

ANNUAL AND  
SUSTAINABILITY REPORT 2021



HEINZEL  
GROUP

*#RecreatingValue*

RECREATING VALUE FOR OUR PARTNERS,  
OUR PEOPLE, AND OUR PLANET

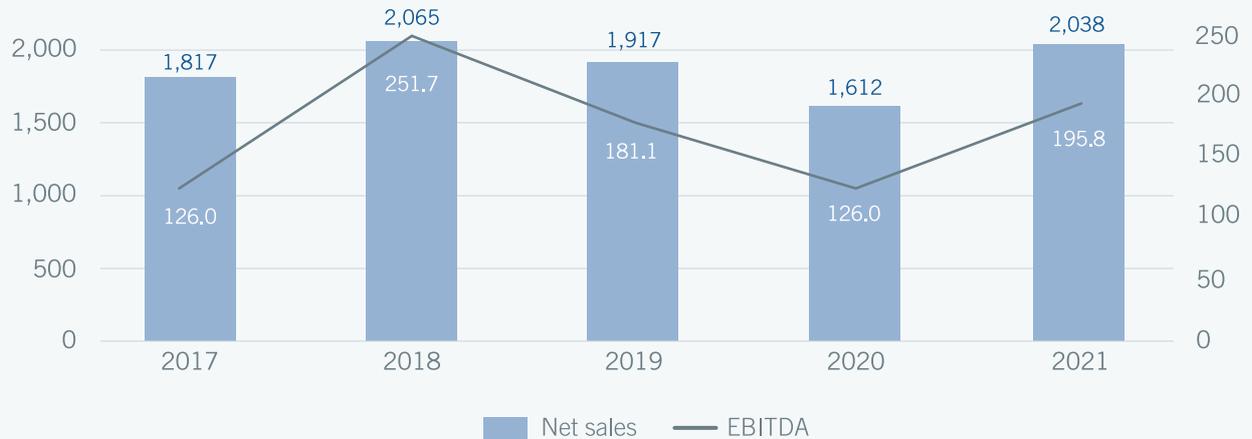
		2021	2020 (ADJUSTED <sup>1</sup> )	2019	2018	2017
<b>PRODUCTION AND SALES</b>						
Total production	metric tons	1,687,939	1,607,030	1,604,524	1,557,409	1,313,009
thereof pulp	metric tons	501,719	509,781	526,161	547,623	519,986
thereof paper	metric tons	1,186,220	1,097,249	1,078,363	1,009,786	793,023
Total sales	metric tons	3,712,092	3,685,496	3,818,761	3,834,766	3,779,215
thereof in-house production	metric tons	1,682,242	1,606,603	1,593,042	1,537,416	1,310,909
thereof traded goods	metric tons	2,029,850	2,078,894	2,225,719	2,297,350	2,468,306
<b>INCOME STATEMENT</b>						
Net sales <sup>2</sup>	EUR million	2,038.2	1,611.7	1,916.9	2,064.8	1,816.5
EBITDA	EUR million	195.8	126.0	181.1	251.7	126.0
EBITDA margin	%	9.6	7.8	9.4	12.2	6.9
EBITDA margin, trade	%	4.1	3.6	3.1	3.0	2.7
EBITDA margin, industry	%	16.0	14.0	19.0	25.8	14.4
EBIT	EUR million	121.9	57.7	115.1	194.8	73.6
EBIT margin	%	6.0	3.6	6.0	9.4	4.1
Net profit for the year	EUR million	94.0	39.9	85.6	145.0	55.0
<b>BALANCE SHEET</b>						
Total assets	EUR million	1,433.9	1,327.9	1,360.3	1,334.5	1,208.5
Shareholders' equity	EUR million	849.3	778.2	772.9	715.9	588.1
Equity ratio	%	59.2	58.6	56.8	53.6	48.7
Net debt (-) / Net credit (+)	EUR million	28.1	-5.1	-56.4	-81.8	-82.4
Gearing ratio	%	3.3	0.7	-7.3	-11.4	-14.0
<b>CASH FLOW, INVESTMENTS</b>						
Cash flow from operating activities	EUR million	129.8	112.3	188.5	160.4	108.4
Investments in property, plant, and equipment	EUR million	-46.4	-27.2	-111.4	-126.8	-98.0
Free cash flow	EUR million	56.3	93.7	74.6	30.6	-11.6
<b>EMPLOYEES</b>						
Employees (average)	FTE	2,411	2,467	2,546	2,493	2,409
Employees as at the balance sheet date	FTE	2,417	2,400	2,551	2,516	2,373
Workplace accidents <sup>3</sup>	Number	8.96	7.40	8.68	6.21	8.73
<b>ENVIRONMENT</b>						
Greenhouse gas emissions (Scope 1+2)	t CO <sub>2</sub> e	628,799	587,635	631,596	n/a	n/a
Specific energy input <sup>4</sup>	MWh/t	2.85	2.91	2.94	3.01	3.29
Specific freshwater use <sup>4</sup>	m <sup>3</sup> /t	18.93	20.79	20.07	19.11	22.00
Recycled or renewable materials used	%	94.82	94.83	94.83	94.92	92.70
Regenerative energy produced	MWh	2,882,431	2,826,514	2,773,927	2,724,084	2,479,588

<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

<sup>3</sup> Notifiable workplace accidents per one million hours worked; <sup>4</sup> Production plants

## DEVELOPMENT OF NET SALES/EBITDA in EUR MILLION



### NET SALES

2.0  $\frac{\text{BN}}{\text{EUR}}$

+26.5%

### EBITDA

195.8  $\frac{\text{MN}}{\text{EUR}}$

+55.4%

### CAPITAL EXPENDITURE (CAPEX)

49.8  $\frac{\text{MN}}{\text{EUR}}$

thereof in sustainability projects

52.0%

### EMPLOYEES

2,411

thereof women

27.9%

### CO<sub>2</sub>e EMISSIONS (SCOPE 1 + 2)

628,799  $\frac{\text{METRIC TONS}}{\text{YEAR}}$

Our goal: Reducing CO<sub>2</sub> emissions by 2030\* by

-35%

\* compared to 2021; includes Scope 1 and 2



**3** sales  
TRADING COMPANIES

**6** paper  
PAPER MACHINES

**2** pulp  
PULP LINES

**TRADING**

in pulp, paper, recovered paper, and board

**PRODUCTION**

of pulp, graphic paper, kraft paper, and containerboard

HEINZELSALES  
EUROPAPIER  
BUNZL & BIACH

LAAKIRCHEN PAPIER  
RAUBLING PAPIER

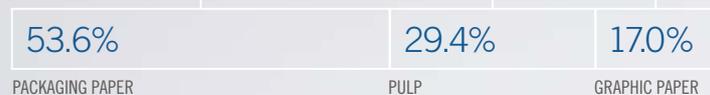
ZELLSTOFF PÖLS  
ESTONIAN CELL

**SALES VOLUME 2021: 3.71 MILLION METRIC TONS**

**54.7%**  
TRADED GOODS

**45.3%**  
OWN PRODUCTS

**OWN PRODUCTS 2021: 1.68 MILLION METRIC TONS**



HEINZEL GROUP produces market pulp, packaging papers, and magazine papers at four sites in Europe; it trades in pulp, paper, recovered paper, and packaging solutions worldwide. Sustainability is the focus of all our activities.



HEINZEL  
GROUP

RECREATING VALUE  
FOR OUR PARTNERS,  
OUR PEOPLE, AND  
OUR PLANET

FOLLOWING OUR VALUES

RESPECT  
RESPONSIBILITY  
EXCELLENCE

# Contents



## WE ARE HEINZEL GROUP

- 04 Purpose, mission, and vision
- 05 Foreword by Sebastian Heinzl
- 06 Our world
- 08 Global presence
- 10 Interview with Management
- 16 The paper industry's historic path to sustainability
- 18 HEINZEL GROUP strategy: Fit for the future
- 20 Our commitment to the SDGs
- 22 Responsibility, respect and excellence for generations to come – insights from an interview with Alfred Heinzl
- 24 Progressing towards a sustainable circular economy

## HEINZEL GROUP COMPANIES

- 26 Zellstoff Pöls
- 28 Estonian Cell
- 30 Laakirchen Papier
- 32 Raubling Papier
- 34 heinzelsales
- 36 Europapier
- 38 Bunzl & Biach

## RECREATING VALUE FOR OUR PARTNERS

- 42 As partners together into the future
- 45 Trend-setting: switching to recycled packaging paper in Laakirchen
- 46 For the benefit of all



## RECREATING VALUE FOR OUR PEOPLE

- 50 Stronger together: We are HEINZEL GROUP
- 52 HEINZEL GROUP is officially one of Austria's Best Managed Companies
- 54 The crème de la crème: Awards of Excellence
- 56 Record promotion – from SC Neudörfel to the premier league at heinzelsales



Printed on 100% recycled paper from Austria, certified according to FSC® and EU Ecolabel. The CO<sub>2</sub> emitted to have the report printed at a regional printing house was calculated and offset.



## RECREATING VALUE FOR OUR PLANET

- 60 Leading by example: there is no Plan(et) B
- 62 Go zero: Pöls on track for carbon-neutral production
- 64 Producing with green energy and recycled chemicals
- 67 Going full circle: Laakirchen's sustainable material cycle
- 68 High standards for conserving resources
- 73 Environmental protection the Estonian way
- 75 3 gigawatt hours of solar energy from the roofs of HEINZEL GROUP

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, 2021 can be derived from the consolidated financial statements and group management report as at December 31, 2021 audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

## OUR PERFORMANCE

### GROUP MANAGEMENT REPORT

- 78 General Economic Situation
- 78 Sector Development
- 80 COVID-19
- 80 Group Development 2021
- 85 Research and Development
- 86 Environmental Protection
- 86 Employees
- 88 Risk Management
- 89 Outlook
  
- 91 Glossary

### CONSOLIDATED FINANCIAL STATEMENTS

- 92 Consolidated Balance Sheet
- 93 Consolidated Income Statement
- 94 Consolidated Statement of Comprehensive Income
- 95 Consolidated Cash Flow Statement
- 96 Consolidated Statement of Changes in Equity
- 98 Notes to the Consolidated Financial Statements
- 153 Auditor's Report
- 157 Supervisory Board Report
  
- 158 Group structure and imprint
- 160 HEINZEL GROUP at a glance



**OUR PURPOSE**  
**Recreating value for our partners, our people, and our planet.**

**OUR MISSION**  
**We circulate fibers sustainably. We supply our partners worldwide with the sustainable products they need.**

**OUR VISION**  
**We will drive our business sector to make a positive impact on society and nature.**

## *Dear Readers,*

When the first vaccines against COVID-19 became available in 2020, we all thought that things would soon return to the way they were before. We couldn't have been more wrong. 2021 was anything but normal. We continued with lives under the shadow of the pandemic, yet instead of having a paralyzed economy, we experienced an unprecedented boom in demand for our products. The price of pulp and paper soared to historic highs while, at the same time, we were faced with spiraling costs in every area of our operations, from recovered paper and freight to chemicals, electricity, and gas. 2021 was unpredictable.

This makes it all the more impressive that HEINZEL GROUP was able in 2021 to post its second-best result ever, helped by a host of production records in Estonia, Pöls, Laakirchen, and Raubling, as well as record trading results at Europapier and heinzelsales. I would like to take this opportunity to express my gratitude to each and every employee for their excellent work under trying conditions.

Just as the economic climate was capricious last year, so was the global climate. We will eventually triumph over the COVID-19 pandemic, but the weather extremes of the past summer once again showed us that we now face a much greater task: the fight against climate change.

A year ago, my father Alfred Heinzl stated here, in the foreword to our last annual report, that he was handing over the majority of his shares to me, and with it the responsibility for our company's future. I have made it my personal goal to make HEINZEL GROUP bigger, better, and fit for the future, which means attaching particular importance to sustainability. We aim to be part of the solution, not the problem, and so 2021 saw the launch of a new corporate purpose statement: »Recreating value for our partners, our people, and our planet«. We will set out what we mean by this here, in our first combined Annual and Sustainability Report.

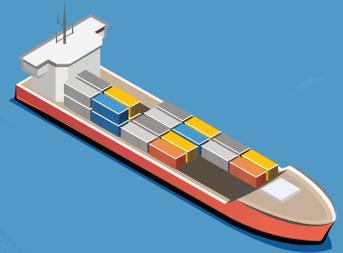
Happy reading!  
Sebastian Heinzl





HEINZEL  
GROUP

# OUR WORLD

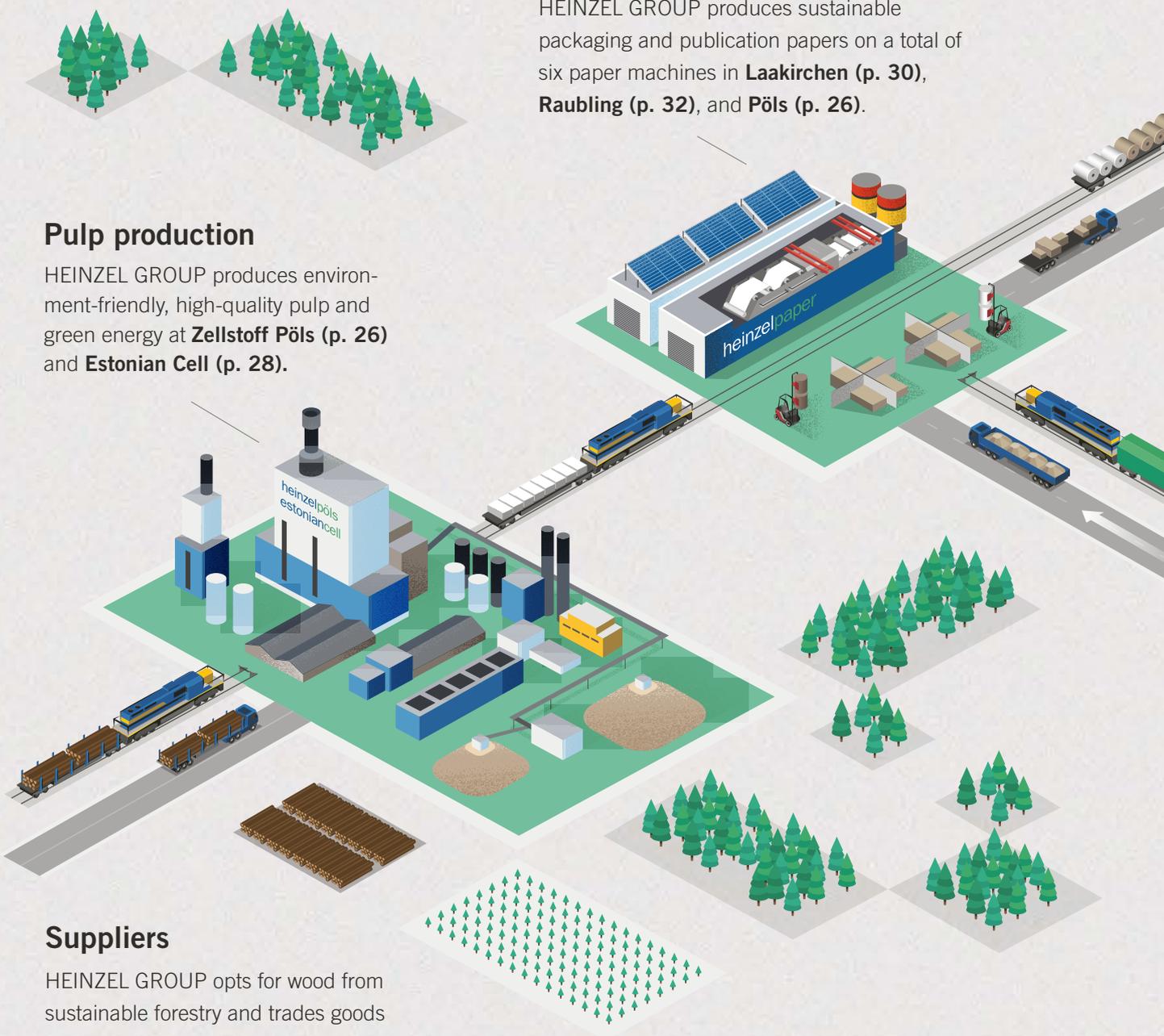


## Paper production

HEINZEL GROUP produces sustainable packaging and publication papers on a total of six paper machines in **Laakirchen (p. 30)**, **Raubling (p. 32)**, and **Pöls (p. 26)**.

