Its trading companies – heinzelsales, Europapier, and Bunzl & Biach – trade globally in pulp, paper, and packaging solutions.



heinzelenery

ENERGY

Heinzel EMACS Energie GmbH concentrates on planning, developing, and operating power stations which generate renewable energy from water, wind, and solar sources. These include hydropower plants on the river Pöls in Styria and the river Traun in Upper Austria. In addition, this company also operates large-scale photovoltaic installations with thousands of solar collectors at sites in Central and Eastern Europe, and a wind farm in Seewinkel, Burgenland. Further wind farm projects are currently being developed in Lower Austria and Estonia.



emacs agro

AGRICULTURE

EMACS Agro GmbH, based in Seewinkel, operates the certified organic farm Domaine Albrechtsfeld in Andau, Austria, and the neighboring Agro-Wirt farm in Jánossomorja, Hungary, which is currently switching to organic farming methods. The South Hungarian company F.G. Rákó Kft also forms part of EMACS Agro. In Estonia, the company operates the farms Vao Agro OÜ, Diner OÜ, and Karu Agro OÜ, all of which are located in close proximity. In addition to growing grain, maize and other crops, these farms concentrate on cattle rearing and milk production.



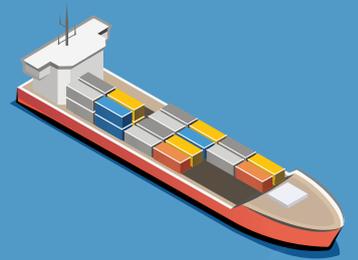
emacs realestate

REAL ESTATE

EMACS Immobilien GmbH holds a small but extremely well diversified portfolio of residential and commercial real estate. Since 2021, the company has also owned more than 3,500 hectares of forest in North America. EMACS Immobilien adheres to a well thought out and sustainable investment strategy focusing in particular on top-quality acquisitions.



HEINZEL GROUP | OUR VALUE CHAIN



4 Residue power plant

Residual materials arising at sites, such as residual paper and fibers, as well as biomass and other biogenic energy sources, are used to efficiently and sustainably generate energy at the biomass power plant in Steyrmühl.

5 Paper production

HEINZEL GROUP operates a total of seven paper machines, located in **Laakirchen, Steyrmühl, Raubling, and Pöls**, to produce sustainable packaging and publication papers.



2 Sawmill

The sawmill in Steyrmühl sells its products worldwide. The resulting wood-chips are used in the pulp production activities of HEINZEL GROUP, with residual materials being thermally recycled.



6 Trading activities

Through its subsidiaries **heinzelsales** and **Europapier**, HEINZEL GROUP is a leading player in the distribution of pulp, paper, and packaging solutions, serving customers in 116 countries from 138 offices and warehouses around the world.

THE SUSTAINABLE
CYCLE

7 Customers

Worldwide, HEINZEL GROUP supplies its customers, sales offices, and warehouses with sustainable products and tailor-made solutions.

8 Recovered paper recycling

Through its subsidiary **Bunzl & Biach**, HEINZEL GROUP collects and sorts recovered paper that is used both in its own production activities and by external partners.

heinzelpöls

ZELLSTOFF PÖLS AG

📍 Pöls, AT



€ 2000

Joins HEINZEL GROUP

📈 392.5 ^{MN} / ^{EUR}

Net sales

⚙️ -0.8%

CO₂e vs. 2022 (SCOPE 1+2)

🌐 zellstoff-poels.at

👤 495

Employees

Werner Hartmann, COO
Heinz Schnedl, CTO

Management systems, sustainability certificates, and ratings:

ISO 9001, ISO 14001, ISO 45001,
DIN EN 15593, PEFC, FSC®, EU Eco-label,
Nordic Ecolabel, DIN EN 13432,
OK Compost Industrial & Home,
Sustainable Loan Certificate

orion

449,535 t

Production volume, bleached and unbleached long-fiber sulfate pulp

starkraft

167,284 t

Production volume, kraft papers on two paper machines

estoniantcell

AS ESTONIAN CELL

📍 Kunda, EE



€ 2006

Joins HEINZEL GROUP

📈 75.8 ^{MN} / ^{EUR}

Net sales

⚙️ -12.7%

CO₂e vs. 2022 (SCOPE 1+2)

🌐 estoniantcell.ee

👤 92

Employees

Siiri Lahe, CFO
Rain Pärn, CTO

Management systems, sustainability certificates, and ratings:

EMAS, ISO 9001, ISO 14001, ISO 50001,
ISO 45001, PEFC, FSC®, ISEGA, EU Eco-label,
Nordic Ecolabel, EcoVadis Gold,
Responsible Business Index Award

aspen
BCTMP

136,296 t

Production volume, aspen bleached chemical thermo-mechanical pulp



heinzelpaper
LAAKIRCHEN PAPIER AG

Laakirchen, AT

€ **2013**

Joins HEINZEL GROUP

📈 **291.8** ^{MN} _{EUR}

Net sales

⚙️ **-1.9%**

CO₂e vs. 2022 (SCOPE 1+2)

🌐 [heinzelpaper.com](https://www.heinzelpaper.com)

👤 **378**

Employees

Thomas Welt, CEO
Franz Baldauf, CFO

Management systems, sustainability certificates, and ratings:

ISO 9001, ISO 14001, ISO 50001, ISO 45001, DIN EN 15593, PEFC, FSC®, Der blaue Engel, EU Ecolabel, Paper Profile, Product Carbon Footprint, EcoVadis Gold

grapho

220,583 t

Production volume, graphic papers on Paper Machine 11

starkraft

408,832 t

Production volume, containerboard on Paper Machine 10



heinzelpaper
RAUBLING PAPIER GMBH

Raubling, DE

€ **2016**

Joins HEINZEL GROUP

📈 **98.0** ^{MN} _{EUR}

Net sales

⚙️ **-6.3%**

CO₂e vs. 2022 (SCOPE 1+2)

🌐 [heinzelpaper.com](https://www.heinzelpaper.com)

👤 **160**

Employees

Marko Lesiak, CTO
Andreas Sailer, CFO

Management systems, sustainability certificates, and ratings:

ISO 9001, ISO 14001, ISO 50001, ISO 45001, DIN EN 15593, ISEGA, FSC®, PEFC, EcoVadis Silver

starkraft

starkraft

180,822 t

Production volume, containerboard and kraft papers on two paper machines




heinzelsales
WILFRIED HEINZEL AG

1991
Joins HEINZEL GROUP

140
Employees

2,504,326 t
Trading volume

861.2 MN EUR
Net sales

Krunoslav Meic, CEO
Dietmar Geigl, CFO

Distribution of goods made by global and local pulp and paper manufacturers sold in over 100 countries worldwide

-9.5%
CO₂e vs. 2022 (SCOPE 1+2)

Management systems, sustainability certificates, and ratings:

PEFC, FSC®, Der blaue Engel, EU Ecolabel, Paper Profile

29
sales office around the world

 heinzelsales.com




EUROPAPIER

2010
Joins HEINZEL GROUP

1,096
Employees

431,610 t
Trading volume

642.0 MN EUR
Net sales

Helmut Limbeck, CEO
Martin Bichl, CFO

Wholesale of office and printing paper, board and advertising technology, hygiene products, and industrial packaging solutions

-10.7%
CO₂e vs. 2022 (SCOPE 1+2)

Management systems, sustainability certificates, and ratings:

PEFC, FSC®, Der blaue Engel, EU Ecolabel, Paper Profile, Product Carbon Footprint, Cradle to Cradle Certified® products, Nordic Ecolabel

13
countries with subsidiaries

 europapier.com

BUNZL & BIACH

Paper for Recycling

**€ 2013**

Joins HEINZEL GROUP

163

Employees

1,097,731 t

Trading volume

141.8 MN
EUR

Net sales

Andreas Mang, CEO
Klaus Vlach, CFOService company collecting, sorting,
and trading in recovered paper**-12.2%**CO₂e vs. 2022 (SCOPE 1+2)Management systems, sustainability
certificates, and ratings:EMAS, ISO 9001, ISO 14001,
ISO 50001, ISO 45001, EFB, National
coat of arms bearer**4**

countries with subsidiaries

 [bunzl-biach.at](https://www.bunzl-biach.at)**heinzelpaper**

Steyrermühl, AT

**€ 2024**

Joins HEINZEL GROUP

273

Employees

steyrerwood**starkraft** 

The Steyrmühl site, part of HEINZEL GROUP since January 1, 2024, specializes in the production of brown and white kraft papers and has a production volume of 150,000 metric tons per year. Steyrmühl also operates a sawmill with an annual production capacity of up to 400,000 m³ of sawn timber. Another business field is operating a residue power plant.

The flagship projects at Steyrmühl include converting the paper machines to the production of sustainable packaging paper, converting the energy supply to renewable sources, and generating more district heating. Overall, the aim is to develop the Steyrmühl site, together with that at Laakirchen, into a center for sustainable packaging papers, renewable energy, and timber processing.

CEO Sebastian Heinzl, CFO Barbara Potisk-Eibensteiner, and COO Kurt Maier

Thinking in cycles daily



Closing Cycles – which cycles come to mind when you think about the 2023 financial year?

Sebastian Heinzl: Over the course of 2023 we intensively focused on preparations for our own, group-internal circular economy for products and renewable energy. Our latest acquisition, Steyrrmühl, will enable us in the midterm to integrate our own materials, waste, and recyclables into our production cycles in order to make use of them both as materials and as energy sources.

Kurt Maier: Our motto Closing Cycles also symbolizes the higher degree of inter-site collaboration, particularly between our sites in Laakirchen, Pöls, and Steyrrmühl. The close collaboration between the management teams of the various Heinzl subsidiaries and the holding company improves our strategic and operational effectiveness.

Barbara Potisk-Eibensteiner: In economic terms, 2023 represented an extremely challenging year. Liquidity is the lifeblood of the company, which is why we have placed a clear focus on generating cash flow within the group in order to ensure the blood flow remains stable.

Which particular challenges in the pulp and paper sector did you have to face last year?

Barbara Potisk-Eibensteiner: We had to acknowledge how much more fragile the market was than previously thought. After 2022, the most successful year in our company's history to date, we experienced a dramatic market collapse in 2023. The situation, which was already tense due to high inventory volumes along the entire supply chain, was exacerbated by the decline in consumer demand. We were also confronted by persistently high



“ We were very successful in facing the extreme commercial challenges in 2023.”

Barbara Potisk-Eibensteiner, CFO

input costs in addition to the resulting drop in demand. With the exception of containerboard, the situation eased somewhat towards the end of the year.

How did you respond to this difficult market environment?

Kurt Maier: It was necessary to respond swiftly and in a targeted manner to cut costs. We reduced production output at all our sites, shut down the paper machines at some sites and switched to stop-and-go operations. For the first time in the history of HEINZEL GROUP, we had to accept that it was also necessary to either cut or temporarily shut down our pulp production activities, depending on the market and cost environment.

It was obviously not an easy year – what impact did this have on results?

Barbara Potisk-Eibensteiner: Due to the weak demand, our production levels were well below those of the prior year, which of course had a negative impact on our bottom line. Our sites in Raubling and Kunda in particular suffered as a result of the low demand and significantly lower market prices.

Overall, however, we got through the situation relatively unscathed. The past year again demonstrated how beneficial it is to have a diversified risk portfolio. Even though our production sites had to deal with challenges, our trading segment offered us the necessary degree of stability.

A challenging economic situation, various business divisions, and yet a common vision. That was why the first HEINZEL GROUP Day was held in 2023. How did it go?

Sebastian Heinzel: Following on from the Corona pandemic, it was important for us to re-establish interpersonal exchanges and create opportunities to establish new contacts. At the HEINZEL GROUP Day, over 100 managers from the entire group were introduced to the strategy newly formulated in 2022 based on growth with sustainability. This has clearly defined the direction for the future. While we had to demonstrate a degree of flexibility in terms of the deadlines for a few projects due to the challenging economic environment, everyone now knows where we are heading even if we have to sail through one or two storms on the way.

How is the integration of the latest group subsidiary, Steyrermühl, going?

Sebastian Heinzel: The aim is for Laakirchen and Steyrermühl to merge to become a leading center for sustainable packaging papers, renewable energy, and timber processing. This multi-site integration is a new approach for us and marks a significant change from our previous philosophy. It is satisfying to see that this transition is going well, and all our employees are fully on board. The next important event we are looking forward to is commissioning PM6 in the second quarter of 2024. Paper production at the site, which has been on hold since the middle of 2023, is being resumed and this will mean that our product portfolio of kraft papers is complete. We are also already working on a sustainable expansion plan for our sawmill, which is aimed at ensuring its future direction.

Is everything on track for the planned energy concept?

Kurt Maier: We have done a lot of preparation work. At Steyrermühl, we already have a power plant fired by biomass and residual materials from recovered paper, and a second power plant is planned. Parallel to this, we



“ The team spirit within the entire HEINZEL GROUP was clearly tangible at all subsidiaries in 2023.”

Kurt Maier, COO

Regular meetings of the Supervisory Board form an important element of HEINZEL GROUP's corporate governance.

Supervisory Board of Heinzl Holding:

- » Alfred Heinzl, Chairperson
- » Christoph J. Heinzl
- » Matthias Heinzl
- » Frank Hensel
- » Johannes Klezl-Norberg
- » Alexander Riklin, Deputy Chairperson
- » Riia Sillave

Further details about the Supervisory Board members of HEINZEL GROUP can be found in the chapter [Governance structure on page 148](#).

are also planning to install an underground steam pipe between Laakirchen and Steyrermühl. We have already submitted all the plans for the environmental impact assessment and hope that this will soon also be the case for the new boiler. The next steps are now dependent on how long the official approval procedure takes. We won't however be able to start the construction work in 2024.

How are the other major projects at HEINZEL GROUP advancing?

Kurt Maier: Several important strategic projects are under way at the company: In Pöls, we have successfully launched the production of unbleached pulp, which will be used especially on the new PM6 at the Steyrermühl mill. Europapier has been able to further diversify its product portfolio, and, in Estonia, we have developed an innovative concept for renewable energy sources. Preparation work for the conversion of PM11 in Laakirchen to produce containerboard is very advanced; a warehouse for recovered paper and a second anaerobic plant were built in 2023, and the foundations of the new paper machine have also been laid. The conversion work itself has however been pushed back by a year to the first quarter of 2025 due to the current market situation.

Which steps is HEINZEL GROUP taking to achieve its decarbonization goals?

Sebastian Heinzl: After having developed the strategy in 2022, with a strong focus on reducing emissions, in 2023 we defined further ambitious goals for 2030. An important aspect of this is reducing our use of fresh-water by 25%. We have also been intensively working on the area of renewable energies. Our declared goal is to deploy a 78%-share of renewable energies at the company by 2030.

That will require a commitment from the entire HEINZEL GROUP.

Barbara Potisk-Eibensteiner: That's right. Which is why we have included the defined sustainability goals as a component of the bonuses in our management remuneration system for the first time. This is intended to again underline the importance of sustainability within HEINZEL GROUP. The same also applies to the issue of occupational safety. This is another area where we are currently working to optimize and standardize occupational safety standards at all subsidiaries.



“ We are firmly committed to our Sustainability Strategy 2030. We have to demonstrate a degree of flexibility however in terms of some project deadlines.”

Sebastian Heinzl, CEO

How is HEINZEL GROUP's investment at Paraguay's first pulp mill going?

Sebastian Heinzl: We have also had to revise our plans associated with the Parcel project. We had originally planned to start building the facility in 2023. It soon became clear however that this wasn't plausible due to the current interest rate landscape on financial markets. That's why we have decided to postpone the launch from 2025 to 2027. The focus in 2023 therefore lay on forestation. We have so far planted over 20,000 hectares of fallow land at an impressive pace.

What have been your most important learnings from the past financial year?

Barbara Potisk-Eibensteiner: Overall, we faced unexpected market challenges in 2023 which clearly showed us how important it is to be flexible and adaptable in our business. These are characteristics which will also serve us well in 2024.

Sebastian Heinzl: We remain firmly on track and fully committed to our strategy and our main projects, even if the past year has shown us that there is actually very little on which one really can rely. Things will improve again after these challenging times. We are convinced that our investments will enable us to emerge from this phase even stronger.

Kurt Maier: Our team proved itself to be remarkably robust over the past year. And even if 2024 turns out to be just as challenging as 2023, this strong team spirit will be the basis for us persisting as a unit. I would like to take this opportunity, also on behalf of the entire management team, to thank every single employee within the group for their efforts and commitment.

A nice way to wrap it up. Many thanks for the interview.

STRATEGY 2030

Sustainability and innovation as guides

Despite the current dynamic and challenging economic climate, HEINZEL GROUP remains firmly committed to its future-oriented Strategy 2030.

The integrated strategy of HEINZEL GROUP combines corporate goals and sustainability efforts. The company's top priority here is to ensure that renewable rather than fossil energy sources are used in the production of sustainable packaging papers and pulp by 2030. This central pillar of the strategy forms the basis for further, equally ranked objectives in the areas of finance, sustainability, and the portfolio which, together, provide the robust and future-oriented structure of the corporate strategy.

In a challenging market environment, we carefully balance long-term ambitions with the necessary degree of short-term flexibility. While energy efficiency and CO₂ emission reductions are the long-term focus, the short-term focus is on safeguarding the group's liquidity. Why? Because the company's financial stability is critical to also achieving its long-term objectives.



Committed to a strategic change in direction

Back in 2022, HEINZEL GROUP reformulated its mid-term strategic planning for the period to 2030 and remains firmly committed to this. The focus is on exploiting the Group's own recyclables and residual materials to extract energy as well as on greater collaboration and teamwork within the Group.





PRIO 1

Ensuring renewable, non-fossil energy sources

SUSTAINABILITY GOALS

PRIO 2

Reducing CO₂ emissions in Scope 1 & 2 by 42% and by 25% in Scope 3

Achieving net-zero emissions by 2050

Increasing the share of renewables to 78%

Reducing specific water withdrawal per metric ton produced by 25%

Reducing specific energy input

Cutting the LTIFR (lost-time injury frequency rate)

GOALS
2030

PORTFOLIO GOALS

PRIO 2

Parallel further development in industry and trading segments

Production focus on containerboard, market pulp, and kraft paper

Diversifying and distributing risk in commodity trading and the wholesale segment

FINANCIAL GOALS

PRIO 2

Increasing sales volumes to over five million metric tons of pulp and paper

Increasing the production volume to over two million metric tons of pulp and paper

Sustainably increasing group revenues to over three billion euro.

Implementing the global sustainability agenda

HEINZEL GROUP is committed to the 17 sustainable development goals (SDGs) of the United Nation's Agenda 2030 for Sustainable Development. These goals encompass important global challenges such as combating poverty, education, gender equality,

and climate action. We have identified eight of these goals as being particularly relevant and linked these to our commercial activities in 2022 in a materiality assessment. The corresponding SDGs are listed in the table on [page 19](#).

Stakeholder dialogue

HEINZEL GROUP regards integrating stakeholder feedback as being particularly important. We maintain respectful and trust-based relations with our most important stakeholder groups, consisting of employees, customers, suppliers, local communities, families, and banks, as well as public authorities and environmental associations, and proactively integrate their feedback into our strategic decisions.

Several examples: Employee feedback is systematically collected by means of satisfaction surveys which serve as a basis for making improvements. Local residents' issues are taken seriously and handled by a complaint management team. Scientific expertise and third-party consulting are sourced by commissioning studies. Ongoing dialogue takes place directly with public authorities, in the form of environmental impact assessments (EIAs), for example. We also maintain dialogues with NGOs and NPOs, such as with the team from Fridays for Future at the HEINZEL GROUP Day.

Sustainably invested: EUR 56.6 million for future-oriented technologies

In 2023, HEINZEL GROUP made investments of EUR 56.6 million in the promotion of renewable technologies; an increase of 42.2% compared to the prior year. A major share of these funds flowed into the first-time production of unbleached pulp in Pöls, used in the intra-group manufacture of paper and also traded. Another significant amount was invested in greater reliance on renewable energy sources, particularly expanding the anaerobic water treatment plant in Laakirchen.

Visit our website to find out more about the full scope of HEINZEL GROUP's commitment to various sustainability initiatives and organizations: heinzeln.com/en/our-responsibility/

Materiality assessment

The materiality assessment performed in 2022 forms a central element of the sustainability management at HEINZEL GROUP.

01 Identification: In order to identify relevant sustainability issues, HEINZEL GROUP initially analyzed various internationally recognized frameworks and standards, taking current industry trends into account. Twelve main issues were defined in the course of a thorough preparation process.

02 Evaluation: These issues were discussed and evaluated during the annual Group Management Meeting in order to determine their importance for the corporate group as a whole and to define the main focus areas for future sustainability action. A total of four teams independently evaluated impact materiality and financial materiality. Despite working independently, the teams came up with a uniform prioritization of the issues. The eight most important topics are listed in the table on the right.

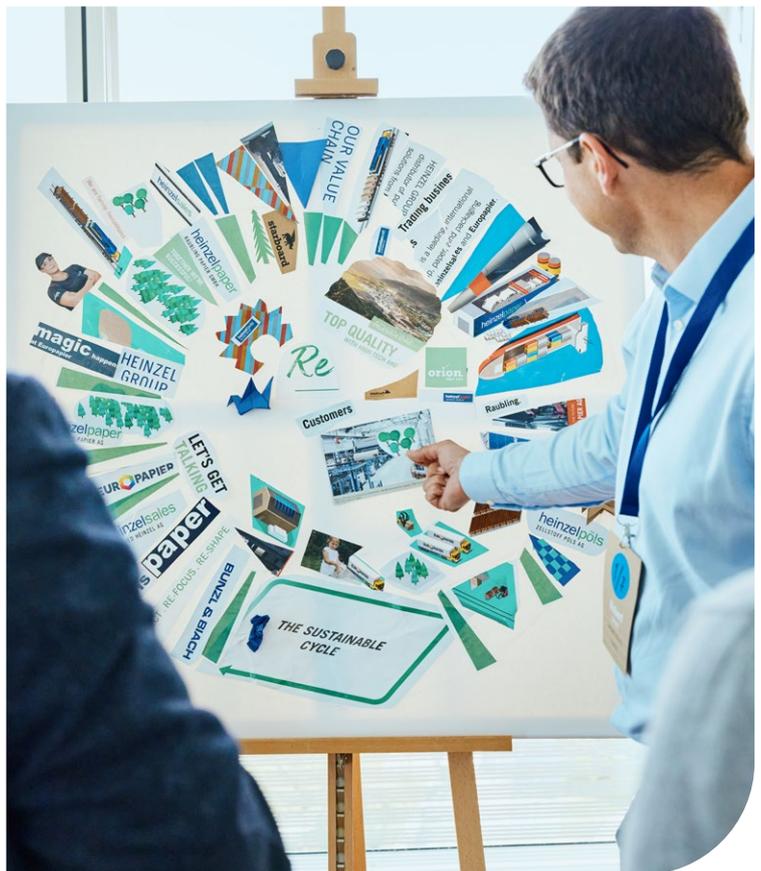
Adapted materiality assessment under the ESRS

During the course of the annual strategy meeting, the Group management together with all the companies' management boards and managing directors last year decided to make several necessary changes to the materiality matrix as a result of the European Sustainability Reporting Standards (ESRS) having been finalized.

The matters related to a sustainable value chain were reallocated to the area of biodiversity and classified as Priority 2 matters and are therefore covered by this report. Sustainable and Circular Products are now covered by the environmental area, and Governance no longer constitutes a separate issue-related area, being included instead in the general section of the report.

The matter Sustainable Value Chain was renamed Workers in the Value Chain. This matter is now classified as Priority 3, along with Clean Environment and Consumer Issues. Priority 3 matters are currently classified as being less relevant and are therefore not included in this report. Despite this, many initiatives were also implemented in these areas in 2023.

	FIELD OF ACTION	PRIORITY	PAGE	OUR CONTRIBUTION	SDG
PLANET	Climate Change	PRIO 1	24	Through our actions and measures to achieve climate neutrality, we contribute to reaching global climate targets.	13
	Renewable Energy	PRIO 1	30	We maximize the generation and usage of renewable energy on our sites and minimize the energy consumption for our products.	7
	Responsible Water Use	PRIO 1	36	We use water efficiently and ensure harmless wastewater flows.	6
	Biodiversity	PRIO 2	40	We strive to use certified wood from sustainably managed forests.	15
	Sustainable and Circular Products	PRIO 1	42	We make products based on renewable or recycled materials, which are fully recyclable. We minimize waste and return by-products to the production cycle.	12
PEOPLE	Good Employer	PRIO 1	48	We care about the wellbeing of our people.	8
	Engaged Corporate Citizen	PRIO 2	56	We work together with communities by being a reliable, supporting, and sustainable partner.	11
PARTNERS	Fair Operating Practices	PRIO 2	62	We are a reliable and fair business partner for our stakeholders and adhere to the highest professional standards.	16



This direct communication is invaluable. After a long break, a group-wide meeting among colleagues finally took place again to promote personal networking.

Sustainability strategy in action: Heinzl ReGroup

At the end of May 2023, HEINZEL GROUP organized its first Heinzl Group Day, a group-wide meeting under the motto Re-connect – Re-focus – Re-shape.

More than 100 participants met in Vienna to work together on the 2030 Strategy. Why? Because group-wide commitment, product, and process innovation, as well as thinking out of the box are the keys to the company's sustainable future.

HEINZEL | RE-CONNECT
ReGROUP | RE-FOCUS
RE-SHAPE

Re-connect – networking and strengthening the community

Managers from all HEINZEL GROUP subsidiaries took the opportunity to meet and see each other again. Despite the fact that many hadn't met for a long time or never before, the mood was very productive and upbeat. This coming together boosted not only collaboration but also paved the way for future cooperation beyond territorial borders.

Re-focus – Sebastian Heinzl defines new standards

CEO Sebastian Heinzl opened the event with an impressive keynote. With passion and conviction, he presented the new corporate strategy and the ambitious goals for the period to 2030. He particularly highlighted the importance of sustainability and supplies of renewable energy as the Group's top priorities.

Re-shape – defining issues

The participants adopted a practical approach to current and future-oriented issues at a total of eight interactive stations, including those focusing on energy generation, environmental protection, circularity, artificial intelligence, and employee retention. The Heinzl Group Day event offered the ideal platform for discussions, knowledge generation, and insights. One of the day's highlights was the dialogue with representatives from Fridays for Future Austria. This interaction added valuable perspectives from the next generation to the exchange.



“ A great event that not only brought all employees together but also gave everyone an opportunity to explore relevant issues beyond daily work.”

Susanne Möstl-Johannessen,
Communication Manager,
HEINZEL GROUP



Value Book 2.0 –
Europapier on track

Through its introduction of Book of Action, Europapier demonstrated its clear commitment to sustainability and group-wide values. This centralized tool serves as a guide for daily business and heightens awareness of sustainability. At the same time, these practical guidelines also convey the corporate values of respect, responsibility, and excellence to the entire distribution network in all countries in which Europapier operates. By means of its portfolio based primarily on sustainable and recyclable materials, Europapier illustrates how seriously the company is committed to eco-minded solutions.

WELL ESTABLISHED

Sustainability management organization and transformation

Sustainability management is firmly established throughout HEINZEL GROUP. The team regularly meets to exchange information and develop itself further. The organizational changes made last year highlighted and intensified communication of our corporate purpose, recreating value for our partners, our people, and our planet, as the Group's central *raison d'être*.

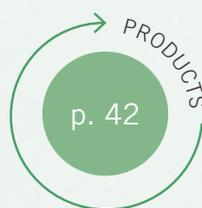
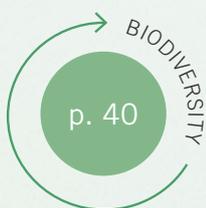
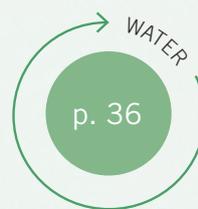
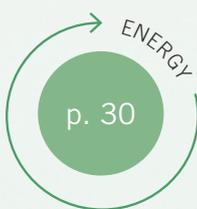
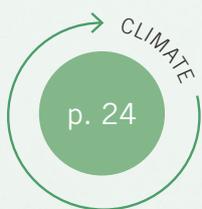
“ We are extremely proud and confident that we can jointly close gaps in our cycles and actively shape not only the present but also the future of our planet. This level of motivation within the entire company makes me optimistic about the future.”

Hannes Thaler, Group Sustainability Manager, HEINZEL GROUP





Closing cycles for our
PLANET



 **-6.0%** CO₂e emissions*

 **99.5%** Share of recyclable products**

* vs. 2022, Scope 1+2

** excluding by-products

CLIMATE CHANGE

Through our actions and measures to achieve climate neutrality, we contribute to reaching the global climate targets.

Frameworks

- ESRS E1 – Climate Change
- Science Based Targets Initiative (SBTi)
- GHG Protocol
- EU Emissions Trading System (EU ETS)
- Taskforce on Climate-Related Financial Disclosures (TCFD)

Goals ★ Over target ● On target ● Under target

- ★ – 42% GHG emissions by 2030 (Scope 1+2, base year 2021)
- – 25% GHG emissions by 2030 (Scope 3, base year 2021)
- Achieving net-zero GHG emissions by 2050
- 75% of suppliers set science-based targets by 2028
- Continuously reducing GHG emissions per metric ton produced
- Evaluating new technologies to capture, store, or use CO₂

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).

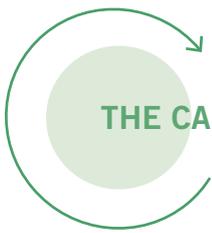


In 2023, HEINZEL GROUP was able to reduce its total emissions (Scope 1 and Scope 2) by 6.0% compared to 2022, from 535,295 metric tons of CO₂e to 502,972 metric tons of CO₂e, following a reduction of 14.9% in the prior year. With regard to direct emissions from the company's own processes and energy production (Scope 1), we achieved a reduction of 6.7% to 171,360 metric tons of CO₂e. This reduction is mainly attributable to lower production volumes at all sites. In connection with more energy-inefficient stop-and-go phases related to production activities, the specific energy efficiency of CO₂e emissions related to production at HEINZEL GROUP remained unchanged from previous year at 0.32 metric tons of CO₂e per metric ton of product but is still lower than the level of 0.34 metric tons of CO₂e recorded in 2021.

These results exceed our current targets on route to cutting GHG emissions by 42% by 2030.

ESRS E1-6: GHG emissions, Scope 1+2, market-based [kt CO₂e]



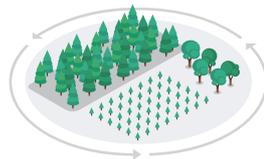


THE CARBON CYCLE

A functional carbon cycle regulates the natural balance of carbon in our environment and is essential to the stability of Earth's climate. People impact this cycle primarily by burning fossil fuels, which leads to the excessive release of CO₂ and therefore outpaces the planet's natural absorption capacity. Efforts to reduce the CO₂ concentration in the atmosphere are consequently decisive in order to limit global warming so that future generations also have access to clean water, fertile land, and diverse natural resources. As HEINZEL GROUP, we contribute here by undertaking numerous initiatives to accelerate the transition away from fossil fuels to greater reliance on renewable energy sources at the company.

Forests

Forests are important carbon storage facilities in which CO₂ from the atmosphere is bound by means of photosynthesis.



← CO₂

Atmosphere

Biogenic and remaining fossil fuel emissions escape into the atmosphere.



Product portfolio

The carbon stored in timber is retained in our products and therefore in the carbon cycle.



C
C

CCS carbon capture and storage

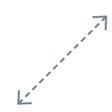
Biogenic and remaining fossil fuel emissions can be captured using new technologies.



CO₂
C

Recycling paper

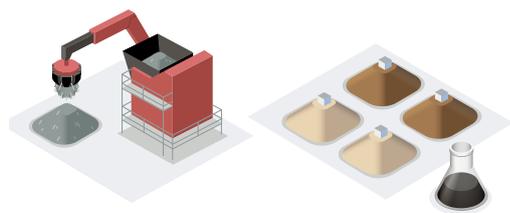
Find out more: Sustainable and circular products on [page 42](#)



C
C

Steam and power

Around 2,700 GWh of energy from renewable sources was produced by HEINZEL GROUP itself in 2023.



C

Energy from residues

Residues from recovered paper are converted into thermal energy.

Energy from materials

Bark, sawdust, and black liquor are biogenic fuels.

Action to combat global warming

Climate change mitigation is at the top of the Global Agenda. HEINZEL GROUP plays a role here, as has been confirmed by the successful validation of its short- and long-term emissions reduction targets by the Science Based Targets Initiative (SBTi).

We committed ourselves to the Science Based Targets initiative (SBTi) as early as 2021 in order to pursue and achieve science-based emissions reduction targets. The aim of this commitment is to accomplish near-term targets and pursue the net-zero standard in line with the 1.5°C ambition in the long term.

To this end, emissions reduction pathways were established based on a comprehensive analysis of all relevant emission sources and the necessary action were integrated into our business planning. These science-based targets and reduction pathways were defined in accordance with SBTi requirements. Both the short-term and the net-zero emission reduction targets were validated by the SBTi in March 2024.

Analyzing the dynamics of greenhouse gas emissions

In order to analyze its greenhouse gas emissions, HEINZEL GROUP is adhering to the Greenhouse Gas Protocol and taking into account its direct emissions (Scope 1), indirect emissions associated with external energy sources (Scope 2), as well as further indirect emissions along the upstream and downstream value chain (Scope 3). In 2023, HEINZEL GROUP was able to cut its Scope 1 and 2 emissions by 6.0% compared to the prior year, another excellent result following a reduction of 14.9% from 2021 to 2022. Details of the analysis and the development of Scope 1 and 2 emissions can be found on [page 24](#).

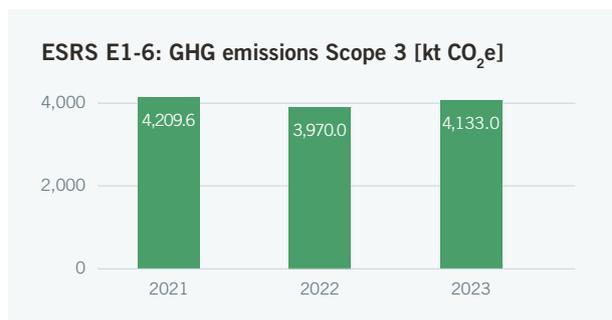
Expanding the Scope 3 analysis

In 2023, HEINZEL GROUP expanded its Scope 3 analysis in order to capture and reduce its environmental impacts more accurately. In contrast to the figures published in its 2022 Sustainability Report, which only took into account upstream and certain downstream categories, the current

analysis covers all 15 categories along the entire value chain for the years 2021 - 2023. By means of intensive data research, emission sources have been identified, categorized, and systematically assigned emission factors. This enables us to gain a detailed insight into emissions, deepens our understanding of the environmental impact associated with our business activities, and forms a reliable basis for targeted action to cut these emissions. Details of our analysis can be found in the appendix to this report.

Changes in Scope 3

In 2023, the Scope 3 analysis revealed an increase in emissions of 4.1% compared to 2022 and a reduction of 1.8% compared to the 2021 base year. The main causes of this were significantly higher emissions in categories 10 and 12 due to a higher proportion of oversea and pulp sales. A role was also played by more business with third parties in the trading segment classified as category 1, with relatively high emissions, an increase in the share of revenues generated with emission-intensive hygiene and office products in categories 1, 10, and 12, as well as an increase in emissions associated with category 2 as a result of the construction of plants to produce renewable energy.



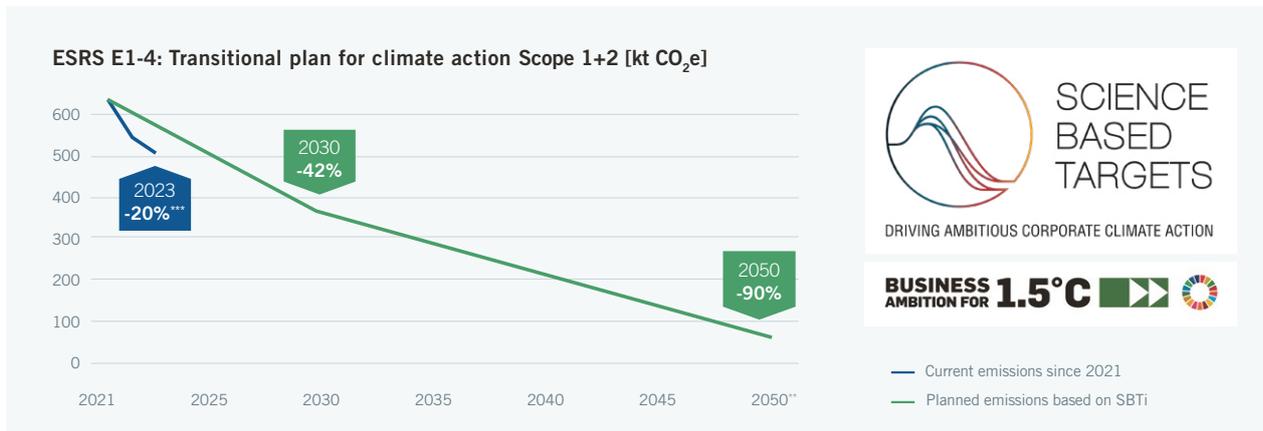
Upstream Scope 3 emission sources*

1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities
4. Upstream transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets

Downstream Scope 3 emission sources*

9. Downstream transportation and distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments

* Categories according to Greenhouse Gas Protocol

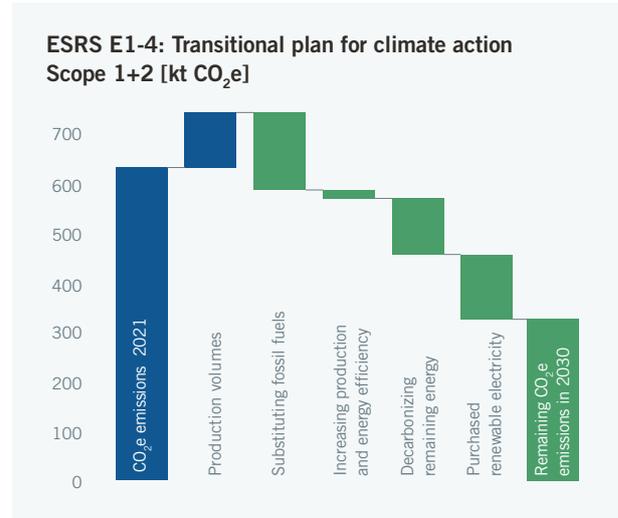


Transitional plan for climate action

HEINZEL GROUP’s transitional plan for climate action aims to reduce its Scope 1 and Scope 2 emissions by at least 42% by 2030, as well as its Scope 3 emissions by at least 25% and its total emissions by 90% by 2050. 2021 was defined as the base year.

fuels, energy efficiency increases, the decarbonization of energy sources, and the use of renewable electricity. The implementation of this action requires significant investments and careful planning in order to deliver both environmental and economic advantages.

We are already seeing considerable progress: Since 2021, Scope 1 and 2 greenhouse gas emissions have been reduced by 20.3%, which exceeds our defined interim goals and confirms both our commitment and the effectiveness of the action we have taken so far. The aim is to achieve



Year	SCOPE 1+2		SCOPE 3*		SUPPLIER ENGAGEMENT
	2030	2050	2030	2050	
Reduction target	-42%	-90%	-25%	-90%	75%

Further development of Scope 3 GHG emissions by 2030 and 2050

the remaining reductions in emissions from 2030 by employing new technologies and investments in carbon sink projects to cover the remaining 10% of residual GHG emissions. By 2028, the goal is for 75% of our suppliers of purchased goods and services to define science-based climate targets.

After analyzing our Scope 3 greenhouse gas emissions, we are now focusing on reducing the main emission categories, which account for over 90% of our overall emissions: categories 1, 3, 4, 9, and 10. Working closely with our suppliers, logistic partners, and customers is key to analyzing primary data and, above all, achieving our reduction targets by action aimed at cutting emissions.

The Scope 1 and 2 emissions of HEINZEL GROUP amounted to around 629,000 metric tons in 2021. Despite forecast production increases – a development which is usually associated with an increase in CO₂ emissions – the company plans to cut its emissions by more than 42% by 2030 in order to be in line with the 1.5°C target. The aim is to achieve this ambitious reduction by substituting fossil

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).

*Reduction targets based on main categories of Scope 3, which account for > 90% of emissions.

**10% residual GHG emissions after 2050 to achieve net-zero by means of carbon sinks
 *** Scope 1+2, vs. 2021

Laakirchen (back) and Steyrermühl (front): A future center for sustainable packaging papers, renewable energy, and timber processing.



Self-sufficiency and sustainability – the future of energy at HEINZEL GROUP

Steyrermühl, renowned for its historic paper mill, is today the focus of innovative progress related to energy production and efficiency. The planned construction of a second residue power plant (WSK2) is intended to be a turning point in the provision of energy from renewable sources.

This second residue power plant in Steyrermühl, currently at the planning stage, will be a key element in the future of energy and paper at Laakirchen/Steyrermühl. This cutting-edge power plant relies on the efficient thermal recycling of residues in a circular economy and aims to reduce the use of fossil-based natural gas at both sites, in Laakirchen and Steyrermühl, by up to 80% by 2030.

Energy and environmental contributions

With a planned heating capacity of up to 160 MW, this new power station aims to supply electricity and steam for paper production in future. The intention here is to feed the high-pressure steam generated in the boiler into a steam turbine which increases the steam pressure to the level needed for paper production. Based on this, the site plans to generate up to 30 MW of electricity for the site's power grid.

