

On our  
path to a  
sustainable  
future



SUSTAINABILITY AND  
ANNUAL REPORT 2022



HEINZEL  
GROUP

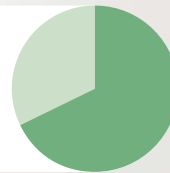
## HEINZEL GROUP

**4** mills  
INDUSTRIAL  
COMPANIES

ZELLSTOFF PÖLS  
ESTONIAN CELL  
LAAKIRCHEN PAPIER  
RAUBLING PAPIER

**1.52** OWN PRODUCTS 2022  
IN MILLIONS OF METRIC TONS

● 68.0% Paper  
● 32.0% Pulp

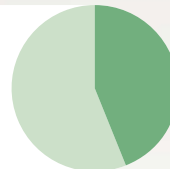


**2** sales  
TRADING  
COMPANIES

HEINZELSALES  
EUROPAPIER

**3.44** SALES VOLUME 2022  
IN MILLIONS OF METRIC TONS

● 44.1% Own Products  
● 55.9% Traded Goods

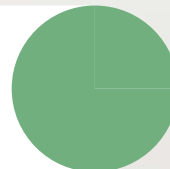


**1** recycling  
SERVICE  
COMPANY

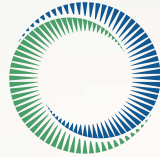
BUNZL & BIACH

**1.23** TRADING VOLUME 2022  
IN MILLIONS OF METRIC TONS

● 100% Paper for Recycling







**Our path: fossil-free, renewable, recyclable**

We are the global sustainability team at HEINZEL GROUP. We work alongside all internal and external stakeholders on the steps we have defined to reach our goals.

**39.8**  $\frac{\text{MN}}{\text{EUR}}$

INVESTMENTS IN  
SUSTAINABLE  
PROJECTS 2022

## OUR PERFORMANCE

		2022	2021	2020 (ADJUSTED <sup>1</sup> )	2019	2018
<b>PRODUCTION AND SALES</b>						
Total production	metric tons	1,524,611	1,687,939	1,607,030	1,604,524	1,557,409
thereof pulp	metric tons	488,381	501,719	509,781	526,161	547,623
thereof paper	metric tons	1,036,231	1,186,220	1,097,249	1,078,363	1,009,786
Total sales	metric tons	3,438,428	3,712,092	3,685,496	3,818,761	3,834,766
thereof in-house production	metric tons	1,517,448	1,682,242	1,606,603	1,593,042	1,537,416
thereof traded goods	metric tons	1,920,980	2,029,850	2,078,894	2,225,719	2,297,350
<b>INCOME STATEMENT</b>						
Net sales <sup>2</sup>	EUR million	2,777.4	2,038.2	1,611.7	1,916.9	2,064.8
EBITDA	EUR million	287.5	195.8	126.0	181.1	251.7
EBITDA margin	%	10.3	9.6	7.8	9.4	12.2
EBIT	EUR million	214.3	121.9	57.7	115.1	194.8
EBIT margin	%	7.7	6.0	3.6	6.0	9.4
Financial result	EUR million	1.3	-2.5	-1.5	-1.2	-7.3
Earnings before tax	EUR million	215.6	119.4	56.2	113.9	187.6
Net profit for the year	EUR million	164.7	94.0	39.9	85.6	145.0
<b>BALANCE SHEET</b>						
Total assets	EUR million	1,640.1	1,433.9	1,327.9	1,360.3	1,334.5
Shareholders' equity	EUR million	1,007.6	849.3	778.2	772.9	715.9
Equity ratio	%	61.4	59.2	58.6	56.8	53.6
Net debt (-) / Net credit (+)	EUR million	42.5	28.1	-5.1	-56.4	-81.8
<b>CASH FLOW, INVESTMENTS</b>						
Cash flow from operating activities	EUR million	162.9	129.8	112.3	188.5	160.4
Investments in property, plant, and equipment	EUR million	-68.5	-46.4	-27.2	-111.4	-126.8
Cash flow from investing activities	EUR million	-89.2	-73.6	-18.6	-113.9	-129.8
Free cash flow	EUR million	73.7	56.3	93.7	74.6	30.6
<b>EMPLOYEES</b>						
Employees (average)	FTE	2,447	2,411	2,467	2,546	2,493
Employees as at the balance sheet date	FTE	2,469	2,417	2,400	2,551	2,516

<sup>1</sup> Restatement due to change in presentation of minority interests, relates to key financial figures

<sup>2</sup> Gross sales from contracts with customers less transport services and sales deductions

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, 2022 can be derived from the consolidated financial statements and group management report as at December 31, 2022 audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

## RECREATING VALUE FOR OUR PARTNERS

		2022	2021	2020
<b>Sustainable and Circular Products</b>				
Share of recycled and renewable materials used	%	95.0	94.8	94.9
Total by-products produced	metric tons	157,345	160,369	139,985
Total amount of waste	metric tons	250,879	256,449	255,827
Waste materially or thermally recycled	%	98.3	98.0	98.3
Sales share of recyclable or renewable products	%	99.2	99.2	99.2
<b>Sustainable Value Chain</b>				
Timber from certified forests (FSC®, PEFC, EUTR)	%	100.0	100.0	100.0
Pulp from certified forests (FSC®, PEFC)	%	88.1	89.6	86.4
<b>Fair Operating Practices</b>				
Relevant employees trained in compliance guidelines	%	98.7	98.1	99.0
Incidents of corruption or bribery	Number	0	0	0
Monetary value of financial and in-kind political contributions made	EUR	0	0	0

## RECREATING VALUE FOR OUR PEOPLE

<b>Good Employer</b>				
Share of female employees	%	28.2	28.0	28.5
Share of trainees/apprentices	%	2.5	2.6	2.4
Share of female trainees/apprentices	%	25.9	26.5	22.4
Share of employees < 30 years old	%	17.4	15.6	15.8
Share of employees 30 - 50 years old	%	55.4	55.5	56.4
Share of employees > 50 years old	%	27.2	28.9	27.8
Average period of service	in years	10.9	10.9	11.2
Fluctuation	%	6.3	6.8	9.0
Recordable incidents /million working hours	Number	9.1	8.2	7.4
<b>Engaged Corporate Citizen</b>				
Enquiries and complaints from residents	Number	84	106	63
Biogas/electricity/heat sold	MWh	233,091	261,579	264,352

## RECREATING VALUE FOR OUR PLANET

<b>Climate Change</b>				
GHG emissions (Scope 1+2)	t CO <sub>2</sub> e	535,333	628,729	587,636
GHG emissions (Scope 3)	t CO <sub>2</sub> e	2,089,388	2,244,078	2,221,181
GHG emissions (Scope 1+2+3)	t CO <sub>2</sub> e	2,624,722	2,872,806	2,808,817
GHG intensity per production (Scope 1+2)	t CO <sub>2</sub> e/t	0.31	0.34	0.33
GHG intensity per sold product (Scope 1+2+3)	t CO <sub>2</sub> e/K€	0.62	0.62	0.60
<b>Renewable Energy</b>				
Energy consumption related to own operations	MWh	4,903,806	5,280,122	5,138,701
Energy consumption from renewable resources	%	58.4	55.5	56.8
Renewable energy generated in house (incl. sales)	MWh	2,800,943	2,881,922	2,826,514
Specific energy input (total energy input/total production)	MWh/t	2.91	2.87	2.96
<b>Responsible Water Use</b>				
Freshwater withdrawal	m <sup>3</sup>	32,486,272	34,532,987	36,108,762
Specific freshwater use (total freshwater withdrawal/total production)	m <sup>3</sup> /t	19.4	18.8	20.9
Wastewater safely treated	%	100.0	100.0	100.0
Investments in sustainable projects	EUR million	39.8	26.0	6.9



Our contribution to achieving global climate goals starts by us accepting responsibility. HEINZEL GROUP demonstrates this with regards to **Climate Change** through its Scope 3 emissions accounting and the reduction of Scope 1 and Scope 2 emissions by 14.9% in its 2022 financial year. [See page 62 for more details.](#)



The share of **renewable energy** in the total energy input of HEINZEL GROUP rose to 58.4% in 2022. [See page 70 for more details.](#)



Water is a valuable resource which we preserve by **Responsible Water Use**. That's why our production sites have clearly defined goals to narrow or even close the gap in their water cycles within the scope of our systems."

[See page 74 for more details.](#)

Siegfried Gruber,  
Head of Technical  
Planning  
Zellstoff Pöls



HEINZEL GROUP constantly strives to improve its processes and save resources in order to establish a product **lifecycle which is as sustainable and circular** as possible. [See page 32 for more details.](#)



As a **good employer**, HEINZEL GROUP promotes diversity, equal opportunities, and open communication. The safety and health of our employees are top priorities. [See page 48 for more details.](#)



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Printed on 100% recycled paper from Austria, certified according to FSC® and EU Ecolabel. The CO<sub>2</sub> emissions associated with printing this report at a local printing company were calculated and offset.

**+36.6%**  
NET SALES

**+46.8%**  
EBITDA

**-14.9%**  
CO<sub>2</sub>e (Scope 1+2)

**100%**  
TIMBER FROM CERTIFIED  
FORESTS





# “Committed to a sustainable future!”

This is the motto of this Sustainability & Annual Report. HEINZEL GROUP clearly demonstrated its determination in uncertain times during 2022. We had already taken major strategic steps as the corona lockdowns were coming to an end and the Russian war on Ukraine was just starting. The acquisition of the Steyermühl paper mill, which we will take over from UPM at the end of 2023, and our partnership in the Paracel project to build the first pulp mill in Paraguay, South America, are courageous moves defining the course toward a sustainable future for the entire group.

Our commitment shown in taking these steps stems from our sustainability strategy. We presented our new purpose, mission and vision in early 2022 as our firm commitment to contributing to the future of our planet. We haven't wasted any time putting these words into action: I am proud to announce that we were already able to significantly reduce our CO<sub>2</sub> emissions and the use of fossil fuels in 2022. Besides this, we have developed our detailed strategy for 2030 and defined ambitious corporate and environmental targets. As a family-operated company with a long-term perspective, we are prepared to make the major investments in renewable energy infrastructure necessary.

Commitment was also important in responding flexibly to the many crises in 2022: The Ukraine crisis, gas crisis, energy crisis and cost crisis have all kept us in suspense. As a result, it was necessary for us to swiftly adjust market prices and make painful decisions related to temporary machine shutdowns given that energy was at times simply no longer affordable. Despite this, our prudent approach and all-time highs in terms of pulp and paper prices have enabled us to post the best results in the history of HEINZEL GROUP.

That's why I would like to express my thanks to all our employees for their outstanding work. This

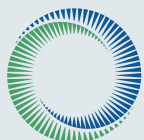
has enabled us to start another challenging year from a strong financial position. Our determination and our optimism will also support us this year in achieving our corporate objectives – creating more value for our partners, our employees, and our planet.

I hope you all enjoy reading this Sustainability & Annual Report.



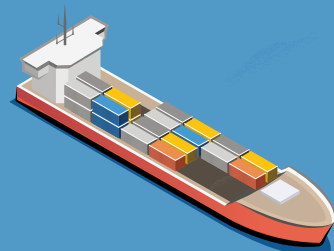
Sebastian Heinzl





HEINZEL  
GROUP

OUR VALUE  
CHAIN

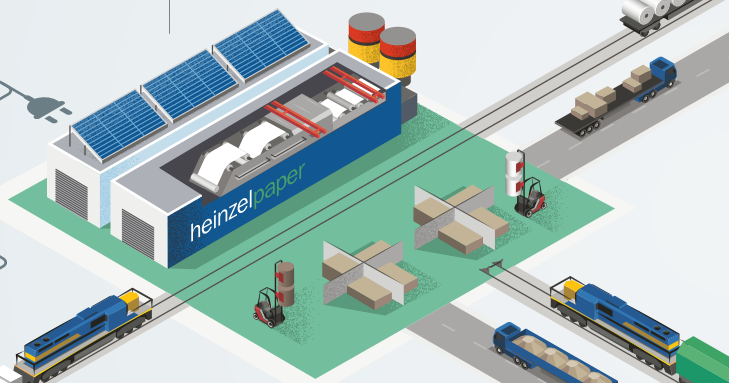


### Paper production

HEINZEL GROUP produces sustainable packaging and publication papers on a total of six paper machines in **Laakirchen (p. 11)**, **Raubling (p. 12)**, and **Pöls (p. 09)**.

### Pulp production

HEINZEL GROUP produces environment-friendly, high-quality pulp and green energy at **Zellstoff Pöls (p. 09)** and **Estonian Cell (p. 10)**.



### Suppliers

HEINZEL GROUP opts for timber from sustainable forestry and trades goods from reliable partners.

heinzelpöls  
ZELLSTOFF PÖLS AG

estoniancell  
AS ESTONIAN CELL

heinzelpaper  
LAAKIRCHEN PAPIER AG

heinzelpaper  
RAUBLING PAPIER GMBH

heinzelsales  
WILFRIED HEINZEL AG



## Trading business

HEINZEL GROUP is a leading international distributor of pulp, paper, and packaging solutions from **heinzelsales** (p. 13) and **Europapier** (p. 14).

THE SUSTAINABLE  
CYCLE

## Customers

HEINZEL GROUP supplies customers worldwide with sustainable products and tailor-made solutions.

## Recovered paper

Via **Bunzl & Biach** (p. 15), HEINZEL GROUP collects and sorts recovered paper for its own production needs and for third parties.

# Sustainability as a priority

## EMACS Privatstiftung

EMACS Privatstiftung is the foundation established by the Heinzl family. The letters EMACS stand for the initial letters in the first names of the family members: Evelyn, Matthias, Alfred, Christoph, and Sebastian. [EMACS Privatstiftung](#) is a shareholder in the following companies:

### HEINZEL GROUP

manufactures market pulp, packaging papers, and magazine papers at four production sites in Europe and trades in pulp, paper, recovered paper, and packaging solutions worldwide.

### HEINZEL ENERGY

plans, develops, and operates hydro and wind power plants as well as large-scale photovoltaic installations: 100% renewable energy.

### EMACS AGRO

operates farms in Austria, Hungary, and Estonia and is involved in dairy farming.

### EMACS REAL ESTATE

manages and lets residential and commercial real estate in Austria, Germany, and Slovenia.

EMACS Privatstiftung defines the scope of the business activities of the Heinzl family, on the one hand, and, on the other, safeguards the future development of the various divisions, for example by means of mutual support associated with investments. The foundation's articles of association also stipulate that a substantial amount of funding is provided for social purposes every year.



More information about EMACS Privatstiftung can be found in the EMACS Anniversary Report (publication date: June 2023). [www.heinzl.com/en/emacs2023](http://www.heinzl.com/en/emacs2023)

## HEINZEL GROUP MILESTONES

**1991** Foundation of today's HEINZEL GROUP

**2000** Pulp production starts

**2010** Expansion of trading business begins

**Since 2011** Promotion of renewable energy sources

**2013** Paper production commences

**2013** Start of recovered paper trading to supply the Group

**Since 2020** Implementation of Group-wide sustainability management

“ I laid the foundations of today's HEINZEL GROUP by purchasing Wilfried Heinzl AG more than 30 years ago. Today, I watch with pride as the company regularly passes important strategic milestones along the path to a sustainable future for coming generations.”


Alfred Heinzl, Chairman of the Supervisory Board of Heinzl Holding






## heinzelpöls

ZELLSTOFF PÖLS AG

Production of  elemental chlorine free (ECF) long-fiber sulfate pulp and kraft paper on paper machines PM2 and PM3

 **Pöls, Austria**

 **2000**

Joins HEINZEL GROUP

 **-26.8%**

Less CO<sub>2</sub>e vs. 2021

 **14.9** <sup>MN</sup> <sub>EUR</sub>

Sustainability investments 2022

 **481**

Employees




zellstoff-poels.at

“We are actively working to avoid and minimize environmental impacts. With success! In 2022, Zellstoff Pöls AG managed to reduce its CO<sub>2</sub> emissions by 26.8%.”



Werner Hartmann, COO, responsible board member for the topic of sustainability

 For more details, refer to “Many small steps – major changes” on page 68

Brands

 **orion**  
KRAFT PULP

 **starkraft**



Ingrid Gruber, CFO

Management systems and sustainability certificates

ISO 14001 (environment), ISO 9001 (quality), ISO 45001 (occupational safety), DIN EN 15593 (packaging hygiene), PEFC, FSC®, EU Ecolabel, Nordic Ecolabel

Unit Sustainability Manager  
Bernhard Schmid



Heinz Schnedl, CTO





# estoniancell

AS ESTONIAN CELL

Production of Bleached chemi-thermomechanical pulp (Aspen BCTMP)

**Kunda, Estonia**

**2006**

Joins HEINZEL GROUP

**-15.1%**

Less CO<sub>2</sub>e vs. 2021

**0.6** <sup>MN</sup> <sub>EUR</sub>

Sustainability investments 2022

**96**

Employees



estoniancell.ee

“Sustainability is one of the cornerstones of our business. That’s why we constantly focus on the development of new recycling methods for our waste materials.”



Rain Pärn, CTO, responsible board member for the topic of sustainability

For more details, refer to “Long-term collaboration with the Estonian University of Life Sciences” on page 36

Brands

**aspen**  
BCTMP

Management systems and sustainability certificates

EMAS, ISO 14001 (environment), ISO 9001 (quality), ISO 50001 (energy), ISO 45001 (occupational safety), PEFC, FSC®, ISEGA, EU Ecolabel, Nordic Ecolabel



Siiri Lahe, CFO



Unit Sustainability Manager  
Triin Padonik





# heinzelpaper

LAAKIRCHEN PAPIER AG

Production of  graphic papers on Paper Machine 11 and  containerboard on Paper Machine 10

 **Laakirchen, Austria**

 **2013**

Joins HEINZEL GROUP

 **-12.8%**

Less CO<sub>2</sub>e vs. 2021

 **18.0** <sup>MN</sup> <sub>EUR</sub>

Sustainability investments 2022

 **381**

Employees




heinzelpaper.com

“We rely on a sustainable recycling-based economy and regularly implement steps to reduce noise, dust and odors. Laakirchen Papier AG is 99% waste-free.”



Thomas Welt, CEO,  
responsible board member  
for the topic of sustainability

 For more details, refer to “Expansion approved” on page 58

Brands

 grapho

 starboard 

Management systems and sustainability certificates

ISO 14001 (environment), ISO 9001 (quality), ISO 50001 (energy), ISO 45001 (occupational safety), DIN EN 15593 (packaging hygiene), PEFC, FSC®, Der blaue Engel, EU Ecolabel, Paper Profile, Product Carbon Footprint





Franz Baldauf, CFO

Unit Sustainability Manager  
Thomas Strauss




**heinzelpaper**  
RAUBLING PAPIER GMBH

Production of  container-board and paper carrier bags on two paper machines

 **Raubling, Germany**

 **2016**  
Joins HEINZEL GROUP

 **-11.9%**  
Less CO<sub>2</sub>e vs. 2021

 **6.3** <sup>MN</sup> / <sub>EUR</sub>  
Sustainability investments 2022

 **157**  
Employees




heinzelpaper.com

“Our products offer future-oriented solutions. That’s why we have converted our plant and added sustainable carrier bags to our product portfolio.”



Marko Lesiak, CTO, responsible board member for the topic of sustainability

 For more details, refer to “Starkraft Shopper – for sustainable paper carrier bags” on page 34

Brands



Management systems and sustainability certificates

ISO 14001 (environment), ISO 9001 (quality), ISO 50001 (energy), ISO 45001 (occupational safety), DIN EN 15593 (packaging hygiene), FSC®

Unit Sustainability Manager  
Alois Kunschert




Christoph Wochinger, CFO



## heinzelsales

WILFRIED HEINZEL AG


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

 **Vienna, Austria**


29 branches worldwide

 **1991**

Joins HEINZEL GROUP

 **-5.4 %**

Less CO<sub>2</sub>e vs. 2021

 **0.1** <sup>MN</sup>/<sub>EUR</sub>

Sustainability investments 2022

 **143**

Employees



heinzelsales.com

“We regard ourselves as a bridge builder in the sustainable world of pulp and paper. To be successful, it is extremely important to engage in direct, constructive and open communication with all our stakeholders, particularly after years of pandemic.”



Krunoslav Meic, CEO,  
responsible board member  
for the topic of sustainability

[🔗](#) For more details, refer to  
“We are family: heinzelsales”  
on page 54

Sustainability certificates  
of traded goods:

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

Unit Sustainability Manager  
Valerie Maitre




Dietmar Geigl, CFO



# EUROPAPIER

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

 **Vienna, Austria**


Subsidiaries in 13 countries

 **2010**


Joins HEINZEL GROUP

 **-10.3%**

Less CO<sub>2</sub>e vs. 2021

 **0.7** <sup>MN</sup> <sub>EUR</sub>

Sustainability investments 2022

 **1,010**

Employees



europapier.com

“Innovative trading initiatives are a key contributor to a better future and consolidate our leading position as an international wholesaler in Central and Eastern Europe. Our clear goal is to offer sustainable solutions for a wide range of paper, packaging, hygiene and advertising technology products.”



Martin Bichl, CFO,  
responsible board member  
for the topic of sustainability

[For more details, refer to “Responsible trading” on page 38](#)

Management systems

ISO 9001 (quality)

Sustainability certificates  
of traded goods:

PEFC, FSC®, Der blaue Engel,  
EU Ecolabel, Paper Profile, Product  
Carbon Footprint, Cradle-to-cradle  
Label, Nordic Ecolabel, Climate  
Neutral Label

Unit Sustainability Manager  
Jakob Simonsen




Helmut Limbeck, CEO





## BUNZL & BIACH

Service company, collection, sorting and trading in recovered paper

 **Vienna, Austria**


Subsidiaries in 3 countries

 **2013**

Joins HEINZEL GROUP

 **-21.4%**

Less CO<sub>2</sub>e vs. 2021

 **150 years**

in the waste paper business

 **168**

Employees



bunzl-biach.at

“We have been pioneers of the circular economy for decades due to our paper recycling activities. This is for example how we close the gap in the cycle associated with the production of sustainable paper carrier bags by our affiliated company in Raubling.”



Andreas Mang, CEO,  
responsible board member  
for the topic of sustainability

[🔗](#) For more details, refer to  
“Starkraft Shopper – for sustainable  
paper carrier bags” on page 34

Management systems and  
sustainability certificates

EMAS, ISO 14001 (environment),  
ISO 9001 (quality), ISO 50001  
(energy), ISO 45001 (occupational  
safety)



Klaus Vlach, CFO

Unit Sustainability Manager  
Walter Davit

“Our focus is on sustainable growth powered by renewable energy!”



CEO Sebastian Heinzl, CFO Barbara Potisk-Eibensteiner, and COO Kurt Maier in an interview about operational challenges and strategic decisions. Committed to a sustainable future.

**2022 was a year of highs and lows. Energy and resource scarcity were contrasted by all-time highs in terms of earnings. What is your overall assessment of the past year?**

*Sebastian Heinzl:* We were confronted with one challenge after another in 2022. The costs of all our important commodities – energy, recovered paper, timber, and chemicals – rocketed one after another. For a while, in summer, we didn't even know whether we would have enough gas for production in winter. Due to high levels of demand, however, we were initially able to pass on the cost increases via the products we sold. The prices of pulp and paper were constantly rising in the first months of the year. In summer, our customers' warehouses were full, and we saw the first signs of a recession. However, particularly from the fourth quarter onwards, we noticed a marked decline in demand.

*Barbara Potisk-Eibensteiner:* Despite the cost increases, we were able to hold or even increase our margins in the first few months of the year. The fact that we had prudently hedged part of our energy requirements at good prices more than paid off in 2022.

*Kurt Maier:* From summer onwards, however, we unfortunately had to scale back production levels at some sites since it was not economically viable to continue. In the past it had always been our goal to maximize production levels on all paper machines. This didn't make sense in 2022 and we had to adjust to this new situation. In 2021 we had celebrated a new production record; in 2022, we were some way away from this goal. Despite all the difficulties, our team saw however that commercial success is possible and that boosts confidence.

**The war in Ukraine has direct commercial impacts on HEINZEL GROUP since you have operations in Russia and Ukraine. How did you respond?**

*Sebastian Heinzl:* As a trader, we have both imported pulp and paper from and exported pulp and paper to Russia for many decades. Our top priority was to comply with the various sanctions, which is why we successively stopped our cross-border trade with Russia after the start of the war. Today, our Russian Europapier team engages in local business activities, selling Russian paper to Russian customers. This is overseen by the local Europapier management team rather than being managed actively and directly from here. Fortunately, we don't have any production sites in Russia.

*Barbara Potisk-Eibensteiner:* Despite the clear decision to comply with the sanctions, we didn't simply close the trading site. Instead, we told the local team to carry on alone if they could. This safeguarded the jobs of around 200 people.

**Two major strategic investment decisions were made in 2022. One of them was signing the contract to acquire the Steyermühl paper mill. What were the reasons behind this?**

*Sebastian Heinzl:* Steyermühl, less than three kilometers from our paper mill in Laakirchen, is our first energy-driven acquisition. The Steyermühl site has a residual waste incineration plant in which biomass and waste are incinerated to produce energy for production purposes. The existing infrastructure here is the basis for further investments in expanding our use of renewables.

*Kurt Maier:* We also took the decision to convert the paper machine on site and produce sustainable packaging papers here following the handover of this site on 1 January 2024. We also plan to supply our site in Laakirchen with additional energy from Steyrermühl in future. Besides this, we are seeking to extend the regional district heating network with partners. Another key aspect of this acquisition is that we will also be taking over many highly qualified personnel. Steyrermühl has a long paper-making tradition and the employees there are important sources of expertise.

**Speaking of Laakirchen: Why has the conversion of PM11 in Laakirchen – the largest investment decision at HEINZEL GROUP in 2021 – been postponed?**

*Kurt Maier:* We were determined to go ahead and would have loved to start with the conversion project. Unfortunately, there were massive delays relating to key materials – a repercussion of the pandemic. A postponement was therefore unavoidable. We will now start with the conversion work in Q1 2024. The market launch of the new containerboard which will be produced here is planned for Q2 2024.

**Shortly after signing the contract to acquire the Steyrermühl site, a decision was reached with Paracel for HEINZEL GROUP to become a strategic investor in the construction of Paraguay's first pulp mill. What was the motivation behind this decision?**

*Sebastian Heinzel:* We have been aiming to expand our pulp business for a long time and have looked at many projects in recent years. Paracel offers us an attractive opportunity to start production activities in South America. What's more, Paracel is also a sustainable project which takes into account all aspects of environmental compatibility and has been designed to be environmentally sustainable from the outset. The ongoing reforestation in Paraguay – where Paracel is planting more than 100 million trees – has an enormous CO<sub>2</sub>-binding effect and therefore a positive impact on the climate. The social impacts are also positive. Paracel is creating infrastructure, educational options and jobs; all of which means a developmental boost for northern Paraguay.



We had secured good prices for a part of our energy requirements with the aid of energy hedges. That more than paid off in 2022.”

Barbara Potisk-Eibensteiner,  
CFO



*Barbara Potisk-Eibensteiner:* We are also contributing our pulp expertise and experience in global sales to this project. It's a very long-term project for us. While we expect to sell the first pulp in 2025, the first dividends aren't expected before 2030.

**Translating words into action – the sustainable strategic alignment of HEINZEL GROUP was defined in 2021. What impact has 2022 had here?**

*Sebastian Heinzl:* We defined our vision, mission, and purpose back in 2021. In 2022, we developed our strategic plan for the period to 2030 based on this. We have narrowed the broad scope of sustainability down to those issues relevant to us. In future we will be focusing on five key areas: climate, renewable energy, water usage, employees, and sustainable, recyclable products.

*Kurt Maier:* The most important change in our strategy relates to the fact that our top priority is generating our own supplies of non-fossil energy rather than volume-based growth and expanding production capacity. We aim to continue growing, but sustainably, and on the basis of renewable energies. These are not only words. We have developed clear targets for this. Until now, every site had its own key performance indicators. In future, these will be managed group-wide.

*Barbara Potisk-Eibensteiner:* For example, we have started to focus on greenhouse gas emissions in all our plans and to take these into account in our monthly reporting. We are taking this seriously and also expect to see solid performance here.

**Is the goal of becoming a climate-neutral company in the midterm realistic?**

*Sebastian Heinzl:* Yes. We aim to make a contribution to combating climate change and also have set our sights on a clear path to achieving climate neutrality. It is possible to fully rely on energy from non-fossil sources. The roadmap for reducing our emissions in the coming years has been clearly defined, but there will need to be technological innovations in the 2030s if we are to reduce them further. What is important is that we act now.



We aim to make a contribution to combating climate change and have set our sights on a clear path to achieving climate neutrality.”

Sebastian Heinzl,  
CEO

*Barbara Potisk-Eibensteiner:* In the case of all our projects related to growth, we need to think in advance how they can be supplied with renewable energy. We already ask ourselves in connection with every project whether we will have enough energy, to run a paper machine for example.

**A circular economy and HEINZEL GROUP have always been closely connected in terms of the production of and trading in paper products. How do you regard this connectivity in a wider context and what is HEINZEL GROUP planning here?**

*Sebastian Heinzel:* We are already a key element of a circular economy today since our products are based on making new paper from recovered paper. The fact that we rely to a large extent on renewable energy sources here means a move away from the extraction of fossil-based energy in the direction of energy cycles. The next cycle which we need to close more fully relates to water usage. We aim to achieve a higher level of re-using water in our production processes.

**What are your goals and defined plans for the coming year? Do you have certain expectations in terms of further developments?**

*Barbara Potisk-Eibensteiner:* The economic climate as a whole has deteriorated considerably. It's going to be more difficult to achieve such good results in 2023. The weaker demand will therefore also be reflected in our financial results. Despite this, we are continuing with our major investment program. We can afford this thanks to our solid equity base and the financing already secured in connection with major projects. But we need to remain vigilant and flexible.



Our team has seen that we are commercially successful, and that also boosts confidence in the management team.”

Kurt Maier,  
COO

**Wrapping up: as the management team, what are you particularly proud of in 2022?**

*Sebastian Heinzl:* A lot happened last year, which is why there are several things we are proud of. We are especially proud of the fact that two major strategic projects have been launched and we have developed a new strategic plan for 2030.

*Barbara Potisk-Eibensteiner:* Yes, these successes are more important than our financial results. The market also played a role in our commercial success.

*Kurt Maier:* We have managed the recent crises well – both the COVID-19 and the energy crisis. We have also managed to look after our valuable employees in these uncertain times. And we are utterly determined to also do this in future.



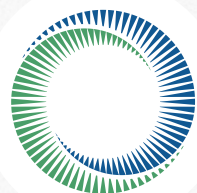
**BEST  
MANAGED  
COMPANIES**  
2022

HEINZEL GROUP again received the award as one of **Austria's 'Best Managed Companies'** in 2022.

This award is granted after a detailed analysis by an independent jury of experts in the course of the Best Managed Companies competition, which is conducted by Deloitte and Raiffeisenlandesbank Niederösterreich-Wien.

This competition evaluates medium-sized enterprises in the areas of governance & finance, strategy, productivity & innovation, as well as culture & commitment. The award acknowledges the outstanding performance of companies and their management teams.

## HOW WE WORK



### WE STRIVE FOR EXCELLENCE

- » A working environment which encourages top performance
- » Teamwork and knowledge transfer
- » Space for ideas and innovation

### WE ACT RESPONSIBLY

- » A fair and professional environment
- » An open and solution-oriented error culture
- » Occupational health and safety

### WE SHOW RESPECT

- » Interacting with integrity
- » Being honest and open in our communication
- » Developing individual skills



# Strategy 2030: our sustainable growth path

HEINZEL GROUP focuses on renewable energy for the production of sustainable packaging papers and pulp.