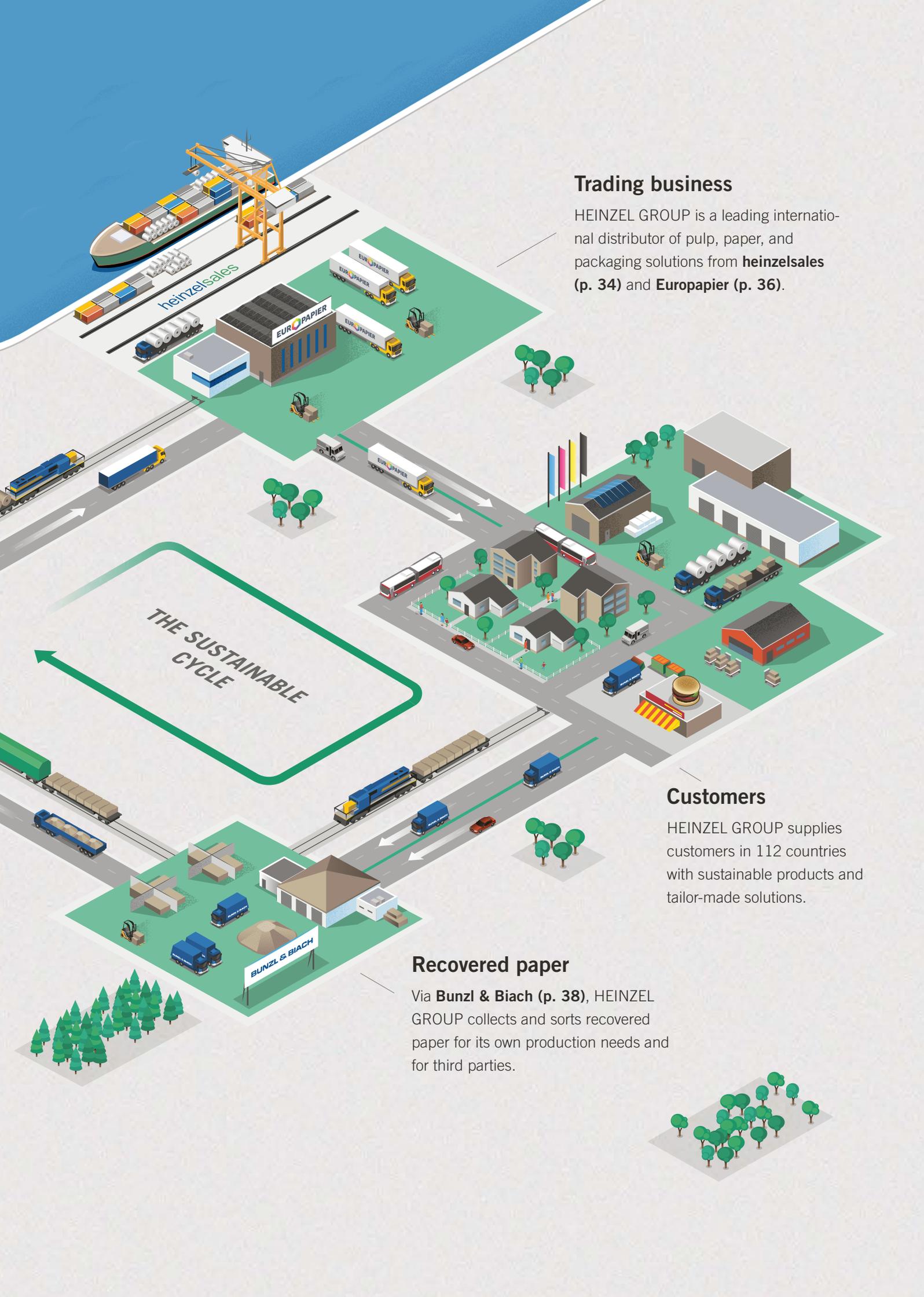
## Pulp production

HEINZEL GROUP produces environment-friendly, high-quality pulp and green energy at **Zellstoff Pöls (p. 26)** and **Estonian Cell (p. 28)**.



## Suppliers

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



## Trading business

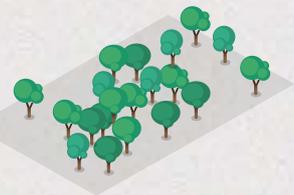
HEINZEL GROUP is a leading international distributor of pulp, paper, and packaging solutions from **heinzelsales** (p. 34) and **Europapier** (p. 36).

## Customers

HEINZEL GROUP supplies customers in 112 countries with sustainable products and tailor-made solutions.

## Recovered paper

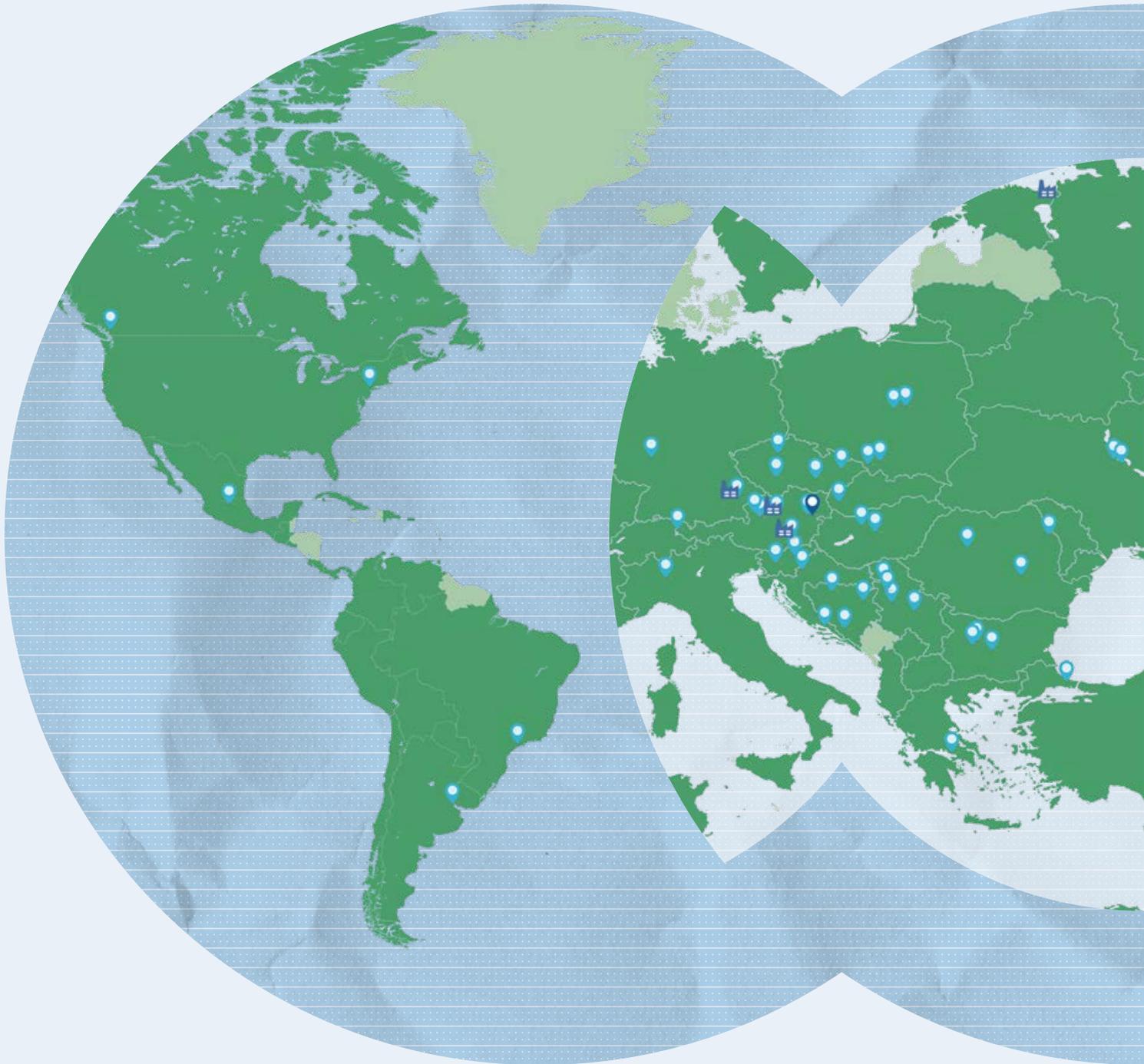
Via **Bunzl & Biach** (p. 38), HEINZEL GROUP collects and sorts recovered paper for its own production needs and for third parties.





HEINZEL  
GROUP

# GLOBAL PRESENCE



heinzelpöls  
ZELLSTOFF PÖLS AG

estoniancell  
AS ESTONIAN CELL

heinzelpaper  
LAAKIRCHEN PAPIER AG

heinzelpaper  
RAUBLING PAPIER GMBH

 PRODUCTION SITES

 SALES OFFICES AND WAREHOUSES

 THE COUNTRIES WHICH WE OPERATE IN ARE MARKED IN DARK GREEN



heinzelsales  
WILFRIED HEINZEL AG

EUROPAPIER

BUNZL & BIACH

Kurt Maier,  
CEO



Barbara Potisk-Eibensteiner,  
CFO

Sebastian Heinzel,  
CSO (Chief Strategy Officer)



# »We aim to take the lead on sustainability.«

Interview: CEO Kurt Maier, CFO Barbara Potisk-Eibensteiner, and CSO Sebastian Heinzl talk about last year's shortage of raw materials and dramatic price rises, new strategic objectives and lofty targets, and look optimistically to the future.

**2021 was an exceptional year in many respects. What impact did the COVID-19 pandemic have on HEINZEL GROUP's business activities?**

*Kurt Maier:* I would describe the approach taken to our activities in 2021 as similar to the one in the previous year, namely playing it by ear. It was almost impossible to know what the next month would bring. Looking back, the major issues for us were certainly the limited availability of recovered paper and the sharp rise in energy prices. These were compounded by the fact that, in 2021, we saw soaring demand in all areas of our business after the substantial declines in the previous year, posing additional challenges for supply chains.

*Barbara Potisk-Eibensteiner:* In 2021, we were already well versed in working in crisis mode. Many things were easier for us than in the year before. We were certainly better able to assess how the various coronavirus-related measures would impact the individual business units, and we knew that we were well positioned to continue functioning properly.

**Despite the difficult conditions caused by supply shortages, more expensive raw materials, and**

**ever-rising energy prices, did the company's sales and earnings in 2021 meet your expectations?**

*Barbara Potisk-Eibensteiner:* We were faced with significant problems in the graphic paper sector all year caused by a price level that was too low compared to the higher costs for recovered paper and energy. The year as a whole, however, was ultimately a good one, and we are very satisfied with the profitability achieved, having once again surpassed the two-billion-euro sales mark and posting the second-best result in the history of HEINZEL GROUP. We also generated a decent cash flow, enabling us to continue investing and growing.

**Speaking of investments, starting next year, HEINZEL GROUP will invest a nine-digit sum in converting Paper Machine 11 at the Laakirchen site. What are the reasons behind making such a large investment?**

*Sebastian Heinzl:* This represents the next step in our strategy to shift the focus at Laakirchen to recycled packaging paper. The market again made it obvious in 2021 just how difficult it is to do business with any degree of success in the graphic paper sector. There is no denying that demand for advertising catalogs and magazines is in decline, while demand for packaging materials is growing, which is why we have decided to convert Paper Machine 11 in Laakirchen so that it can produce containerboard using recovered paper.

*Kurt Maier:* Converting this paper machine will enable us to take advantage of major synergies between the two machines and become one of the largest recycled

containerboard manufacturers in Europe at one single site. At the same time, we are discontinuing our graphic paper production activities.

**»Do good and talk about it«. Is this motto the reason why readers are now holding a combined Annual and Sustainability Report of HEINZEL GROUP in their hands for the first time?**

*Sebastian Heinzel:* We have become even more acutely aware of the growing threat of climate change and the enormous importance of sustainability in recent years, particularly in 2021. I firmly believe that we in the paper industry have a remarkable story to tell. Our products are not part of the problem, they are part of the future solution: They are made from sustainable, renewable raw materials, and they can be recycled. Yet, as players in such an energy-intensive industry, our attention will naturally be on our energy supply and efficiency in the future, as well as on ways to ensure the environment-friendly transportation of our products. While sustainability and energy efficiency have always been key issues for us, we are now taking an even more structured and consistent approach to these matters, by making analyses, assessing the status quo and setting new targets with appropriate KPIs.

*Barbara Potisk-Eibensteiner:* We are aware that sustainability is about so much more than just environmental issues, with areas such as governance also playing a major role. We also believe the sustainability of our suppliers is equally relevant, as we feel we have an obligation to our customers here.

**The reputation of the paper and pulp production industry has changed substantially in recent years, becoming known for its pioneering eco-friendly practices. How did you perceive this development?**

*Kurt Maier:* We are working tirelessly to make people aware of this fact, having invested tens of millions of



»It was a good year, and we are very pleased with the profitability achieved. We again surpassed the two-billion-euro sales mark in 2021.«

Barbara Potisk-Eibensteiner,  
CFO

euros in the past to reduce the impact on our environment. The focus has always been on making better use of raw materials, using fewer chemicals, and saving energy and water. Today, we generate electricity from renewable energies and district heating, which we also feed into the public grid. The solar panels installed on our roofs also produce green electricity.

*Sebastian Heinzel:* The image of our products is also improving significantly, with a clear shift away from plastic to paper packaging. A good example of this can be seen at supermarkets, which are now selling apples in small cardboard boxes instead of wrapped in cellophane.

**Turning to the topic of the circular economy instead of a throw-away society, HEINZEL GROUP has assumed a leading role here as well. What specific steps have been taken here in the past?**

*Sebastian Heinzel:* Our mill in Laakirchen was making products from recovered paper in the 1980s and 1990s, making it a true pioneer in this field. HEINZEL GROUP converted the mill in 2017 to one that runs solely on recovered paper. At the same time, we have been working over the years to boost our recovered paper collection and sorting activities by making additional purchases. 70 to 80% of the paper in circulation in Europe today is recovered and recycled in the paper industry – a remarkable amount compared to the textile and plastics sectors, which are only just starting.

*Kurt Maier:* A pulp mill, on the other hand, works differently. Here we are taking advantage of the opportunity to obtain energy directly from the production process. Our pulp production activities today are largely free of fossil energy sources, and feed surplus green energy into the public grid.

*Barbara Potisk-Eibensteiner:* It is a vital question for the future economic success of HEINZEL GROUP which



»Our products are not part of the problem but part of the future solution: They are made from sustainable, renewable raw materials, and can be recycled.«

Sebastian Heinzel,  
CSO



measures we will be able to take, enabling us to move away from fossil fuels altogether and further increase the extent to which we can be independent of today's highly volatile energy markets.

**You current target is to cut Group-wide CO<sub>2</sub> emissions by 35% by 2030. What are you doing to achieve this target? Indeed, is the target even a realistic one?**

*Sebastian Heinzel:* While reducing CO<sub>2</sub> emissions by 35% by 2030 is indeed a tall order, it is certainly realistic. Yet this is just the first major step on the road to becoming carbon neutral. In the long term, doing business will only be of any consequence if we all work together to curb climate change, which is why HEINZEL GROUP has committed to becoming climate neutral before 2050. We aim to take the lead and adopt a proactive approach here. As a family business, we take a long-term view and consider future generations.

*Kurt Maier:* At the headquarter, we have set all HEINZEL GROUP companies the target of achieving

this 35% reduction. The next step now is for the individual sites to define measures, based on the technological possibilities available today, that will enable them to achieve this target. Corresponding amounts of capital expenditure will be required here, investments we are prepared to make.

**HEINZEL GROUP has officially been one of Austria's Best Managed Companies since April 2021. A fantastic achievement, both for you at the senior management level and for the HEINZEL team as a whole. What is your recipe for success, and what is the role of your employees here?**

*Barbara Potisk-Eibensteiner:* We are delighted to be considered one of Austria's Best Managed Companies. HEINZEL GROUP has always been visionary and had a decentralized, results-oriented management structure. It has always attached importance to enabling people to develop within the organization. When we say decentralized, we mean requiring our team to take the maximum amount of personal responsibility and

to think entrepreneurially. We believe it is a clear sign of quality when employees remain with us for a long time.

*Kurt Maier:* We at HEINZEL GROUP believe in our very strong mutual commitment to loyalty. We are authentic and credible in what we do, and open in our communication, an approach that fosters trust and ensures a high level of commitment from the team, even in times of crisis.

**And finally, let us look to the future. What do you forecast for 2022?**

*Sebastian Heinzel:* It will definitely not be an ordinary year. Of that we can be sure. As Kurt Maier said at the beginning, we will have to keep playing it by ear. But we have also grown bolder and believe we can achieve a lot, even without being able to see very far ahead. We see the exceptional market situation as a challenge to keep us on our toes. We remain positive and, taking all risks into account, have set ourselves the target of maintaining the 2021 earnings level in 2022. We will also continue to invest, identify and take advantage of growth opportunities, and work tirelessly to improve the company's sustainability.

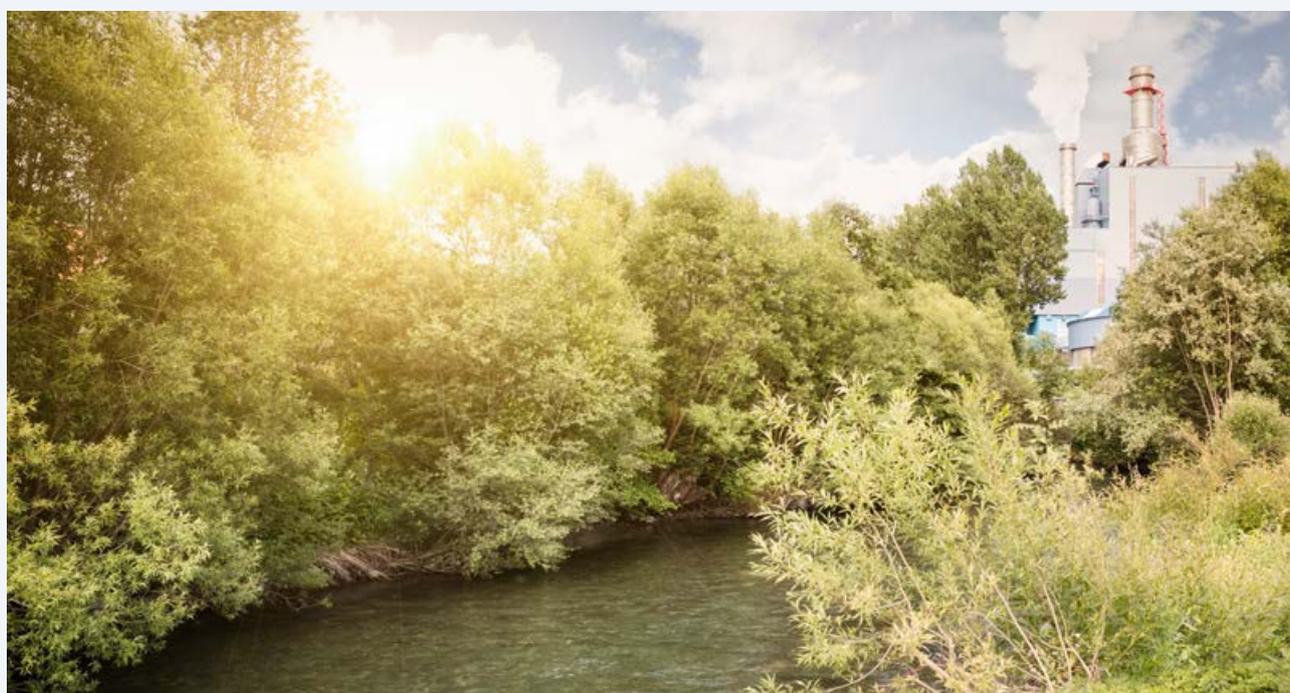


»We continuously invested tens of millions of Euros in the past to reduce our impact on the environment.«

Kurt Maier,  
CEO

# The paper industry's historic path to sustainability

Natural resources such as plant fibers and water have formed the basis of paper production for thousands of years. Recovered materials have been recycled for centuries. The industry's focus in recent decades has been on clean processes and healthy rivers. The future task for the industry is using green energy in production activities and making sustainable products as an alternative to plastic.