Versatility and efficiency

The WSK2 plant is being designed to rely on materials as a source of energy, including paper and fiber waste from both paper mills, biomass, storm-damaged and old timber, wood-chips, bark, and sawdust. In order to keep the air clean, the plant will be fitted with a modern filter system

which removes pollutants from the flue gas. In addition, a planned flue gas condensation system will ensure that more heat is extracted from the flue gas before it is discharged. The circulating fluidized bed technology in the plant helps to minimize greenhouse gas emissions and improve energy efficiency. All of the plant components have been designed based on state-of-the-art technology.

Environment-friendly – from preparation to storage

The plan is for a fuel processing plant to store, shred, and remove any metal from the solid fuels such as rejects from recovered paper. A further system is intended to prepare biogenic fuels, which are also stored, shredded, and temporarily stored in silos. In addition, the plan is to base the existing storage area for sewage sludge and leftover fibers at the Steyrermühl site. The handling and preparation work required will take place in a sealed-off area in order to avoid any risk of contamination and to scrub the waste air using bio-filters to eliminate any odors.

Environmental compatibility and other steps

The project will be subject to a comprehensive environmental impact assessment (EIA) performed by the relevant Upper Austrian public au-

thorities in order to ensure objectivity and independence. In addition to the mandatory EIA, we will also actively inform local residents and take their requirements into account.

Benefits for the region

The planned energy self-sufficiency is the key not only to the long-term competitiveness and viability of both paper mills, with their around 800 employees, but also delivers major advantages for the local communities. The district heating generated will be supplied to local businesses as well as public and private sector buildings.



“ We aim to operate our paper machines in future in a manner which is largely independent of fossil fuels. This is the only way we can combat climate change.”

Thomas Strauss, Unit Sustainability Manager, Laakirchen Papier

RENEWABLE ENERGY

We maximize generation and usage of renewable energy on our sites and minimize the energy consumption for our products.

Frameworks

- ESRS E1 – Climate Change
- ISO 50001:2018, ISO 14001:2015
- Energy audits
- All relevant local and European legislation

Goals ★ Over target ● On target ● Under target

- ★ Increasing the share of renewable energy to 78% by 2030
- Constantly reducing specific energy consumption in production by means of energy efficiency improvements
- Maximizing the use of waste materials and biogenic fuels to generate energy for production purposes and surrounding communities
- Evaluating renewable energy procurement options, such as via power purchase agreements

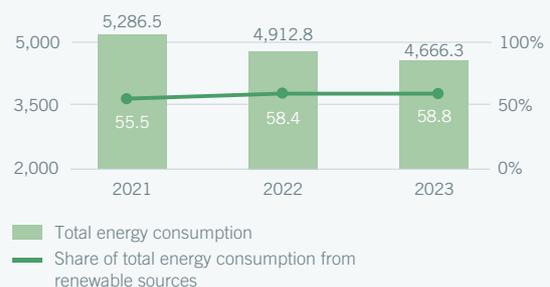
Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



Ongoing reduction of energy consumption

In 2023, HEINZEL GROUP again reduced its energy demands by 5.0% to 4,666.3 GWh and therefore continued the trend in the direction of low energy production with an overall reduction of 11.7% since 2021. This reduction, on the one hand, reflects the company’s efforts to achieve efficient potential savings. On the other, the reduction in energy requirements is also attributable to lower production levels despite higher specific energy consumption as a result of temporary shutdowns. A further contribution was accounted for by the reduced use of biodiesel, tall oil, and energy from black liquor. 58.8% of total energy consumption associated with the company’s own operations originated from renewable energy sources, a slight improvement of 0.4 percentage points compared to the prior year (+3.3 percentage points since 2021). Our overriding objective, of achieving a share of 78% of energy from renewable sources by 2030, remains in place and forms the top priority of our 2030 Strategy. Find out more: [Strategy 2030 \(page 16\)](#).

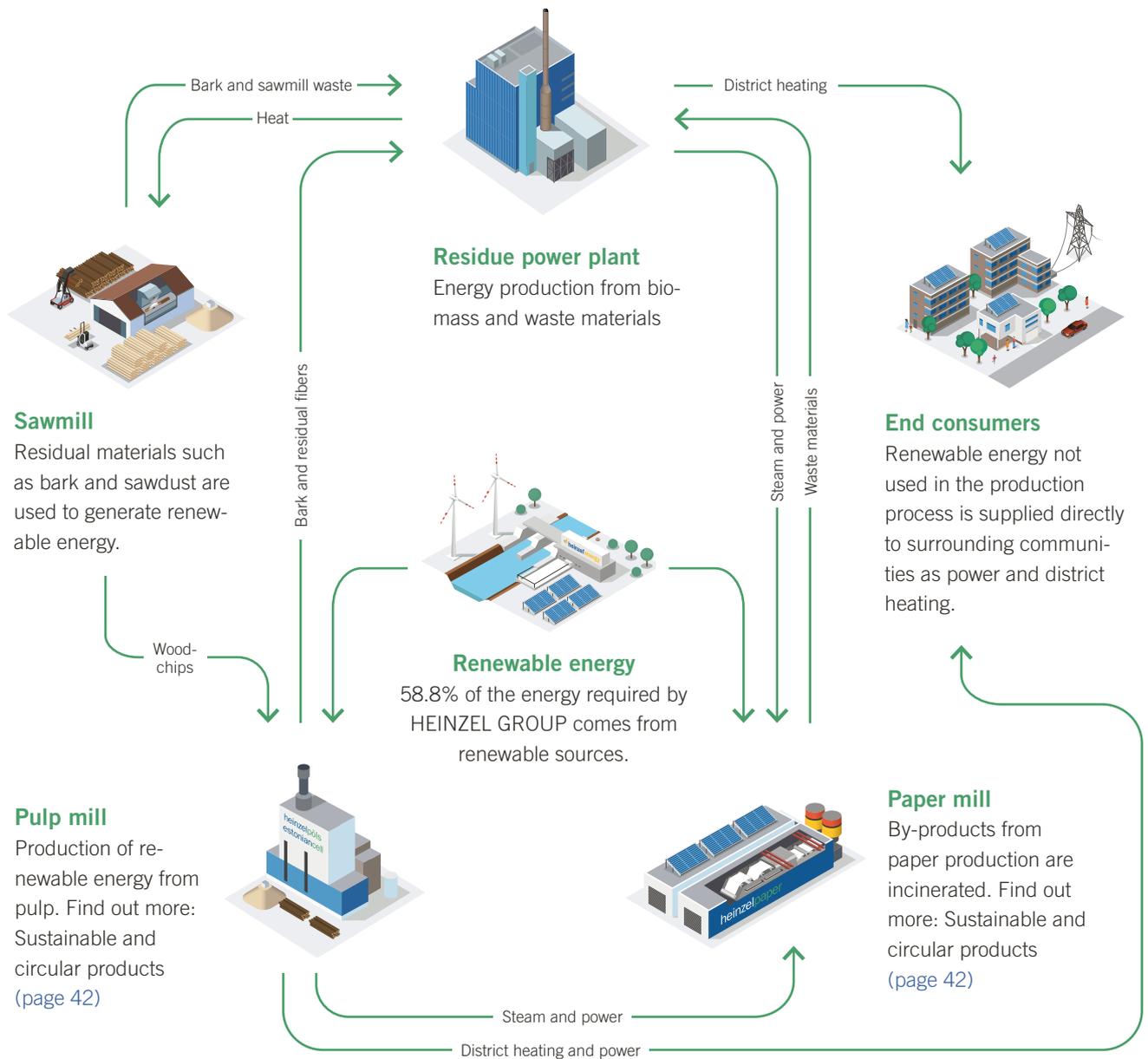
ESRS E1-5: Total energy consumption related to own operations [GWh]





THE ENGINE: THE ENERGY PRODUCTION CYCLE

An efficient energy cycle is at the heart of our business strategy. The key element of our transition to clean energy is formed by solar and hydropower as well as other renewable energy sources. Step by step, we are replacing traditional means of extracting energy from fossil fuels by reliance on advanced, environment-friendly technologies. A key aspect of this concept consists of our on-site residue power plants in which waste materials and by-products from the production of paper are converted into thermal energy. This not only enables our company to benefit from clean, renewable energy sources but also neighboring communities. This approach also increases our energy independence and shields us from volatility related to energy supplies.

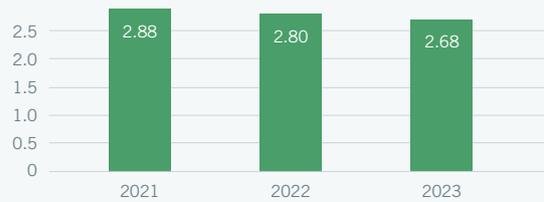




“ Although the expansion of photovoltaics in Pöls in 2023 was an important step, it isn't the end of the road. Every investment in renewable energy today is a step on the way to an even greener future.”

Bernhard Schmid,
Unit Sustainability Manager, Zellstoff Pöls

ESRS E1-5: Total renewable energy produced [k GWh]



Photovoltaic systems with a total capacity of nearly 2.5 MWp have been installed in Pöls. Among other projects, the wastewater drainage canal was also covered with PV modules in summer 2023.

Shaping the future with renewable energy

In recent years, HEINZEL GROUP has consistently expanded its production of energy from renewable sources based on the sun and water, as well as biomass and biogas, from the production processes at its various sites and produces its own renewable power using sustainable energy solutions.

Hydropower at the core of energy production

Heinzel Energy, an affiliate of HEINZEL GROUP, operates a total of three hydropower plants in the vicinity of the pulp and paper mills to annually generate 56 GWh of power: Danzermühl, Katzling, and Pöls. In the past five years, this company has invested over EUR 45 million in expanding its hydropower production capacity. For example, the Danzermühl hydropower plant in Laakirchen was completely upgraded in 2019. The new hydropower plant on the Pöls site also went online in July 2022. Instead of the old hydropower plant, which had been supplying the site with energy since 1911, a new run-of-river power plant including a fish ladder was built.

Driven by solar power

HEINZEL GROUP also relies on the power of the sun to generate sustainable energy. Large-scale photovoltaic systems to efficiently produce solar power have been installed on the roofs of its production sites, including paper machines, a pulp warehouse, and other warehouses. These now generate a total of more than 5 MWp. Given that space was still available, in 2023 Zellstoff Pöls AG undertook the next step to expand its solar power production by installing four new photovoltaic systems. The installed capacity of PV

systems at the site has increased to 2.4 MWp as a result, and the area covered by PV modules has now grown to an impressive 11,600 m². These actions form a key element of the ambitious strategy at Zellstoff Pöls AG to boost the power generated on its roof spaces to more than 4 MWp by 2030.

Renewable energy from biomass and biogas

Besides independently generating renewable energy from the wind and the Sun, HEINZEL GROUP also produces and efficiently uses renewable energy with the aid of biomass and biogas during the production processes at its sites. A portion of the energy it generates itself is used directly in production processes, with the remainder being fed into local district heating networks or into the public sector power grid as electricity.

Biogas is used to generate steam for the paper drying process during production in Laakirchen. Wastewater occurred during the production process is treated by means of aerobic and anaerobic processes which also produce biogas. A second water treatment plant, roughly twice the size, will be coming online in 2024. This will have the potential to save an additional 13,000 metric tons of CO₂e per year.

As a result of the high degree to which timber is efficiently used as a material and a source of energy in the pulp production process at Pöls, already around 95% of all CO₂ emissions at the site are related to biogenic CO₂. Ongoing optimization steps are aimed at realizing the vision of net-zero production activities as early as 2040.

In 2023, HEINZEL GROUP generated 2,682.4 GWh of renewable energy, which is equivalent to a decline of 4.2% compared to the 2,800.7 GWh generated in the prior year. The production of biogas and biomass in 2023 was hampered by market-related shutdowns and stop-and-go operations at the sites. Changes in shareholder structures taken into account in 2023 related to renewable energy – particularly wind and solar – also led to changes in the reporting of renewable energy production.

Plans for the future

Our declared objective is to continue expanding our facilities for the generation of non-fossil energy and, as a result, to generate even more steam and power from solar and hydropower. In combination with energy sourced from biogas and biomass, we have defined the ambitious goal of increasing the share of renewable energy at HEINZEL GROUP to over 78% by 2030.

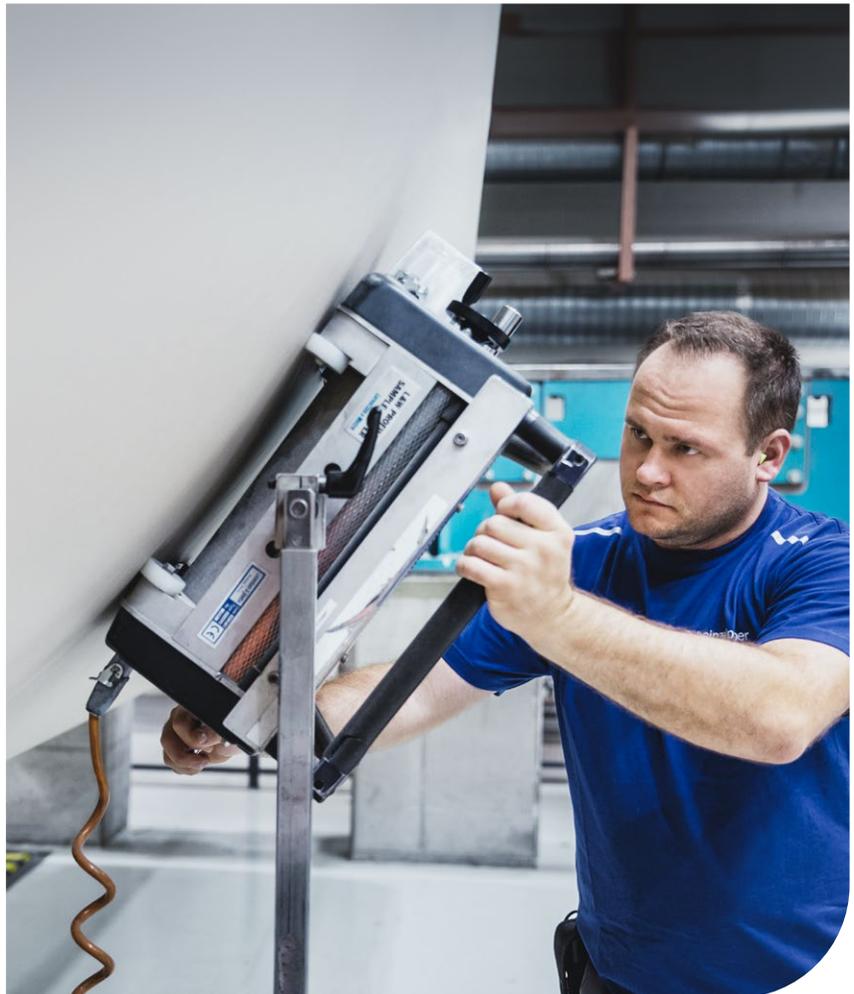


Numerous projects deliver a significant increase in energy efficiency.



“ Our investments in energy efficiency projects at Raubling Papier demonstrate that sustainability and commercial success are perfectly aligned.”

Andreas Braun, Project Manager, Raubling Papier



Energy efficiency as a key success factor for industry and trading

Alongside the use of renewables, energy efficiency represents a central pillar of the HEINZEL GROUP's climate and energy strategy. Reducing specific energy consumption – even in minimal ways – is decisive in order to meet our ambitious climate goals.

HEINZEL GROUP has for years relied on ISO-certified environmental and energy management systems at all its sites. These systems form an integral element of company management and are the key to precisely measuring and continuously improving energy efficiency. There were also numerous projects at subsidiaries in 2023 to increase energy efficiency.

Sustainability efforts at Europapier

Europapier, a subsidiary of HEINZEL GROUP, modernized its vehicle fleet in 2023 with the aim of significantly cutting its CO₂ emissions in the coming four years. The installation of a charging station in Vienna and a company-wide fuel-saving challenge are further raising awareness among employees. The objective of the fuel-saving challenge was to reduce average vehicle consumption. The winner, the driver with the lowest consumption, was awarded a restaurant voucher.

At several of its sites, Europapier sources green electricity generated from hydro, wind, and solar power. Energy efficiency is also being successively improved by means of modernized heating concepts and the

installation of LED lamps, movement sensors, and insulating window films which reduce the need for cooling. In Romania, for example, the offices and warehouses in Cluj and Sibiu were renovated in 2023. These were equipped with insulating walls and windows as well as improved heating systems and smart temperature regulation systems.

Laakirchen: efficiency in the paper production department

Laakirchen relies on a specialized recycling system for fibers, known as an RCF system, in the production of containerboard. This system uses 100% recovered paper and modifies its output to the precise requirements of the paper machine. This avoids unnecessary shutdowns and maximizes production efficiency. In order to increase energy efficiency further, numerous frequency inverters, a new transformer, modern motors, and new power and control cables have been installed. These improvements made during short maintenance periods lead to annual power savings of around 2.2 million kilowatt hours. This is equivalent to the annual consumption of around 520 family homes.

Raubling Papier GmbH: a focus on energy efficiency

During the conversion of PM7, Raubling Papier GmbH started with the modernization of the upstream drying system in 2023. This project includes exchanging the hoods at the machine level, adjusting the underground housing and air channels as well as installing a condensation control system. Increasing the condensation temperature from 52°C to 62°C will enable significant savings to be made: reducing the volume of live steam required by 6,891 MWh and power by 694 MWh per year. This in turn converts into financial savings of over one million euro in the years 2023 and 2024 as well as a reduction in CO₂ emissions of 1,390 metric tons per year.

In addition, Raubling Papier also achieved a considerable reduction of around 585 metric tons of CO₂ per year (1,055 MWh per year) by exchanging four pressurized air compressors with compressors fitted with heat exchangers. The EUR 500,000 investment in this project will break even within 1.7 years and also deliver savings in terms of power, CO₂ certificates, and steam.

RESPONSIBLE WATER USE

We use water efficiently and ensure harmless wastewater streams.

Frameworks

ESRS E3 – Water and marine resources

ISO 14001:2015

EMAS

Goals ★ Over target ● On target ● Under target

- Reducing specific freshwater withdrawal per metric ton produced by 25% by 2030
- Narrowing, and ideally closing the gap in our water cycle as far as technically feasible
- ★ Continually improving water usage monitoring
- Maintaining 100% safe wastewater treatment
- Remaining a reliable partner to local communities with regard to the treatment of wastewater

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).

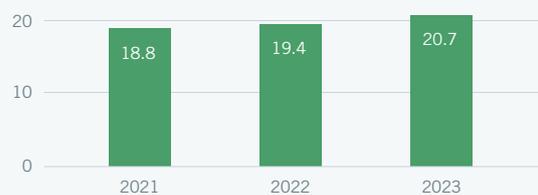


More efficient water management despite specific increase in demands

In 2023, HEINZEL GROUP saw an increase in specific freshwater withdrawals to 20.7 cubic meters per metric ton (m³/t) based on production, compared to 19.4 m³/t in 2022. This increase is mainly attributable to safeguarding production quality despite disrupted production cycles (stop-and-go operations) and increased demand for cooling water. Despite these challenges, we are still on track to reducing specific freshwater withdrawals per metric ton by 25% by 2030 with the aid of the future water-saving measures.

Overall, we were successful in reducing the total consumption of freshwater within the Group by 200,000 m³ compared to the prior year. In addition, 87.1% of all freshwater is used multiple times in the production process, in other words, is recycled and re-used. As in previous years, 100% of all water withdrawn is safely treated before being discharged into nearby rivers or into the sea.

ESRS E3-4: Specific freshwater withdrawal per metric ton of product [m³/t]



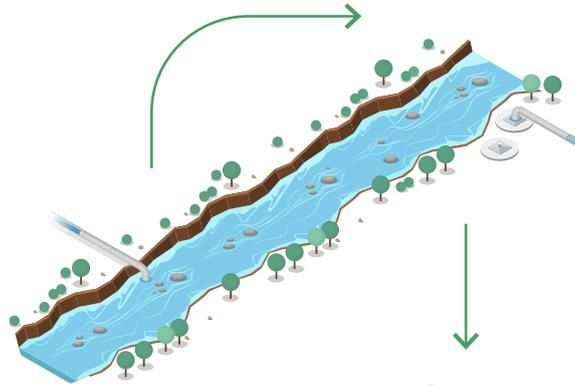


PROTECTING A SAFE WATER CYCLE

Water is the basis of all life on Earth and therefore key to environmental stability and human well-being. At the same time, water is also an important element in many industrial processes – including the production of pulp and paper. We need to use water responsibly and efficiently in order to protect our water sources and the water cycle. Adopting water-saving technologies and modern water treatment plants are a means of actively protecting environment – to maintain biodiversity and environmental stability in the region.

Discharge

We maintain the high water quality in surrounding rivers.

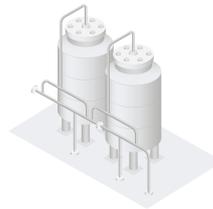


Water withdrawal

Water is an essential element of the production process and is withdrawn from local rivers or is extracted from the timber (water content).

Water treatment

Water is treated before use to remove particles and impurities.



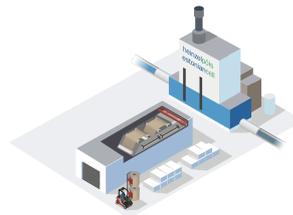
Clean wastewater

All of the wastewater resulting from the production of paper is treated.



Paper and pulp production

Water is used in many process steps (material processing, sheet formation, cleaning, cooling, drying, etc.).



Renewable energy

Biogas is generated by means of anaerobic wastewater treatment. This generates renewable energy.



Water in products

Find out more: Sustainable and circular products ([page 42](#))



The three new large-scale containers forming part of the anaerobic system at Laakirchen Papier on the river Traun.

Sustainable water management – initiatives at HEINZEL GROUP

Water – the source of all life and an indispensable element of production in the pulp and paper industry. Examples of the initiatives undertaken by HEINZEL GROUP at the sites Zellstoff Pöls AG, Laakirchen Papier AG, and Estonian Cell in 2023 highlight how industrial activities and environmental responsibility can go hand in hand.

100% safe wastewater

For years, the water which has been discharged by all the pulp and paper production sites of HEINZEL GROUP has always been processed in water treatment plants to comply with regulatory requirements. This safeguards the water quality of surrounding rivers and, consequently, the habitats of fish and other small animals.

Significant reduction in water withdrawals

By means of the initiative Responsible Water use at Pöls, Zellstoff Pöls AG has achieved considerable successes since 2020 thanks to the experience of its team on site: a reduction in water withdrawals of around 15% per metric ton of pulp and paper produced. Following detailed analysis, numerous process-based optimizations and technical innovations have been implemented. But that is not the end. In the last three years, seven sub-projects have been implemented and further action is already being planned. Once these have been implemented, the goal is to achieve savings of more than 25% by 2030.

It is also worth mentioning at this point the progress that has been

made at Laakirchen Papier AG in terms of reducing drinking water. By means of improving consumption monitoring, it was possible to reduce drinking water usage between 2021 and 2023 by 74%, which is equivalent to the average annual tap water consumption of 760 people.

Optimizing the wastewater treatment process

Expanding the anaerobic wastewater treatment plant at Laakirchen Papier marks an important milestone in wastewater treatment. A 770-m² foundation was built on 64 pylons and now serves as a base for three large, futuristic-looking stainless steel tanks with a volume of over 3,000 m³ used to treat wastewater. Once completed, the biogas scrubbing system (including desulfurization, drying, storage, and compression) is planned to enter operation in the second quarter of 2024.

Monitoring the marine ecosystem in Estonia

As the holder of Estonia's first environmental complex approval, Estonian Cell is obliged to perform comprehensive marine surveys every five years. These investigations performed by the

University of Tartu evaluate the quality of the seawater, marine flora and fauna in terms of concentrations of organic and inorganic substances in commercial wastewater and confirm that the seawater in the wastewater discharge area – around 2.4 km from the coast – is clean and that no negative environmental impacts can be detected.



We are committed to

responsible water use by constantly minimizing our environmental impacts and protecting the natural ecosystem.”

Kersti Luzkov, Environmental and Quality Manager, Estonian Cell

BIODIVERSITY

We strive to use certified wood from sustainably managed forests.

Frameworks

ESRS E4 – Biodiversity and Ecosystems

FSC® and PEFC

EUTR Regulation

Goals ★ Over target ● On target ● Under target

● Production: Ensuring that all timber continues to come from certified, sustainably managed forests (FSC®, PEFC & EUTR)

★ Production: Increasing the certified share of purchased pulp from sustainably managed forest (FSC® and PEFC) to 100% by 2025

● Trading: Increasing the share of certified pulp and paper from sustainably managed forests (FSC® or PEFC)

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



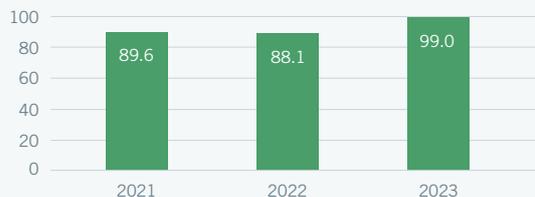
Strictly certified, sustainably produced

HEINZEL GROUP underlines its commitment to forest protection, maintaining a healthy environment, and preserving biosphere stability by actively promoting biodiversity. An example of this was the excellent development of pulp sourced for production purposes during the year under review. 99% of this pulp bore certifications from FSC® (Forest Stewardship Council®) or PEFC (Programme for the Endorsement of Forest Certification) – a marked increase from 88.1% in the prior year).

In addition, HEINZEL GROUP has been using exclusively timber from certified and responsibly managed forests for years in its own pulp production activities, with particular attention being paid to regional sources. The timber used – primarily thinnings and storm-damaged timber which is not suitable for the furniture-making sector – complies with the standards defined by FSC®, PEFC, and the European Union Timber Regulation (EUTR). These certifications safeguard sustainable forest management which takes into account environmental, social, and economic standards, as well as ensuring that no illegally felled timber enters the EU market.

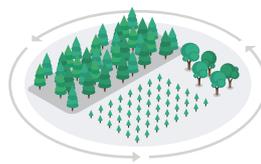
Maintaining biodiversity as part of our sustainability program is also behind our investment in the Parcel project. Find out more on [page 66](#).

ESRS E4: Share of sourced pulp with FSC® or PEFC certificates (production) [%]



SUPPORTING BIODIVERSITY

Protecting biodiversity plays a key role when managing forests and processing timber to ensure that forests remain an essential element of the carbon cycle and provide sustainable habitats for flora and fauna. That's why we only source our timber from certified forests. We also use harvested timber based on a cascade principle reflecting its quality. On the one hand, for the manufacture of sawmill and paper products and, on the other, to generate energy in the form of steam and power.



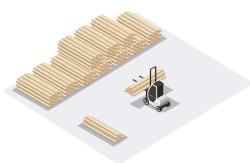
Forests as a source of materials

HEINZEL GROUP relies exclusively on timber from certified forests.



Products from timber

A cascade-based approach to using timber at HEINZEL GROUP gives rise to various products.



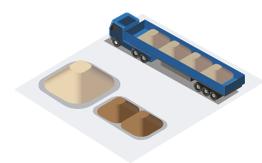
Sawn timber

Our sawmill in Steyrmühl (from 01.01.2024) produces up to 400,000 m³ of sawn timber every year.



Thinnings and sawn offcuts

Thinnings and sawn offcuts are used in pulp production.



Bark and sawmill waste

Residual materials such as bark and sawdust, as well as from pulp production, are used to generate renewable energy.



Sawmill products

Find out more: Sustainable and circular products ([page 42](#))



Pulp

Find out more: Sustainable and circular products ([page 42](#))



Steam and power

Find out more: Renewable energy ([page 30](#))

SUSTAINABLE AND CIRCULAR PRODUCTS

We make products based on renewable or recycled materials, which are fully recyclable. We minimize waste and return by-products to the production cycle.

Frameworks

ESRS E5 – Resource Use and Circular Economy

ISO 14001:2015

ISO 14067 and ISO 14044

Goals ★ Over target ● On target ● Under target

- Resources: Maintaining the high proportion of recycled and renewable materials (>95%)
- Products: Performing life cycle assessments for our most important products
- Products: Continuously reducing the carbon footprint of our main products
- Products: Consolidating the high proportion of recyclable and renewable products sold (>95%)
- Recycling: Reducing the specific quantity of waste per metric ton of products manufactured
- Reuse: Increasing the share of waste which is recycled either thermally or materially

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



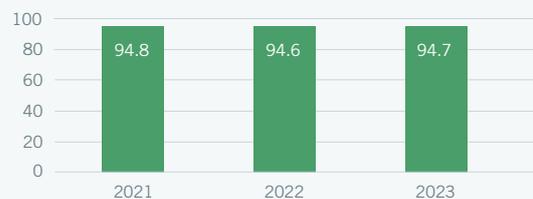
Environment-friendly – from raw material to the recycling plant

HEINZEL GROUP exploits the options offered by a sustainable and circular economy by using recovered paper and renewable raw materials such as thinnings in its production activities. The shares of recycled (27%) and renewable materials (68%) remain stable at nearly 95%, with continuous efforts being made to increase this high proportion even further.

We constantly strive to optimize our processes in order to further save resources and reduce waste. This entails water used being correctly treated before being discharged back into rivers, reusing the chemicals we need, and thermally recycling by-products such as tall oil to generate energy. Although the by-product bark is renewable but not recyclable, the recyclability of our products, including by-products, has remained high at a level of 97.4% for years. Excluding by-products, a remarkable 99.5% of our products are recyclable.

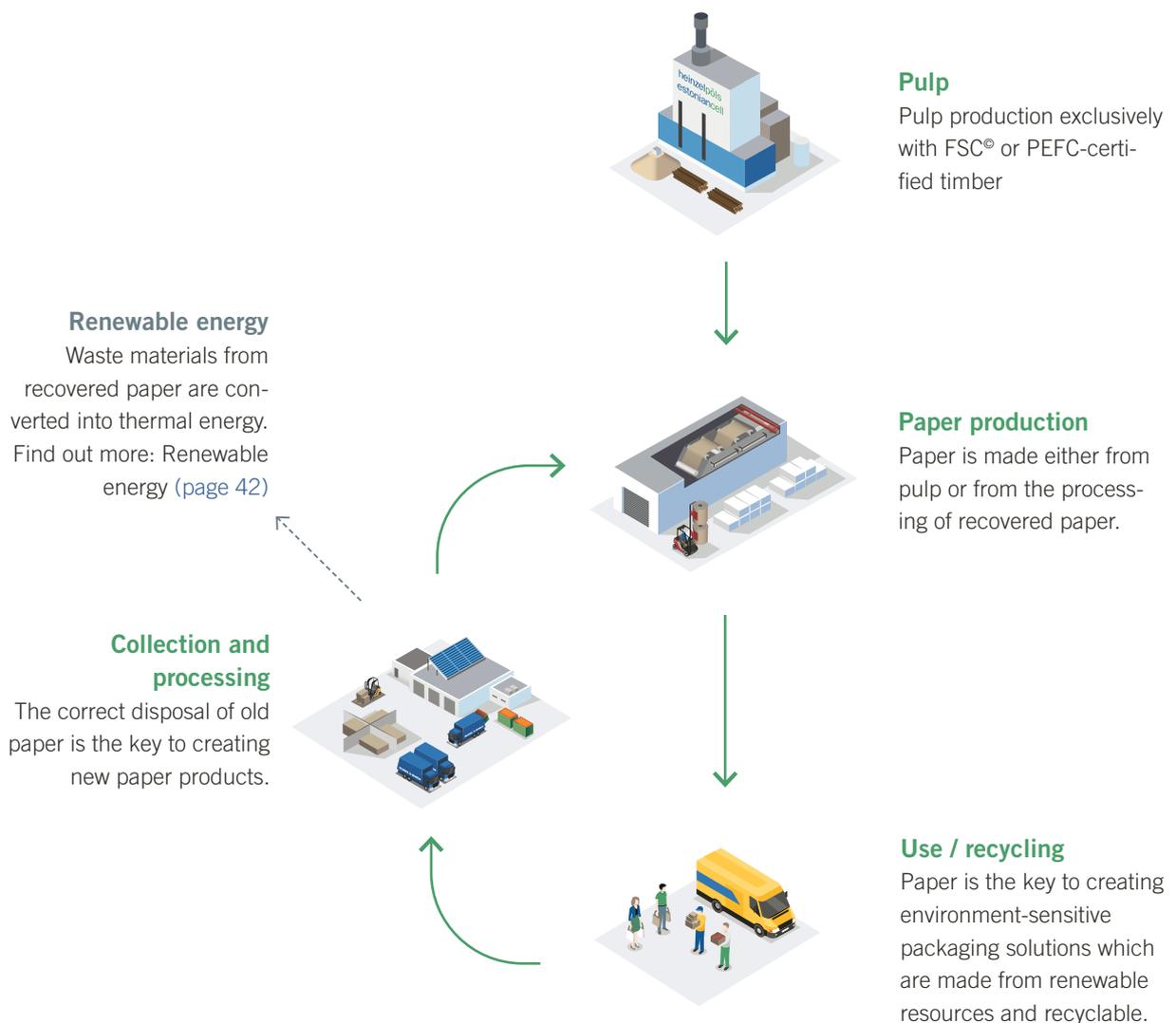
HEINZEL GROUP also recycles 95% of all waste materials. Following 250,894 metric tons of waste in 2022, this increased slightly to 251,255 metric tons in 2023. Of this, 65% was recycled thermally and 35% as material. This ratio has remained constant for years.

ESRS E5-4: Share of recycled or renewable materials used [%]



PRODUCTION CYCLE: RENEWING AND RECYCLING

The paper cycle, extending from recycling to the use of recovered paper and to its repeat recycling, offers many advantages in terms of environmental protection and resource efficiency. It reduces requirements for new material and protects natural resources such as forests. Recycling paper also makes a meaningful contribution to reducing waste. The fibers used in the production of paper can essentially be recycled up to 25 times*.

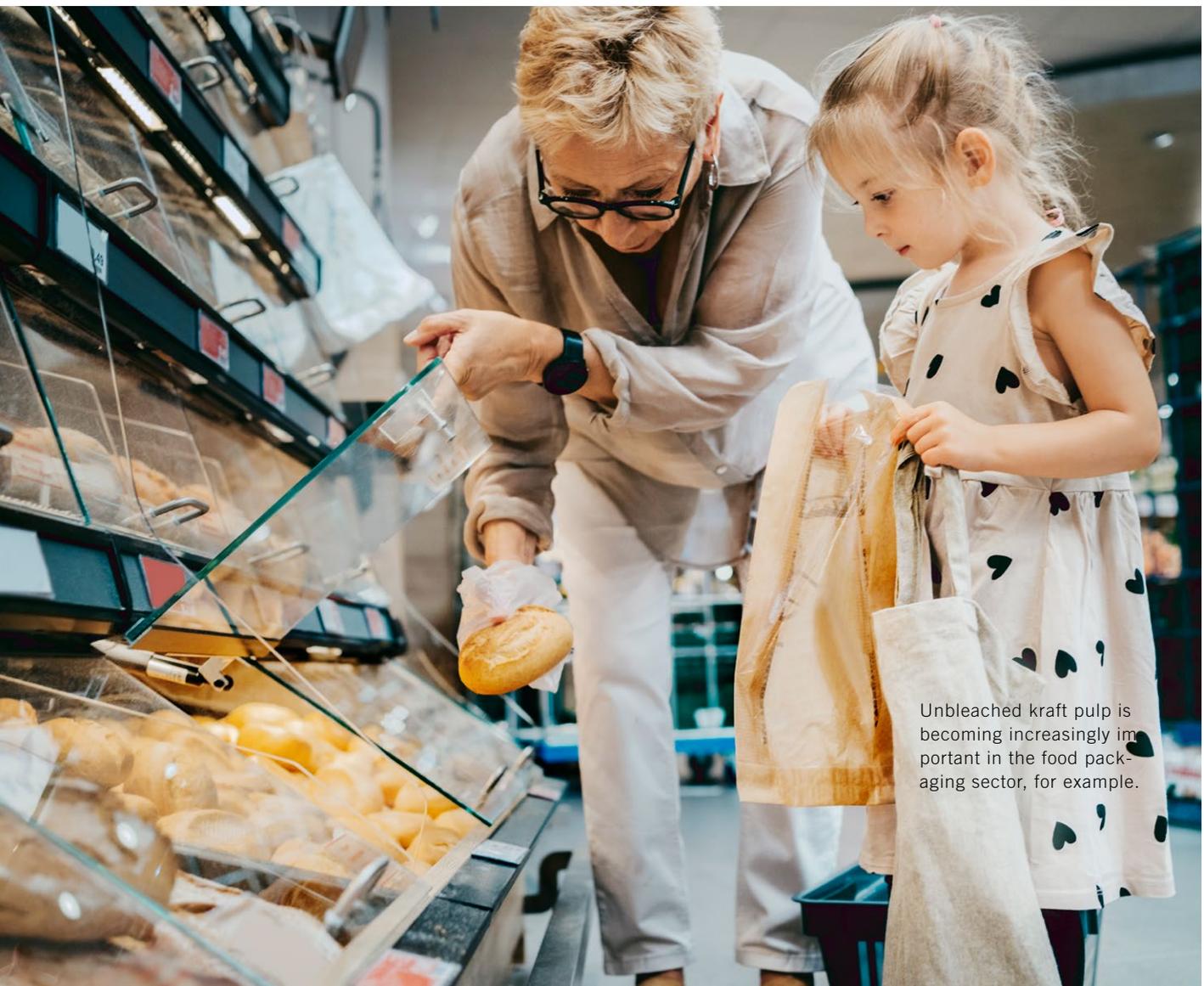


*Eckart, Rene (2021): Recyclability of cartonboard and carton, In: Wochenblatt für Papierfabrikation 11/2021



“ We are proud to work in close collaboration with our colleagues from Steyrermühl on the record-breaking conversion so that we can in future offer kraft paper to our customers around the world.”

Siegfried Gruber, Division Management Technical Planning, Zellstoff Pöls



First-time production of unbleached pulp in Pöls

The launch of unbleached pulp production at Zellstoff Pöls AG marks a milestone in our history. This will in future become a key input material for the new PM6 in Steyrermühl.

The project aiming to produce unbleached kraft pulp (UKP), and therefore to increase the total production volume of pulp to around 500,000 metric tons per year, started in 2022. After an 18-month construction phase and the investment of 42 million euros, the new production plant was completed and commissioned in fall 2023. The required quality parameters, such as pulp purity and consistency, were achieved within a short operating time.

Technical innovations and modifications

Producing UKP required major technical modifications and innovations: A new pulp press, two grading machines to eliminate over-sized particles and a 3,000-m³ tank for pulp, to mention just a few of these. These investments now make it possible to produce between 40,000 and 100,000 metric tons of UKP every year, with an option to increase capacity to over 200,000 metric tons. This pulp is used in the production of unbleached papers at the sites Pöls and, in future also, Steyrermühl, and will also be sold on as dried pulp.

Sustainability at the project's core

No bleaching chemicals are required in the manufacture of UKP, meaning

that the processes involved are nearly free of wastewater and represent closed water cycles. In addition, the use of timber is around 10% less than in the case of bleached pulp (around 4.5 cbm instead of around 5 cbm per metric ton), and the small scale of the equipment also reduces specific energy consumption. Overall, these factors account for a significant reduction in the environmental footprint.

This progress in Pöls is an important element of the synergies between the Steyrermühl and Pöls sites. For example, the successful launch of UKP production at Pöls and the conversion of the paper machine in Steyrermühl form the basis of synergies and bolster the strategic integration of the two sites.

Collaboration within HEINZEL GROUP to be intensified

The conversion of PM3 in Steyrermühl to a special paper machine for the production of kraft paper, now referred to as PM6, has been ongoing since early 2022. Considerable work has already been performed, including removal and installation work on piping, containers, and electrical systems. Major components, such as refiners, pulpers and gravity separators,

have been delivered and installed, with the main assembly work having started in early 2024 on the paper machine, including the installation of a new headbox, a shoe press, and a calender.

Despite challenges associated with delivery dates and pilot runs, the project is on track and the first marketable paper is expected to be produced in May 2024. The converted PM6 uses both bleached and unbleached pulp from Pöls and works as a so-called swing machine. In other words, the machine can produce bleached or unbleached paper, depending on market requirements.

> 100 $\frac{\text{MN}}{\text{EUR}}$

Investment volume*

Incoming and ongoing deliveries are preferably by rail in order to also reduce logistic-related emissions.

*for the production of unbleached pulp in Pöls and for the rebuilding of PM6 in Steyrermühl

Fit for the future: Bunzl & Biach's circular approach to the paper industry

Sustainable business practices are a moral obligation, on the one hand, and a decisive competitive factor, on the other. For HEINZEL GROUP, Bunzl & Biach Ges.m.b.H. makes a key contribution to a circular economy in Austria and neighboring countries.

With 163 highly committed employees and modern technical equipment at ten sites covering an area totaling around 14 hectares, Bunzl & Biach is a central player in further developing the sector. It is here that recovered paper is regarded as a valuable resource rather than a waste product. Over a million metric tons of this resource is shipped to paper mills every year as an integral element of the circular economy. The company also offers a wide range of services related to waste paper disposal.

Committed to environmental protection and quality

Bunzl & Biach excels through its commitment to various environmental and quality management systems. The company has been certified according to the ISO 14001, ISO 9001, ISO 45001, and ISO 50001 standards, and therefore complies with established standards in terms of the environment, quality, occupational health and safety, and energy efficiency. These certifications underline the company's efforts not only to comply with environmental protection and high quality standards but also to continuously improve them.

From the early days to now

The corporate history of Bunzl & Biach in Austria dates back to the 1850s.