Walking the talk: In 2021, the management team of HEINZEL GROUP decided on a new strategic direction – with a new purpose, a new mission, and a new vision. Based on this, major projects and acquisitions, as well as the detailed planning of a new mid-term strategy, all followed in 2022. Entitled ‘Recreating Value: Our Sustainable Growth Path’, we have defined a series of ambitious business and sustainability targets for the period thru 2030.

HEINZEL GROUP works according to a tried-and-tested approach based on strategic mid-term plans. The last time such a plan was forged and successfully implemented was in 2016 and covered the period from 2017 to 2025. The changing business environment has made it necessary to reformulate this plan – and **the differences between the plan in 2016 and that in 2022 are significant**. Sustainability and energy are now the top priorities. For the first time ever, not only financial but also non-financial performance indicators, such as annual CO<sub>2</sub> emissions, are taken into account in the business plans.

A clear alignment with sustainability means focusing on renewable energy and biogenic materials in the energy-intensive paper and pulp sector. While HEINZEL GROUP was still looking at the downstream value-added chain to customers and distribution markets in its previous strategic period from 2017, the focus is now firmly on our supply chain. How and where can we secure long-term access to renewable energy sources and commodities such as timber and water? It is clear that switching from fossil-based energy sources to renewables requires energy-based upstream integration and major investments in producing energy in-house.

This strategic paradigm shift also has other consequences: It will only be possible and make sense to increase capacity levels of pulp and paper production at our sites if these can be produced with renewable energy. Given that not only HEINZEL GROUP but also much of the European economy is pursuing an active strategy of decarbonizing business, it can be assumed that competition for renewable energy sources will become more intense in future. This means that we

## PREVIOUS STRATEGY 2016

## NEW STRATEGY 2022

01

Capacity and volume-driven

Energy-driven

02

Sustainability as a side topic

Sustainability as the top priority

03

Opportunistic acquisitions

Acquisitions already made

04

Focus on specific sites

Focus on corporate group

05

Production focused on Europe

Production also global



need to optimize the use of our own resources and waste within HEINZEL GROUP – and therefore need to shift our focus away from individual sites to what’s good for, and collaboration within, the entire group.

In terms of downstream operations in our industrial division and following the announced withdrawal from producing graphic paper, our Strategy 2030 focuses on just three highly attractive market segments: containerboard, kraft paper and market pulp. All three offer growth potential thanks to the rising demand for nature-based, recyclable products.

Our trading segment is also pursuing strategies for sustainable, meaningful growth with a strong focus on risk diversification in commodity trading and on diversification in paper wholesaling. Our goal by 2030 is to produce more than two million metric tons of sustainable products per year and sell more than five million metric tons.

Based on these clear growth opportunities, our business strategy for 2030 highlights that we can raise the necessary funds for the major transformation towards sustainability. The transition to in-house production based on non-fossil fuels will require investing millions of euro, in new power plants for example. Work towards other sustainability goals, such as closing the gap in our water cycle, is also taken into account in our Strategy 2023. Sustainable growth based on plans and targets is possible – the roadmap already exists.

## SECURING RENEWABLE, NON-FOSSIL ENERGY

**PRIO 1**

### FINANCIAL TARGETS

**PRIO 2**

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

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

Maintaining revenues above three billion euro

### SUSTAINABILITY TARGETS

**PRIO 2**

CO<sub>2</sub> reduction (Scope 1 & 2) of around 40%

Net-zero by 2050

Reduction of freshwater consumption

Focus on sustainable products

New HR-related KPIs

### PORTFOLIO TARGETS

**PRIO 2**

Parallel further development in industry and trading segments

Production focus on containerboard, market pulp & kraft paper

Risk diversification in commodity trading and wholesale business

#### **In addition:**

- Mitigating the impacts from climate change
- Securing supplies of timber and water
- Strengthening innovation

# Sustainability management

HEINZEL GROUP pursues sustainability goals in all its business segments. In 2022, the key sustainability topics were identified with the aid of a new sustainability organizational unit, and both goals and KPIs were defined in order to achieve progress.

## Commitment to the sustainability goals of the United Nations

The Agenda 2030 for Sustainable Development is a framework developed by the United Nations encompassing 17 goals aimed at dealing with social, environmental and economic challenges and promoting sustainable development at all levels. These goals, also referred to as global goals, cover a wide range of areas, from fighting poverty and education to gender equality and climate change. HEINZEL GROUP is firmly committed to the sustainable development goals (SDG) of the United Nations.

The SDGs form a framework for the day-to-day operations of HEINZEL GROUP and are also the basis for sustainable activities. The company has defined eight SDGs as being relevant to its business and areas in which it can make the most significant contribution. The most important issue-related areas for HEINZEL GROUP were prioritized in 2022 in the course of a materiality analysis and linked to the SDGs.

## Involvement in sustainability initiatives and organizations

HEINZEL GROUP and its subsidiaries have provided financial support and expert knowledge on a voluntary basis to numerous sustainability initiatives and organizations for many years (see selection on next page).





**OUR PARTICIPATIONS**

**4evergreen alliance:** A network focusing on the sustainability of fibers in packaging materials

**Graduate Association of the Steyermühl Paper Makers**

**Acad. paper engineers association Graz:** A network connecting students from the Graz University of Technology and Industry

**Austropapier:** The association of the Austrian paper industry

**CEPI:** The association of the European paper industry

**EUGROPA:** European paper merchants association

**Initiative Klimapioniere:** A platform for energy and environmental technologies, circular economy, resource efficiency, and decarbonization

**Kraft. Das Murtal:** A platform for mutual inspiration, shared learning and joint development in various industrial sectors in the Murau Murtal region

**MURREAL:** Piloting the energy transition and making the process transferable to other regions of Austria

**respACT:** Austrian business council for sustainable development

**Science Based Targets Initiative:** Defining science-based targets for emissions

**V.EFB:** An association awarding certificates to specialist waste disposal companies

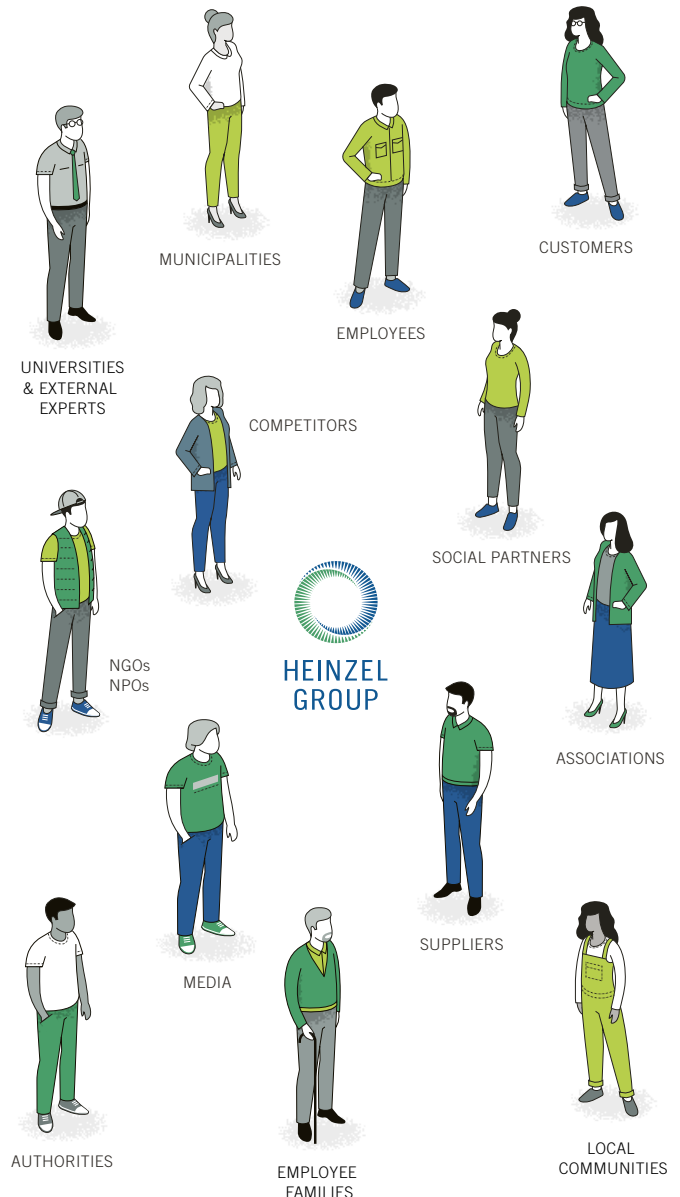
**World Energy Council:** Degrees, workshops, and events related to the issue of energy

**COOPERATIONS WITH UNIVERSITIES**

Tallinn University of Technology, University of Graz, University of Natural Resources, Life Sciences Vienna and Estonian University of Life Science

**Integrating stakeholder feedback**

HEINZEL GROUP regards maintaining excellent stakeholder relationships as being particularly important. Besides employees, the most important stakeholder groups include customers, suppliers, local communities, families as well as banks, public authorities and environmental associations. Relationships based on mutual appreciation, respect, and trust are maintained with all these stakeholder groups. As an integral element of an open communication policy, stakeholders are approached and regularly encouraged to take part in a dialogue in order to understand the expectations of partners, identify potential improvements, and implement specific action.



Stakeholders of HEINZEL GROUP

## OUR MATERIALITY ANALYSIS PROCESS

01

### Identifying

- Evaluation of sustainability frameworks
- Benchmark analysis
- Management interviews

02

### Evaluation

Topics consolidation with the management team: 12 key topics

### Identifying

The process of developing a materiality matrix based on **i** double materiality was carried out in three steps and started with a comprehensive analysis of the activities and processes of HEINZEL GROUP. All relevant environmental and social topics related to the business activities of HEINZEL GROUP were identified, evaluated, and clustered.

In order to determine the relevant sustainability topics, HEINZEL GROUP initially evaluated and summarized the topics highlighted by numerous internationally recognized frameworks, such as for the OECD Guidelines for Multinational Enterprises, SDGs, GRI, ISO 26000, WBCSD, b-corp, and ESRS. In addition, an in-depth analysis of competitors' sustainability topics was also performed in order to identify current trends in the industry.

After allocating the sustainability topics to subgroups, these were then consolidated by the management team and further issue-related areas discussed which should also form part of the double materiality assessment.

### Evaluation

Following extensive preparation work, a total of 12 key topic areas were defined for HEINZEL GROUP. During the course of the annual group management meeting, these 12 topics were discussed and assessed in order to evaluate their relevance to the entire corporate group and to determine the key focus areas for future work related to sustainability.

The 12 topics were discussed by four independent teams and classified. Two teams were involved in the

evaluation of the **i** impact materiality, and a further two teams considered the **i** financial materiality. Although the teams worked independently of each other, they came to the same conclusions regarding the prioritization of the topics, which underlines the validity of the evaluation process and the topic-related areas defined. The outputs of the workshops were instantly presented to group-wide management in the course of the group management meeting.

### The result – our materiality matrix

The double materiality matrix covers both financial aspects, influencing the company's financial position and financial results, as well as the company's impacts on the environment and society. This now serves HEINZEL GROUP as a guideline for identifying and prioritizing sustainability-related initiatives and monitoring the Group's progress towards achieving its sustainability goals. It is regularly reviewed and updated in order to ensure that it is always up-to-date and optimally supports the sustainability strategy of HEINZEL GROUP.

Applying the materiality matrix makes it possible to organize the important topics based on priorities and to address these in turn.

Priority 1: Report and Manage

Priority 2: Report

Priority 3: Currently less important, and not covered by reporting, it is of course worth mentioning that numerous steps have also been taken in connection with Priority 3 topics.

03

**Prioritization**

- Workshop in group management meeting
- Impacts on the environment and society
- Financial aspects

Result

Our materiality matrix





## EFFICIENT ORGANIZATION OF SUSTAINABILITY MANAGEMENT

A new organizational structure for the Group Sustainability Team was approved in the course of the Group Management Meeting of HEINZEL GROUP in September 2022 – with a clear focus on the implementation of the Company’s sustainability strategy.

### Sustainability Steering Committee (SSC) Heinzel Holding GmbH

Chaired by CEO Sebastian Heinzl, the board members of the Heinzl holding company form the Sustainability Steering Committee, which is responsible for determining and monitoring the sustainability strategy of HEINZEL GROUP.

### Group Sustainability Manager

The Group Sustainability Manager is responsible for implementing and monitoring the sustainability action plans of the entire HEINZEL GROUP.

“ We are the last generation who can combat climate change. At HEINZEL GROUP, we are passionately committed to having a positive impact on the planet and its environment so that future generations can also enjoy quality of life.”

Hannes Thaler,  
Group Sustainability  
Manager HEINZEL GROUP



### General Manager

As board members / managing directors, the general managers of group subsidiaries are responsible for defining and monitoring the specific local sustainability strategy.



### Global Sustainability Team

The Global Sustainability Team consists of the Group Sustainability Manager and the Unit Sustainability Managers of the subsidiaries. This team is tasked with combining the strategy, goals, KPIs, and actions related to sustainability as well as supporting the Sustainability Steering Committee.

“Sustainability is an issue that every individual and every company needs to consider.”



Triin Padonik,  
Estonian Cell

“As a father of three, I have a personal interest in ensuring that sustainability is the key focus of our thoughts and actions.”



Walter Davit,  
Bunzl & Biach

“My motivation for being part of the team is making a sustainable contribution to improving the world in the interests of its inhabitants.”



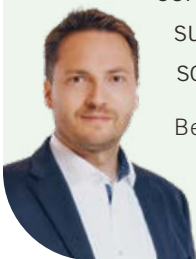
Alois Kunschert,  
Raubling Papier

“I am passionate about integrating sustainability into the core of our business activities and way of life.”



Valerie Maitre,  
heinzelsales

“HEINZEL GROUP meets all the requirements for making a key contribution to a more sustainable future for our society.”



Bernhard Schmid,  
Zellstoff Pöls

“I see change as an opportunity to develop and implement innovative solutions.”



Jakob Simonsen,  
Europapier

**7 Unit Sustainability Managers**

The Unit Sustainability Managers are tasked with implementing sustainability topics at their respective companies.

“We need a combination of minor optimizations and major transformation projects in order to be successful.”



Thomas Strauss,  
Laakirchen Papier

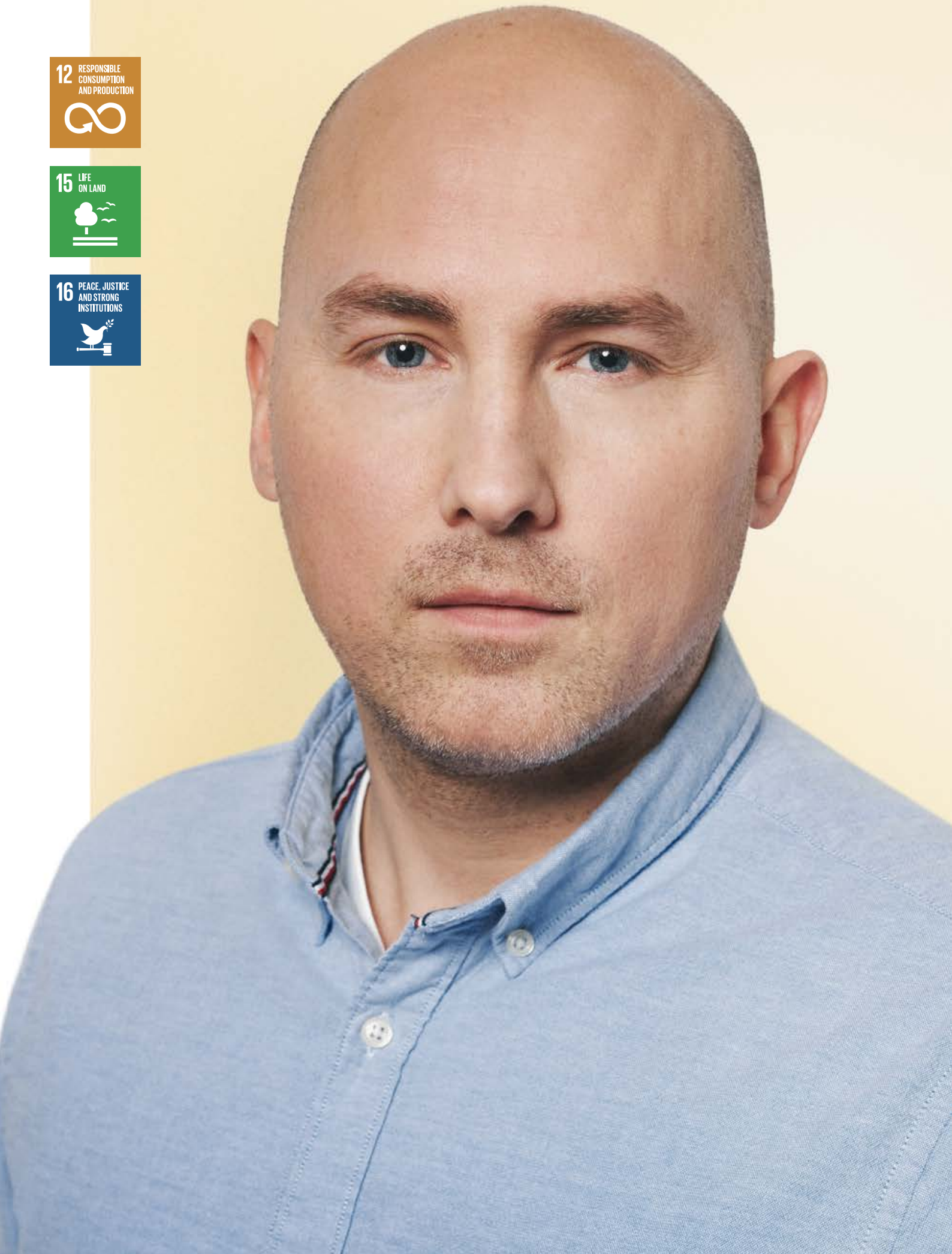
12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



15 LIFE  
ON LAND



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



RECREATING VALUE FOR

# OUR PARTNERS

“For me, commitment means concentrating on the grand scheme of things.”

**Florian Lopaur,**  
Key Account Manager, Moderne Verpackung

Our declared objective is to offer customers a sustainable alternative based on the best available technologies and materials for every product and every application. Our environmental catalogue forms a sound basis here.

More about “Responsible trading” .....	38
Sustainable and Circular Products .....	32
Sustainable Value Chain .....	40
Fair Operating Practices .....	44



**100%** of timber from certified forests\*



**0** cases of corruption 2022\*\*

\* incl. EUTR requirements

\*\* as in previous years





# 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 E4 – Resource and Circular Economy

ISO 14067

ISO 14044

## TARGETS

Performing lifecycle analyses for our most important products

Continually reducing the CO<sub>2</sub> footprints of our main products

Maintaining the high proportion of recycled and renewable materials used

Consolidating the high proportion of recyclable or renewable products sold

Reducing the specific amount of waste per metric ton of products manufactured

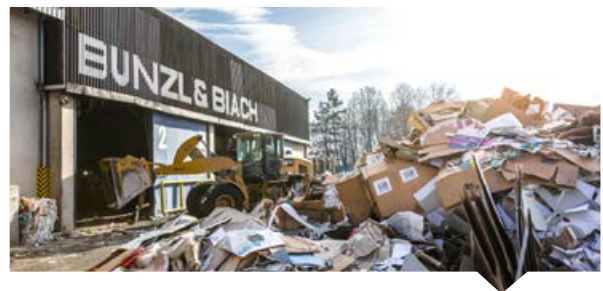
Increasing the share of waste which is materially or thermally recycled

### HEINZEL GROUP relies on recycled packaging papers to protect the environment

HEINZEL GROUP has been putting sustainability and recycling into practice for decades, constantly striving to further develop its recyclable products based on renewable resources, and offering customer-specific solutions. The use of regrowing natural materials and recovered paper maximizes the potential for a sustainable and circular product portfolio. HEINZEL GROUP constantly aims to optimize its processes in order to avoid and minimize quantities of waste material and the use of resources. The water required is treated before being returned in a clean state to rivers, the chemicals used are recycled, and by-products are thermally recycled as renewable energy.

In order to focus even more on the environment, HEINZEL GROUP concentrates its paper production activities on recycled packaging papers, for instance. This entails converting paper machines and making major investments to create high-performance ma-

chines for the production of light-weight containerboard made from 100% recycled paper.



Recovered paper from Bunzl & Biach is used to make containerboard at our mills in Laakirchen and Raubling.

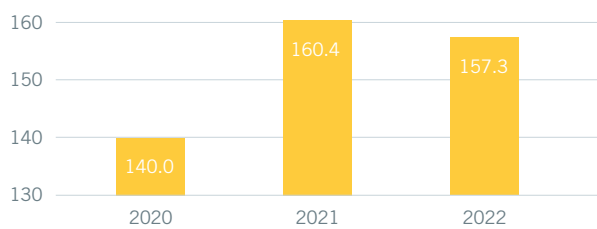
**Share of recycled and renewable materials used increases to 95%**

Production is increasingly relying on efforts to boost the share of recyclable and/or renewable materials. For example, the share of recycled or renewable materials used for production purposes at HEINZEL GROUP increased by 0.2 percentage points in 2022, to 95%.

**Overall volume of by-products produced**

The total volume of by-products produced at HEINZEL GROUP amounted to 157,345 metric tons in 2022. This compares to the 160,369 metric tons produced in 2021. There were two particularly relevant developments at the group level during the year under review. While in Pöls, the volume of bark and timber waste and the production volume of tall oil increased by a total of 10,000 tons, at the Kunda site the overall volume of by-products fell by 14,000 metric tons due to lower production levels and more bark was needed in order to mix this with production sludge to make compost [refer to “Long-term collaboration with the Estonian University of Life Sciences”](#), page 36.

**Total volume of by-products produced [metric tons k]**



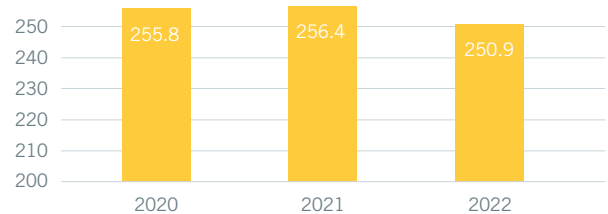
**Significant reduction in total amount of waste**

The total volume of waste materials in the reporting period 2022, amounting to 250,879 metric tons, can be regarded as relatively limited given the overall volumes produced at HEINZEL GROUP, consisting of 488,381 metric tons of pulp and 1,036,231 metric tons of paper. Around 70% of the waste generated is residual material from recovered paper processing in Laakirchen and Raubling. This includes fiber residues (sorted out mineral materials), plastics (used to coat paper) or metals (such as paper clips), which are sorted out when waste paper is delivered and sent for material or thermal recycling.

The 5,570-metric-ton reduction in the total amount of waste compared to the prior year is mainly attributable to the lower utilization of production capacity at the Laakirchen and Raubling sites as well as the drop in the volume of green sludge in Pöls.

A total of 98.3% of waste was thermally or materially recycled in 2022. This figure has been constant for years and increased by 0.3 percentage points compared to the prior year.

**Total volume of waste [metric tons k]**

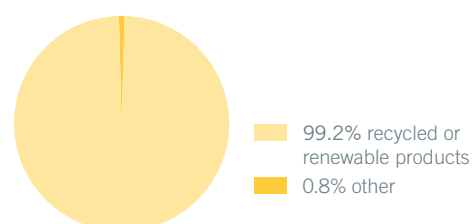


**More than 98% of waste is thermally or materially recycled.**

**99.2% sales share of recyclable or renewable products**

For years, HEINZEL GROUP has been able to maintain a remarkable 99.2% revenue share (in metric tons) of recyclable or renewable products; and 2022 was no exception. This is due to the fact that our main starting materials, timber and recovered paper, are both renewable and recyclable. The few exceptions here relate to plastics and hygiene products which are not made of renewable materials.

**Sales share of recyclable or renewable products [%]**





Starkraft Shopper - the paper for shopping bags produced at our Raubling mill.

# Starkraft Shopper – for sustainable paper carrier bags

Successful projects – such as the paper carrier bag project currently ongoing at Raubling Papier GmbH in Bavaria – are the key to integration between HEINZEL GROUP companies. Because the recycled paper required for this comes from Chiemgau Recycling.

Raubling Papier GmbH regularly extends its product portfolio and has been producing paper carrier bags made from recovered paper and pulp since 2022. The volume of investment required to perform the necessary conversion work amounted to around EUR 5 million.

In order to optimize the production processes, numerous changes had to be made to the paper mill and the associated systems to safeguard quality assurance and automate the various production steps. Optimizing the production processes also entailed purchasing new systems. For example, the site now has a new automated core cutting machine and a new packaging plant.

## Two variants with different quality standards

The brand Starkraft offers two quality standards for sustainable paper carrier bags: one is made exclusively from 100% recovered paper while the other has a pulp top layer.

The valuable secondary raw material recovered paper needed for production purposes is supplied by Chiemgau Recycling, a subsidiary of Bunzl & Biach, which has its site directly adjacent to the paper mill. Bunzl & Biach has been one of the largest and most important traders in recovered paper and a service provider for 150 years and part of HEINZEL GROUP for nearly a decade.

## Closing the loop by making new from old

The carrier bags made from recycled paper are more environmentally friendly than most conventional alternatives. They contribute to saving valuable raw materials and enable consumers to completely do without products made from fossil-based commodities. Besides this, they can also be collected and recycled after use to serve as the basis for new paper carrier bags.



We are diversifying our product portfolio in the interests of the rising number of environmentally sensitive customers.”

Andreas Braun,  
Project Manager  
Raubling Papier GmbH



We close the product lifecycle by collecting and supplying recovered paper as a valuable raw material.”

Uwe Petersen,  
General Manager  
Chiemgau Recycling GmbH





Aspen bark is used today for composting. Rain Pärn, CTO of Estonian Cell, is searching for solutions to increase value added and in future use the bark to produce bio-energy.

# Long-term collaboration with the Estonian University of Life Sciences

The successful collaboration between the Estonian University of Life Sciences and AS Estonian Cell is the key to developing sustainable solutions in the areas of waste management and environmental technology.

For the past 12 years, this cooperation has allowed Estonian Cell to access the results of advanced research activities.

## New experiments

In June 2022, Estonian Cell, together with the Estonian University of Life Sciences and the water supply and wastewater treatment company Järve Biopuhastus started a new series of experiments related to the utilization of the residues generated in the pulp production process. The purpose of these trials was to determine whether improved composting technology and conditions can fulfil the stabilization requirements defined in the relevant legislation.

## Check composting process

The tests have demonstrated that sewage sludges have a very high concentration of organic substances, with these largely consisting of pulp fibers. Sufficient humidity is a key precondition for the composting process since this promotes the activity of the microorganisms which are responsible for the degradation process. The temperature also plays

an important role in ensuring that the microorganisms work under optimal conditions so that the degradation process is fast and efficient.

## Good compost from the factory

Parallel to the investigations of the stabilization process, research work has also been ongoing with the experts from the chair for soil science over the past two years to investigate the impact of the use of the compost made in the factory as a fertilizer. This entailed assessing and evaluating the flows of nitrogen and phosphorus in the soil, the possible risk of washout, and the yields of certain plant species fertilized with compost and grown on various soils.

## Positive results

The results of the investigations have clearly shown that using compost made from production waste as a fertilizer has no negative impacts on the nitrogen concentration of the soil even when applied in very high volumes. The scientists were also able to demonstrate that there were no significant impacts of using

compost as a fertilizer on the risk of nutrients being washed out of the soil. Using compost as a fertilizer therefore represents a safe and sustainable method of increasing soil fertility without having any negative impacts on the environment.



The positive result of the research work, providing assurance that using compost as a fertilizer is a safe and sustainable method of increasing soil fertility, is an important milestone for AS Estonian Cell.”

Kersti Luzkov,  
Environmental and Quality  
Manager, AS Estonian Cell





Whether in sales, product management, or in the warehouse: At Europapier and its subsidiaries, the focus is on diversifying a sustainable product range.



# Responsible trading

The Europapier product range includes a wide variety of sustainable alternatives. This is how the trading company of HEINZEL GROUP makes an important contribution to protecting the environment and raising awareness within society.

## Increasing numbers of certified products

Europapier is consistently increasing the share of FSC®/PEFC-certified and recycled products in its paper and packaging portfolios. That's why the company aims to establish ranges of environmental options in every product category in the midterm.

## Environmental catalog

Entitled 'Sustainably Innovative' (German: Nachhaltig innovativ), this catalog relies on more recycled and innovative paper solutions in its product range to encourage customers to make sustainable decisions when selecting their packaging materials. Numerous products and innovations make it possible for consumers to opt for environmentally friendly solutions.

For example: Kraft paper shipping bags made of water-proof 100% recycled special paper provide an excellent alternative to plastic bags for shipping items of clothing. The patented Geami system, a cushioning system made of paper, also protects the contents against scratches and minor friction-related damage to the surfaces. This makes

it possible to fully do without bubble wrap in the shipping process

[More innovative product ideas can be found in this German-language catalog.](#)



## Green product range in Czech webshop

Europapier's Czech webshop offers its customers a wide range of sustainable paper products. The product range consists not only entirely of 100% recycled paper but also includes a wide variety of other environment-friendly options. As in the case of other similar products offered by Europapier, the target group here is major customers.

[To the webshop](#)



RECREATING VALUE  
FOR OUR PARTNERS

## Florian Lopaur

has been a key account manager at Moderne Verpackung / Europapier for six years. "For the past three or four years, customers have been increasingly looking for alternative and more environment-friendly packaging solutions," he confirms. "Fortunately, the price is no longer the only decision-making criterion." Demand for sustainable papers is rising and rising, much to Florian's delight: "This trend can no longer be stopped," he is convinced.







# SUSTAINABLE VALUE CHAIN

We strive to use only certified wood from sustainably managed forests.

FRAMEWORKS	TARGETS
ESRS S2 – Workers in the value chain	Production: Ensuring that all timber continues to come from sustainably managed forests (FSC®, PEFC & EUTR requirements)
FSC® and PEFC	Production: Further increasing the share of pulp from sustainably managed forests (FSC® or PEFC)
EUTR	Trading: Increasing the share of pulp and paper certified as sustainable (FSC® or PEFC)

### 100% of timber from certified forests

HEINZEL GROUP is an important player in the forest value chain and attaches considerable value to acting sustainably. The company regards itself as bearing co-responsibility for flourishing forests, a healthy environment, and a functional biosphere, which is why it actively works to combat climate change. HEINZEL GROUP exclusively uses timber from certified and monitored forests, preferably from regional sources in the vicinity of its production sites. Here, the company relies on timber from forest thinning and other materials which are not suitable for processing in the furniture manufacturing sector. By-products from sawmills are also used to meet the demand for timber.

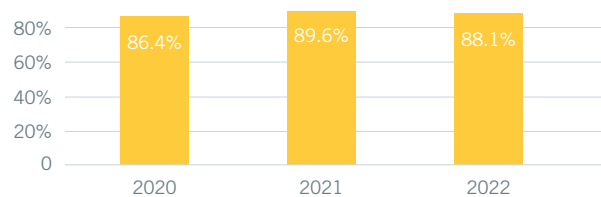
Timber used by HEINZEL GROUP complies with the requirements imposed by certification systems such as the Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification (PEFC), and the European Union Timber Regulation (EUTR).