Zellstoff Pöls AG in 2015

---

## At least 25 times

THAT'S HOW OFTEN CARDBOARD PACKAGING CAN BE RECYCLED. (SOURCE: STUDY BY THE GRAZ UNIVERSITY OF TECHNOLOGY)

---

## Wastewater treatment perfected

THE WATER NEEDED BY HEINZEL GROUP FOR PRODUCTION PURPOSES IS CLEANED THOROUGHLY BEFORE BEING RETURNED TO THE RIVERS.

---

### MAKING PAPER BY THE RIVER

During the Middle Ages in Europe, textile waste (rags) was the raw material of choice. The fiber material was crushed in tamping mills powered by water wheels, which is how the paper mill got its name. Paper mills sprang up along riverbanks throughout Europe and, by the end of the 17th century, papermaking was a well-known industry in Europe. An example was the Reifenstein paper mill (the predecessor of Zellstoff Pöls AG) erected by Ferdinand Fürst Schwarzenberg, which started production on the river Pöls under Reifenstein Castle in 1700.

## FROM TEXTILE WASTE TO WOOD AND RECOVERED PAPER

The way in which paper was made remained unchanged until the invention of fourdrinier machines at the end of the 18th century. Given that the demand for raw materials was growing and there were not enough textiles available, people turned to wood for a solution. Wood is first pulped and then chemically processed to make cellulose fiber. In 1867, Franz August Schuppler founded the Traunthaler wood pulp factory at the foot of the river Traun, laying the foundation for Laakirchen Papier AG, which is still there today. Recovered paper has also been an essential component in the paper industry since the 20th century.

## PAPER PRODUCTION TODAY

Industrial paper production practices have seen major changes in the last 200 years. The machines in use today are more than 300 meters long and produce over 1,500 metric tons of paper every day. In 1850, the total amount of paper produced around the world was only around 100 metric tons a year. In contrast, today's figure is 325 million metric tons, covering thousands of different types of paper for every conceivable use, from photo paper for printing and writing, packaging, and cardboard to paper for hygiene purposes and specialty papers such as for filters, cigarettes or banknotes.

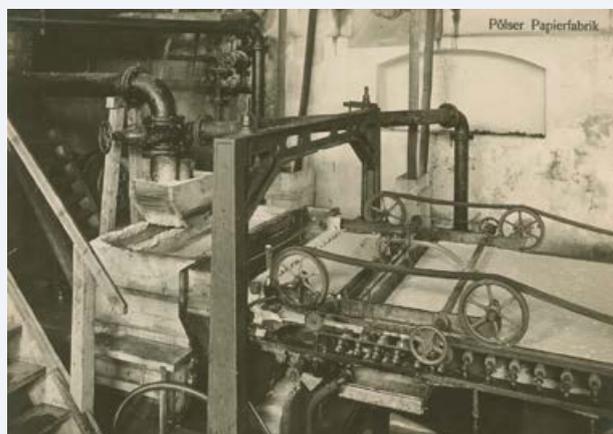
## REPUTATION RESTORED BY PIONEERING ECO-FRIENDLY PRACTICES

Paper may be a natural and sustainable product, but the process to produce it is complex, involving the use of wood, pulp and recovered paper along with a lot of water, energy, and chemicals. It was only around 50 years ago that awareness for the issue of environmental protection really started to grow. It is no secret that the environment, and the rivers in particular, surrounding paper mills suffered greatly in the past. Fortunately, the knowledge that we have now, combined with state-of-the-art technology, means that paper can be produced in a way that is more friendly to the environment. Indeed, the paper industry has now established itself as a pioneer in matters of sustainability and the circular economy thanks to its

high recycling rate and its efficient use of resources when producing paper and recycling leftover material. It is a shining example of how to minimize the impact of an industry on the environment, even using by-products and leftover material to generate eco-friendly energy.

## THE FUTURE IS BRIGHT FOR ECO-FRIENDLY PACKAGING

Paper packaging is a sustainable alternative to disposable plastic packaging, whether used as carrier bags or to package food. What's more, paper can be recycled up to 25 times, meaning that, if disposed of correctly, recovered paper can be used to make new paper products such as newspapers or boxes over and over again. And, as long as the fibers are in use, the CO<sub>2</sub> from the original trees remains stored in the product.



Paper machine (PM) in Pöls around 1900



PM10 in Laakirchen today

# HEINZEL GROUP Strategy:

## *Fit for the future*

In the 2021 financial year, the management of HEINZEL GROUP dealt intensively with the future direction of the Group and embarked on a process to develop a long-term strategy. The guiding principle of everything being considered here is a focus on the long-term future. As a responsible-minded, family-owned company, we are interested in more than just the next few years; we are interested in future decades.

We take the view that business and wider society will be shaped by the challenges of global climate change and by the increasing importance of sustainability in all its facets in the coming years and decades. The future strategy of HEINZEL GROUP is to make a positive contribution; to not only exist but to flourish in such an environment.

Global climate change will have a negative impact on our Group, yet it may also be a source of new opportunities. As part of the forestry value chain, HEINZEL GROUP will likely be impacted by the damage forests suffer as a result of global warming. At the same time, we expect the importance of natural and recyclable products to increase in the future. HEINZEL GROUP has stated that it aims to play a leading role in the transition to the regenerative circular economy of tomorrow.

Which is why we reformulated our business purpose, our mission, and our vision in 2021. [↘ See page 04 for more information.](#) Our stated purpose: »Recreating value for our partners, our people, and our planet«.

We at HEINZEL GROUP have been creating value since the outset, producing high-quality pulp, paper, and green energy from waste wood. We turn recovered paper and old beverage cartons into new paper. We

create new sustainable products and services for long-standing business partners. We develop industrial sites, revitalizing businesses and the surrounding communities. We recycle, regenerate, and reinvest.

And yet the future demands much more from us. In our position as part of an industry that requires a lot of energy, we are committed to achieving climate neutrality before 2050. [↘ See page 60 for more information.](#) What this means for us, more than anything else, is working on where we get our energy from and how our production processes function.

Generally speaking, every industry can do three things to help decarbonize the economy: switch from fossil fuels to renewable energy sources, change its processes to increase energy efficiency and conserve resources, and substitute fossil-based products with more climate-friendly alternatives. HEINZEL GROUP is making a strategic move in all three areas. [↘ See the right-hand side for more information.](#)

In 2021, HEINZEL GROUP started setting non-financial sustainability targets, in addition to financial ones, and developed detailed strategies on how to achieve them. Our understanding of sustainability here encompasses social, economic, and environmental aspects. [↘ See the following chapter, Commitment to SDGs, for more information.](#) We stand by our responsibility and provide the necessary means to achieve the company's targets. The focus in future will be on evaluating projects against the backdrop of sustainability, both for investments in existing HEINZEL GROUP companies and for acquisitions.

## OUR STRATEGIC MOVE TOWARD CLIMATE NEUTRALITY

### 01 Renewable sources of energy:

We are actively working to reduce the use of natural gas and to generate electricity from renewable sources at our pulp and paper mills. We have already made considerable investments at our sites in biogas plants, hydropower plants, and solar installations, and more are set to follow.



Hydropower plant Danzermühl  
in Laakirchen



Ongoing optimization work in Pöls

### 02 Increasing energy efficiency:

In 2021, we started to reevaluate all the processes at our companies to see where energy savings could be made. We will continue to attach considerable importance to improving energy efficiency in the future by implementing new systems and looking at how processes can be optimized further.

### 03 Sustainable products:

Our natural and recyclable products have an important role to play in greening the value chain and building a robust circular economy. We are making a significant contribution to replacing fossil-based materials, such as plastic, a prime example of which is packaging papers. In 2021, we made the strategic decision to convert Paper Machine 11 at the Laakirchen mill, meaning that it will in future produce packaging papers using recovered paper instead of graphic papers. [↘ Read more on page 45: Trend-setting: switching to recycled packaging paper in Laakirchen.](#)



Increasing demand for packaging papers  
based on recovered paper



# Our commitment to the Sustainable Development Goals

HEINZEL GROUP is committed to the Sustainable Development Goals (SDGs) of the United Nations, which were adopted in September 2015 as part of the 2030 Agenda for Sustainable Development. The goals being pursued by the 193 signatory states, one of which is Austria, are to promote sustainable economic growth, to improve social well-being, and to protect the environment, all with a view to transforming our world for the better.

With the global climate crisis looming, now is the time to act. We at HEINZEL GROUP want to contribute to sustainable development efforts in line with the SDGs, which is why a company-wide project team was set up in 2020 to conduct a detailed analysis in the 2021

financial year and develop sustainability targets and key performance indicators (KPIs) that are important for our companies and for HEINZEL GROUP as a whole. The process entailed internal employee and external stakeholder surveys. The next steps were to define the key business and sustainability issues, identify opportunities and risks, and to encourage the commitment of every stakeholder. The analysis also included a benchmarking with competitors. At the end of this process, we determined the areas in which we at HEINZEL GROUP would like to make an active contribution to achieving the SDGs in the future.

## HEINZEL GROUP'S CONTRIBUTION TO THE INDIVIDUAL SDGs

The SDGs are listed below in numerical order and not according to the importance attached to the respective goal by HEINZEL GROUP.



**We use water efficiently and ensure wastewater is properly managed.**

HEINZEL GROUP endeavors to keep its freshwater consumption as low as possible and to increase the amount of recycled water it uses. It is also firmly committed to ensuring that wastewater is safely treated.

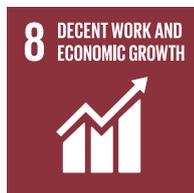
↘ [See page 70 for more information](#)



**We maximize the production and use of renewable energy at our sites and minimize energy consumption associated with our products.**

The best available technology is used to increase energy efficiency. Research and development projects, together with external collaborative efforts, are all aimed at achieving our goals.

↘ [See page 72 for more information](#)



**We ensure the well-being of our employees and fellow human beings**

We value a safe and healthy work environment, balanced teams, and compliance with the law. The Group naturally expects its business partners to meet the same standards.

↘ [See page 43 and 50 for more information](#)



**We strive for operational excellence, to be active, agile and innovative**

HEINZEL GROUP conducts and supports research and development work in sustainability and innovation projects.

↘ [See page 44 for more information](#)



**We are a reliable, supportive, and sustainable partner for communities and fellow citizens.**

We attach particular importance to responsibly managing any pollution and disturbance arising during the production process. By supplying local communities with district heating and green electricity, as well as engaging in social projects, the Group makes a valuable contribution to the wider community.

↘ [See page 46 and 72 for more information](#)



**We minimize the negative impact of our production activities on the environment by reducing the use of materials, continuously improving our processes, and efficiently managing our waste.**

HEINZEL GROUP pays close attention to the raw materials used, optimizes production processes, and returns by-products and waste to the production cycle.

↘ [See page 71 for more information](#)



**Our measures to become carbon neutral represent our contribution to global climate targets.**

Achieving a demonstrable reduction in CO<sub>2</sub> emissions in line with scientifically sound targets constitutes a core objective at our company.

↘ [See page 60 for more information](#)



**We use certified wood from sustainably managed forests.**

HEINZEL GROUP companies are committed to the sustainability of our raw materials and look to source our materials locally.

↘ [See page 68 for more information](#)

# Responsibility, respect and excellence for generations to come

INSIGHTS FROM AN INTERVIEW WITH COMPANY FOUNDER AND CHAIRMAN OF THE SUPERVISORY BOARD ALFRED HEINZEL

What does it take to establish a company like HEINZEL GROUP? If you take the example of Alfred Heinzl, what you don't need is some clever underlying plan. More than anything else, he puts success down to good fortune and his willingness to grasp opportunities. No doubt a smattering of entrepreneurial savoir-faire played a role as well.

## HOW IT ALL BEGAN

It was back in 1991 that Alfred Heinzl, an engineer and manager with many years of experience in the pulp and paper industry, seized the opportunity to cut his teeth as a businessman, using a management buyout to become a minority shareholder in the paper and pulp trading company Wilfried Heinzl AG, which had previously belonged to his uncle. »I was eventually able to secure a controlling stake in the company,« says Heinzl.

## GROWING OPPORTUNITIES

The roots of the HEINZEL GROUP we know today, however, can be traced back to 2000, when Alfred Heinzl acquired Zellstoff Pöls AG. Things were then accelerated fast. »Acquisitions are how we have helped the group grow substantially, both in terms of sales and earnings.« It has not been without its highs and lows, »times of renewal and challenging times,« but that is all part and parcel of the journey, he adds. Today, HEINZEL GROUP has a strong financial base and a very sustainable setup.

## SUCCESS BUILT ON RESPONSIBILITY, RESPECT AND EXCELLENCE

His many years of experience acquired at companies with complex organizational structures and protracted decision-making processes were instrumental in the approach taken by Heinzl to managing the company. »We decided that our actions needed to have a certain degree of dynamism and speed,« he explains, adding that quick thinking and flexibility are often the keys to a competitive advantage.

The company's guiding principles at that time relied on entrepreneurship, treating each other with respect, and striving for excellence in what you do – values that remain ever-present in the company's culture today.

## A TRADITION OF SUSTAINABILITY

When asked about sustainability, the confidence in Heinzl's response is palpable. »Whereas circular economy and sustainability are now buzzwords, the concepts are nothing new to us. We did what we could very early on to produce in an environment-friendly way.« The paper industry was not a particularly eco-friendly business 40 or 50 years ago. »We learned from that. And protecting the environment is something that I have been taking very seriously since a young age,« says Heinzl, reflecting on the past. »Over the years, we have continued developing and always found ways to improve.« An example of this is the excellent quality of water in the rivers around the production sites, a far cry from earlier times.

Yet, when contemplating the future, the successful businessman becomes somewhat pensive, as he believes the challenges posed by climate change are immense. Despite this, Heinzl has confidence in the work of the next generation of his family, which is also active in the areas of renewable energy and agriculture.

When all is said and done, Heinzl can look back at what has been achieved with a sense of satisfaction and pride, having created a solid foundation for generations to come. When asked about his greatest successes in life, he answers, »I have always enjoyed working. I was given the opportunity to do things and be creative.« He adds that he has three great sons, who are just as hardworking as he is, and healthy grandchildren. That is what makes him happy.