Over the decades, the company has continued to develop itself further and expand. Taking over Chiemgau Recycling GmbH and the 100% acquisition of Austrian Recycling illustrate that Bunzl & Biach plays a central role in recovered paper trading not only in Austria but throughout Central Europe. Given that most sites have their own railway sidings, more logistics will be switching to rail transport in future as a means of helping reduce Scope 3 emissions.



“Our approach of using recovered paper as a valuable resource, combined with modern facilities to sort paper, make us a key contributor to the circular economy.”

Walter Davit, Unit Sustainability Manager, Bunzl & Biach

Optimization efforts in the areas of material use and waste management

In 2023, HEINZEL GROUP undertook efforts to optimize the use of materials and waste management not only at Bunzl & Biach but also at other subsidiaries.

Estonian Cell cut the use of imported timber to a minimum and in so doing reduced emissions associated with transportation.

Process optimizations at **Estonian Cell** and **Laakirchen Papier** cut the use of starch and chemicals in pulp and paper manufacturing.

Raubling Papier achieved cost savings by using environment-friendly calcium hydroxide instead of sodium hydroxide.

Europapier introduced more roll holders made of cardboard instead of plastic for marketing purposes, initiated a returns system for disposable pallets and replaced old, tar-soaked railway sleepers with new concrete sleepers to prolong their life and reduce the share of harmful waste.



Closing cycles for our
PEOPLE



 **2,540** Employees*

 **-8.0%** Accident frequency**

* vs. 2,447 in 2022

** vs. 2022, LTIFR of 8.34 in 2023

GOOD EMPLOYER

We care about the well-being of our people.

Frameworks

ESRS S1 – Own workforce

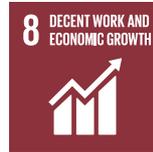
ISO 45001:2018

Local employment laws

Goals ★ Over target ● On target ● Under target

- Ensuring the health and safety of all employees
- Steps to promote employee loyalty and safeguard workforce availability
- ★ Bolstering the training program for apprentices and managers, investments in tailored training concepts
- Developing steps to safeguard diversity and equal opportunities for women and men, including equal pay

Further sustainability-related KPIs on this topic can be found on [pages 51-54](#) and in the chapter [Supplementary sustainability reporting on page 149](#).

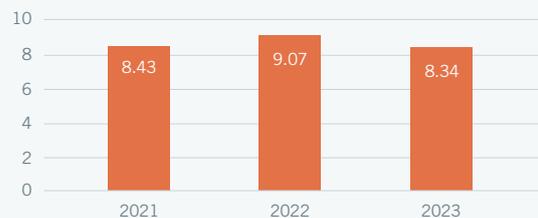


A focus on occupational safety: LTIFR improved in 2023

Occupational safety and protecting our employees and their health are top priorities at HEINZEL GROUP. That is why all HEINZEL GROUP production sites have been certified according to ISO 45001. This is supported by annual, carefully monitored programs related to occupational safety and comprehensive occupational medicine initiatives to promote employees' health. Specialized health and safety officers at our sites are responsible for implementing and monitoring this and other safety precautions in order to guarantee the well-being and safety of our personnel.

Among other KPIs, occupational safety is measured using the LFTIR (Lost Time Injury Frequency Rate) metric. This indicator compares the number of reportable occupational accidents to the number of hours worked. The LTIFR of 8.34 at HEINZEL GROUP in 2023 is below the rate of the prior year (9.07). This indicates a marked improvement in occupational safety.

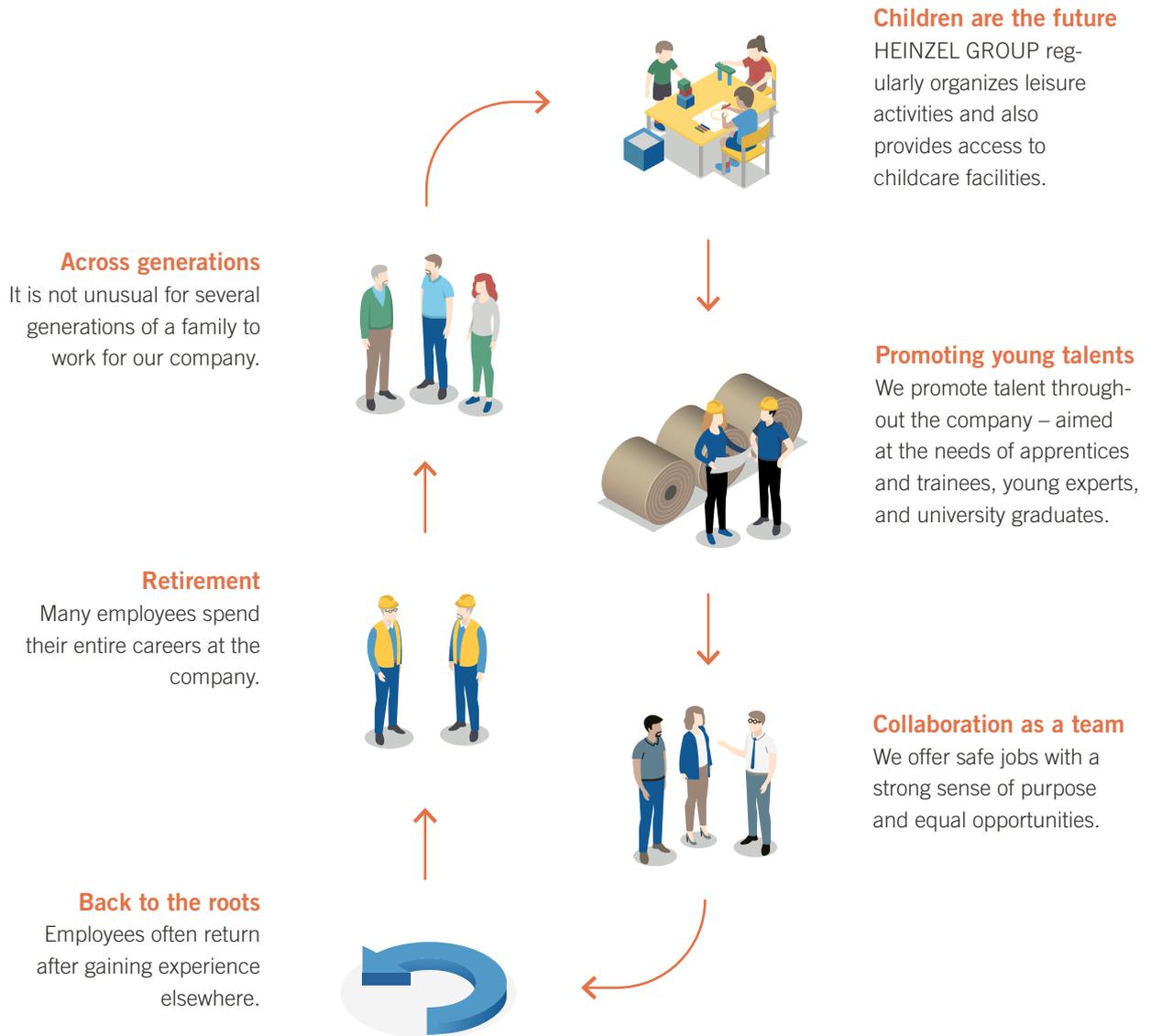
ESRS S1-14: Reportable occupational accidents per million hours worked (LTIFR)





EMPLOYMENT CYCLE – FROM TRAINING TO RETIREMENT

Similar to natural cycles, the employment cycle at our company is also an important system. This cycle can be seen in the diversity and dynamism of our workforce, including families which have been part of our team for generations and new employees who add a breath of fresh air and innovative ideas. Employees from diverse backgrounds contribute to the development of our company. That's why we offer regional stability and job security – from training through to retirement.





“ It goes without saying that we talk about work in the family. Grandpa regularly asks what is new”

Tanja Österreich, transport logistic specialist, Zellstoff Pöls (center), next to her grandfather Josef Knoll, excavator driver (left), and her father, also named Josef Knoll, an operator in the digester (right)

Family-friendly and future-oriented working culture

HEINZEL GROUP is a modern employer who adapts flexibly to the constantly changing world of work. The team is guided here by our decades-long values of responsibility, respect, and excellence.

The marked sense of responsibility we feel towards our 2,540 employees is reflected in numerous initiatives which cover all phases of professional life. We live up to our values by offering childcare options which enable parents to combine job and family roles, by means of focused training programs for our apprentices, and comprehensive occupational safety training and environmental protection projects.

Our workforce also enjoys various social benefits. Insurance cover for loss of income as a result of illness, parental leave, unemployment or due to occupational accidents or an inability to work exists for 99.5% of all employees. Furthermore, all our salaried employees are covered by public post employment benefits.

Children are the future

We are well aware that maintaining the fine balance between having a career and a family can be a challenge – both during school terms and school vacation periods. HEINZEL GROUP supports young families by ensuring that employees can rest assured that their children are well looked after while they are at work. In Pöls, for example, the company has joined forces with the Pöls-Oberkurzheim municipality to establish a new childcare facility. Two childminders from Volkshilfe Steiermark look after as many as eight children here at the same time.

Laakirchen Papier makes the summer vacation period a particularly special time for employees' children. In collaboration with the Kinderfreunde organization of the Salzkammer region, the company has set up a varied program of summer vacation events. A highlight of this was a visit to the paper mill, during which the children gained exciting insights into the working world of their parents. heinzelsales also organized a special day for employees' children in summer 2023. 22 children, accompanied by 16 adults, explored the



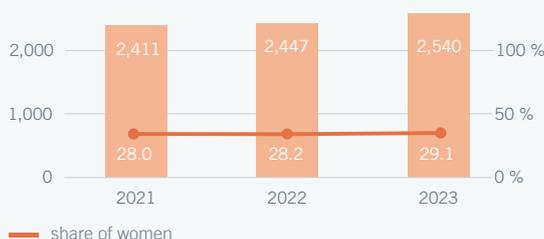
“ Our innovative childcare project in Styria makes it possible to look after children flexibly, with models which can be modified in terms of the days and hours childcare is provided, which is ideal for parents and children.”

Hans Georg Pranckh, HR Manager & Legal Affairs, Zellstoff Pöls

wood in Purkersdorf together on a special day which both the children and their parents thoroughly enjoyed.

And, if it ever becomes necessary, all our employees have the right to take family-related leaves. In 2023, a total of 5.4% of the workforce took advantage of the option of parental leave. This related to 9.3% of the female workforce and 3.8% of the male workforce.

ESRS S1-6: Total number of employees FTE Average [number]
ESRS S1-6: Share of female employees [%]



Colleagues from heinzelsales have planted 650 trees as part of the Wald4Leben project.



Promoting young talents

At HEINZEL GROUP, apprentices receive future-oriented training and are motivated and supported by various means. We regard it as our responsibility to not only provide young people with specialist knowledge but also to actively involve them in issues relevant to society, such as environmental protection.

The success of this training policy is reflected in awards received. Heinzl Pöls won no fewer than seven Stars of Styria awards for apprentices; clear evidence of the high standard of training they receive. Unique: all of this year's intake in the area of electrical engineering and metal technology completed their apprenticeships with excellent pass results. Our apprentices in Laakirchen are particularly creative and athletic.

As part of the Klimachecker:innen@ work project, for example, they set up a so-called Palettini project to build seating arrangements for employees, raised beds for a snack corner, and insect hotels. Besides this, the apprentices also practice Judo together to

promote not only their fitness levels but also their sense of community.

More details about our apprentices can be found on [page 79](#) of the Consolidated Management Report.

Collaboration as a team

HEINZEL GROUP appreciates the importance of education and solidarity, which is why it has developed and implemented numerous training programs and initiatives. Total expenditure for training at the company in 2023 amounted to 1.08 million euros, which is an average of 423 euros per employee (full-time equivalent). During the year under review, 46.1% of employees took part in scheduled staff appraisals.

Cycling for a better world

Over 20 employees from HEINZEL GROUP proved their sporting talent and their commitment by demonstrating that environmental awareness can be integrated into daily life. During a period of six months, cyclists from heinzelsales and Laakirchen covered more than 13,000 km on their bikes and saved 2,323.3 kg of CO₂ in the



“ We are proud of every single kilometer cycled by our employees, every one of which brings us closer to our goal of a more sustainable world.”

Melanie Luger,
HR, Personnel and Organizational
Development, heinzelsales

process. At heinzelsales, employees commitment to the environment encompassed more than just cycling. During a team-building event, the team recently planted 650 trees. This event, organized together with Wald4Leben, reflects the determination of the company to give back to nature and actively contribute to environmental protection. Employees and their families were encouraged to get involved

and, instead of making donations, to create a more sustainable forest in Lower Austria.

Sustainability training

Valerie Maitre, a driving force behind sustainability training at heinzelsales, launched the first training courses for our European subsidiaries in 2023. Her trips by rail from Vienna are a practical example of how the CO₂ footprint of business travel can be reduced. This initiative is being continued in 2024.

Standardized safety philosophy at all sites

The safe4you project has already made considerable progress in standardizing our safety routines at the site in Laakirchen. With the aim of eliminating all occupational accidents at the paper mill, we not only organize regular refresher courses for managers but also rely on practical training and regularly perform safety checks. Exchanging best practice examples and actively involving our employees in safety-related discussions play a key role in our efforts to create a safe working environment. 80% of the workforce of HEINZEL GROUP are covered by a health and safety management system – including 100% of employees at production sites.

More data and facts about occupational safety can be found in the Consolidated Management Report on [page 78](#).

Crisis management and emergency drills: preparing for the worst case

In an impressive exercise, the crisis management team at HEINZEL GROUP practised a worst-case scenario at Pöls in which 50 emer-

gency personnel performed an emergency drill near the turpentine storage tank. A drill was also performed at the Laakirchen paper mill involving simulating an accident with a tank wagon. This drill entailed setting up roadblocks, evacuating parts of the town, and caring for the "injured". These exercises are decisive in ensuring safety at work and being prepared for unforeseen events.

Back to the roots

It is not uncommon for employees to return to work for HEINZEL GROUP after short breaks. These are decisions which are based on the favorable working environment at the company and the importance of interpersonal relationships. At heinzelsales alone, seven colleagues have already returned to the company after gaining experience elsewhere.



“ HEINZEL GROUP is made up of various strong stand-alone companies and brands. And yet, as a team, we leverage synergies in many areas to grow together, becoming stronger and closer than ever before.”

Katharina Scheibelreiter,
Human Resource Manager Europapier
and Lead Coordination Board
Human Resources, HEINZEL GROUP

Retirement

Peter Schak, who worked for HEINZEL GROUP for 42 years, took his well-earned retirement in 2023. His story is a shining example of commitment and our working culture. Peter's advice to managers in order to create a productive and encouraging working environment is timeless: listen, inform, involve, and stay calm.



“ Every day was a conscious decision to remain at Heinzl, motivated by the exciting working environment and a supportive team.”

Peter Schak, Sales Director Paper Europe, heinzelsales

Across generations

The mix of young and older employees adds value to our company by combining experience and knowledge with new, innovative approaches. Our workforce is characterized by a diverse age structure: 14.3% are under 30 years old, 30.0% over 50, and 55.7% aged between 30 and 50.

As a family-owned and managed company, HEINZEL GROUP stands for stability and a strong sense of affiliation, which is why our employees demonstrate such outstanding loyalty

which, at times, spans several generations. The average length of service has for years been over a decade and, in 2023, stood at 10.6 years to be precise.

This is accompanied by a staff turnover rate of 9.8%, which represents an increase compared to prior years.

“ I actually wanted to become an electrician, like my father before me and my son after me, but when I started there was more demand for paper makers. I am now really proud of my professional and have a chance to pass on a lot to the apprentices.”

Peter Hofstödter, Apprentices Trainer,
Laakirchen Papier

Company affiliation as a family affair

An outstanding example of company affiliation spanning generations is the Österreicher-Knoll family at Zellstoff Pöls AG. Grandfather Josef Knoll started the family tradition when he became an excavator driver in the log yard in 1970. This was during the early phases of paper production and at a time when his brother also worked for the company. Josef Knoll Jnr., his son, followed in his father's footsteps at the company, working in the pulp digester where he has been for more than 20 years after completing his training as a measurement and control engineer. And Tanja Österreicher, the third generation, was still a child when she decided to do her apprenticeship and accompanying high school graduation at Zellstoff Pöls AG.

The Hofstödter family has also been associated with HEINZEL GROUP

for generations, playing an important role in the success of Laakirchen Papier AG. Rudolf Hofstödter worked as an industrial electrician from 1969 until 1997. His son, Peter, has already been working at HEINZEL GROUP for four decades. He started his career as a papermaker apprentice, became a supervisor and, ultimately, the head of a department. Today, he is also the chairman of the works' council and has since 2023 also been a trainer of our young apprentices. Peter's elder son, Patrick, joined the company in 2008, completed an apprenticeship to become an electrician and a process control engineer, qualified as a master engineer, and currently holds the position of a deputy shift manager.

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



Father and son working together at Laakirchen Papier AG: Peter Hofstödter, Site Manager / Patrick Hofstödter, Dep. Shift Manager

Awards of Excellence

Every year, HEINZEL GROUP honors employees who have demonstrated exceptional commitment and outstanding performance through its Awards of Excellence.



EXCELLENCE

Rainer Swidersky, heinzelsales

Outstanding sales achievements with SC paper

Rainer Swidersky achieved the impressive feat of selling nearly 40% of the SC paper produced at Laakirchen Papier AG and played a major role in ensuring that the entire Laakirchen site remains profitable. He not only acquired new customers but also maintained the continuity of sales to existing customers.

Also nominated:

Dzemka Nievelt, Laakirchen Papier: Successful IT integration of Steyermühl

Georg Mandl, Heinzl Pöls: Successful launch of unbleached pulp production

Alari Rebane, Estonian Cell: Support during the introduction of a new shift system



RESPONSIBILITY

Jürgen Knausz, Christian Schnedl, Winfried Weber, Zellstoff Pöls

Reducing CO₂ emissions by optimizing production control

Jürgen Knausz, Christian Schnedl, and Winfried Weber have jointly chalked up a remarkable achievement at the pulp mill in Pöls by optimizing the reprocessing plant and, as a result, significantly reducing the consumption of natural gas. This optimization in Pöls is accountable for a marked reduction of around 5,000 metric tons of CO₂ emissions per year.

Also nominated:

Triin Padonik, Estonian Cell: Many new analyses to improve results and protect our planet



ENTREPRENEURSHIP

Dimitry Skripkin, Sasha Suntsov, Europapier

Constant modifications to running the business and managing orders in Ukraine necessitated by the war

In Ukraine, Dimitry Skripkin and Sasha Suntsov display an exceptional degree of entrepreneurship, flexibility, and risk management under extremely difficult circumstances. The team on-site constantly needs to revise its logistic concepts in order to ensure that goods can be safely shipped from suppliers to Ukrainian customers. The team recently demonstrated its flexibility again by shifting truck-based deliveries to railway wagons because Polish truck drivers had blocked the border.

ENGAGED CORPORATE CITIZEN

We work together with communities by being a reliable, supporting, and sustainable partner.

Frameworks

ESRS S3 – Affected communities

Precautionary principle

Community Grievance Mechanism

Goals ★ Over target ● On target ● Under target

- Continuously increasing the number of household equivalents supplied with district heating and electricity from our production sites
- Integrating local communities and proactively implementing steps to safeguard excellent relationships with our neighbors
- Increasing our engagement as a corporate citizen by supporting people in times of distress by means of donations in kind, product, time and financial donations
- ★ Reducing the number of enquiries and complaints from local residents to a minimum

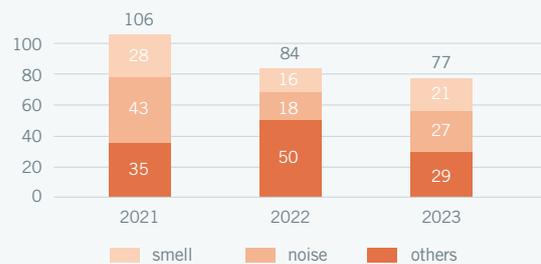
Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



Constant improvement by actively listening

By means of proactive complaint management, the company deals with enquiries swiftly and jointly seeks solutions with those affected as an opportunity to constantly improve our operations and build trust. We are delighted that we have been able to reduce the number of complaints in the last two years by nearly a third. In 2023, we received 77 enquiries and complaints from residents; a reduction of 8.3% compared to the prior year. Most of the complaints related to odors or noise. In the case of simple issues, we look for immediate solutions. More complex issues are taken into account in our long-term planning.

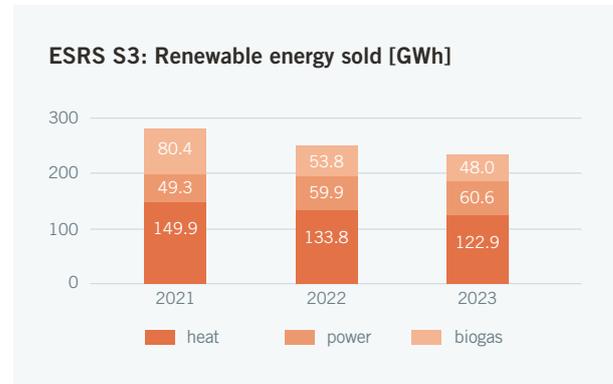
ESRS S3: Enquires and complaints from residents [n]



Renewable energy provider for local communities

HEINZEL GROUP uses by-products from its production processes in order to generate renewable energy. Part of this is used in our own production processes while some is fed into local networks to supply surrounding communities with renewable energy for heating purposes and as electricity. In 2022, a total of 231.6 GWh of biogas, power, and heat were generated and sold, which is slightly less than in the prior year due to the stop-and-go operations at two sites. This is enough to supply up to

31,000 households with sustainable energy and comparable with supplying a medium-sized city with around 65,000 inhabitants such as Wels in Upper Austria.



PARTNERSHIP-BASED COLLABORATION WITH LOCAL RESIDENTS

Partnership-based relations with local communities pave the way to a promising future together. This cycle of cooperation in environmental projects and educational initiatives benefits the company and also improves quality of life in neighboring communities. It also promotes understanding and respect of community needs and interests.

An open dialogue with society

Openness and a willingness to engage in discussions set HEINZEL GROUP apart. Our production sites regularly open their doors to local residents to provide insights into our business processes. By actively supporting local associations, HEINZEL GROUP also contributes to the well-being of the community.



Focused on community well-being

The teams at HEINZEL GROUP prepare environmental impact assessments very carefully in order to minimize influences on the local environment. Feedback and inputs from the surrounding communities are of course taken into account.



Walter Liebfahrt (Head of Finance & Controlling), Maria Stradner (Head of PR & Communications), and Christian Titze (Head of Electrical Engineering) inform visitors about the Pöls site.

A paper machine at first hand: discovering the world of production processes in Laakirchen.



Open day events for communities

The open day events at the sites Pöls, Laakirchen, and Kunda were great opportunities to demonstrate how industrial companies can actively involve and inform society by means of transparency.

HEINZEL GROUP has made sustainability and transparency easily accessible for local communities, with the aim being to proactively take steps to safeguard good relations with neighboring communities. The company came closer to this goal in 2023 by setting up open day events at its production sites.

Innovative insights into Zellstoff Pöls AG

With 1,700 visitors gaining an insight into pulp and paper production, the open day event at Zellstoff Pöls was an outstanding success. Visitors had a chance to experience the production processes at first hand and to witness the company's commitment to environmental protection and the supply of nearby households with energy from renewable sources. A catering tent took care of all visitors' cravings while local associations made sure that the younger guests were appropriately entertained.

Industrial culture by night

The long night of industrial culture event Laakirchen Papier was a highlight in the Traunsee-Almtal region. Over 700 visitors experienced an introduction to the world of paper

manufacturing. The guided tour on an excursion train through the production halls, hydropower station, and the wastewater treatment plant was particularly popular. Besides insights into the production processes, the event also offered information about the company's history, corporate culture, and career opportunities.

Estonian Cell: forestry in focus

On Estonia's Forest People's Day, AS Estonian Cell opened its doors to welcome 65 visitors to an exclusive insight into environment-friendly production and the processing of aspen timber. This event was an opportunity to present the fully automated and environment-friendly production process and to explain the importance of forestry to the Estonian economy.

These open day events not only provide clarification but also boost local solidarity and confidence in the production sites.



“The great interest in our open day event and the positive feedback confirm our vision of acting transparently and sustainably.”

Siiri Lahe, CFO, Estonian Cell

Dialogue with local residents and authorities

For HEINZEL GROUP, open and transparent dialogue is the key to harmonious relations with local communities.

Founded on collaboration

HEINZEL GROUP has always regarded its commercial success as being closely associated with the well-being of local communities. The company makes a significant contribution to sustainable development through its various social engagements and support for art, cultural, educational and sporting associations.

We are convinced that real value lies in interpersonal relationships. Involving local residents' initiatives promotes productive collaboration. That is why we regularly inform local residents about relevant issues and give them an opportunity to express their concerns and make suggestions at meetings.

Voluntary dialogue to promote more transparency

During the approval processes for new projects, HEINZEL GROUP also takes into account any possible negative impacts on the environment and the concerns of the local community as well as the commercial and technological aspects.

A recent example of the company's commitment here was the environmental impact assessment for Paper Machine 11 (PM11) at Laakirchen. Despite not being a legal requirement, HEINZEL GROUP took advantage of this process to intensify its dialogue with the community and to clearly demonstrate its commitment to transparency and open communication. This was followed by the implementation of environmental protection steps in order to minimize the impact of odors, noise, and dust; all with the defined goal of not increasing specific emissions. An accompanying information campaign advised stakeholders about the project and addressed concerns. The feedback we received from the local community was extremely valuable and the proactive communication strategy adopted was very well received. Based on this experience, the early and voluntary involvement of the local population will remain a key element of our approach to large-scale projects in future in order to achieve further positive outcomes.



“ Our goal is open communication. We aim to be transparent, to provide insights, and to take feedback from the local community seriously.”

Stefan Winkelbauer,
Head of Commercial Law,
Laakirchen Papier

Closing cycles for our **PARTNERS**



 **0** cases of corruption*

 **42,000 ha** reforestation**

* As in prior years ** Since project start, Paracel (PRY), HEINZEL GROUP investment

FAIR OPERATING PRACTICES

We are a reliable and fair business partner for our stakeholders and adhere to the highest professional standards.

Frameworks

ESRS G1 – Business conduct

Universal Declaration of Human Rights (UNO)

European Convention for the Protection of Human Rights and Fundamental Freedoms (European Council)

Declarations of the International Labour Organization, particularly with regard to the ban on child and forced labor as well as on discrimination (ILO)

EU whistleblowing directive (European Parliament, European Council)

Multinational guidelines (OECD)

Goals ★ Over target ● On target ● Under target

- All relevant employees have completed training in the areas of anti-corruption and anti-bribery (training and self-assessment)
- No violations of anti-corruption or anti-bribery legislation
- No donations to political parties also in the future
- Maintaining the outstanding payment behavior set out in the HEINZEL GROUP frameworks

Further sustainability-related KPIs can be found in the chapter [Supplementary sustainability reporting on page 147](#).



Integrity as a corporate standard

HEINZEL GROUP has a spotless record in terms of avoiding corruption and bribery and adopts a proactive role in order to ensure that its values are adhered to in all areas of business. As in prior years, HEINZEL GROUP was not convicted of any violations of anti-corruption or anti-bribery laws in the period 2021 to 2023, and no penalties were imposed in connection with such offences. No cases of corruption or bribery were reported, either within its own workforce or related to interactions with business partners. The company policy with regard to political contributions is also clear: There were no financial or in-kind contributions to political parties.

Compliance training in 2023

In total, 89% (ESRS G1-3) of all functions-at-risk received training with regard to compliance guidelines in 2023. In order to continuously raise awareness about corruption and bribery, we offer our personnel training every two years; training which is supplemented by annual retests. Following two extremely successful years, with participation rates of 98.1% (2021) and 98.8% (2022) and training programs covering nearly all at-risk functions, this percentage declined during the year under review. At two subsidiaries in particular, increased levels of employee turnover and acquisitions followed by efforts to integrate the new workforce all complicated holding training courses. Steps have been taken to return to a participation level of over 98%. All other Group subsidiaries maintained the high level by achieving nearly full participation in compliance training courses.

Application of the EU whistleblowing directive

A whistleblower hotline and a related whistleblowing system were established in 2023 as an additional means of ensuring integrity and transparency at the company. This makes it possible to confidentially report any possible irregularities and therefore contributes to building trust among all stakeholder groups. The whistleblowing system at HEINZEL GROUP satisfies all the reporting requirements with regard to data protection, confidentiality, and anonymity as defined in the EU's whistleblowing directive (2019/1937).

HEINZEL GROUP GUIDELINES, POLICIES, AND RULES

Code of Conduct	GDPR Policy
Anti-Corruption Guidelines	Policy on Business Irregularities
· Guideline for gifts, invitations, and hospitality	Money Laundering Policy
· Principles Agency Agreements	Payments Policy
· Principles of handling donations and sponsoring measures	Treasury Operating Guideline
Competition Compliance Manual	Trade Secrets Policy



“ Integrity is essential for us. We encourage everyone to report misconduct and protect whistleblowers by guaranteeing absolute confidentiality.”

Klaus Vlach, Group Compliance Officer, HEINZEL GROUP

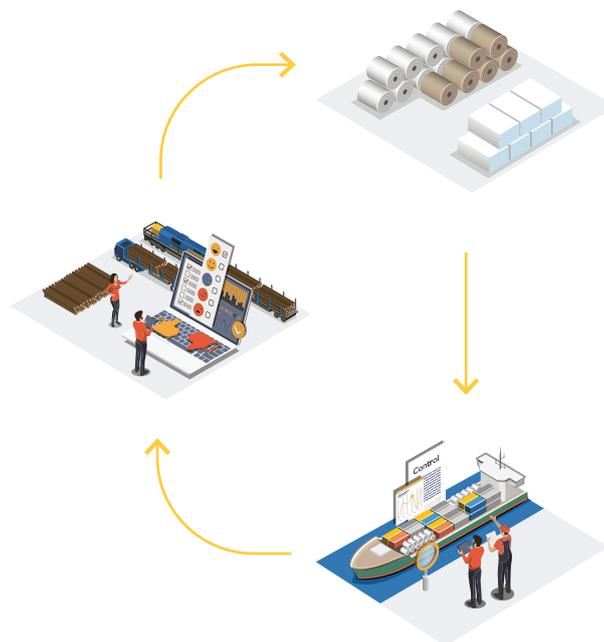


SUSTAINABLE CIRCULAR VALUE CHAIN

A sustainable circular value chain is one which relies on production and distribution steps – from sourcing raw materials to the use of the product – taking environmental standards and sustainability principles into account. The players, from the upstream suppliers to the downstream customers, are actively integrated into this process. This is how HEINZEL GROUP ensures a sustainable value chain that is successful in the long term.

Upstream partners

Regular supplier assessments safeguard the quality of our business relationships.



Production and sales

HEINZEL GROUP produces and distributes pulp and paper but also attaches considerable importance to maintaining mutually beneficial relationships with its suppliers and customers.

Downstream partners

HEINZEL GROUP, carefully monitors and analyzes the storage and transportation of its products to customers.



“ It was fantastic organizing this wonderful anniversary with our colleagues and celebrating this milestone with all the people who made it possible.”

Franziska Jöbstl, Executive Assistant, heinzsales



heinzelsalebration – 75 years of leadership in the paper industry

heinzelsales – founded by Wilfried Heinzl in 1948 – now forms the foundations of today's HEINZEL GROUP. To appropriately celebrate this milestone, heinzelsales invited its entire sales network to take part in a two-day event in Vienna at the end of May 2023 – to its heinzelsalebration.

Building bridges and shaping the future

Building Bridges in the Sustainable World of Pulp & Paper," focused on the 2030 strategy, emphasizing sustainability. Sales representatives from all over the world, from heinzelsales own offices and liaison offices, together with sales managers from all Heinzl Group companies engaged in discussions, presenting markets and products while strengthening relationships through workshops.

Gala dinner at the Schönbrunn Orangerie

During the evening, the Orangerie at Schönbrunn was transformed into a tribute to everything that heinzelsales has achieved over the years and to everyone who has contributed along the road, and still do every day. In total, 265 guests, including former CEOs such as Andrew Paul and Heinz Zinner, celebrated heinzelsales' achievements. From the stage guests were entertained by an ensemble that fit the location and occasion, memorable speeches

by Alfred Heinzl, Sebastian Heinzl and Krunoslav Meic as well as the obligatory birthday song and cake for all to share.

This anniversary symbolizes heinzelsales' enduring strength, stability, and innovation in the paper industry. With 75 years of leadership, the company remains a pioneer dedicated to sustainable solutions and actively shaping the industry. This anniversary event embodies the ongoing importance of the company – today and in the future.

75 years of heinzelsales: a chronology of success

1948 Wilfried Heinzl founds a pulp and paper trading company: Wilfried Heinzl AG – later re-named heinzelsales. He successfully developed the company further and led it as CEO until retiring.

In the **1980s**, Wilfried Heinzl AG was still regarded as a traditional trading office, but also maintained a strong international presence even back then. The company continued expanding, with subsidiary offices in Italy, Switzerland, and New York, and a liaison office in Cairo. Particularly worth highlighting is the successful expansion of business in North Africa and the Middle East, as well as in the Soviet Union and Eastern Block.

When Wilfried Heinzl retired as CEO in **1991**, the trading volume stood at 429,000 metric tons. Alfred Heinzl was committed to keeping the company firmly in family hands, which is why he acquired a majority stake by means of a leveraged buyout in 1991 to start a new era - the beginning of HEINZEL GROUP.

Today, heinzelsales is a global player distributing an impressive annual volume of around 2.5 million metric tons of paper and pulp in 116 countries.



A green future: the ambitious reforestation project at Paracel

Paracel is committed to reforesting areas in Paraguay which have in the past been felled – on the one hand, by means of planting new trees and, on the other, by supporting natural forest regeneration. Currently one of the world's largest reforestation projects.

Together with South American and European families of entrepreneurs, HEINZEL GROUP has been invested in Paracel – a pioneering project for sustainable forestry practices in Paraguay – since 2022. This commitment consists of three key elements: constructing the first pulp mill in Paraguay, exploiting excess heat from pulp production, and generating CO₂ certificates by means of carefully selected reforestation projects.

Environmental progress

The planting of millions of trees in Paraguay started in 2019. During the course of 2023 alone, more than 20,000 hectares of additional land were planted, increasing the total area so far to around 42,000 hectares. The goal is to plant a further 22,000 hectares in 2024. Overall, the forestation work aims to cover 193,000 hectares of land, 53% of which will be planted with eucalyptus and 47% dedicated to the protection and renewal of primary forests.

Renewing forests in Paraguay delivers numerous environmental

benefits. It contributes to promoting biodiversity by creating new habitats for plants and animals. Furthermore, it also bolsters the hydrological cycle and provides effective protection against erosion.

Indigenous peoples – a collaborative path

In 2023, Paracel undertook numerous activities in its area of direct influence, a region within a radius of up to 15 kilometers of the project, in order to establish collaborative, healthy, and robust relationships with the Indigenous communities and to involve them in the project. These efforts are aimed at supporting local and community-based development. These activities included information workshops on women's rights, providing clean water, training on preventing forest fires, a pilot project on beekeeping, and the distribution of food at schools in indigenous communities to promote food security. Training is also offered to allow people to become directly involved in the Paracel project.

On track to certifying carbon credits

Paracel is currently working on the certification of carbon credits, which involves independent organizations certifying projects to reduce or capture CO₂. The main objective is to create measurable, sustainable, and transparent carbon captured from the atmosphere which can be traded on the carbon credit market. Paracel is audited here by Verra, a non-profit organization which is known for its globally recognized standards for assessing and verifying greenhouse gas reductions. By means of its Paracel ARR Carbon Forestry project, Paracel aims to generate verified carbon standard (VCS) credits as defined by Verra. The project description for registration with Verra is presently being updated in the first quarter of 2024. Paracel also aims to achieve certification based on the climate, community and biodiversity (CCB) standard. The goal is to secure a joint verification this year to obtain the first carbon credits under the VCS and CCB certification schemes.



“ The objective of our net-gain strategy is to align environmental protection and regional economic growth associated with reforestation and at the same time demonstrate respect to indigenous communities.”

Flavio Deganutti, CEO, Paracel



The Paracel forestry team works daily to plant trees on degraded land.

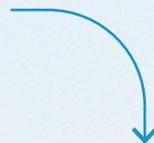
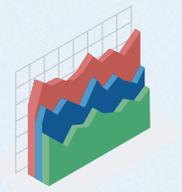


ECO-FINANCIAL PERFORMANCE CIRCLE

The eco-financial performance circle is based on the principle of continuous reinvestment in sustainable innovations. This approach combines environmental responsibility with financial foresight, which not only protects the environment but also leads to lasting economic growth. This strategy enables us to sustainably generate value added not only in terms of increasing profits but also in the interests of our environment.

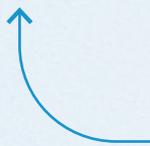
Generating profits

Profits are primarily reinvested in future-oriented projects in order to achieve ambitious sustainability goals and boost the company's enterprise value.



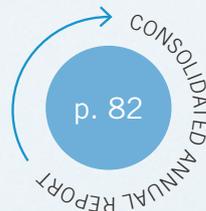
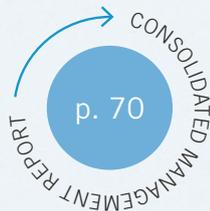
Reinvestment

Reinvestments in sustainability are economically and environmentally beneficial to the company and the key to generating new revenues in the future.





Closing cycles for our
Performance



€ **2,214.9** Net sales
in EUR million

€ **116.5** EBITDA
in EUR million

Group Management Report for the Financial Year 2023

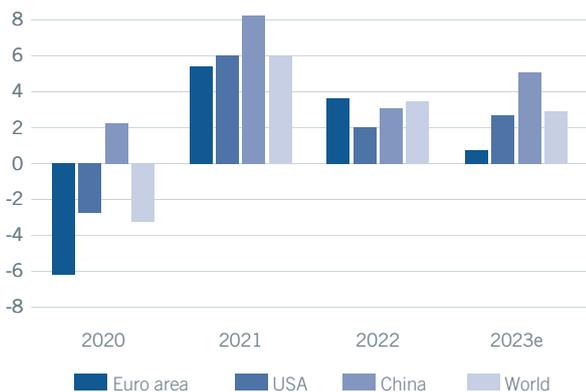
GENERAL ECONOMIC SITUATION

The geopolitical environment failed to stabilize in 2023. Besides the war between Russia and Ukraine, the conflict in the Middle East escalated following the attack by the radical Islamic organization Hamas on Israel. This led to a short-term spike in the oil price in October. At the end of the year, the world's large shipping companies decided, as a result of attacks on cargo vessels by Houthis sympathetic with Hamas, to suspend transits through the strait between the Red Sea and the Gulf of Aden, which in turn culminated in shipping delays and higher freight costs.

Inflation, which had exploded in 2022, slowed following enormous interest rate increases imposed by central banks, albeit at varying rates depending on the supporting action taken by governments. The higher energy costs and low unemployment rates meant that core inflation remained persistently above defined targets.

According to the OECD, the global economy expanded by 2.7% in 2023, with India, at 6.1%, recording the highest growth rate. The emerging economies generally grew faster in 2023 than Europe and the USA. In 2023, China experienced a downturn in its export boom of previous years, combined with a marked decline in domestic demand. As a result, Chinese GDP rose by 5.2%. Despite the massive increase in inflation and subsequent dramatic increase in interest rates at the end of the year, the US economy managed to narrowly avoid recession. With GDP growth of 2.5%, the USA nonetheless significantly outperformed the euro area, which grew by only 0.5%.

GDP growth [%]



Source: International Monetary Fund

Growth in the latter was negatively influenced in 2023 not only by the Ukraine War and higher consumer prices, slowing private sector consumption, but also by the higher interest rates which led to a crisis in the construction sector.

By means of ten successive interest rate increases, the European Central Bank (ECB) raised the base lending rate to 4.5% by the fall of 2023, in other words to a level last seen in the early 2000s. The US Federal Reserve Bank responded even more radically to the sharp rise in consumer prices. The base interest rate of 5.5% in 2023 represented the highest level for 22 years. Over the course of 2023, the euro traded at between 1.05 and 1.12 USD and closed the period at an exchange rate of 1.1050.

SECTOR DEVELOPMENT

The product portfolio of HEINZEL GROUP's trading and production companies ranges from short- and long-fiber pulp to graphic papers and packaging papers based on pulp, recovered paper, and recycled beverage cartons. Demand in the product areas relevant to HEINZEL GROUP, along with price developments here, varied greatly at times in 2023.

Pulp

Political conflicts and tension in 2023 led to further deglobalization in markets. The consequences were divergent market developments related to pulp in Europe, Asia and North America. The impacts of the Russian invasion of Ukraine in Europe continued to be felt in 2023. A continuing lack of timber imports from Russia accounted for rising timber prices in Scandinavia and an extremely volatile energy market. Moreover, the low level of demand in Europe in 2023 led to oversupply in the pulp market. Particularly pulp demand from graphic paper customers was extremely low due to low capacity utilization (60 - 70%). Special paper manufacturers also ran at capacity utilization rates of 80 to 90%. Only tissue paper producers maintained stable demand and full capacity. Inventories at Europe's ports rose sharply over the course of the first six months, leading to a marked decline in prices until August. Monthly price increases were noted again in the third and fourth quarters as inventory levels declined. This positive trend in the fourth quarter of 2023 continued over into early 2024. The repercussions of the strict zero-COVID policy in China persisted, while political and economic tensions tipped the

balance to result in local consumption and exports only recovering slowly and pulp prices declining significantly. Rising inventory levels at Chinese paper mills in the third quarter and a resulting price increase however slowed in the fourth quarter as demand remained low. Paper exports from China to Europe were restricted by the resurgence of conflict in the Middle East from October. From November, the shipping route through the Red Sea was passable only to a limited extent, driving costs higher. This benefited European producers of containerboard and fine papers and led to greater demand for pulp in the fourth quarter.