### High requirements with regard to pulp

A significant proportion (88.1%) of pulp sourced by HEINZEL GROUP for use in its in-house paper produc-

tion activities is also FSC® or PEFC certified. This clearly demonstrates the commitment of HEINZEL GROUP to responsibly sourcing its raw materials. Nonetheless, we still see untapped potential to further increase the share of certified materials.

Percentage of pulp/fibers sourced with FSC® or PEFC certificates [%]



As a member of [i EPIS](#), HEINZEL GROUP has been supporting its #GreenSource initiative since 2020. This organization promotes the role of the timber processing industry in reaching the EU’s net-zero target. Managing timber resources responsibly is also essential to reaching global climate targets and forms part of HEINZEL GROUP’s sustainability strategy. [refer to “Climate Change”, page 62](#)



# 100%

timber from certified and  
monitored forests







Planting 185,000 hectares of forest has already begun.



This pioneering project pursues two goals in parallel. On the one hand, we are securing access to valuable resources of sustainable pulp for numerous applications in day-to-day life, and, on the other, we are contributing to binding CO<sub>2</sub> emissions from the air in forests by means of one of the world's largest reforestation projects.”

Sebastian Heinzl,  
CEO HEINZEL GROUP





# More than 100 million trees for the first pulp mill in Paraguay

Together with South American and European business families, in 2022 HEINZEL GROUP invested in a landmark sustainable forestry and pulp production project in Paraguay.

This is truly pioneering work. Millions of trees have been planted since 2019 in connection with this so-called Paracel project to build the first pulp mill in this South American country; ultimately it will be more than 100 million trees. Last year, HEINZEL GROUP became a strategic investor in Paracel and is making available its industrial expertise as well as its extensive distribution experience in the global pulp markets to help make this project a success.

## Strong partners

HEINZEL GROUP is one of several European and local entrepreneurial families investing in the largest private industrial project in the history of Paraguay. Also on board are the founders and largest shareholders, the Paraguay-based Zapag Group, as well as the Swedish project developers of the Girindus Group, which is also family-owned. In the coming years, the partners will be working hard together to construct the world's most modern and sustainable pulp mill; one with an annual production capacity of 1.8 million metric tons. The launch

is planned for the second half of 2025 and, once the project has been fully implemented, HEINZEL GROUP will hold 25% of shares in Paracel and be responsible for a major proportion of pulp sales.

## 185,000 hectares of forests

This pulp project is based on the forestation of no fewer than 185,000 hectares of land owned by Paracel. Of this degraded fallow land previously used for raising cattle, 60% will now be planted with Eucalyptus and the remaining 40% dedicated to maintaining and restoring natural forests. The reforestation will have a massive CO<sub>2</sub>-binding effect which will be regularly and scientifically documented.

## Positive impact on the environment

Not only the climate benefits: The use of water resources in forestry is significantly lower than that in the agricultural sector. Paracel's dedicated strategy of boosting biodiversity in the region is also already bearing fruit. The creation of thousands of direct and indirect jobs in northern Paraguay in the

mid-term also entails a major boost to social development and improved living standards. The environmental and social risk assessments based on the [i](#) IFC Performance Standards and the applicable [i](#) EHS guidelines required in connection with the project have already been completed. Work is also being closely coordinated with local NGOs and WWF Paraguay in order to guarantee the protection of the environment and the local population.

## Preparatory construction work for the green pulp mill

Major steps have already been taken associated with building the mill. The planning phase has been completed, building permission obtained, and the ground at the site levelled. The processing equipment and energy-efficient production technologies for the plant are to be supplied by the Austrian technology group Andritz. The plant is being designed as a BAT factory, meaning it relies on the best technologies available in the 21<sup>st</sup> Century and, once operational from 2025, will refrain from using any fossil fuels.





# FAIR OPERATING PRACTICES

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

## S FRAMEWORKS

ESRS G1 – Business conduct

Universal Declaration of Human Rights (UNO)

European Convention on Human Rights (European Council)

Conventions of the International Labour Organization (ILO)

Multinational guidelines (OECD)

## 🎯 TARGETS

All relevant employees are trained in anti-corruption and anti-bribery (training and self-assessment)

Still no violations of anti-corruption or anti-bribery legislation

No financial and in-kind political contributions to political parties also in the future

Payment behavior of HEINZEL GROUP is to remain on a high level

### Strong customer relationships

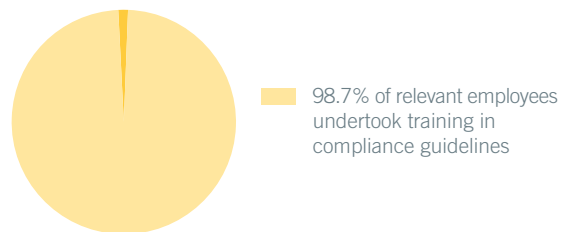
HEINZEL GROUP strives to promote fair and responsible business practices and attaches considerable importance to transparency in all areas. Maintaining customer relationships in 112 countries means having to deal with different legislative systems, cultures, and business norms. This diversity is an important element of our day-to-day business requiring our teams to continue working to ensure a high degree of integrity in all business practices. HEINZEL GROUP promotes respect-based and sustainable customer relationships and rejects all forms of corruption and collusion. For many years we have been establishing a set of compliance rules which help differentiate between ethical and unfair business practices. Employees are regularly trained in compliance with these rules.

### Maintaining integrity

Preventing and exposing (whistleblowing) cases of corruption and bribery is of particular importance to HEINZEL GROUP. In 2022, 98.7% of relevant employees undertook training in compliance guidelines, equivalent to an increase of 0.6% compared to the prior year. Our aim is to increase this figure to 100%.

There have been no cases of corruption or bribery at HEINZEL GROUP in recent years; neither among the workforce nor our business partners. There have also been no convictions or fines due to violations of anti-corruption or bribery legislation.

### Training in compliance guidelines [%]



For many years, HEINZEL GROUP has been an active member of Austropapier, an association of the Austrian paper industry which has been representing the interests of its members for 150 years. Besides this affiliation, HEINZEL GROUP does not engage in any political lobbying activities. There have not been any financial and in-kind political contributions in the past and there are no plans to change these principles.

### Excellent payment behavior

HEINZEL GROUP demonstrates respect vis-a-vis its business partners and guarantees to continue fulfilling its financial commitments fully and in a timely manner in order to remain a reliable partner in future. Employees are informed about the importance of correct payment practices and act appropriately in order to ensure that average settlement periods remain short.

#### HEINZEL GROUP GUIDELINES, POLICIES, AND RULES

Code of Conduct

Anti-Corruption Guideline

- Guideline for gifts, invitations, and hospitality
- Principles Agency Agreements
- Principles of handling donations and sponsoring measures

Policy on Business Irregularities

Competition Compliance Manual

GDPR Policy

Money Laundering Policy

Payments Policy

Treasury Operating Guideline

Trade Secrets Policy

#### OUR PRINCIPLES OF A BUSINESS RELATIONSHIP WITH INTEGRITY

We want to comply with all applicable laws and regulations.

We will respect the Universal Declaration of Human Rights.

We want to avoid actual or perceived conflicts of interest, whether involving ourselves or close relatives.

We will not participate in, accept or foster direct or indirect, active or passive bribery, corruption or fraud.

We will not offer, give or receive any gifts or hospitality which is intended, or may be construed, as a bribe, or which may place, or be perceived to place directly or indirectly the recipient under an obligation towards the party offering or giving such gift or hospitality. Reasonable and proportionate business-related modest gifts or entertainment that are business courtesies and that is conducted in the best interest of HEINZEL GROUP and fosters business discussions and relationships may be accepted.

We will protect all HEINZEL GROUP equipment, property and information from loss, disclosure or misuse and they will not be provided for the personal or discretionary use of customers, public officials and in dealings with the private sector.

We will not make any political donations, contributions or incur any political expenditure, in any form, whether to political parties, causes or to support individual candidates.



Holistic compliance-related work aligned to our corporate values helps mitigate risks and boosts the trust that our customers, business partners, and stakeholders place in us.”

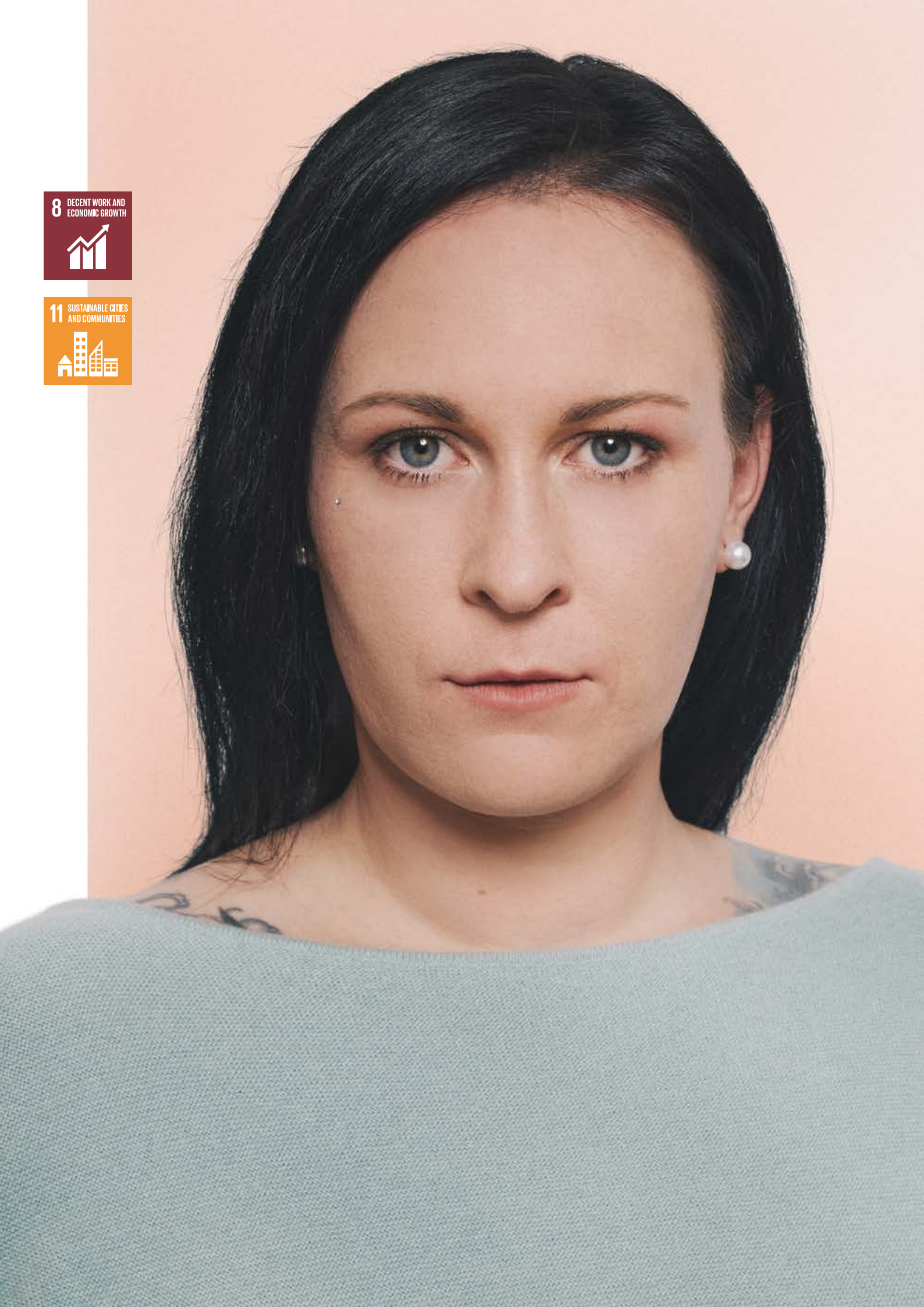


Klaus Vlach,  
Group Compliance Officer

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



RECREATING VALUE FOR

# OUR PEOPLE

“For me, commitment means breaking new ground despite facing challenges.”

**Christina Galler,**  
Machine Operator, Zellstoff Pöls AG

Being a woman in a typically male-dominated profession comes with major challenges. Christina – Austria’s first female paper machine operator – leads the way as a role model and one that many will hopefully follow.

More about “Tomorrow’s talents” ..... 51

Good Employer ..... 48

Engaged Corporate Citizen ..... 56



**10.9 years**

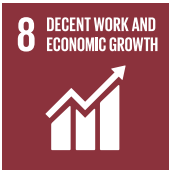
Length of service at the company averages



**30,916**

Households supplied with heat and electricity





# GOOD EMPLOYER

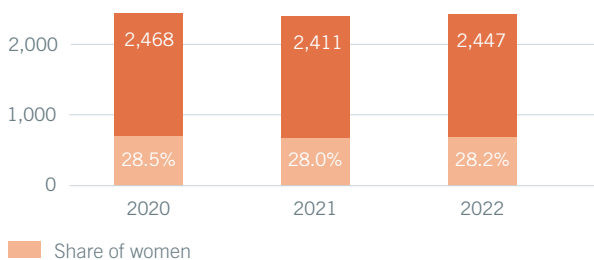
We care about the wellbeing of our people.

§ FRAMEWORKS	🎯 TARGETS
ESRS S1 – Own workforce	Guaranteeing the health of employees
ISO 45001:2018	Focusing on employee engagement
Local labor law	Investing in tailor-made personnel training
	Expanding the training program for apprentices and managers
	Focusing on gender equality, including equal pay

### Committed to success – our team

HEINZEL GROUP lives by its values of responsibility, respect, and excellence; values which are also reflected in our multicultural workforce. The Team at HEINZEL GROUP is made up of 2,447 employees – 28.2% of whom are women – coming from no fewer than 42 different countries. This diversity, regardless of gender, age, origin, religion, or sexual orientation, is the key to the Company’s strength. HEINZEL GROUP offers jobs with a purpose, including opportunities to act based on one’s own responsibility. Equal opportunities and open communication are key elements of our working culture. We are all united by our common values: Responsibility, Respect, and Excellence.

### Total workforce [n°]



In addition to the following pages, you can also find further information in the section on employees on page 89 of the Consolidated Management Report.

### Occupational safety

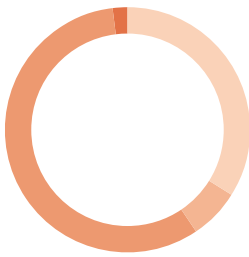
Occupational safety, employee protection, and health are top priorities at HEINZEL GROUP and are all guaranteed by a wide range of safety measures. We have established dedicated health and safety officers who oversee the implementation of these measures and take care of employee well-being and safety. Besides the occupational healthcare in place at our sites, we also actively promote the physical and mental health of our employees. In addition, we rely on regular audits and daily organizational improvements to achieve our goal of ‘zero accidents at work’.

Current statistics indicate that there were 9.11 recordable incidents for every million hours worked in 2022. Particularly worth mentioning in this context is the subsidiary Estonian Cell, where there were no occupational accidents in 2022. Despite the additional work safety steps



implemented at the Pöls site, there was a fatal accident in 2022. We deeply regret this incident.

### Number of incidents



- 20 Workplace injuries without lost time (LDA0)
- 4 Workplace injuries with 1-3 lost days (LDA1)
- 34 Workplace injuries with >3 lost days (LDA2)
- 1 Fatal accident



### LAAKIRCHEN PAPIER

## ACCEPTING RESPONSIBILITY: SAFE4YOU

The safe4you project was launched in January 2022. After accident statistics at Laakirchen Papier AG stagnated despite intensive efforts, the safe4you project was instigated with support from DuPont as a partner. With the aid of various assessments, all of the areas and processes at the plant were investigated and documents analyzed to systematically identify numerous potential means of improving occupational safety. Specific steps were then defined based on these findings and these are now being successively implemented.

One of these involved establishing so-called golden rules for dealing with occupational safety. These rules were developed in the course of workshops and now remind employees about compliance at various locations on site. The occupational safety workflows at the company were also revised and integrated into the management system with the aim of establishing a pro-active occupational safety management body. Furthermore, an information campaign was also launched which is intended to raise awareness of risk assessments and risk mitigation among employees.

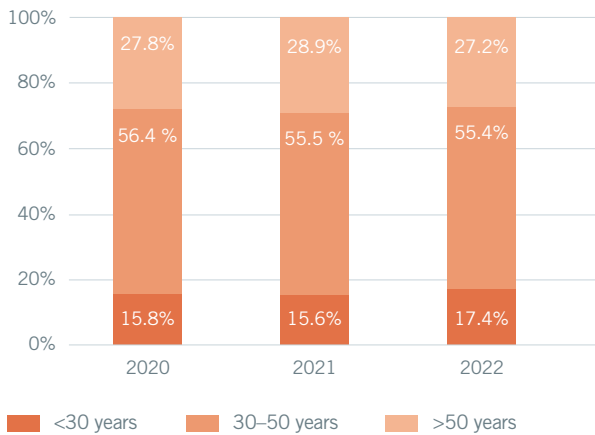
An intensive coaching phase for managers has been ongoing since the start of 2023 with the aim of organizing the rollout of the issues developed in all areas and at all levels of the company.

The safe4you project steps currently being implemented are far from over and will be ongoing at the Laakirchen Papier AG site over the coming years. The constant reviewing and updating of internal processes, attitudes, and procedures are the only way of achieving the goal of zero occupational accidents. It's a lot of work, but worth it.

### Generation mix as success factor

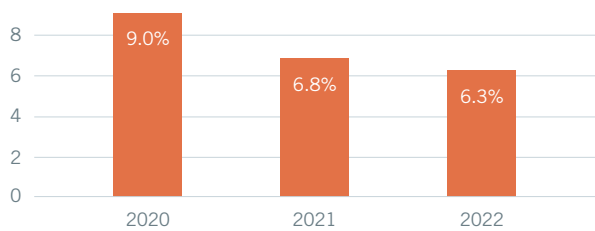
Age diversity at the company offers many advantages. Older employees often provide in-depth knowledge and experience, while younger employees act as a source of innovative ideas and new approaches. The age structure at the company is well diversified. 17.4% of the workforce aged under 30 work alongside 27.2% aged over 50. The remaining 55% in the team are aged between 30 and 50.

### Workforce ages [%]



As a family-managed company, HEINZEL GROUP embodies stability and identification, which in turn promotes loyalty to the Company and in some cases this extends across several generations of a family. Length of service at the company averages 10.9 years, with a correspondingly low fluctuation of 6.3%. The significant reduction in fluctuation across the entire Group in the past two years is mainly due to various HR measures taken by Europapier.

### Fluctuation [%]



Whether in the laboratory at Estonian Cell or in a meeting at Europapier: mutual respect is the key to achieving common goals.

### Benefiting from experience

Our commitment to our employees is reflected in their above-average length of service. Many employees spend their entire working lives at HEINZEL GROUP. A good example of this is Hans Richter, in the laboratory in Pöls, who has been working at Zellstoff Pöls for nearly 47 years and who knows the company inside out. Hans has no end of expertise which he can exploit not only in the laboratory but also when presenting the site to third parties. He loves passing on his expertise and experience to the younger generation and therefore supports the long-term development of the Company. Cross-generational knowledge transfer allows us to ensure that important information and experience doesn't get lost and that the Company is also successful in future.



For me, my work is not just doing a job, it's a calling in life."

Hans Richter,  
laboratory staff,  
Zellstoff Pöls AG



### Tomorrow's talents

Creating career path opportunities for up-and-coming talents forms a key element of personnel management at HEINZEL GROUP. This entails offering employees a wide range of career opportunities consolidated by regular training, tailor-made educational programs and personal development plans. The main focus areas of the group-wide efforts to promote talent are tailored to the specific needs of trainees, specialists and university graduates.

### Christina Galler, Machine Operator, Zellstoff Pöls AG

Christina works as the HPM1 on Paper Machine 2 at Zellstoff Pöls AG and is responsible for quality-related paper production. She supports the machine operator(s) and performs sampling procedures. In this role, she covers for colleagues when they are on vacation or sick leave. This job requires many attributes, all of which Christina has: technical understanding, being a team player, determination, self-confidence, perseverance, an interest in manufacturing paper, having fun at work, as well as being physically and mentally resistant to stress. As a woman in a male-dominated profession, she sees several challenges but is also conscious of her skills and appreciates HEINZEL GROUP as an attractive employer. She sees a great future for herself at HEINZEL GROUP and hopes that many other women will follow her example and also become part of HEINZEL GROUP.





## Award for outstanding performance



Through its annual Awards of Excellence program, HEINZEL GROUP honors outstanding levels of commitment and exceptional performance on the part of its employees.

The three-phase selection process associated with this program at HEINZEL GROUP starts with a nomination phase during which all employees, irrespective of their level in the hierarchy or function, can nominate themselves or colleagues. One or two employees are then selected from every subsidiary and nominated for an award. The winners of the Awards of Excellence are selected by means of an anonymous vote by Group Management based on their outstanding performance, their exemplary commitment and promising innovations.

### EXCELLENCE

**Andreas Braun (Project Manager) and Leonhard Talkenberg (Technical Manager), Raubling Papier GmbH**

Raubling Papier GmbH has been manufacturing sustainable carrier bags from recycled paper and pulp since 2022 ([refer to “Starkraft Shopper – for sustainable paper carrier bags”, page 34](#)). Project managers Andreas Braun and Leonhard Talkenberg were responsible for the successful planning and implementation of the technical requirements, such as the installation of a new roll transportation system and the fully automated roll packaging system reflecting customer demands. Their unending commitment made it possible to successfully complete this extensive project on time and within budget.

Also nominated in this category:

**Marek Cholewa**, Europapier Poland, for turning the company around from loss-making to an all-time record profit

**Alois Eder**, Laakirchen Papier AG, IT S/4HANA, for coming out of retirement to implement this project

**Niels Fokke**, heinzelsales, for setting up and developing our pulp business with third-party providers

**Thomas Öffel**, Zellstoff Pöls AG, for energy savings by reducing the calendar temperature





### RESPONSIBILITY

**Thomas Strauss, Sustainability, Energy, and Environment, Laakirchen Papier AG**

As part of the Global Sustainability Team, Thomas plays a key role in achieving our purpose, vision and mission. He has a comprehensive understanding of the CO<sub>2</sub> emissions associated with our paper-making processes as well as possible solutions for reducing them. As a renowned energy expert within the company, his technical skills and untiring commitment to climate protection are impressive. Thomas stands out for this excellent teamwork, analytical mindset and the unlimited support he provides his colleagues.

Also nominated in this category:

**Meelis Kuzma**, AS Estonian Cell, for equipping the warehouse in Lübeck



### ENTREPRENEURSHIP

**Dragutin Ilic, Managing Director, Europapier Dunav (Serbia)**

Dragutin is an experienced and talented manager with outstanding management skills. He launched the successful diversification strategy for Europapier Dunav in 2017. As a result of organic growth, successful acquisitions, and winning market shares, he has achieved the business development target in Serbia and doubled sales to EUR 40 million. Dragutin, his experienced team, and Europapier Dunav are all optimally geared up for the future.

Also nominated in this category:

**Dominik Modre**, Zellstoff Pöls AG, for the HEINZEL GROUP energy procurement strategy

**Peeter Pajula**, AS Estonian Cell, for developing solutions to reduce energy supply risks





# We are family: heinzelsales

The heinzelsales team is extremely international – something also reflected at its head offices in Vienna. Its employees come from a wide range of different countries and cultures and many of their families and friends live far away. heinzelsales has therefore taken several key steps to support them in this situation.

In recent years, heinzelsales has been concentrating on providing its employees and their families more support. In order to do so, the company has organized a series of activities which give everyone the opportunity to get to know each other better and spend time together.

## 01 First Kids Day

One such activity was the first-ever Kids Day at heinzelsales. This family event gave 20 children aged between 0 and 14 the chance to spend time together playing and engaging in creative activities. It was a huge success and helped the children and their parents get to know each other better. The kids also took the opportunity to have a look at their mums' and dads' offices.

## 02 Sporting team

It's not only the kids that are supported at heinzelsales. The adults are also involved in activities and sports. One of these activities was playing football together with the football-mad CEO of heinzelsales, Krunoslav Meic, and colleagues from Europapier. A total of 18 participants from heinzelsales took

part in the largest running events in Vienna (the Vienna City Marathon and Vienna Business Run).

## 03 World Cleanup Day

On World Cleanup Day, a small but effective group met up to take part with the management team in collecting trash along the banks of the Danube near the Company's head offices and set an example for a clean environment and clean water. Trainees from heinzelsales also provided support during this event.

## 04 Cooking for the homeless

The most intensive team-building event was definitely cooking together at the homeless center run by Caritas. Five employees from various departments spent half a day cooking for homeless people in an event that those involved will remember for a long time. Their efforts were well appreciated by 130 homeless people who enjoyed the lasagna they had cooked.

## 05 Jointly reducing CO<sub>2</sub>

All employees without a company parking space have been provided with an annual pass for public

transport (Jobticket) in order to make a contribution to environmental protection and sustainable mobility. In total, 41 Jobtickets were handed out and at least 50% of the workforce now commutes using public transport. In addition, the company also took part in the Wien radelt zur Arbeit (Vienna Bikes to Work) event during which ten employees biked over 2,000 kilometers to and from work and therefore saved 354 kg of CO<sub>2</sub>.



Our employees are our most important assets. We are firmly committed to shared activities.”

Krunoslav Meic,  
CEO heinzelsales





# ENGAGED CORPORATE CITIZEN

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

## § FRAMEWORKS

ESRS S3 – Affected communities

Precautionary approach

Local resident complaints mechanism

## 🎯 TARGETS

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 an employer by supporting people in times of distress by means of donations in kind, product, time, and financial donations.



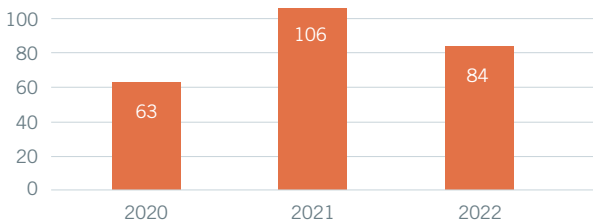
HEINZEL GROUP has for many years been supporting Teach for Austria with financial and time donations.

**Focused on community well-being**

The success of HEINZEL GROUP production units has for centuries been closely tied to the well-being of local communities. The numerous social activities and involvements of HEINZEL GROUP in the areas of the arts, culture, education, and sport contribute to sustainable development. As a partner to regional associations, we support local communities in connection with sporting and social events which boost the well-being of their inhabitants. The educational initiatives Teach for Austria and Papier macht Schule financially supported by HEINZEL GROUP promote equal access to education and support young people from socially and economically disadvantaged families.

Concerns and complaints raised by local residents are taken seriously. The aim of HEINZEL GROUP is to be a responsible partner to the region and to collaboratively work toward a better future. We also contribute to local communities by supplying them with clean energy and district heating.

**Resident inquiries and complaints**



**Solution-oriented action**

In 2022, we received 84 requests and complaints, down by 22 from 2021, from local residents. We try to find an immediate solution in the case of simple issues. More complex issues are taken into account in our future considerations and plans in order to develop long-term solutions. For example, action was taken in 2022 at the Laakirchen site to reduce odors and noise, which soon led to a reduction in the number of complaints related to these issues. There were also fewer complaints about noise pollution in Raubling. On the other hand, there were more flies due to the hot summer in 2022. Precautionary action is planned here for 2023.

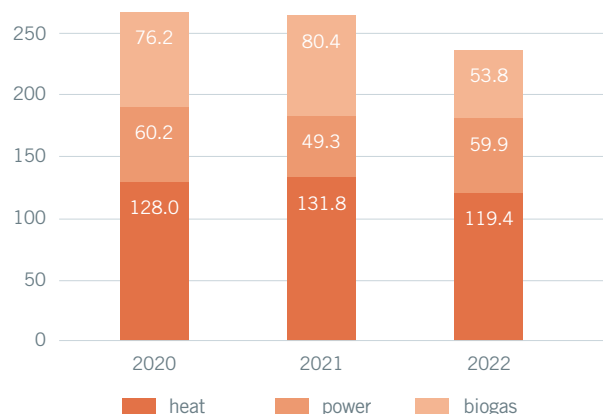
The number of noise-related complaints at the Pöls site however increased (from four to eleven complaints), leading to immediate decisions being taken to reduce noise levels.

**Renewable energy for local communities**

We exploit the heat from incinerating by-products from our manufacturing processes as renewable energy and can also supply this to surrounding communities and commercial customers. In total, HEINZEL GROUP sold a total of 233,091 MWh of energy, consisting of biogas (53,790 MWh), power (59,871 MWh), and heat (119,430 MWh) in 2022, which represents an overall decline of 10.9% compared to the prior year.

The above-mentioned energy volume can supply 31,000 household equivalents with renewable energy, of which 10,000 with district heating, 16,500 with power, and 4,500 with heating from biogas. This is roughly the size of the city of Wels in Upper Austria. The reasons for the temporarily reduced supplies of energy compared to the prior year: In the summer and fall of 2022, the demand for district heating from Pöls was lower, just as the supply of electricity increased. Due to the mild winter, the Raubling site also sold less heat. Despite the above, we will continue significantly expanding the use of renewables at all production sites in the coming years. The expansion of our wastewater treatment plant in Laakirchen to generate biogas will also provide local residents with fossil-free, renewable power and heat.

**Sales of power, heat, and biogas [GWh]**





Whenever we carry out a major reconstruction, we actively inform the local residents and respond to their needs.

## Expansion approved

The planned conversion of PM11 at Laakirchen Papier AG and the related subprojects required an environmental impact assessment (EIA) in advance. This was successfully completed at the end of 2022.

### **Trend-setting, market-oriented and environment-friendly**

A strategic realignment of Laakirchen Papier AG to focus on recycled packaging papers was a decision taken by HEINZEL GROUP back in 2021. Following the conversion of Paper Machine 11 (PM11), this machine will produce light-weight [F](#) containerboard from recovered paper instead of [F](#) supercalendered papers. Overall, the production capacity at the site will increase from 800,000 metric tons per year to 1,150,000 metric tons per year. The conversion work originally planned for 2022 had to be post-

poned to Q1 2024 due to delays in shipments of important components as a result of the pandemic.

### **One approval process – three projects**

The Laakirchen project to expand the paper mill, the wastewater treatment facility and the steam boiler plant was regarded as a single EIA project due to the fact that these three sub-projects were related both technically and spatially.

**Expansion of the paper mill:** With regards the preparation of materials, the existing [F](#) de-inked pulp (DIP)

plant of PM11 is being converted into a [F](#) recycled fiber (RCF) plant in order to make it possible to switch products and increase production.

### **Expansion of the wastewater treatment facility:**

All of the wastewater from production will in future be treated anaerobically. The biogas obtained as a result will flow back into the production process as renewable energy.

### **Expansion of the steam boiler plant:**

In order to meet the increased requirements for steam and energy, the existing gas turbine



heat and power plant on the site of the paper mill is being expanded by means of a further steam boiler plant and other systems.

### Consideration of the environment and local population

The approvals process took into account not only the technical and commercial aspects but also any possible negative impacts on the environment and issues raised by Laakirchen residents. Impact-minimizing steps were taken to reduce the spread of odors, noise and dust, combined with a clear requirement that under no circumstances were specific emissions to rise.

An information campaign was launched to accompany the on-going approvals process so as to inform stakeholders about the project, to address reservations, and gather suggestions. The feedback received was extremely helpful and the proactive approach well received.

### Positive decision received

The analysis revealed that there were no factual reasons not to implement the plans subject to the implementation of the required steps. The relevant positive notification from the authorities was received in the middle of December 2022, meaning that the plans have essentially been approved.



“Another milestone on the way to an environmentally sound circular economy.”