»The concepts of circular economy and sustainability are nothing new to us. We worked hard very early on to produce in an environment-friendly way.«

Alfred Heinzl, Company founder and Chairman of the Supervisory Board of HEINZEL GROUP



# PROGRESSING TOWARDS A SUSTAINABLE CIRCULAR ECONOMY

## 1991 ☉ HEINZEL GROUP is born

Alfred Heinzl buys Wilfried Heinzl AG from his uncle (today: heinzelsales)

## From 2000 ☉ Entry into pulp production

Acquisition of Zellstoff Pöls (2000) | Construction, commissioning, and acquisition of Estonian Cell (2004-2011)

## Since 2010 ☉ Expanding the trading business

Acquisition of Europapier

## Since 2011 ☉ Increased focus on renewable energies

New steam turbine in Pöls (2011) | Connection to district heating in Pöls (2011) | Construction of biogas plants in Estonia (2013), and Laakirchen (2017) | Renovation of the hydropower plant in Laakirchen (2019) | Photovoltaic installations at Bunzl & Biach (2018), in Pöls (2020), and Laakirchen (2021)

## Since 2013 ☉ Entry into the recovered paper business

Acquisition of a 51% stake in Bunzl & Biach (2013) | Acquisition of Chiemgau Recycling (2016)

## From 2013 ☉ Entry into paper production and ongoing expansion of the packaging paper business

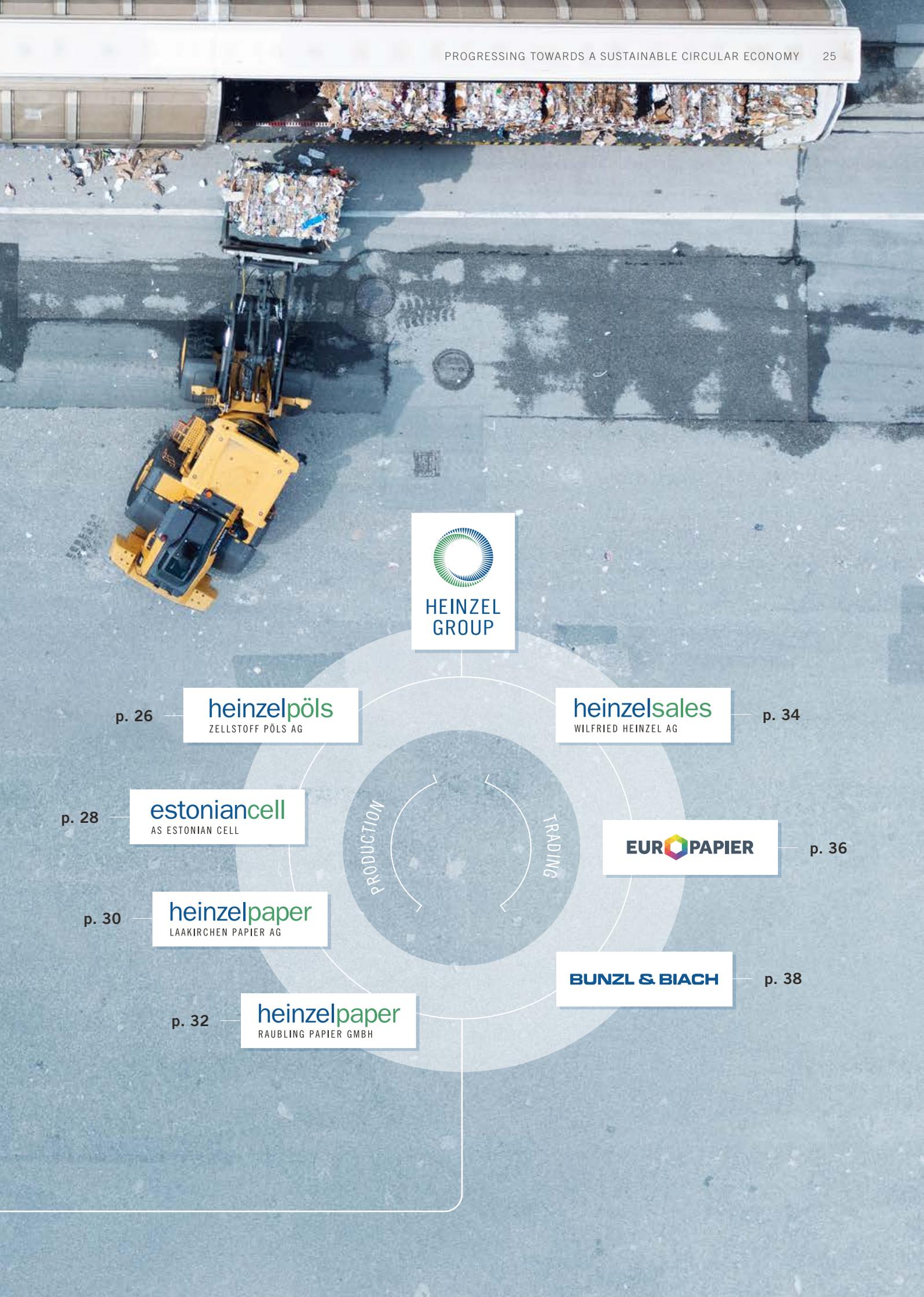
Acquisition of Laakirchen Papier (2013) | Construction and start-up of Paper Machine 2 in Pöls (2013) | Acquisition of the containerboard mill in Raubling (2016) | Conversion of the paper machine in Laakirchen (2017) | Construction and start-up of Paper Machine 3 in Pöls (2019)

## 2017 ☉ Expansion of the circular economy

Complete conversion of production in Laakirchen to secondary fibers from recovered paper

## Since 2020 ☉ Group-wide sustainability management

Start of work to develop a carbon footprint/roadmap | HEINZEL GROUP commits to the SDGs, defines emission reduction targets, and prepares its first combined annual and sustainability report (2021)



p. 26

**heinzelpöls**  
ZELLSTOFF PÖLS AG

p. 34

**heinzelsales**  
WILFRIED HEINZEL AG

p. 28

**estoniancell**  
AS ESTONIAN CELL

p. 36

**EUROPAPIER**

p. 30

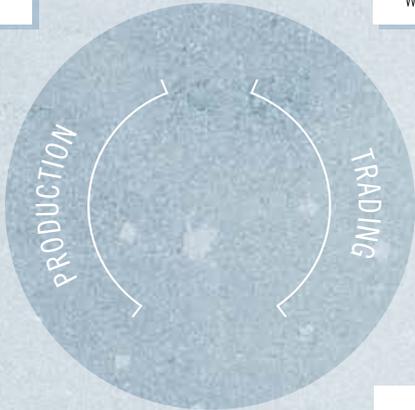
**heinzelpaper**  
LAAKIRCHEN PAPIER AG

**BUNZL & BIACH**

p. 38

p. 32

**heinzelpaper**  
RAUBLING PAPIER GMBH



IN HARMONY WITH NATURE

# heinzelpöls

ZELLSTOFF PÖLS AG



PRODUCTION OF PULP AND  
KRAFT PAPER

90% of energy  
used in Pöls is  
from renewable  
sources.

88.0 <sup>MN</sup>/<sub>EUR</sub> EBITDA

SEE PAGE 84 OF THE MANAGEMENT  
REPORT FOR MORE INFORMATION.



[www.zellstoff-poels.at](http://www.zellstoff-poels.at)

Zellstoff Pöls AG produces pulp and kraft paper. The bioenergy released by the wood during the production process is largely used on site, with some of it being fed into the public grid as electricity and district heating. The company has been the recipient of investments totaling EUR 632 million since being acquired by HEINZEL GROUP in 2000. In 2021, Zellstoff Pöls AG contributed EUR 88.0 million to the EBITDA of HEINZEL GROUP.

#### ORION PULP AND STARKRAFT KRAFT PAPER

Zellstoff Pöls AG in Styria is one of the largest producers of elemental chlorine-free bleached softwood sulfate pulp in Central and Eastern Europe, making around 460,000 metric tons of this product every year. The company is also home to the two largest and most technologically advanced kraft paper machines in the world, with which it supplies around 450 customers in 62 countries.

#### THE EMPHASIS IS ON BEING GREEN

It is the company's stated objective to become carbon-neutral with its production activities as quickly as possible. What this means is that all such activities are geared towards avoiding or minimizing any impact on the environment and ensuring the principles of sustainability are observed when using raw materials.

 [Read more on page 64: »Producing with green energy and recycled chemicals«.](#)

In 2021, the green light was given for work to begin on building a new hydroelectric power plant on the river Pöls, which is due to be commissioned in mid-2022 and capable of generating an output of up to 328 kW.

 [Read more on page 62: »Go zero: Pöls on track for carbon-neutral production«.](#)



Around 460,000 metric tons of pulp are produced in Pöls every year.



»Our commitment to succeeding in our »go zero« efforts to reduce energy consumption and carbon emissions is just as important to us as living up to our social responsibility as a major regional employer.«

Werner Hartmann, COO of Zellstoff Pöls AG



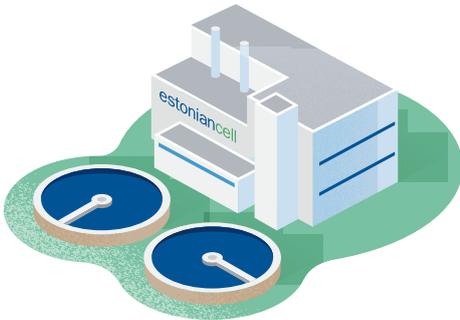
»In 2021, we launched the sustainability project »Caring for Tomorrow«, in which we devote an equal amount of attention to all three aspects of sustainability, namely economic, environmental, and social sustainability.«

Ingrid Gruber, CFO of Zellstoff Pöls AG

PULP MADE FROM ASPEN

# estoniacell

AS ESTONIAN CELL



PRODUCTION OF PULP

## Aerobic wastewater treatment plant for production of biogas

11.5 <sup>MN</sup> <sub>EUR</sub> EBITDA

SEE PAGE 85 OF THE MANAGEMENT REPORT FOR MORE INFORMATION.



[www.estoniacell.ee](http://www.estoniacell.ee)

HEINZEL GROUP has been operating the AS Estonian Cell pulp mill, located on the Baltic Sea in the north of Estonia, since 2006. EUR 205 million was invested in the work to build the site, one of the largest investments ever made in Estonia's industry. Producing a record 188,000 metric tons of aspen pulp and generating EBITDA of EUR 11.5 million, the company was able to turn around its performance in 2021 following the difficulties faced in 2020 and despite the challenging market environment.

### UNIQUE IN THE PROCESSING OF ASPEN WOOD

What is special about Estonian Cell pulp is that it is made from the wood of local aspen trees (as known as *populus tremula*), making Estonian Cell in Estonia the only major processor of aspen wood, a raw material that cannot be utilized by other industries such as the furniture sector. In 2021, the company set up a dedicated in-house team to take care of its wood sourcing needs, a move aimed at achieving savings and boosting its autonomy. In addition, Estonian Cell sources wood 100% from controlled sources. A newly installed aerobic wastewater treatment facility has enabled the company to make valuable savings in terms of its energy use.



Read more on page 73: »Environmental protection the Estonian way«.

### VALUABLE FOR THE REGION

Estonian Cell exports 100% of its pulp, around 75% of which goes to European and 25% to Asian customers. The company itself has 96 employees and is responsible for safeguarding a further 500 jobs along its extended value chain – a major plus for the region.



EUR 205 million was invested in the Estonian Cell construction work.



»2021 was a very turbulent year. We had only just recovered from the COVID-19 crisis when we were confronted with the next challenge: exploding energy prices. Despite all of this, it was a very successful, indeed record-breaking, year.«

Siiri Lahe, CFO AS Estonian Cell



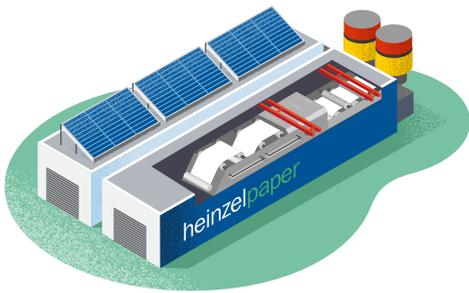
»We improved all our production processes in 2021, on the one hand through process streamlining and energy-saving measures, and on the other hand by focusing more on improving communication within the team. We managed to take our corporate culture to a whole new level in 2021.«

Heinz-Peter Schnedl, CTO AS Estonian Cell

USING ONLY RECOVERED PAPER

heinzelpaper

LAAKIRCHEN PAPIER AG



PRODUCTION OF SC-PAPER  
AND CONTAINERBOARD

We use 100%  
recycled fibers.

31.4 <sup>MN</sup> <sub>EUR</sub> EBITDA

SEE PAGE 84 OF THE MANAGEMENT  
REPORT FOR MORE INFORMATION.



www.heinzelpaper.com

The Laakirchen paper mill in Upper Austria produces recycled containerboard for stable packaging solutions as well as recycled graphic paper for advertising materials and magazines. The company has been the target of investments totaling EUR 178.8 million since being acquired by HEINZEL GROUP in 2013. The 400 or so employees of Laakirchen Papier AG generated EBITDA of EUR 31.4 million in 2021.

#### FOCUS ON CONTAINERBOARD

The Laakirchen paper mill has two paper machines (PM10 and PM11), capable of producing around 780,000 metric tons per year. Just five years ago, the two paper machines on site produced graphic paper but, after having first switched PM10 to produce containerboard, the decision was made at the end of 2021 to do the same with PM11.

Read more on page 45: »Trend-setting: switching to recycled packaging paper in Laakirchen«.

Paper coming from Laakirchen is made from 100% recovered fibers. A total of around 750,000 metric tons of recovered paper are processed annually on two lines at the site using special technology to produce new publishing and packaging paper.

Read more on page 67: »Going full circle: Laakirchen's sustainable material cycle«.

#### CLEAN ENERGY

A hydroelectric power plant commissioned in 2019 on the river Traun supplies renewable energy for the mill's production activities, while the newly installed photovoltaic system on the roof of the paper mill – one of the largest such systems in Austria – enables a further 700 metric tons of CO<sub>2</sub>e to be saved.

Read more on page 75: »Three GWh of eco-friendly energy from the roofs of HEINZEL GROUP«.



Focus on renewable energies: In Laakirchen, the hydropower plant and photovoltaic system together produce 47.6 GWh of electricity per year.



»In 2021 HEINZEL GROUP raised a great deal of awareness for the issue of sustainability, in a way which I have never experienced before in my career. The normal approach is to plan two to five years ahead, so taking such a long-term view to 2050 with vision and ideas is something that is very inspiring for me. And yes, our path to carbon neutrality may be a steep one, but it is one we have now embarked upon.«

Thomas Welt, CEO Laakirchen Papier AG



»It was very a tumultuous time for the paper industry in 2021, and we too were affected by this turbulence. Spiraling energy prices along with very expensive and at times very scarce raw materials created a highly volatile situation, posing major challenges both for us and our customers.«

Franz Baldauf, CFO Laakirchen Papier AG

WORKING FOR SUSTAINABILITY

heinzelpaper

RAUBLING PAPIER GMBH



PRODUCTION OF  
CONTAINERBOARD

Processing  
and recycling  
of old beverage  
cartons

7.6 <sup>MN</sup><sub>EUR</sub> EBITDA

SEE PAGE 85 OF THE MANAGEMENT  
REPORT FOR MORE INFORMATION.



[www.heinzelpaper.com](http://www.heinzelpaper.com)

Raubling Papier GmbH in Bavaria has been part of HEINZEL GROUP since 2016, and produced a total of 242,000 metric tons of containerboard on two paper machines in 2021. At its site, in which HEINZEL GROUP has invested around EUR 22 million since taking it over, the company and its 153 employees contributed EUR 7.6 million to the EBITDA of HEINZEL GROUP in 2021.

#### COMMITTED TO RECYCLING

The main raw materials used in production at the Raubling site are recovered paper and used beverage cartons. Since as far back as 1995, Raubling Papier GmbH has been one of only three companies in Germany responsible for recycling over a third of all used beverage cartons collected in the country.

#### SUSTAINABLE PRACTICES

The electrical power required by the paper production plant in Raubling is generated directly on site. Local industrial companies and the Raubling district heating grid benefit from any excess power and heat. The nearby river Inn supplies water needed for production, which is then cleaned and returned to the river at the end of the production process.

A total of half a million euros was invested in measures to improve the company's environmental impact in 2021. The focus in 2022 will be on projects designed to improve energy efficiency, one of which being to implement a comprehensive energy monitoring system aimed at identifying further potential for saving energy in processes over the long term.



Record production in the Bavarian town of Raubling:  
242,000 metric tons of containerboard



»We have already come far in our efforts to improve energy efficiency and protect the environment. It is becoming increasingly challenging every year to identify ways to further optimize processes and save energy. But we can do it.«

Thomas Schneider, CTO Raubling Papier GmbH



»We are very proud of the fact that we achieved record production volumes in 2021 and that we were able to increase both our sales and our result. We are well positioned with our portfolio of products, as customers and end consumers increasingly expect to see packaging solutions produced in a sustainable way. This is something we strive to achieve.«

Christoph Wochinger, CFO Raubling Papier GmbH

LET'S DO BUSINESS TOGETHER

# heinzelsales

WILFRIED HEINZEL AG



GLOBAL PULP, PAPER  
AND BOARD SALES

## Building bridges in the sustainable world of pulp and paper

24 <sup>MN</sup><sub>EUR</sub> EBITDA

SEE PAGE 83 OF THE MANAGEMENT  
REPORT FOR MORE INFORMATION.



[www.heinzelsales.com](http://www.heinzelsales.com)

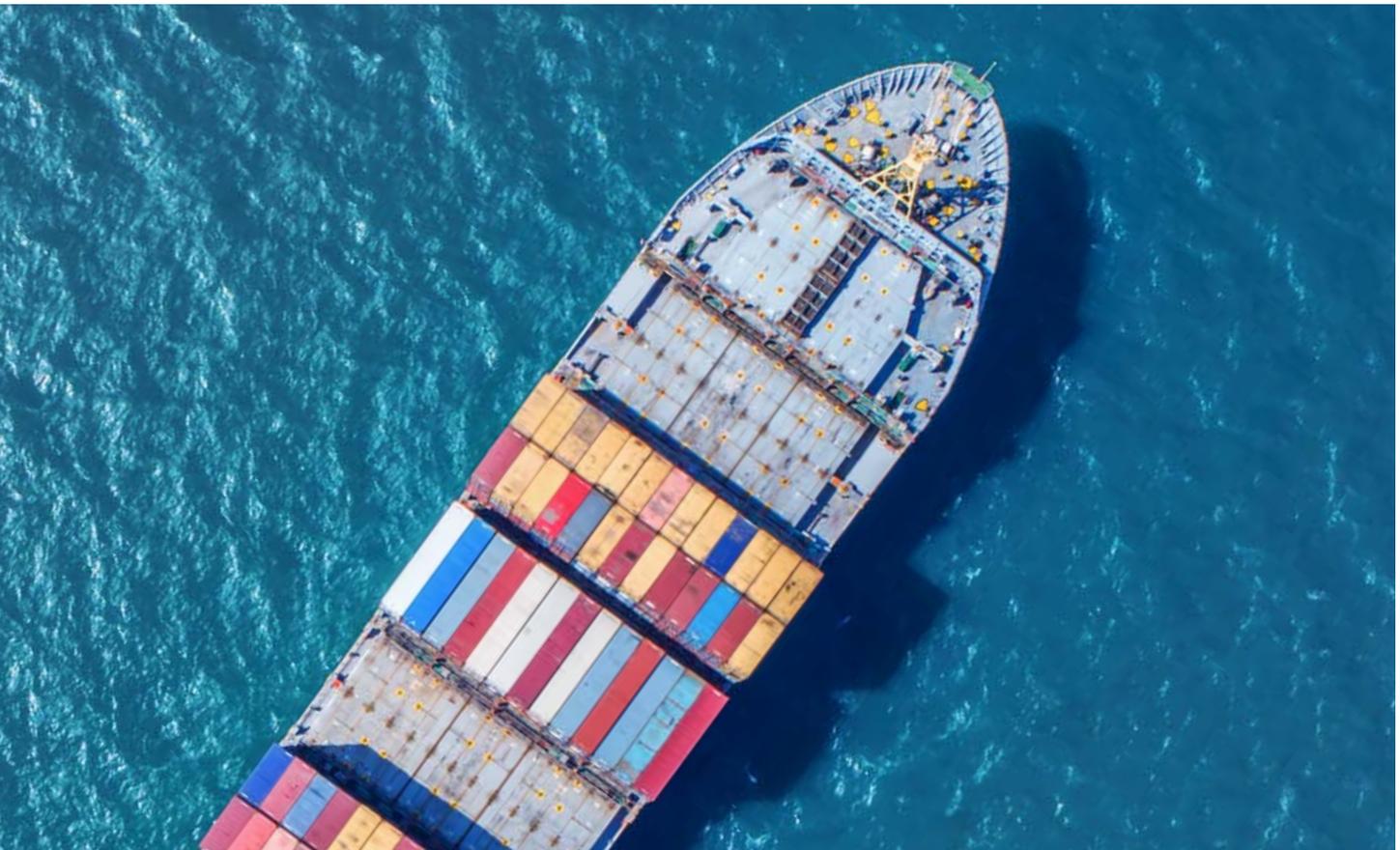
heinzelsales is the global sales network of HEINZEL GROUP, delivering products both from the Group's own sites and from partner suppliers to customers in over 100 countries. The company's EBITDA amounted to EUR 24 million in 2021, with total sales of 2.6 million metric tons of pulp and paper.