The list price for long-fiber pulp (NBSK) declined until September to USD 1,140 per metric ton, before rising again to reach USD 1,240 at the end of the year. The price per metric ton of short-fiber pulp (BEKP) fell until August to USD 800, before rising again in December to USD 1,060.

Graphic paper

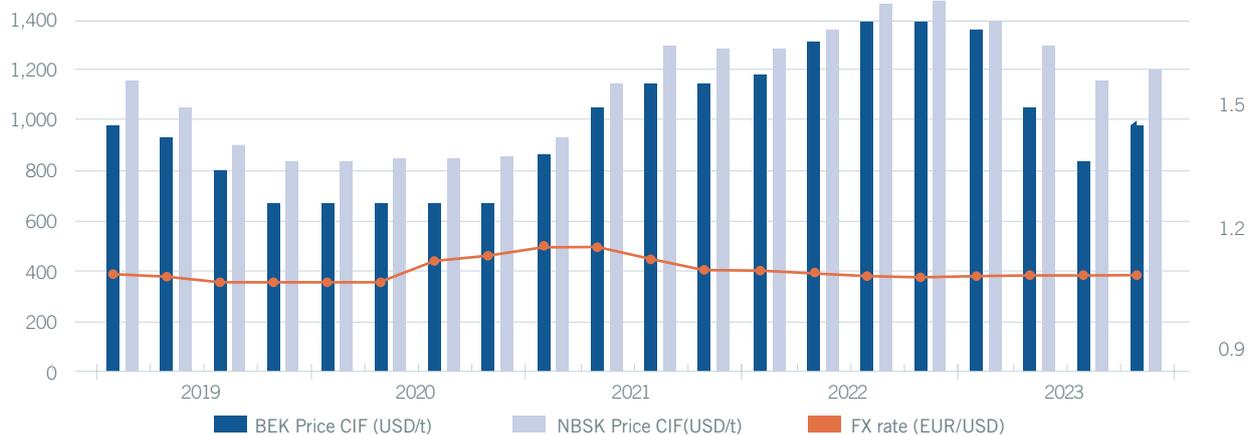
The higher prices for graphic papers seen across Europe since early 2022, particularly attributable to the extremely high energy costs, accounted for a sustained decline in demand for publication papers and, consequently, a drop of 15% in overall market volumes in 2022 compared to the prior year. Numerous customers scaled back their print products in terms of circulation, scope and format, or discontinued these entirely. This drop in demand, particularly marked since late summer 2022, persisted in the first half of 2023 and required a corresponding reduction in production volumes. Only after the fall in prices for

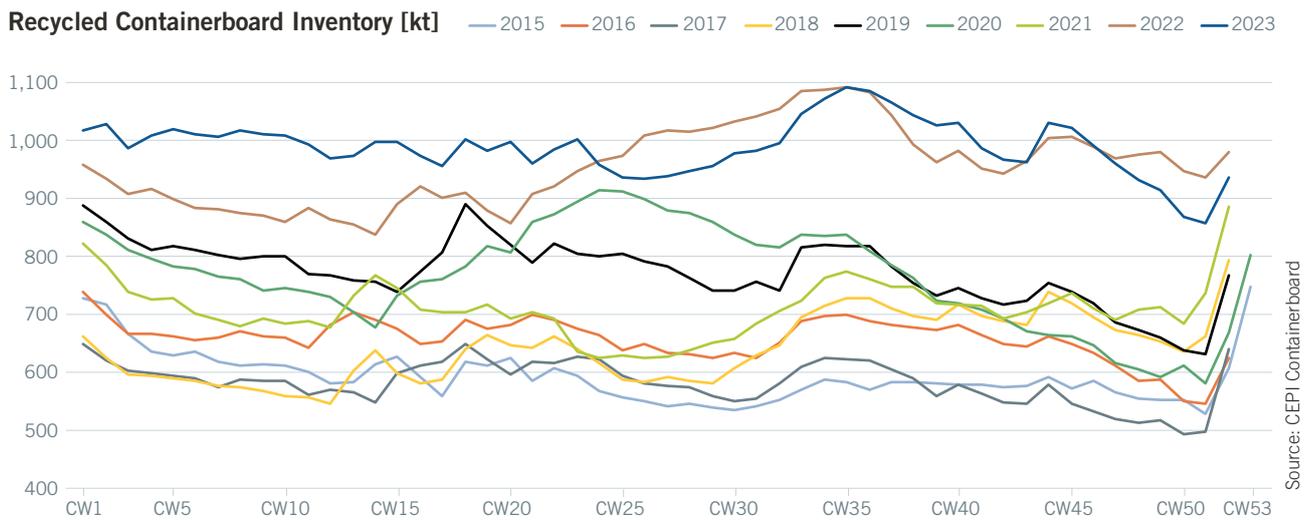
recovered paper, related supplies, transport, and energy, and the resulting opportunity to cut paper prices, did the decline in demand stabilize early in the second half of 2023. The steadily falling prices in 2023 reached a trough from August 2023 last seen in December 2021, encouraging several customers to even marginally increase their print products again in terms of their circulation, scope and format. Combined with considerably stronger Christmas-related demand in fall 2023 compared to the prior year, this led to higher capacity utilization in the second half of the year, meaning that the drop in overall volumes in 2023, of 7.5%, was less than that experienced in 2022.

Packaging papers

Following an exceptional 2022 in the containerboard market, shaped by events in the energy sector, all market players were hoping for stabilization in 2023. The weakening of demand for packaging papers which began in the second half of 2022 had already culminated in very high inventory levels by the end of the year. New production capacity volumes coming online in prior years, and an ongoing drop in consumption, maintained stocks at very high levels until the summer. This led to constant pressure on prices which only began to tail off during the summer but continued in the fall given that the Christmas season also failed to stimulate the market. The market and cost landscape in 2023 accounted for new and conversion projects being postponed or cancelled entirely. In addition, around 600,000 metric tons of

Quarterly pulp price trend





capacity were permanently eliminated from the European market. By the end of the year, inventory levels had fallen to below those of the prior year despite remaining significantly above those of previous years. According to CEPI (Confederation Of European Paper Industries), the European market for containerboard shrank by 4.8% in 2023, with the market for recycled papers even registering a decrease of 4.9%

The market for kraft papers in 2023 saw a sharp decline in demand compared to the preceding year. According to CEPI, even the packaging papers sector experienced a decline of around ten percent compared to the prior year, meaning that it was again at the level seen in 2021. The reason for this was the decline in private sector consumption as a result of the high inflation level in Europe and the significantly higher interest rates, which led to a sharp drop in demand in the private construction sector. The market for sack kraft paper came under increasing pressure due to being heavily dependent on the private construction sector. Kraft paper manufacturers with major exposure to demand for sack kraft paper increasingly targeted other customer segments. In addition, 2023 also saw massive shifts in volumes outside Europe, namely in Africa and Asia, away from sack kraft papers in the direction of woven polypropylene (WPP), which accelerated the downward price spiral.

The drop in demand, combined with the full inventories as a result of the overheated market in 2022, led to a sharp reduction in inventory levels at customers until the summer months, in turn having a particularly negative impact on the utilization of kraft paper production capacity, especially in July and August. This market segment stabilized somewhat after the summer months.

GROUP DEVELOPMENT 2023

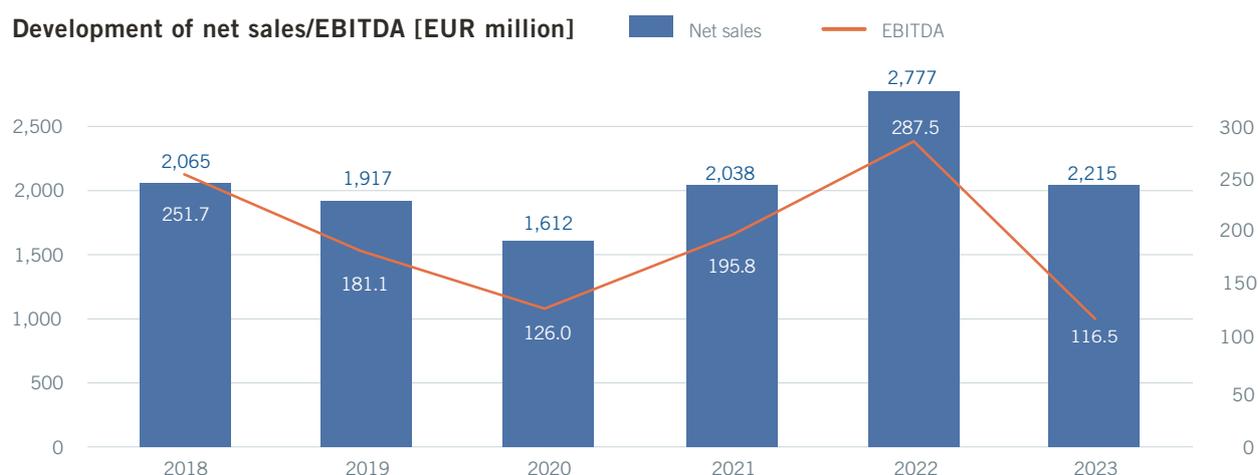
Following an extremely successful 2022, the European paper industry faced a further decline in demand in 2023. Weak demand, in combination with high inventory levels along the entire value-added chain, accounted for a sharp drop in paper and pulp prices.

HEINZEL GROUP was unable to isolate itself from these developments. Overall, the Group produced approximately 978,000 metric tons of paper and 585,831 metric tons of pulp in the past financial year, of which around 143,000 metric tons were further processed on PM2 and PM3 in Pöls to manufacture 167,284 metric tons of kraft paper. As a result of the demand-related lower level of pulp production in Estonia, the volumes of market cell fell to a total of 442,563 metric tons. Due to the weak demand for containerboard, around 29,000 metric tons fewer than in the prior year were manufactured on the PM10 paper machine in Laakirchen and both paper machines in Raubling. The volumes manufactured on PM11 in Laakirchen also declined by around 12,200 metric tons due to market conditions.

Despite the healthy trading business of heinzelsales, the volumes sold by HEINZEL GROUP were again lower in 2023 due to lower demand-related capacity utilization and the lower volumes sold in the paper segment of Europapier. With 3,342,443 metric tons in 2023, the decline in volumes sold was approximately three percent compared to the prior year.

Net sales and earnings development

The net sales of HEINZEL GROUP – calculated as gross sales based on customer contracts less transport services and sales deductions – declined due to volume and price factors from a record level of EUR 2,777.4 million in 2022 to EUR 2,214.9 million in 2023, equivalent to a drop of around 20%.

Development of net sales/EBITDA [EUR million]


HEINZEL GROUP's EBITDA in 2023 amounted to EUR 116.5 million and was consequently well below the EBITDA of EUR 287.5 million generated in the record-breaking 2022. Comparing the trading business and industry segments, the EBITDA share of the production companies was only around 52% (prior year: 62%) and the share of the trading companies approximately 48% (prior year: 38%). The EBITDA of the industrial division suffered mainly as a result of the earnings situation at Raubling Papier and Estonian Cell. Besides poor capacity utilization at the mills and the low market prices, the energy price situation also accounted for losses. The

current results of Raubling Paper and the forecast cash flows of this subsidiary led to an impairment charge of approximately EUR 14 million being taken into account in the 2023 financial statements. HEINZEL GROUP consequently posted EBIT of EUR 33.8 million in 2023, and net profit fell to EUR 1.2 million.

Key group figures

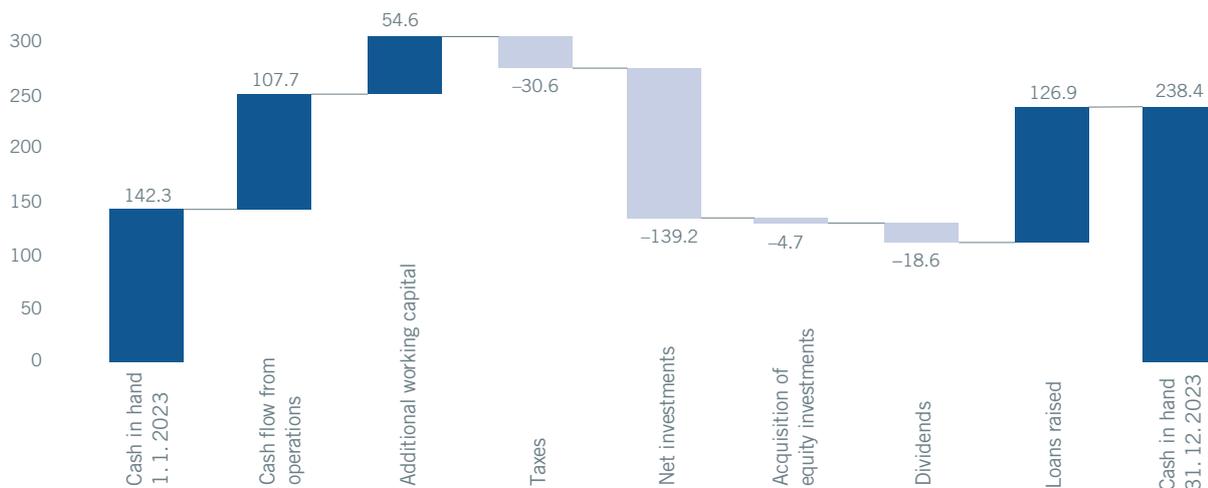
Key group figures	2021	2022	2023	Change 2022/2023 in basis points
EBITDA margin in %	9.6	10.3	5.3	-5.0
EBITDA, Trading, in %	4.1	5.7	3.9	-1.8
EBITDA, Industry, in %	16	16	8.1	-7.9
Return on equity, in %	11.5	17.7	0.1	-17.6
Equity ratio, in %	59.2	61.4	57.7	-3.7
ROACE, in %	12.0	18.2	1.4	-16.8
ROACE, Trading, in %	21.6	36.7	18.4	-18.3
ROACE, Industry, in %	10.0	15.1	-2.5	-17.6

HEINZEL GROUP's EBITDA margin was 5.3% in 2023, attributable to an EBITDA margin in the trading division of 3.9 % and an EBITDA margin of 8.1% in production (industry division).

investments already made in 2023 in the conversion of PM6 at Steyermühl. ROACE was consequently only 1.4% in 2023, with the industry division being negative at -2.5% and the trading division contributing 18.4%.

The average return on capital employed (ROACE) also suffered as a result of the poor earnings situations at Estonian Cell and Raubling Papier in combination with the

Cash flow bridge [EUR million]



Cash flow

As a result of reducing the working capital by EUR 54.6 million, of which over EUR 34 million is accounted for by the Europapier group and around EUR 18 million by Estonian Cell, the cash flow from operating activities of HEINZEL GROUP in 2023 amounted to EUR 135 million. Cash flow from investing activities includes the acquisitions of Europapier in Serbia and Croatia. Capital investments (CAPEX) of EUR 140.3 million relate to the conversion of PM11 in Laakirchen (EUR 37.2 million), the conversion of PM6 in Steyrmühl (EUR 47.2 million) by Starkraft

Steyrmühl GmbH, a wholly-owned subsidiary of Zellstoff Pöls AG, and EUR 20.9 million invested in the UKP project. Dividends of EUR 18.6 million were distributed from the free cash flow. The conversion projects of Zellstoff Pöls and Laakirchen Papier have been financed in the long term, with the long-term financial liabilities rising by approximately EUR 171 million over the course of 2023. The net cash position of HEINZEL GROUP as at December 31, 2023 amounted to EUR 1.8 million following EUR 42.5 million at the end of 2022, with the Group holding cash deposits of EUR 238.4 million at the end of 2023.

Performance of key HEINZEL GROUP companies

in EUR million	Net sales		EBIT		EBITDA		Operat. Cash flow	
	2023	2022	2023	2022	2023	2022	2023	2022
heinzelsales	861.2	977.0	24.1	34.6	25.5	37.5	21.9	20.7
Europapier Group	642.0	774.8	24.2	61.8	32.6	70.0	51.3	31.9
Bunzl & Biach Group	141.8	258.7	3.6	3.7	6.1	6.2	3.1	9.2
TRADING BUSINESS¹	1,644.8	2,007.3	51.9	100.1	64.2	113.7	76.3	61.7
Zellstoff Pöls AG	392.5	431.9	12.0	60.4	44.3	91.1	46.1	46.8
Laakirchen Papier AG	291.8	436.9	35.2	71.3	47.5	89.0	20.7	90.0
AS Estonian Cell	75.8	114.6	-21.0	2.0	-13.4	9.3	2.4	-8.9
Raubling Papier GmbH	98.0	156.6	-26.6	-10.4	-8.6	-6.9	-6.6	-1.0
INDUSTRY	858.1	1,140.0	-0.4	123.3	69.7	182.4	62.7	126.9

¹ Taking consolidation effects into account

heinzelsales

Despite the low production volumes at the Group's own facilities, Wilfried Heinzl AG and its foreign subsidiaries (heinzelsales) were able to increase sales volumes from 2,428,656 in 2022 to 2,504,326 metric tons in 2023. Only 52% of the volumes sold in 2023 originated from the Group's own facilities, after this share having been

56% in 2022. Of the products sold, around 43% was accounted for by pulp, 42% by packaging papers, 14% graphic papers, and 1% by other products. With regard to the agency business of heinzelsales, as in previous years the key markets were again Italy and Germany, where approximately 54% of the volumes were sold. In the trading business, the highest volumes sold were in China,

the United Arab Emirates, and India. Due to the lower market prices compared to the prior year, net sales fell from EUR 977 million in 2022 to EUR 861 million despite the higher volumes. The EBITDA of heinzelsales in 2023 amounted to EUR 25.5 million following EUR 37.5 million in a record-breaking 2022.

The working capital of heinzelsales at the end of the year was comparable with that a year earlier. The operating cash flow in the year 2023 amounted to EUR 21.9 million. As a result, the net cash position of the company grew from around EUR 22 million to EUR 31.2 million.

Europapier Group

Following an exceptional 2022, Europapier Group was again above-average in terms of its success in 2023 despite a challenging demand-side situation. The volumes sold by the group, namely 431,610 metric tons, were well below those of 2022 and even 2021. Sales volumes of paper products in all segments fell by double digits as percentages. This was therefore also accompanied by a decline in average prices of around EUR 170 per metric ton. Business in the diversification segments Hygiene, Packaging Solutions, and Visual Communication was further expanded and accounted for around 17% of all sales in 2023. In total, Europapier Group generated net sales of EUR 642 million in 2023, representing a decline due to volumes and prices of EUR 132.8 million compared to a record-breaking 2022. The EBITDA of EUR 32.6 million is the second-best result in the company's history. As a result of generally falling prices, a greater focus was placed on working capital, which fell by around EUR 32 million over the course of 2023 and was the key to posting operating cash flow of EUR 51.3 million. Europapier Group undertook two further steps to implement its diversification strategy in 2023. In the Hygiene segment, the shares held in Hygiene Pro Team d.o.o, Serbia, were acquired by Europapier Dunav d.o.o. in early 2023. Furthermore, Europapier DIPA d.o.o., Croatia was founded by Europapier Adria d.o.o. on the basis of a founding contract signed on February 10, 2023. This new subsidiary has consolidated the market position in the Visual Communication segment as a result of an asset deal. A total of around EUR 4.5 million was expended in connection with both projects in 2023. As at December 31, 2023, Europapier Group held net cash of EUR 24.6 million.

Europapier Group holds two equity investments in Russia with a total of around 194 personnel. These subsidiaries independently operate a paper wholesaling business in the Russian market and generated net sales of around EUR 116.5 million in 2023. Europapier International AG,

as the parent company within Europapier Group, continues to exert a controlling influence and monitors compliance with all the relevant sanctions. To date there have been no breaches of any sanctions.

Bunzl & Biach Group

The persisting drop in demand for mixed recovered paper grades and for white deinking volumes at the plants in Laakirchen and Raubling, as well as from external customers, accounted for the volumes sold by Bunzl & Biach and its subsidiaries in 2023 falling by 11% to 1,097,731 metric tons. A marked decline in recovered paper prices was also noted in 2023, a situation which only changed again in the fourth quarter. If one compares the net average prices of Bunzl & Biach across the entire portfolio, these fell from EUR 207 per metric ton in 2022 to EUR 129 per metric ton in 2023. The lower volumes and prices in 2023 accounted for the drop in net sales to around EUR 142 million (prior year: EUR 258.7 million). At EUR 6.1 million, EBITDA nonetheless remained at the level of the prior year.

On the grounds of a minor increase in working capital, the operating cash flow amounted to EUR 3.1 million. Capital investments in 2023 amounted to EUR 3 million, as a result of which the net cash position declined over the course of the year by EUR 1.8 million to EUR 6.5 million.

Zellstoff Pöls AG

In March 2023, Starkraft Steyrermühl GmbH., a wholly-owned subsidiary of Zellstoff Pöls AG, purchased Paper Machine 3 (PM6 at Heinzl) from UPM Kymmene Austria GmbH. This acquisition was contractually agreed before closing the overall acquisition of the Steyrermühl paper mill. This was key to being able to initiate the conversion of the paper machine early and to commission it as soon as possible after the closing. The figures for Zellstoff Pöls presented in this report are already reported as a division. Zellstoff Pöls AG produced a total of 449,535 metric tons of pulp in 2023, of which 143,268 metric tons were supplied to its own paper machines, PM2 and PM3, for further processing. The approximately 10,000 metric tons of production volumes less than in the prior year were the result of weak demand for pulp between July and September, during which time production had to be scaled back. Consequently, it was also necessary to export higher volumes over the summer. As demand recovered in the fall, so too did prices. The average price for pulp achieved by Zellstoff Pöls in 2023 however remained at EUR 633 per metric ton, around EUR 84 per metric ton below the average price in 2022. Both paper machines

also remained at below prior-year production rates, with over 17,000 metric tons fewer being produced than in the previous period, particularly during the summer months, due to market conditions. The high prices still prevailing at the beginning of 2023 gradually eroded over the course of the year, with average prices however being very similar to those in 2022.

Timber supplies were also challenging for Zellstoff Pöls, which suffered, on one hand, from the lower volume of wood chips due to poor sawmill capacity utilization, and, on the other, from high import prices. This accounted for timber increasing by an average of over EUR 5/cbm. In order to counter the cost increases in terms of timber and personnel, several further steps were taken to sustainably reduce the consumption of energy and chemicals. On October 23, for example, the new plant for the production of unbleached kraft pulp (UKP) was successfully commissioned.

The net sales of Zellstoff Pöls AG in 2023 of EUR 392.5 million were around EUR 40 million below those of the prior year due to volume and pricing effects. The EBITDA of EUR 44.3 million was also significantly lower than the EUR 91.1 million in the prior period. Around 59% of the EBITDA of Zellstoff Pöls is attributable to the pulp segment and also takes into account revenues from the production of energy.

The working capital of Zellstoff Pöls declined over the course of 2023 by EUR 5.2 million to EUR 54.2 million. As a result, operating cash flow of EUR 46.1 million was generated. In 2023, Zellstoff Pöls invested around EUR 88 million, of which the largest investments related to the Pöls 500 project and the conversion of PM6 in Steyrermühl. Net debt at December 31, 2023 consequently rose to EUR 63.8 million.

Laakirchen Papier AG

In the 2023 financial year, Laakirchen Papier manufactured a total of 408,832 metric tons of containerboard on PM10 and 220,583 metric tons of graphic papers on PM11. The decline in both segments is attributable to weaker demand compared to 2022, when the volumes manufactured were around 10,000 metric tons higher, in the case of containerboard, and approximately 12,000 metric tons higher in the case of graphic papers. As a result of the high inventory levels in the containerboard segment, prices declined in 2023 to stand at around EUR 220 per metric ton in December. If one compares the average price in 2022 with the price in December 2023, this has more than halved. The prices of graphic papers

developed less dramatically due to competitors shutting down production plants and lines.

In response to volume and pricing factors, the net sales of Laakirchen Papier fell by EUR 145.1 million to EUR 291.8 million. It was only possible to partially offset the negative development of the market for containerboard by means of lower recovered paper and energy costs, as a result of which this subsidiary's EBITDA of EUR 47.5 million was considerably lower than the record-breaking EUR 89 million generated in the previous year. Due to taxation payments of over EUR 15 million, cash flow from operating activities amounted to only EUR 20.7 million. The investments made in 2023 amounted to EUR 37.2 million and related primarily to preparation work for the conversion of PM11. The associated recovered paper warehouse and the new workshop have already been built. The anaerobic project has also largely been implemented. On the grounds of the weak demand for containerboard, the conversion of PM11 has been postponed until early 2025. The net cash position as at December 31, 2023 amounted to EUR 44.8 million, down from EUR 64.4 million at the end of 2022.

On January 1, 2024, Laakirchen Papier AG will be taking over UPM Kymmene Austria and its subsidiaries. Far-reaching preparatory work for the integration was carried out in 2023.

AS Estonian Cell

Due to weak demand for short-fiber pulp in Europe and Asia until the summer, Estonian Cell produced only 136,296 metric tons in 2023, equivalent to a capacity utilization rate of around 72%. It was only in the fourth quarter that the market recovered, particularly in Asia, where nearly 50% of the volume sold was exported in 2023. The average net sales price per metric ton in 2023 of EUR 485 was around 20% lower than in the prior year. This subsidiary generated net sales of EUR 75.8 million in 2023 following EUR 114.6 million in 2022. Timber prices developed favorably, with these falling again by around EUR 20/cbm in 2023 following the record-breaking prices seen after the Russian invasion of Ukraine. The electricity market developed less favorably however, with unscheduled shutdowns for maintenance at energy producers in Northern Europe leading to days with massive peaks in prices (of up to 800%). Production was repeatedly shut down on a daily basis at short notice in order to avoid these power-related costs. Estonian Cell worked intensively on its cost structure over the entire course of 2023. Despite this, 2023 culminated in a negative EBITDA of EUR -13.4 million (prior year: EUR 9.3 million).

As the result of a marked reduction in inventory levels, in the amount of EUR 13.8 million, cash flow from operating activities nonetheless amounted to EUR 2.4 million. This in turn enabled net debt as at December 31, 2023, to be reduced from EUR 14.6 million to EUR 13.8 million.

Raubling Papier GmbH

The 2023 financial year was extremely challenging for Raubling Papier GmbH, which also incorporates the subsidiary Heizkraftwerk Bauernfeind Betreibergesellschaft mbH. The general decline in demand for containerboard, combined with the significant drop in kraft liner prices key to determining the price of kraft top liner, led to a significant fall in capacity utilization on both paper machines over the entire year. Even the specialization on niche products in recent years was unable to counteract this. In 2023, Raubling Papier manufactured 180,822 metric tons, which represents a further decline of around 20,000 metric tons compared to what had already been a weak prior year. Despite selling higher volumes of high-price shopper liner (an unbleached packaging paper based on recovered paper with a certain tear strength used for carrier bags), the average net sales price achieved by Raubling Papier fell by around 32%. Due to volume and price-related factors, this subsidiary's net sales fell from EUR 157 million in 2022 to EUR 98 million in 2023. In terms of costs, the unfavorable forward purchase agreements for gas concluded in the prior year combined with the rising costs of recovered paper and pulp from the third quarter to negatively impact earnings. The EBITDA of Raubling Papier in 2023 was negative at EUR -8.6 million. An impairment charge of EUR 14 million was taken against its assets at the end of the 2023 period, reducing its EBIT to EUR -26.6 million. Cash flow from operating activities, amounting to EUR -6.6 million, also suffered from the poor earnings. This subsidiary's net debt consequently rose to stand at EUR 13.3 million as at December 31, 2023.

Investments made by Raubling Papier in 2023 amounted to EUR 4.3 million and were largely related to the shopper liner project as well as the replacement of the hood on PM7 which was undertaken to further reduce energy consumption.

RESEARCH AND DEVELOPMENT

In its research and development activities, HEINZEL GROUP focuses on three areas: developing customer-specific solutions, optimizing the use of resources, and basic research. HEINZEL GROUP also invests in a Climate & Industry Opportunity fund offered by Speedinvest, which helps start-ups reduce the CO₂ emissions of European

industries and drive digitalization at industrial companies. The aim of this investment is to generate new ideas and solutions for HEINZEL GROUP.

Customer orientation

HEINZEL GROUP endeavors to satisfy all customer requirements by means of its products. At Laakirchen Papier, a new, extremely light paper grade, Motion 40, was developed on PM11, mainly for the German market. The paper brightness of graphic papers was successfully improved in the case of high grammage grades. The PM10 machine converted in 2017 to produce containerboard is designed to produce grammages of up to 140 g/m². Towards the end of 2023, the first production runs were performed to evaluate testliner 3 grades with up to 160 g/m². The quality parameters had been complied with during the first production run and the production performance was also extremely satisfactory.

At Zellstoff Pöls, ORION pulp was used in 2023 with success in demanding molding applications. This highly promising, future-oriented application of pulp unassociated with conventional paper production is set to gain in importance over the coming years.

The main focus of product development at Raubling Papier lay on improving the tear strength of shopper liner. This subsidiary also joined forces with an important customer to hold an innovation workshop focusing on the production of high-performance containerboard made of 100% recovered paper.

Resource efficiency

The replacement of fossil fuels by means renewable alternative energy sources was also the central focus of developments at Zellstoff Pöls in 2023. In addition, work was also undertaken to efficiently use by-products and waste products, such as using sesquisulfate as a make-up chemical. This could in future minimize the negative impacts of temporary shortages in sourcing low-availability and expensive chemicals such as sulfur and caustic soda. Working alongside a machine supplier, a real-time tear strength forecasting tool has been implemented at Laakirchen Papier in recent years which is integrated into the process control system of PM10. The stored product specifications and customer requirements allowed production to be controlled based on defined targets. Achieving these targets is managed, on one hand, by automatically adjusting machine parameters, and, on the other, by the quantity of starch applied. Switching to automated grade and grammage changes therefore allows targets to be precisely achieved by optimizing the use of starch.

Basic research

Basic research to develop new pulp manufacturing processes was undertaken together with national and international industry and research partners. The aim here was to produce pulp relying on less input energy and cheaper materials.

ENVIRONMENTAL PROTECTION

HEINZEL GROUP assigns priority to minimizing negative environmental impacts at all its production sites, which is why it ensures strict compliance with all statutory regulations on protecting air and water quality, as well as avoiding unpleasant odors and noise pollution. In addition, volumes of residual products which cannot be processed any further are being continuously reduced.

CO₂ emissions

HEINZEL GROUP has set itself the target of being net-zero by 2050 at the latest, with the Group's CO₂ emissions to be reduced by 42% by 2030, in accordance with science-based targets, on its way to achieving this goal. In Laakirchen, for example, the installation of a further anaerobic system in the wastewater treatment plant tripled the production of biogas and therefore reduced the use of fossil-based natural gas.

Raw materials and energy

The optimization of production processes leads to constant reductions in the consumption of raw materials, water, chemicals, and energy. The sustainable use of all necessary resources is aimed at achieving optimal value added. At the mills where HEINZEL GROUP manufactures containerboard, the objective in the coming years is to produce paper while at the same time generating less wastewater and therefore minimizing the use of freshwater as far as possible.

By participating in the Ellipse project, Laakirchen Papier is intensively involved in the enzymatic treatment of waste materials from pulp processing. The aim here is to produce organic polymers. At Raubling, a metering station was commissioned to add calcium hydroxide to the water cycle for preparing the pulp and on the paper machine in order to stabilize the pre-acidification process upstream of the anaerobic reactors and to homogenize the biological process.

Environmental management

The quality control system deployed at HEINZEL GROUP production sites has been certified according to ISO 9001 and the environmental management system complies with

ISO 14001. Furthermore, all the production sites as well as the trading companies have been certified according to the PEFC (Programme for the Endorsement of Forest Certification Schemes) and FSC® (Forest Stewardship Council) schemes.

EMPLOYEES

HEINZEL Group employs a total of 2,540 personnel at its plants and sales offices. They have played a key role in safeguarding the Group's success in recent years. Projects to create further growth and promote sustainability are being implemented thanks to their outstanding commitment and entrepreneurial mindsets.

Occupational health and safety

With the clear goal of avoiding all forms of work-related accidents, HEINZEL GROUP constantly invests in safety technology and fire protection measures as well as regularly training employees in the area of safety and raising awareness to minimize the risk of accidents.

Near misses and work-related accidents are reviewed and discussed with Group Management at HEINZEL GROUP on a monthly basis. The main focus of these discussions is on further steps to avoid accidents.

Occupational health and safety	2023	2022	2021
Workplace accidents without lost days (LDAO)	23	20	40
Workplace accidents with 1-3 lost days (LDA1)	5	4	10
Workplace injuries with more than 3 lost days (LDA2)	33	34	26
Lost days due to LDA1 or LDA2	681	705	444
Fatal accidents	0	1	0

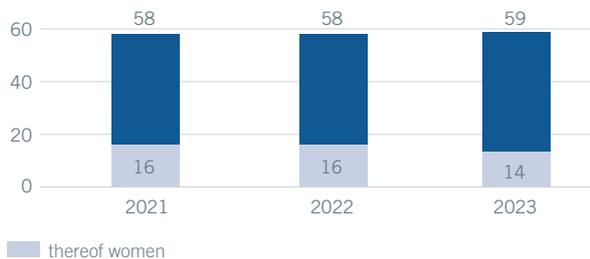
Despite making use of duty rosters that reflect scientific findings on healthy working practices, rotating shifts and night shifts have a negative effect on the human body. In order to keep physical and mental stress as low as possible, HEINZEL GROUP offers a variety of health-related programs at its sites, focusing on exercise and nutrition, which are developed in close consultation with company physicians.

Further education and training

Having modern mills and excellent customer service also means having highly qualified employees. A key success factor in ensuring that this is the case is the ability to iden-

tify talented individuals, train and develop them properly, and keep them loyal to company for a long period of time. In 2023, HEINZEL GROUP had 59 trainees and apprentices in various different vocations. Skilled workers have the opportunity to gain qualifications in different areas, enabling them to be deployed in a wide variety of positions at a single site. Trading business and IT trainees are trained with a view to them filling future sales or expert positions. Specialist and management programs aim to promote the development of junior managers, as well as strengthening managerial skills at every level of management.

Number of apprentices



Age, gender, and nationality diversity

HEINZEL GROUP employs people from a wide range of cultures, with different backgrounds, talents, and personalities, all with the aim of reflecting the internationality and diversity of its customers. HEINZEL GROUP attaches a great deal of importance to the gender and age structure of teams. Important aspects here are achieving the right work-life balance by offering solutions such as part-time work and working from home, as well as semi-retirement options.

	2023	2022	2021
Employees (average FTE)	2,540	2,447	2,411
thereof women	738	689	675
Part-time employees	98	95	85
Average length of service in years (weighted)	10.6	10.9	10.9
Fluctuation in % (weighted)	9.8	6.3	6.8

Employee representation

HEINZEL GROUP is committed to protecting employee rights and maintaining a respectful and regular dialogue with employee representatives. Employee interests in Austria are safeguarded by 16 blue-collar works councilors and 19 white-collar works councilors, and in Germany by seven works councilors. They are all in close contact with

the respective site and HR managers. At group-level, there is also a quarterly exchange between members of the works councils and Group Management.

RISK MANAGEMENT

HEINZEL GROUP generally defines a risk as a deviation from corporate goals. All HEINZEL GROUP companies prepare a risk matrix to identify and assess opportunities and risks; this is updated annually and presented to the Audit Committee of the Supervisory Board. The companies' different areas of activity and the resulting variety of risk factors mean that risk is spread at the Group level. In addition, the high degree of vertical integration reduces vulnerability to external influences. The Group's risk policy is generally characterized by a conservative approach. Considerable importance is attached to avoiding and mitigating risk, something which is achieved, as far as is economically justifiable, by means of appropriate action and supplemented by the Group's insurance program.

Market risks

Market risks may result, in particular, from general economic developments as well as the political and regulatory frameworks in the relevant sales markets. The pulp and paper markets are also characterized by fierce competition. A major uncontrollable risk is consequently posed by price fluctuations relating to the products sold, which are also subject to exchange rate volatility. A sound liquidity position can adequately cushion such risks.

Procurement risks

On the procurement side, HEINZEL GROUP's production companies depend on the supply of raw materials, predominantly wood and recovered paper, as well as energy and chemicals. The Group proactively counters other procurement risks by using professional purchasing organizations, which continuously monitor the market and look for new potential suppliers. HEINZEL GROUP also operates as a single entity in the market for certain purchasing processes in order to optimize costs. As the potential loss of a major supplier represents a high risk in the trading business, constant efforts are also undertaken to avoid a concentration of suppliers.

Operational risks

The Group's production sites face a risk of equipment failure, something which is accounted for by a comprehensive insurance program that covers the whole of HEINZEL GROUP. The production facilities and processes are state-of-the-art and subject to systematic further development. In addition, annual risk audits are conducted

together with the Group's insurance company. Risks are identified and appropriate countermeasures taken as part of these audits.

Geopolitical risks

Risks can also arise due to geopolitical conflicts and uncertainty related to international trade disputes resulting in sales markets being lost and supply chains disrupted. Since the start of the Ukraine War, HEINZEL GROUP has been closely monitoring developments in Russia and its Europapier business in this market. The risks at heinzelsales associated with war in the Middle East are also regularly evaluated.

Acquisition risks

In addition to organic growth, selected acquisitions also frequently support HEINZEL GROUP in the implementation of its growth strategy. The challenges associated with such acquisitions are to successfully integrate the companies acquired in order to achieve the strategic goals and synergies.

Sustainability risks

In 2023, HEINZEL GROUP for the first time subjected its sustainability risks and climate risks to an evaluation based on TCFD (Task Force on Climate-Related Financial Disclosures). This resulted, *inter alia*, in identifying and evaluating lower production capacity as a result of water scarcity, limited availability of timber as a result of climate-related changes, the high costs of switching to renewable energy sources, and the availability of biomass for the production of energy as key risk factors. You can find more information in the appendix.

Credit risks

In international trade, the political risk of some countries and, above all, the credit risk of business partners, are monitored continuously and managed by means of credit insurance, internal credit limits, and standardized approval processes.

Personnel risks

The loss of important employees in key positions and difficulties in filling positions may have a negative impact on the company's success. A strategic personnel development concept, training programs, and honoring outstanding achievements through the Group's Awards of Excellence counter these risks and promote long-time company affiliation.

IT risks

In view of the increase in cybercrime, IT security activities focus on raising user risk awareness in addition to ongoing

technical improvements to protect IT systems and operation technology (production-related systems).

Financial risks

HEINZEL GROUP's financial risks comprise foreign exchange, interest rate, and liquidity risks. In order to reduce the latter to a minimum, the Group works with banks possessing good credit ratings in both the investment and borrowing areas, and ensures sufficient access to credit lines. Foreign exchange and interest rate risks are continually monitored and either capped or mitigated by means of appropriate hedging measures. In this regard, the Group focuses initially on netting receivables and payables, and forward exchange and exchange rate swap transactions to hedge the remaining exposures. In addition, financial derivatives are also used to hedge gas prices when it is not possible to secure future gas deliveries at fixed prices in advance. More detailed information on this issue is provided in the notes to the consolidated financial statements. At present, HEINZEL GROUP is aware of no immediate risks which could threaten the continued existence of the Group.

OUTLOOK

According to the OECD, the global economy remains exposed to the challenges of inflation and limited prospects of economic growth. GDP growth in 2024 is forecast to weaken further as a result of stricter financing terms, weak growth in trade, and a drop in confidence among consumers and industry. The risks associated with the short-term prospects remain negative and include more geopolitical tension, for example, as a result of the developing conflict after the terrorist attacks by Hamas on Israel and the tension between China and Taiwan. The OECD forecasts that global GDP growth will drop to 2.7%.

In the euro area, GDP in 2024 is expected to rise to 0.9%, with Germany remaining below average at just 0.6%. Private sector consumption in Europe will be supported by the tense employment market and rising incomes in real terms, provided that inflation continues to fall. At the same time, higher financing costs and uncertainty will continue to slow private sector investment activity. Primarily due to an economic downturn in the first half-year, GDP in the USA is expected to fall from 2.5% in 2023 to 1.5% in 2024. Recent fiscal policy to underpin the economy and, as a result, the rising deficit will limit the option of further economic stimulus packages in 2024. In China, the rate of consumption will remain subdued due to higher rates of saving, pessimism regarding job creation, and greater levels of uncertainty. The stricken real estate sector con-

tinues to represent a risk. Given the slow rate of economic growth, exports will remain weak despite fiscal policy continuing to be supportive. Considering the above, the OECD expects GDP to decline from 5.2% in 2023 to 4.7% in 2024.

HEINZEL GROUP production volumes in 2024 will remain heavily dependent on demand. In the case of pulp, it is assumed that the rise in demand seen in the fourth quarter will continue. With regard to containerboard, the high inventory levels at the end of the year mean that only a modest recovery of prices can be expected. As far as kraft papers are concerned, the goal is to become a full-range provider of bleached and unbleached kraft papers in 2024. What is critical here is passing on higher pulp costs to customers. At the end of 2024, HEINZEL GROUP will discontinue the production of graphic papers and convert the PM11 in Laakirchen to producing containerboard.