Stefan Winkelbauer,  
Production Manager SC Paper  
Laakirchen Papier AG

## Speedy support

The conflict in Ukraine has cost many people everything they own. Every bit of aid can make all the difference to people in distress. That's why HEINZEL GROUP acted fast and in an unbureaucratic manner as soon as the war began by supporting humanitarian aid projects in Ukraine. As early as March 2022, a total of EUR 170,000 was raised and donated to various organizations such as Nachbar in Not and Caritas.

HEINZEL GROUP is also supporting its employees and their families who are directly impacted by the war. For example, heinzelsales and Zellstoff Pöls provided families that had fled to Austria apartments, furniture,

and household appliances. Several companies have also organized collections of winter clothing, canned food, hygiene articles and more for refugee camps in Ukraine.

Laakirchen Papier also organized German courses and various childcare offers.







# RECREATING VALUE FOR **OUR PLANET**

**“For me, commitment means being an efficient time manager and dedicated to achieve goals.”**

**Stefan Huemer,**  
Team Leader Environment, EEA | Energy&Environment /  
Wastewater, Laakirchen Papier AG

Many big and small steps are needed to reduce CO<sub>2</sub> emissions. The biogas produced by the new anaerobic plant is a key element en route to climate neutrality.

More about “Anaerobic expert team in Laakirchen” .... 76

Climate Change ..... 62

Renewable Energy ..... 70

Responsible Water Use..... 74



**14.9%** less CO<sub>2</sub> emissions\*



**58.4%** Share of renewables

\* vs. 2021, Scope 1 and 2



# CLIMATE CHANGE

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

§ FRAMEWORKS	🎯 TARGETS
ESRS E1 – Climate Change	-40% <sup>1</sup> GHG emissions by 2030 (Scope 1+2, base year 2021)
Science Based Targets Initiative	Achieving net-zero GHG emissions by 2050
GHG Protocol	Continuously reducing GHG emissions per metric ton produced
EU ETS (Emissions Trading System)	Continuously reducing GHG emissions per metric ton of products sold by engaging with suppliers
	Evaluating new technologies to capture or use CO <sub>2</sub> e
	Evaluating potential Scope 3 reductions relating to the main means of transport used and materials sourced for all companies of HEINZEL GROUP

### First-time Scope 3 accounting implementation

Global warming and its impacts represent a threat to our planet, society, and also to HEINZEL GROUP. A rapid reduction in greenhouse gas emissions is necessary in order to tackle these challenges. That's why in recent months we have for the first time implemented the <sup>1</sup> Scope 3 accounting for the years 2020 through 2022. In addition to the direct emissions, the indirect greenhouse gas emissions of the group associated with the value chain were also included and analyzed. After defining the system boundaries, the upstream and downstream categories

were considered which have a major impact and are particularly relevant.

The Scope 3 accounting was an intensive process which required a lot of coordination in order to ensure that all the relevant data were captured while at the same time eliminating double entries arising due to transactions between the different companies in the Group. The next step will entail evaluating the categories with the highest emissions and defining reduction targets. This will require intensive collaboration with suppliers, logistics providers, and business partners.

### Areas analyzed for Scope 3 emissions accounting

#### Upstream Scope 3 emission sources

- Purchased goods and services
- Capital goods
- Fuel and energy-related activities
- Transport and distribution (upstream)
- Waste generated in operations
- Business travel\*
- Employee commuting\*
- Leased assets (upstream)\*



#### Downstream Scope 3 emission sources

- Transport and distribution (downstream)
- Leased assets (downstream)\*
- Franchises\*
- Investments\*

\*not material



### First-time presentation of total CO<sub>2</sub>e emissions

As a result of its Scope 3 accounting, HEINZEL GROUP is able to present all CO<sub>2</sub>e emissions of the Group in 2022. This took into account all the relevant areas:

**Scope 1:** CO<sub>2</sub>e emissions as a result of processes, in-house energy production, and the Company's own fleet of vehicles

**Scope 2:** CO<sub>2</sub>e emissions as a result of the production of externally sourced energy (electricity, heat, process steam)

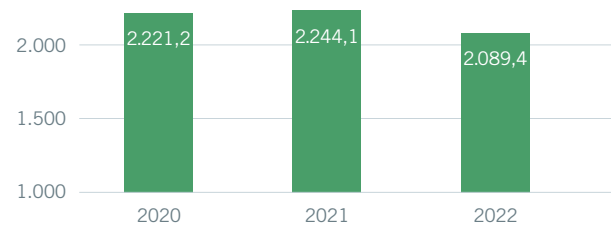
**Scope 3:** CO<sub>2</sub>e emissions arising in association with the Group's value chain

## CO<sub>2</sub>e emissions cut by 14.9% (Scope 1+2)

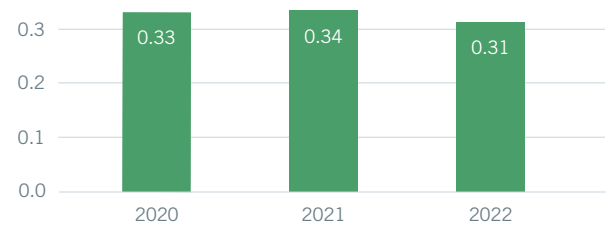
In its 2022 financial year HEINZEL GROUP was able to achieve a marked reduction in its CO<sub>2</sub>e emissions. Emissions amounted to 2,624,722 metric tons CO<sub>2</sub>e, representing a reduction of 8.6% compared to the prior year. It was possible to cut CO<sub>2</sub>e emissions linked to Scope 1 and Scope 2 in particular, by 14.9%, to 535,333 metric tons CO<sub>2</sub>e.

Scope 3 emissions, on the other hand, fell by 6.9% to 2,089,388 metric tons. The reduction in direct emissions reported is particularly due to various energy efficiency projects at production sites ([refer to "Many small steps – major changes" on page 68](#)) and lower production volumes, accounting for lower energy and material requirements at the Raubling and Laakirchen sites.

### THG-Emissionen (Scope 3) [1.000 t CO<sub>2</sub>e]



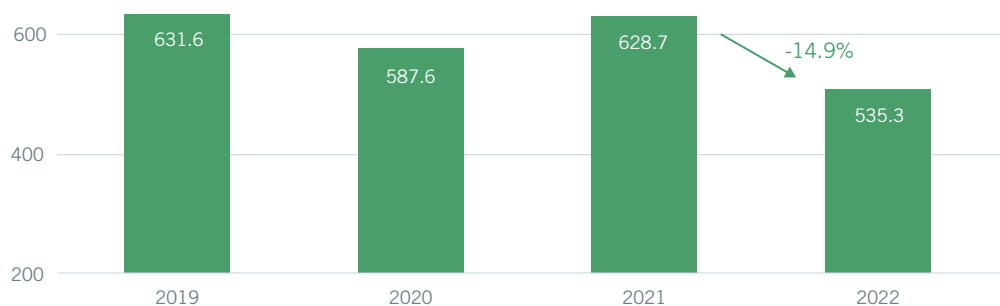
### GHG intensity per production (Scope 1+2) [t CO<sub>2</sub>e/t]



### Production-related CO<sub>2</sub>e cut by 9%

In 2021, the level of CO<sub>2</sub>e emissions related to the production activities of HEINZEL GROUP still amounted to 0.34 metric tons of CO<sub>2</sub>e per metric ton of product produced. In 2022, it was possible to reduce this to 0.31 metric tons CO<sub>2</sub>e per metric ton produced. The development of total GHG intensity per sold product in the trading division remained unchanged compared to 2021, at 0.62 tons of CO<sub>2</sub>e per thousand euros of sales. Despite the volumes of certain product groups associated with higher emission factors, such as hygiene products and design paper, increasing, the total share of emissions per product sold remained unchanged due to numerous initiatives in other areas.

### GHG emissions (Scope 1+2) [t CO<sub>2</sub>e k]



**SBTis: HEINZEL GROUP sets ambitious targets**


HEINZEL GROUP has set itself the goal of reducing its emissions by around 40% by 2030 and achieving net-zero emissions by no later than 2050. We are one of just a few Austrian companies developing and implementing the process of science-based targets defined by the Science Based Targets Initiative (SBTi). SBTi is a global initiative supporting companies in defining and implementing science-based climate targets in order to






SCIENCE  
BASED  
TARGETS


limit the global temperature increase to 1.5% compared to the pre-industrial level.

In 2021, HEINZEL GROUP committed itself to achieving the 1.5°C pathway short term and the net-zero pathway long term. This means that, in collaboration with SBTi, by Q4 2023 we will define short-term and long-term targets to reduce our greenhouse gas emissions and shape a net-zero future. We are currently working intensively to define the pathways and emission-reduction targets as well as to include the necessary action in our project and budget planning processes. This entails following the process steps set out below:

- 

**1. Commit**  
A commitment letter setting out a science-based target
- 

**2. Develop a target**   
Developing an emissions reduction plan which complies with the SBTi criteria
- 

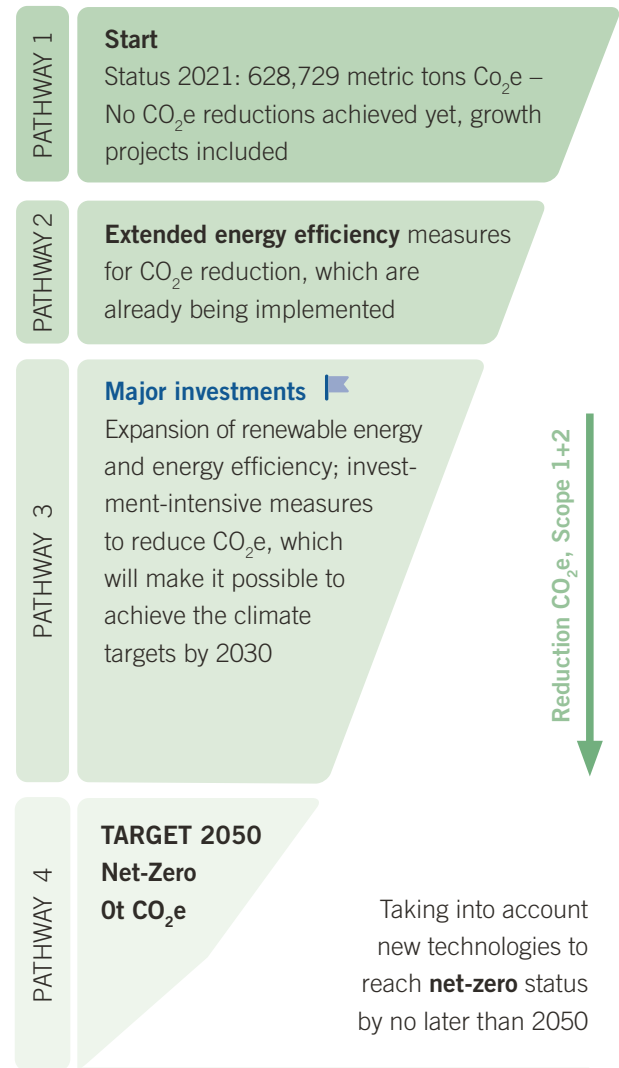
**3. Submit**  
Submitting the targets to SBTi for official validation
- 

**4. Communicate**  
Informing all stakeholder groups about the targets
- 

**5. Disclose**  
Annual reporting about group-wide emissions and progress

 here we are at the moment

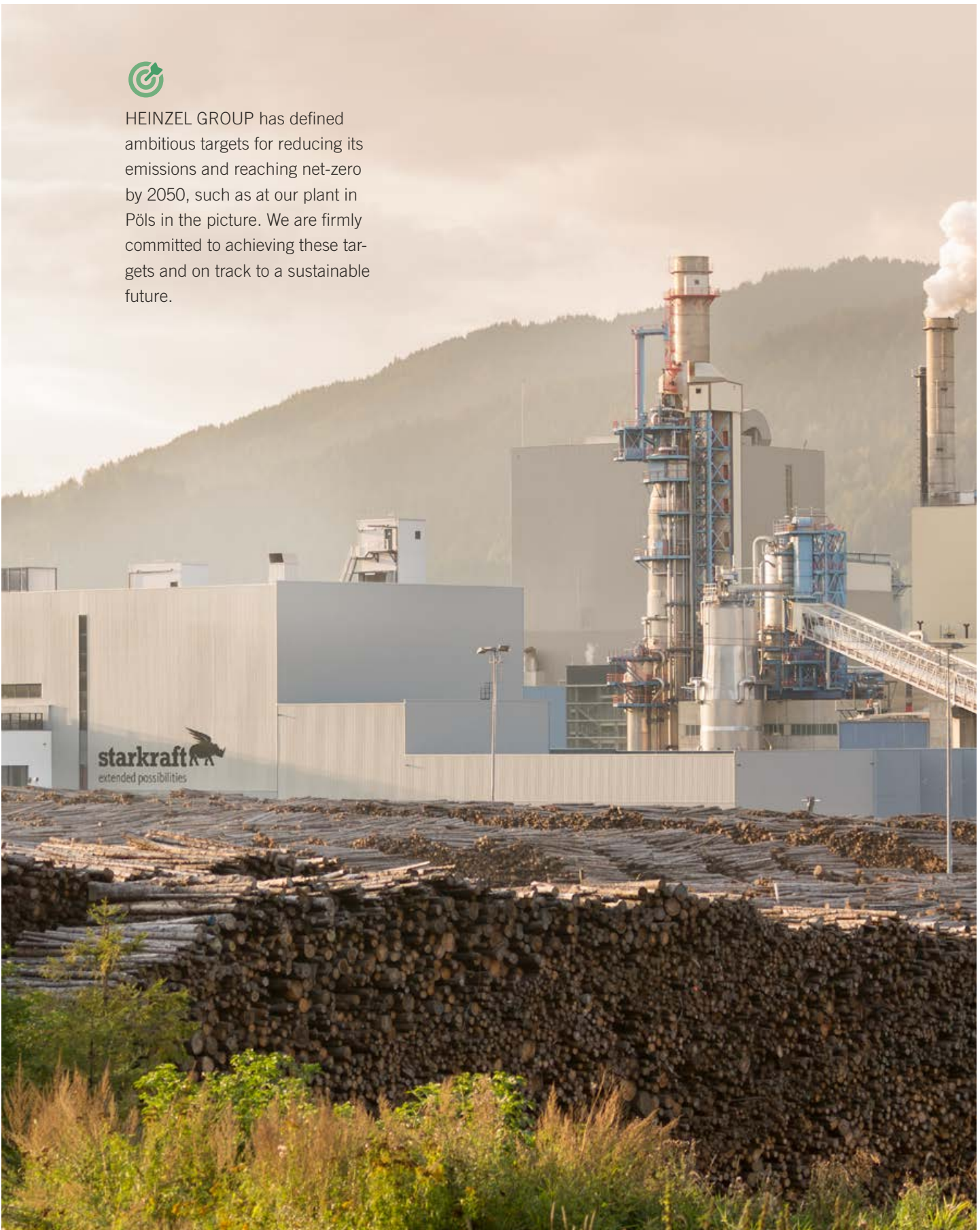
**Our climate target: Net-Zero by 2050**



The reduction pathways presented above form the basis of our efforts towards a sustainable, climate-neutral future. They are broken down into different categories to make more detailed analysis possible. Each pathway includes various steps to significantly reduce greenhouse gas emissions. Pathways 2 and 3, our current phases, include numerous steps which require major investments and need to be carefully evaluated. At our production sites, the clear focus is on the use of renewable energies, the thermal recycling of by-products, and energy efficiency. At our trading companies, on the other hand, the Scope 1+2 emissions were also included even if these are extremely low in relative terms. In trading, we focus primarily on upstream and downstream emissions.



HEINZEL GROUP has defined ambitious targets for reducing its emissions and reaching net-zero by 2050, such as at our plant in Pöls in the picture. We are firmly committed to achieving these targets and on track to a sustainable future.









# A green future in Upper Austria

In June 2022, HEINZEL GROUP signed the purchase agreement with the Finnish group UPM to acquire the Steyrermühl paper mill in Upper Austria. From 2024, a center for sustainable packaging and renewable energy will be established in Laakirchen, directly on the banks of the River Traun.

What's special about this deal: The Steyrermühl plant is located less than three kilometers from the Laakirchen paper mill. For decades these two sites were in competition with each other in terms of the production of printing paper. Now, both sites have a shared future within HEINZEL GROUP as production sites of sustainable packaging materials based on energy supplies from renewable sources.

The closing of this transaction, scheduled for early 2024, will not only provide HEINZEL GROUP with two graphic paper machines at the Steyrermühl site which can be converted to the production of packaging materials, but also a sawmill as well as – particularly important at the moment – a power station which can run on biomass and waste materials. Since the summer of 2022, several teams from HEINZEL GROUP have been working hard alongside colleagues from Steyrermühl planning and paving the way for the future of this site.

## **Sustainable products with considerable growth potential**

UPM currently produces newsprint paper in Steyrermühl but this will be discontinued before the site is handed over to HEINZEL GROUP. The focus of production activities in future will be on flexible packaging

materials, so-called **i** kraft papers. A contract to convert the paper machine decommissioned by UPM back in 2017 has already been signed. HEINZEL GROUP already produces various grades of kraft papers for packaging solutions in Pöls and Raubling. Steyrermühl will help the group achieve the status of a global leader in this segment from 2024.

## **Green energy: moving away from natural gas**

The plan is not only to produce paper at the Steyrermühl site. A key aspect of this acquisition is to significantly increase the role of this site as a producer of and hub for sustainable and renewable energy. The aim is for the site to act as a supply center for heat and energy for the both the Steyrermühl and Laakirchen sites as well as local municipalities. The aim is for the Steyrermühl site to generate more energy based on biomass and residual materials originating from within HEINZEL GROUP. This will mean that natural gas can be replaced and the energy mix of both paper mills on the River Traun will be far more environmentally friendly due to fewer fossil-based CO<sub>2</sub> emissions.

## **Courageous move into a new business area**

The sawmill owned by Steyrermühl will also mean that HEINZEL GROUP

is moving into a new area of business – a strategic step to safeguard access to biogenic materials. This sawmill was established in 1982 and its workforce of around 80 currently produces up to 400,000 m<sup>3</sup> of sawn timber every year. Besides its main products, the sawmill also provides woodchips for paper and pulp production in addition to waste materials such as bark and sawdust for the production of renewable energy. This means that the company safeguards access within HEINZEL GROUP to important resources as well as bolstering the Group's closed-loop economy.



“We will be able to produce fossil-free energy for the Steyrermühl and Laakirchen sites.”

Thomas Welt,  
CEO Laakirchen Papier AG



The black liquor extracted from timber in the digester is used as a CO<sub>2</sub>-neutral source of energy for producing power and heat.

The plan is to gradually substitute the natural gas used in the rotary kiln with alternative fuels.





# Many small steps – major changes

The vision of CO<sub>2</sub>-neutral production activities in Pöls in 2040 is a lot closer following the outstanding achievement of 26.8% lower CO<sub>2</sub> emissions in 2022 compared to the prior year. Further optimization steps in the direction of CO<sub>2</sub> neutrality are constantly being evaluated and implemented.

Zellstoff Pöls AG excels due to its holistic approach to achieving CO<sub>2</sub> neutrality. A key component of its sustainability strategy is raising awareness of this issue among its workforce. The company was able to achieve a reduction of 26.8% in its CO<sub>2</sub> emissions in 2022 due to its successfully implemented energy efficiency projects, greater reliance on biogenic energy, and its decision to use green electricity.


## Replacing natural gas with biogenic fuels

The black liquor obtained during pulp production based on the renewable commodity timber serves as a CO<sub>2</sub>-neutral source of energy for efficient electricity and heat supplies for the entire site and beyond. Fossil fuels are now only used for the chemical recovery process and, for example, when restarting the plant after shutdowns. Increased reliance on alternative biogenic fuels such as tall pitch is increasingly replacing the use of natural gas at the company. Zellstoff Pöls AG was able to achieve CO<sub>2</sub> savings of over 5,000 metric tons as a result in 2022.

## Innovative DEVap project

Until November 2022, live steam was used for heating purposes during pulp cooking at the Pöls site. Thanks to the new  DEVap system, steam is now produced from cooking liquor via a heat exchanger. This leads to a considerable CO<sub>2</sub> saving of 3,000 metric tons per year. During the early days of the DEVap project, there were several technical challenges which were successfully overcome by the committed team of experts on site. This innovative process optimization is now playing a key role in reducing CO<sub>2</sub> emissions at the company.

## HISS – new, energy-efficient sootblowing system

The new  HISS technology makes it possible to increase the efficiency of removing impurities from the recovery boiler and, as a result, reduces the volume of steam required for this by up to 30%. The steam saved is used to produce additional energy, meaning a saving of 1,000 metric tons of CO<sub>2</sub> every year.



Regular process and plant optimizations are key to us reducing our greenhouse gas emissions step by step.”

Christoph Haberer,  
Manager Plant Development  
Zellstoff Pöls AG



# RENEWABLE ENERGY

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

§ FRAMEWORKS	🎯 TARGETS
ESRS E1 – Climate change	Significantly increasing the share of renewables and reducing dependence on fossil fuels
ISO 50001:2018, ISO 14001:2015, EMAS	Constantly reducing specific energy input in production by means of energy efficiency improvements
Energy audits	Maximizing the use of waste materials and biogenic fuels to generate energy for production purposes and surrounding purchasers
All relevant local and European legislation	Evaluating green energy procurement options, such as power purchase agreements

### We are firmly committed to renewable energy

HEINZEL GROUP is well aware that the use of renewables in the paper industry is an important contributor to reducing the sector’s environmental footprint. That’s why we are increasingly relying on various renewable sources of energy such as photovoltaic, thermal recycling of biomass, hydropower, and wind energy. Transitioning to renewable energy is also the top priority in the Strategy 2030 of HEINZEL GROUP ([refer to “Strategy 2030: our sustainable growth path”](#), page 22).

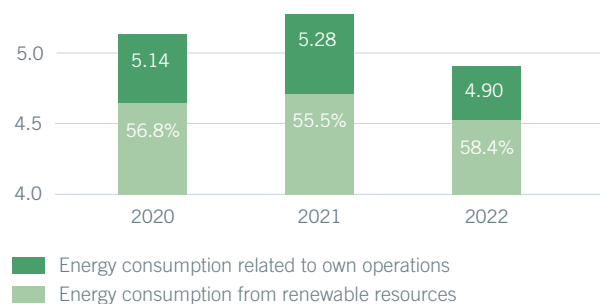
The aim is to minimize our own use of energy while at the same time constantly increasing the share of renewables used. The plan is to implement energy efficiency measures and maximize the use of waste materials and biogenic fuels in order to achieve this. A further option is to explore alternative means of sourcing green energy, such as through power purchase agreements. The long-term objective of HEINZEL GROUP is a marked increase in the share of renewables and a reduction in our dependence

on fossil fuels in order to safeguard sustainable and environment-friendly business operations.

### HEINZEL GROUP reduces energy requirements in 2022

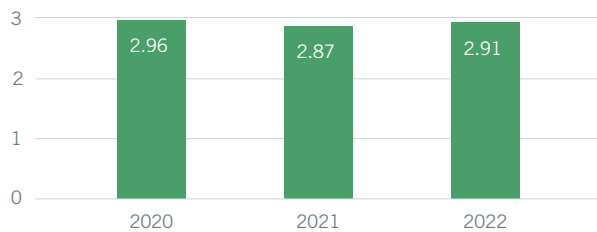
The company saw a positive development in terms of its overall energy requirements in 2022. While the use of energy in 2021 amounted to 5,280 GWh, HEINZEL GROUP was able to reduce this in 2022 to a consumption level of 4,904 GWh.

### Energy consumption related to own operations [GWh k]



In the 2022 financial year, there was a slight increase in specific energy input per metric ton produced at HEINZEL GROUP to 2.91 MWh/t in comparison to 2.87 MWh/t in the prior year. This increase is mainly attributable to the stop-and-go operations at the paper mills in Laakirchen and Raubling associated with the energy crisis. Nonetheless, these sites implemented energy efficiency improvements which nearly fully compensated for the higher energy requirements as a result of starting up and shutting down the paper machines.

**Total Energy Input/Total Production [MWh/t]**



**Share of renewable energy increases by 2.9%**

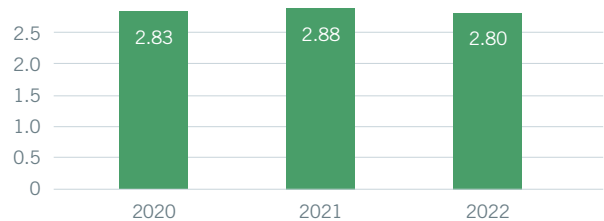
The share of renewable energy in the HEINZEL GROUP's total energy consumption rose to 58.4% in 2022, compared to 55.5% in the previous year. The increase in energy consumption from renewable resources is primarily due to the higher level of energy produced using tall pitch as well as the purchase of green electricity in Pöls and the conscious increase in reliance on renewables at Europapier and Bunzl & Biach.

**2,801 GWh of renewable energy generated in-house**

In 2022, HEINZEL GROUP generated a total of 2,801 GWh of renewable energy, compared to 2,882 GWh in the prior year. This represents a drop of around 2.8%. A detailed analysis highlights that several important developments at the group level were key to this decline. At the Raubling and Laakirchen sites, there were shutdowns and/or stop-and-go operations which meant that less biogas was produced. In Pöls, there was a slight decline in the volume of energy produced from black liquor, while in Kunda there were some (in the meantime resolved) challenges related to the biogas reactor which also led to a drop in the volume of regenerative energy generated in-house.

HEINZEL GROUP will resolutely continue its efforts to increase the use of renewable energy sources despite this year's decline also in 2023.

**Renewable energy generated in-house (incl. sales) [GWh k]**







Our new hydropower plant in Pöls saves 300 metric tons of CO<sub>2</sub>e annually.

## Hydropower – adding value across the board

A new hydropower plant on the site of Zellstoff Pöls AG was commissioned in July 2022 after a construction period of exactly one year – an investment in the plant but also in the region. During the construction work, both the flood defense of the entire Pöls site as well as a highly innovative fish ladder were taken into account.

With an investment volume of EUR 3.9 million, a new run-of-river power plant was built to replace the old hydropower plant which had been supplying the entire site with energy since 1911. The old power plant – based on wooden weirs without a fish ladder – had to be decommissioned after more than 100 years due to a defective turbine.

### Challenging construction site



The previously calculated costs had to be revised before starting con-

struction work due to higher prices as a result of the corona pandemic. But everything then proceeded as planned. The construction firm PORR, an experienced, regional partner, was commissioned to build the power station. It was possible to maintain water supplies for pulp production during the entire construction period by means of setting up and maintaining provisional water withdrawal systems.

More than 60 official requirements applied to the construction work

and all were met. The fundamental idea here was to minimize the impact on the environment due to the conversion work. This entailed considering many different aspects. For example, it was necessary to build a detour so that the excavators didn't need to enter the water and to protect the fish as a result. In some cases it was technically necessary to fell trees, which were then replanted. At the same time the nesting season of bats was also taken into account.

### Denil fish ladder successfully installed

Designing a  run-of-river plant and installing a fish ladder had a major positive impact on the environmental state of the upper section of the River Pöls. The innovative  Denil fish ladder is a new, very simply designed type of fish ladder. Fish can use it in both directions. It was possible to determine how effective the fish ladder was in the first few months by installing a specially designed basket in which several fish were seen, monitored and documented daily.

### Output doubled and 300 metric tons of CO<sub>2</sub>e saved annually

With a peak output of 328 kW, the 1.2 million kilowatt hours of power

generated per year in excess of requirements are enough to supply 300 households in Pöls with energy. This saves 300 metric tons of CO<sub>2</sub>e per year compared to generating energy in a gas-fired power station.

### Stakeholder involvement

Open and transparent dialogue with local residents was the key to understanding and taking into consideration any concerns and issues in advance. The proactive exchange of information was very well received.



We have guaranteed the production of regenerative energy in Pöls for the next 100 years.”

Siegfried Gruber,  
Head of Technical Planning  
Zellstoff Pöls AG

## Fully charged electromobility

Laakirchen Papier AG has established itself as an environmental pioneer in recent years following the expansion of its photovoltaic and hydropower facilities. A total of around 50 GWh of green electricity are generated by hydropower and photovoltaic facilities at the site every year. The next step of the environmental management concept now entails expanding electromobility.

The ‘Verbund Business Charging powered by Smartrics’ project involved the installation of public charging stations for hybrid and electric vehicles in August 2022. The charging stations come with an intelligent charging management system and guarantee via a 24/7 hotline smooth operations and

comprehensive monitoring as well as billing and reporting. A total of 14 charging points are available, including two high-performance charging stations with up to 300 kW highspeed for fast charging – meaning a range of 100 kilometers in just five minutes. Four charging points were installed exclusively for Laakirchen Papier AG employees. A further ten charging points are available to the public. Employees also benefit from a subsidized charging rate.

The e-charging stations are directly supplied with green electricity from the Danzermühl hydropower station operated by Heinz Energy, which is located just 500 meters away.

### Charge your EV today

Click here for the charging station and your charging card.  
[heinzenergy.com/charge](https://heinzenergy.com/charge)





# RESPONSIBLE WATER USE

We use water efficiently and ensure harmless wastewater streams.

## FRAMEWORKS

ESRS E3 – Water and marine resources

ISO 14001:2015

EMAS

## TARGETS

Narrowing, and ideally closing, the gap in our water cycle as far as technically feasible

Continually improving water usage monitoring

Continually reducing specific freshwater withdrawal in production

Maintaining 100% safe wastewater treatment

Remaining a dependable partner to local communities with regard to the treatment of wastewater

### Excellent water quality due to effective treatment

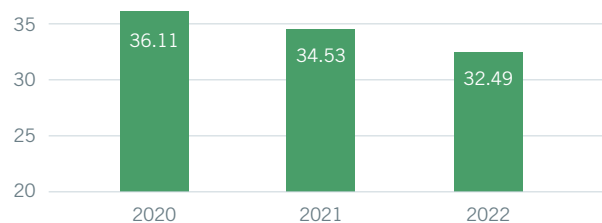
HEINZEL GROUP regards water as a valuable resource and actively promotes its responsible use. In order to manufacture pulp and paper, we withdraw freshwater and then return this water after it has been treated in compliance with the relevant regulations. To protect the outstanding freshwater quality of nearby rivers and these environmentally important habitats for fish and other small fauna, we operate large water treatment plants applying complex wastewater treatment processes that meet the highest standards at all our paper and pulp production sites. In this way, we can guarantee compliance with all discharge conditions and, to a large extent, even fall significantly below the limits.

### HEINZEL GROUP saves over two million cubic meters of water

In its 2022 financial year, HEINZEL GROUP withdrew a total of 32.49 million m<sup>3</sup> of ground water and water from nearby rivers. This represents a reduction compared to the prior year, in which total freshwater consumption was 34.53 million m<sup>3</sup>. The implementation of action at the Pöls site, such as reducing the need for cooling during the production process, reducing

condensation losses, and optimizing the evaporation plant, led to savings of over one million m<sup>3</sup> of water. The lower levels of production in Laakirchen (-0.85 million m<sup>3</sup>) and Raubling (-0.27 million m<sup>3</sup>) also contributed to decreasing freshwater consumption. On the other hand, the hot summer and higher demand for cooling water at our site in Estonia led to a 0.13 million m<sup>3</sup> increase in freshwater consumption.