### GLOBAL NETWORK

The successful sales network of heinzelsales operates around the world, comprising ten of its own offices and some 20 partner offices, employing 145 people from over 30 countries, who speak just as many languages. The company's head office, Wilfried Heinzl AG, has been based in Vienna since being established in 1948. heinzelsales defines its role as one of building bridges between countries and cultures for pulp, paper, and packaging sales. A global mindset, professional customer service, and deep market know-how are indispensable when supplying a wide range of pulp and paper grades from producers to customers in all corners of the planet – in industrialized nations, emerging markets, and developing countries.

### RETURN TO REGIONALIZED ACTIVITY

heinzelsales sourced pulp and paper products from 32 countries in 2021, selling them in 111 countries, with the company being active in every corner of the world, handling exports from Europe, North America, Russia, Brazil, and Asia and imports to the whole of Europe, the Middle East, Africa, Asia, and South America. Global paper trading saw a partial return to regionalized activity as a result of disruptions in global supply chains and soaring prices for transporting freight. The focus shifted from freight routes spanning halfway around the world to shorter ones that are both more environment-friendly and sustainable – from southern Europe to North Africa, from the USA to Mexico, or from India to Southeast Asia.



The successful sales network of heinzelsales operates all around the world.



»The last five years have been highly successful ones for heinzelsales. I am delighted to be able to hand over the reins to my colleague Krunoslav Meic from April 2022, when he will take over as CEO of heinzelsales.«

Sebastian Heinzl, CEO heinzelsales



»We are already working on reducing the distances required to trade and transport our products to make us fit for the future. This enables us as a trading company to make tangible savings in terms of carbon emissions.«

Krunoslav Meic, CEO heinzelsales



»We can look back on 2021 as being a highly successful financial year. Despite all the difficulties in the market, notably supply chain issues and rising prices, we were able to increase net sales by nearly 15% to EUR 670 million.«

Dietmar Geigl, CFO heinzelsales

Read more on page 56: »Record promotion – from SC Neudörfel to the premier league at heinzelsales«.

SERVING YOUR SUCCESS



DISTRIBUTION OF PAPER AND  
PACKAGING SOLUTIONS

The new PV system  
at the Jeging site  
saves around  
39,500 kg of CO<sub>2</sub>  
emissions per year.

30.9 <sup>MN</sup>/<sub>EUR</sub> EBITDA

SEE PAGE 83 OF THE MANAGEMENT  
REPORT FOR MORE INFORMATION.



[www.europapier.com](http://www.europapier.com)

Europapier International AG is the largest paper merchant in Central and Eastern Europe, with 16 subsidiaries from Austria to Russia and more than 60 warehouses in 13 countries, in addition to its head office in Vienna. In 2021, the company achieved record EBITDA of EUR 30,9 million.

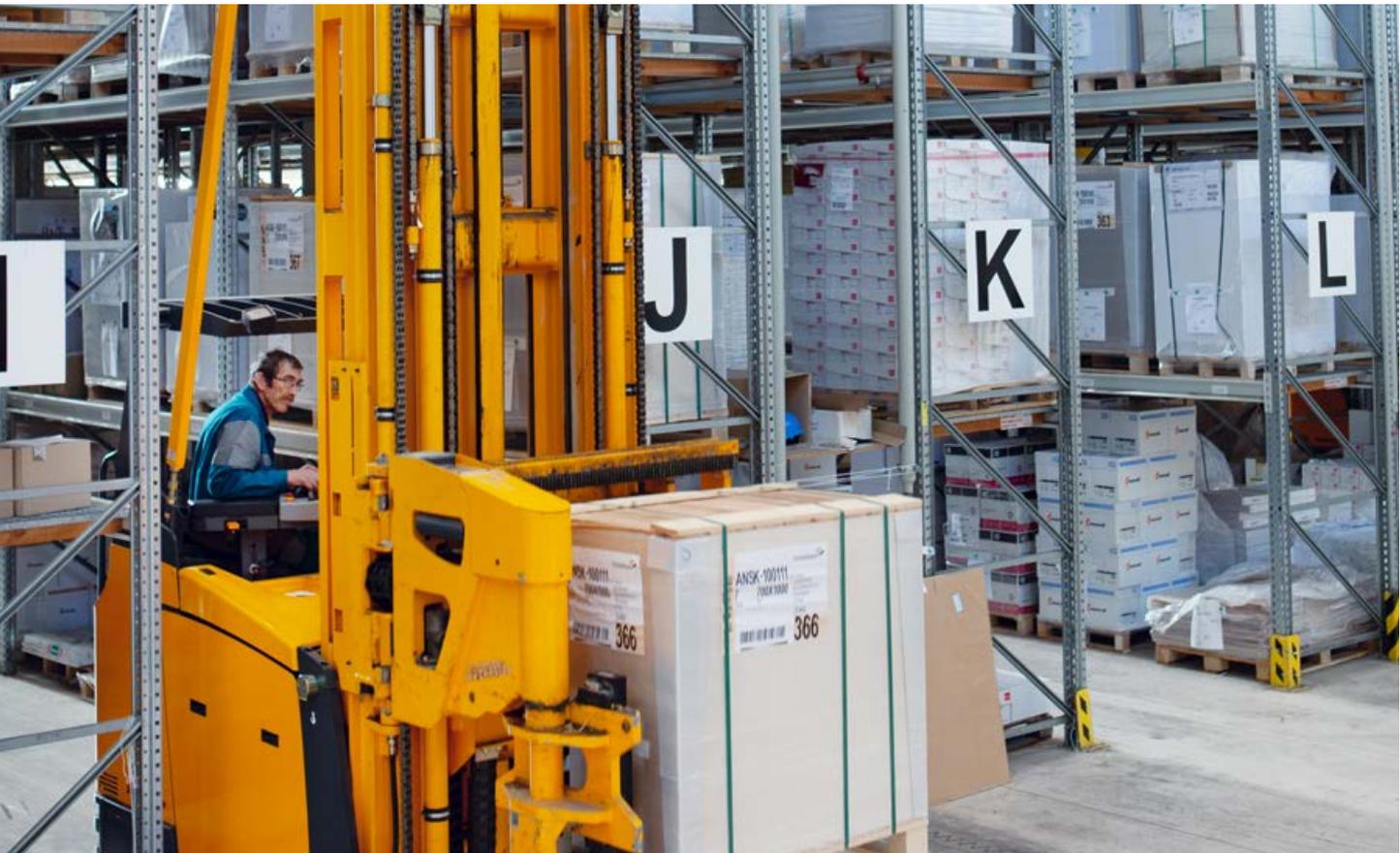
#### EXCELLENT CUSTOMER SERVICE

Europapier's highly skilled and dedicated team takes care of their customers' paper, packaging, and other supply needs, serving them with solutions tailored to their specific needs. With around 1,000 employees, Europapier is in a prime position to build on its market leadership in Central and Eastern Europe.

Europapier International AG has been part of HEINZEL GROUP since 2010. In 2021, a year characterized by supply bottlenecks, the company was able to rely on good collaboration with its suppliers of paper and other products, as Europapier is the most important partner for producers in most markets. Europapier's customers benefited from this stability of deliveries in 2021.

#### OVER 50,000 DIFFERENT PRODUCTS

In cooperation with leading global manufacturers, Europapier has developed a range of products capable of meeting any requirements, offering a multitude of products in the areas of visual communication, printing and packaging paper, office papers, hygiene, and packaging solutions. Well over 80% of the products traded in Europe are FSC® and/or PEFC certified.



Europapier has 60 warehouses in 13 countries.



»2021 was characterized by rising paper prices on the one hand and significant delays in the supply chain on the other. Our goal as a merchant company was to maintain the best possible supplies for customers at all times in the face of this challenging situation.«

Helmut Limbeck, CEO Europapier



»We attach great importance to ensuring that our employees, no matter where they are in the world, enjoy the standards available here in Austria. In addition to receiving above-average and performance-based pay, our employees also enjoy access to all available social benefits, which is one of the reasons why people like to stay with us and are very loyal.«

Martin Bichl, CFO Europapier

PAPER FOR RECYCLING

# BUNZL & BIACH



COLLECTION, SORTING AND TRADING OF RECOVERED PAPER

Own management system focused on sustainability issues

6.2 <sup>MN</sup> <sub>EUR</sub> EBITDA

SEE PAGE 83 OF THE MANAGEMENT REPORT FOR MORE INFORMATION.



[www.bunzl-biach.at](http://www.bunzl-biach.at)

Bunzl & Biach has been one of Austria's largest and most important collectors, sorters and traders of recovered paper for over 100 years. Every year, more than 1.3 million metric tons of this valuable secondary raw material are recycled in a way that conserves resources. The company's contribution to HEINZEL GROUP's EBITDA amounted to EUR 6.2 million in 2021.

## RESPONSIBILITY FOR SUPPLY

The Bunzl & Biach Group is the exclusive supplier of the paper mills Laakirchen Papier AG, Essity Austria GmbH, and Raubling Papier GmbH. The strategic importance of recovered paper will only gain in significance in the future due to the growing production capacities of paper mills. In addition to supplying the mills belonging to its owner, the Bunzl & Biach Group also has an important role to play in the recovered paper trade with its subsidiaries in the respective markets of Austria, Germany, and Central and Eastern Europe.



## ENVIRONMENTAL GOALS

The company has set itself the goal of improving its environmental performance on a sustainable basis. Using the most modern technology available at economically justifiable cost, Bunzl & Biach works to keep any negative environmental impacts to a minimum, in doing so laying the foundations for sustainable business practices. Indeed, Bunzl & Biach's commitment to quality and environmental standards has been recognized by a range of different certifications. The company's own QUSGE policy, a German-language acronym for quality, environment, safety, health, and energy, is an example of its efforts to develop a management system dedicated to appropriately considering these aspects.



1.3 million metric tons of recovered paper are recycled by the company every year.



»Recycling paper is a great way of conserving resources, and has already been occupying a central position in the circular economy for decades.«

Andreas Mang, CEO Bunzl & Biach GmbH



»We see it as our core responsibility to optimally prepare recovered paper for use in the paper industry, with our objective being to strike the right balance between economic viability, the environment, health, and safety.«

Klaus Vlach, CFO Bunzl & Biach GmbH



HEINZEL  
GROUP

RECREATING VALUE FOR

# OUR PARTNERS

OUR PEOPLE, AND OUR PLANET



**We create economic value for our partners and provide them with the sustainable products they need.**



## **Our values**

---

**RESPONSIBILITY**

---

**RESPECT**

---

**EXCELLENCE**

---

### **in our work with partners:**

We keep our promises and take responsibility for our actions.

We respect the wishes and concerns of our partners, and always treat each other politely.

We strive to keep improving and find sustainable solutions so as to be the best partner for our customers, suppliers, and other stakeholders.

# As Partners together into the Future

Creating value for our partners is a top priority at HEINZEL GROUP, which means we believe it is important to have excellent relations with our customers and suppliers as well as other key stakeholders. We work to ensure a close collaboration based on mutual respect, and our high professional standards mean that our excellent product and service quality is highly valued. Always with an eye on the long term in our business relationships to safeguard the future success our company, we see cooperation and eye-to-eye communication as fundamental elements to ensure the stability and growth of our group of companies.

## STAKEHOLDER MANAGEMENT – CONSIDERING ALL INTERESTS

In addition to our valuable employees ( [↘ See page 48 for more on this topic](#)), our most important stakeholders include customers, suppliers, local communities, families, friends, banks, authorities, and environmental associations. We strive to maintain relationships based on mutual respect and trust.

We actively approach our stakeholders and encourage participation in an ongoing dialog, all as part of our policy on open communication. This way, we can address the expectations of those around us, identify potential for improvement, and turn these into specific action.

## BUSINESS MODEL SUCCESSFUL TOGETHER

HEINZEL GROUP supplies its partners around the world with sustainable products, bringing fiber-based products into circulation. Our focus is always on customers and their needs: We supply our business



partners both with products from HEINZEL GROUP production sites and with those made by other paper and pulp producers via our trading companies heinzelsales and Europapier. The volume of sales came to 3,712,092 metric tons in 2021, 45.3% of which from the Group's own four mills.

HEINZEL GROUP companies interact with each other time and again in a continual cycle along the value chain. The pulp produced in Pöls and Estonia is sold by heinzelsales to paper mills both within and beyond Europe. The paper products from these mills are in turn supplied by Europapier to converting companies in Central and Eastern Europe. From there, Bunzl & Biach collects leftover paper and waste paper and takes it to Laakirchen and Raubling, where they are re-used as raw materials. The paper produced there is then sold again by heinzelsales to customers.

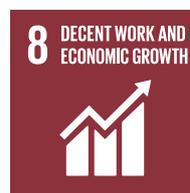
↳ See page 06 for more about HEINZEL GROUP – our world.

The fact that HEINZEL GROUP is broadly balanced between production and trade, between pulp and paper, between virgin fibers and recycled fibers and between Europe and Overseas means that it enjoys a degree of resilience from which its customers and suppliers benefit as well. We are known as a reliable partner who values long-term and sustainable relationships.

## RESPECT AND INTEGRITY VIS-À-VIS OUR CUSTOMERS

Having customer ties in 112 countries requires dealing with different laws, cultures, and business practices. This diversity is part of everyday life at HEINZEL GROUP's trading companies, where having a common understanding of how to do business shared by everyone involved is essential. We believe in maintaining the highest level of integrity at all times. Engaging in corruptive and collusive conduct, in any form whatsoever, is never an option for us, as we know that long-term success is dependent on honest behavior. Respect, reliability, and appreciation are what underpin our lasting relationships with customers and suppliers. Our employees are trained as required in how to adhere to relevant compliance guidelines. Our next step is to develop such guidelines also for our suppliers.

Over 98% of the relevant employees received training on the compliance guidelines in 2021.



## DEVELOPING PRODUCTS IN CLOSE CONSULTATION WITH THE CUSTOMER

HEINZEL GROUP's pulp and paper mills are constantly working on ways to enhance their products, with customized solutions often being developed as well. Inquiries can be answered quickly thanks to flat hierarchies and dedicated contact persons, all adding to customer satisfaction levels – especially in a year like 2021, when customers placed a premium on security of supply.

## INVESTMENT AND INNOVATION IN THE FIGHT AGAINST CLIMATE CHANGE

The 2021 financial year saw us invest about EUR 25.9 million in sustainable projects, a figure which includes all investments made at our sites that have a positive impact on our sustainability indicators and contribute to achieving the United Nations Sustainable Development Goals (SDGs). [↘ See page 20 for more on the SDGs.](#)

In 2021, HEINZEL GROUP also decided to invest EUR 5 million in a fund for innovative technology start-up companies committed to combating the climate crisis. The Climate & Industry Opportunity Fund launched by Speedinvest invests in start-up companies that focus on green tech and new, sustainable business models.



A look at the fully automated warehouse in Laakirchen



LAAKIRCHEN PAPIER AG

# TREND-SETTING: SWITCHING TO RECYCLED PACKAGING PAPER IN LAAKIRCHEN



HEINZEL GROUP decided on a new strategic direction for the Laakirchen paper mill in 2021, namely to switch its focus to recycled packaging paper. A trend-setting, market-oriented and environment-friendly decision. Paper machine 11 (PM11), which is now used to produce supercalendered paper for magazines, catalogs, and advertising, will be converted into a high-performance machine for lightweight containerboard made from 100% recycled paper. This decision represents an investment by HEINZEL GROUP in the site of well over EUR 100 million.

With a width of 8.90 meters, PM11 will produce lightweight recycled containerboard with a basis weight starting at 70 grams per square meter from 2023. This eco-friendly paper is particularly well-suited for use as shipping packaging, demand for which is rising sharply thanks to the growth in e-commerce and the fact that plastic packaging is gradually being substituted. At full capacity, PM11 will produce more than 550,000 metric tons of paper per year. Producing a total of over a million metric tons of product on two paper machines, this will turn Laakirchen into one of the largest production facilities for recycled packaging paper in Europe. This conversion project is being accompanied by a range of other investments in environmental protection measures, an example of

which is the construction of another anaerobic wastewater treatment facility to produce biogas and thus to reduce the amount of fossil fuels needed by the paper mill.