HEINZEL GROUP acquired UPM Kymmene Austria GmbH and its subsidiaries at the outset of 2024. As part of this transaction, ownership of a mothballed graphic paper machine was transferred to HEINZEL GROUP and a conversion project started in March 2023. Following this conversion, which is scheduled to be completed in the second quarter of 2024, this machine will manufacture up to 150,000 metric tons of low-grammage brown and white kraft paper per year, which will be sold under the established STARKRAFT brand of HEINZEL GROUP. The closing of this transaction also means that the sawmill in Steyrermühl as well as a biomass and waste-burning power station and other facilities have also been taken over. HEINZEL GROUP plans to develop Steyrermühl to become a supply center for heat and renewable energy serving the neighboring paper mill in Laakirchen and the region. These projects include the construction of a second power station and a pipeline for steam as well as additional district heating supplies.

In the trading division, heinzelsales expects higher volumes to be available from external suppliers and that the volumes sold will therefore rise again in 2024. The prices of both paper and pulp are generally expected to rise modestly relative to 2023. Following a major reduction in inventory levels at customers in 2023, Europapier expects volumes to grow in 2024. The aim is to continue forging ahead with the growth strategy in the diversification segments Hygiene, Visual Communication and Packaging Solutions in 2024.

In the recovered paper segment, it is assumed that prices will rise slightly due to the lower volumes being recycled.

In terms of the availability of timber, there is also not expected to be any easing of the situation with regard to woodchips at Zellstoff Pöls. Timber prices are forecast to stabilize at the level seen in the second half of 2023. Given the weak economic situation, forward rates for energy are being seen in Austria and Germany in 2024 which are well below the average prices in 2023.

HEINZEL GROUP plans to invest around EUR 140 million at its sites in 2024. The largest single investments will relate to the conversion of PM6 in Steyrermühl and the preparations for the conversion of PM11 in Laakirchen.

Vorchdorf, March 1, 2024

Sebastian Heinzl, Kurt Maier, and
Barbara Potisk-Eibensteiner

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2023 IFRS

IN EUR K	NOTE	DEC. 31, 2023	DEC. 31, 2022
ASSETS			
Intangible assets	5.1	34,074	27,419
Right-of-use assets	5.2	42,672	29,828
Tangible assets	5.3	658,719	596,318
Shares in associated companies	2.4	3,178	3,624
Financial assets and financial investments	7.3	68,337	67,701
Deferred tax assets	4.2	4,750	6,890
Non-current assets		811,731	731,780
Inventories	6.1	199,219	254,848
Trade receivables	6.2	363,134	403,237
Current tax receivables		20,366	16,858
Other current receivables	11.1	54,597	74,994
Other current financial assets	7.2	17,725	16,027
Cash and cash equivalents		238,375	142,324
Current assets		893,415	908,288
TOTAL ASSETS		1,705,146	1,640,068
LIABILITIES AND EQUITY			
Share capital	9.1	3,635	3,635
Capital reserves	9.2	26,123	26,123
Other reserves	9.3	28,917	36,694
Retained earnings	9.4	909,156	924,258
Equity attributable to shareholders of the company		967,831	990,710
Non-controlling interests	2.5. 9.5	15,365	16,894
Total equity	9	983,195	1,007,604
Non-current financial liabilities	7.1	210,138	44,457
Post-employment benefit obligations	10.1	44,428	42,145
Other non-current liabilities	11.1	8,778	7,515
Deferred tax liabilities	4.2	7,599	9,147
Non-current provisions and liabilities		270,943	103,264
Current financial liabilities	7.1	44,138	71,414
Tax liabilities		14,510	29,403
Trade accounts payable	6.3	302,681	338,499
Contract liability		4,369	243
Other current liabilities and deferred income	11.3	78,671	82,745
Current provisions	10.2	6,639	6,897
Current provisions and liabilities		451,007	529,200
Total provisions and liabilities		721,950	632,464
TOTAL LIABILITIES AND EQUITY		1,705,146	1,640,068

CONSOLIDATED INCOME STATEMENT

2023 IFRS

IN EUR K	NOTE	2023	2022
Revenues		2,329,781	2,905,821
Transport services		-114,913	-128,410
Net sales	3.1	2,214,868	2,777,412
Changes in inventories	3.2	-21,541	17,901
Own work capitalized	3.2	1,967	1,691
Other operating income	3.3	44,168	12,118
Cost of material and services	3.4	-1,850,898	-2,260,651
Personnel expenses	3.5	-170,812	-177,174
Scheduled depreciation and amortization	5	-68,723	-71,731
Impairment	5	-14,007	-1,467
Other operating expenses	3.6	-101,220	-84,278
Share of profit of associated companies	2.4	-17	439
Operating result (EBIT)		33,784	214,259
Financing income		9,523	20,654
Financing expenses		-28,613	-19,332
Financial result	3.7	-19,090	1,322
Earnings before tax (EBT)		14,694	215,582
Income taxes	4.1	-13,743	-50,838
Net profit for the year		951	164,744
Attributable to the shareholders of the company		1,218	163,361
Attributable to non-controlling interests		-267	1,384
		951	164,744

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2023

IFRS

IN EUR K	NOTE	2023	2022
Net profit for the year		951	164,744
Items of other comprehensive income which may be subsequently recycled to profit and loss			
Hedging transactions		-339	3,326
NCI restructuring		0	-13
Currency translation differences		-3,939	975
Debt instruments measured at fair value through other comprehensive income		0	13
Deferred taxes		59	-838
		-4,219	3,463
Items of other comprehensive income which will not be subsequently recycled to profit and loss			
Remeasurement of post-employment benefit obligations		-4,553	4,292
Deferred taxes		1,003	-406
		-3,550	3,885
Other comprehensive income	3.8	-7,769	7,348
Total comprehensive income		-6,818	172,092
Attributable to the shareholders of the company		-6,559	170,587
Attributable to non-controlling interests		-259	1,505
		-6,818	172,092

CONSOLIDATED CASH FLOW STATEMENT 2023 IFRS

IN EUR K	NOTE	2023	2022
Operating activities			
Operating result (EBIT)		33,784	214,259
Depreciation and amortization	5	68,723	71,731
Impairment	5	14,007	1,467
Changes in net working capital:			
Changes in inventories	6.1	57,351	-75,357
Changes in trade receivables	6.2	31,542	-61,060
Changes in trade accounts payable	6.3	-34,309	67,022
Changes in other receivables and liabilities		7,301	-205
Changes in personnel provisions		742	-8,457
Dividends received		470	118
Income taxes paid		-30,607	-49,993
Interest paid		-8,894	-3,714
Interest received		2,980	4,988
Other non-cash items		-8,055	2,116
Cash flow from operating activities		135,034	162,915
Investing activities			
Payments for company purchases, less acquired cash and asset deals		-4,240	-12,957
Inflows from financial assets		0	37,434
Investment in tangible assets		-137,110	-68,482
Investment in intangible assets		-3,500	-1,072
Acquisition of other investments		-500	-44,727
Income from the sale of tangible assets and intangible assets		804	610
Cash flow from investing activities		-144,546	-89,194
Financing activities			
Dividends paid		-16,299	-13,000
Dividends paid to non-controlling interests		-2,270	-796
Borrowing of non-current financial liabilities	7.1	170,612	0
Borrowing of current financial liabilities	7.1	8,035	14,742
Repayment of current financial liabilities	7.1	-51,775	-53,467
Cash flow from financing activities		108,303	-52,520
Increase/decrease in cash and cash equivalents		21,201	-42,860
Cash and cash equivalents at the beginning of the year		142,324	120,638
Effect from currency translation differences		-2,741	485
Increase/decrease in cash and cash equivalents		98,792	21,201
Cash and cash equivalents at the end of the year		238,375	142,324

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IFRS

IN EUR K	Share capital
Balance as of December 31, 2021	3,635
Net profit for the year	0
Currency translation differences	0
Restructuring NCI	0
Hedging transactions	0
Changes in fair value of financial investments in equity instruments measured at fair value through other comprehensive income	0
Remeasurement of post-employment benefit obligations	0
Total comprehensive income for the period	0
Dividend payments	0
Balance as of December 31, 2022	3,635
Net profit for the year	0
Currency translation differences	0
Hedging transactions	0
Remeasurement of post-employment benefit obligations	0
Total comprehensive income for the period	0
Addition from acquisition of companies	0
Dividend payments	0
Balance as of December 31, 2023	3,635

Capital reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
26,123	29,454	773,911	833,123	16,185	849,307
0	0	163,361	163,361	1,384	164,745
0	908	0	908	66	974
0	0	-13	-13	0	-13
0	2,513	0	2,513	-25	2,488
0	13	0	13	0	13
0	3,805	0	3,805	80	3,885
0	7,239	163,348	170,587	1,505	172,092
0	0	-13,000	-13,000	-796	-13,796
26,123	36,694	924,258	990,710	16,894	1,007,604
0	0	1,218	1,218	-267	951
0	-3,994	0	-3,994	55	-3,939
0	-280	0	-280	0	-280
0	-3,503	0	-3,503	-47	-3,550
0	-7,777	1,218	-6,559	-259	-6,818
0	0	-22	-22		-22
0	0	-16,299	-16,299	-1,270	-17,569
26,123	28,917	909,156	967,831	15,365	983,195

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS 2023

1. GENERAL

HEINZEL GROUP is engaged in the production of and trade with pulp, paper and board worldwide.

With its industrial locations Zellstoff Pöls (Austria), Laakirchen Papier (Austria), Raubling Papier (Germany) and Estonian Cell (Estonia), HEINZEL GROUP, which is united under the Heinzel Holding umbrella, is one of the main producers of market pulp and packaging paper in Central and Eastern Europe. Magazine paper rounds off the group's portfolio.

The Trading Business consists of heinzelsales, a globally operating trading company for pulp, paper and board, and Europapier International, the leading paper wholesale company in Central and Eastern Europe. In addition, Bunzl & Biach is the largest and most important recovered paper trading company in Austria and a leading wholesaler in Central and Eastern Europe.

The parent company (reporting company) of this group is Heinzel Holding GmbH, based in Austria, 4655 Vorchdorf, Einsiedlinger Straße 47, and is at the same time the ultimate parent company of HEINZEL GROUP.

The consolidated financial statements were prepared based on the going concern principle.

1.1. ACCOUNTING PRINCIPLES

These consolidated financial statements as of December 31, 2023 were prepared pursuant to Section 245a of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC), which were endorsed in the EU and required mandatory application as of the reporting date.

The reporting currency is the euro. Unless stated otherwise, all amounts are presented in thousands of euros (EUR k) and rounded for the purpose of clarity. Rounding differences may occur as a result of rounding individual items and percentages.

The principle of materiality was applied to the reporting and summary of individual items in the balance sheet, income statement, statement of other comprehensive income, cash flow statement, and the statement of changes in equity.

As in the 2022 reporting period, the reporting period for 2023 also comprises a full financial year of twelve months, beginning on January 1 and ending on December 31.

The consolidated financial statements as of December 31, 2023 were prepared on the basis of amortized cost, however, with the following exceptions:

- » Certain financial instruments are measured at fair value in accordance with IFRS 9.
- » Deferred taxes are calculated based on the concept of temporary differences and reevaluated at every closing date.

- » Defined benefit pension and severance payment plans are measured using the projected unit credit method.
- » Plan assets according to IAS 19 are measured at fair value.
- » Provisions are recognized based on the best possible estimates of the expenses required to meet the present obligations at the closing date, and reevaluated at each closing date.

The income statement is presented using the total cost method.

The indirect method was chosen for the presentation of the cash flow statement. Liquid funds correspond to cash in hand and cash at banks.

Further information regarding accounting and measurement methods are provided in section 13.

1.2. CONSOLIDATION PRINCIPLES

Scope of consolidation

The scope of consolidation is defined in accordance with the principles of IFRS 10 and consisted of 50 companies, including Heinzl Holding GmbH as the parent company, as of December 31, 2023 (31.12.2022: 47 companies) and 8 companies consolidated at equity (31.12.2022: 8 companies).

The scope of companies consolidated in the group developed as follows:

Development of the scope of consolidation	2023	2022
Number of companies at the beginning of the financial year	46	46
Initial consolidation	3	1
Mergers	0	-1
NUMBER OF COMPANIES AS OF 31.12. OF THE FINANCIAL YEAR	49	46

Initial consolidation in the 2023 financial year was related to Starkraft Steyrermühl GmbH, Europapier Hygiene Pro Team, d.o.o., Belgrade, Serbia, as well as Europapier DIPA Llc, Sesevete-Zagreb, Croatia.

In January 2023, Zellstoff Pöls AG paid EUR 35,000 of share capital into Starkraft Steyrermühl GmbH, which has consequently been a wholly-owned subsidiary since then.

The share purchase agreement was also signed in January 2023, making Europapier Hygiene Pro Team, d.o.o, Belgrade, Serbia, a wholly-owned subsidiary of Europapier Dunav Papir, Belgrade, Serbia.

Europapier DIPA was founded on February 10, 2023 and has been held as a wholly-owned subsidiary by Europapier Adria d.o.o., Sesevete-Zagreb, Croatia, since May 3, 2023 based on an asset deal.

In January 2024, Laakirchen Papier AG obtained control over the Steyrermühl companies.

Details regarding these transactions are provided under note 2.1 Business combinations.

Due to its minor importance to the asset, financial and earnings position, both individually and overall, the subsidiary Mayr-Melnhof & Wilfried Heinzl Teheran Co., Teheran, was not included in the consolidated financial statements.

The scope of consolidation of Heinzl Holding GmbH is described in detail under note 2. Group companies.

Currency translation within the group

The consolidated financial statements are prepared in euros, which is the reporting currency of HEINZEL GROUP.

Translation of international financial statements

The financial statements of international subsidiaries which use a functional currency other than the euro are translated in accordance with IAS 21 as follows:

Balance sheet items are translated at the respective mid-rate as of the closing date; the items of the statement of comprehensive income are translated using the mean exchange rates of the respective period.

Differences resulting from currency translation relating to equity are recognized in equity. In the event of loss of control of a foreign company, these accumulated currency differences are recognized through profit or loss (as part of the gain/loss from the disposal).

The following exchange rates were applied:

Exchange rates to EUR	31.12.2023	31.12.2022
BAM	1.9558	1.9558
BGN	1.9558	1.9558
CAD	1.4642	1.444
CHF	0.9260	0.9847
CZK	24.7240	24.1160
HRK	-	7.5345
HUF	382.8000	400.8700
MYR	5.0775	4.6984
PLN	4.3395	4.6808
RON	4.9756	4.9495
RUB	99.1919	75.6553
USD	1.1050	1.0666

The European Central Bank (ECB) has suspended the publication of its euro-ruble exchange rate since March 1, 2022. Therefore, Europapier Group examined the availability of officially quoted exchange rates from alternative sources in accordance with IAS 21.26 on December 31, 2022. Since Europapier Group changed money from rubles to euros based on the exchange rates of the Russian central bank in the second half of the past financial year, this source was also used for the translation of rubles to euros for the balance sheet date 2022. This approach was also applied in the 2023 financial year.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchanges rates on the transaction date. Gains and losses resulting from foreign currency valuation are recognized as profit or loss.

1.3. NEW AND AMENDED STANDARDS

The following amendments or new versions of standards and interpretations **were employed for the first time in the 2023 financial year:**

		Endorsement	Mandatory application for HEINZEL GROUP	Material impact on HEINZEL GROUP
AMENDED STANDARDS AND INTERPRETATIONS				
IAS 1	Disclosure of Accounting Estimates – Amendments to IAS 1 and IFRS Practice Statement 2	March 2, 2022	January 1, 2023	no
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	March 2, 2022	January 1, 2023	no
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	August 11, 2022	January 1, 2023	no
IAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	November 8, 2023	May 1, 2023	no

The group did not apply early any standards, interpretations or changes which have been published but not yet entered into force.

Standards, interpretations and amendments to published standards which are not yet mandatory and were not applied early by the group:

		Endorsement	Mandatory application for HEINZEL GROUP	Material impact on HEINZEL GROUP
AMENDED STANDARDS AND INTERPRETATIONS				
IAS 1	Non-current Liabilities with Covenants – Amendments to IAS 1	December 19, 2023	January 1, 2024	no
IAS 1	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	December 19, 2023	January 1, 2024	no
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	November 20, 2023	January 1, 2024	no
IAS 7, IFRS 17	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	open	January 1, 2024	no
IAS 21	Lack of Exchangeability – Amendments to IAS 21	open	January 1, 2025	no

The group intends to apply these new and amended standards and interpretation from the date on which they enter into force.

1.4. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires estimates and assumptions that may affect the reported amounts of assets, liabilities and financial obligations as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Actual results can differ from these estimates. The principle of true and fair view is fully applied in the use of estimates. In addition, sensitivity analyses are carried out as part of impairment testing. For their calculation, key parameters are changed in order to present possible deviations from the estimates.

The consolidated financial statements include the following material items, the valuation of which is influenced significantly by the underlying assumptions and estimates, which will be described in the following notes more in-depth:

- » Section 5.1: The assessment of the recoverability of intangible assets, goodwill and property is based on forward-looking statements. The calculation of recoverable amounts as part of the impairment tests is based on various assumptions, for example regarding future surplus funds and discount rates. The surplus funds correspond to the values contained in the latest business plan at the time of preparation of the financial statements.
- » Section 10.1: Assumptions relating to interest rates, retirement age, life expectancy, employee turnover and future increases in remuneration are used for the valuation of existing pension and severance payment obligations.
- » Section 4.2: The recognition of deferred tax assets is based on the assumption that sufficient tax income will be realized in the future to utilize tax loss carryforwards.
- » Section 8: The fair value of financial instruments not traded on an active market (e.g., OTC derivatives) is determined using appropriate measurement methods, which are selected from a variety of methods. The assumptions used are largely based on the market conditions prevailing on the closing date.

If the estimates and assumptions change, significant adjustments to the carrying values in the subsequent year may be required, in particular for the items listed above.

1.5. CONFLICT IN UKRAINE

With the outbreak of the war in Ukraine, the business activities of Europapier and heinzelsales with Ukrainian customers initially came to a complete halt. In 2023, deliveries to customers were selectively resumed against advance payment. When sanctions were imposed on Russia, heinzelsales completely ceased business with Russian suppliers.

Europapier Group has two investments with approximately 200 employees in Russia. These companies independently operate a paper wholesale business in the Russian market, generating net sales of approximately EUR 117 million in the 2023 financial year (previous year: EUR 150 million). Europapier International AG, the ultimate parent company of Europapier Group, continues to exercise a controlling influence and monitors compliance with all relevant provisions regarding sanctions. Currently, there are no violations of any such provisions.

1.6. MIDDLE EAST CONFLICT

As a result of the attack on Israel by the radical Islamic organization Hamas and the attacks on freighters by Huthi sympathizing with Hamas, major shipping companies have stopped using the strait between the Red Sea and the Gulf of Aden since the end of 2023. This initially led to delays and higher shipping costs for deliveries of HEINZEL GROUP. A negative impact on the Trading Business of heinzelsales, which operates in this region, has not been observed so far, but could emerge if the conflict spread to the neighboring countries.

2. GROUP COMPANIES

2.1. BUSINESS COMBINATIONS

Acquisition of Hygiene Pro Team d.o.o, Serbia, and Europapier DIPA d.o.o., Croatia

The shares in Hygiene Pro Team d.o.o, Serbia, were acquired by Europapier Dunav d.o.o. at the beginning of the current financial year. The objective of this acquisition was to strengthen the position in the hygiene market and to advance the ongoing diversification strategy of Europapier Group.

The purchase price allocation is calculated as follows:

in EUR k	Fair value
Non-current assets	1,326
Goods for sale	853
Receivables	1,335
Cash and cash equivalents	38
Financial liabilities	-313
Trade accounts payable	-1,416
Other current liabilities and deferred income	-114
Acquired net assets (preliminary)	1,709

in EUR k	Fair value
Purchase price paid	2,630
Acquired net assets at carrying amount	770
Fair Value Adjustments	-1,709
Goodwill (preliminary)	1,691

In addition, Europapier DIPA d.o.o., Croatia, was founded by Europapier Adria d.o.o., Croatia, based on the founding agreement of February 10, 2023. The new company expanded the market position in the Visual Communication segment through an asset deal.

Acquisition of UPM Kymmene Austria GmbH

On June 20, 2022, Laakirchen Papier AG signed a purchase agreement with UPM GmbH and UPM-Kymmene Beteiligungs GmbH for the acquisition of UPM-Kymmene Austria GmbH and its subsidiaries. Laakirchen Papier AG made a down payment of EUR 13.5 million for 90% of the shares upon signing this agreement.

Another payment for the preliminary purchase price of EUR 51.6 million became due upon the agreed closing on January 1, 2024.

The preliminary and unaudited purchase price allocation is shown in the table below:

in EUR k	Carry Amount
Non-current assets	41,365
Inventories	9,827
Receivables	16,135
Cash and cash equivalents	39,285
Financial liabilities	-1,228

Trade accounts payable	-11,736
Other current liabilities and deferred income	-43,908
Acquired net assets (preliminary)	49,741

The preliminary goodwill is determined as follows:

in EUR k	
Purchase price paid	62,299
Acquired net assets at carrying amount	-49,741
Fair value adjustments	-24,600
Deferred taxes on fair value adjustments	5,658
<i>Thereof 90%</i>	-61,815
Goodwill (preliminary)	484
NCI from initial consolidation	-6,868

The final purchase price will be determined when the audited results of UPM Kymmene Austria GmbH are available. Laakirchen Papier has thus also acquired the saw mill Steyrermühl, a biomass and waste-to-energy power plant as well as other plants.

2.2. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with non-controlling interests without loss of control are recognized as transactions with the owners of the group acting in their ownership capacity. A difference which arises from the purchase of a non-controlling interest between the fair value of the paid amount and the acquired share in the carrying value of the net assets of the subsidiary is recognized as equity. Profits and losses resulting from a sale to non-controlling interests are also recognized as equity.

There were no transactions with non-controlling interests in the past financial year.

2.3. SHARES IN GROUP COMPANIES

Name and registered office of the companies	31.12.2023		31.12.2022	
	Group share in%	Non-controlling interest in %	Group share in%	Non-controlling interest in %
Zellstoff Pöls Aktiengesellschaft, Pöls, Austria	99.99	0.01	99.99	0.01
AS Estonian Cell, Kunda, Estonia	100.00	–	100.00	–
Wilfried Heinzel Aktiengesellschaft, Vienna, Austria	100.00	–	100.00	–
Heinzel, Bunzl Service GmbH, Vienna, Austria	100.00	–	100.00	–
Heinzel Paper GmbH, Hinterbrühl, Austria	100.00	–	100.00	–
Europapier International AG, Hinterbrühl, Austria	100.00	–	100.00	–
Laakirchen Papier AG, Laakirchen, Austria	99.00	1.00	99.00	1.00
Bunzl & Biach Gesellschaft m.b.H., Vienna, Austria	51.00	49.00	51.00	49.00
Omega Trading Laakirchen GmbH, Laakirchen, Austria	51.00	49.00	51.00	49.00
Austrian Recycling s.r.o., Temelin, Czech Republic	51.00	49.00	51.00	49.00
Green Recycling s.r.o., Cukrovarská, Slovakia	51.00	49.00	51.00	49.00
Heinzel Pulp Sales GmbH, Hinterbrühl, Austria	100.00	–	100.00	–
Heinzel Import-Export Inc., New York, U.S.A.	100.00	–	100.00	–
Heinzel Sales Italy S.r.l., Milan, Italy	100.00	–	100.00	–
Heinzelsales USA Trading Inc., New York, U.S.A.	100.00	–	100.00	–
Heinzel Sales France S.A.S., Paris, France	100.00	–	100.00	–
Interfibre AG, Zug, Switzerland	100.00	–	100.00	–
Heinzel Deutschland GmbH, Wiesbaden, Germany	100.00	–	100.00	–
Heinzel Sales Canada Inc., Vancouver, Canada	100.00	–	100.00	–
Europapier Adria d.o.o., Zagreb, Croatia	100.00	–	100.00	–
Europapier Alpe d.o.o., Ljubljana, Slovenia	100.00	–	100.00	–
Europapier - Slovensko s.r.o., Bratislava, Slovakia	100.00	–	100.00	–
Europapier Dunav d.o.o., Belgrade, Serbia	100.00	–	100.00	–
Europapier CE GmbH, Vienna, Austria	100.00	–	100.00	–
Europapier Austria GmbH, Vienna, Austria	100.00	–	100.00	–
Europapier - Hercegtisak d.o.o., Siroki Brijeg, Bosnia and Herzegovina	100.00	–	100.00	–
Europapier Bulgaria EOOD, Sofia, Bulgaria	100.00	–	100.00	–
Europapier Bohemia, spol. s.r.o., Prague, Czech Republic	100.00	–	100.00	–
Europapier CEE GmbH, Hinterbrühl, Austria	100.00	–	100.00	–
Europapier Budapest Kft., Budapest, Hungary	100.00	–	100.00	–
LLC Europapier, Moscow, Russia	100.00	–	100.00	–
Europapier Polska Sp.z.o.o., Błonie, Poland	100.00	–	100.00	–
EU-RO Handelsgesellschaft m.b.H., Frastanz, Austria	100.00	–	100.00	–
Europapier Romania SRL, Bucharest, Rumania	100.00	–	100.00	–
Europapier Poland GmbH, Hinterbrühl, Austria	100.00	–	100.00	–
Heinzel Sales Poland Sp.z.o.o., Warsaw, Poland	100.00	–	100.00	–
Lexica – SFE JSC., Moscow, Russia	99.00	1.00	99.00	1.00
Europapier CIS GmbH, Hinterbrühl, Austria	90.00	10.00	90.00	10.00
Europapier East Europe GmbH, Hinterbrühl, Austria ¹	50.00	50.00	50.00	50.00
Raubling Papier GmbH, Raubling, Germany	94.90	5.10	94.90	5.10
HBB Heizkraftwerk Bauernfeind Betriebsgesellschaft mbH, Raubling, Germany	94.90	5.10	94.90	5.10
Projekt Rosenheimer Straße Raubling GmbH, Raubling, Germany	94.90	5.10	–	–
Chiemgau Recycling GmbH, Raubling, Germany	53.50	46.50	53.50	46.50
Moderne Verpackung Hoffmann GmbH, Jeging, Austria	100.00	–	100.00	–
Heinzel Sales Asia Pacific Sdn. Bhd., Kuala Lumpur, Malaysia	100.00	–	100.00	–
Mayr-Melnhof & Wilfried Heinzel Teheran Co., Teheran, Iran ²	64.00	36.00	64.00	36.00
at Will, s.r.o., Kunčice nad Labem, Czech Republic ³	–	100.00	100.00	–
Starkraft Steyrermühl GmbH, Pöls, Austria	100.00	–	–	–
Europapier Hygiene Pro Teamd.o.o. Belgrade, Serbia	100.00	–	–	–
Europapier DIPA d.o.o., Sesvete-Zagreb, Croatia	100.00	–	–	–

¹ The company is fully consolidated due to a controlling influence.

² Not consolidated due to immateriality.

³ at Will, s.r.o. was merged into Europapier Bohemia, spol., s.r.o., in the past financial year.

2.4. SHARES IN ASSOCIATED COMPANIES

The shares in companies which are accounted for using the equity method exclusively consist of shares in associated companies. The group does not have any joint ventures.

The following table shows the group's share in the respective companies.

Name and registered office of the company	Group's share in %	
	31.12.2023	31.12.2022
Papierholz Austria GmbH, St. Gertraud, Austria	25.00	25.00
Bioenergie Aichfeld GmbH, Pöls, Austria	20.00	20.00
ZPA Fernwärmehtransportleitungs GmbH, Köflach, Austria	20.00	20.00
EEVG Entsorgungs- und Energieverwertungsgesellschaft m.b.H., Steyrermühl, Austria	20.00	20.00
“Papyrus” Altpapierservice Handelsgesellschaft m.b.H., Salzburg, Austria	31.67	31.67
Austria Papier Recycling Gesellschaft m.b.H., Vienna, Austria	33.36	33.36
Europapier Dienstleistungs-Gesellschaft m.b.H., Eggenburg, Austria	25.00	25.00
KFZ-Technik Meisterservice Küttner GmbH, Eggenburg, Austria	25.00	25.00

The share in associated companies developed as follows:

In EUR k	2023	2022
BALANCE AS OF 1.1. OF THE FINANCIAL YEAR	3,624	3,343
Share of profit	-17	439
Dividend payment	-429	-158
BALANCE AS OF 31.12. OF THE FINANCIAL YEAR	3,178	3,624

The operating activities of the associated companies are related to the core business of HEINZEL GROUP. Contributions to earnings are therefore reported under the result from operating activities.

The main companies are listed below:

“Papyrus” Altpapierservice Handelsgesellschaft m.b.H., Salzburg

The group holds an unchanged share of 31.67% in the company as of December 31, 2023. The carrying value of the share amounts to EUR 1,724k as of December 31, 2023 (previous year: EUR 1,958k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2023	31.12.2022
Non-current assets	7,280	7,016
Current assets	4,451	5,223
Non-current liabilities	659	684
Current liabilities	5,628	5,374
Net assets	5,444	6,181
Revenues	26,933	42,986
Net profit for the year	-437	811
Total comprehensive income	-437	811

Bioenergie Aichfeld GmbH, Pöls

The group holds an unchanged share of 20% in the company as of December 31, 2023. The carrying value of the share amounts to EUR 0k as of December 31, 2023 (previous year: EUR 0k).

On the reporting date on December 31, 2020 the carrying value of Bioenergie Aichfeld GmbH, Pöls, would be negative due to a disproportional profit distribution to Zellstoff Pöls Aktiengesellschaft. Therefore, the carrying amount of the investment was set to 0.

Future profits will be recorded off balance sheet until the negative value is balanced out. Only after that will profits be recognized in the carrying amount of the investment.

The negative carrying value as of December 31, 2023 amounts to EUR 1,484k (previous year: EUR 1,549k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2023	31.12.2022
Non-current assets	3,283	3,374
Current assets	1,818	985
Current liabilities	2,149	2,431
Net assets	2,952	1,928
Revenues	4,391	3,634
Net profit for the year	1,375	-131
Total comprehensive income	1,375	-131

Papierholz Austria GmbH, St. Gertraud

The group holds an unchanged share of 25% in the company as of December 31, 2023. The carrying value of the share amounts to EUR 1,060k as of December 31, 2023 (previous year: EUR 968k).

Due to the company's minor importance to the present consolidated financial statements, the measurement is based on the preliminary values of 2023.

The summarized financial information for the company is presented below:

In EUR k	31.12.2023	31.12.2022
Non-current assets	416	486
Current assets	78,018	106,847
Non-current liabilities	770	898
Current liabilities	73,423	102,563
Net assets	4,241	3,872
Revenues	371,300	504,522
Net profit for the year	331	618
Total comprehensive income	331	618

ZPA Fernwärmehtransportleitung GmbH, Köflach

The group holds an unchanged share of 20% in the company as of December 31, 2023. The carrying value of the share amounts to EUR 0k as of December 31, 2023 (previous year: EUR 334k).

On the reporting date on December 31, 2023 the carrying value of ZPA Fernwärmehtransportleitung GmbH, Köflach, would be negative due to a disproportional profit distribution to Zellstoff Pöls Aktiengesellschaft. Therefore, the carrying amount of the investment was set to 0.

Future profits will be recorded off balance sheet until the negative value is balanced out. Only after that will profits be recognized in the carrying amount of the investment.

The negative carrying value as of December 31, 2023 amounts to EUR 103k.

The summarized financial information for the company is presented below:

In EUR k	31.12.2023	31.12.2022
Non-current assets	784	1,087
Current assets	259	913
Current liabilities	256	331
Net assets	786	1,669
Revenues	11	4,807
Net profit for the year	-233	-226
Total comprehensive income	-233	-226

Austria Papier Recycling Gesellschaft m.b.H., Vienna

The group holds an unchanged share of 33.36% in the company as of December 31, 2023. The carrying value of the share amounts to EUR 290k as of December 31, 2023 (previous year: EUR 279k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2023	31.12.2022
Non-current assets	336	623
Current assets	3,722	3,858
Non-current liabilities	206	522
Current liabilities	2,982	3,124
Net assets	870	835
Revenues	27,696	50,931
Net profit for the year	35	178
Total comprehensive income	35	178

2.5. NON-CONTROLLING INTERESTS

Information on the balance sheet

The following table shows information on the balance sheet of fully consolidated subsidiaries with material non-controlling interests and the reconciliation to the carrying value.

31.12.2023		Before intercompany elimination					Net assets of non-controlling interests
Name of the company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets		
Austrian Recycling s.r.o., Czech Republic	1,417	1,731	153	3,191	-197	627	
Bunzl & Biach Gesellschaft m.b.H., Austria	23,489	22,637	4,072	13,277	28,777	9,942	
Chiemgau Recycling GmbH, Germany	5,945	3,731	1,711	2,661	5,304	2,440	
Laakirchen Papier AG, Austria	208,902	246,195	149,166	71,503	234,428	2,225	
Omega Trading Laakirchen GmbH, Austria	0	1,526	0	395	1,131	511	
Raubling Papier GmbH, Germany	22,933	36,128	2,049	56,624	388	-431	
Europapier East Europe, Austria	0	1,895	0	1,468	427	214	
Green Recycling, Slovakia	110	913	0	805	218	106	
Projekt Rosenheimer Straße Raubling, Germany	10,948	425	0	10,588	785	40	
Raubling Heizkraftwerk, Germany	0	15,611	0	29,397	-13,786	-319	
Other	0	0	0	0	0	9	
CARRYING VALUE AS OF 31.12.2023	0	0	0	0	0	15,365	

31.12.2022		Before intercompany elimination					Net assets of non-controlling interests
Name of the company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets		
Austrian Recycling s.r.o., Czech Republic	1,412	4,406	92	4,516	1,210	623	
Bunzl & Biach Gesellschaft m.b.H., Austria	19,048	25,781	4,258	14,440	26,131	9,725	
Chiemgau Recycling GmbH, Germany	5,616	4,082	755	3,695	5,248	2,440	
Laakirchen Papier AG, Austria	170,626	153,841	26,727	89,211	208,529	1,957	
Omega Trading Laakirchen GmbH, Austria	0	1,429	0	745	684	511	
Raubling Papier GmbH, Germany	38,934	36,840	2,037	43,353	30,384	1,482	
Europapier East Europe, Austria	1	2,387	0	1,768	620	310	
Green Recycling, Slovakia	133	1,245	0	1,169	210	106	
Projekt Rosenheimer Straße Raubling, Germany	10,969	350	0	10,177	1,142	58	
Raubling Heizkraftwerk, Germany	0	21,787	0	28,049	-6,262	-319	
Other						155	
CARRYING VALUE AS OF 2022						16,893	

Information on the statement of comprehensive income

The following table shows information on the statement of comprehensive income of fully consolidated subsidiaries with material non-controlling interests.

2023	Before intercompany elimination				Attributable to non-controlling interests			
	Name of the company	Net sales	Profit/loss for the year	Other comprehensive income	Total comprehensive income	Net profit for the year	Other comprehensive income	Total comprehensive income
	Austrian Recycling s.r.o., Czech Republic	13,213	-1,416	9	-1,406	694	4	698
	Bunzl & Biach Gesellschaft m.b.H., Austria	121,503	3,359	-76	3,283	-1,646	-37	-1,683
	Chiemgau Recycling GmbH, Germany	23,221	56	0	56	-26	0	-26
	Laakirchen Papier AG, Austria	291,775	26,844	-945	25,898	-268	-9	-278
	Omega Trading Laakirchen GmbH, Austria	3,940	447	0	447	-219	0	-219
	Raubling Papier GmbH, Germany	93,749	-29,978	-19	-29,997	1,529	-1	1,528
	Other	0	0	0	0	204	0	204
	TOTAL 2023	0	0	0	0	267	-43	224

2022	Before intercompany elimination				Attributable to non-controlling interests			
	Name of the company	Net sales	Profit/loss for the year	Other comprehensive income	Total comprehensive income	Net profit for the year	Other comprehensive income	Total comprehensive income
	Austrian Recycling s.r.o., Czech Republic	43,854	31	38	69	15	19	34
	Bunzl & Biach Gesellschaft m.b.H., Austria	201,450	2,351	100	2,451	1,152	49	1,201
	Chiemgau Recycling GmbH, Germany	41,800	233	0	233	108	0	108
	Laakirchen Papier AG, Austria	436,864	52,542	3,264	55,806	525	32	557
	Omega Trading Laakirchen GmbH, Austria	8,780	99	0	99	48	0	48
	Raubling Papier GmbH, Germany	149,317	-7,808	417	-7,391	-398	21	-377
	Other	0	0	0	0	-67	0	-67
	TOTAL 2022				0	1,383	121	1,504

Information on the cash flow statement and dividend payments

The following table shows information on the cash flow statement of fully consolidated subsidiaries with material non-controlling interests.

Name of the company	Cash flow from				Cash net increase/decrease	2023	2022
	operating activities	investing activities	financing activities			Dividends paid to non-controlling interests	Dividends paid to non-controlling interests
Laakirchen Papier AG, Austria	20,649	-36,777	109,181		93,053	0	0
Raubling Papier GmbH, Germany	-2,062	-4,242	9,639		3,335	0	0
Bunzl & Biach GmbH, Österreich	2,892	-4587	-2,270		-3,966	-980	-490
Europapier East Europe, Österreich	66	0	-580		-514	-290	-306
TOTAL	0	0	0		0	-1,270	-796

3. PERFORMANCE

3.1. REVENUE

HEINZEL GROUP's net sales – calculated from gross sales from customer contracts less transport services and sales deductions – declined from the record level of EUR 2,777.4 million in 2022 to EUR 2,214.9 million in the 2023 financial year (-20%) due to volume and pricing.

In EUR k	2023	2022
Revenue from contracts with customers	2,329,781	2,905,821
Transport services	-114,913	-128,410
NET SALES	2,214,868	2,777,412

As in the previous year, revenues from contracts with customers in 2023 were essentially generated with the sale of goods. Revenue is recognized solely at a point in time.

Revenue from contracts with customers by category

Revenue from contracts with customers is broken down into the following **product groups**:

In EUR k	2023	2022
Pulp	728,614	864,971
Printing & Writing	423,079	503,730
Publication Papers	247,698	312,997
Packaging & Board	756,690	1,017,892
Other grades	130,548	122,780
Paper	1,558,017	1,957,400
Recovered paper	43,150	83,369
Chemicals	0	81
	2,329,781	2,905,821

Revenue from contracts with customers is broken down into the following **markets**:

In EUR k	2023	2022
Austria	273,181	347,603
Central and Eastern Europe (excl. Austria)	398,921	490,729
Southeast Europe	218,321	319,178
Western Europe	500,487	744,909
Middle East	199,938	311,379
Northern Africa	211,469	215,280
Central and Southern Africa	90,556	79,277
Far East/Oceania	246,992	146,441
CIS	121,559	150,828
North America	1,552	2,566
Latin America	66,804	97,631
	2,329,781	2,905,821

3.2. CHANGES IN INVENTORIES AND OWN WORK CAPITALIZED

In EUR k	2023	2022
Changes in inventories	-21,541	17,901
Own work capitalized	1,967	1,691
	-19,573	19,592

The changes in inventories consist of the changes in finished products and work in progress as compared to the previous year.

In addition to direct material and production costs, own work capitalized also contains an appropriate share of material and production overhead costs.

3.3. OTHER OPERATING INCOME

In EUR k	2023	2022
Sale of energy, by-products and scrap	4,849	2,582
Research grants and other grants	28,780	4,236
Rental income	602	544
Income from insurance	286	463
Other operating income	9,652	4,293
	44,168	12,118

3.4. COST OF MATERIAL AND SERVICES

In EUR k	2023	2022
Raw materials	331,327	445,594
Supplies and operating materials	328,370	421,996
Goods for resale	1,191,202	1,393,061
	1,850,898	2,260,651

3.5. PERSONNEL EXPENSES

In EUR k	2023	2022
Wages	49,109	46,550
Salaries	73,073	70,866
Expenses for severance payments	1,610	1,715
Expenses for pensions	1,242	1,432
Statutory social expenses	33,492	31,587
Voluntary social expenses	12,285	25,024
	170,812	177,174

The expenses for defined contribution plans reported under personnel expenses amounted to EUR 2,352k (2022: EUR 2,074k).

3.6. OTHER OPERATING EXPENSES

In EUR k	2023	2022
Incoming freight	17,080	10,874
Insurance	11,037	9,636
Consultants and fees	17,680	13,082
IT and communications costs	8,439	7,998
Energy and other operating expenses	10,674	4,910
Rents and leasing	6,901	7,368
Other external services	5,562	5,254
Bad debt provisions	3,834	3,947
External personnel costs	1,786	2,268
Cleaning, maintenance and building security	0	2,622
Distribution costs	1,488	1,380
Fleet of vehicles	2,989	1,765
Training costs	1,068	1,102
Advertising costs	3,341	2,008
Contributions	1,494	1,079
Travel expenses	3,539	3,025
Office material	840	757
Taxes other than taxes on income and earnings	1,039	1,043
Donations and representational costs	1,213	1,006
Miscellaneous other operating expenses	1,216	3,154
	101,220	84,278

The item “Miscellaneous other operating expenses” includes, among other things, disposal costs, bank fees and costs for credit insurance as well as Supervisory Board remunerations.

Expenses for the auditor include EUR 434k (2022: EUR 396k) for the audit of the financial statements and consolidated financial statements for 2023.