### Freshwater withdrawal [m<sup>3</sup> million]

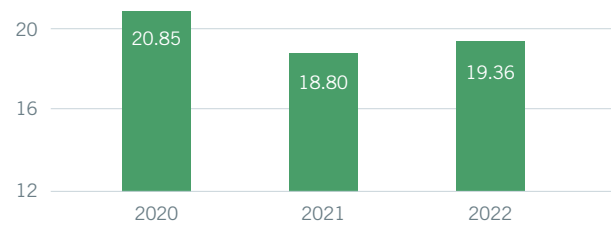


Specific freshwater withdrawal per metric ton of products manufactured at HEINZEL GROUP amounted to 19.36 m<sup>3</sup>/t in 2022 compared to 18.80 m<sup>3</sup>/t in 2021. While several sites within the group successfully implemented projects to reduce freshwater requirements

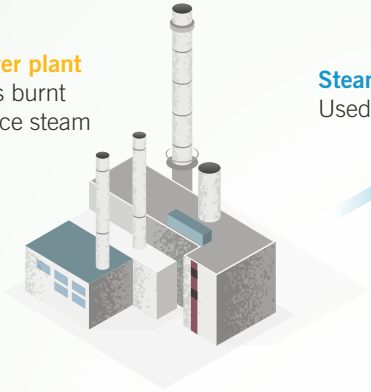


(e.g. Pöls), at other sites there were temporary increases in specific freshwater withdrawal per metric ton of products manufactured due to production shutdowns (Raubling, Laakirchen & Kunda) and more freshwater required for cooling purposes (Kunda).

### Specific Freshwater Use (Total Freshwater Withdrawal/Total Production) [m<sup>3</sup>/t]



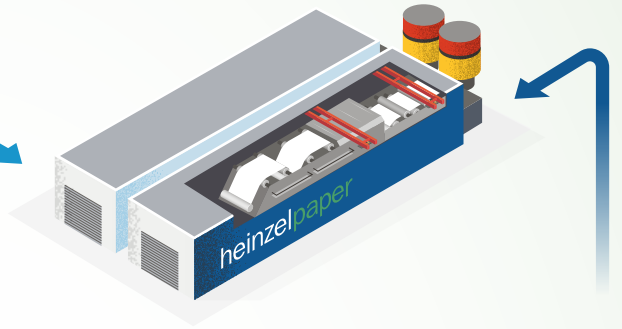
**Gas power plant**  
Biogas is burnt to produce steam



**Steam**  
Used to dry paper



**Paper production**  
Two paper machines



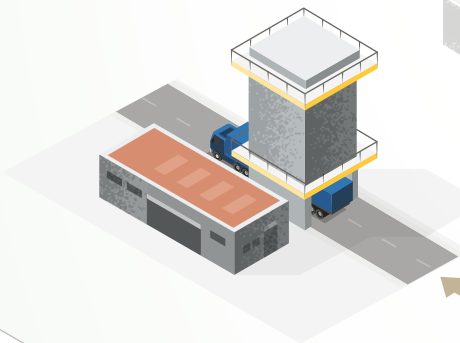
**Biogas**  
Substituting natural gas and saving an additional **13,000 metric tons** of fossil CO<sub>2</sub> emissions per year



Wastewater



**Sewage sludge**  
This is dewatered and transported to thermal treatment plant in Steyrmühl (3 km away), steam and power is used for paper production.



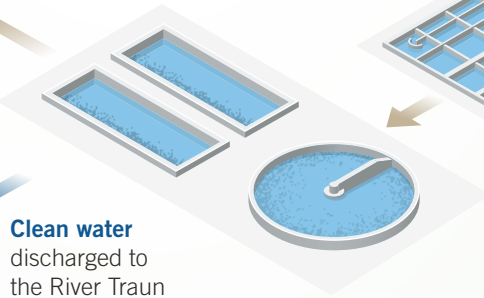
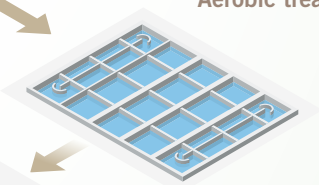
**New anaerobic treatment plant**

**+250%** capacity increase

Wastewater



**Aerobic treatment**



**Clean water**  
discharged to the River Traun



**Freshwater**  
taken from wells next to the River Traun



Objects in this illustration are not to scale



# Anaerobic expert team in Laakirchen

The anaerobic wastewater treatment plant constructed in Laakirchen in 2017 already saves nearly 5,000 metric tons of fossil-based CO<sub>2</sub>e annually. The go-ahead for the construction of a second plant has already been given. This facility will be around twice as large as the existing one and result in additional CO<sub>2</sub> savings of around 13,000 metric tons of CO<sub>2</sub>e per year. The production of biogas here will start in 2024.

The [1](#) anaerobic method is an effective means of treating wastewater relying on special bacteria which don't require oxygen. These bacteria can anaerobically degrade the organic pollutants in wastewater and also produce valuable biogas. This biogas is used in numerous applications, such as the production of steam and for the paper drying process.

### Clean wastewater

All of the wastewater resulting from the production of paper in Laakirchen is safely processed by means of a two-step wastewater treatment process. The first process step entails an 80% anaerobic treatment of the wastewater. The remaining wastewater is treated in a conventional sewage plant with the aid of the anaerobic process before again being safely fed back into the River Traun.

### Important milestone

The new anaerobic plant in Laakirchen is an important step towards reducing the use of fossil fuels at the site. This plant supplies no less than 7 to 8% of the gas required to produce steam from the

wastewater generated by the paper production itself. Combined with the use of hydropower, photovoltaic and, in future, sustainable heat from Steyrmühl ([More on page 66](#)), it will be possible to substitute much of the natural gas used in Laakirchen.

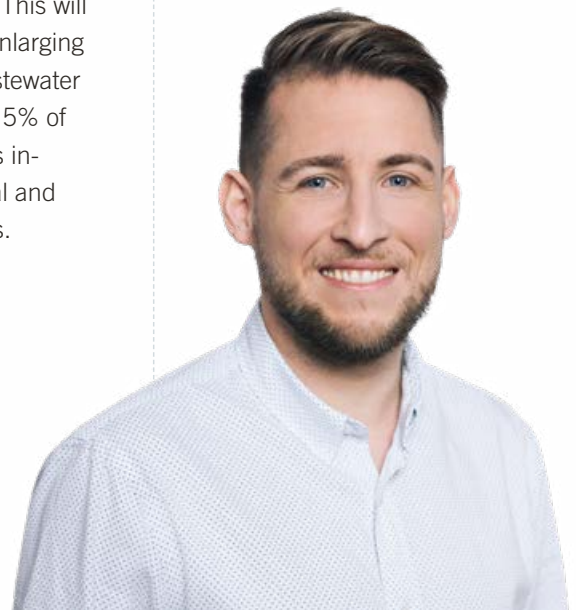
### A further performance boost at one of Austria's largest sewage works

We reported on the decision to convert Paper Machine 11 at the Laakirchen paper mill as early as 2021. This major conversion project will now be implemented in 2024. As part of this project, work is already beginning on the construction of the anaerobic wastewater treatment plant which was also planned at the same time. This will entail again considerably enlarging one of Austria's largest wastewater treatment plants. Around 15% of the project volume involves investments in environmental and sustainability-related topics.

### RECREATING VALUE FOR OUR PLANET

#### Stefan Huemer

Stefan Huemer operates the wastewater treatment plant at Laakirchen Papier AG. He is a "passionate process engineer" and an important sparring partner to the project team. And there's still plenty of work to be done: "I can still see lots of potential to improve and make things perfect." Stefan is proud to work for a company where sustainability is not only discussed but is actually put into practice and promoted.








# OUR PERFORMANCE


“For me, commitment means staying calm at all times.”

**Petra Leonhartsberger,**  
Head of Accounting, heinzelsales

The numerous crises in 2022 are not reflected in the financial results of HEINZEL GROUP. On the contrary: 2022 culminated in record-breaking earnings. In the event of a recession in the coming year, HEINZEL GROUP is in a sound position due to its healthy balance sheet structure.

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 **2,777.4** Net sales  
in EUR million

 **1,640.1** Balance sheet total  
in EUR million

# Group Management Report for the Financial Year 2022

## GENERAL ECONOMIC SITUATION

Following the years 2020 and 2021 shaped by the pandemic, the global economy faced a series of new challenges in 2022. In response to the Ukraine war and exploding energy prices, inflation rose worldwide to its highest levels for many years.

Inflation in the eurozone reached 10.7% in October 2022 while that in the USA peaked at 9.1% in June 2022. Triggered by supply chain problems, the rise in inflation levels started in 2021 and accelerated massively following the invasion of Ukraine by Russia.

The global economy grew by 3.4% in 2022, following 6.2% growth in 2021. Growth in the European economy proved more robust than anticipated, with the eurozone growing by 3.5%. This resilience is highlighted by consumption and investment data and is in part attributable to financial support for private households and businesses from the public sector, amounting to around 1.2% of GDP in the EU. Growth in the USA was considerably lower, at 2.0%, with the early raising of interest rates by the Fed leading to a discernible slowdown in the economy. The moderate 3.0% economic growth in China was in particular attributable to the government's restrictive corona policy and was below the global average for the first time in more than

40 years. The Indian economy continued to develop strongly, with growth of 6.8%.

Following a period of low interest rates in recent years, central banks raised interest rates in response to sharply rising inflation. Following a series of six earlier interest rate increases, the Fed again raised the federal funds rate to a range of 4.25% to 4.50% in December. The ECB responded more conservatively to the downturn in the economy, raising the base rate in three steps during 2022 to only 2.0%. Due to the sharper response by the Fed compared to the ECB, the euro declined in value against the USD to stand at an exchange rate of 1.0666 at the end of December.

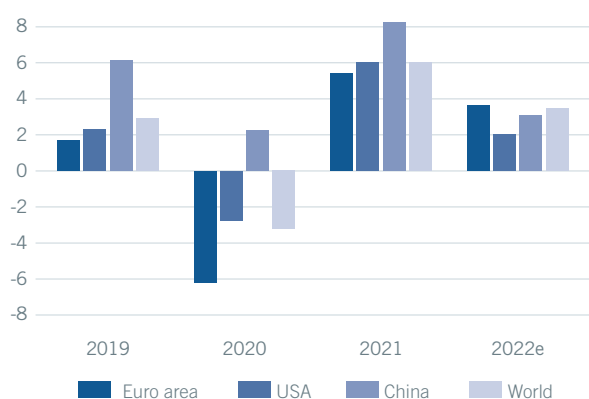
## SECTOR DEVELOPMENT

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 2022.

### Pulp

In the first quarter of 2022, the European pulp market was characterized by a recovery from the impacts of the pandemic and resulting strong demand for paper and pulp. As a consequence of the Russian invasion of Ukraine and the sanctions imposed against Russia in response, timber exports from Russia and Ukraine to Scandinavia and Eastern Europe came to a standstill, which led to a scarcity of raw materials in the pulp industry. The prices of energy and chemicals also increased manifold. The average monthly list price of long-fiber pulp (NBSK) reached a record-breaking level of USD 1,480 per metric ton in September and October, declining to USD 1,430 per metric ton at the end of the year. The price of short-fiber pulp (BEKP) rose to USD 1,380 per metric ton by the summer and remained at this level until the end of the year. Due to

### GDP growth [%]



Source: International Monetary Fund



the high input costs, many paper manufacturers were forced to scale back or temporarily shut down production in the fourth quarter. This led to a decline in demand for pulp. The zero-COVID policy in China caused a sharp drop in consumption, production, and exports. At times, demand for pulp correspondingly fell by as much as 50%. As a result of the low inventory levels, pulp prices remained stable until the fall but began to drop sharply outside Europe in the fourth quarter.

### Graphic paper

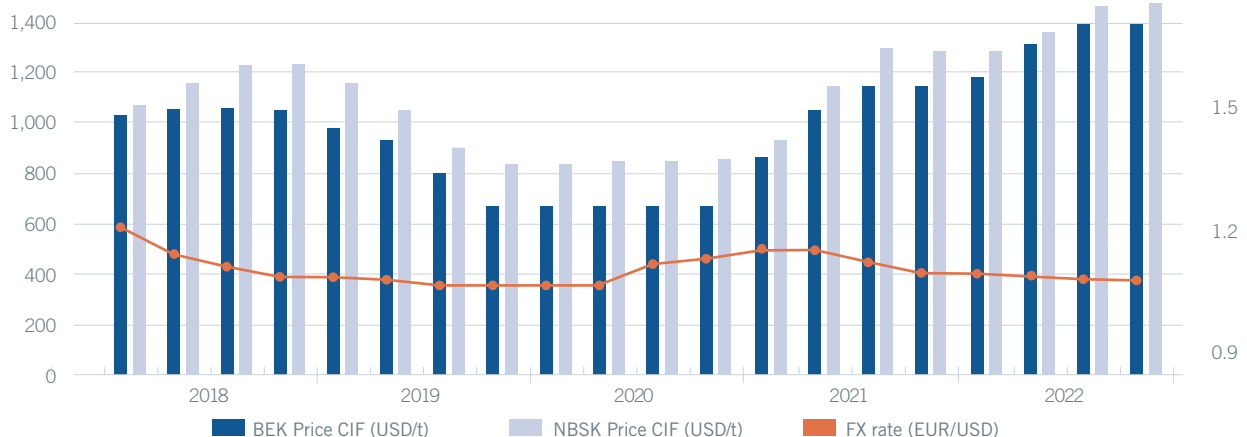
Demand for graphic papers was marginally higher, with an increase of 4%, at the beginning of 2022 than was the case in January 2021. From February until June, however, there was a 7% decline in demand for publication papers throughout Europe compared to the prior-year period as a result of more reliance on electronic media in the advertising sector. Due to the scarcity of recovered paper, the prices of white recovered paper grades (deinked) rose from the outset of the year before again dropping sharply in the fall. In addition to rising recovered paper prices, the extraordinarily marked increase in energy costs and higher costs for related supplies and transportation were felt by manufacturers of graphic papers in Europe from the summer months onwards. Shorter contractual periods and extraordinary price surcharges were at least able to partially compensate for the high production costs and pass these on. The prices of graphic papers reached all-time highs, which led to a further reduction in advertising on the part of customers. The combination of these factors accounted for a significant decline in demand for publication papers as a result of which Europe expe-

rienced a drop of 15% in terms of the total volume in 2022 compared to the prior year. The sharpest drop in demand compared to the same month of the prior year, namely 28%, was recorded in December. This marked decline in demand led to a significant reduction in production capacity utilization from the late summer months onwards.

### Packaging papers

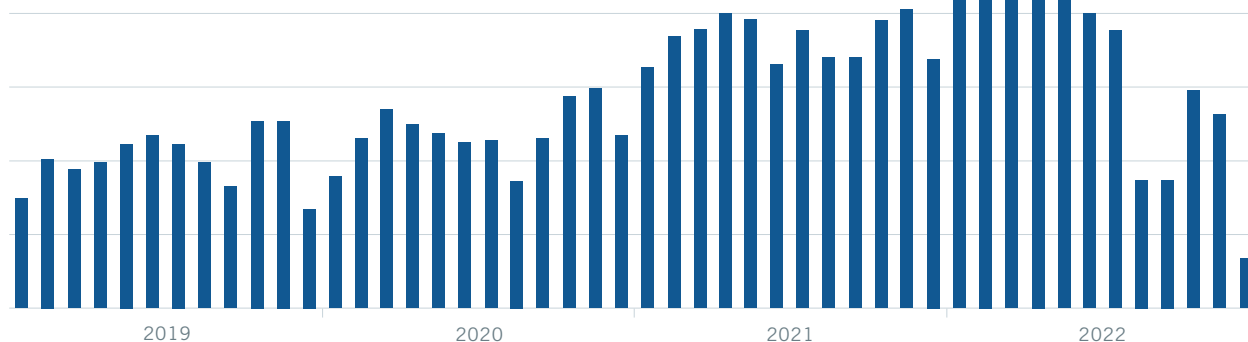
The European market for containerboard shrank by 4.2% in 2022, with the market for recycled papers even registering a decrease of 4.7%. While demand rose by 2.6% in the first quarter, the trend began to reverse following the outbreak of the Ukraine war. Energy-intensive producers of containerboard based on recovered paper were forced to pass on price increases to their customers, which in due course led to significant price increases. Private sector consumption also weakened, which had a negative impact on internet and mail order shopping and consequently on demand for containerboard parcels. According to Eurostat, internet-based sales rose by around 40% during the pandemic only to decline to a level around 10% lower in 2022. This led to a rise in inventory levels to nearly 20 days along the entire supply chain in Europe in the period until September, which is equivalent to an increase of around a week compared to previous years. Given the low level of orders, this accounted for manufacturers operating in a more energy efficient manner and/or production shut-downs. According to CEPI (Confederation of European Paper Industries), containerboard manufacturing in Europe reached an historically low level in December, which corresponding put pressure on prices.

### Quarterly pulp price trend



## Weekly average European production volume of containerboard per month

Source: CEPI



Consumers and regulators are increasingly calling for more sustainable packaging solutions. This, in turn, boosted demand for flexible packaging on the basis of virgin fibers, so-called kraft papers, in the area of single-use packaging – not only in Europe but also in Asian markets. Kraft papers are not only used in food packaging but also increasingly in hygiene products as an alternative to plastics. Strong demand and sharp price rises related to the most important input factors, namely pulp and energy, led to quarterly price increases which were still apparent in the fourth quarter.

## GROUP DEVELOPMENT 2022

HEINZEL GROUP's 2022 financial year started with strong demand for paper and pulp. Russia's invasion of Ukraine however triggered market distortion in the paper and pulp sector, which in turn had major impacts on paper and pulp prices. The sanctions imposed on Russia led to exports of paper, pulp and lumber coming to a standstill and, consequently, limiting supply. Gas and electricity prices peaked in Europe in August, with gas again dropping to the level at the beginning of the

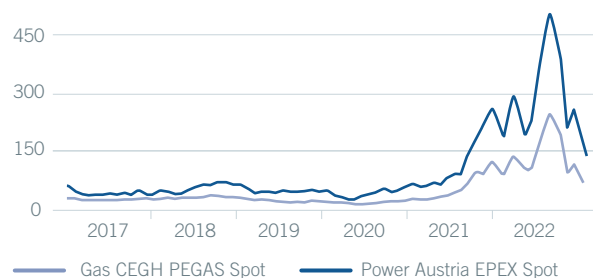
year in December while electricity prices remained well above the preceding level. Overall, the costs of energy incurred by HEINZEL GROUP increased by around 73%. The higher energy prices were also reflected in chemical, transport, and maintenance costs.

The recovered paper prices for graphic papers (DIP) continued rising in the period to August, by around 40%, while those of mixed recovered paper grades rose by approximately 20%. On account of the demand-based lower production level of containerboard and graphic papers in Europe, the prices of all recovered paper grades declined markedly towards the end of the year.

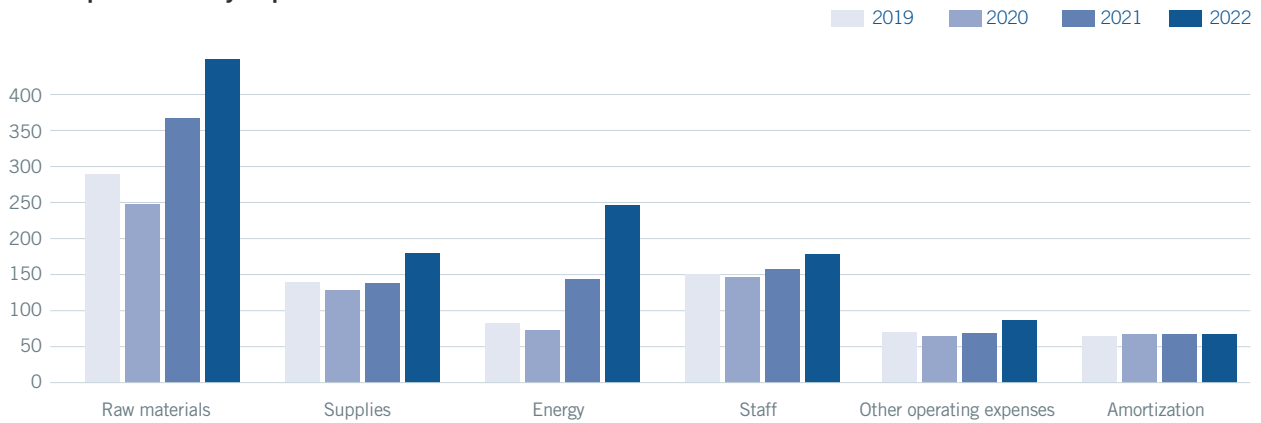
In total, HEINZEL GROUP manufactured around 1.04 million metric tons of paper and 488,381 metric tons of market pulp in its 2022 financial year. Due to the decline in demand for containerboard since the summer, around 105,000 metric tons fewer than in the prior year were manufactured on the paper machine in Laakirchen (PM10) and both paper machines in Raubling. PM11 in Laakirchen also manufactured approximately 48,000 metric tons fewer than in the prior year as a result of the extremely weak development of business in the fourth quarter. Zellstoff Pöls was able to increase the production volume of kraft paper to around 185,000 metric tons. Volumes of market pulp therefore fell as the volume used in-house increased.

At 3,438,428 metric tons in 2022, the volume sold was around 270,000 metric tons lower than in the prior year. Besides the low level of in-house production, the lack of supply from third parties was mainly account-

## Development of energy spot prices in Austria [EUR/MWh]



**Development of key expenses [EUR million]**



able for this negative trend. In addition to the loss of Russian suppliers, with whom heinzelsales suspended business due to the sanctions, third-party suppliers were only able to provide limited quantities of paper due to strong demand in Europe. The wholesale paper business of Europapier Group also experienced a decline in volume of around 64,000 metric tons.

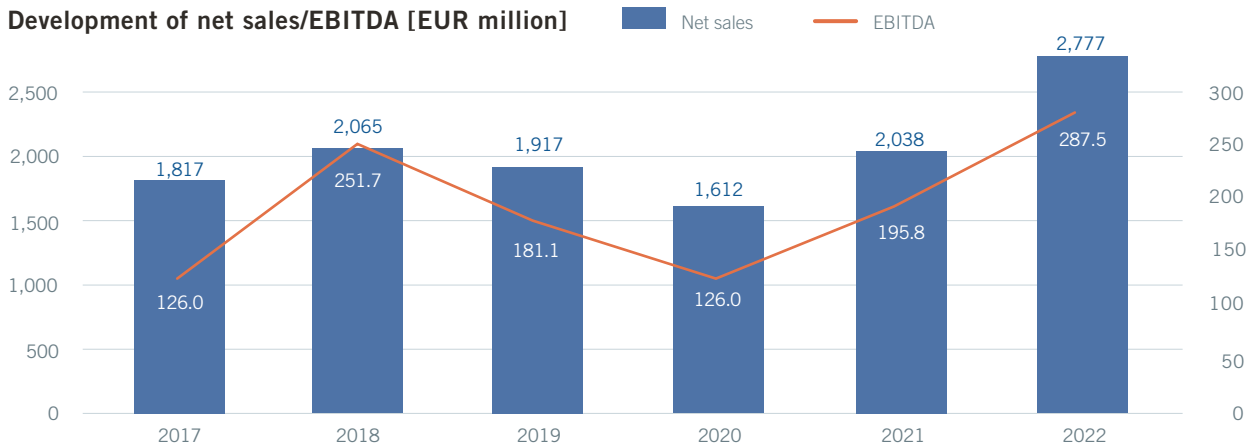
**Net sales and earnings development**

The **i** net sales of HEINZEL GROUP – calculated as gross sales less transport services and sales deductions – rose both for paper and pulp as a result of the high market prices to a record-breaking EUR 2,777.4 million, equivalent to an increase of 36.3% compared to 2021.

HEINZEL GROUP’s **i** EBITDA in 2022 amounted to EUR 287.5 million following EUR 195.8 million in 2021 (+46.8%) – the highest level ever recorded in the

Company’s history. Comparing the trading business and industry segments, the EBITDA share of the production companies was around 63% and that of the trading companies approximately 37%. The further increase in the share generated by the trading business is accounted for, on the one hand, by the high sales prices in the market and, on the other, by the pressure on margins caused by the high lumber and energy prices in Estonia as well as the commodity and energy prices in Raubling. In 2022, HEINZEL GROUP generated EBIT of EUR 214.3 million and therefore EUR 92.4 million more than in 2021. Net profit rose from EUR 94.0 million to EUR 164.7 million.

**Development of net sales/EBITDA [EUR million]**





## Key group figures

Key group figures	2020	2021	2022	Change 2021/2022 in basis points
EBITDA margin in %	7.8	9.6	10.3	0.7
EBITDA % Trading	3.6	4.1	5.7	1.6
EBITDA % Industry	14.0	16.0	16.0	0.0
Return on equity in %	5.1	11.5	17.7	6.2
Equity ratio in %	58.6	59.2	61.4	2.2
ROACE in %	5.3	12.0	18.2	6.2
ROACE % Trading	13.9	21.6	36.7	15.1
ROACE % Industry	3.7	10.0	15.1	5.1

HEINZEL GROUP's **i** EBITDA margin was 10.3% in 2022, attributable to an EBITDA margin in the trading segment of 5.7% and an EBITDA margin of 16% in production (industry segment).

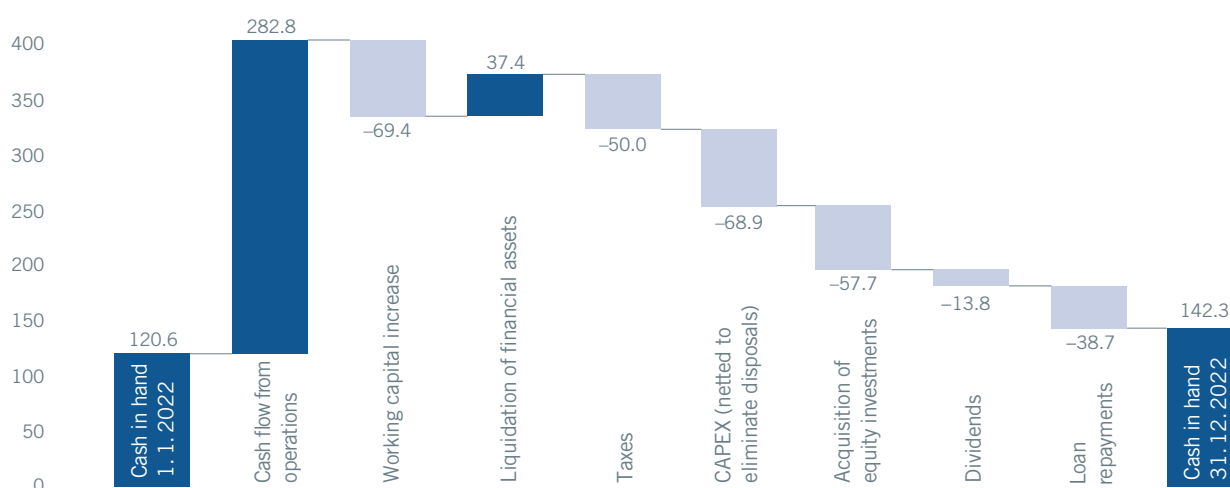
At 15.1%, the return on average capital employed (ROACE), in contrast, was significantly lower in the industry segment than that in the trading businesses (36.7%) due to the high investment ratio.

### Cash flow

As a result of the rise in working capital to EUR 69.4 million, more than half of which is attributable to Europapier Group, the **i** cash flow from operating activities of HEINZEL GROUP in 2022 amounted to EUR 162.9 million. The carrying value of this paper wholesaler's inventories, as well as the higher accounts receivable due to higher prices, accounted for the rise in working capital. Cash flow

from investing activities relates not only to the investment in Paraguay by Heinz Holding but also the down payment on the purchase price of the shares in UPM Kymmene on the part of Laakirchen Paper as well as the acquisition of AtWill in the Czech Republic by Europapier. Investments (**i** CAPEX) in the amount of EUR 69.6 million relate to over EUR 17 million invested in the conversion of PM11 in Laakirchen, around nine million euro in the UKP project and the hydro power station in Pöls as well as EUR 3.5 million in the shopping bags project in Raubling. Dividends of EUR 13.8 million were distributed from the free cash flow. The short-term investment of EUR 37.4 million was used to repay EUR 38.7 million in liabilities due to banks. The net cash position of HEINZEL Group as at December 31, 2022 amounted to EUR 42.5 million following EUR 28.1 million at the end of 2021, with the Group holding cash deposits of EUR 142.3 million at the end of 2022.

### Cash flow bridge [EUR million]



## Performance of key HEINZEL GROUP companies

In EUR million	Net sales		EBIT		EBITDA		Operat. Cash flow	
	2022	2021	2022	2021	2022	2021	2022	2021
heinzelsales	977.0	669.6	34.6	22.5	37.5	24.0	20.7	-10.0
Europapier Group	774.8	571.4	61.8	24.2	70.0	30.9	31.9	13.2
Bunzl & Biach Group	258.7	245.2	3.7	3.8	6.2	6.2	9.2	0.7
<b>TRADING BUSINESS<sup>1</sup></b>	<b>2,007.3</b>	<b>1,482.6</b>	<b>100.1</b>	<b>50.5</b>	<b>113.7</b>	<b>61.1</b>	<b>61.7</b>	<b>5.6</b>
Zellstoff Pöls AG	431.9	326.7	60.4	59.4	91.1	88.0	46.8	77.3
Laakirchen Papier AG	436.9	328.2	71.3	7.9	89.0	31.4	90.0	24.7
AS Estonian Cell	114.6	77.7	2.0	3.8	9.3	11.5	-8.9	12.7
Raubling Papier GmbH	156.6	134.6	-10.4	4.3	-6.9	7.6	-1.0	9.7
<b>INDUSTRY</b>	<b>1,140.0</b>	<b>867.2</b>	<b>123.3</b>	<b>75.4</b>	<b>182.4</b>	<b>138.5</b>	<b>126.9</b>	<b>124.4</b>

<sup>1</sup> Taking consolidation effects into account

### Wilfried Heintel AG

With a sales volume of 2,428,656 metric tons, Wilfried Heintel AG and its foreign subsidiaries (heinzelsales) fell short of the volume in the prior year by around 6%. In addition to the lower volumes of container-board from the Group's own production companies, the availability of volumes from third party suppliers in Europe was also limited by the high level of demand. Trading volumes from Russia were also completely lacking due to the sanctions imposed. 56% of volumes sold in 2022 were sourced from the Group's own production facilities. Of the products sold, 42% was accounted for by packaging papers, 41% pulp, 16% graphic papers, and 1% other products. With regard to the agency business of heinzelsales, the key markets were Italy and Germany, where 51% of the volumes were sold. In the trading business, the highest volumes sold were in the United Arab Emirates, Turkey, and Algeria. The significantly higher sales prices led to net sales of EUR 977 million following around EUR 670 million in 2021 (+45.9%). This positive development of business is also reflected in the earnings. The EBITDA of heinzelsales amounted to EUR 37.5 million in 2022, after EUR 24.0 million in prior year. Consequently, the previous record earnings of 2021 were exceeded by more than 56%.

The working capital of heinzelsales rose over the course of the period under review to EUR 82.1 million due to the sharp price-driven rise in the carrying value of accounts receivable amounting to EUR 71.1 million. The operating cash flow in 2022 amounted to EUR 20.7 million. As a result, the net cash position of the company grew from approximately nine million euro to EUR 22.4 million.

### Europapier International AG

Europapier Group was again able to significantly boost earnings following a record-breaking 2021. Strong demand in the Paper & Packaging segment, combined with rising prices throughout the year, were major factors in Europapier Group being able to sell around 485,000 metric tons. The quantities sold were however approximately 64,000 metric tons lower than in 2021. The diversification segments of Europapier Hygiene, Packaging Solutions, and Visual Communication also developed very favorably. In total, Europapier Group generated net sales of EUR 774.8 million in 2022, representing a further increase of over EUR 200 million compared to a record-breaking 2021. EBITDA rose from EUR 30.9 million to EUR 70.0 million, equivalent to more than double that in the prior year. The positive development of business was also reflected in working capital, which increased by around EUR 36 million. Despite this, operating cash flow in 2022 amounted to EUR 31.9 million, meaning that Europapier was able to fully repay its debts by the end of the year.