## COLLABORATION AS THE KEY TO EXCELLENCE

As is already the case in so many other areas, converting PM11 will result in HEINZEL GROUP companies working closely together, with the raw material needed to produce the new testliner and fluting products being supplied by recycled paper trader Bunzel & Biach, while the group's own sales network, heinzelsales, will be responsible for selling the paper, marketed as starboard and available from mid-2023.



»Converting PM11 represents yet another step to safeguarding Laakirchen as a production site, one that has existed for 150 years. And with it, some 400 jobs.«

Thomas Welt, CEO of Laakirchen Papier AG

## More than a million tons of annual production

ON TWO PAPER MACHINES IN THE FUTURE

## FOR THE BENEFIT OF ALL

The production of and trade in pulp and paper products is a tradition that goes back centuries. The mills in particular have always been a major economic factor having an impact on surrounding communities. We believe that the regionality of our mills is very important and we are aware of the social responsibility this entails. We are passionately committed to the arts, culture, education, and sports, as evidenced by our involvement in a range of social activities and engagements. At the same time, we contribute to efforts aimed at achieving the United Nations Sustainable Development Goals (SDGs).

### HAND-IN-HAND WITH THE PEOPLE IN THE REGION

We take our responsibility to the regions around our industrial operations seriously, as the future and success of HEINZEL GROUP are directly related to the well-being of the local population. We are in constant dialog with the communities in which we are located, and work very closely with them. We keep pollution, odors, dust, and noise to an absolute minimum and make an important contribution to the wider community by supplying district heating and clean energy, among other things. [↘ See page 72 for more on this topic.](#)

We received about 100 suggestions and complaints from citizens in 2021. We respond promptly to contact requests, trying to resolve simple matters immediately and by including more comprehensive issues in our future plans and considerations.

### PARTNER FOR REGIONAL ASSOCIATIONS

Regional sponsorship activities are aimed at promoting exercise and healthy living, supporting clubs that play an important social role in communities. For

example, Laakirchen Papier AG supports the Laakirchen fistball club ASKÖ, while Zellstoff Pöls AG supports the FSC Pöls soccer club, which was established in 1925, the FSC Pöls tennis club, and the local music band. As can be seen from the example of Krunoslav Meic, there has been more than one person who embarked on a career at HEINZEL from the soccer pitch. [↘ See page 56 for more about Krunoslav Meic.](#)

### EDUCATION AS THE BUILDING BLOCKS OF THE FUTURE

We have been supporting Teach for Austria, an independent, non-profit educational initiative campaigning for fair access to education, for nearly ten years now. Excellent and dedicated university graduates are sent as teachers to challenging middle schools, polytechnics, and kindergartens to work as inspiring teachers with a view to improving the future prospects of children and young people from socio-economically disadvantaged families.

The Austrian pulp and paper industry was also instrumental in creating another educational program in Austria, »Paper goes to school«, the aim of which being to teach kindergartens, schools, and universities about the industry. In addition to highlighting a potential career path after leaving school or university, the program offers a comprehensive range of workshops, teaching materials, paper experiment boxes, and age-appropriate tours along geocache trails, one of which – the Adventure Zellstoff Pöls geocache, extending over five kilometers – is located on the premises of Zellstoff Pöls AG. One of the initiative's projects, PAPE[R]ECORD, even made it into the Guinness Book of Records this year. A world record in creating the longest chain of paper trees – consisting of 18,000 paper trees from 26 countries – was set together with an Austrian elementary school. The project also made a positive contribution to the environment, as for every 50 paper trees submitted, at least one real tree was planted in the region – a total of 376 to be exact.





The world's longest chain of paper trees

A local Estonian school, supported by AS Estonian Cell, was given new teaching equipment in 2021 for use in the field of technology and robotics. People were also given the opportunity to learn more about industrial and production processes by taking part in guided plant tours and listening to presentations by the local management team. In September, AS Estonian Cell participated in the first-ever Metsarahva päevale, a day dedicated to forestry, and opened its doors to the general public.

**OUR COMMITMENT TO CULTURE**

We see art and culture as occupying a key place in society and have therefore been supporting the Albertina Museum in Vienna since 2009 under the motto »Collect, Preserve, and Communicate«. This is just one way we do our bit to preserve Austrian and international features of cultural significance.



Teaching equipment from Estonian Cell for a local school



HEINZEL  
GROUP

RECREATING VALUE  
FOR OUR PARTNERS,

# OUR PEOPLE

AND OUR PLANET



**We create social value by providing meaningful and fulfilling job opportunities in the communities where we are working.**



## **Our values**

---

**RESPONSIBILITY**

---

**RESPECT**

---

**EXCELLENCE**

---

### **in how we interact with our employees:**

We go about our daily work with a fair and professional attitude, look after each other, and find solutions instead of problems. We value open and honest communication within the team, and foster a climate of mutual trust and respect. We inspire our colleagues to always do their best.

# Stronger together: We are HEINZEL GROUP

We owe our success in no small part to our dedicated and highly qualified employees working in each and every one of the company's business areas. We at HEINZEL GROUP unite 2,411 people worldwide, from different countries, cultures and generations, around a common mission: to supply our customers worldwide with sustainable products.

## DIVERSITY THAT UNITES US

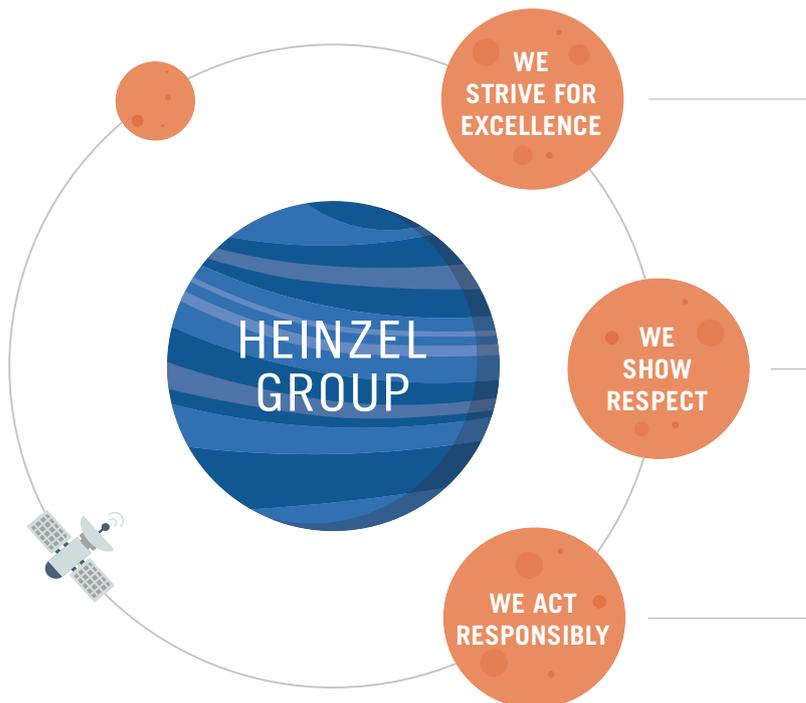
HEINZEL GROUP supplies customers around the world, a fact also reflected in our multicultural workforce. We employ a total of 675 female and 1,736 male employees from 42 different countries. It is in this diversity that our strength lies, regardless of gender, age, origin, religion or sexual orientation. What binds us all together are our shared values: Responsibility, Respect and Excellence.

## EMPLOYEES BY COMPANY\*

**Total headcount: 2,411**

Zellstoff Pöls	477	heinzelsales	145
Laakirchen Papier	391	Europapier	969
Raubling Papier	153	Bunzl & Biach	171
Estonian Cell	96	Heinzel Holding	9

\*Number of full-time equivalents



### By excellence for long-term success we mean:

- » Having a stimulating work environment that encourages people to do their best
- » Encouraging teamwork and knowledge sharing
- » Providing space for ideas and innovation

### By a respectful working environment we mean:

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

### By corporate governance with responsibility we mean:

- » Having a fair and professional working environment
- » Working in a frank and solution-oriented culture
- » Ensuring health and safety at work

## AN EMPLOYER OFFERING JOBS WITH A PURPOSE

We believe that creating value for our employees means offering meaningful work opportunities, which covers not only having a worthwhile job, but also being able to take responsibility for your actions. We give responsibility to our employees and motivate them to actively contribute their own ideas when it comes to processes and workflows. Our corporate culture would be nothing without our commitment to equal opportunities and to fostering an open and honest communication culture. Being a family-run group of companies, HEINZEL GROUP offers stability and a sense of identity, building strong links between em-

Highly loyal: Sales Director Peter Schak (left) celebrates his 40th year at the company.



ployees and the company. Loyalty which is reflected in the above-average length of time our employees stay with us, even extending across several generations of a family in some cases.

## SUPPORTING YOUNG TALENT

We train high-achieving university graduates to become future managers, having them complete a range of different trainee programs in which they spend time in various departments, giving them the opportunity to gain an insight into the workings of the company.

## FOCUS ON PERSONAL DEVELOPMENT AND TRAINING

The range of practical training programs offered by HEINZEL GROUP covers 14 different traineeships and apprenticeships. These range from professions with a commercial focus, in which individuals can obtain

their high school certificate (vocational matura) as well as completing the apprenticeship, to opportunities for young people to do an apprenticeship at our production sites where the focus is on key technical professions relevant in the future. The training programs on offer cover everything from electrical and metal technology to paper and laboratory technology, and IT technology. Our apprentices have a variety of additional modules they can take at numerous locations in addition to the core program focusing on personality development, along with apprentice exchange programs enabling them to acquire valuable experience and additional qualifications. Shuttle services are also provided, where needed, to make it easier to get to work. The opportunity to have some fun should not be missing either, which is why trainees and apprentices can also go on excursions as well as take part in cross-company sports and culture days.

Employees at HEINZEL GROUP have many international training offers to choose from to help them develop both their personal and their professional skills. Young colleagues are able to add to the knowledge acquired during their training by taking advantage of these, while other employees can obtain additional qualifications to open the door to new career opportunities. We also offer a multitude of training and re-training opportunities to career changers looking for new challenges.



»After successfully completing my apprenticeship, I would like to train to become a skilled worker. That way I can then train apprentices myself and show them what I was also shown.«

Lisa Wiesenegger, Zellstoff Pöls AG

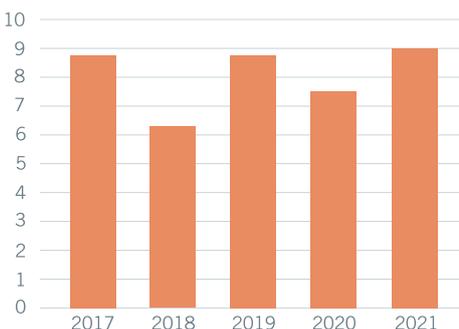
## FAIR AND PROFESSIONAL, ACROSS THE BOARD

Talent is what we care about. Our goal is to actively ensure equal opportunities in each of the company's divisions, irrespective of a person's gender, while also inspiring women to pursue a technical profession. 27.9% of the people we currently employ within the Group are female. While paper production itself is male-dominated, an average of 44.7% of employees in the trading sector are female. It is particularly worth highlighting here that the proportion of women making up the workforce at heinzelsales is 62.7%.

## SAFETY FIRST

Nothing comes before the health and safety of our employees at work, as highlighted by the range of measures put in place to secure this. Nine notifiable workplace accidents were recorded in the financial year, calculated per million hours worked. Specialist safety training courses and programs such as »Safety is a mindset« [Sicherheit beginnt im Kopf (SiBiK)] at the Raubling site, combined with technical enhancements and safeguards, are designed to promote safety awareness and improve health and safety overall. An analysis called »Learning from near misses« carried out at our production site in Raubling has already provided some key insights, showing clearly how accidents have already been prevented here.

Employees at our plant in Estonia are asked to participate in a survey every year with a view to looking at how both job satisfaction and safety at work can be improved. A dedicated health and safety officer has also been appointed at the company. Actions such as these, together with regular audits and organizational improvements, enable us to move one step closer every day to our goal of having zero accidents.



Number of notifiable workplace accidents per million hours worked

## HEINZEL GROUP IS OFFICIALLY ONE OF AUSTRIA'S BEST MANAGED COMPANIES

HEINZEL GROUP is one of 18 Austrian companies that have been awarded the title of Austria's Best Managed Companies after being subjected to a detailed review by a panel of independent experts.

The auditing company Deloitte came together in 2021 with its cooperation partner Raiffeisenlandesbank NÖ-Wien to adjudicate the now internationally established competition to identify the best managed companies in Austria. The competition itself involves taking a holistic view of medium-sized companies, with a focus on four distinct categories: Governance and Finance, Strategy, Productivity and Innovation, and Culture and Commitment.

The award is not tied to a specific industry and is aimed at recognizing outstanding work performed by companies and their employees. Particular attention is paid here to the role of management, namely setting an example particularly in times of crises. Barbara Potisk-Eibensteiner and Kurt Maier accepted the award at the end of September during a gala event held at the Raiffeisen-Haus in Vienna.



»We are proud to have been named one of Austria's Best Managed Companies, adding even more impetus to our future endeavors.«

Kurt Maier, CEO of Heinzelsales GmbH



The heinzelsales team at the Vienna City Marathon 2021

### FOCUS ON HEALTH

We have a range of measures in place designed to help employees keep both physically and mentally fit, not least by having medical care available on site. These include initiatives such as »One Apple a Day« offered at Zellstoff Pöls AG, as well as ones focusing on addiction prevention and exercising together, an example of which is taking part in Vienna's yearly Business Run. The coronavirus pandemic meant that several of these activities had to be canceled in 2021.

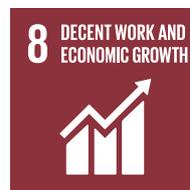
Indeed, one of our responses to the additional health risks posed by the COVID-19 pandemic has been to introduce site-specific safety concepts that include more stringent safety and hygiene regulations as well as enabling employees to work from home. Innovative, digital solutions made sure that the health of employees having to work on site, such as those in our production companies, was protected as far as possible, an example of which was the introduction of digital shift handovers at Zellstoff Pöls AG. The HEINZEL NET app, launched in 2021 to serve as an internal communication platform, was used in Laakirchen, together with infosccreens on the premises, to inform people about the current COVID safety measures in place.

### IT'S ALL ABOUT THE BALANCE

It is important to us that our employees are able to strike the right balance between their working and their private lives. Having a number of different options available, depending on the respective site, such as flexitime and being able to work from home, makes it easier for everyone to be flexible and find a family-friendly work-life balance.

We also know that coming back to work after having been on maternity leave is often very challenging, so we want to make this as easy as possible for our employees by offering flexible working models and considering personal circumstances.

Read more in the management report from page 86



# THE CRÈME DE LA CRÈME: AWARDS OF EXCELLENCE

HEINZEL GROUP created the annual Awards of Excellence to give recognition to employees who have demonstrated extraordinary commitment and delivered excellent performance.

The first step in the three-stage selection process involves all HEINZEL GROUP employees being given the opportunity to nominate a colleague, or even themselves. This can be a mill worker, an office-based employee, a manager, or even a trainee. One or two employees per company are then selected from the names put forward and nominated for the Awards of Excellence. The three winners are then determined by an anonymous vote conducted by Group Management and the Heinzl family.

## THE FOLLOWING WERE NOMINATED:

### EXCELLENCE

Elke Hilby & Christian Pletz, Zellstoff Pöls  
*Sustainable energy management at Starkraft*

Roman Mihhailov, Estonian Cell  
*New business model for wood purchasing*

Nadja Blenk & Petra Leonhartsberger, heinzelsales  
*Remote implementation of SAP at Heinzl Sales Asia Pacific*

### RESPONSIBILITY

Markus Leitner & Rudolf Stranimaier, Zellstoff Pöls  
*Preventing environmental damage on the river Pöls*

Günther Inführ, Europapier  
*Commendable work to minimize water damage*

### ENTREPRENEURSHIP

Heinz-Peter Schnedl, Estonian Cell  
*Turnaround at Estonian Cell*

Bettina Nußdorfer & Susanne Johannessen,  
Laakirchen Papier & heinzelsales  
*Implementation of HEINZEL NET*

This year, three top performers at HEINZEL GROUP stood out for their outstanding work, their exceptional commitment, and exciting innovations.

## THE 2021 AWARDS GO TO:



### EXCELLENCE

**Elke Hilby & Christian Pletz, Zellstoff Pöls**

***Sustainable energy management at Starkraft***

Elke Hilby (technology department) and Christian Pletz (production assistant) were able to substantially increase efficiency in Pöls thanks to their excellent work on the Kraft paper machine. They reviewed numerous measures and the action they took resulted in tangible and sustainable reductions in freshwater consumption, wastewater, and condensate during the production process. Steam consumption savings achieved in this way in particular make it possible to increase the amount of electricity produced by around 4,500 MWh per year, meaning annual savings of between EUR 600,000 and EUR 900,000, depending on the price of electricity. This represents an important contribution to efforts to achieve carbon neutrality, in addition to cutting costs, without having had to make any additional investments.

### RESPONSIBILITY

**Günther Inführ, Europapier**

***Commendable work to minimize water damage***

Günther Inführ has been working at Europapier for over 30 years and, as warehouse manager, is responsible for a multicultural team of 30 workers. His open and hands-on style of leadership is valued by everyone. A strong networker, he always involves as many departments as possible to develop the best solutions for the company. The way he responded this year when large amounts of water made it into the paper warehouse after days of rain was particularly impressive. He swiftly mobilized a team on a weekend to solve the problem, thereby being able to limit the damage caused considerably.