3.7. FINANCIAL RESULT

The interest and other financial results consist of the following components:

In EUR k	2023	2022
Interest and similar income	6,772	1,334
Foreign currency gains	2	997
Income from securities	2,279	2,452
Derivatives	0	15,753
Income from disproportional profit distribution from associated companies	470	118
Financing income	9,523	20,654
Interest and similar expenses	-8,894	-3,167
Foreign currency losses	-1,926	-859
Interest expense from leasing	-1,013	-815
Interest expense from personnel provisions	-1,541	-444
Expense from derivatives	-15,239	-8,820
Expense from financial assets	0	-5,227
Financing expenses	-28,613	-19,332
FINANCIAL RESULT	-19,090	1,322

3.8. OTHER COMPREHENSIVE INCOME

In EUR k	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Currency translation differences	-3,939	0	-3,939	975	0	975
NCI restructuring	0	0	0	-13	0	-13
Hedging transactions	-339	59	-280	3,326	-838	2,488
Change in fair value of debt instruments recognized through other comprehensive income	0	0	0	12	0	12
Revaluation of obligations to employees	-4,553	1,003	-3,550	4,292	-406	3,886
	-8,831	1,062	-7,769	8,592	-1,244	7,348

4. TAXES

4.1. INCOME TAXES

In EUR k	2023	2022
Current income taxes	12,157	48,750
Deferred taxes	1,586	2,088
	13,743	50,838

The corporate tax rate applicable to the parent company, Heinzl Holding GmbH, Vorchdorf, as of the closing date was 24% (31.12.2022: 25%).

In EUR k	2023	2022
Earnings before taxes	14,694	215,582
Income tax expenses	-13,743	-50,838
EFFECTIVE TAX RATE (%)	93.5	23.6

The reasons for the difference between the theoretical tax expense based on the Austrian corporate tax rate of 24% and the reported tax expense are presented below:

In EUR k	2023	2022
Earnings before taxes	14,694	215,582
Expected income tax expenditure based on 24% (31.12.2022: 25%)	3,526	53,896
Effects of foreign tax rates	3,065	-4,021
Taxes from previous periods	356	109
Use of tax shields	-888	425
Capitalization of loss carryforwards from previous periods	-166	-179
Change in estimates of tax deferrals	7,966	1,037
Effects of initial and subsequent consolidation	-27	-189
Other permanent differences	-89	-240
ACTUAL INCOME TAX EXPENDITURE	13,743	50,838

The position „change in estimates of tax deferrals” concerns to a large extent the Germany entity Raubling Papier GmbH (incl. the Raubling Heizkraftwerke) due to the economic situation.

With the 2005 Tax Reform Act, the Austrian legislature created the possibility for group taxation. Under this system, following the clearing of prior losses, the tax results of the companies belonging to the tax group are attributed to the tax group parent. To compensate for the tax results being passed on to the tax group parent, an apportionment of taxes is agreed upon in the tax group contracts.

4.2. DEFERRED TAXES

For the calculation of deferred taxes, an income tax rate of 23% is applied to companies located in Austria, whereas for companies located abroad the effective tax rate of the relevant country is used. The corporate tax rate in Austria will be gradually adjusted from 25% (for 2022) to 24% (for 2023) and 23% (for 2024). The corresponding legal provisions have already been implemented. The application of the tax rate of 23% results from the fact that deferred taxes will only be reflected in actual tax paid in or paid out in the medium to long term.

Heinzel Holding GmbH acts as the tax parent and nearly all Austrian companies are members of the tax group.

Losses occurring within the tax group are immediately utilizable within the companies included in the tax group in the same year in which the losses are incurred. A five-year period was used as reference for the calculation of the share of tax loss carryforwards that the group will be able to employ in the future. The capitalization of deferred taxes was effected to an extent that will make it possible to employ them through future positive operating results. No tax deferrals were formed for additional loss carryforwards in Austria of EUR 1,276k (31.12.2022: EUR 1,471k).

On the basis of current planning, no sufficient future results or risks with regard to fiscal enforceability exist in the Trading Business and Industry segments in certain foreign markets so that these were reported in the amount of EUR 0k (31.12.2022: EUR 5,288k). Overall, foreign loss carryforwards totaling EUR 21,067k (31.12.2022: EUR 12,042k) were reported in these segments.

In accordance with IAS 12.39, deferred taxes derived from the differences of the pro rata net assets and the fiscal carrying value of interests in subsidiaries totaling EUR 168,397k (31.12.2022: EUR 157,486k) are not recognized, as a sale of the interests is not to be expected in the foreseeable future.

The time differences between the values of the tax statement and the consolidated financial statements are as follows:

In EUR k	Assets		Liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Non-current assets	18,768	14,106	47,191	41,821
Current assets	16,648	19,172	3,445	5,309
Non-current provisions and liabilities	25,826	22,866	0	0
Current provisions and liabilities	19,150	24,166	39,244	46,359
Loss carryforwards	0	5,588	0	0
	80,391	85,898	89,879	93,489
Deferred taxes	17,539	19,013	20,388	21,270
Offsetting of deferred taxes to the same fiscal authority	-12,789	-12,123	-12,789	-12,123
NET DEFERRED TAXES	4,750	6,890	7,599	9,147
Composition in detail				
Intangible assets	945	1,270	1,238	1,277
Tangible assets	10,336	7,956	44,903	39,725
Financial assets	7,487	4,881	1,050	819
Non-current assets	18,768	14,107	47,191	41,821

5. NON-CURRENT ASSETS

5.1. INTANGIBLE ASSETS

In EUR k	Concessions and other rights	Software	Goodwill	Total
GROSS VALUES AS OF 31.12.2021	25,834	14,780	23,899	64,513
Additions	303	769	0	1,072
Additions from acquisition of companies	8	68	-11	65
Foreign currency differences	-4,348	-193	-10	-4,551
Disposals	-46	2,296	0	2,250
Transfers/reclassifications	1,514	0	0	1,514
GROSS VALUES AS OF 31.12.2022	23,264	17,720	23,878	64,863
Additions	3,241	261	0	3,502
Foreign currency differences	-43	-181	16	-208
Disposals	-981	-162	0	-1,143
Transfers/reclassifications	-3,033	7,785	0	4,752
Additions from initial consolidation	2,266	0	1,693	3,959
GROSS VALUES AS OF 31.12.2023	24,715	25,423	25,587	75,725
ACCUMULATED AMORTIZATION AS OF 31.12.2021	22,062	8,525	5,164	35,751
Scheduled amortization	2,507	2,188	0	4,695
Impairment	0	0	1,467	1,467
Foreign currency differences	22	50	0	72
Disposals	-4,348	-193	0	-4,541
ACCUMULATED AMORTIZATION AS OF 31.12.2022	20,243	10,570	6,631	37,444
Scheduled amortization	1,822	3,569	0	5,391
Foreign currency differences	-47	-144	0	-191
Disposals	-981	-162	0	-1,143
Rebookings/reclassifications	-2,192	2,342	0	150
ACCUMULATED AMORTIZATION AS OF 31.12.2023	18,844	16,175	6,631	41,650
NET VALUE AS OF 31.12.2022	3,020	7,150	17,247	27,419
NET VALUE AS OF 31.12.2023	5,871	9,248	18,956	34,074

Goodwill

Goodwill arises when subsidiaries are acquired and represents the surplus of the transferred consideration for the acquisition over the fair value of the group's shares in the acquired identifiable assets, acquired liabilities, contingent liabilities and all non-controlling interests of the acquired company at the acquisition date.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment tests. It is allocated to those CGU or groups of CGU in accordance with the business segments identified that are expected to benefit from the combination from which the goodwill resulted. Each unit or group of units to which goodwill was allocated represents the lowest level within the company at which goodwill is monitored for internal management purposes. As the group is managed based on production sites and business segments, the sub-groups Europapier (EP) and Wilfried Heinzl AG (WHAG) as well as the production companies of the group ("Zellstoff Pöls AG" and "Bunzl & Biach Group") are considered cash-generating

units. Since 2022, Russia has been viewed as a separate CGU and is no longer included in the CGU Europapier Group without MV.

Overview of goodwill

In EUR k	31.12.2023	31.12.2022
Moderne Verpackung (MV)	7,238	7,238
Europapier Group without MV	4,561	2,852
Europapier Group	11,799	10,090
WHAG without Heinzl Sales Asia Pacific	3,193	3,193
Wilfried Heinzl Group	3,193	3,193
Bunzl & Biach Group	1,686	1,687
Zellstoff Pöls Group	2,044	2,042
Other	235	235
	18,957	17,247

The test to determine whether goodwill has been impaired is conducted annually. The carrying value of goodwill is compared with the recoverable amount, i.e., the higher of fair value less costs of disposal and the value in use. Impairments are expensed as incurred and not reversed in the subsequent periods.

The annual impairment test for goodwill and intangible assets with an indefinite useful life is carried out at the end of the fourth quarter of the financial year.

The calculations were based on the following assumptions:

- » The annual impairment test was conducted based on a business plan for the coming five years (2024–2028) prepared and approved by the management. The plan assumes the following growth rates of revenues and the following increase in costs:

	Average growth of revenues		Average increase in costs	
	2023	2022	2023	2022
Moderne Verpackung (MV)	2.28%	1.18%	2.51%	1.34%
Europapier Group without MV	0.75%	0.72%	0.46%	0.43%
Heinzl Sales Asia Pacific	0.00%	3.92%	0.00%	3.88%
WHAG without Heinzl Sales Asia Pacific	10.80%	0.00%	11.03%	0.00%
Zellstoff Pöls AG	6.62%	5.04%	4.17%	4.37%
Bunzl & Biach Group	6.91%	1.62%	6.41%	1.49%

Goodwill was measured using the discounted cash flow method. The measurement is based on the plan figures of the subsequent years (detail planning for the years 2024–2028, terminal value for years after 2028).

The following table shows the main groups of CGU relevant for control and the corresponding carrying values and the resulting surplus of coverage:

In EUR k	2023		2022	
	Carrying value of CGU	Surplus/ shortfall of coverage	Carrying value of CGU	Surplus/ shortfall of coverage
Moderne Verpackung (MV)	16,633	17,741	17,036	15,833
Europapier Group without MV	97,234	18,558	113,289	13,757
Heinzl Sales Asia Pacific	0	0	3,158	-1,488
WHAG without Heinzl Sales Asia Pacific	84,948	148,350	100,205	196,569
Zellstoff Pöls AG	436,162	14,795	440,805	530,681
Bunzl & Biach Group	25,481	1,084	28,590	41

Parameters of the groups of CGU relevant for control:

	2023				2022			
	Discount rate before tax	Discount rate after tax	Growth rate for terminal value	Break-even discount rate ¹	Discount rate before tax	Discount rate after tax	Growth rate for terminal value	Break-even discount rate ¹
Moderne Verpackung (MV)	8.80%	7.29%	1.00%	13.97%	8.91%	7.36%	1.00%	13.91%
Europapier Group without MV	10.36%	8.87%	1.00%	10.35%	10.65%	9.00%	1.00%	9.95%
WHAG without Heinzl Sales Asia Pacific	0.00%	0.00%	0.00%	0.00%	8.31%	7.09%	1.00%	17.31%
Heinzl Sales Asia Pacific	10.55%	8.81%	1.00%	8.42%	9.64%	8.07%	1.00%	4.25%
Zellstoff Pöls AG	7.89%	6.74%	1.00%	6.95%	7.75%	6.60%	1.00%	13.93%
Bunzl & Biach Group	7.88%	6.77%	1.00%	8.42%	7.83%	6.63%	1.00%	6.64%

¹ Discount rate starting from which an impairment would occur if cash flow planning remains unchanged.

The impairment tests confirmed that all goodwill is unimpaired. In the past year, goodwill of Heinzl Sales Asia Pacific amounting to EUR 1,467k was fully written down. A sensitivity analysis of the goodwill-carrying units showed that if the discount rate increases by 0.21 percentage points, the remaining carrying values are still covered and no impairment is necessary. In addition, a cash flow sensitivity analysis shows that the remaining carrying values are also still covered if the terminal value growth rate decreases by one half of a percentage point.

Research and development

In its research and development activities, HEINZEL GROUP focuses on three areas: developing customer-specific solutions, optimizing the use of resources and basic research. In addition, HEINZEL GROUP also invests in a Climate & Industry Opportunity fund by Speedinvest which supports start-ups in reducing CO₂ emissions of European industries and in accelerating digitalization in industrial enterprises. The goal of this investment is to generate new ideas and solutions for HEINZEL GROUP.

Customer orientation

HEINZEL GROUP strives to meet all customer requirements with its products. At Laakirchen Papier, Motion 40, a new, very light grade was developed in 2023, primarily for the German market. In the area of high grammages, the brightness of graphic paper was successfully improved. PM10, which was converted to containerboard in 2017, is designed for grammages up to a maximum of 140 g/gsm. The first Testliner 3 production with grammages up to 160 g/gsm were tested towards the end of 2023. The quality parameters were met in the first production and the output was also satisfactory.

At Zellstoff Pöls, Orion pulp was successfully used for sophisticated mold applications in 2023. This promising and pulp application apart from conventional paper production will continue to gain importance in the coming years.

The product development focus at Raubling Papier was on improving the strength properties of shopper liner. In addition, an innovation workshop for the production of high-performance containerboard made of 100% recovered papers was conducted with a key customer.

Resource efficiency

Developments at Zellstoff Pöls again focused on replacing fossil fuels with renewable alternatives in 2023. Activities also included work on the efficient use of by-products and waste products, for example utilizing sesquisulfate as a make-up chemical. Negative effects of a temporary limited availability of expensive chemicals such as sulfur and caustic soda can thus be mitigated in the future.

At Laakirchen Papier, a real-time strength prediction system was implemented in the process control system of PM10 in collaboration with the machine supplier over the past years. Based on the product specifications and customer requirements, the target values could thus be set. The attainment of these target values was controlled by automatic adjustments to machine parameters on the one hand and ensured by the starch application quantity on the other. With the conversion to automated changes in grades and grammage, the target values are accurately achieved, while the use of starch is optimized.

Basic research

Basic research for the development of new pulp production methods was conducted jointly with national and international partners from industry and research. The goal was to produce pulp using less energy based on inexpensive raw materials.

5.2. RIGHT-OF-USE ASSETS

In EUR k	Property and buildings	Machinery	Tools and equipment	Total
GROSS VALUES AS OF 31.12.2021	33,743	13,688	3,191	50,622
Currency differences	408	0	8	416
Additions	8,036	0	1,118	9,154
Disposals	-9,199	-89	-281	-9,569
Reclassification	0	0	0	0
GROSS VALUES AS OF 31.12.2022	32,988	13,599	4,036	50,623
Currency differences	-728	0	-6	-734
Additions	8,753	10,359	481	19,592
Disposals	-1,745	0	-360	-2,104
	0	529	0	529
GROSS VALUES AS OF 31.12.2023	39,268	24,487	4,151	67,906
ACCUMULATED DEPRECIATION 31.12.2021	12,932	4,477	1,810	19,219
Scheduled depreciation	4,711	875	688	6,274
Currency differences	94	0	4	98
Disposals	-4,463	-89	-244	-4,796
ACCUMULATED DEPRECIATION 31.12.2022	13,275	5,263	2,258	20,795
Scheduled depreciation	4,914	897	800	6,610
Currency differences	-222	0	0	-222
Disposals	-1,654	0	-296	-1,950
ACCUMULATED DEPRECIATION 31.12.2023	16,313	6,159	2,761	25,233
NET CARRYING VALUE AS OF 31.12.2022	19,713	8,336	1,778	29,828
NET CARRYING VALUE AS OF 31.12.2023	22,955	18,328	1,390	42,672

In the 2023 financial year, EUR 258k (2022: EUR 359k) for leases with a short term and EUR 131k (2022: EUR 223k) for leases related to low value goods were recognized as expenses.

5.3. TANGIBLE ASSETS

The net values represent residual carrying values after depreciation, i.e. purchase costs less accumulated depreciation.

In EUR k	Property and buildings	Machinery	Tools and equipment	Assets under construction	Total
GROSS VALUES AS OF 31.12.2021	290,059	973,301	90,598	17,411	1,371,368
Additions	431	3,137	6,538	59,906	70,012
Additions from the acquisition of companies	0	0	0	0	0
Foreign currency differences	1	87	8	-4	92
Disposals	-116	-5,578	-3,065	189	-8,570
Reclassifications	4,052	25,114	3,710	-35,126	-2,250
GROSS VALUES AS OF 31.12.2022	294,428	996,061	97,788	42,376	1,430,653
Additions	8,157	71,789	6,261	53,322	139,528
Additions from the acquisition of companies	14	0	211	0	225
Foreign currency differences	-2	-170	-40	1	-212
Disposals	-47	-1,544	-4,218	-197	-6,006
Reclassifications	4,042	12,650	3,967	-25,927	-5,269
GROSS VALUES AS OF 31.12.2023	306,591	1,078,785	103,969	69,575	1,558,919
ACCUMULATED DEPRECIATION 31.12.2021	128,220	595,290	58,286	-64	781,731
Scheduled depreciation	7,295	44,823	8,644	0	60,762
Foreign currency differences	0	68	4	0	72
Disposals	-107	-5,337	-2,808	0	-8,252
Reclassification	0	0	0	23	23
ACCUMULATED DEPRECIATION 31.12.2022	135,408	634,844	64,125	-42	834,335
Scheduled depreciation	7,044	41,592	8,615	-517	56,734
Unscheduled depreciation	0	14,007	0	0	14,007
Foreign currency differences	-1	-132	-26	0	-158
Disposals	-47	-492	-4,028	0	-4,567
Reclassification	0	0	-150	0	-150
ACCUMULATED DEPRECIATION 31.12.2023	142,404	689,820	68,535	-559	900,200
NET CARRYING VALUE 31.12.2022	159,020	361,216	33,664	42,418	596,318
NET CARRYING VALUE 31.12.2023	164,187	388,964	35,434	70,134	658,719

2023 proved to be an extremely difficult year for Raubling Papier GmbH, which also includes the subsidiary Heizkraftwerk Bauernfeind Betreibergesellschaft mbH. Therefore, unscheduled depreciation in the amount of EUR 14 million was recognized on tangible assets in 2023. In the current financial year, Hygiene Pro Team d.o.o, Serbia, and Europapier DIPA d.o.o., Croatia, were acquired, resulting in additions from the acquisition of companies of EUR 211k.

Zellstoff Pöls invested roughly EUR 88 million in 2023, of which the main individual items were related to the project Pöls 500 and the conversion of PM6 in Steyrermühl.

The investments of Laakirchen Papier AG amounted to EUR 37.2 million and were largely related to preparing the conversion of PM11. A warehouse for recovered paper and a new workshop have already been built.

6. WORKING CAPITAL

6.1. INVENTORIES

Raw materials, supplies, and operating materials are valued using sliding average prices. In addition to direct material and labor costs, group products include an appropriate proportion of material and production overheads.

In EUR k	31.12.2023	31.12.2022
Raw materials	15,026	26,353
Supplies and operating materials	43,258	45,506
Work in progress	4,704	5,590
Finished goods and goods for sale	135,386	176,308
Prepayments on account	844	1,090
	199,219	254,848

Inventories are measured at the lower of the acquisition or production costs and the net realizable value on the closing date and, if necessary, obsolete inventories are written down. The stored gas was measured using the FIFO method.

The impairment for inventories amounted to EUR 44,208k as of December 31, 2023 (31.12.2022: EUR 34,652k), of which EUR –9,556k (2022: EUR –16,114k) was recognized through profit or loss.

6.2. TRADE RECEIVABLES

Trade receivables are due from various national and international customers.

In EUR k	31.12.2023	31.12.2022
Trade receivables	359,377	401,369
Trade receivables from associated companies	3,757	1,868
	363,134	403,237

The receivables from associated companies result primarily from the ongoing offsetting of trade receivables within the group and from group financing.

The fair values of trade receivables correspond roughly to the carrying values.

Provisions for impairment of trade receivables

HEINZEL GROUP applies the simplified impairment model for trade receivables without a significant financing component and determines the lifetime expected loss using an impairment matrix in which the expected losses are weighted, depending on amounts overdue, with the probability of occurrence of economic scenarios.

In EUR k	31.12.2023			31.12.2022		
	Nominal value	Impairment	Net carrying value	Nominal value	Impairment	Net carrying value
Not yet due	317,741	6,233	311,508	354,732	6,366	348,366
Overdue	0	0	0			
up to 30 days	35,129	1,439	33,690	38,987	2,125	36,862
31 to 60 days	3,927	694	3,233	9,679	1,035	8,644
61 to 90 days	2,119	590	1,530	5,078	854	4,224
91 to 180 days	6,584	2,338	4,246	3,252	713	2,539
181 to 360 days	6,961	1,880	5,080	684	476	208
more than 360 days	5,839	5,749	90	5,341	4,815	526
TOTAL	378,301	18,924	359,377	417,753	16,384	401,369

A significant part of the group's trade receivables is covered by credit insurance pursuant to internal regulations. The expected credit loss for such receivables is recognized as an expected credit loss at a maximum of the deductible (if a deductible has been contractually agreed). The group's receivable defaults and impairments are generally very low.

Provisions for impairment developed as follows:

In EUR k	31.12.2023	31.12.2022
Balance as of 1.1. of the financial year	16,384	13,776
Foreign currency differences	-332	218
Use of provisions	-774	-1,256
Reversals	-4,695	-2,387
Additions	8,341	6,033
BALANCE AS OF 31.12. OF THE FINANCIAL YEAR	18,924	16,384

6.3. TRADE ACCOUNTS PAYABLE

In EUR k	31.12.2023	31.12.2022
Trade accounts payable to third parties	270,886	296,374
Trade accounts payable to associated companies	23,532	35,271
Liabilities from investments	8,263	6,854
	302,681	338,499

The fair value of trade accounts payable corresponds roughly to the carrying value.

7. NET DEBT

HEINZEL GROUP's net debt is presented in the table below:

In EUR k	2023	2022
Non-current financial liabilities	210,138	44,457
Current financial liabilities	44,138	71,414
Total financial liabilities	254,276	115,871
Other financial assets	17,725	16,027
Cash and cash equivalents	238,375	142,324
NET ASSETS (+) / NET DEBT (-)	1,823	42,480
Equity	983,195	1,007,604
GEARING RATIO	-0.2%	-4.2%

7.1. FINANCIAL LIABILITIES

Financial liabilities are shown in the table below:

In EUR k	31.12.2023	31.12.2022
Non-current liabilities to banks	189,513	27,611
Non-current lease liabilities	20,625	16,846
TOTAL NON-CURRENT FINANCIAL LIABILITIES	210,138	44,457
Current liabilities to banks	39,166	56,635
Current lease liabilities	4,660	5,164
Other current financial liabilities	312	9,615
TOTAL CURRENT FINANCIAL LIABILITIES	44,138	71,414
FINANCIAL LIABILITIES TOTAL	254,276	115,871

Other current financial liabilities are related to options for the repurchase of non-controlling interests.

Development of financial liabilities

Financial liabilities developed as follows:

In EUR k	Non-current	Current	Total
AS OF 31.12.2021	76,208	74,075	150,283
Foreign currency differences	266	-20	246
Increases	0	14,742	14,742
Reclassification due to remaining term	-35,824	35,824	0
Repayments	0	-53,467	-53,467
Non-cash changes	3,807	260	4,067
AS OF 31.12.2022	44,457	71,414	115,871
Foreign currency differences	-432	2,479	2,047
Increases	170,612	8,035	178,647
Reclassification due to remaining term	-11,881	11,881	0
Repayments	0	-51,775	-51,775
Non-cash changes	7,383	2,105	9,488
AS OF 31.12.2023	210,138	44,138	254,276

Non-cash changes in the 2023 financial year are primarily related to additions and remeasurements of lease liabilities.

Financial liabilities carry the following interest:

In EUR k	31.12.2023	31.12.2022
Fixed interest	51,361	68,110
Variable interest	202,915	47,761
	254,276	115,871

The interest rates on financial liabilities according to maturity are as follows:

	2023	2022
Due in 1 year	0.96%-2.20%	0.96%-17.57%
Due in 2–5 years	1.92%	1.92%
Due in > 5 years	1.92%	1.92%

The carrying values of the financial liabilities are denominated in the following currencies:

In EUR k	2023			2022		
	Non-current	Current	Total	Non-current	Current	Total
EUR	203,793	38,581	242,374	39,452	68,540	107,992
PLN	1,397	416	1,813	207	261	468
CZK	1,594	609	2,203	1,640	721	2,361
USD	557	2	559	784	3	787
HRK	0	0	0	571	266	837
HUF	751	258	1,009	0	501	501
Other	2,045	4,271	6,316	1,803	1,123	2,926
	210,137	44,137	254,274	44,457	71,414	115,871

The following table shows the contractual discounted cash flows (incl. interest payment) according to the main groups of interest payables:

Liabilities to banks

In EUR k	31.12.2023	31.12.2022
CARRYING VALUE	228,991	93,859
FAIR VALUE	231,310	92,078
Gross cash flow		
< 1 year	69,761	69,241
1–2 years	34,546	20,558
2–3 years	23,094	1,441
3–4 years	22,254	1,415
4–5 years	21,414	1,389
> 5 years	114,502	1,363
GROSS CASH FLOW	285,571	95,406

In order to hedge the interest rate risk of the financial liability carrying long-term variable interest, securities (interest rate swaps) with a nominal value of EUR 113 million (31.12.2022: EUR 100 million) are concluded for the aforementioned liabilities to banks.

Furthermore, loan liabilities are secured through bills of surety and federal guarantees from Oesterreichische Kontrollbank Aktiengesellschaft (OeKB).

In addition, HEINZEL GROUP receives export loans from the OeKB export credit agency.

Lease liabilities

In EUR k	31.12.2023	31.12.2022
As of 1.1. of the financial year	22,010	23,679
Currency differences	1,257	348
Additions	4,703	4,545
Additions from remeasurement	4,492	2,003
Disposals	-396	-3,187
Interest expense	1,013	815
Payments	-7,794	-6,192
LEASE LIABILITY	25,286	22,010
thereof non-current	20,625	16,846
thereof current	4,660	5,164

Lease liabilities primarily comprise the rental of warehouse and office buildings, car leasing agreements and the leasing of office machines. Maturities vary.

Additions from remeasurement primarily include the changed assessment of the exercise of extension or termination options as well as changes in future lease payments due to index or interest rate changes.

The following table shows the maturities of lease liabilities in detail:

In EUR k	31.12.2023	31.12.2022
< 1 year	4,660	5,164
1–5 years	12,097	9,008
> 5 years	8,529	7,838
	25,286	22,010

Financial receivables and liabilities from derivative financial instruments

Derivative financial instruments are exclusively used to hedge risks and are listed in the following, with positive amounts representing assets and negative amounts representing liabilities:

In EUR k	31.12.2023	31.12.2022
Currency derivatives (FVTPL)	2,071	1,503
Interest derivatives (FVTPL)	11,917	15,590
Receivables from interest swaps (FVOCI)	286	541
Commodity swaps (FVTPL)	0	1,554
EUA derivatives (FVTPL)	0	834
RECEIVABLES FROM DERIVATIVE FINANCIAL INSTRUMENTS	14,274	20,022
Currency derivatives (FVTPL)	-159	-171
Commodity swaps (FVTPL)	-15,217	-7,932
Interest derivatives (FVOCI)	4	0
Interest derivatives (FVTPL)	0	-73
LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS	-15,371	-8,176

Currency derivatives include forward exchange transactions and are primarily used to hedge against risks arising from the US dollar (USD), Czech koruna (CZK), Hungarian forint (HUF), Polish zloty (PLN) and Romanian leu (RON) against the euro and have a term of up to 1 year.

Interest derivatives include interest rate swaps and hedge against the interest rate risk of financial liabilities carrying variable interest. The change in fair value of the outstanding hedging instruments is equivalent to the change in value of the hedged item. The interest rate swaps concluded are effective.

Receivables from derivative financial instruments are reported under the item "Other non-current receivables" (see note 11.1); liabilities from derivative financial instruments are presented under the item "Other liabilities and deferred income" (see note 11.3).

7.2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits, and other short-term, highly liquid financial assets with a maximum original maturity of three months.

In EUR k	31.12.2023	31.12.2022
Cash in hand and cash at banks	238,375	142,324

The adjustment of cash in hand and cash at banks due to exchange rates amounts to EUR -2,741k (31.12.2022: EUR 485k).

7.3. OTHER FINANCIAL ASSETS AND FINANCIAL INVESTMENTS

Other non-current financial assets

The carrying values of other non-current financial assets consist of the following:

In EUR k	31.12.2023	31.12.2022
AT FAIR VALUE THROUGH PROFIT OR LOSS		
Securities	7,397	6,994
AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Other interests	60,941	60,707
	68,337	67,701

Other interests primarily consist of the following shares, which are held as non-current assets for strategic reasons and are therefore measured at fair value through other comprehensive income:

Name and registered office of the company	Share in %	
	2023	2022
Kraftwerk Laakirchen GmbH, Laakirchen, Austria	5%	5%
Kraftwerk Katzling GmbH, Pöls, Austria	5%	5%
Reisswolf Österreich GmbH, Leobendorf, Austria	10%	10%
Paracel S.A. Paraguay, South America	5%	5%

The fair value of the interests totals EUR 68,337k, of which EUR 43,714k is attributable to Paracel S.A.

Other current financial assets

The carrying values of other current financial assets consist of the following:

In EUR k	31.12.2023	31.12.2022
Securities (bonds, investment funds)	17,725	16,027
AT FAIR VALUE THROUGH PROFIT OR LOSS	17,725	16,027

Securities are primarily shares in investment funds. As in the previous year, no securities were pledged in the 2023 financial year.

8. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows details regarding carrying values and fair values as well as the allocation to the fair value hierarchy in accordance IFRS 13.

In EUR k	Level	31.12.2023		31.12.2022	
		Carrying value	Fair value	Carrying value	Fair value
Category					
Financial assets					
At fair value through profit or loss					
Non-current securities FVTPL	Level 1	7,397	7,397	6,994	6,994
Other interests FVOCI	Level 3	60,941	60,941	60,707	60,707
		68,337	0	67,701	0
Trade receivables¹	–	363,134	0	403,237	0
Other receivables at amortized cost¹		7,789	0	1,365	0
Current financial assets					
At fair value through profit or loss					
Receivables from currency derivatives	Level 2	2,071	2,071	1,503	1,503
Receivables from interest derivatives	Level 2	11,917	11,917	15,590	15,590
Receivables from commodity swaps	Level 2	0	0	1,554	1,544
Receivables from EUA derivatives	Level 2	0	0	834	834
Current securities, FVTPL	Level 1	17,725	17,725	16,027	16,027
At fair value through other comprehensive income					
Receivables from interest derivatives	Level 2	286	286	541	541
Cash and cash equivalents¹	–	238,375	0	142,324	0
Financial liabilities					
At amortized cost					
Liabilities to banks	Level 2	228,991	231,310	93,859	92,078
At fair value through profit or loss					
Liabilities from currency derivatives	Level 2	6	6	171	171
Liabilities from interest derivatives	Level 2	152	152	73	73
Liabilities from commodity swaps	Level 2	15,217	15,217	7,932	7,932
Liabilities from options to acquire non-controlling interests	Level 3	14,069	14,069	14,122	14,122
Hedging instruments					
Liabilities from interest derivatives	Level 2	0	0	0	0
Lease liabilities ²	–	25,286	0	22,010	0
		283,721	0	138,167	0
Trade accounts payable¹	–	302,681	0	352,065	0

¹ The carrying value of this item measured at amortized cost represents a reasonable approximation of fair value under IFRS 7.29 a). Therefore, no disclosure is made on the fair value hierarchy.

² Disclosure of the fair value is not required under IFRS 7.29 d).

Aggregated by class:

In EUR k Category	31.12.2023		31.12.2022	
	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS				
Amortized cost	609,297	0	546,923	0
Fair value through other comprehensive income	60,941	60,941	60,707	60,707
Fair value through profit or loss	25,121	25,121	23,021	23,021
FINANCIAL LIABILITIES				
Amortized cost	556,957	0	481,667	0
Fair value through profit or loss	14,069	0	14,122	0
DERIVATIVES AND HEDGING INSTRUMENTS¹				
Fair value through profit or loss	-1,388	-1,388	11,306	11,306

¹ In the item "Derivatives and hedging instruments" positive amounts represent assets and negative amounts represent liabilities.

Financial instruments are recognized in other comprehensive income with the following net results:

In EUR k	2023	2022
FINANCIAL ASSETS		
Amortized cost	7,422	2,331
Fair value through profit or loss	2,100	-2,774
FINANCIAL LIABILITIES		
Amortized cost	-11,090	-4,026
Fair value through profit or loss	-1,013	-815
DERIVATIVES		
Fair value through profit or loss	-14,969	6,933

9. EQUITY

9.1. SHARE CAPITAL

As of December 31, 2023 share capital amounted to EUR 3,635k and remained unchanged compared with the previous year.

9.2. CAPITAL RESERVES

Capital reserves include those parts of reserves not formed from the profit of previous reporting periods. As of December 31, 2023 capital reserves amounted to EUR 26,123k (31.12.2022: EUR 26,123k).

9.3. OTHER RESERVES

Other reserves include the reserves for differences from currency translation, revaluations of post-employment benefit obligations after deferred taxes, the change of the cash flow hedge reserve after deferred taxes as well as effects from the acquisition and sale of non-controlling interests and changes in the investment ratio.

Further information on other comprehensive income is provided under note 3.8.

9.4. RETAINED EARNINGS

Retained earnings comprise the net profit of the financial year and all profits of consolidated companies in the past unless they were paid out.

In the 2023 financial year, distributions amounting to EUR 16,299k (31.12.2022: EUR 13,000k) were made to shareholders of Heinzl Holding GmbH and to holders of non-controlling interests in subsidiaries amounting to EUR 1,270k (31.12.2022: EUR 796k). The Management Board intends to propose a dividend payout of EUR 5,000k for the 2023 financial year to the general meeting.

9.5. NON-CONTROLLING INTERESTS

This item includes the equity attributable to shareholders in fully consolidated subsidiaries. All details are provided under note 2.5.

10. PROVISIONS

10.1. PENSIONS AND OTHER EMPLOYEE BENEFITS

In EUR k	31.12.2023	31.12.2022
Provisions for severance payments	21,059	19,188
Provisions for pensions	16,860	16,965
Provisions for long-service bonus obligations	6,509	5,991
	44,428	42,145

Provisions for pensions, severance payments and long-service bonus obligations amounting to EUR 41,269k (31.12.2022: EUR 39,182k) are related to the Austrian companies, while the companies in other countries account for EUR 3,158k (31.12.2022: EUR 2,963k). Since the values of the provisions for companies not based in Austria are immaterial, the information regarding the parameters for the valuation of social capital refer to the underlying parameters for the companies in Austria.

Personnel of Austrian companies, whose employment commenced prior to January 1, 2003, are entitled to a one-off payment in the event of their employment being terminated by the employer, or upon their retirement. The amount of this payment is dependent upon the number of years of service and wages or salary at the time of termination. For personnel whose employment commenced after December 31, 2002, this obligation is transferred to a defined contribution plan. Payments to these external employee pension funds are recognized as an expense.

The pension obligations are defined as supplementary pensions on an individual contractual basis, or as part of company agreements. They exist for Zellstoff Pöls AG, Europapier CE GmbH, EU-RO Handelsgesellschaft m.b.H, Laakirchen Papier AG, Bunzl & Biach GmbH and Raubling Papier GmbH, and contain retirement, occupational invalidity pension, widows' and widowers', and orphans' pensions. The pensionable age corresponds with that of the individual agreements. For employees who are still active the level of payments has been defined in accordance with the individual contracts. The company or the pension fund pays the annual pension amount to employees who have already left the company. The widows' and widowers', and orphans' pensions are established in accordance with the agreements.

In addition, various pension commitments exist that primarily affect employees in Austria.

The valuation of social capital for the Austrian companies is based on the following parameters:

	31.12.2023	31.12.2022
Discount rate	3.15 or	0.75
Wage/salary increases	8,00 for 2024 5,00 for 2025 2,00 from 2026 onwards	6,00 or 5,50 for 2023 5,00 for 2024 2,00 from 2025 onwards
Pension increases	0,00 bzw. 8 / 5,00 / 2,00	0,00 bzw. 80 / 5,00 / 2,00
Retirement age men/women	max. 65/60 years	max. 65/60 years
Mortality tables	AVÖ 2018-P (salaried employees)	AVÖ 2018-P (salaried employees) HEUBECK-RICHTTAFELN 2018 G by Klaus Heubeck

The fluctuation probabilities applied in determining the amount of provisions allocated for severance payments and long-service bonuses are calculated on the basis of a fluctuation analysis.

In line with a statement from the Austrian Financial Reporting and Auditing Committee regarding the handling of “old severance payments” pursuant to IAS 19 from March 2013, terminations of employment and “solutions by mutual consent on the part of the employer” are not accounted for in the fluctuation.

Therefore, differing fluctuation probabilities are employed for the provisions for severance payments and long-service bonuses on the basis of employment termination and payout probabilities. The fluctuation probabilities for Austrian companies range between 0 and 9% for long-service bonuses (2022: 0–9%) and between 0 and 9% (2022: 0–9%) and between 0 and 3% for severance payments (2022: 0–3%).

Provisions for severance payments

In EUR k	31.12.2023	31.12.2022
AS OF 1.1. OF THE FINANCIAL YEAR	19,188	23,897
Additions from reclassification	0	0
Currency translation	2	0
Service costs for the period	477	604
Interest expense for the period	602	169
Remeasurement	3,803	-2,728
Payments	-3,012	-2,755
AS OF 31.12. OF THE FINANCIAL YEAR	21,059	19,188
thereof included in personnel costs	477	604
thereof included in interest expense	602	169
	1,078	774

Remeasurements (actuarial gains/losses) are broken down as follows:

In EUR k	31.12.2023	31.12.2022
Remeasurement from changes in demographic assumptions	0	0
Remeasurement from changes in financial assumptions	732	-4,210
Remeasurement from experience adjustments	3,070	1,482
	3,803	-2,728

The weighted average duration amounts to six years.

Analysis of the expected undiscounted claims:

In EUR k	1–5 years	6–10 years	> 10 years	Total
Severance payment claims	12,114	8,471	10,330	30,915

Sensitivity analysis

The following sensitivity analysis presents the effects resulting from the changes of individual, material actuarial factors while conditions remain unchanged otherwise. However, in reality it is more likely that several of these factors change at the same time.

The following actuarial assumptions were considered to be material and stress-tested in the following ranges:

Discount rate +/- 0.25%; wage/salary trend +/- 0.25%; pension trend was not considered

The table shows the change in DBO when one parameter increases/decreases by the respective range, while the other parameters remain unchanged.

in kEUR	31.12.2023		31.12.2022	
	Decrease parameter	Increase parameter	Decrease parameter	Increase parameter
Interest rate	310	-303	307	-288
Salary / wage increases	-305	311	-288	307

Provisions for pensions

In EUR k	31.12.2023	31.12.2022
Present value of funded pension obligations	15,625	15,485
Fair value of plan assets	-6,985	-6,563
Deficit of funded pension obligations	8,641	8,922
Actuarial present value of unfunded obligations	8,220	8,043
BALANCE SHEET RECOGNITION PROVISION FOR PENSIONS	16,860	16,965

Defined benefit obligations developed as follows:

In EUR k	31.12.2023	31.12.2022
AS OF 1.1. OF THE FINANCIAL YEAR	23,528	31,122
Interest expense for the period	769	227
Remeasurement	1,425	-5,997
Payments	-1,877	-1,823
AS OF 31.12. OF THE FINANCIAL YEAR	23,845	23,528

Remeasurements (actuarial gains/losses) are broken down as follows:

In EUR k	31.12.2023	31.12.2022
Remeasurement from changes in demographic assumptions	0	0
Remeasurement from changes in financial assumptions	1,034	-6,405
Remeasurement from experience adjustments	391	408
	1,425	-5,997

The fair value of plan assets developed as follows:

Influencing factor	31.12.2023		31.12.2022	
	Decrease parameter	Increase parameter	Decrease parameter	Increase parameter
Interest rate	551	-529	541	-518
Salary / wage increases	-283	292	-259	282

The following amounts relating to provisions for pensions and plan assets were recognized in profit and loss:

In EUR k	31.12.2023	31.12.2022
Recognized in interest expenses	541	169
	541	169

The plan assets for the coverage of the pension obligations were reinsured by means of insurance policies concluded with Wiener Städtische Versicherung AG Vienna Insurance Group and Allianz Pensionskasse AG.

The plan asset portfolio structure is shown below:

In %	31.12.2023	31.12.2022
Equity instruments	84%	85%
Debt instruments	13%	12%
Real estate	2%	2%
Other	1%	1%
	100%	100%

The weighted average duration is nine years.

Analysis of the expected maturities of the undiscounted claims:

In EUR k	1–5 years	6–10 years	> 10 years	Total
Pension claims	9,140	7,708	15,958	32,806

Sensitivity analysis

The following sensitivity analysis presents the effects resulting from the changes of individual, material actuarial factors while conditions remain unchanged otherwise. However, in reality it is more likely that several of these factors change at the same time.

The following actuarial assumptions were considered to be material and stress-tested in the following ranges:

Discount rate +/- 0.25%; pension trend +/- 0.25%

The table shows the change in DBO when one parameter increases/decreases by the respective range, while the other parameters remain unchanged.

in EUR k	31.12.2023		31.12.2022	
	Decrease parameter	Increase parameter	Decrease parameter	Increase parameter
Interest rate	551	-529	541	-518
Pension increase	-283	292	-259	282

Provisions for long-service bonuses

In EUR k	31.12.2023	31.12.2022
AS OF 1.1. OF THE FINANCIAL YEAR	5,991	7,539
Service costs	392	520
Interest expense	191	54
Actuarial gains/losses	628	-1,421
Payments	-694	-702
AS OF 31.12. OF THE FINANCIAL YEAR	6,509	5,991
thereof included in personnel costs	392	-901
thereof included in interest expenses	191	55
	583	-846

10.2. OTHER PROVISIONS

In EUR k	Legal and consulting costs	Other	Total
AS OF 31.1.2021	2,145	4,212	6,357
Currency translation	0	-6	-6
Reclassification	0	0	0
Additions	429	1,067	1,496
Disposals through reversal	-60	-61	-121
Disposals through utilization	-246	-583	-829
AS OF 31.12.2022	2,267	4,629	6,896
Currency translation	0	0	0
Reclassification	0	0	0
Additions	911	3,448	4,359
Disposals through reversal	-1,849	-271	-2,120
Disposals through utilization	-189	-2,307	-2,496
AS OF 31.12.2023	1,140	5,499	6,639

The item "Other" includes, among other things, provisions for contractual construction and maintenance measures, provisions for severance payments and provisions for obligations arising from the Energy Efficiency Act. For other provisions, maturity is expected within a year.