Europapier Group holds two equity investments in Russia with a total of around 200 personnel. These subsidiaries independently operate a paper wholesaling business in the Russian market and generated net sales of around EUR 150 million in 2022. 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 GmbH**

The drop in demand for mixed recovered paper grades in the second half of the year and for white deinking volumes in the fourth quarter at the plants in Laakirchen and Raubling accounted for the volumes sold by Bunzl & Biach and its subsidiaries in 2022 falling by 10% to 1,229,915 metric tons. Despite the decline in demand from the market, it was still a challenge to supply customers with sufficient quantities of deinked grades since less sorting took place due to the generally high prices for recovered paper. A marked downturn in prices first became apparent in the fourth quarter. Despite this, the average net price for Bunzl & Biach also rose by EUR 28 per metric ton compared to the prior year. As a consequence and despite the lower volumes, net sales increased from EUR 245.2 million to EUR 258.7 million. EBITDA of EUR 6.2 million remained at the level of the prior year.

Cash flow from operating activities amounted to around EUR 9.2 million due to the approximately six-million-euro decline in working capital. Net cash thus increased by EUR 6.9 million compared with the beginning of the year to EUR 8.3 million.

### **Zellstoff Pöls AG**

Zellstoff Pöls AG produced a total of 459,127 metric tons of pulp in 2022, of which roughly 153,417 metric tons were supplied to its own paper machines, PM2 and PM3, for further processing. The ongoing strong demand for long fiber pulp in Europe boosted average net sales by around EUR 130 per metric ton in 2022 despite the increase in 2021 already being EUR 140 per metric ton. Production on the two paper machines also developed very favorably, with a total of 184,568 metric tons of kraft paper being produced. The high pulp and energy costs in Europe meant that market prices for kraft papers increased year-on-year by an average of more than EUR 300 per metric ton. During the same period, the price of lumber, the most important raw material for pulp production, nearly doubled. Driven by the high paper and pulp prices, net sales of EUR 431.9 million (+32%) were generated in 2022. EBITDA of approx. EUR 91.1 million (+3.6% year-on-year) was largely (64%) accounted for by the pulp division, which also generated additional revenue through its own energy production activities.

The working capital of Zellstoff Pöls rose over the course of 2022 by around EUR 12 million to EUR 59.4 million.

The reasons for this, in addition to the higher carrying value of receivables due to higher prices, were also the higher carrying value of lumber inventories and supplies of gas and alternative fuels stockpiled to hedge against risks. The operating cash flow generated therefore amounted to EUR 46.8 million. In 2022, Zellstoff Pöls invested around EUR 32 million, of which the largest investments related to the Pöls 500 project and the hydro power station. Net debt at December 31, 2022 consequently amounted to EUR 3.7 million.

### **Laakirchen Papier AG**

In the 2022 financial year, Laakirchen Papier manufactured a total of 418,679 metric tons of containerboard on PM10 and 232,817 metric tons of graphic papers on PM11. The decline in both segments is attributable to a marked drop in demand compared to 2021 when the volumes manufactured were around 62,000 metric tons higher, in the case of containerboard, and approximately 48,000 metric tons higher in the case of graphic papers. In response to the high prices for recovered paper and energy, the prices of containerboard rose by an annual average of more than EUR 170 per metric ton and those for graphic papers by more than EUR 370 per metric ton. Due to the drop in the prices of recovered paper to the level seen in December of the prior year, prices for containerboard fell in the fourth quarter. Laakirchen Papier generated net sales of EUR 436.9 million in 2022 following EUR 328.2 million in 2021. The company's EBITDA amounted to EUR 89 million, which is the highest level in its history. Operational cash flow also developed positively and amounted to EUR 90 million. In addition to investments of around EUR 23 million, of which approximately EUR 17 million were related to the PM11 conversion project, a down payment was also made for the shares in UPM Kymmene Austria GmbH. The plan is to close this transaction on January 1, 2024, with the aim being to consolidate the Laakirchen site as a center for sustainable packaging papers and energy from 2024 onwards.

As a result of the strong positive cash flows, the net cash position of this subsidiary rose from EUR 11.2 million to EUR 64.4 million as at December 31, 2022.

### **AS Estonian Cell**

Due to a longer shutdown in December, Estonian Cell manufactured 182,670 metric tons in 2022, equiva-



lent to 5,338 metric tons less than in the prior year. Thanks to strong demand in Europe, particularly in the first half of the year, net sales prices rose by an average of EUR 200 per metric ton compared to the prior period. The volume sold by Estonian Cell amounted to around 180,000 metric tons in 2022. The company generated net sales of EUR 114.6 million in 2022, which is equivalent to a year-on-year increase of approximately 47%. The scarcity of lumber following the Russian invasion of Ukraine drove up the prices for Estonian Cell from 44/cbm to nearly EUR 100/cbm by October. Besides the decline in volumes exported, wood was also in high demand as a substitute fuel for energy production. The prices of electricity and gas also exploded, which indirectly drove up chemical prices. A comparison of the costs of energy and chemicals in the fourth quarter with those of the prior year reveals that these doubled for Estonian Cell, and even tripled in the case of wood. Despite the challenging business environment, the company nonetheless generated EBITDA of EUR 9.3 million in 2022 (prior year: EUR 11.5 million).

The development of operational cash flow was less encouraging, being markedly negative at EUR -8.9 million. This is accounted for by the significant stockpiling of inventories at the end of the year in addition to high lumber inventories built up to safeguard security of supply. As a result of the negative free cash flow, the company's net debt rose by over EUR 10 million year-on-year to stand at EUR 14.6 million as at December 31, 2022.

### **Raubling Papier GmbH**

The 2022 financial year was extremely challenging for Raubling Papier GmbH, which also incorporates the subsidiary HBB Heizkraftwerk Bauernfeind Betriebsgesellschaft mbH. As a result of the sharp decline in demand for containerboard, this subsidiary manufactured only around 200,000 metric tons in 2022, which is equivalent to a drop of approximately 42,000 metric tons compared to the prior year. The high sales prices due to the considerably higher energy costs culminated in net sales of EUR 156.6 million following EUR 134.6 million in 2021. Besides the lower capacity utilization rate, the Raubling site also suffered as a result of significantly higher recovered paper and energy prices. The company was also unsuccessful with regard to its special kraft top liner product due to the high pulp prices. EBITDA in 2022 consequently fell

to EUR -6.9 million. It was however possible to limit the negative operational cash flow to EUR -1.0 million by means of sharply reducing working capital.

Investments made by Raubling Papier in 2022 amounted to around eight million euro, of which approximately half was invested in converting the plant so that up to 25,000 metric tons of shopper liner can be manufactured in future. This is an unbleached packaging paper based on recovered paper with a certain tear strength used for carrier bags.

## **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. Over the past two years, HEINZEL GROUP also invested in a Climate & Industry Opportunity fund offered by Speedinvest, which helps start-ups reduce the CO<sub>2</sub> 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, the focus was on the tear strength of papers on both PM10 and PM11 in 2022. An automatic tear strength control in real time integrated into the process control system developed jointly with the machine supplier led to greater stability. Major investments in plant technology, automation, and logistics were made at the Raubling site to extend the product portfolio of special papers. The first quantities of packaging papers for shopper bags were shipped to customers in 2022.

### **Resource efficiency**

Numerous resource efficiency projects were implemented in 2022 with the aim of living up to the Company's sustainability claims. In the area of pulp production, the main focus was on initiatives to further reduce the consumption of lumber, chemicals and freshwater. In addition, a new technology was implemented in the pulp production division at the Pöls site to remove contaminants such as chloride and potassium, which cause corrosion in the machinery and also negatively

influence energy efficiently, while at the same time only compensating minimally with make-up alkali. The newly installed energy monitoring system in the paper production division at the Pöls site is already achieving tangible results in the areas of wastewater management as well as steam and air consumption. A research project together with Austrian research institutions at Zellstoff Pöls is currently working on a lifecycle assessment for integrated pulp and paper production.

Projects at Laakirchen Papier focusing on the tear strength of the paper on PM10 have been successful in significantly reducing the use of starch. The use of enzymes on PM10 has made it possible to markedly reduce the consumption of energy during mechanical pulp milling. The implementation of S/4HANA at the Raubling site has enabled all IT systems to be integrated and, as a result, the efficiency of operational processes to be further optimized.

#### **Basic research**

When it comes to basic research, HEINZEL GROUP focuses on making optimum use of lignin, a natural component of the wood substance which is dissolved in cooking liquor during the pulping process. The use of lignin, both as a material and a source of energy, is aimed at further reducing energy consumption and manufacturing CO<sub>2</sub>-neutral products.

## **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.

#### **CO<sub>2</sub> emissions**

HEINZEL GROUP has set itself the target of being carbon neutral by 2050 at the latest, with the Group's CO<sub>2</sub> emissions to be reduced by approx. 40% 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 will triple the production of biogas and therefore reduce 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.

HEINZEL GROUP's participation in the Water2Value project is intended to further increase the use of residues both materially and thermally. In terms of energy, the first successes with the use of renewable energy sources such as biodiesel and tall oil to replace natural gas were chalked up in 2022. Plans are also in place at the Raubling site to use a newly installed database to optimize the documentation of raw and ancillary material use as well as energy consumption in order to create a basis for further process optimization steps.

#### **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 of 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**

It has been our 2,469 employees who have helped to safeguard the commercial success of HEINZEL GROUP despite the crises faced in recent years. Their commitment and entrepreneurial mindsets are the keys to implementing important projects and therefore the Group's sustainable growth strategy.

#### **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. Despite this there was one fatal accident at the Pöls site in 2022.

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.

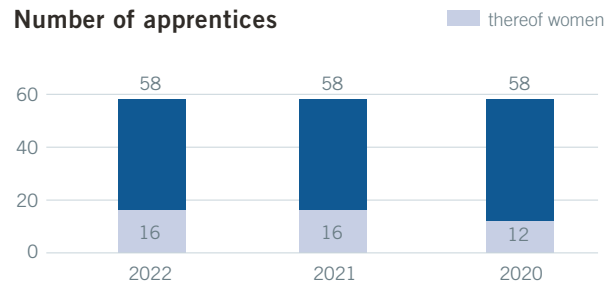
Occupational health and safety	2022	2021	2020
Workplace accidents without lost days (LDA0)	20	40	32
Workplace accidents with 1-3 lost days (LDA1)	4	10	4
Workplace injuries with more than 3 lost days (LDA2)	34	26	27
Lost days due to LDA1 or LDA2	705	444	669
Fatal accidents	1	0	0

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 identify talented individuals, train and develop them properly, and keep them loyal to company for a long period of time. In 2022, HEINZEL GROUP had 58 trainees and apprentices in 15 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. There were mandatory e-learning units focusing on information security and occupational safety in 2022.

### Number of apprentices



### Age, gender, and nationality diversity

HEINZEL GROUP employs people from a wide range of cultures, with diverse 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.

	2022	2021	2020
Training expenditure in EUR k	1,061	752	446
Training expenditure per employee in EUR k	434	312	181
Net sales per employee in EUR k	1,148	855	658
EBIT per employee in EUR k	88	51	23
Value added per employee in EUR k	244	192	150

	2022	2021	2020
Employees (average FTE)	2,447	2,411	2,467
thereof women	689	675	681
Part-time employees	95	85	69
Average length of service in years (weighted)	10.9	10.9	11.3
Fluctuation in % (weighted)	6.3	6.8	9.1

### Employee representation

HEINZEL GROUP is committed to protecting employee rights and maintaining a respectful and regular dialog with employee representatives. Employee interests in Austria are safeguarded by 22 blue-collar works councilors and 18 white-collar works councilors, and in Germany by seven works councilors. They are all in close contact with the respective site and HR managers. The works councilors also meet at least once a year to discuss cross-site issues with Group Management.



## RISK MANAGEMENT

The globally operating HEINZEL GROUP, with its production sites in Europe, is exposed to a variety of general and industry-specific risks related to its business activities.

The Group generally defines a risk as a deviation from corporate goals. In addition to negative deviations, i.e. risks as such, this definition also includes positive deviations, that is to say opportunities.

All HEINZEL GROUP companies prepare a risk matrix to identify and assess risks and opportunities; 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 control measures 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 general scarcity of energy sources could lead to supply shortages. This is why different sources of energy were stockpiled at the Pöls, Laakirchen, and Estonian sites. 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. Potential 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. HEINZEL GROUP is currently closely monitoring developments in Russia and its Europapier business in this market.

### 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 of the Group and to leverage the opportunities expected from the acquisition.

### Environmental risks

Based on growing levels of environmental awareness in many countries, it is anticipated that requirements and regulations relating to sustainability will in future become stricter. Risks arise here from non-compliance with existing or future regulations, especially in the form of penalty payments, but also in terms of damage to the Group's reputation. However, the production sites of HEINZEL GROUP already go beyond what is required by law with respect to preventing negative impacts on the environment.

### 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

HEINZEL GROUP owes its success to the commitment and extensive experience of its employees. This means that the ability to hire new qualified staff, integrate them into the Group, and retain them in the long term are also very important. Both 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 limited or mitigated by means of appropriate hedging. 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. Financial derivatives to hedge gas prices were used in 2022 for the first time given that physical suppliers were no longer prepared to commit to fixed forward prices. 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 assessment of the International Monetary Fund (IMF), 2023 will be even more challenging for the global economy than 2022. The IMF forecasts that a third of the global economy will go into recession and that global economic growth in 2023 will drop to 2.7% (2022: 3.2%) or even lower. For the first time in the last 40 years, the Chinese economy is expected to grow by only the global average and possibly even less. The US economy is regarded as more resistant and forecast to grow by 1.0% due to its strong labor market. Half of the markets in the European Union are expected to go into recession due to the high energy and food prices and the resulting decline in purchasing power in the private sector. Despite this, the eurozone is forecast to grow by 0.5%. The IMF expects the German economy to contract by 0.3% in terms of its GDP. Due to the sharp increase in interest rates, the IMF is only marginally optimistic about growth in emerging markets in 2023.

Particularly in the first half of 2023, the production companies of HEINZEL GROUP still expect there to be a further decline in demand but for this to improve in the second half of the year. This is based on the lower demand for pulp from Asia and temporary paper machine shutdowns in Europe. In the case of containerboard, the poor sales level in the third and fourth quarters of 2022 led to a massive stockpiling of inventories which still need to be used up. The ongoing substitution of plastics with paper is having a positive impact on demand for kraft papers. HEINZEL GROUP forecasts that the production volumes of pulp and paper in 2023 will be higher than in 2022 but still below the volumes seen in 2021.

In the trading division, heinzelsales expects higher volumes to be available from external suppliers and that the volumes sold will therefore rise again in 2023. Price levels are forecast to be lower than in 2022 in the case of both pulp and paper. Following an exceptional year in terms of the paper wholesale business in 2022, Europapier anticipates a return to former earnings levels and will forge ahead with its diversification strategy.

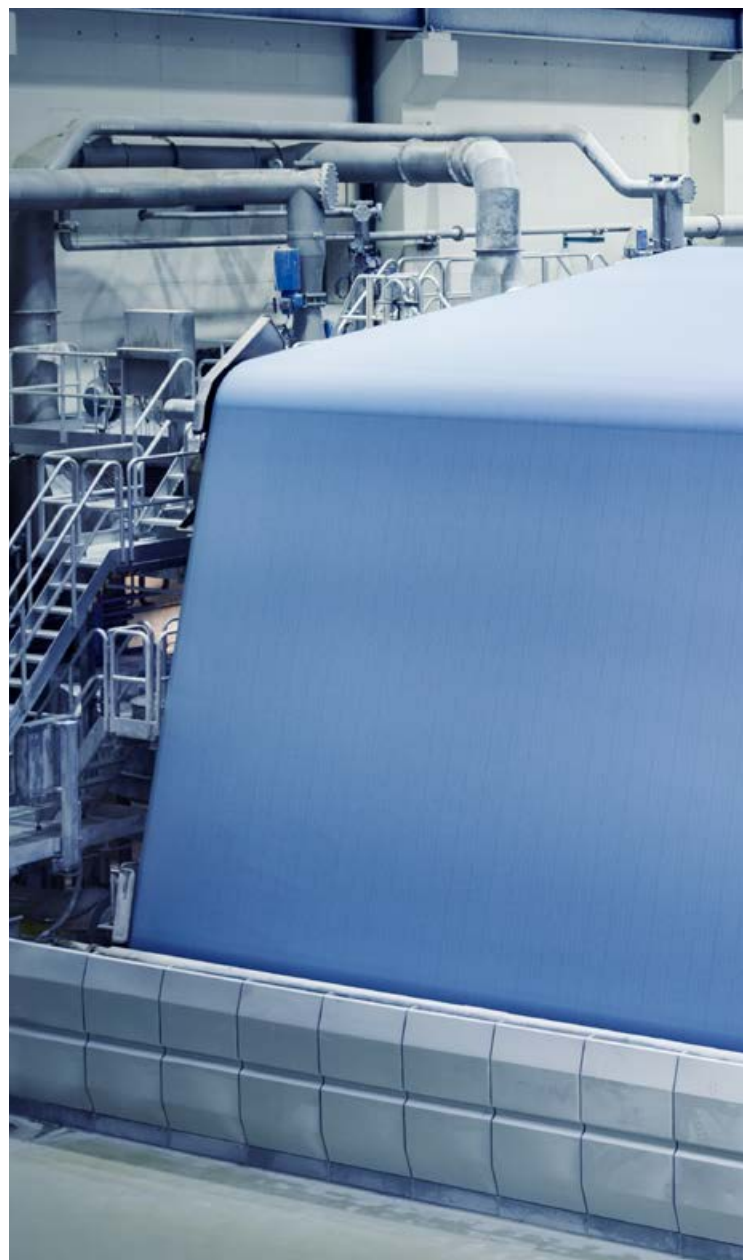
In the recovered paper segment, it is assumed that the decline in prices seen in the fourth quarter of 2022 will continue throughout 2023. The situation relating to the

availability of lumber is expected to improve, leading in due course to a decline in prices. Developments related to energy remain unclear given that public sector intervention could have a major influence on prices in addition to availability.

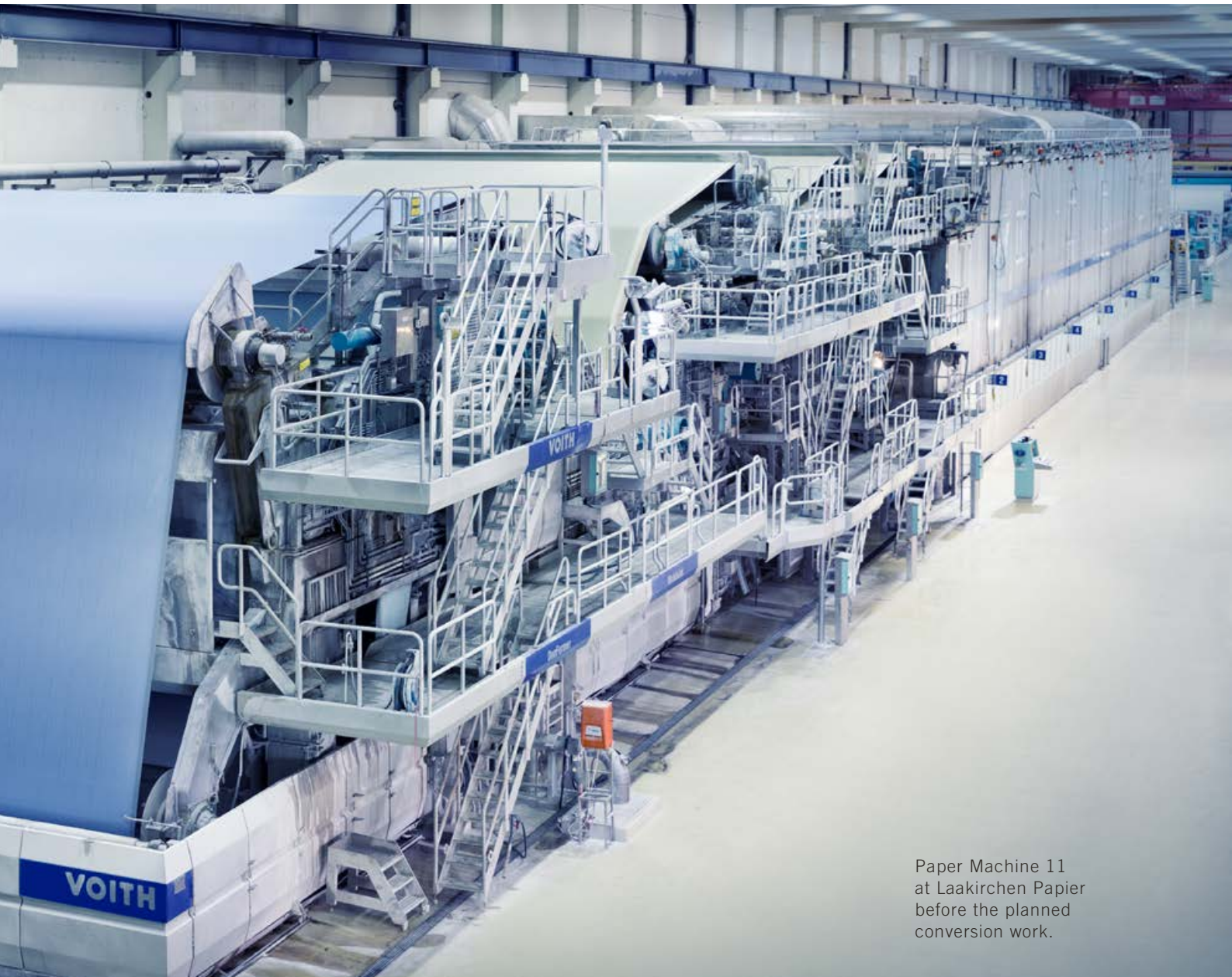
HEINZEL GROUP plans to invest around EUR 170 million at its sites in 2023. This volume of investment includes the conversion of PM11 in Laakirchen, which will produce containerboard from Q2 2024, the expansion of pulp production in Pöls, as well as the investment in converting the paper machine at the Steyrmühl site so that this can also be used to manufacture packaging papers from 2024.

Vorchdorf, February 23, 2023

Sebastian Heinzl, Kurt Maier, and  
Barbara Potisk-Eibensteiner







Paper Machine 11  
at Laakirchen Papier  
before the planned  
conversion work.

# CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2022

IFRS

IN EUR K	NOTE	31.12.2022	31.12.2021
<b>ASSETS</b>			
Intangible assets	5.1	27,419	28,762
Right-of-use assets	5.2	29,828	31,403
Tangible assets	5.3	596,318	589,637
Shares in associated companies	2.4	3,624	3,343
Financial assets and financial investments	7.3	67,701	14,337
Deferred tax assets	4.2	6,890	4,581
<b>Non-current assets</b>		<b>731,780</b>	<b>672,064</b>
Inventories	6.1	254,848	179,490
Trade receivables	6.2	403,237	342,177
Current tax receivables		16,858	10,703
Other current receivables	11.1	74,994	51,097
Other current financial assets	7.2	16,027	57,771
Cash and cash equivalents		142,324	120,638
<b>Current assets</b>		<b>908,288</b>	<b>761,876</b>
<b>TOTAL ASSETS</b>		<b>1,640,068</b>	<b>1,433,939</b>
<b>LIABILITIES AND EQUITY</b>			
Share capital	9.1	3,635	3,635
Capital reserves	9.2	26,123	26,123
Other reserves	9.3	36,694	29,454
Retained earnings	9.4	924,258	773,911
<b>Equity attributable to shareholders of the company</b>		<b>990,710</b>	<b>833,123</b>
Non-controlling interests	2.5, 9.5	16,894	16,185
<b>Total equity</b>	9	<b>1,007,604</b>	<b>849,307</b>
Non-current financial liabilities	7.1	44,457	76,208
Post-employment benefit obligations	10.1	42,145	54,918
Other non-current liabilities	11.1	7,515	8,689
Deferred tax liabilities	4.2	9,147	3,037
<b>Non-current provisions and liabilities</b>		<b>103,264</b>	<b>142,852</b>
Current financial liabilities	7.1	71,414	74,075
Tax liabilities		29,403	24,490
Trade accounts payable	6.3	338,499	270,212
Contract liability		243	0
Other current liabilities and deferred income	11.3	82,745	66,646
Current provisions	10.2	6,897	6,357
<b>Current provisions and liabilities</b>		<b>529,200</b>	<b>441,780</b>
<b>Total provisions and liabilities</b>		<b>632,464</b>	<b>584,631</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,640,068</b>	<b>1,433,939</b>

# CONSOLIDATED INCOME STATEMENT

## 2022 IFRS

IN EUR K	NOTE	2022	2021
Revenues		2,905,821	2,146,467
Transport services		-128,410	-108,222
<b>Net Sales</b>	<b>3.1</b>	<b>2,777,412</b>	<b>2,038,245</b>
Changes in inventories	3.2	17,901	9,787
Own work capitalized	3.2	1,691	1,751
Other operating income	3.3	12,118	12,143
Cost of material and services	3.4	-2,260,651	-1,641,388
Personnel expenses	3.5	-177,174	-157,814
Scheduled depreciation and amortization	5	-71,731	-73,938
Impairment	5	-1,467	0
Other operating expenses	3.6	-84,278	-67,482
Share of profit of associated companies	2.4	439	597
<b>Operating result (EBIT)</b>		<b>214,259</b>	<b>121,902</b>
Financing income		20,654	6,175
Financing expenses		-19,332	-8,690
<b>Financial result</b>	<b>3.7</b>	<b>1,322</b>	<b>-2,515</b>
<b>Earnings before tax (EBT)</b>		<b>215,582</b>	<b>119,387</b>
Income taxes	4.1	-50,838	-25,416
<b>Net profit for the year</b>		<b>164,744</b>	<b>93,972</b>
Attributable to the shareholders of the company		163,361	92,293
Attributable to non-controlling interests		1,384	1,678
		<b>164,744</b>	<b>93,972</b>



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2022

IFRS

IN EUR K	NOTE	2022	2021
<b>Net profit for the year</b>		<b>164,744</b>	<b>93,972</b>
<b>Items of other comprehensive income which may be subsequently recycled to profit and loss</b>			
Hedging transactions		3,326	120
NCI restructuring		-13	0
Currency translation differences		975	1,756
Debt instruments measured at fair value through other comprehensive income		13	20
Deferred taxes		-838	-30
		<b>3,463</b>	<b>1,867</b>
<b>Items of other comprehensive income which will not be subsequently recycled to profit and loss</b>			
Remeasurement of post-employment benefit obligations		4,292	1,433
Deferred taxes		-406	-423
		<b>3,885</b>	<b>1,010</b>
<b>Other comprehensive income</b>	<b>3.8</b>	<b>7,348</b>	<b>2,877</b>
<b>Total comprehensive income</b>		<b>172,092</b>	<b>96,848</b>
Attributable to the shareholders of the company		170,587	94,933
Attributable to non-controlling interests		1,505	1,915
		<b>172,092</b>	<b>96,848</b>

# CONSOLIDATED CASH FLOW STATEMENT 2022 IFRS

IN EUR K	NOTE	2022	2021
<b>Operating activities</b>			
Operating result (EBIT)		214,259	121,902
Depreciation and amortization	5	71,731	73,938
Impairment	5	1,467	0
Changes in net working capital:			
Changes in inventories	6.1	-75,357	-27,369
Changes in trade receivables	6.2	-61,060	-111,589
Changes in trade accounts payables	6.3	67,022	79,835
Changes in other receivables and liabilities		-205	16,890
Changes in personnel provisions		-8,457	-3,792
Dividends received		118	915
Income taxes paid		-49,993	-18,227
Interest paid		-3,714	-3,031
Interest received		4,988	617
Other non-cash items		2,116	-246
<b>Cash flow from operating activities</b>		<b>162,915</b>	<b>129,845</b>
<b>Investing activities</b>			
Payments for company purchases, less acquired cash and asset deals		-12,957	-4,979
Inflows from financial assets		37,434	0
Outflows from financial assets		0	-19,397
Investment in tangible assets		-68,482	-46,403
Investment in intangible assets		-1,072	-3,412
Acquisition of other investments		-44,727	0
Income from the sale of tangible assets and intangible assets		610	611
<b>Cash flow from investing activities</b>		<b>-89,194</b>	<b>-73,580</b>
<b>Financing activities</b>			
Dividends paid		-13,000	-25,500
Dividends paid to non-controlling interests		-796	-871
Payment for the purchase of non-controlling interests		0	0
Borrowing of non-current financial liabilities	7.1	0	0
Borrowing of current financial liabilities	7.1	14,742	7,231
Repayment of current financial liabilities	7.1	-53,467	-79,985
<b>Cash flow from financing activities</b>		<b>-52,520</b>	<b>-99,124</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>21,201</b>	<b>-42,860</b>
Cash and cash equivalents at the beginning of the year		120,638	162,381
Effect from currency translation differences		485	1,117
Increase/decrease in cash and cash equivalents		21,201	-42,860
<b>Cash and cash equivalents at the end of the year</b>		<b>142,324</b>	<b>120,638</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IFRS

IN EUR K	Share capital
<b>Balance as of December 31, 2020</b>	<b>3,635</b>
Net profit for the year	0
Currency translation differences	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
<b>Total comprehensive income for the period</b>	<b>0</b>
Addition acquisition	0
Capital increase	0
Dividend payments	0
<b>Balance as of December 31, 2021</b>	<b>3,635</b>
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
<b>Total comprehensive income for the period</b>	<b>0</b>
Dividend payments	0
<b>Balance as of December 31, 2022</b>	<b>3,635</b>



Capital reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
<b>26,123</b>	<b>26,814</b>	<b>706,817</b>	<b>763,389</b>	<b>14,860</b>	<b>778,250</b>
0	0	92,293	92,293	1,678	93,971
0	1,540	0	1,540	216	1,756
0	89	0	89	1	90
0	20	0	20	0	20
0	990	0	990	20	1,010
<b>0</b>	<b>2,640</b>	<b>92,293</b>	<b>94,933</b>	<b>1,915</b>	<b>96,848</b>
0	0	0	0	-7	-7
0	0	0	0	82	82
0	0	-25,200	-25,200	-666	-25,866
<b>26,123</b>	<b>29,454</b>	<b>773,911</b>	<b>833,123</b>	<b>16,185</b>	<b>849,307</b>
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
<b>0</b>	<b>7,239</b>	<b>163,348</b>	<b>170,587</b>	<b>1,505</b>	<b>172,092</b>
0	0	-13,000	-13,000	-796	-13,796
<b>26,123</b>	<b>36,694</b>	<b>924,258</b>	<b>990,710</b>	<b>16,894</b>	<b>1,007,604</b>

# NOTES

## TO THE CONSOLIDATED FINANCIAL STATEMENTS 2022

### 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 Heinzl 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 Heinzl 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, 2022 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 2021 reporting period, the reporting period for 2022 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, 2022 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 47 companies, including Heinzl Holding GmbH as the parent company, as of December 31, 2022 (31.12.2021: 47 companies) and 8 companies consolidated at equity (31.12.2021: 8 companies).

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

Development of the scope of consolidation	2022	2021
<b>Number of companies at the beginning of the financial year</b>	<b>46</b>	<b>46</b>
Initial consolidation	1	1
Mergers	-1	-1
Deconsolidation	0	0
<b>NUMBER OF COMPANIES AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>46</b>	<b>46</b>

The initial consolidation was related to the acquisition of Projekt Rosenheimer Straße Raubling GmbH.