### ENTREPRENEURSHIP

**Heinz-Peter Schnedl, Estonian Cell**

***Turnaround at Estonian Cell***

Heinz-Peter Schnedl stepped in as a member of the Management Board at Estonian Cell at short notice last year. His experience and outstanding management qualities enabled him to establish a new leadership culture at the company, as well as to improve work and production processes. His commitment has helped bolster not only the employees' own sense of responsibility, but also communication and teamwork. These new processes are also reflected in the higher level of system availability and production speeds, helping achieve tangible cost savings.

# RECORD PROMOTION – FROM SC NEUDÖRFL TO THE PREMIER LEAGUE AT HEINZELSALES

39-year-old Krunoslav Meic has had a remarkable career to date, going from trainee to CEO in just ten years, with hard work, talent, the right support and, of course, a dash of good fortune playing a role here.

## HE CAME TO STAY

»This wasn't what was originally planned«, says Meic, referring to how he traveled to Austria from his native Croatia to watch a soccer practice game more than 15 years ago. He actually only wanted to accompany a friend on the long drive, but an acute shortage of players saw the former Croatian professional soccer player strap on his boots and go on to the pitch, creating such an impression that the club promptly hired him. He agreed to play for SC Neudörfel for half a year as it suited his circumstances at the time. He is still here today, although not on the soccer field anymore.



## A RAPID CLIMB UP THE CAREER LADDER

He must have liked it in Austria because he decided to enroll at the UAS Wiener Neustadt, going on to successfully graduate with a master's degree. As soon as he had graduated, he was approached by a soccer friend, who also lived in Neudörfel, and asked if he was interested in a job in the paper industry. »I coached his young son and didn't really know what he did for a living,« recalls Meic. »I had actually already been offered another job.« The soccer friend was none other than CEO of heinzelsales at the time, Andrew Paul, who had recognized the young Croatian's ambition and talent for communication and subsequently convinced him to join heinzelsales.

Assigned to the Russian export department, Meic embarked on the heinzelsales trainee program during which he acquired the skills to work successfully as a salesman. He was promoted to the position of sales manager in the Europe department after just 18 months, where he worked with remarkable success to develop sales in the markets of former Yugoslavia. He was soon given his own sales department and made Area Sales Manager. When the position of Business Unit Manager for the company's key export business from Russia became available, Meic jumped at the opportunity to move up another rung on the ladder. »It all happened very quickly, but it all made

sense somehow,« he says happily, adding »I have worked very hard, but of course I have had some luck as well as the support I received from HEINZEL GROUP.« Ten intense and successful years led him where he is today.

#### **RISE TO THE TOP**

Krunoslav Meic joined the Management Board of heinzelsales as Chief Operations Officer in 2021. His knowledge of the market and the industry, his close relationships with customers and suppliers, his ambition, and his engaging personality all contributed a lot to his success. He has a vision for the future and recognizes the coming challenges facing heinzelsales, such as incorporating sustainability into the company's strategy. Krunoslav Meic will succeed Sebastian Heinzl, who is moving to Heinzl Holding, as CEO of heinzelsales in April 2022. Kudos!



»I have worked very hard, but of course I have had some luck as well as the support I received from HEINZEL GROUP.«

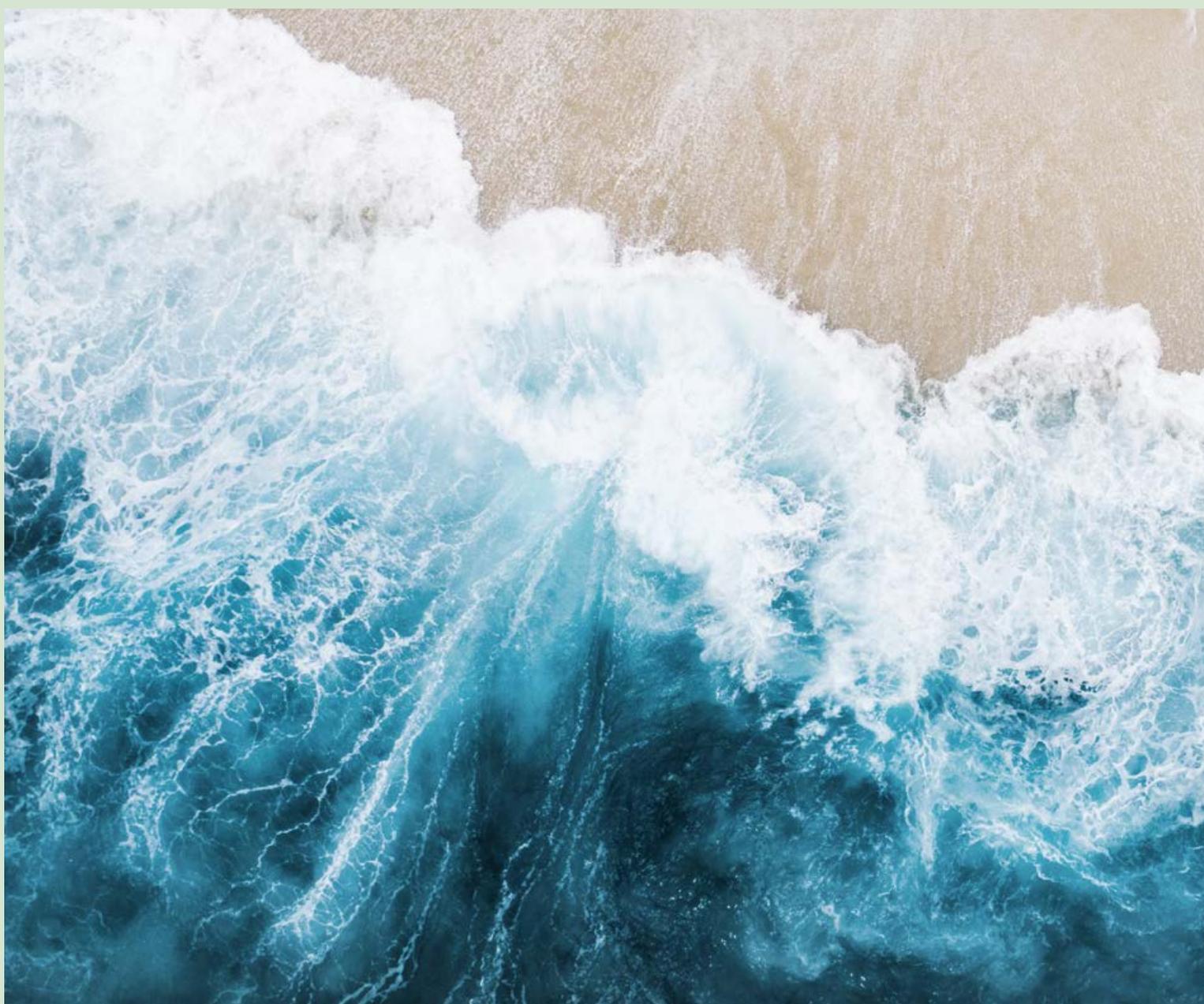
A young Krunoslav Meic as captain of SC Neudörf



HEINZEL  
GROUP

RECREATING VALUE  
FOR OUR PARTNERS,  
OUR PEOPLE, AND

# OUR PLANET



**We create value for our planet by using sustainable materials, avoiding damage to the environment, and helping nature regenerate.**



## **Our values**

---

**RESPONSIBILITY**

---

**RESPECT**

---

**EXCELLENCE**

---

### **in what we do for the environment:**

We know that preventing environmental damage is the key to a better future. We respect our environment and live up to our responsibility. We strive at all times to set high standards and exceed expectations in everything we do so as to set an example for others.

# Leading by example: there is no Plan(et) B

## **SUSTAINABLE CIRCULAR ECONOMY WITH NATURAL PRODUCTS**

As a pulp and paper company, HEINZEL GROUP is part of the forestry value chain. Thriving forests, a healthy environment, and a functioning biosphere all form the bedrock of our business, which means they are a top priority for us. We take our responsibility to protect our planet and safeguard our future seriously, actively working to combat climate change by using sustainable materials, minimizing waste, avoiding damage to the environment, and helping nature regenerate.

Recycling and the use of wastepaper have been ways of maximizing the use of our products made from naturally renewable raw materials for decades. The issues of sustainability and recycling are nothing new for us; they have been part of our everyday life at the company for decades.

We produce and distribute natural, recyclable products from renewable resources. To do this, we require considerable amounts of energy, water, wood, and chemicals. For as long as we can remember, we have seen the circular economy as a crucial way of conserving the resources we use. Paper is produced at our Laakirchen and Raubling mills using recovered paper instead of wood. Water is cleaned and returned to the rivers. Even chemicals are recycled. We thermally harness the by-products of our manufacturing processes to make renewable energy, which we can also supply to surrounding communities. We set ourselves ambitious goals for conserving resources and improving our processes, and we work tirelessly to achieve these.

## **COMMITMENT TO CLIMATE NEUTRALITY BEFORE 2050**

Climate change poses a real threat to our planet, our society, and to our company. Greenhouse gas emissions, such as CO<sub>2</sub> emissions, need to be reduced to mitigate global warming and its effects. Our corporate vision shows how we intend to be responsible and successful in the long term, setting ourselves the overriding objective of steadily cutting our greenhouse gas emissions. Senior management at HEINZEL GROUP

### **We can do it.**

35% FEWER CO<sub>2</sub> EMISSIONS BY 2030 COMPARED TO 2021 IN SCOPE 1 AND 2

is involved in the ongoing process, and the sustainability team, comprising representatives from the subsidiaries, reports directly to the company's management. HEINZEL GROUP is committed to the European Union's goal of becoming climate neutral by the middle of the century. Specifically, we have set ourselves the goal of reducing our CO<sub>2</sub> emissions to a minimum even before 2050, and to find ways of compensating for any remaining emissions (net zero). We were one of just a handful of Austrian companies to embark on the process of developing goals that dovetail with the Science Based Targets Initiative (SBTi).

This transformation process represents a major challenge for us as a Group in an energy-intensive industry, but with it comes opportunity, and so it has a permanent place in our corporate strategy. On the road to climate neutrality, our first declared interim goal is to reduce Group-wide Scope 1 and 2 CO<sub>2</sub> emissions by 35% compared to the reference year 2021. As part of our decarbonization strategy, the past two years have

seen us develop a CO<sub>2</sub> roadmap to help us achieve our climate targets by setting short-, medium- and long-term milestones for cutting CO<sub>2</sub> emissions. A carbon footprint calculated in line with the Greenhouse Gas Protocol (GHG Protocol), and thus taking into account the main sources of emissions, is the starting point for looking at how to continue reducing CO<sub>2</sub> further. Aside from including direct emissions attributable to HEINZEL GROUP itself (Scope 1) and indirect emissions attributable to the procurement of electricity, heat, and process steam (Scope 2), this also includes emissions attributable to upstream and downstream process chains (Scope 3).

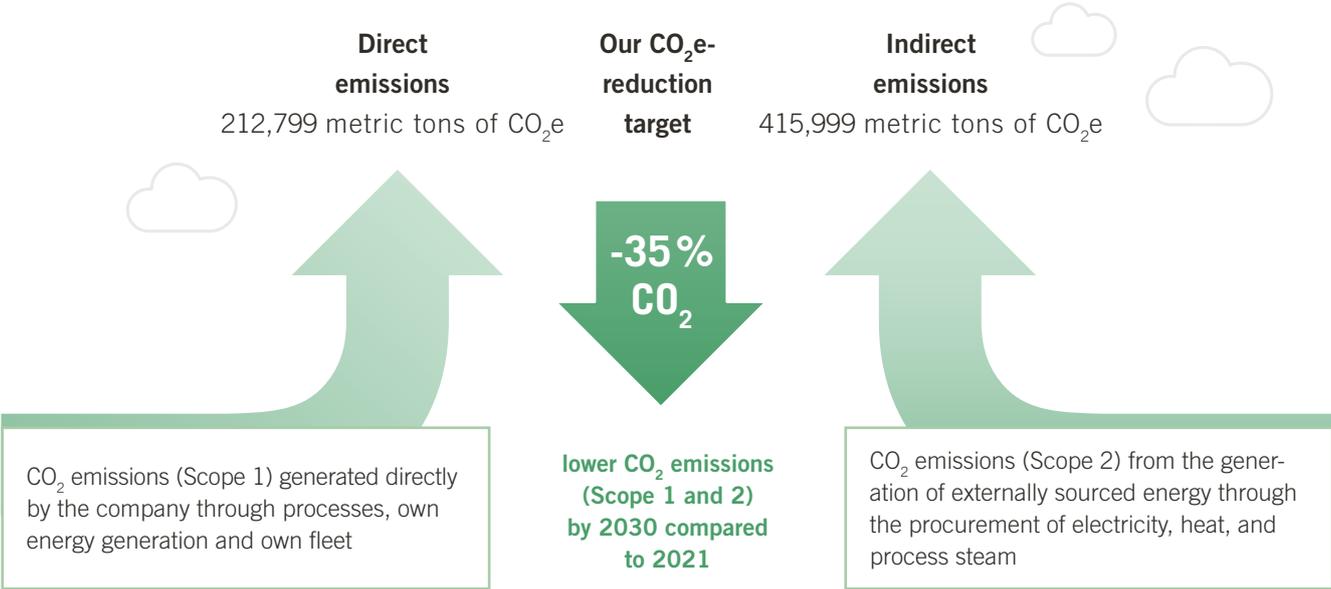
Our CO<sub>2</sub> roadmap focuses initially on Scope 1 and Scope 2 emissions, which is why we included them in a report to senior management in the 2021 reporting year. In the medium term, the CO<sub>2</sub> roadmap is to be enlarged to include key Scope 3 areas that we have already defined using a materiality analysis. We

intend to further optimize the way we report CO<sub>2</sub> in the future, with the next step being to publicly commit to an additional set of climate targets.

HEINZEL GROUP's total emissions (Scope 1 and 2) amounted to 628,799 metric tons of CO<sub>2</sub>e in the 2021 financial year, 212,799 metric tons of which being attributable to direct (Scope 1) and 415,999 metric tons to indirect emissions (Scope 2).



**HEINZEL GROUP CO<sub>2</sub> EMISSIONS 2021**



# GO ZERO: PÖLS ON TRACK FOR CARBON-NEUTRAL PRODUCTION

Some 90% of all CO<sub>2</sub> emissions from the production process in Pöls comes from biogenic CO<sub>2</sub>, meaning that these are not fossil-based, thanks to wood being used both for its material and for bioenergetic properties. The optimization measures being implemented on an ongoing basis will make it possible for the site to achieve carbon-neutral production as early as 2040, putting Zellstoff Pöls AG at the very forefront of efforts here, both within HEINZEL GROUP and on the international stage.

## NEW HYDROELECTRIC POWER PLANT SAVES 300 METRIC TONS OF CO<sub>2</sub>e ANNUALLY

Work on the new hydroelectric power plant at the Zellstoff Pöls AG mill started in July 2021, with EUR 3.9 million being invested in a new run-of-river power plant here to replace the 100-year-old hydroelectric power plant, which had to be shut down due to damage. The new plant will also optimize the process by which water is removed from the river for the mill. Being designed as a run-of-river power plant and having a fish ladder integrated into the system will also help improve the ecological balance of the river Pölsbach, while also providing protection against flooding for the entire region. Once commissioned in July 2022, the plant is expected to generate around 1,200,000 kWh of electricity and save 300 metric tons of fossil-based CO<sub>2</sub>e every year.

## HISS – HIGH IMPACT SOOT BLOWING SYSTEM

The pulp and paper mill gets most of its energy from the burning of thickened black liquor. The boiler system is steam-cleaned to remove any dirt accumulating during the process so as to ensure the facility runs as it should. The newly developed HISS system makes it possible to reduce the amount of steam required for cleaning by up to 30%. The steam saved here can be used to generate additional energy, which is expected to translate into annual savings of 1,000 metric tons of CO<sub>2</sub>e.

## DEVAP – PRE-EVAPORATION AFTER COOKING

Live steam has been used up to now to provide heating in the pulp cooking process. The new DEVap system involves generating steam from cooking liquor via a heat exchanger to replace the use of live steam, enabling a considerable amount of energy and around 2,500 metric tons of CO<sub>2</sub>e to be saved every year.



»Launched in 2021, our sustainability project 'Caring for Tomorrow' encompasses all the measures planned to reduce our carbon footprint on our journey to becoming CO<sub>2</sub>-neutral. Zellstoff Pöls has set itself the goal of reducing its fossil-based CO<sub>2</sub> emissions by around 50% by 2030.«

Ingrid Gruber, CFO, Zellstoff Pöls AG



Ongoing optimization work will enable carbon-neutral production in Pöls as early as 2040.

# PRODUCING WITH GREEN ENERGY AND RECYCLED CHEMICALS

Pöls is a shining example of how a pulp mill can continuously recycle resources and produce the energy it needs itself.

## MAKING FULL USE OF VALUABLE RESOURCES

2.3 million solid cubic meters of wood are processed in Pöls every year, 50% of this being made up of left-over wood from sawmills and 50% chips produced in-house from thinning wood. The wood is broken down into its material components using chemicals in a cooking process taking up to four hours. The result is valuable pulp and black liquor, a high-energy solution composed of lignins and resins, which is ultimately responsible for supplying energy to the entire mill. The chemicals used can be almost entirely recovered and reused in the pulp production cycle time and again.

The pulp produced in this way is then cleaned, bleached, and dried, before either being processed into ready-for-transport Starkraft paper directly on site, or packaged and sold largely to European paper manufacturers. 462,000 metric tons of pulp and 181,000 metric tons of kraft paper were produced in Pöls in 2021.

## ENERGY FROM RENEWABLE RAW MATERIALS

The black liquor obtained from the wood during the cooking process is thickened in an evaporation plant and burned in the large liquor boiler to generate energy, producing enough to enable Pöls to be virtually self-sufficient and to run almost exclusively

without needing fossil fuels. The only time when natural gas is needed at the moment is when recovering chemicals in the rotary kiln.