11. OTHER RECEIVABLES AND LIABILITIES**11.1. OTHER CURRENT RECEIVABLES**

In EUR k	31.12.2023	31.12.2022
Receivables from tax authorities	23,078	35,379
Supplier bonuses	7,243	5,737
Prepayments and deposits	4,041	4,392
Other receivables	2,980	6,780
Other receivables from associated companies	15	15
Derivatives	14,788	19,481
Deferred expenses	2,453	3,210
	54,597	74,994

The fair values correspond roughly to the carrying values.

11.2. OTHER NON-CURRENT LIABILITIES

In EUR k	31.12.2023	31.12.2022
Obligations from grants received	7,396	7,418
Other	1,382	97
	8,778	7,515

The reported grants include grants for the PM2 project, the installation of the steam turbine 4 and the construction of a district heating bleed system at Zellstoff Pöls AG as well as funding of the shoe press and the cooling system PM11 at Laakirchen Papier AG. As all conditions and requirements are currently being complied with, there is no risk that repayment of the subsidies will be required.

Subsidies are reversed over the expected useful life of the asset for which they were granted. The reversal is recorded in the consolidated income statement under other operating income.

The maturities of the subsidies are as follows:

In EUR k	31.12.2023	31.12.2022
< 1 year	946	1,001
> 1 year	6,450	6,417
	7,396	7,418

11.3. OTHER CURRENT LIABILITIES AND DEFERRED INCOME

In EUR k	31.12.2023	31.12.2022
Other liabilities to employees	26,046	30,825
Liabilities from tax accounting	13,223	12,157
Refund liability	3,980	7,489
Liabilities from emission allowances	266	4,281
Liabilities from derivatives	15,367	8,176
Deferred income	5,618	4,057
Other liabilities to third parties	4,632	15,760
	69,132	82,745

Other liabilities to employees primarily include provisions for unused leave and time credits as well as bonus payments.

12. OTHER DISCLOSURES

12.1. RELATED PARTY TRANSACTIONS

Business relations between the group and related party entities are concluded under conditions at arm's length.

Balances and transactions between the parent company Heinzl Holding GmbH and all fully consolidated subsidiaries are eliminated in the course of consolidation and therefore not explained.

Business relationships exist with Supervisory Board members, which consist of legal and business consulting as well as marketing services; they are of minor financial significance and were concluded at standard market conditions. The billing of services rendered is subject to arm's length rates.

12.2. CONTINGENCIES AND OTHER OBLIGATIONS

In EUR k	31.12.2023	31.12.2022
Bank guarantees	605	860
Other contingencies	129,432	131,556
	130,037	132,416

Other contingencies include a guarantee of Heinzl Holding GmbH for the liability for receivables of Papierholz Austria GmbH up to a maximum of EUR 29.5 million (2022: EUR 38.7 million), which are predominantly intended for wood and energy purchasing contracts.

12.3. CAPITAL MANAGEMENT

The primary objective of HEINZEL GROUP's capital management is to secure going concern in the long term by maintaining a solid capital base to finance future growth in existing mills or through acquisition, and to generate adequate returns to enable attractive dividend payments to the shareholders. In any case, the goal is to meet the ratios described below and to increase the company value on a sustained basis.

HEINZEL GROUP manages its capital through the gearing ratio, the ratio of net debt to equity, the equity ratio and the return on average capital employed (ROACE). This indicator describes the interest on the capital employed in operating business or for an investment. Subsequently, the comparison of this profitability key figure with the capital costs of HEINZEL GROUP enables statements with regard to changes in company value. The internal target of HEINZEL GROUP is a ROACE which exceeds the WACC (Weighted Average Cost of Capital) in the medium term by 500 basis points.

During growth steps the target for the gearing ratio is 40% and should only be exceeded up to a maximum of 80% for a limited time. The equity ratio should not fall below 30%.

In the reporting period these key figures developed as follows:

	2023	2022
Net Debt / EBITDA	0.0	-0.1
Gearing Ratio	-0.2%	-4.2%
ROACE	1.4%	18.2%

Net debt is calculated from financial liabilities less cash and cash equivalents and other financial assets (see note 7).

12.4. RISK MANAGEMENT

Market risk

HEINZEL GROUP operates in a variety of global markets and is therefore exposed to risks which relate primarily to foreign exchange rates, interest rates and the current values of investments of liquid assets. The group constantly monitors these exposures. To manage the emerging volatility affiliated with these risks, the group uses a variety of derivative financial instruments in accordance with group policy. Where apposite, the group's objective is to reduce the fluctuations in earnings and cash flows emanating from changes in interest rates, exchange rates, and the value of investments. HEINZEL GROUP undertakes no financial transactions that include a non-assessable risk at the time of their conclusion.

Foreign exchange risk

Group reporting takes place in euros. The exchange rate risks of HEINZEL GROUP derive mainly from the purchase and sale of goods in foreign currency, as well as from financing in foreign currencies. These risks primarily relate to the parity of the US dollar, Czech koruna, Hungarian forint, Polish zloty, Russian ruble, and the Romanian leu against the euro. HEINZEL GROUP uses forward exchange transactions to hedge anticipated foreign currency revenues.

Foreign currency positions and hedging transactions are continuously monitored. Accordingly, if on the closing date of December 31, 2023 the exchange rate of the currencies listed below with regard to foreign currency positions had moved by the stated percentages ("volatility") against the euro and assuming that all other variables had remained constant, the profit for the year would have been higher or lower by the following amounts.

	2023			2022	
	Volatility + / -	Result effect in EUR k		Result effect in EUR k	
		In case of increase	In case of decrease	In case of increase	In case of decrease
USD	3%	64	-43	767	-815
CZK	3%	328	-328	416	-416
HUF	3%	-19	20	0	0
PLN	3%	-7	7	682	-682
RON	3%	-45	45	18	-18
MYR	3%	47	-47	28	-28

Interest rate risk

HEINZEL GROUP manages its net interest rate risk through the ratio of fixed-rate to variable-rate debt. As of December 31, 2023, the share of fixed-interest financial liabilities amounted to 20% (31.12.2022: 59%). For long-term floating rates, interest rate swaps are also used and these are exchanged within the scope of recurrent payments, based on nominal values and agreed fixed and variable interest rates. Interest is fixed in advance for the next three and six months at the respective calendar quarter.

A sensitivity analysis showed that an increase in variable interest rates by 100 bps has no material effect on these consolidated financial statements.

Counterparty risk

Counterparty risks include the default risk related to derivative financial instruments and money market funds, as well as the credit risk on current account balances and money market transactions. The default risk and credit risk are reduced by exclusively selecting banks and financial institutions as counterparties that have at least a BBB rating at the time of the transaction. Moreover, the Group Treasury establishes and monitors specific limits for each counterparty. HEINZEL GROUP does not expect any losses resulting from counterparties defaulting on their contractual obligations and is not subject to any significant cluster risks with respect to trade receivables as the group generally has a large number of customers worldwide.

Liquidity risk

Liquidity risk refers to the risk of not having sufficient liquidity available at all times to meet financial obligations when due and at a reasonable price. Group-wide cash reporting helps to limit this risk and guarantees the transparency required for targeted financial resource management. In addition, HEINZEL GROUP also regularly takes advantage of the financing opportunities offered by the financial markets. A primary goal of liquidity management is to safeguard the financial flexibility and independence of the group and limit any undue refinancing risks.

Liquidity risk is dealt with through the creation of a medium-term financing framework.

The financing framework is underpinned by individually agreed financial covenants. These agreements are intended to accommodate the conflicting interests of both parties. The aim is to obtain information at the earliest possible date of negative developments regarding the debtor and the provision of HEINZEL GROUP with the entrepreneurial freedom to secure corporate financing and liquidity rather than being subject to any unexpected loan cancellations. This allows the contractual parties to initiate proactive countermeasures.

Non-adherence to the financial covenants may lead to the demand of repayment of the debt item.

The following financial covenants are to be found in the credit agreements of HEINZEL GROUP: equity ratio and net financial liabilities/EBITDA.

The covenants are examined quarterly or half-yearly and reported to the lender bank. In addition, adherence to the covenants is also examined during the preparation of the annual budget and forecasting. No infringement of the financial covenants is anticipated for the 2024 budget or the forecast period from 2025 to 2028.

HEINZEL GROUP fulfilled all financial covenants on the December 31, 2023.

12.5. INFORMATION ON BOARD MEMBERS AND EMPLOYEES

During the 2023 financial year, HEINZEL GROUP had an average of 1,137 blue-collar employees (2022: 1,107) and 1,363 white-collar employees (2022: 1,340). A breakdown of employee earnings in the income statement into expenses for wages and expenses for salaries is in accordance with the requirements of the respective country of employment, while a breakdown of the average personnel figures into blue-collar and white-collar employees was carried out according to functional criteria.

In the 2023 financial year, the following persons were appointed as members of the Management Board:

- » Sebastian Heinzl
- » Kurt Maier

- » Barbara Potisk-Eibensteiner

The remuneration paid to the members of the Management Board of Heinzl Holding GmbH was as follows:

In EUR k	2023	2022
Fixed amounts	1,361	916
Variable amounts	1,174	617
	2,535	1,533

The following persons served as members of the Supervisory Board:

- » Alfred Heinzl, Chairman
- » Alexander Riklin, Deputy Chairman
- » Christoph Johannes Heinzl
- » Matthias Heinzl
- » Frank Hensel
- » Johannes Klezl-Norberg
- » Riia Sillave

The remuneration of the members of the Supervisory Board totaled EUR 141k in the past financial year (2022: EUR 175k).

12.6. EVENTS AFTER THE CLOSING DATE

On June 20, 2022, Laakirchen Papier AG and EMACS Immobilien GmbH signed a purchase agreement with UPM GmbH and UPM-Kymmene Beteiligungs GmbH for the acquisition of UPM-Kymmene Austria GmbH and its subsidiaries. Upon signing this agreement, the two buyers made a down payment of EUR 15 million on the purchase price, of which Laakirchen Papier AG paid EUR 13.5 million for 90% of the shares and EMACS Immobilien GmbH paid EUR 1.5 million for 10% of the shares.

On March 1, HEINZEL GROUP exercised a purchasing option for PM6 in Steyermühl in order to convert the graphic paper machine, which had been shut down several years ago, for the production of up to 150,000 metric tons of brown and white low-grammage kraft paper.

Another payment for the preliminary purchase price of EUR 57.3 million became due upon the agreed closing on January 1, 2024. The final purchase price will be determined when the audited results of UPM Kymmene Austria GmbH are available. A list of the assets acquired with the closing is presented in the notes to the consolidated financial statements under 2.1 Business combinations. HEINZEL GROUP has thus also acquired the saw mill Steyermühl, a biomass and waste-to-energy power plant as well as other plants. HEINZEL GROUP plans to develop Steyermühl as a supply center for heat and renewable energy for the adjacent Laakirchen paper mill and the region.

At the beginning of the 2024 financial year, the economic situation of Raubling Papier GmbH had not improved. Accordingly, HEINZEL GROUP is reviewing strategic options for this location. Among other things, a selling process has been initiated, the outcome of which cannot be predicted from today's perspective.

13. ACCOUNTING AND VALUATION METHODS

13.1. INTANGIBLE ASSETS

Intangible assets are valued at the acquisition cost and depreciated as scheduled using the straight-line method, assuming an amortization period of three to twenty years.

Goodwill

Goodwill is created during the acquisition of subsidiaries and is constituted by the surplus difference between the agreed purchase price and the acquired identifiable assets, the assumed debts and all non-controlling interests of the purchased company, as well as the fair value of its existing equity. Should the purchase costs of the acquired subsidiary be lower than net assets measured at fair value, the resulting difference will be recognized directly as comprehensive income under other operating income.

Concessions and rights

The acquisition costs for computer software, commercial rights and similar rights are capitalized and subject to straight-line amortization over their standard useful life. On average, the expenses for software programs are amortized over a period of four to five years. In the group, licenses and patents demonstrate an amortization period of around three years.

13.2. TANGIBLE ASSETS

Tangible assets are valued at acquisition or production cost, less scheduled depreciation, which is calculated by applying the straight-line method, and impairments. In the 2023 financial year, significant non-scheduled depreciation of tangible assets was recognized for the subsidiary Raubling Papier GmbH (for further details refer to note 5.3. Tangible assets).

Subsequent additional acquisition and production costs are only recognized as part of the acquisition or production costs of the asset, or where appropriate as a separate asset, when it is probable that the group will accrue a future economic benefit as a result and the costs can be reliably determined. The carrying value of the part replaced is written off.

Expenses for repairs and maintenance that do not represent material replacement investments are recognized in the income statement during the financial year in which they are incurred.

A difference between the proceeds from the sale of plants and the carrying value is reported as a gain or loss under the result from operating activities.

For depreciable tangible assets, the following expected useful lives are assumed:

Buildings including buildings on third-party property	10–50 years
Plant and machinery	5–20 years
Other fixed assets, tools and equipment	3–10 years

13.3. BORROWING COSTS

In accordance with IAS 23, borrowing costs that can be attributed directly to the purchase, construction or production of a qualifying asset are capitalized as part of the cost of acquisition or production of this asset until all the work required for the use of the created asset or for its intended purpose or sale has been largely completed. During the determination of the amount of the capitalized borrowing costs in a

certain period, all the income earned from the financial investment that was temporarily invested for the qualifying asset up to the point of use are deducted from the borrowing costs incurred.

As in the previous year, the criteria for a qualifying asset were not met in the 2023 financial year. Therefore, borrowing costs were not capitalized, but recognized as an expense in the period in which they incur.

13.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets with an indefinite useful life are subjected to an impairment test at least once a year, or when indications of value impairment exist. All other assets and cash-generating units are tested should there be any indications of value impairment.

For impairment testing, assets are grouped on the lowest level generating independent cash flow (cash-generating unit). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies derived from the related business purchase and that represent the lowest level within the group at which management monitors the related cash flows.

An impairment loss is recognized to the amount by which the carrying value of the individual asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and the value in use. Impairment losses recognized for cash-generating units, to which goodwill is allocated, primarily reduce the carrying value of goodwill. Any additional impairment losses reduce the carrying value of the other assets in the cash-generating unit on a pro rata basis.

With the exception of goodwill, a reversal of an impairment loss is recognized in the event of a reversal of previously recognized impairment indicators.

13.5. GOVERNMENT GRANTS

In accordance with IAS 20, government grants are only recognized at fair value when reasonable assurance exists that the entity will comply with any conditions attached to the grant and that it will be received. Grants are basically recognized as income over the period necessary to match them with the costs for which they are intended to compensate. Where grants are received for the purchase or production of assets, the amounts are deferred and reversed through other operating income over the useful life of the asset.

13.6. INVENTORIES

Own products and goods are measured at the lower of the acquisition or production costs and the net realizable value. The net realizable value is the estimated selling price less estimated costs of completion and necessary selling costs. Raw materials, supplies, and operating materials are measured using sliding average prices. In addition to direct material and labor costs, group products include an appropriate proportion of material and production overheads (based on normal operational capacity). The costs of acquisition and production do not contain any borrowing costs.

The standard prices for own products are determined in accordance with the FIFO principle.

13.7. EMISSION ALLOWANCES

Allowances allocated for free are capitalized at the value at the date of the allocation and recognized under current assets under inventories. Emission allowances acquired for a consideration are recorded

at cost under inventories and measured at fair value at the balance sheet date (however, limited to acquisition costs).

In case of underallocation the corresponding provisions for CO₂ emission allowances are also included under other liabilities. The measurement is based on the closing date rate (or the carrying value) of the allowances.

13.8. FINANCIAL INSTRUMENTS

IFRS 9 “Financial Instruments” deals with the classification, recognition and measurement of financial assets (such as securities, investments, loans, trade receivables as well as cash and cash equivalents) and financial liabilities (such as bonds and loans, trade payables and derivative financial instruments).

Financial assets

Financial assets are classified according to the following three categories under IFRS 9:

- » Measured at amortized cost (AC)
- » Measured at fair value through profit or loss (FVTPL)
- » Measured at fair value through other comprehensive income (FVOCI)

The classification is based on the business model within which the assets are held and on the properties of their contractual cash flows.

MEASURED AT AMORTIZED COST (AC)

A financial asset is measured at amortized cost if both of the following conditions are met:

- » The financial asset is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows, and
- » the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI criterion).

The subsequent measurement is made at amortized cost applying the effective interest method, with no discounting in case of immateriality.

This category comprises the following items:

- » Cash and cash equivalents
- » Trade receivables
- » Loans to third parties
- » Parts of other receivables

MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- » The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

- » the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI criterion).

In subsequent measurements, all changes in fair value are recognized through other comprehensive income, whereby the fair values are measured either by transactions in an active market or – where there is no active market – determined by applying measurement methods.

This category comprises the following items:

- » Other investments (equity instruments classified as a financial investment)

MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

A financial asset that is measured neither at amortized cost nor at fair value through other comprehensive income must be measured at fair value through profit or loss.

In subsequent measurements, all changes in fair value are recognized through profit or loss, whereby the fair values are measured either by transactions in an active market or – where there is no active market – determined by applying measurement methods.

This category comprises the following items:

- » Securities
- » Parts of derivative financial instruments

Securities essentially consist of shares in investment funds which do not meet the SPPI criteria.

Impairment of financial assets

Under the impairment model according to IFRS 9, expected losses must be recognized for all financial instruments within the scope of application. It is not necessary that a loss occurs before an impairment is recognized.

Instruments in the scope of application:

- » Financial assets measured at amortized cost (AC category)
- » Financial assets whose changes in fair value are recognized in other comprehensive income (FVOCI)
- » Lease receivables (IFRS 16)

Pursuant to IFRS 9, impairments will be measured on the basis of one of the following principles:

- » **12-month expected loss** (unchanged credit quality)

For financial instruments that have not been subject to a significant increase in credit risk since initial recognition, a company must make a provision in the amount of the loan defaults that are anticipated within the next twelve months (Stage 1).

- » **Lifetime expected loss** (increased credit risk)

For financial instruments that have been subject to a significant increase in credit risk since initial recognition, a company must make a provision in the amount of the loan defaults that are anticipated

during the expected life of the financial instrument. An additional distinction is made regarding the existence of objective evidence of impairment:

Stage 2 (increased credit risk, but no objective evidence):

If the credit risk has increased significantly, but there is no objective evidence of impairment, the loss allowance must be increased to the amount of the expected losses throughout the entire remaining term. The method of interest collection initially remains unchanged.

Stage 3 (objective evidence of impairment):

With the occurrence of objective evidence of impairment the recognition of interest income must also be adjusted so that interest income is based on the net carrying value (gross carrying value adjusted for the loss allowance) of the instrument.

IFRS 9 allows the application of a simplified impairment model for trade receivables, lease receivables (IFRS 16) and contractual assets (IFRS 15) in which the impairment is always determined in the amount of the remaining lifetime expected credit loss of the financial instrument. The options to elect can be exercised independently of one another, but have to be consistent.

HEINZEL GROUP applies the simplified impairment model for trade receivables and lease receivables without a significant financing component and determines the expected lifetime expected loss using an impairment matrix in which the expected losses are weighted depending on days overdue with the probability of occurrence of economic scenarios.

The underlying age structure is as follows:

Not yet due

- » Not yet due
- » 1–30 days overdue
- » 31–60 days overdue
- » 61–90 days overdue
- » 91–180 days overdue
- » 181–360 days overdue
- » > 360 days overdue

Both historic data and forward-looking information and expectations are taken into account when determining impairments. For this purpose, financial assets are divided into different regions and the credit risk or changes in credit risk for the respective region are considered accordingly.

A significant part of the group's trade receivables is covered by credit insurance in accordance with internal regulations. The expected credit loss for such receivables is recognized as an expected credit loss at a maximum of the deductible (if a deductible has been contractually agreed). The group's receivable defaults and impairments are therefore generally very low.

Receivables are only derecognized when the receipt of payment can no longer be expected, however, at the earliest after three years.

Financial debts

Financial debts are classified in the following categories according to IFRS 9:

- » Amortized cost (AC)
- » Fair value through profit or loss (FVTPL)

The category “at amortized cost” comprises the following items:

- » Financial liabilities
- » Trade accounts payable
- » Contractual liabilities from contracts with customers
- » Parts of other liabilities.

The category “at fair value through profit or loss” comprises the following items:

- » Parts of the derivative financial instruments (derivatives without a hedging relationship)

Derivative financial instruments

The group uses derivatives solely for the purpose of risk hedging and not for speculative purposes.

Derivative financial instruments are initially recognized at the fair value determined on the day the contract is concluded.

Subsequent measurement is based on the fair value of the respective closing date. The method of recognizing gains and losses depends on whether the derivative financial instrument was designated as a hedging instrument and, consequently, on the type of hedged item (fair value, cash flow, net investment in a foreign company).

A treasury policy applied throughout HEINZEL GROUP forms the basis of the risk management strategy and contains the respective risk management goals.

Detailed information on derivative financial instruments is provided under note 7.1 Financial liabilities from derivative financial instruments.

DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT A HEDGING RELATIONSHIP

Forward exchange transactions (currency derivatives) serve to hedge fluctuations in the cash flows derived from shifts in the exchange rates used for taking out loans, receivables, sales and purchases. Changes in fair value from forward exchange transactions are recognized through profit or loss as they are not designated as a hedged item.

The part of interest rate swaps not representing a hedging relationship between the hedging instrument and the hedged item is also measured at fair value through profit or loss.

HEDGING INSTRUMENTS: INTEREST DERIVATIVES

Interest rate swaps are accounted for as hedging transactions in accordance with hedge accounting rules if the criteria are met. Changes in fair value are therefore recognized through other comprehensive income.

This refers primarily to interest derivatives concluded for an existing loan.

The fair values of derivative financial instruments are determined using measurement models based on input parameters observable on the market.

Gains and losses from hedging instruments that are attributable to the effective portion of the changes in the current value of derivatives in cash flow hedges are recognized in the statement of all income and expenses recognized as other income. The ineffective part of the gains or losses is immediately recognized in the income statement.

Financial instruments are recognized centrally and immediately after the completion of transactions. This allows continuous assessment (mark-to-market valuation) and a judgment of the current risk situation. The respective closing date exchange rates were used for the measurement of foreign exchange derivatives.

13.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash (cash in hand), demand deposits, and other short-term, highly liquid financial assets that are available at any time such as assets at banks with a maximum original maturity of three months.

13.10. EMPLOYEE BENEFITS

Within the group, various plans exist for payments to employees due in the long term.

Pensions, obligations similar to pensions and severance payments

A defined contribution plan is a plan under which the group pays fixed amounts to a non-group company or corporate body. The group is under no legal or de facto obligation to make additional payments should the fund have insufficient assets in order to meet all the employee claims derived from the current and previous financial years. A defined contribution plan is not a defined benefit plan.

Typically, defined benefit plans establish a pension sum that the employee will receive upon retirement, which as a rule is dependent upon one or more factors (such as age, period of service and remuneration). Included among the defined benefit plans are the severance payments to be made in Austria to employees, whose employment relationship commenced prior to January 1, 2003.

The provision made in the balance sheet for defined benefit plans corresponds with the cash value of the defined benefit obligation (DBO) on the closing date less the fair value of the plan assets.

An independent actuary calculates the DBO annually by means of the projected unit credit method. The cash value is established through the discounting of the anticipated future cash outflows with the interest rate for top credit-rated corporate bonds. The corporate bonds are in the currency of the payment amounts and have maturities in line with the pension obligations.

Actuarial gains and losses based on experience adjustments and changes to actuarial assumptions are recognized as equity in "Other comprehensive income" in the period in which they occur.

Service costs and past service costs are recognized immediately as personnel expenses.

Increases in provisions derived purely from compounding are recognized under profit and loss as interest expenses.

In the case of defined contribution plans, the group makes payments to public or private insurance plans on a legal, contractual or voluntary basis. The group has no payment obligations above and beyond the contribution payments. When due, the amounts are recognized as personnel expenses.

Other long-term employee benefits

Other long-term employee benefits include long-term, paid leave of absence such as special leave following long service or leave for personal further training, long-service bonuses and other related payments. As opposed to the accounting prescribed for payments made following the termination of the working relationship, revaluations of the net debt (or net assets) are not recognized as “Other comprehensive income”, but as an expense or income, as is the case with service costs and net interest on the net debt (or net assets).

13.11. PROVISIONS

Provisions are formed when the group (a) has a current legal or de facto obligation resulting from a prior event, (b) it is more likely than not that the settlement of the obligation will result in an asset burden and (c) the amount of the provision could be reliably determined.

Provisions are measured using the cash value of the anticipated expense, whereby a pre-tax interest rate is established that accounts for current market expectations regarding the interest effects and the specific risks relating to the obligation. Increases in provisions derived purely from compounding are recognized under profit and loss as interest expenses.

13.12. LEASING

Upon lease commencement, the group determines whether a contract constitutes a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting by lessees

On the day of provision, the group recognizes a right-of-use asset and a lease liability for all leases with the exception of leases with a short term and leases where the underlying asset is of low value. The group does not elect to account for lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at cost, which corresponds to the initial measurement of the lease liability at the present value of the payments over the term of the lease.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter period of the expected useful life of the asset or term of the lease.

Buildings including buildings on third-party property	3–50 years
Plant and machinery	5–20 years
Other fixed assets, tools and equipment	5–8 years

Right-of-use assets are shown separately in the balance sheet.

The group generally uses the incremental borrowing rate to calculate the present value of lease payments as the interest rates underlying the lease can rarely be readily determined.

The lease liability is measured at the carrying value using the effective interest method. The lease liability is remeasured if one of the following conditions occurs:

- » Future lease payments change due to index or (interest) rate change;
- » The group changes its assessment with respect to the expected payments under residual value guarantees;
- » The group changes its assessment with respect to exercising a purchase, extension or cancellation option;
- » A de facto fixed lease payment changes.

In the case of such a remeasurement of the lease liability, the carrying value of the right-of-use asset is adjusted accordingly unless the carrying value of the right-of-use asset is already at zero. In this case the lease liability is adjusted through profit or loss.

Lease liabilities of the group are included in the item "Financial liabilities".

Accounting by lessors

The group does not act as a lessor.

13.13. CURRENT AND DEFERRED TAXES

The tax expense for the period consists of both current and deferred taxes. Taxes are reported as profit and loss unless they relate to items reported under "Equity" or "Other comprehensive income". In this case, the taxes are also reported under "Equity" or "Other comprehensive income".

The current tax expense is calculated using the tax regulations valid on the closing date of the countries in which the company and its subsidiaries are active and generate taxable income. The management examines tax declarations regularly, in particular with regard to issues subject to interpretation and, where appropriate, forms provisions based on the amounts expected to be paid to the fiscal authorities.

Tax deferrals are formed for all the temporary differences between the assets/liabilities tax base and their carrying values in the IFRS financial statements (so-called liabilities method). However, if in the course of a transaction that does not constitute a business combination, deferred taxation emanates from the initial recognition of an asset or a liability that at the time of the transaction had neither an effect upon the balance sheet nor on taxable profit or loss, the deferred tax asset or liability is neither recognized at the date of initial recognition nor subsequently. Deferred taxes are measured using those tax rates (and regulations) that apply on the closing date, or have been substantially adopted into law and which are anticipated to be valid on the date of the realization of the deferred tax accrual or the settlement of the deferred tax liability.

Deferred taxes are only recognized to the extent that a sufficient fiscal surplus is expected in the future against which the temporary difference can be employed.

Deferred tax liabilities resulting from temporary differences in connection with interests in subsidiaries, associated companies and joint arrangements are recognized unless the date of the reversal of the temporary differences can be determined by the group and it is probable that owing to this influence the temporary differences will not be reversed in the foreseeable future. As a rule, the group has no influence on the date of reversal in the case of associated companies. Therefore, temporary differences are only not recognized in those cases where it is contractually regulated that the group can exert an influence on the date of reversal.

Deferred tax accruals and liabilities are netted when a corresponding legally enforceable right to offsetting exists and the deferred tax accruals and liabilities relate to income taxes imposed by the same fiscal authority for either identical or differing tax objects, which intend to complete offsetting on a net basis.

13.14. REVENUE RECOGNITION

Revenues are measured based on a consideration established in a contract with a customer. The group allocates the individual contracts to the different business models and recognizes revenue when control over goods is transferred to a customer. The payment targets usually granted range between 7 and 180 days.

The main business models are the sale of pulp, paper and recovered paper. Revenue is always recognized at a point of time.

Any deductions on sales are taken into account when calculating revenues. In the case of volume-based discounts, a corresponding refund liability is formed.

Vorchdorf, March 1, 2024

Sebastian Heinzl

Kurt Maier

Barbara Potisk-Eibensteiner

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of Heinzl Holding GmbH, Vorchdorf, Austria, and its subsidiaries ("the Group"), which comprise the Consolidated Balance Sheet as at 31 December 2023, and the Consolidated Income Statement and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

As at 31 December 2023, the audited Group is a five times large company per Section 271a Paragraph 1 UGB.

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Other Information

Management is responsible for the other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report with this regard.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement - whether due to fraud or error - and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Engagement Partner

The engagement partner is Mr Ahammer.

Linz, 4 March 2024

KPMG Austria GmbH. Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Michael Ahammer, Wirtschaftsprüfer (Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

SUPERVISORY BOARD REPORT

At the Supervisory Board meetings on April 13, June 6, June 28, September 27 and December 14, 2023, the management informed the Supervisory Board of the course of business and the company's current position both verbally and in writing.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements of Heinzl Holding GmbH for the year ending December 31, 2023 and the management report including the accounting records. This also applies to the consolidated financial statements, which were prepared in accordance with IFRS and supplemented by the group management report and further notes under the terms of Section 245a of the Austrian Commercial Code (UGB). The audit confirmed that the accounting records, the annual financial statements and management report, the consolidated financial statements, and the group management report conform to legal requirements and the articles of association. The audit provided no reason for objection, and the auditors duly issued an unqualified opinion for the consolidated financial statements and the annual financial statements of Heinzl Holding GmbH.

The Supervisory Board concurs with the consolidated financial statements and the financial statements of Heinzl Holding GmbH for the year ending December 31, 2023. The Supervisory Board reviewed and approved the Management Board's proposal regarding the appropriation of the profit.

The members of the Supervisory Board extend their thanks to the Management Board and the workforce of the group for their commitment in 2023.

Vienna, April 10, 2024

Alfred Heinzl m.p.

Alexander Riklin m.p.

Christoph Heinzl m.p.

Matthias Heinzl m.p.

Frank Hensel m.p.

Johannes Klezl-Norberg m.p.

Riia Sillave m.p.



SUPPLEMENTARY SUSTAINABILITY REPORTING:

INFORMATION AND KPIS

Table of contents

148 Governance structure

149 ESG risk management

151 Voluntary memberships

Sustainability metrics

153 Climate change

156 Renewable energy

158 Responsible water use

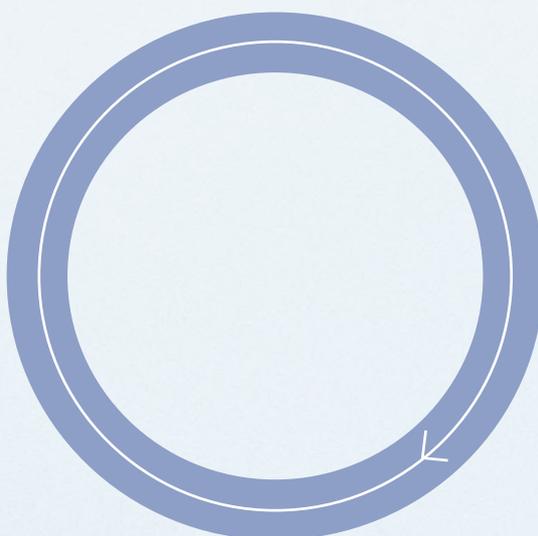
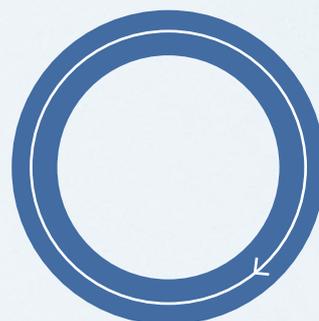
159 Biodiversity

160 Sustainable and circular products

162 Social engagement

162 Fair business practices

163 Good employer

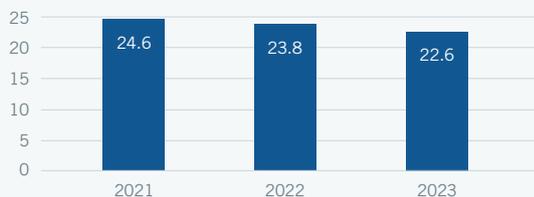


Governance structure: management at HEINZEL GROUP

The Management Board and Supervisory Board play an important role in the sustainable management of HEINZEL GROUP. These bodies work closely together not only within Heinzl Holding but also at the Group's subsidiaries (refer to [page 171](#) for an organizational chart) and regularly coordinate the overall strategic direction.

As at December 31, 2023, the Management Board of Heinzl Holding consisted of three members and the Supervisory Board seven members. At each subsidiary, two general managers were responsible for daily business operations (refer to [pages 8 - 11](#)) and were strategically supported and overseen by their respective supervisory board members. Throughout the Group, 22.6% of the members of these bodies were female in 2023.

ESRS 2: Board's female diversity ratio incl. supervisory board [%]



27% of Management are executive members, responsible for strategy and daily operations, with the remaining 73% being non-executive members concentrating on advisory and monitoring roles. Nine members of supervisory boards can be regarded as independent and ensure that decisions are reached objectively and impartially. Details of how Management is integrated into the Group's sustainability organization can be found on [page 22](#).

Integration of sustainability goals in remuneration policy

HEINZEL GROUP redefined the remuneration policy for board members and general managers in 2023 in order to link these more closely to sustainability goals. This entailed the company concentrating not only on environmental aspects, such as the reduction of Scope 1 and 2 GHG

emissions, but also social objectives, such as reducing the incidence of occupational accidents. This specific approach ensures that managers of HEINZEL GROUP directly contribute to the achievement of the ambitious sustainability goals of the company.

HEINZEL GROUP Supervisory Board

Regular supervisory board meetings are an important element of HEINZEL GROUP's governance structure and are taken extremely seriously. A scheduled meeting takes place every quarter and extraordinary meetings on an as-required basis, with attendance lists and the minutes of these meetings being prepared. Depending on the supervisory board member in question, supervisory board seats are held for tenures of between three and five years. All HEINZEL GROUP subsidiaries also have their own supervisory board members in addition to the Supervisory Board of the holding company. These boards are made up of internal and external members as well as workforce representatives. The following individuals have been appointed until the year defined in parentheses:

Supervisory Board of Heinzl Holding

-  Alfred Heinzl, Chairman (2024)
-  Christoph J. Heinzl (2025)
-  Matthias Heinzl (2025)
-  Frank Hensel (2024)
-  Johannes Klezl-Norberg (2024)
-  Alexander Riklin, Deputy Chairman (2024)
-  Riia Sillave (2025)

External supervisory / advisory board members at HEINZEL GROUP subsidiaries

-  Regina Friedrich, Zellstoff Pöls AG (2025)
-  Andreas Greiner, Bunzl & Biach GmbH (indefinite)
-  Frank Hensel, Europapier International AG (2024)
-  Doris Hummer, Laakirchen Papier AG (2024)
-  Andrew Paul, Wilfried Heinzl AG (2027)

Workforce representatives acting as supervisory board members at HEINZEL GROUP subsidiaries

-  Nadja Blenk, Wilfried Heinzel AG (indefinite)
-  Alfred Grunner, Europapier International AG (indefinite)
-  Gabriele Grünstäudl, Wilfried Heinzel AG (indefinite)
-  Mario Halbrainer-Leingruber, Zellstoff Pöls AG (indefinite)
-  Peter Hofstödter, Laakirchen Papier AG (indefinite)
-  Johann Kaiser, Zellstoff Pöls AG (indefinite)
-  Werner Leitner, Laakirchen Papier AG (indefinite)
-  Andreas Pohler, Europapier International AG (indefinite)

New appointments and changes relating to supervisory board members at HEINZEL GROUP subsidiaries in 2023:

- None

ESG risk management

Sustainability is a core element of business operations at HEINZEL GROUP. Therefore, ESG topics are integrated not only into the corporate and sustainability strategy (refer to [page 16](#)) but also into the Group's risk management.

In 2023, HEINZEL GROUP evaluated its sustainability and climate risks based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. These relate to a transparent framework for climate-relevant financial disclosures developed by the TCFD, an initiative established by the Financial Stability Board (FSB) and the Bank of England, to provide voluntary standards for evaluating climate risks and opportunities for businesses.

Risk and opportunity assessment

Four parameters were applied during the identification and assessment of risks and opportunities related to sustainability: impact, probability, point in time, vulnerability. During the course of its evaluation process, HEINZEL GROUP developed a rubric in which every risk and opportunity was allocated to the relevant key issue. The risks were also broken down into two categories:

- Transition risks: arising during the transition to a low-carbon economy, such as changes in legislation, market preferences, or technologies
- Physical risks: direct impacts of climate changes which can lead to material damage as a result of extreme weather events or long-term climate-related changes

The description of the opportunities and risks was followed by defining the parameters of the financial impacts (five levels, ranging from insignificant to catastrophic), the probability of occurring (five levels, ranging from nearly certain to rare) and the relevant point in time (short-, medium-, or long-term). The evaluation of vulnerability entailed categorizing the ability of the company to adapt in order to respond to and mitigate the risk in question (five levels, ranging from very high to very low).

In total, 50 ESG-related risks and opportunities were identified and evaluated for HEINZEL GROUP. The most important of these are summarized in the following section.

Climate risks

Climate change is the source of diverse and complex risks which can have direct impacts on the business processes and financial stability of HEINZEL GROUP. One particular challenge is water scarcity related to climate changes. For example, rivers close to production sites may hold too little water, making it necessary to partially or completely suspend production. In addition, extreme weather-related events, such as storms, snowfall, wind, floods, and high temperatures, may cause significant damage to infrastruc-

ture and machinery, which would also have an impact on production activities.

Storm-related damage to forests can lead to oversupply in the market, which in turn could culminate in falling timber prices. On the other hand, droughts can reduce forest growth rates and lead to higher timber prices. Both scenarios would have a direct impact on the business of HEINZEL GROUP. However, this risk could be mitigated in part by diversifying business operations. A further risk relates to rising sea levels, which could endanger the site in Estonia as a result of flooding.

Transition risks are also carefully analyzed and managed. Possible increases in CO₂ prices in the context of the Emissions Trading System (ETS) represent a particular challenge since this could culminate in significantly higher operating costs due to higher CO₂ expenses. At the same time however, this development also represents an opportunity given that higher CO₂ prices could bring forward the break-even of decarbonization projects, in turn delivering long-term financial and environmental benefits. The successful implementation of a defossilisation plan requires significant investments, which are dependent on a stable financial basis. The necessity of making HEINZEL GROUP products and processes more sustainable is also driven by the risk of declining sales volumes attributable to environmental concerns on the part of customers based on sustainability assessments and the potential risk of damage to our reputation. Furthermore, future legislative changes as a result of which no distinction is made between fossil and biogenic emissions could complicate the implementation of the defossilisation plan.

Further risks

In the area of renewable energy sources, HEINZEL GROUP is exposed to the risk of companies from various sectors not currently encompassed by the bioeconomy using biomass as starting materials and fuel in order to reach their own climate targets. This could have an impact on the availability and costs of biomass which, in turn, could potentially lead to production shutdowns. At the same time however, efforts to promote renewable energy sources present an opportunity to become more independent of fossil fuels and improve our corporate image.

An adverse sustainability ranking compared to those of competitors, as the result of a higher product carbon footprint for example, could culminate in fewer orders. There also exists a certain degree of dependence on the reliability of suppliers in order to maintain stability in the upstream supply chain. For example, the reduced avail-

ability of important chemicals could cause a production shutdown.

There are also certain risks related to the workforce, potentially as a result of occupational accidents or skilled labor shortage. Public protests or legal disputes related to environmental incidents or more traffic could endanger the company's reputation and financial situation.

Outlook

HEINZEL GROUP is already preparing itself to comply with upcoming regulations, such as the CSRD (Corporate Sustainability Reporting Directive (EU) 2022/2464), the CSDDD (Corporate Sustainability Due Diligence Directive), the PPWR (Packaging & Packaging Waste Regulation) or the EUDR (Regulation (EU) 2023/1115 on deforestation-free products), in order to mitigate the risks of non-compliance.

For the period 2024, HEINZEL GROUP plans to integrate its evaluated sustainability risks into the Group's risk management efforts and to regularly perform risk assessments in order to ensure that risks are proactively managed. The Group's risk management strategy is essentially conservative in its approach in order to be ideally prepared to proactively respond to any negative impacts.