The merger in 2021 related to M-Cyklus s.r.o., based in Prague, which was merged into Austrian Recycling s.r.o., based in Temelin, as the absorbing company as of January 1, 2021.

The initial consolidation and the subsequent merger in the past financial year are related to WILL, s.r.o, which was merged into Europapier Bohemia, spol, s.r.o.

Details regarding the two 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:

<b>Exchange rates to EUR</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
BAM	1.9558	1.9558
BGN	1.9558	1.9558
CAD	1.4440	1.4393
CHF	0.9847	1.0331
CZK	24.1160	24.8580
HRK	7.5345	7.5156
HUF	400.8700	369.1900
MYR	4.6984	4.7184
PLN	4.6808	4.5969
RON	4.9495	4.9490
RUB	75.6553	85.3004
USD	1.0666	1.1326

The European Central Bank (ECB) has suspended the publication of its euro-ruble exchange rate since March 1, 2022. Therefore, the Europapier Group examined the availability of officially quoted exchange rates from alternative sources in accordance with IAS 21.26 on December 31, 2022. Since the 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. If the ECB exchange rate, which had been frozen since March, had been used for the sub-group financial statements, the Europapier Group's equity would have been EUR 8 million lower, and the net sales recognized as of December 31, 2022 would have been EUR 49 million lower.

### **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 2022 financial year:

		Endorsement	Mandatory application for HEINZEL GROUP	Material impact on HEINZEL GROUP
<b>AMENDED STANDARDS AND INTERPRETATIONS</b>				
IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	August 2021	April 1, 2021	no
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37	July 2, 2021	January 1, 2022	no
	Annual Improvements to IFRS Standards 2018-2020	July 2, 2021	January 1, 2022	no
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	June 28, 2021	January 1, 2022	no
IFRS 3	Reference to the Conceptual Framework - Amendments to IFRS 3	June 28, 2021	January 1, 2022	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
<b>NEW STANDARDS AND INTERPRETATIONS</b>				
IFRS 17	Insurance contracts	open	January 1, 2023	no
<b>AMENDED STANDARDS AND INTERPRETATIONS</b>				
IAS 1	Classification of Liabilities as Current or Non-current Amendments to IAS 1	open	January 1, 2024	no
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	open	January 1, 2023	no
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	open	January 1, 2023	no
IAS 12	Amendments to IAS 12: Deferred Tax related Assets and Liabilities Arising from a Single Transaction aus einer einzigen Transaktion stammen	August 11, 2022	January 1, 2023	no
IFRS 17	Amendments to IFRS 17	November 1, 2021	January 1, 2023	no
IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	open	January 1, 2024	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 10.2: 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 heinzsales with Ukrainian customers initially came to a complete halt. Nevertheless, there were no losses on the receivables side. In the second half of the year, deliveries to customers were selectively resumed against advance payment. When sanctions were imposed on Russia, heinzsales completely ceased business with Russian suppliers.

The Europapier Group has two investments with approximately 200 employees in Russia. These companies independently operate a paper wholesale business in the Russian markets, generating net sales of approximately EUR 150 million in the 2022 financial year. Europapier International AG, the ultimate parent company of the 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.

However, the sanctions against Russia also led to disruptions in the supply chain at HEINZEL GROUP's mills, resulting in shortages in the supply of wood for pulp production in the course of the year. Shortages on the gas supply side caused extremely volatile gas and electricity prices, especially in the second half of the year.



## 2. GROUP COMPANIES

### 2.1. BUSINESS COMBINATIONS

#### Merger of M-Cyklus s.r.o into Austrian Recycling s.r.o. as the absorbing company

M-Cyklus s.r.o., based in Prague and in sole possession of the group as the transferring company, was merged into Austrian Recycling s.r.o., based in Temelin, as the absorbing company as of January 1, 2021.

This transaction is a business combination under joint control. Therefore, the predecessor accounting method was applied.

#### Merger of at Will, s.r.o. into Europapier Bohemia, spol, s.r.o. as the absorbing company

In the Czech Republic, 100% of the shares in at WILL, s.r.o. were acquired on December 21, 2021. Due to immateriality, the company was not fully consolidated in 2021. In the past financial year, at Will, s.r.o. was merged into Europapier Bohemia, spol, s.r.o.

#### Acquisition of Projekt Rosenheimer Straße Raubling GmbH

The group acquired 94.9% of the shares in Projekt Rosenheimer Straße Raubling GmbH, Raubling, by purchase agreement of June 22, 2021.

The fair value of the acquired identified assets and liabilities of Projekt Rosenheimer Straße Raubling GmbH at the acquisition date amounted to:

In EUR k	Fair value
Tangible assets	11,000
Trade receivables	1
Cash and cash equivalents	149
Provisions	-144
Financial liabilities	-9,529
Trade accounts payable	-5
Other current liabilities and deferred income	-1,612
<b>Acquired net assets</b>	<b>-140</b>

The difference between the purchase price and the fair value of the acquired net assets is shown in the following table:

In EUR k	Fair value
Purchase price paid	0,94
less fair value of the <b>share of net assets</b> acquired	-132.478,35
<b>Goodwill</b>	<b>0.94</b>
Non-controlling interest from initial consolidation	-7,119.49

### 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	31.12.2022		31.12.2021	
	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 Pulpsales 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 <sup>1</sup>	50.00	50.00	50.00	50.00
Raubling Papier GmbH, Raubling, Germany	94.90	5.10	94.90	5.10
HBB Heizkraftwerk Bauernfeind Betreibergesellschaft mbH, Raubling, Germany	94.90	5.10	94.90	5.10
Projekt Rosenheimer Straße Raubling GmbH <sup>2</sup>	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 <sup>3</sup>	64.00	36.00	64.00	36.00
at Will, s.r.o., Kunčice nad Labem, Czech Republic <sup>4</sup>	–	100.00	100.00	–

<sup>1</sup> The company is fully consolidated due to a controlling influence.

<sup>2</sup> The company was acquired in the 2021 financial year.

<sup>3</sup> Not consolidated due to immateriality.

<sup>4</sup> 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 %	
	31.12.2022	31.12.2021
Papierholz Austria GmbH, St. Gertraud, Austria	25.00	25.00
Bioenergie Aichfeld GmbH, Pöls, Austria	20.00	20.00
ZPA Fernwärmehtransportleitungen 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	2022	2021
<b>BALANCE AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>3,343</b>	<b>2,775</b>
Addition	0	9
Disposal	0	-38
Share of profit	439	597
Dividend payment	-158	0
<b>BALANCE AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>3,624</b>	<b>3,343</b>

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, 2022. The carrying value of the share amounts to EUR 1,958k as of December 31, 2022 (previous year: EUR 1,859k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2022	31.12.2021
Non-current assets	7,016	6,983
Current assets	5,223	4,940
Non-current liabilities	684	803
Current liabilities	5,374	5,249
<b>Net assets</b>	<b>6,181</b>	<b>5,871</b>
Revenues	42,986	34,654
Net profit for the year	811	688
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>811</b>	<b>688</b>



### Bioenergie Aichfeld GmbH, Pöls

The group holds an unchanged share of 20% in the company as of December 31, 2022. The carrying value of the share amounts to EUR 0k as of December 31, 2022 (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, 2022 amounts to EUR 1,549k (previous year: EUR 766k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2022	31.12.2021
Non-current assets	3,374	3,500
Current assets	985	2,560
Non-current liabilities	0	0
Current liabilities	2,431	2,739
<b>Net assets</b>	<b>1,928</b>	<b>3,321</b>
Revenues	3,634	3,733
Net profit for the year	-131	413
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>-131</b>	<b>413</b>

### Papierholz Austria GmbH, St. Gertraud

The group holds an unchanged share of 25% in the company as of December 31, 2022. The carrying value of the share amounts to EUR 968k as of December 31, 2022 (previous year: EUR 799k).

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

The summarized financial information for the company is presented below:

In EUR k	31.12.2022	31.12.2021
Non-current assets	486	547
Current assets	106,847	113,618
Non-current liabilities	898	1,256
Current liabilities	102,563	109,713
<b>Net assets</b>	<b>3,872</b>	<b>3,196</b>
Revenues	504,522	339,029
Net profit for the year	618	912
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>618</b>	<b>912</b>

**ZPA Fernwärmehtransportleitungs GmbH, Köflach**

The group holds an unchanged share of 20% in the company as of December 31, 2022. The carrying value of the share amounts to EUR 334k as of December 31, 2022 (previous year: EUR 379k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2022	31.12.2021
Non-current assets	1,087	1,390
Current assets	913	1,005
Non-current liabilities	0	0
Current liabilities	331	500
<b>Net assets</b>	<b>1,669</b>	<b>1,895</b>
Revenues	4,807	858
Net profit for the year	-226	451
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>-226</b>	<b>451</b>

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

The group holds an unchanged share of 33.36% in the company as of December 31, 2022. The carrying value of the share amounts to EUR 279k as of December 31, 2022 (previous year: EUR 219k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2022	31.12.2021
Non-current assets	623	652
Current assets	3,858	5,846
Non-current liabilities	522	464
Current liabilities	3,124	5,376
<b>Net assets</b>	<b>835</b>	<b>658</b>
Revenues	50,931	47,389
Net profit for the year	178	-81
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>178</b>	<b>-81</b>





### 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.

2022	Before intercompany elimination				Attributable to non-controlling interests		
	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.	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	436,864	52,542	3,264	55,806	525	32	557
Omega Trading Laakirchen GmbH	8,780	99	0	99	48	0	48
Raubling Papier GmbH, Germany	149,317	-7,808	417	-7,391	-398	21	-377
Other					-67	0	-67
<b>TOTAL 2022</b>					<b>1,383</b>	<b>121</b>	<b>1,504</b>

2021	Before intercompany elimination				Attributable to non-controlling interests		
	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	40,202	3	0	3	2	0	2
Bunzl & Biach Gesellschaft m.b.H.	192,778	2,198	0	2,198	1,077	0	1,077
Chiemgau Recycling GmbH, Germany	44,805	371	0	371	172	0	172
Laakirchen Papier AG	328,194	5,422	0	5,422	54	0	54
Omega Trading Laakirchen GmbH	8,999	146	0	146	72	0	72
Raubling Papier GmbH, Germany	131,027	4,028	0	4,028	205	0	205
Other	0	0	0	0	96	0	332
<b>TOTAL 2021</b>				<b>0</b>	<b>1,678</b>	<b>0</b>	<b>1,914</b>

### 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	2022	2021
	operating activities	investing activities	financing activities			Dividends paid to non-controlling interests	Dividends paid to non-controlling interests
Laakirchen Papier AG	90,024	-36,658	-9,852		43,514	0	0
Raubling Papier GmbH, Germany	-424	-7,474	7,540		-358	0	-102
Bunzl & Biach GmbH	9,237	-309	-1,357		7,571	-490	-490
Europapier East Europe	11,041	-426	-3,183		7,432	-15	0
<b>TOTAL</b>						<b>-505</b>	<b>-592</b>

## 3. PERFORMANCE

### 3.1. REVENUE

HEINZEL GROUP's net sales – calculated from gross sales from customer contracts less transport services and sales deductions – rose to the pre-crisis level due to higher sales volumes coupled with partly sharp increases in market prices. Net sales amounted to EUR 2,777.4 million in the 2022 financial year compared with EUR 2,038.2 million in 2021 (+36.3%).

In EUR k	2022	2021
Revenue from contracts with customers	2,905,821	2,146,467
Transport services	-128,410	-108,222
<b>NET SALES</b>	<b>2,777,412</b>	<b>2,038,245</b>

As in the previous year, revenues from contracts with customers in 2022 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	2022	2021
Pulp	864,971	638,760
Printing & Writing	503,730	372,581
Publication Papers	312,997	206,822
Packaging & Board	1,017,892	768,055
Other grades	122,780	93,760
Paper	1,957,400	1,441,218
Recovered paper	83,369	66,167
Chemicals	81	323
	<b>2,905,821</b>	<b>2,146,467</b>

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

In EUR k	2022	2021
Austria	347,603	278,713
Central and Eastern Europe (excl. Austria)	490,729	371,183
Southeast Europe	319,178	217,648
Western Europe	744,909	571,037
Middle East	311,379	185,224
Northern Africa	215,280	132,127
Central and Southern Africa	79,277	53,818
Far East/Oceania	146,441	176,365
CIS	150,828	103,654
North America	2,566	4,666
Latin America	97,631	52,032
	<b>2,905,821</b>	<b>2,146,467</b>

### 3.2. CHANGES IN INVENTORIES AND OWN WORK CAPITALIZED

In EUR k	2022	2021
Changes in inventories	17,901	9,787
Own work capitalized	1,691	1,751
	<b>19,592</b>	<b>11,538</b>

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	2022	2021
Sale of energy, by-products and scrap	2,582	3,288
Research grants and other grants	4,236	2,627
COVID-19 funding	0	57
Rental income	544	478
Income from insurance	463	1,651
Other operating income	4,293	4,043
	<b>12,118</b>	<b>12,143</b>

### 3.4. COST OF MATERIAL AND SERVICES

In EUR k	2022	2021
Raw materials	445,594	364,916
Supplies and operating materials	421,996	277,211
Goods for resale	1,393,061	999,261
	<b>2,260,651</b>	<b>1,641,388</b>



### 3.5. PERSONNEL EXPENSES

In EUR k	2022	2021
Wages	46,550	47,696
Salaries	70,866	68,467
Expenses for severance payments	1,715	1,735
Expenses for pensions	1,432	1,467
Statutory social expenses	31,587	26,698
Voluntary social expenses	25,024	11,750
	<b>177,174</b>	<b>157,814</b>

The expenses for defined contribution plans reported under personnel expenses amounted to EUR 2,074k (2021: EUR 2,029k).

### 3.6. OTHER OPERATING EXPENSES

In EUR k	2022	2021
Incoming freight	10,874	10,719
Insurance	9,636	9,682
Consultants and fees	13,082	8,426
IT and communications costs	7,998	6,450
Energy and other operating expenses	4,910	5,489
Rents and leasing	7,368	4,323
Other external services	5,254	3,603
Bad debt provisions	3,947	2,096
External personnel costs	2,268	1,702
Cleaning, maintenance and building security	2,622	1,511
Distribution costs	1,380	1,457
Fleet of vehicles	1,765	1,448
Training costs	1,102	1,417
Advertising costs	2,008	1,214
Contributions	1,079	1,178
Travel expenses	3,025	1,166
Office material	757	1,064
Taxes other than taxes on income and earnings	1,043	732
Donations and representational costs	1,006	380
Miscellaneous other operating expenses	3,154	3,425
	<b>84,278</b>	<b>67,482</b>

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 396k (2021: EUR 327k) for the audit of the financial statements and consolidated financial statements for 2022 and EUR 0k (2021: EUR 27k) for other auditing services.

### 3.7. FINANCIAL RESULT

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

In EUR k	2022	2021
Interest and similar income	1,334	2,116
Foreign currency gains	997	3,090
Income from securities	2,452	13
Income from the disposal of securities	0	0
Derivatives	15,753	41
Income from disproportional profit distribution from associated companies	118	900
Dividend income	0	15
<b>Financing income</b>	<b>20,654</b>	<b>6,175</b>
Interest and similar expenses	-3,167	-1,592
Foreign currency losses	-859	-5,453
Interest expense from leasing	-815	-683
Interest expense from personnel provisions	-444	-322
Expense from derivatives	-8,820	-460
Impairment	0	0
Expense from financial assets	-5,227	0
Expense from the disposal of financial assets	0	-180
<b>Financing expenses</b>	<b>-19,332</b>	<b>-8,690</b>
<b>FINANCIAL RESULT</b>	<b>1,322</b>	<b>-2,515</b>

### 3.8. OTHER COMPREHENSIVE INCOME

In EUR k	2022			2021		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Currency translation differences	975	0	975	1,756	0	1,756
NCI restructuring	-13	0	-13	0	0	0
Hedging transactions	3,326	-838	2,488	120	-30	90
Change in fair value of debt instruments recognized through other comprehensive income	12	0	12	20	0	20
Revaluation of obligations to employees	4,292	-406	3,886	1,433	-423	1,010
	<b>8,592</b>	<b>-1,244</b>	<b>7,348</b>	<b>3,329</b>	<b>-453</b>	<b>2,877</b>

## 4. TAXES

### 4.1. INCOME TAXES

In EUR k	2022	2021
Current income taxes	48,750	26,524
Deferred taxes	2,088	-1,108
	<b>50,838</b>	<b>25,416</b>

The corporate tax rate applicable to the parent company, Heinz Holding GmbH, Vorchdorf, as of the closing date was 25% (31.12.2021: 25%).

In EUR k	2022	2021
Earnings before taxes	215,582	119,388
Income tax expenses	-50,838	-25,416
<b>EFFECTIVE TAX RATE (%)</b>	<b>23.6</b>	<b>21.3</b>

The reasons for the difference between the theoretical tax expense based on the Austrian corporate tax rate of 25% and the reported tax expense are presented below:

In EUR k	2022	2021
Earnings before taxes	215,582	119,388
Expected income tax expenditure based on 25% (31.12.2021: 25%)	53,896	29,847
Effects of foreign tax rates	-4,021	-2,205
Taxes from previous periods	109	175
Use of tax shields	425	-1258
Capitalization of loss carryforwards from previous periods	-179	-953
Change in estimates of tax deferrals	1,037	-174
Effects of initial and subsequent consolidation	-189	0
Other permanent differences	-240	-16
<b>ACTUAL INCOME TAX EXPENDITURE</b>	<b>50,838</b>	<b>25,416</b>

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 1,471k (31.12.2021: EUR 1,693k).

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 only reported in the amount of EUR 5,288k (31.12.2021: EUR 979k). Overall, foreign loss carryforwards totaling EUR 12,042k (31.12.2021: EUR 3,213k) 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 157,486 (31.12.2021: EUR 140,486k) 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Non-current assets	14,106	16,431	41,821	45,070
Current assets	19,172	12,208	5,309	6,479
Non-current provisions and liabilities	22,866	35,174	0	0
Current provisions and liabilities	24,166	20,622	46,359	23,295
Loss carryforwards	5,588	979	0	0
	<b>85,898</b>	<b>85,413</b>	<b>93,489</b>	<b>74,844</b>
Deferred taxes	19,013	19,711	21,270	18,166
Offsetting of deferred taxes to the same fiscal authority	-12,123	-15,130	-12,123	-15,130
<b>NET DEFERRED TAXES</b>	<b>6,890</b>	<b>4,581</b>	<b>9,147</b>	<b>3,036</b>
Composition in detail				
Intangible assets	1,270	1,592	1,277	1,641
Tangible assets	7,956	7,856	39,725	43,377
Financial assets	4,881	6,983	819	52
<b>Non-current assets</b>	<b>14,107</b>	<b>16,431</b>	<b>41,821</b>	<b>45,070</b>

## 5. NON-CURRENT ASSETS

### 5.1. INTANGIBLE ASSETS

In EUR k	Concessions and other rights	Software	Goodwill	Total
<b>GROSS VALUES AS OF 31.12.2020</b>	<b>24,439</b>	<b>13,076</b>	<b>23,580</b>	<b>61,095</b>
Additions	2,731	673	0	3,404
Additions from acquisition of companies	0	0	132	132
Foreign currency differences	16	45	186	248
Disposals	-348	-17	0	-365
Transfers/reclassifications	-1,005	1,002	0	-3
<b>GROSS VALUES AS OF 31.12.2021</b>	<b>25,834</b>	<b>14,780</b>	<b>23,899</b>	<b>64,513</b>
Additions	303	769	0	1,072
Foreign currency differences	8	68	-11	65
Disposals	-4,348	-193	-10	-4,551
Transfers/reclassifications	-46	2,296	0	2,250
Additions from merger	1,514	0	0	1,514
<b>GROSS VALUES AS OF 31.12.2022</b>	<b>23,264</b>	<b>17,720</b>	<b>23,878</b>	<b>64,863</b>
<b>ACCUMULATED AMORTIZATION AS OF 31.12.2020</b>	<b>19,159</b>	<b>8,544</b>	<b>5,164</b>	<b>32,867</b>
Scheduled amortization	1,723	1,475	0	3,198
Foreign currency differences	16	34	0	50
Disposals	-348	-17	0	-365
Transfers/reclassifications	1,511	-1,511	0	0
<b>ACCUMULATED AMORTIZATION AS OF 31.12.2021</b>	<b>22,062</b>	<b>8,525</b>	<b>5,164</b>	<b>35,751</b>
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
<b>ACCUMULATED AMORTIZATION AS OF 31.12.2022</b>	<b>20,243</b>	<b>10,570</b>	<b>6,631</b>	<b>37,444</b>
<b>NET VALUE AS OF 31.12.2021</b>	<b>3,772</b>	<b>6,255</b>	<b>18,735</b>	<b>28,762</b>
<b>NET VALUE AS OF 31.12.2022</b>	<b>3,020</b>	<b>7,150</b>	<b>17,247</b>	<b>27,419</b>

#### 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	31.12.2022	31.12.2021
Moderne Verpackung (MV)	7,238	7,238
Europapier Group without MV	2,852	2,883
<b>Europapier Group</b>	<b>10,090</b>	<b>10,121</b>
Heinzel Sales Asia Pacific	0	1,449
WHAG without Heinzel Sales Asia Pacific	3,193	3,203
<b>Wilfried Heinzel Group</b>	<b>3,193</b>	<b>4,652</b>
Bunzl & Biach Group	1,687	1,685
Zellstoff Pöls AG	2,042	2,042
Other	235	235
	<b>17,247</b>	<b>18,735</b>

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 (2023–2027) 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	
	2022	2021	2022	2021
Moderne Verpackung (MV)	1.18%	1.48%	1.34%	1.44%
Europapier Group without MV	0.72%	2.11%	0.43%	2.31%
Heinzel Sales Asia Pacific	3.92%	27.55%	3.88%	28.35%
WHAG without Heinzel Sales Asia Pacific	0.00%	5.72%	0.00%	5.71%
Zellstoff Pöls AG	5.04%	1.24%	4.37%	2.29%
Bunzl & Biach Group	1.62%	1.56%	1.49%	1.43%

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 2023–2027, terminal value for years after 2027).

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	2022		2021	
	Carrying value of CGU	Surplus/shortfall of coverage	Carrying value of CGU	Surplus/shortfall of coverage
Moderne Verpackung (MV)	17,036	17,508	15,833	25,789
Europapier Group without MV	113,289	94,676	13,757	45,148
Heinzel Sales Asia Pacific	3,158	15,493	-1,488	45,984
WHAG without Heinzel Sales Asia Pacific	100,205	75,823	196,569	208,136
Zellstoff Pöls AG	440,805	395,100	530,681	207,610
Bunzl & Biach Group	28,590	28,241	41	11,082

Parameters of the groups of CGU relevant for control:

	2022				2021			
	Discount rate before tax	Discount rate after tax	Growth rate for terminal value	Break-even discount rate <sup>1</sup>	Discount rate before tax	Discount rate after tax	Growth rate for terminal value	Break-even discount rate <sup>1</sup>
Moderne Verpackung (MV)	8.91%	7.36%	1.00%	13.91%	6.82%	5.68%	1.00%	13.52%
Europapier Group without MV	10.65%	9.00%	1.00%	9.95%	7.65%	6.79%	1.00%	9.73%
WHAG without Heinzel Sales Asia Pacific	8.31%	7.09%	1.00%	17.31%	6.51%	5.44%	1.00%	16.89%
Heinzel Sales Asia Pacific	9.64%	8.07%	1.00%	4.25%	7.36%	6.22%	1.00%	23.48%
Zellstoff Pöls AG	7.75%	6.60%	1.00%	13.93%	6.47%	5.44%	1.00%	8.42%
Bunzl & Biach Group	7.83%	6.63%	1.00%	6.64%	6.36%	5.44%	1.00%	7.44%

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

The impairment tests confirmed that all goodwill is unimpaired with the exception of the goodwill of Heinzel Sales Asia Pacific; therefore, goodwill amounting to EUR 1,467k was fully written down in the past financial year. A sensitivity analysis of the goodwill-carrying units showed that if the discount rate increases by 0.95 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 the last two years, HEINZEL GROUP also invested in a Climate & Industry Opportunity fund by Speedinvest which supports start-ups in reducing CO2 emissions of European industries and accelerating digitalization in industrial enterprises. The goal of this investment is to generate new ideas and solutions for HEINZEL GROUP.

HEINZEL GROUP strives to meet all customer requirements with its products. At Laakirchen Papier the focus in 2022 was on paper strength both on PM10 and on PM11. Even higher stability was achieved through real-time strength control on the process control system, which was co-developed with a machinery supplier. At the Raubling location, extensive investments were made in plant engineering, automation and logistics in order to expand the product portfolio as a specialty producer. First deliveries of packaging paper for shopper bags were already shipped to customers in 2022.

Several resource efficiency projects were also implemented in 2022 in order to live up to the company's sustainability claims. In pulp production this means above all initiatives to further reduce the use of wood, chemicals and fresh water. In Pöls, a technology was implemented in pulp production in 2022 with the aim to remove impurities such as chlorides and potassium in the lye circuit which lead to corrosion in the units and have



a negative effect on energy efficiency, while keeping make-up alkali use to a minimum. In paper production in Pöls, the newly installed energy monitoring has already resulted in first measurable successes in wastewater management as well as steam and air consumption. As part of a research project with national research institutions, Zellstoff Pöls is currently working on a life cycle assessment for integrated pulp and paper production.

Thanks to the paper strength projects on PM10, Laakirchen Papier succeeded in significantly reducing starch utilization. The use of enzymes in mechanical treatment on PM11 led to a considerable reduction in energy consumption. By implementing S4-HANA in Raubling, all IT systems were merged. As a result, efficiency was further improved in all operational processes.

In basic research, HEINZEL GROUP focuses on making optimal use of lignin, a natural component of the wood substance, which is dissolved in cooking liquor during the pulping process. The use of lignin, both energetically and materially, will allow a further reduction of fossil energy consumption and manufacturing carbon-neutral products in the future.

The criteria for the capitalization of development costs in accordance with IAS 38 are reviewed continuously; as in the previous year, no development costs were capitalized in 2022.

## 5.2. RIGHT-OF-USE ASSETS

In EUR k	Property and buildings	Machinery	Tools and equipment	Total
<b>GROSS VALUES AS OF 31.12.2020</b>	<b>28,752</b>	<b>13,413</b>	<b>3,073</b>	<b>45,238</b>
Currency differences	240	-2	15	253
Additions	4,750	0	326	5,076
Disposals	0	-1,462	-223	-1,685
Reclassification	0	1,739	0	1,739
<b>GROSS VALUES AS OF 31.12.2021</b>	<b>33,743</b>	<b>13,688</b>	<b>3,191</b>	<b>50,622</b>
Currency differences	408	0	8	416
Additions	8,036	0	1,118	9,154
Disposals	-9,199	-89	-281	-9,569
<b>GROSS VALUES AS OF 31.12.2022</b>	<b>32,988</b>	<b>13,599</b>	<b>4,036</b>	<b>50,623</b>
<b>ACCUMULATED DEPRECIATION 31.12.2020</b>	<b>8,494</b>	<b>1,955</b>	<b>1,282</b>	<b>11,731</b>
Scheduled depreciation	4,357	923	735	6,015
Currency differences	81	-2	9	88
Disposals	0	-139	-217	-356
Reclassification	0	1,739	0	1,739
<b>ACCUMULATED DEPRECIATION 31.12.2021</b>	<b>12,932</b>	<b>4,477</b>	<b>1,810</b>	<b>19,219</b>
Scheduled depreciation	4,711	875	688	6,274
Currency differences	94	0	4	98
Disposals	-4,463	-89	-244	-4,796
Reclassification	0	0	0	0
<b>ACCUMULATED DEPRECIATION 31.12.2022</b>	<b>13,275</b>	<b>5,263</b>	<b>2,258</b>	<b>20,795</b>
<b>NET CARRYING VALUE AS OF 31.12.2021</b>	<b>20,810</b>	<b>9,212</b>	<b>1,381</b>	<b>31,403</b>
<b>NET CARRYING VALUE AS OF 31.12.2022</b>	<b>19,713</b>	<b>8,336</b>	<b>1,778</b>	<b>29,828</b>

In the 2022 financial year, EUR 359k (2021: EUR 394k) for leases with a short term and EUR 223k (2021: EUR 255k) 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
<b>GROSS VALUES AS OF 31.12.2020</b>	<b>277,462</b>	<b>949,653</b>	<b>88,052</b>	<b>6,481</b>	<b>1,321,648</b>
Additions	588	11,081	5,881	30,060	47,610
Additions from the acquisition of companies	11,000	0	0	0	11,000
Foreign currency differences	6	82	57	1	146
Disposals	-98	-3,246	-5,683	-12	-9,038
Reclassifications	1,101	15,731	2,290	-19,119	3
<b>GROSS VALUES AS OF 31.12.2021</b>	<b>290,059</b>	<b>973,301</b>	<b>90,598</b>	<b>17,411</b>	<b>1,371,368</b>
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
<b>GROSS VALUES AS OF 31.12.2022</b>	<b>294,428</b>	<b>996,061</b>	<b>97,788</b>	<b>42,376</b>	<b>1,430,653</b>
<b>ACCUMULATED DEPRECIATION 31.12.2020</b>	<b>120,011</b>	<b>552,002</b>	<b>54,915</b>	<b>-60</b>	<b>726,868</b>
Scheduled depreciation	8,288	46,718	8,452	-5	63,453
Foreign currency differences	2	65	38	0	105
Disposals	-82	-3,143	-5,473	0	-8,697
	0	-352	352	0	0
<b>ACCUMULATED DEPRECIATION 31.12.2021</b>	<b>128,220</b>	<b>595,290</b>	<b>58,286</b>	<b>-64</b>	<b>781,731</b>
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
<b>ACCUMULATED DEPRECIATION 31.12.2022</b>	<b>135,408</b>	<b>634,844</b>	<b>64,125</b>	<b>-42</b>	<b>834,335</b>
<b>NET CARRYING VALUE 31.12.2021</b>	<b>161,839</b>	<b>378,011</b>	<b>32,312</b>	<b>17,476</b>	<b>589,637</b>
<b>NET CARRYING VALUE 31.12.2022</b>	<b>159,020</b>	<b>361,216</b>	<b>33,664</b>	<b>42,418</b>	<b>596,318</b>

The group's investment activity was primarily related to the production facilities in Pöls (EUR 31,593k), Laakirchen (EUR 24,167k) and Raubling (EUR 5,955k) as well as to the continuing investment measures of Estonian Cell (EUR 1,562k).

The additions at Laakirchen Papier AG are primarily related to the preliminary work on the production line PM11 amounting to EUR 17,601k.

## 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	31.12.2022	31.12.2021
Raw materials	26,353	19,850
Supplies and operating materials	45,506	24,405
Work in progress	5,590	2,921
Finished goods and goods for sale	176,308	130,084
Prepayments on account	1,090	2,230
	<b>254,848</b>	<b>179,490</b>

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 34,652k as of December 31, 2022 (31.12.2021: EUR 18,539k), of which EUR –16,114k (2021: EUR –2,123k) was recognized through profit or loss.

### 6.2. TRADE RECEIVABLES

Trade receivables are due from various national and international customers.