Our voluntary memberships

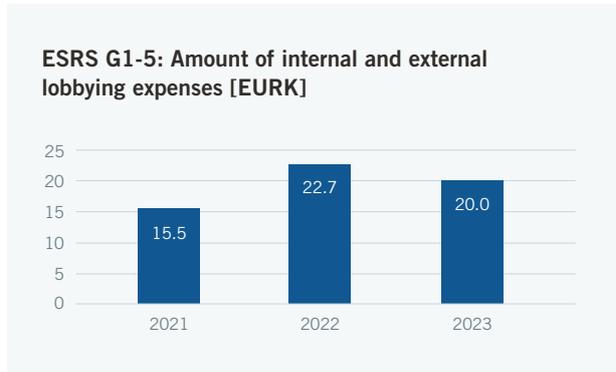
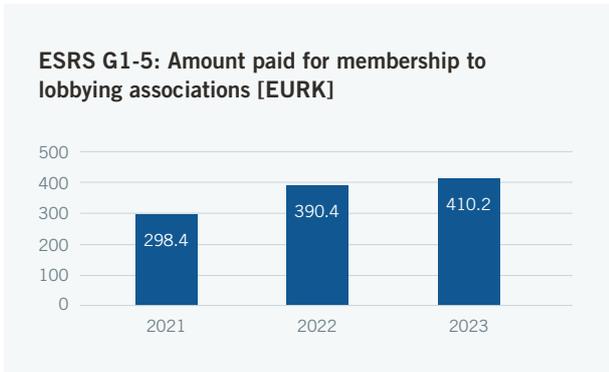
HEINZEL GROUP has been involved in numerous sustainability initiatives, organizations, associations, and research institutions for many years. Our goal is to jointly promote important issues, exchange experience, and actively take external perspectives into account. This keeps us up to date on the latest developments related to sustainability, both within and beyond the bounds of the paper industry. The following section provides a list of selected collaborations:

- **4evergreen Alliance:** A cross-industry network of the European paper sector with a focus on designing recyclable fiber products
- **AC2T:** Austrian Excellence Center for Tribiology
- **Absolventenverband Österreich - Papiertechnik München (AÖPM)**
- **Absolventenverein der Steyrmühler Papiermacher**
- **Austropapier:** The association of the Austrian paper industry
- **Bio-based Industries Consortium (BIC):** An industry association of the European bioeconomy for the circular economy and innovation
- **Bundesverband Sekundärrohstoffe und Entsorgung e.V. (BVSE)**
- **Cepi:** The association of the European paper industry
- **Cepi ContainerBoard:** The European industry association of containerboard manufacturers
- **Cepi Eurokraft:** The European industry association of kraft paper manufacturers
- **DIE PAPIERINDUSTRIE e. V. (VDP):** An industry association of German pulp and paper makers
- **Estonian Biogas Association**
- **Estonian Forest and Wood Industry Association**
- **EU Green Source:** A Europe-wide initiative to achieve net-zero in the forestry sector by 2050
- **EURO-GRAPH:** The European Association of Graphic Paper Producers
- **European Association of Paper (EUGROPA):** The European paper merchants association
- **Forum Ökologie & Papier (FÖP):** An association promoting the responsible paper use and greater reliance on recovered paper
- **GesPaRec:** A paper recycling association
- **Initiative Klimapioniere:** A platform for energy and environmental technologies, circular economy, resource efficiency, and decarbonization
- **Klimabündnis – Klimachecker:innen@work:** Trainees and apprentices as climate ambassadors
- **Klimaneutrale Industrie Österreich:** A dialogue-based process for energy-intensive industrial players together with the Ministry for Climate Action and Energy (BMK) and the Federation of Austrian Industries (IV)
- **KRAFT:dasMurta!** A platform for mutual inspiration and development in various industrial sectors in the Murau Murtal region
- **MURREAL:** A living lab for the energy transition and transfer to other Austrian regions
- **ÖVQ:** An Austrian association for quality assurance
- **ÖWAV:** An association of Austrian water and waste management companies
- **respACT:** The Austrian business council for sustainable development
- **Science Based Targets initiative (SBTi):** Defining science-based targets for emissions
- **Speedinvest:** A venture capital fund for investments in tech startups throughout Europe
- **TAPPI:** An international NGO for engineers and scientists in the pulp and paper industry
- **V.EFB:** An association awarding certificates to specialist waste disposal companies
- **VABU:** An association of industrial siding companies
- **Verband Bayerischer Papierfabriken e.V. (VBP)**
- **Verein Steyrmühler Papiermacher**
- **Vereinigung Pack- und Wellpappenpapiere (VPW)**
- **Verband österreichischer Entsorgungsbetriebe (VOEB)**
- **Verband Österreichischer Sicherheitsexperten (VÖSI)**
- **World Energy Council:** Research, workshops, and events related to the issue of energy

Collaborations with and support of the following universities and research institutions:

- [Akademischer Papieringenieursverein Graz \(APV\)](#): A network connecting students from the Graz University of Technology and industry
- [Bioenergy and Sustainable Technologies \(BEST\)](#): Research into sustainable and circular biorefinery processes and technologies
- [Tallinn University of Technology](#)
- [Estonian University of Life Sciences](#)
- [Graz University of Technology](#)
- [University of Natural Resources and Life Sciences](#)
- [Vienna University of Technology](#)
- [University of Applied Sciences Upper Austria - Wels Campus](#)
- [Wels Technical College](#)
- [KinderUni OÖ Almtal](#)
- [ZELLCHEMING](#): An independent technical and scientific platform for the pulp and paper industry

In 2023, HEINZEL GROUP made monetary contributions in an amount of EURK 410.2 for membership fees and invested EURK 20.0 in internal and external lobbying activities.



Climate change

The details of our initiatives and action related to the material topic of climate change can be found from [page 24](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

ESRS E1-6: GHG emissions Scope 1 [kt CO₂e]



ESRS E1-6: GHG emissions Scope 3 [kt CO₂e]



ESRS E1-6: GHG emissions Scope 2, market-based [kt CO₂e]



ESRS E1-6: GHG intensity based on production (Scope 1+2, market-based) [t CO₂e/t]



With regard to direct emissions from the company's own processes and energy production (Scope 1), we achieved a reduction of 6.7% to 171,360 metric tons of CO₂e in 2023. The indirect emissions resulting from the production of energy sourced from third parties (Scope 2) declined by 5.7% to 331,611 metric tons of CO₂e. This development is mainly attributable to the fall in production and energy-efficiency efforts at the various sites.

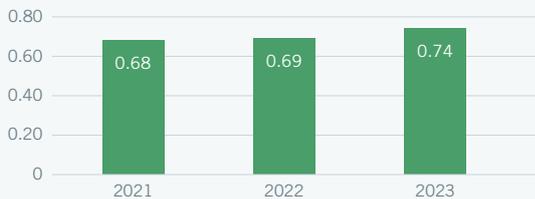
The stop-and-go phases in production due to market conditions led to a rise in specific CO₂ emissions which, however, were compensated for by various efforts to improve energy efficiency. As a result, the specific value of CO₂e emissions associated with the production activities of HEINZEL GROUP remained constant at 0.32 metric tons of CO₂e per metric ton of product manufactured but was still below the level of 0.34 metric tons of CO₂e in 2021.

ESRS E1-6: Biogenic emissions of CO₂ from combustion or bio-degradation of biomass [kt CO₂e]



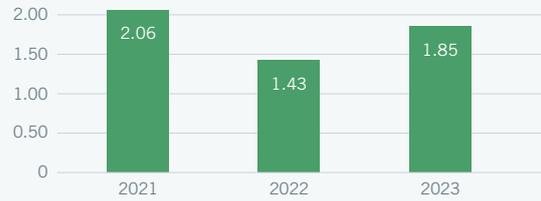
The biogenic CO₂e emissions released by burning biomass declined in 2022 slightly from 1,064,800 metric tons of CO₂e to 1,030,325 metric tons of CO₂e (-3.2%). This reduction in emissions is attributable to the decline in pulp production.

ESRS E1-6: Total GHG emissions based on trading quantities (all scopes) [t CO₂e/t]



The specific CO₂e emissions associated with the products sold by the trading subsidiaries of HEINZEL GROUP amounted to 0.74 metric tons CO₂/t in 2023. This is accounted for by increased sales of product groups with a higher emission factor, such as hygiene products, office materials, and those in the pulp segment. On the other hand, higher sales of third-party products which, compared to the Group's own products, are associated with higher emission levels led to an increase in emission intensity.

ESRS E1-6: Total GHG emissions based on net revenue (total Group, all scopes) [t CO₂e/EURK]



The intensity of greenhouse gases emitted by HEINZEL GROUP in 2023 amounted to 1.85 metric tons of CO₂e per thousand Euro of net revenue generated. By comparison, this figure was 1.43 metric tons of CO₂e in 2022. This increase should be considered in the light of price developments and inflation which the Group cannot influence, thereby making a direct comparison and drawing valid conclusions for HEINZEL GROUP more difficult.

Corporate carbon footprint

In order to analyze its greenhouse gas emissions, HEINZEL GROUP adheres to the Greenhouse Gas Protocol and takes into account its direct emissions (Scope 1), indirect emissions associated with external energy sources (Scope 2), as well as further indirect emissions along the upstream and downstream value chain (Scope 3). This analysis took into account all greenhouse-relevant emissions (CO₂e).

The current Scope 3 analysis includes all 15 categories along the entire supply chain for the years 2021 to 2023. By means of intensive data research, emission sources have been identified, categorized, and systematically assigned emission factors.

These emission factors are mainly based on the use of secondary data in internationally recognized databases. All Scope 3 emission categories were determined as accurately as possible, albeit with modelling assumptions being made particularly in the case of categories 2, 10, 11, and 12.

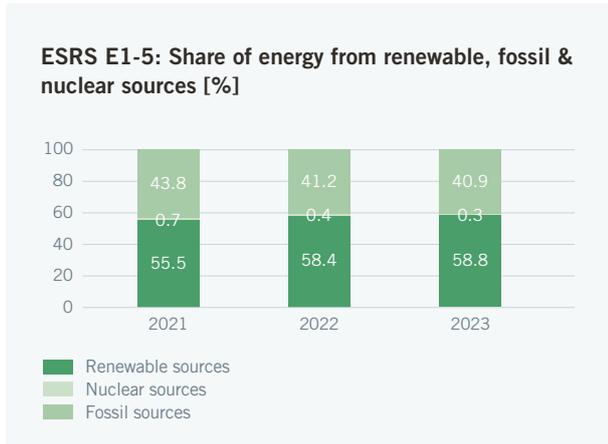
ESRS E1-6: GHG emissions [t CO₂e]	2023	2022	2021
GHG emissions (Scope 1)	171,360	183,660	212,412
GHG emissions (Scope 1, from EU-ETS)	163,507	175,262	203,479
GHG emissions (Scope 2)	331,611	351,635	416,182
GHG emissions (Scope 2, location-based)	297,470	330,622	391,180
GHG emissions (Scope 2, market-based)	331,611	351,636	416,182
GHG emissions (Scope 3, relevant categories)	3,574,085	3,589,485	3,814,077
GHG emissions (Scope 3)	4,132,956	3,969,998	4,209,555
Scope 3 emission sources			
Upstream Scope 3 emission sources			
Cat. 1: Purchased goods and services	1,435,314	1,484,631	1,623,235
Cat. 2: Capital goods	81,943	20,416	5,150
Cat. 3: Fuel- and energy-related activities	86,101	109,882	126,302
Cat. 4: Upstream transportation and distribution	100,632	112,025	119,064
Cat. 5: Waste generated in operations	3,335	3,477	3,752
Cat. 6: Business travel	532	522	525
Cat. 7: Employee commuting	2,198	2,121	2,108
Cat. 8: Upstream leased assets	-	-	-
Downstream Scope 3 emission sources			
Cat. 9: Downstream transportation and distribution	352,521	380,999	404,793
Cat. 10: Processing of sold products	1,599,515	1,501,947	1,540,684
Cat. 11: Use of sold products	13,414	13,165	14,097
Cat. 12: End-of-life treatment of sold products	453,137	336,365	365,401
Cat. 13: Downstream leased assets	-	-	-
Cat. 14: Franchises	-	-	-
Cat. 15: Investments	4,314	4,449	4,446
Total GHG emissions (location-based)	4,601,787	4,484,280	4,813,147
Total GHG emissions (market-based)	4,635,928	4,505,294	4,838,150

GHG emissions (Scope 3), by segment, [t CO₂e]	2023	Industry	Trading	Total
Upstream emissions		454,228	1,255,827	1,710,055
Downstream emissions		708,043	1,714,858	2,422,901
Total		1,162,271	2,970,685	4,132,956

Further data relating to the issue of climate change will be further developed in future reporting periods following ongoing improvements to indicator management.

Renewable energy

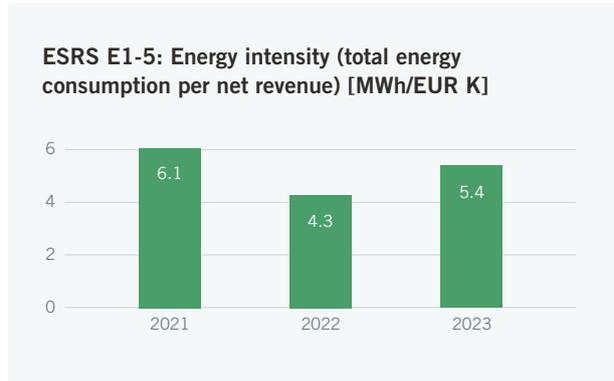
The details of our initiatives and action related to the material topic of renewable energy can be found from [page 30](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.



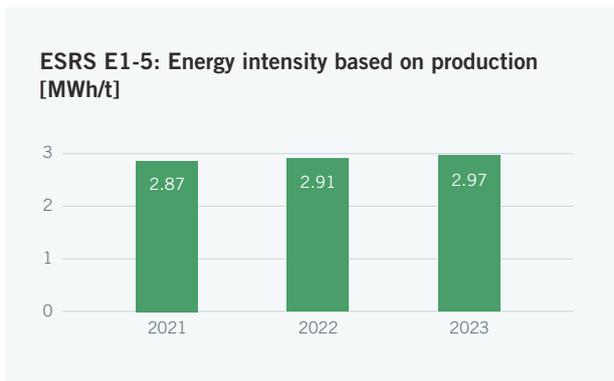
ESRS E1-5: Energy consumption from renewable, fossil & nuclear sources [GWh]

	2023	2022	2021
Energy from renewable sources	2,742.25	2,864.53	2,931.64
Energy from nuclear sources	16.60	20.89	36.54
Energy from fossil sources	1,907.43	2,027.34	2,318.35
Total energy use	4,666.28	4,912.76	5,286.53

In 2023, the total energy consumption of HEINZEL GROUP amounted to 4,666.28 gigawatt hours (GWh), of which 2,742.25 GWh came from renewable sources. This is equivalent to a remarkable 58.8% share of all energy consumption. Compared to 2021, the renewable share of energy has increased by 3.3 percentage points.. This encouraging trend means that HEINZEL GROUP is well on track to achieving its ambitious goal of 78% energy from renewable sources by 2030.



A decline in overall revenues in 2023 led to a relative increase in energy usage as a ratio of net revenue generated by HEINZEL GROUP. In specific terms, energy consumption rose from 4.3 megawatt hours per thousand Euro of net revenue (MWh/EUR K) to 5.4 MWh/EUR K. This trend should be viewed against the backdrop of market-related changes which make a direct comparison difficult due to price volatility and inflation.



HEINZEL GROUP was able to further reduce its overall energy consumption in 2023. Despite these energy savings, the company saw specific energy consumption rise marginally to 2.97 MWh/t. This increase is mainly attributable to temporary production shutdowns.

ESRS E1-5: Total energy consumption [MWh]		2023	2022	2021
Fuel consumption from coal and coal products	MWh	0	0	0
Fuel consumption from crude oil and petroleum products	MWh	17,147	17,273	16,939
Fuel consumption from natural gas	MWh	828,989 ¹	931,868 ²	1,081,348 ²
Fuel consumption from other fossil sources	MWh	4,690	3,969	0.00
Consumption purchased or acquired energy (electricity, heat, steam, or cooling) from fossil sources	MWh	1,056,604	1,074,233	1,220,061
Total energy consumption from fossil sources	MWh	1,907,431	2,027,343	2,318,348
Share of fossil sources in total energy consumption	%	40.88	41.27	43.85
Total energy consumption from nuclear sources	MWh	16,604	20,891	36,538
Share of nuclear sources in total energy consumption	%	0.36	0.43	0.69
Fuel consumption from renewable sources, including biomass	MWh	14,504	42,529	28,957
Consumption of purchased or acquired energy (electricity, heat, steam, or cooling) from renewable sources	MWh	111,490	94,827	120,983
Consumption of self-generated non-fuel renewable energy	MWh	2,616,259	2,727,169	2,781,697
Total energy consumption from renewable resources	MWh	2,742,253	2,864,526	2,931,637
Share of renewable sources in total energy consumption	%	58.77	58.31	55.45
Total energy consumption related to own operations	MWh	4,666,288	4,912,760	5,286,523

¹ net calorific value-related energy determination of one mill

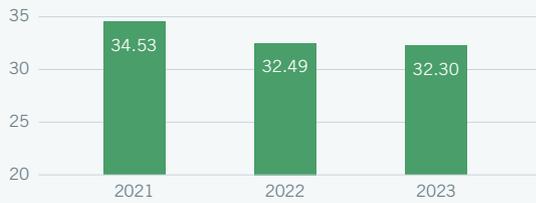
² gross calorific value-related energy determination of one mill

Further data relating to the issue of renewable energy will be further developed in future reporting periods following ongoing improvements to indicator management.

Responsible water use

The details of our initiatives and action related to the material topic of responsible water use can be found from [page 36](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

ESRS E3-4: Total water withdrawals [million m³]

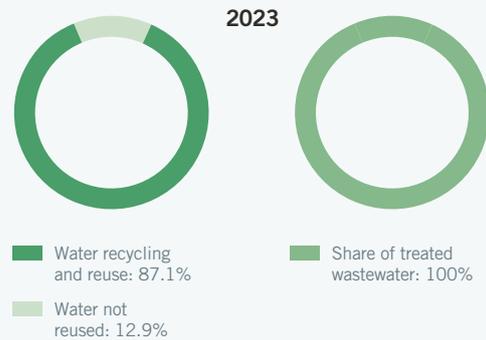


ESRS E3-4: Total water discharge [million m³]



Overall, we were able to reduce the Group's total water withdrawals from 32.49 million m³ to 32.30 million m³. This was also accompanied by a slight decrease in the volume of wastewater discharged from 29.86 million m³ to 29.78 million m³.

ESRS E3-4: Percentage of water recycled and reused from total freshwater withdrawal [%]



Further data relating to the issue of responsible water use will be further developed in future reporting periods following ongoing improvements to indicator management.

Biodiversity

The details of our initiatives and action related to the material topic of biodiversity can be found from [page 40](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

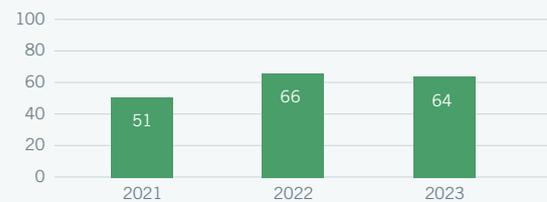
The amount and proportion of certified wood and pulp used in the production of our products is explained below. The use of certified raw materials is a fundamental measure to safeguard biodiversity. In addition, we have begun

systematically recording our land consumption on the sites of our production facilities and warehouses to develop corresponding key performance indicators (KPIs).

ESRS E4: Share of sourced wood satisfying FSC®, PEFC and/or EUTR requirements [%]



ESRS E4: Share of sourced pulp with FSC® or PEFC certification (production and trading) [%]



Further data relating to the issue of biodiversity will be further developed in future reporting periods following ongoing improvements to indicator management.

Sustainable and circular products

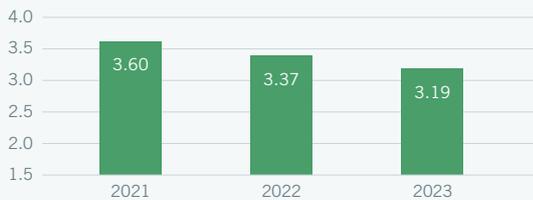
The details of our initiatives and action related to the material topic of sustainable and circular products can be found from [page 42](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

The following charts illustrate resource inflows in the form of materials used (e.g. timber and recovered paper) and resource outflows in the form of products manufactured

(e.g. pulp and containerboard) as well as associated waste materials.

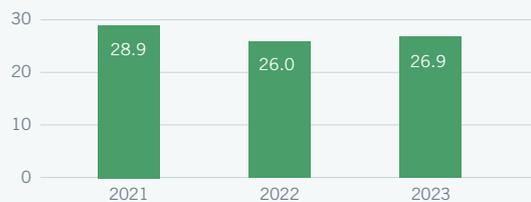
USE OF MATERIALS

ESRS E5-4: Overall total weight of products and technical and biological materials used [million t]

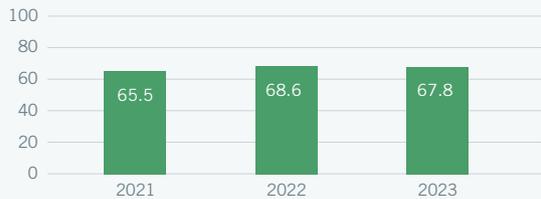


HEINZEL GROUP recorded a decline in resource consumption in 2023 due to a drop in production volumes. While 3.37 million metric tons of materials were consumed in 2022, this quantity declined to 3.19 million metric tons in 2023.

ESRS E5-4: Share of secondary reused or recycled components, secondary intermediary products and secondary materials [%]

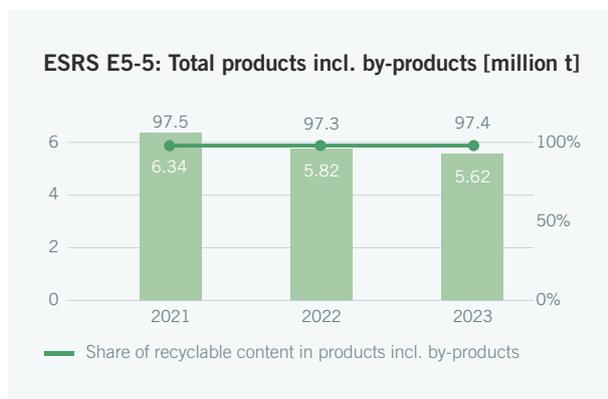
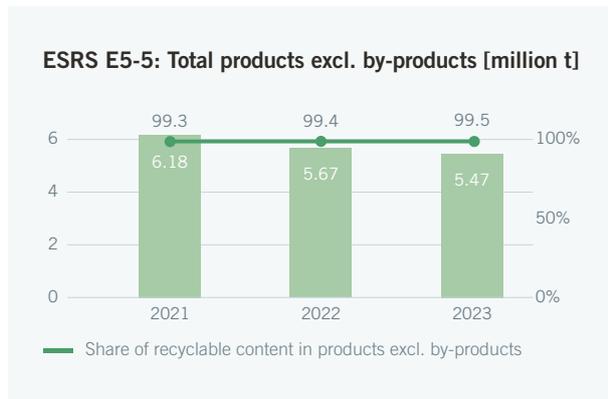


ESRS E5-4: Share of biological materials (and biofuels used for non-energy purposes) [%]



94.7% of the materials used in 2023 were either recycled or renewable (refer to [page 42](#)). The breakdown of recycled and renewable materials used can be found in these two tables. The share of renewable materials used within HEINZEL GROUP as a whole is primarily associated with the production of pulp and paper at the sites in Pöls and Kunda, while the share of recycled materials relates to the recovered paper used at the Laakirchen and Raubling sites.

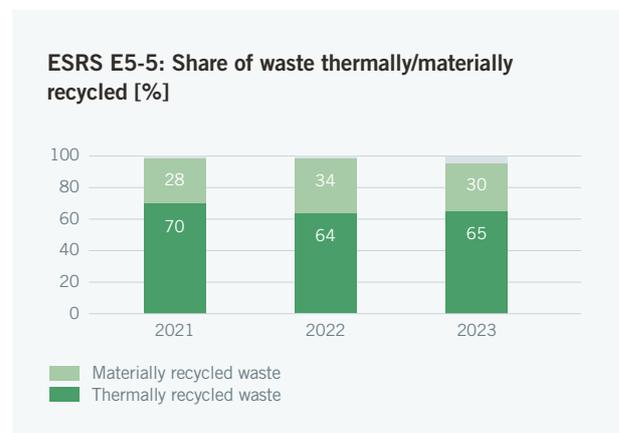
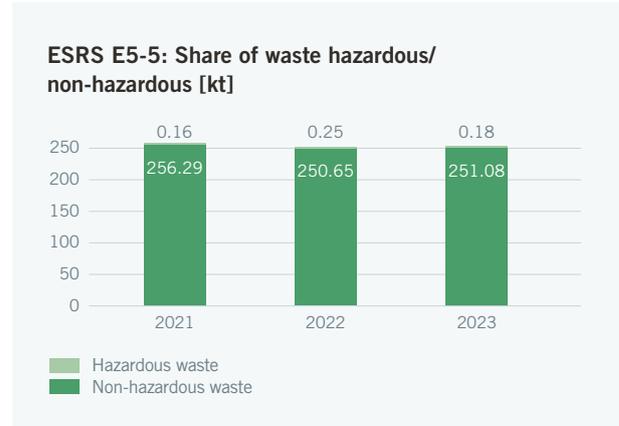
PRODUCTS



Including by-products, HEINZEL GROUP manufactured and sold 5.62 million metric tons of products in 2023 (not consolidated). A total of 148,561 metric tons of by-products, such as tall oil, and bark were generated in 2023. These by-products are mainly recycled thermally to produce energy. Although the by-product bark is renewable but not recyclable, the recyclability of our products, including by-products, has remained high at a level of 97.4% for years. Excluding by-products, a remarkable 99.5% of our products (mainly pulp, kraft paper and containerboard) are recyclable. This figure has been improving by 0.1 percentage points per annum in recent years.

The method of theoretical recyclability was used to classify the recyclability of our products. It was assumed that all fiber-based materials (pulp, paper products, etc.) are theoretically recyclable.

WASTE MANAGEMENT



HEINZEL GROUP generated a total of 251,255 metric tons of waste in 2023. Of this, 65% was recycled thermally and 30% as material. Only 175 metric tons was classified as hazardous, which is a significant reduction compared to the 245 metric tons of hazardous waste in 2022.

ESRS E5-5: Total waste generated incl. waste treatment [t]

ESRS E5-5: Volume of waste [t]	Hazardous waste			Non-hazardous waste		
	2023	2022	2021	2023	2022	2021
Preparation for reuse	0	0	0	25	29	29
Recycling	52	52	50	28,727	21,966	24,244
Other recovery operations	0	0	0	45,677	64,439	47,858
Disposal by incineration	106	122	90	162,516	160,147	179,204
Disposal by landfill	1	61	1	14,135	4,069	4,951
Other disposal operations	17	10	18	0	0	0
Total amount of radioactive waste (in kg)	(12)	0	0			
	175	245	159	251,080	250,649	256,287

Further data relating to the issue of sustainable and circular products will be further developed in future reporting periods following ongoing improvements to indicator management.

Social engagement

The details of our initiatives, action, and indicators related to the material topic of social engagement can be found from [page 56](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

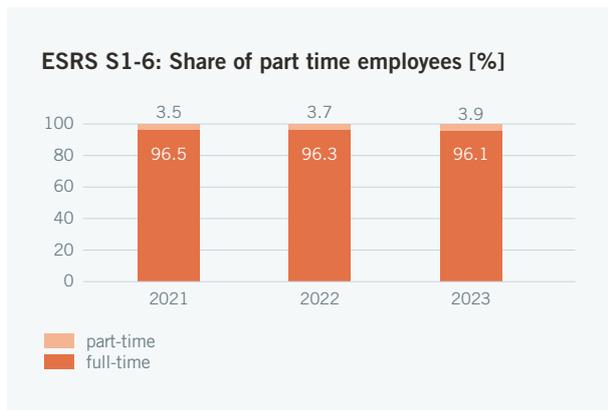
Fair business practices

The details of our initiatives, action, and indicators related to the material topic of fair business practices can be found from [page 62](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

Good employer

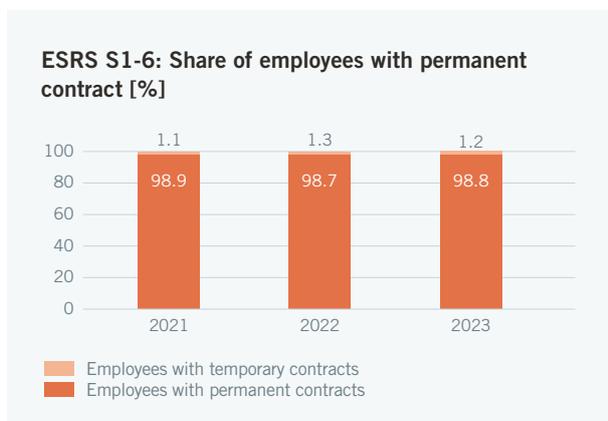
The details of our initiatives and action related to the material topic of being a good employer can be found from [page 48](#) of the 2023 Sustainability and Annual Report of HEINZEL GROUP.

A total of 2,540 people (2023, FTE, average) work at HEINZEL GROUP.



ESRS S1-6: Total number of employees by full-time contract and part-time contract / male and female [%]

	2023	2022	2021
Female, part-time	2.9	2.7	2.6
Male, part-time	0.9	1.0	0.8
Female, full-time	26.2	25.6	25.5
Male, full-time	69.9	70.7	71.1



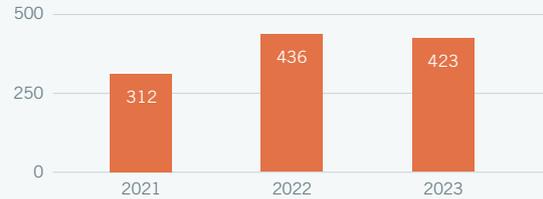
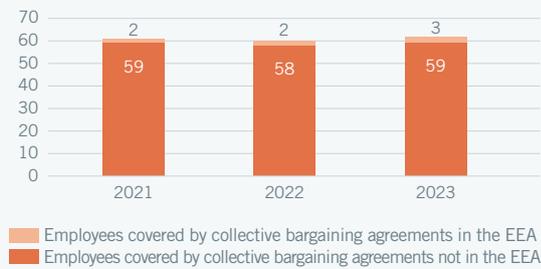
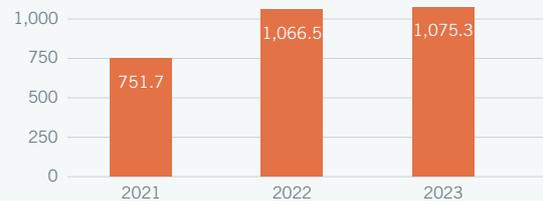
ESRS S1-6: Total number of employees (FTE average) by permanent contract, temporary contract, non-guaranteed hours / male and female [amount]

	2023	2022	2021
Male, temporary contract	0.7	0.8	0.7
Male, permanent contract	70.1	71.1	71.3
Male, non-guaranteed working hours	0.1	0.1	0.1
Female, temporary contract	0.5	0.4	0.3
Female, permanent contract	28.6	27.7	27.7
Female, non-guaranteed working hours	0.0	0.0	0.0



The indicator under ESRS S1-7, relating to the number of employees in the HEINZEL GROUP workforce on temporary contracts, amounts to 33 employees. This is equivalent to 1.3% of the entire workforce.

SRS S1-9: Share of female employees at top management level [%]

ESRS S1-13: Total training expenditure per employee, FTE average [EUR]

ESRS S1-8: Share of employees covered by collective bargaining agreement [%]

ESRS S1-13: Total training expenditure [EURK]


Developing our employees' skills is also reflected by investments in training. Compared to 2021, we invested an additional 111 Euro in training per employee, which is equivalent to an increase in training expenditure of 43.0% over the last two years.

In the context of the ESRS S1-13 indicator, it can be seen that 46.1% of our workforce took part in regular staff appraisals and career development meetings in 2023. These meetings are an important element of our personnel development strategy and underline our commitment to continuously promoting and developing our employees.

ESRS S1-11: Share of insured employees in 2023 [%]
Sickness

Public programs	99.5
Company benefit	43.7
No protection	0

Unemployment

Public programs	99.5
Company benefit	0
No protection	0.5

Working injury (inc. long-term impact)

Public programs	99.5
Company benefit	66.3
No protection	0.5

Parental leave

Public programs	99.5
Company benefit	43.4
No protection	0.2

Retirement

Public programs	100
Company benefit	36.6
No protection	0

Further data relating to the issue of being a good employer will be further developed in future reporting periods following ongoing improvements to indicator management.



ABOUT THIS REPORT

In addition to its annual financial reporting, HEINZEL GROUP has published an integrated sustainability and annual report on a voluntary basis since 2021. The last integrated sustainability and annual report was published on April 13, 2023. This HEINZEL GROUP report presents the diverse activities of the Group in the following four areas of action: Partners, People, Planet, Performance. It relates to the 2023 financial year, which is equivalent to the 2023 calendar year. The figures from the years 2021 and 2022 have been provided for comparative purposes. The structure of this report is based on the final version of the ESRS (European Sustainability Reporting Standard), although not all data points have been adequately captured and described. The sustainability and annual report is prepared yearly for our stakeholders, such as suppliers, customers, banks, and employees, in order to document and clearly present our commitment to sustainability and our environmental, social, and corporate responsibility.

The data presented in this report have been aggregated at the group level. This entailed defining the scope of consolidation in the same manner as in the company's annual report. An overview of the consolidated subsidiaries can be found on [pages 8 to 11](#) (Corporate profile). During the course of the reporting period there were no material changes with regard to the size, structure, or the organization's shareholders. The Steyrermühl paper mill and its subsidiaries acquired on January 1, 2024 are not as yet included in this scope but have in part been taken into account in future issues (such as climate targets).

This report covers all those issues which reflect the significant economic, environmental, or social impacts of the company (inside-out perspective) or which externally impact HEINZEL GROUP (outside-in perspective). The sustainability issues Good Employer, Sustainable and Circular Products (with the exception of waste management), Fair Operating Practices, Climate Change, and Renewable Energy are reported on by all subsidiaries, while the key performance indicators for Biodiversity, Responsible Water Use, and Engaged Corporate Citizen mainly relate to the industrial companies. Future-oriented statements made in this report are subject to both known and unidentified risks and uncertainties which may result in the actual earnings position deviating from these statements.

All data included in this sustainability report are based on provisional figures which may be subject to minor changes in the first quarter of 2024 as the final results become available. Statements relating to the EU taxonomy, particularly with regard to sustainable investments, have not yet been ultimately reconciled with the relevant regulation. References to individuals should always be considered to be gender neutral. This sustainability and annual report has been approved by the Management Board and the Supervisory Board of HEINZEL GROUP.

Our thanks go to all those involved, both within the company and externally, for the support they have given the reporting team to prepare and design this HEINZEL GROUP sustainability and annual report.

ANY QUESTIONS?

We will be happy to provide further information about the contents of this report and discuss related matters with our stakeholders.

Please contact: Hannes Thaler,
Group Sustainability Manager

[✉ sustainability@heinzeln.com](mailto:sustainability@heinzeln.com)

IMPRINT

Publisher:

Heinzeln Holding GmbH
Wagramer Strasse 28–30
1220 Wien, Austria
Tel.: +43 1 260 11-490
office@heinzeln.com

Editor in Chief: Hannes Thaler

Editors:

Sebastian Heinzeln and Susanne Möstl-Johannessen, HEINZEL GROUP, Elis Karner, karner.report, Vienna

Design and layout: Outline Pictures, Vienna

Translation: Anglo-Austrian Communications

Paper: Printed on Nautilus Classic (inside pages: 120 g/m², cover: 300 g/m²) – available from Europapier Austria GmbH

The materials used to make this paper originate from sustainably managed forests. This paper is FSC®-certified.

FSC® license number: FSC-C020707

Printing: Druckerei Wograndl, Mattersburg

Editorial deadline: March 20, 2024

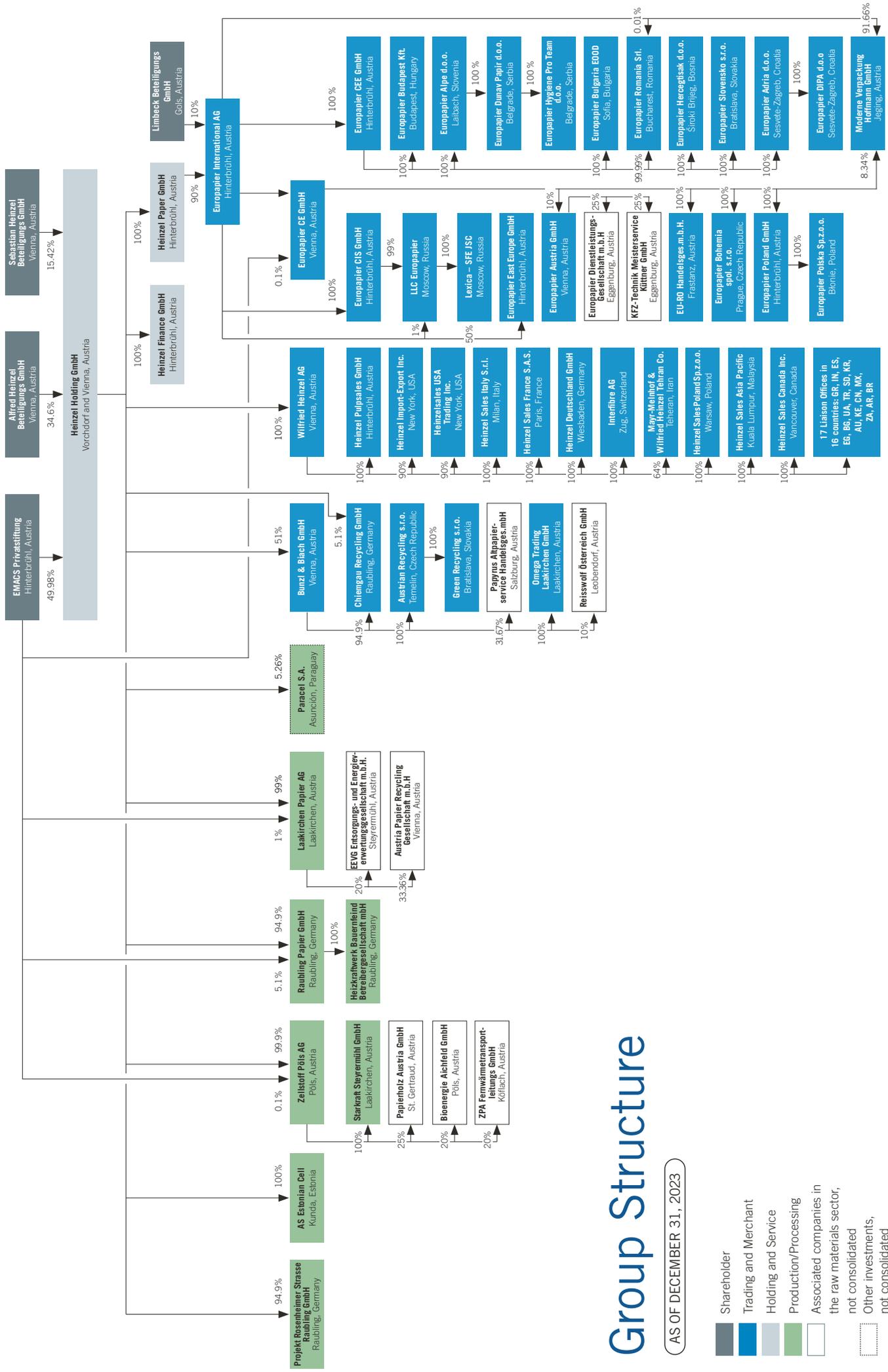
Images: Heinzeln Holding GmbH, AS Estonian Cell, Europapier International AG, Laakirchen Papier AG, Raublup Papier GmbH, Wilfried Heinzeln AG, Zellstoff Pöls AG, Bunzl & Biach GmbH, Parcel S.A., Christoph J. Heinzeln, Jakob Gsöllpointner, Walter Oberbramberger, Philipp Mairhofer, Otmar Winterleitner, Ulrich Zinell, Outline Pictures, Tom Leitner, Josephine Möstl-Johannessen, iStockphoto, Shutterstock, Mathias Kniepeiss, Martin Krachler, Merilin Prommik

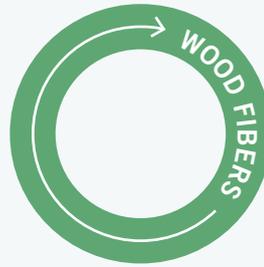
FOLLOW US

Discover more about our company, products, and sustainability initiatives:

[heinzeln.com](https://www.heinzeln.com)

[linkedin.com/company/heinzeln-group](https://www.linkedin.com/company/heinzeln-group)





Wood becomes pulp becomes paper becomes a bread cup becomes a milk carton becomes a flour sachet becomes a muesli carton becomes a coffee cup becomes a drinking straw becomes a folding carton for medicinal products becomes a pizza carton becomes a school textbook becomes a shopping bag becomes an envelope becomes a notepad becomes a shoe carton becomes a leaflet becomes a toy box becomes a postcard becomes a puzzle becomes a poster becomes an egg carton becomes packaging for tomatoes becomes wrapping paper becomes a calendar becomes a shipping carton becomes packaging for bike components becomes filler material becomes an exercise book becomes a coloring book becomes an envelope becomes a shipping carton becomes a book becomes a ring binder becomes a mailer becomes a notepad becomes a paper pennant becomes a punnet for oranges becomes a shopping list becomes sugar paper becomes playing cards.

#recreatingvalue

FOR OUR PARTNERS, OUR
PEOPLE AND OUR PLANET.