In EUR k	31.12.2022	31.12.2021
Trade receivables	401,369	340,714
Trade receivables from associated companies	1,868	1,463
	<b>403,237</b>	<b>342,177</b>

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	31.12.2022			31.12.2021		
	Nominal value	Impairment	Net carrying value	Nominal value	Impairment	Net carrying value
Not yet due	354,732	6,366	348,366	316,496	5,571	310,925
Overdue						
up to 30 days	38,987	2,125	36,862	24,337	708	23,629
31 to 60 days	9,679	1,035	8,644	3,728	187	3,541
61 to 90 days	5,078	854	4,224	979	91	888
91 to 180 days	3,252	713	2,539	640	233	408
181 to 360 days	684	476	208	450	253	196
more than 360 days	5,341	4,815	526	7,859	6,733	1,126
<b>TOTAL</b>	<b>417,753</b>	<b>16,384</b>	<b>401,369</b>	<b>354,490</b>	<b>13,776</b>	<b>340,714</b>

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	31.12.2022	31.12.2021
<b>Balance as of 1.1. of the financial year</b>	<b>13,776</b>	<b>13,038</b>
Foreign currency differences	218	181
Use of provisions	-1,256	-1,454
Reversals	-2,387	-950
Additions	6,033	2,961
<b>BALANCE AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>16,384</b>	<b>13,776</b>

### 6.3. TRADE ACCOUNTS PAYABLE

In EUR k	31.12.2022	31.12.2021
Trade accounts payable to third parties	296,374	247,848
Trade accounts payable to associated companies	35,271	17,018
Liabilities from investments	6,854	5,346
	<b>338,499</b>	<b>270,212</b>

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	2022	2021
Non-current financial liabilities	44,457	76,208
Current financial liabilities	71,414	74,075
<b>Total financial liabilities</b>	<b>115,871</b>	<b>150,283</b>
Other financial assets	16,027	57,771
Cash and cash equivalents	142,324	120,638
<b>NET ASSETS (+) / NET DEBT (-)</b>	<b>42,480</b>	<b>28,126</b>
Equity	1,007,604	849,307
<b>GEARING RATIO</b>	<b>-4.2%</b>	<b>-3.3%</b>



## 7.1. FINANCIAL LIABILITIES

Financial liabilities are shown in the table below:

In EUR k	31.12.2022	31.12.2021
Non-current liabilities to banks	27,611	57,351
Non-current lease liabilities	16,846	18,857
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>44,457</b>	<b>76,208</b>
Current liabilities to banks	56,635	59,635
Current lease liabilities	5,164	4,822
Other current financial liabilities	9,615	9,618
<b>TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>71,414</b>	<b>74,075</b>
<b>FINANCIAL LIABILITIES TOTAL</b>	<b>115,871</b>	<b>150,283</b>

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
<b>AS OF 31.12.2020</b>	<b>107,520</b>	<b>98,691</b>	<b>206,211</b>
Foreign currency differences	163	229	392
Increases	0	7,231	7,231
Reclassification due to remaining term	-35,905	35,905	0
Repayments	0	-79,985	-79,985
Non-cash changes	4,430	12,003	16,433
<b>AS OF 31.12.2021</b>	<b>76,208</b>	<b>74,075</b>	<b>150,283</b>
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
<b>AS OF 31.12.2022</b>	<b>44,457</b>	<b>71,414</b>	<b>115,871</b>

Non-cash changes in the 2022 financial year are primarily related to additions and remeasurements of lease liabilities.

Financial liabilities carry the following interest:

In EUR k	31.12.2022	31.12.2021
Fixed interest	68,110	106,388
Variable interest	47,761	43,895
	<b>115,871</b>	<b>150,283</b>

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

	2022	2021
Due in 1 year	0,96%- 17,57%	0,14%-4,62%
Due in 2–5 years	0,0192	0,96%-1,40%
Due in > 5 years	1.92%	2.02%

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

In EUR k	2022			2021		
	Non-current	Current	Total	Non-current	Current	Total
EUR	39,452	68,540	107,992	71,086	59,540	130,626
PLN	207	261	468	489	7,026	7,515
CZK	1,640	721	2,361	843	5,145	5,988
USD	784	3	787	574	545	1,119
HRK	571	266	837	354	842	1,196
HUF	0	501	501	938	2	941
Other	1,803	1,123	2,926	1,923	975	2,898
	<b>44,457</b>	<b>71,414</b>	<b>115,871</b>	<b>76,208</b>	<b>74,075</b>	<b>150,283</b>

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	31.12.2022	31.12.2021
<b>CARRYING VALUE</b>	<b>93,859</b>	<b>126,599</b>
<b>FAIR VALUE</b>	<b>92,078</b>	<b>124,260</b>
Gross cash flow		
< 1 year	69,241	71,418
1–2 years	20,558	30,832
2–3 years	1,441	20,576
3–4 years	1,415	1,455
4–5 years	1,389	1,425
> 5 years	1,363	2,760
<b>GROSS CASH FLOW</b>	<b>95,406</b>	<b>128,466</b>

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 100 million (31.12.2021: EUR 19,450k) 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	31.12.2022	31.12.2021
<b>As of 1.1. of the financial year</b>	<b>23,679</b>	<b>23,655</b>
Currency differences	348	205
Additions	4,545	3,323
Additions from remeasurement	2,003	1,619
Disposals	-3,187	-63
Interest expense	815	683
Payments	-6,192	-5,743
<b>LEASE LIABILITY</b>	<b>22,010</b>	<b>23,679</b>
thereof non-current	16,846	18,857
thereof current	5,164	4,822

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	31.12.2022	31.12.2021
< 1 year	5,164	4,822
1–5 years	9,008	11,459
> 5 years	7,838	7,398
	<b>22,010</b>	<b>23,679</b>

## 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	31.12.2022	31.12.2021
Currency derivatives (FVTPL)	1,503	195
Interest derivatives (FVTPL)	15,590	0
Receivables from interest swaps (FVOCI)	541	0
Commodity swaps (FVTPL)	1,554	0
EUA derivatives (FVTPL)	834	0
<b>RECEIVABLES FROM DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>20,022</b>	<b>195</b>
Currency derivatives (FVTPL)	-171	-531
Commodity swaps (FVTPL)	-7,932	0
Interest derivatives (FVOCI)	0	-769
Interest derivatives (FVTPL)	-73	0
<b>LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>-8,176</b>	<b>-1,300</b>

**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), Croatian kuna 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	31.12.2022	31.12.2021
Cash in hand and cash at banks	142,324	120,638

The adjustment of cash in hand and cash at banks due to exchange rates amounts to EUR 485k (31.12.2021: EUR 1,117k).

## 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	31.12.2022	31.12.2021
<b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Securities	6,994	8,591
<b>AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>		
Other interests	60,707	5,746
	<b>67,701</b>	<b>14,337</b>

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 %	
	2022	2021
Kraftwerk Laakirchen GmbH, Laakirchen, Austria	5%	5%
Kraftwerk Katzling GmbH, Pöls, Austria	5%	5%
Reisswolf Österreich GmbH, Leobendorf, Austria	10%	10%
at Will, s.r.o., Kunčice nad Labem, Czech Republic	-	100%
Paracel S.A. Paraguay, South America	5%	0%

The fair value of the interests totals EUR 67,702k, 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	31.12.2022	31.12.2021
Securities (bonds, investment funds)	16,027	57,771
<b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>16,027</b>	57,771

Securities are primarily shares in investment funds. As in the previous year, no securities were pledged in the 2022 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		31.12.2022		31.12.2021	
Category	Level	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
<b>Financial assets and financial investments</b>					
<b>Amortized cost</b>					
Non-current loans <sup>1</sup>	Level 3	0	0	0	0
<b>At fair value through profit or loss</b>					
Non-current securities FVTPL	Level 1	6,994	6,994	8,591	8,591
Other interests FVOCI	Level 3	60,707	60,707	5,746	5,746
		<b>67,701</b>	<b>0</b>	<b>14,337</b>	<b>0</b>
<b>Trade receivables<sup>1</sup></b>					
<b>Other receivables at amortized cost<sup>1</sup></b>					
<b>Current financial assets</b>					
<b>At fair value through profit or loss</b>					
Receivables from currency derivatives	Level 2	1,503	1,503	195	195
Receivables from interest derivatives	Level 2	15,590	15,590	0	0
Receivables from commodity swaps	Level 2	1,554	1,554	0	0
Receivables from EUA derivatives	Level 2	834	834	0	0
Current securities, FVTPL	Level 1	16,027	16,027	57,771	57,771
<b>At fair value through other comprehensive income</b>					
Receivables from interest derivatives	Level 2	541	541	0	0
<b>Cash and cash equivalents<sup>1</sup></b>		<b>142,324</b>	<b>0</b>	<b>120,638</b>	<b>0</b>
<b>Financial liabilities</b>					
<b>At amortized cost</b>					
Liabilities to banks	Level 2	93,859	91,482	126,599	124,260
<b>At fair value through profit or loss</b>					
Liabilities from currency derivatives	Level 2	171	171	531	531
Liabilities from interest derivatives	Level 2	73	73	0	0
Liabilities from commodity swaps	Level 2	7,932	7,932	0	0
Liabilities from options to acquire non-controlling interests	Level 3	14,122	14,122	9,613	9,613
<b>Hedging instruments</b>					
Liabilities from interest derivatives	Level 2	0	0	769	769
Lease liabilities <sup>2</sup>		22,010	0	23,679	0
		<b>138,167</b>	<b>0</b>	<b>161,191</b>	<b>0</b>
<b>Trade accounts payable<sup>1</sup></b>		<b>352,065</b>	<b>0</b>	<b>270,212</b>	<b>0</b>

<sup>1</sup> 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.

<sup>2</sup> Disclosure of the fair value is not required under IFRS 7.29 d).

Aggregated by class:

In EUR k	31.12.2022		31.12.2021	
Category	Carrying value	Fair value	Carrying value	Fair value
<b>FINANCIAL ASSETS</b>				
Amortized cost	546,923	0	479,459	0
Fair value through other comprehensive income	60,707	60707	5,746	5,746
Fair value through profit or loss	23,021	23021	66,362	66,362
<b>FINANCIAL LIABILITIES</b>				
Amortized cost	481,667	0	432,571	0
Fair value through profit or loss	14,122	0	9,613	0
<b>DERIVATIVES AND HEDGING INSTRUMENTS<sup>1</sup></b>				
Fair value through profit or loss	11,306	11306	-336	-336

<sup>1</sup> 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	2022	2021
<b>FINANCIAL ASSETS</b>		
Amortized cost	2,331	5,262
Fair value through profit or loss	-2,774	-167
<b>FINANCIAL LIABILITIES</b>		
Amortized cost	-4,026	-6,626
Fair value through profit or loss	-815	-683
	0	0
<b>DERIVATIVES</b>		
Fair value through profit or loss	6,933	-418

## 9. EQUITY

### 9.1. SHARE CAPITAL

As of December 31, 2022 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, 2022 capital reserves amounted to EUR 26,123k (31.12.2021: 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 2022 financial year, distributions amounting to EUR 13,000k (31.12.2021: EUR 25.500k) were made to shareholders of Heinzl Holding GmbH and to holders of non-controlling interests in subsidiaries amounting to EUR 796k (31.12.2021: EUR 871k). The Management Board intends to propose a dividend payout of EUR 16,300k for the 2022 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	31.12.2022	31.12.2021
Provisions for severance payments	19,188	23,897
Provisions for pensions	16,965	23,482
Provisions for long-service bonus obligations	5,991	7,540
	<b>42,145</b>	<b>54,918</b>

Provisions for pensions, severance payments and long-service bonus obligations amounting to EUR 39,182k (31.12.2021: EUR 51,389k) are related to the Austrian companies, while the companies in other countries account for EUR 2,963k (31.12.2021: EUR 3,529k). 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:

	31.12.2022	31.12.2021
Discount rate	3.48	0.75
Wage/salary increases	6 or 5.5/5/2.00	2.00
Pension increases	0,00 – 6 or 5.5/5/2.00	0.00 – 2.00
Retirement age men/women	max. 65/60 years	max. 65/60 years
Mortality tables	AVÖ 2018-P (salaried employees) HEUBECK-RICHTTAFELN 2018 G by Klaus Heubeck	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 (2021: 0–9%) and between 0 and 9% (2021: 0–9%) and between 0 and 3% for severance payments (2021: 0–3%).

#### Provisions for severance payments

In EUR k	31.12.2022	31.12.2021
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>23,897</b>	<b>26,780</b>
Additions from reclassification	0	0
Currency translation	0	15
Service costs for the period	604	658
Past service cost	0	0
Interest expense for the period	169	124
Remeasurement	-2,728	215
Payments	-2,755	-3,894
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>19,188</b>	<b>23,897</b>
thereof included in personnel costs	604	658
thereof included in interest expense	169	124
	<b>774</b>	<b>781</b>

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

In EUR k	31.12.2022	31.12.2021
Remeasurement from changes in demographic assumptions	0	-6
Remeasurement from changes in financial assumptions	-4,210	135
Remeasurement from experience adjustments	1,482	86
	<b>-2,728</b>	<b>215</b>

The expected funding of provisions for severance payments for the coming 2023 financial year amounts to EUR 5,483k. The weighted average duration amounts to seven years.

Analysis of the expected undiscounted claims:

In EUR k	1–5 years	6–10 years	> 10 years	Total
Severance payment claims	11,590	8,069	20,006	39,665



## 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 differences between the values recognized in the provision for severance payments are shown as a relative deviation in the following table:

Influencing factor	Change of assumption	Decrease parameter	Increase parameter
Discount rate	0,25 %	1.60%	-1.50%
Wage/salary increase	0,25 %	-1.50%	1.60%

## Provisions for pensions

In EUR k	31.12.2022	31.12.2021
Present value of funded pension obligations	15,485	21,252
Fair value of plan assets	-6,563	-7,640
<b>Deficit of funded pension obligations</b>	<b>8,922</b>	<b>13,612</b>
Actuarial present value of unfunded obligations	8,043	9,869
<b>BALANCE SHEET RECOGNITION PROVISION FOR PENSIONS</b>	<b>16,965</b>	<b>23,481</b>

Defined benefit obligations developed as follows:

In EUR k	31.12.2022	31.12.2021
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>31,122</b>	<b>33,462</b>
Currency translation	0	0
Service costs for the period	0	4
Past service costs	0	0
Interest expense for the period	227	163
Remeasurement	-5,997	-632
Payments	-1,823	-1,875
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>23,528</b>	<b>31,122</b>

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

In EUR k	31.12.2022	31.12.2021
Remeasurement from changes in demographic assumptions	0	0
Remeasurement from changes in financial assumptions	-6,405	-359
Remeasurement from experience adjustments	408	-273
	<b>-5,997</b>	<b>-632</b>

The fair value of plan assets developed as follows:

In EUR k	31.12.2022	31.12.2021
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>7,640</b>	<b>7,481</b>
Addition from the acquisition of companies	0	0
Currency translation differences	0	0
Interest gains for the period	57	38
Income from plan assets	-509	694
Contributions by employer	0	45
Contributions by employees	0	0
Payments	-626	-617
<b>AS OF 31.12. OF FINANCIAL YEAR</b>	<b>6,563</b>	<b>7,640</b>

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

In EUR k	31.12.2022	31.12.2021
Recognized in personnel expenses	0	4
Recognized in interest expenses	169	125
	<b>169</b>	<b>129</b>

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 %	31.12.2022	31.12.2021
Equity instruments	85%	85%
Debt instruments	12%	12%
Real estate	2%	2%
Other	1%	1%
	<b>100%</b>	<b>100%</b>

Analysis of the expected maturities of the undiscounted claims:

In EUR k	1–5 years	6–10 years	> 10 years	Total
Pension claims	8,942	7,664	16,949	33,555

### 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 differences between the values recognized in the provision for pensions are shown as a relative deviation in the following table:

Influencing factor	Change of assumption	Decrease parameter	Increase parameter
Discounting rate	0,25 %	2.30%	-2.20%
Pension increase	0,25 %	-1.10%	1.20%

**Provisions for long-service bonuses**

In EUR k	31.12.2022	31.12.2021
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>7,539</b>	<b>7,390</b>
Service costs	520	503
Interest expense	54	35
Other changes	0	0
Actuarial gains/losses	-1,421	141
Payments	-702	-529
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>5,991</b>	<b>7,540</b>
thereof included in personnel costs	-901	643
thereof included in interest expenses	55	36
	<b>-846</b>	<b>679</b>

**10.2. OTHER PROVISIONS**

In EUR k	Legal and consulting costs	Other personnel-related provisions	Other	Total
<b>AS OF 31.1.2020</b>	<b>1,431</b>	<b>0</b>	<b>3,574</b>	<b>5,005</b>
Currency translation	9	0	16	24
Reclassification	25	0	-25	0
Additions	828	0	1,016	1,844
Disposals through reversal	-58	0	-29	-87
Disposals through utilization	-90	0	-339	-429
<b>AS OF 31.12.2021</b>	<b>2,145</b>	<b>0</b>	<b>4,212</b>	<b>6,357</b>
Currency translation	0	0	-6	-6
Reclassification	0	0	0	0
Additions	429	0	1,067	1,496
Disposals through reversal	-60	0	-61	-121
Disposals through utilization	-246	0	-583	-829
<b>AS OF 31.12.2022</b>	<b>2,267</b>	<b>0</b>	<b>4,629</b>	<b>6,897</b>

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	31.12.2022	31.12.2021
Receivables from tax authorities	35,379	31,212
Supplier bonuses	5,737	8,685
Prepayments and deposits	4,392	0
Other receivables	6,780	7,944
Other receivables from associated companies	15	15
Derivatives	19,481	195
Deferred expenses	3,210	3,046
	<b>74,994</b>	<b>51,097</b>

The fair values correspond roughly to the carrying values.

### 11.2. OTHER NON-CURRENT LIABILITIES

In EUR k	31.12.2022	31.12.2021
Obligations from grants received	7,418	7,991
Other	97	697
	<b>7,515</b>	<b>8,689</b>

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	31.12.2022	31.12.2021
< 1 year	1,001	966
> 1 year	6,417	7,025
	<b>7,418</b>	<b>7,991</b>

### 11.3. OTHER CURRENT LIABILITIES AND DEFERRED INCOME

In EUR k	31.12.2022	31.12.2021
Other liabilities to employees	30,825	26,440
Liabilities from tax accounting	12,157	9,750
Refund liability	7,489	6,506
Liabilities from emission allowances	4,281	4,871
Liabilities from derivatives	8,176	769
Deferred income	4,057	3,384
Other liabilities to third parties	15,760	14,926
	<b>82,745</b>	<b>66,646</b>

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	31.12.2022	31.12.2021
Bank guarantees	860	1,219
Other contingencies	131,556	23,981
	<b>132,416</b>	<b>25,200</b>

Other contingencies include a guarantee of Heinzl Holding GmbH for the liability for receivables of Papierholz Austria GmbH up to a maximum of EUR 38.7 million (2021: EUR 21.7 million), which are predominantly intended for wood and energy purchasing contracts. The rest of the other contingencies primarily includes a trading line for Heinzl Finance GmbH in the amount of EUR 50 million, HVB in the amount of EUR 15 million and Wingas in the amount of EUR 20 million.

### 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:

	2022	2021
Net Debt / EBITDA	-0.1	-0.1
Gearing Ratio	-4.2%	-3.3%
ROACE	18.2%	12.0%

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, Croatian kuna, 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, 2022 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.

	2022			2021	
	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%	767	-815	972	-1,033
CZK	3%	416	-416	181	-181
HUF	3%	0	0	0	0
HRK	3%	0	0	0	0
PLN	3%	682	-682	405	-405
RON	3%	18	-18	9	-9
MYR	3%	28	-28	71	-71

### 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, 2022, the share of fixed-interest financial liabilities amounted to 59% (31.12.2021: 71%). 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 be 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 2023 budget or the forecast period from 2024 to 2027.

HEINZEL GROUP fulfilled all financial covenants on the December 31, 2022.

## 12.5. INFORMATION ON BOARD MEMBERS AND EMPLOYEES

During the 2022 financial year, HEINZEL GROUP had an average of 1,107 blue-collar employees (2021: 1,089) and 1,340 white-collar employees (2021: 1,314). 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 2022 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<sup>1)</sup> was as follows:

In EUR k	2022	2021
Fixed amounts	916	659
Variable amounts	617	400
	<b>1,533</b>	<b>1,059</b>

<sup>1)</sup> Sebastian Heinzl received his salary from Wilfried Heinzl AG throughout the 2021 financial year.

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 175k in the past financial year (2021: EUR 116k).

## 12.6. EVENTS AFTER THE CLOSING DATE

There were no significant events after the balance sheet date.

# 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 2022 financial year, no significant non-scheduled depreciation of tangible assets was recognized.

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 2022 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 is 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 CO<sub>2</sub> 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
- » 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-related 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 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, February 23, 2023

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 2022, 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 2022, 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 2022, 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, 6 March 2023

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 5, June 29, September 28 and December 15, 2022, 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, 2022 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, 2022. 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 and outstanding achievements in 2022.

Vienna, April 14, 2023

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.







# Glossary

**Anaerobic** Life without oxygen.

**BAT factory** A factory which relies on the best available technologies in terms of environmental protection and energy efficiency.

**BCTMP** Bleached chemi-thermomechanical pulp is pulp for which the wood fibers are mechanically processed and subsequently treated thermally and chemically.

**CO<sub>2</sub>e emissions or GHG emissions** Carbon dioxide or greenhouse gas emissions describes the equivalent global warming potential (GWP) and comprises various greenhouse gases (for example methane and nitrous oxide in addition to CO<sub>2</sub>) in a single unit in order to make the climate impacts of various greenhouse gases comparable.

**CAPEX** Capital expenditures are the expenses associated with investments in tangible and intangible assets (in accordance with the cash flow statement).

**Cash flow** An indicator showing the inflow or outflow of cash and cash equivalents during an accounting period.

**Containerboard** A special grade of paper used for manufacturing corrugated cardboard.

**Denilpass** A technical fish ladder.

**Deinking system** A system for preparing recovered paper and removing printing ink.

**DEVap system** A pre-evaporation unit for pulp liquor which is installed downstream of the pulp digester and improves energy efficiency by using the secondary steam produced as an alternative to live steam in the pulp cooking process.

**Double materiality** Sustainability-relevant topics are considered from two different perspectives: the inside-out perspective (impacts of the company on the environment) and the outside-in perspective (impacts of sustainability topics on the company).

**EBITDA** Earnings before interest, taxes, depreciation, and amortization.

**EBITDA margin** A measure of a company's operating profit as a percentage of its revenue.

**ECF** Elemental-chlorine-free pulp or paper is bleached without the use of chlorine.

**EHS Guidelines** Guidelines for environmental, health, and safety protection.

**Equity ratio** The ratio between a company's equity and its total assets.

**EPIS** The industry association of the European pulp industry sector

**Financial materiality** The impacts of sustainability-related issues on the financial position of a company and its performance.

**Graphic papers** Paper grades used to print texts, images, and graphic elements.

**HISS technology** High impact sootblowing system. A special technology for efficiently using steam to clean soot deposits in pulp boilers.

**IFC performance standards** The environment and social performance standards of the IFC which define responsibilities of IFC clients for the management of their environmental and social risks.

**Impact materiality** The impacts of a company's operations on the environment and society.

**Kraft paper** A paper grade with the highest strength to make products such as paper bags.

**Net sales** Gross sales less transport services and sales deductions.

**RCF system** A recycled fiber system is used to prepare recovered paper for use as a raw material for containerboard.

**Run-of-river plant** A power station in which the inflow of water above the relevant dam is always equivalent to the outflow of water below the power station during standard operation.

**Scope 1, Scope 2, Scope 3** Direct emissions (Scope 1) are the greenhouse gas emissions from a company's



own or controlled sources (own energy generation, fleet of vehicles, process emissions). Indirect emissions (Scope 2) are the greenhouse gas emissions from the use of purchased energy (electricity, heat, and process steam). Scope 3 emissions refer to greenhouse gas emissions along a company's value chain.

**Supercalandered paper** Uncoated paper containing wood fibers mainly used for magazines and newspaper supplements as well as catalogs.

## HEINZEL GROUP Supervisory Board

As part of its sustainability reporting, HEINZEL GROUP has disclosed important information about its governance processes, control mechanisms, and processes related to sustainability issues. This complies with the relevant disclosure requirements associated with the role of supervisory board members in relation to sustainability issues and the respective information processes.






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 boards in addition to that of the holding company. These boards are made up of internal and external members as well as workforce representatives.

### Supervisory Board of Heinz Holding GmbH:









-  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)

\* appointed until



### 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)

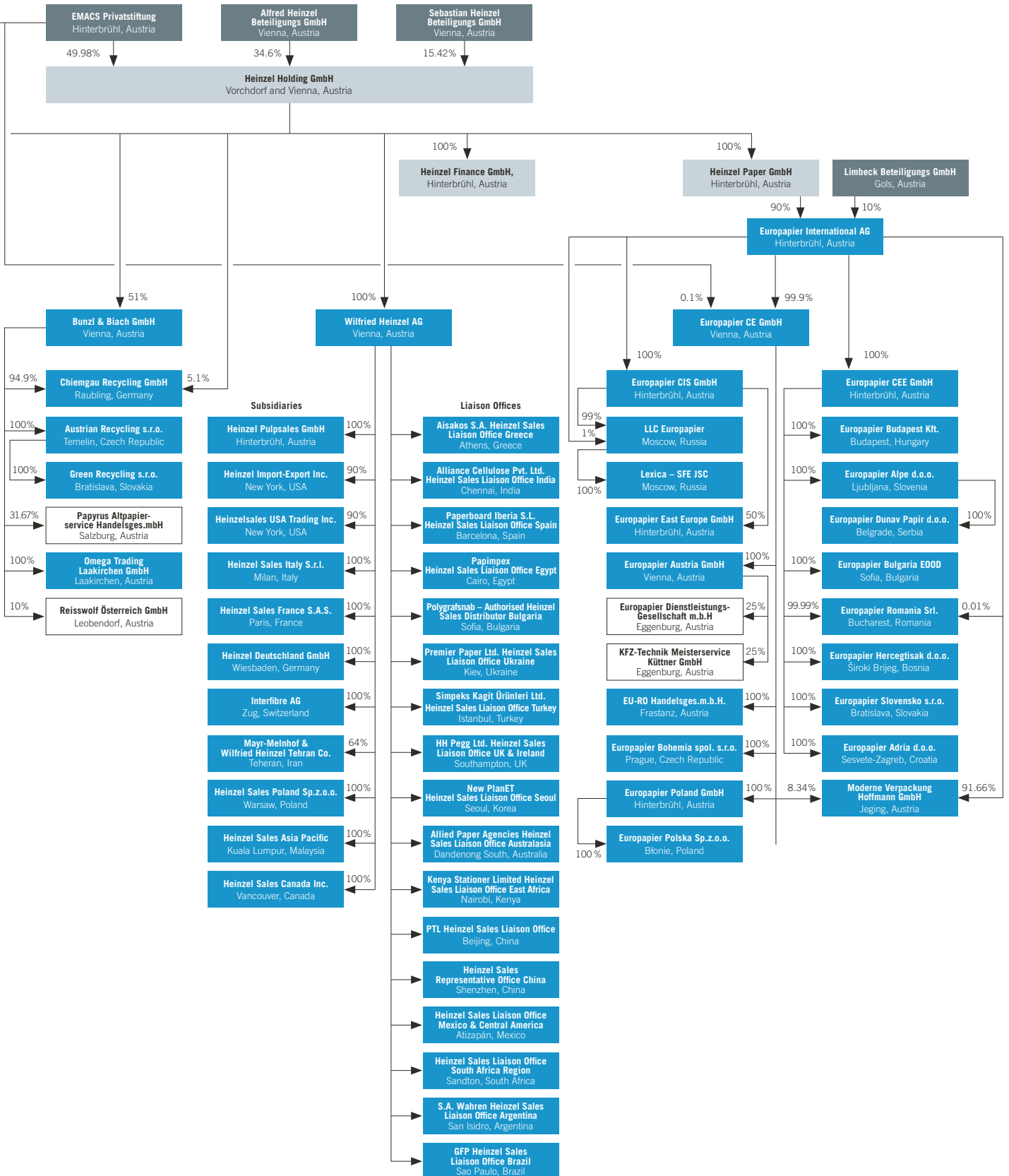
### Workforce representatives acting as supervisory board members at HEINZEL GROUP subsidiaries:

-  Nadja Blenk, Wilfried Heinzl AG (indefinite)
-  Alfred Grunner, Europapier International AG (indefinite)
-  Gabriele Grünstäudl, Wilfried Heinzl 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 to and changes relating to supervisory board members at HEINZEL GROUP subsidiaries in 2022:

-  AS Estonian Cell: Heinz-Peter Schnedl replaces Klaus Eibinger
-  Wilfried Heinzl AG: Sebastian Heinzl (additional member)





# About this Report

This HEINZEL GROUP Sustainability and Annual Report presents the diverse activities of HEINZEL GROUP in four key areas of action: Partners, People, Planet, Performance. The structure of this report is based on the draft of the ESRS (European Sustainability Reporting Standard, November 2022). 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. We always adopt a precautionary approach.

The scope of this report has been defined to mirror the scope of consolidation, as presented on pages 9 – 15 (company profiles) when capturing quantitative data. While the sustainability issues Good Employer, Sustainable and Circular Products, Fair Operating Practices, Climate Change, Renewable Energy, and Sustainable Value Chain are reported on by all seven group subsidiaries, the KPIs relating to the issues Responsible Water Use and Engaged Corporate Citizen mainly only relate to the operational subsidiaries. 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 coming weeks 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.

## DO YOU HAVE ANY QUESTIONS?

We will be happy to provide you with information on the content of the report and on the dialogue with our stakeholders.

Please contact:

Hannes Thaler,

Group Sustainability Manager

✉ [sustainability@heinzeln.com](mailto:sustainability@heinzeln.com)

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Learn interesting and new things about our companies, products and sustainability initiatives.

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### Images

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Europapier International AG, Laakirchen  
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# HEINZEL GROUP

## at a Glance 2022

pulp

paper

sales

recycling

See page 6 for more about our sustainable circular economy

### ZELLSTOFF PÖLS AG



Softwood pulp production and kraft paper production on paper machines PM2 and PM3

Production

Market pulp: 305,711 metric tons

Paper: 184,568 metric tons

Net sales: EUR 431.9 million

Employees: 481

### AS ESTONIAN CELL



BCTMP pulp production

Production volume:  
182,670 metric tons

Net sales: EUR 114.6 million

Employees: 96

### LAAKIRCHEN PAPIER AG



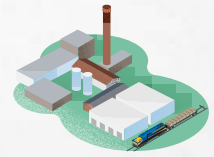
SC paper and containerboard production on paper machines PM10 and PM11

Production volume:  
651,497 metric tons

Net sales: EUR 436.9 million

Employees: 381

### RAUBLING PAPIER GMBH



Containerboard production on paper machines PM5 and PM7

Production volume:  
200,167 metric tons

Net sales: EUR 156.6 million

Employees: 157

### HEINZELSALES (WILFRIED HEINZEL AG)



Global pulp, paper and board sales

Sales volume: 2,428,656 metric tons

Net sales: EUR 977.0 million

Employees: 143

### EUROPAPIER INTERNATIONAL AG



Distribution of office and printing paper, board, visual communication, hygiene products and industrial packaging solutions

Sales volume: 485,317 metric tons

Net sales: EUR 774.8 million

Employees: 1,010

### BUNZL & BIACH GMBH

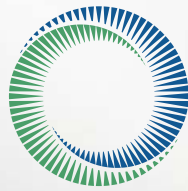


Collection, sorting and trading of recovered paper

Sales volume: 1,229,915 metric tons

Net sales: EUR 258.7 million

Employees: 168



**#recreatingvalue**

FOR OUR PARTNERS, OUR  
PEOPLE AND OUR PLANET.