Surplus energy is fed into the public grid, providing a direct benefit to the surrounding communities. Some 3,600 households were supplied with green electricity in 2021, and a further 11,000 with district heating.



»We are a leading company when it comes to the circular economy. We are able to meet almost all of our energy needs in Pöls by harnessing the pulp process to generate energy.«

Stefan Ofner, liquor recovery employee,  
Zellstoff Pöls AG



Water treatment at Zellstoff Pöls AG



2.3 million solid cubic meters of wood are processed into pulp every year.

1,400 metric tons of recovered paper are processed every day.



# GOING FULL CIRCLE: LAAKIRCHEN'S SUSTAINABLE MATERIAL CYCLE

Laakirchen Papier AG is a perfect example of how fibers can be reused in a sustainable cycle. Some 850,000 metric tons of recovered paper are delivered every year and recycled to make new products.

## CUTTING-EDGE INTERNAL RECYCLING SYSTEM

1,400 metric tons of recovered paper are processed every day to produce packaging paper on PM10. This recovered paper is broken down in what is known as the RCF plant, before having impurities such as plastic, metal, sand, and glass splinters removed. Most of the materials removed in this way are thermally recycled in a fluidized bed boiler, while the remainder is resold as scrap metal or disposed of accordingly. The fibers prepared in the RCF system are then transferred to PM10, where they are turned into containerboard made from 100% recycled fibers. Broke from the paper production line is then promptly broken down in water and reintroduced to the production process.

## GLOSSY CATALOGS MADE FROM RECOVERED PAPER

The process of producing graphic paper on PM11 involves just as much recycling, with a deinking system (DIP system) preparing 850 metric tons of recovered paper every day. The complex process involved here makes it possible to use secondary fibers as a raw material instead of virgin wood. The decision to switch completely to recovered paper from 2017 resulted in the amount of electricity needed by PM11 to produce one metric of paper being cut by 25%.

## PAPER MACHINES CONSERVING RESOURCES TOGETHER

Recovered fibres which are not suitable for producing graphic SC paper to exacting requirements, are being

reused on the PM10 production line since 2021. The containerboard machine is designed to handle the fibers rejected by PM11, thereby maximizing the mill's efficiency in terms of its use of materials and, consequently, cutting disposal and transportation costs.

## PAPER TO PAPER

Paper rolls made by PM10 and PM11 are turned into containerboard packaging, advertising material, and magazines, by customers. Once no longer needed by customers, they are collected and returned to Laakirchen by Bunzl & Biach, closing the circle and returning these materials to the start of the production process.



»Reusing fibers from the PM11 line enables us to reduce the amount of raw material needed by PM10 as well as the mill's disposal costs.«

Jan Reibert, PM10 Production Manager,  
Laakirchen Papier AG



»Our switch to deinking pulp to make SC paper substantially reduced the amount of energy required.«

Stefan Winkelbauer, PM11 Production Manager,  
Laakirchen Papier AG

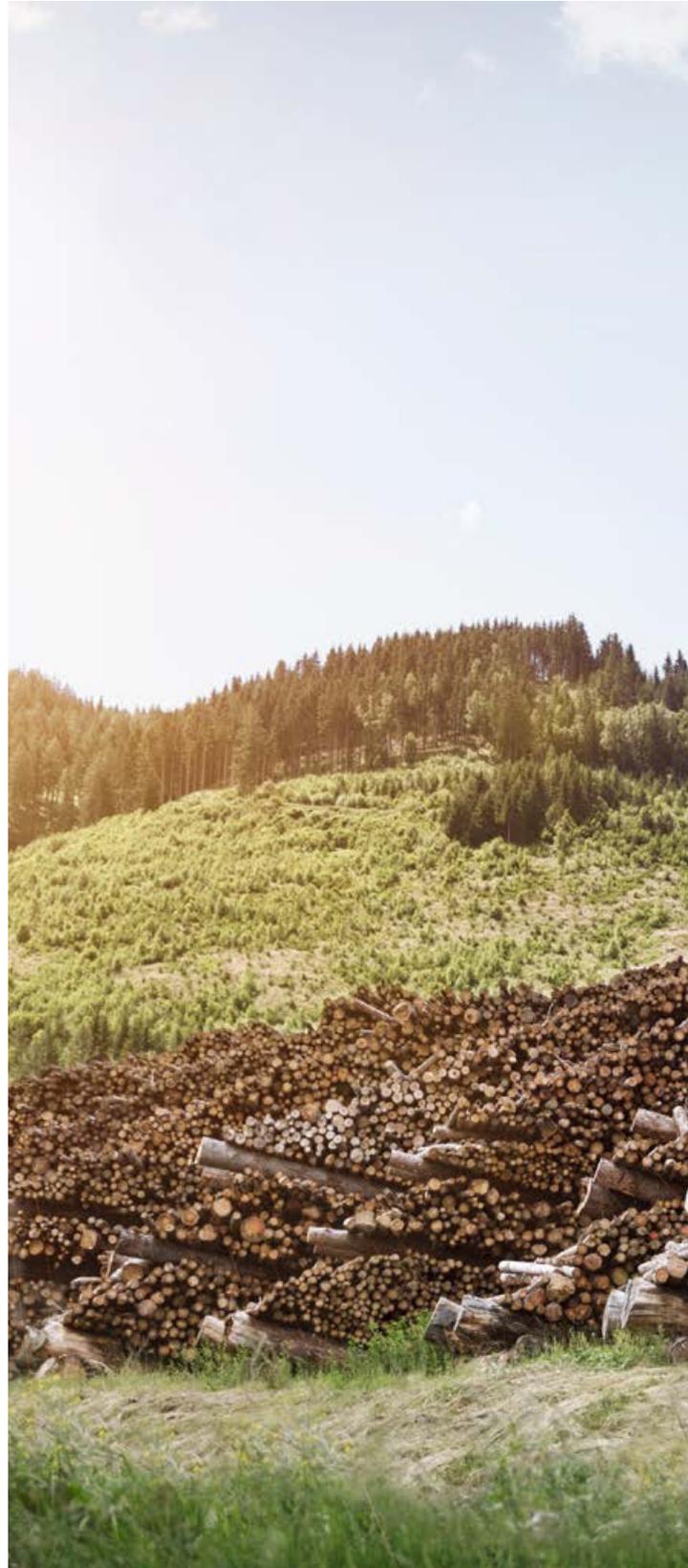
# HIGH STANDARDS FOR CONSERVING RESOURCES

## WOOD – A VALUABLE RAW MATERIAL

Sustainably managed forests play a decisive role in efforts to protect the climate, as trees retain carbon, thereby reducing the amount of climate-damaging CO<sub>2</sub> in the atmosphere. At the same time, forests are facing major challenges caused by rising temperatures, higher levels of moisture in the winter, and drier summers. Climate-active silviculture (forest management) is a way of helping the forest's ecosystem to function properly. In order to protect the future of forests, all the wood we use at our sites in Pöls and in Estonia is obtained from certified and controlled forestry, with careful attention being paid to regionality. For example, some 80% of the wood processed at the Pöls pulp mill comes from Austrian forests, where the basic principles of sustainable forest management have been part and parcel of life for generations. We meet our wood needs with thinning wood and other material that is not suitable for use in areas such as the furniture industry. We also find ways of making valuable use of by-products from the sawmill industry.

At our sites in Pöls and Raubling, we also use pulp from third-party suppliers. 100% of the pulp sourced externally in Pöls is either FSC® (Forest Stewardship Council®) or PEFC (Programme for Endorsement of Forest Certification Schemes) certified. In Raubling, the figure is 96%. This means we are always able to verify the origin and sustainability of our raw materials.

Since 2020 and as a member of EPIS (European Pulp Industry Sector), HEINZEL GROUP has been supporting the #GreenSource initiative, which works to promote the significant role the wood processing industry has to play in efforts to achieve the EU's climate neutrality target.





Wood storage yard at Zellstoff Pöls AG

Around 3,900 m<sup>3</sup> of water is cleaned and returned to the river Inn every day from the wastewater treatment plant of Raubling Papier GmbH.



### VALUABLE RESOURCE: WATER

Water is taken from rivers to make pulp and paper, before being cleaned and returned to where it came from. Specific water consumption overall at our production companies in 2021 amounted to 18.9 m<sup>3</sup> per metric ton, a reduction of 1.9 m<sup>3</sup> per metric ton or 9% compared to the previous year. We reduce the company's consumption of freshwater by recycling and reusing withdrawn water within processes.

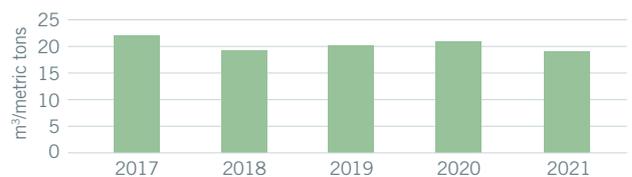
Large wastewater treatment facilities at all our paper and pulp production sites ensure that water is properly cleaned using a technically sophisticated wastewater treatment process before being returned to the river, safeguarding the excellent water quality of the surrounding rivers and, by extension, the habitat for fish and small animals.

We guarantee that only water that has been properly treated in our wastewater treatment facilities leaves our mills, that the conditions of permits to return this water are complied with, and that water quality parameters are well below the defined limits.

100% of our wastewater is safely treated.

### Specific freshwater use

(Total freshwater withdrawal / total production)

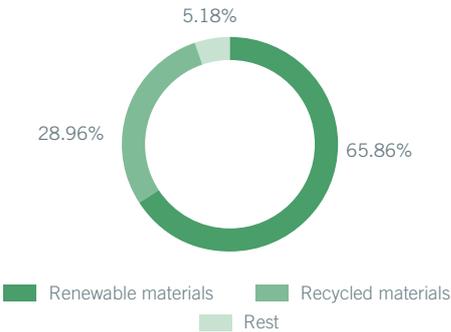


**EFFICIENTLY MANAGED WASTE**

The raw materials we use are both renewable (wood) and recycled (recovered paper), demonstrating the extent to which HEINZEL GROUP has already integrated core aspects of sustainability into the production chain. 94.8% of the materials used at our production sites are either recycled or renewable. This represents an increase of 2.1 percentage points compared to 2017. Particularly noteworthy is the fact that Raubling Papier GmbH is one of only three sites in Germany where used beverage cartons can be recycled. This means that the site makes a key contribution to efforts to recycle materials that are more complex in their make-up. Another aspect is the fact that the materials employed are used to the fullest extent possible. We produce 160,369 metric tons of by-products. These include tall oil, which is used in Pöls to generate energy. [See page 64 for more on producing with green energy and recycling chemicals.](#)

When it comes to sales, the share of recyclable products has averaged 97.5% across the Group for the past three years.

**Share of recycled or renewable raw materials used**

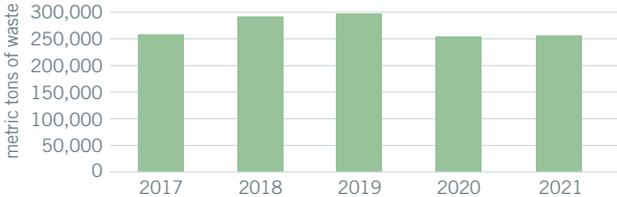


In the 2021 financial year, a total of 256,416 metric tons of waste was generated at our production facilities, 95.9% of which was reused in the system, either thermally or as material.

Over 95% of the waste is either materially or thermally recycled.

Considerable attention is paid to making constructive use of waste at all production sites. For example, Laakirchen has had a fluidized bed boiler in the immediate vicinity of the mill for many years, shared with a neighboring paper mill, in which most of the leftover material is thermally recycled. The ash produced from incineration there is in turn used as building material, thereby also saving on primary raw materials.

**Total amount of waste**



We generated a total of 2,882,431 MWh of renewable energy at our sites in 2021.



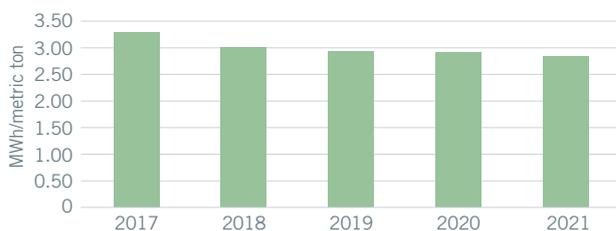
### MAXIMUM AMOUNT OF RENEWABLE ENERGY

The paper and pulp production process is energy-intensive, yet, at the same time, if resources are used optimally, raw materials that are unable to yield any more fibers can be used to produce renewable energy. We have been taking advantage of this potential in the paper industry for a long time, producing heat and electricity within our production processes. This enables us to sustainably reduce the amount of external and fossil energy needed. Our specific energy input in production, i.e., our total energy input measured against total production, amounts to 2.85 MWh per metric ton. If this value is compared with the one five years ago (3.29 MWh per metric ton), it is clear that specific energy use has gone down steadily by a total of 14%.

We also generated a total of 2,882,431 MWh of renewable energy at our sites in 2021. This enabled us to not only supply our production processes, but also nearly 14,500 households with district heating and 13,900 households with green electricity. Overall, almost 55% of the energy we produced ourselves or externally sourced comes from renewable sources.

### Specific energy input

(Total energy input / total production)



### Total regenerative energy produced



### HEAT FROM OUR VERY OWN BIOGAS

We produce high-quality biogas at our wastewater treatment plants in Estonia, Laakirchen, and Raubling, which we then use to generate heat as an alternative to natural gas. In Laakirchen, more than four million m<sup>3</sup> of biogas were produced in 2021, equivalent to a saving of 6,000 metric tons of CO<sub>2</sub>e. There are plans to triple biogas production as part of the wider project to develop the site. In Estonia, all of the biogas produced by AS Estonian Cell will be used by the local energy supplier OÜ Greengas as renewable natural gas for local gas filling stations.

### GREEN ELECTRICITY: MAKING EFFICIENT USE OF SOLAR AND HYDROPOWER

We are helping increase the supply of renewable energy by installing solar panels with a total output of 3,100 mWp covering an area of 15,000 m<sup>2</sup> at our sites in Laakirchen and Pöls, making it possible to save 800 metric tons of CO<sub>2</sub>e every year. Office buildings at Bunzl & Biach have also had photovoltaic systems on their roofs since 2018. In 2021, one of Austria's largest photovoltaic installations was commissioned at Laakirchen, in cooperation with Heinzl Energy. [↘ Read more about solar energy on page 75.](#)

The newly built hydropower plant at our site in Laakirchen has been producing 45 GWh of sustainable electricity every year since 2019 – enough to meet to the annual electricity needs of 11,000 households. Another hydropower plant has been under construction at Zellstoff Pöls AG since June 2021. The new power plant in Pöls, with a maximum output of 350 kW, is due to enter service in the middle of 2022, representing yet another step towards a sustainable future.

## ENVIRONMENTAL PROTECTION THE ESTONIAN WAY

AS Estonian Cell was once again awarded the title of »Most Environmentally Friendly Company of the Year« by the Estonian Ministry of the Environment in October 2021.



RESPONSIBLE  
BUSINESS INDEX  
GOLD LEVEL 2021

Receipt of this accolade was primarily in recognition of the recent investments made by HEINZEL GROUP in an aerobic water treatment system at its facility in Estonia, improving the way wastewater is treated there and saving a substantial amount of electricity – 5.5 GWh a year to be exact. The resulting boost to Estonian Cell's environmental credentials here is recognized by this award, thanks to which Estonian Cell will not only enjoy support from the Environmental Investment Center (EIC) to further improve its environmental performance, but it will also be allowed to use the »Most Eco-Friendly Company of the Year« label.



»Kudos to our laboratory and water treatment colleagues and what they have achieved!«

Kersti Lužkov, Environment and Quality Manager at Estonian Cell

One of Austria's largest rooftop photovoltaic systems on the roofs of Laakirchen Papier AG.



HEINZEL GROUP

## 3 GIGAWATT HOURS OF SOLAR ENERGY FROM THE ROOFS OF HEINZEL GROUP

Putting solar power to good use: June 2021 saw HEINZEL GROUP commissioning one of Austria's largest rooftop photovoltaic systems at Laakirchen Papier AG, representing yet another milestone in efforts to develop an environment-friendly value chain.

### SAVING 800 METRIC TONS OF CO<sub>2</sub>e USING SOLAR POWER

Current plans are for electricity in Austria to come exclusively from renewable energy sources, making this the primary objective of the Austrian government's energy and environmental policy. HEINZEL GROUP is committed to taking responsibility here, grasping every opportunity to make a tangible, positive contribution to the fight against climate change. One of these opportunities took the form of the Laakirchen paper mill's rooftop area. Together with HEINZEL EMACS Energie GmbH, approximately 8,000 photovoltaic modules were installed here, making it one of the largest rooftop solar energy projects in Austria. The photovoltaic systems above the workshops, warehouse and the two paper machines now feed sustainably produced, eco-friendly electricity into the public grid.

Photovoltaic modules have also been installed at our Styrian affiliate, Zellstoff Pöls AG, with more being planned. The results speak for themselves: Systems with a total output of 3,100 mWp have been installed over a total area of 15,000 m<sup>2</sup> at both sites, capable of producing enough electricity to supply up to 850 households with renewable energy. At the same time, HEINZEL GROUP saves 800 metric tons of CO<sub>2</sub>e every year when running these mills, making a valuable contribution to increasing the availability of renewable energy and reaching the climate targets.



»I can't help but get excited when I look up. So much more CO<sub>2</sub> can be saved now that this space has been put to good use. It may only be a small contribution in efforts to achieve the climate targets, but it represents much more to us, a showcase project for HEINZEL GROUP.«

Christian Hufnagel, Project Manager,  
Laakirchen Papier AG

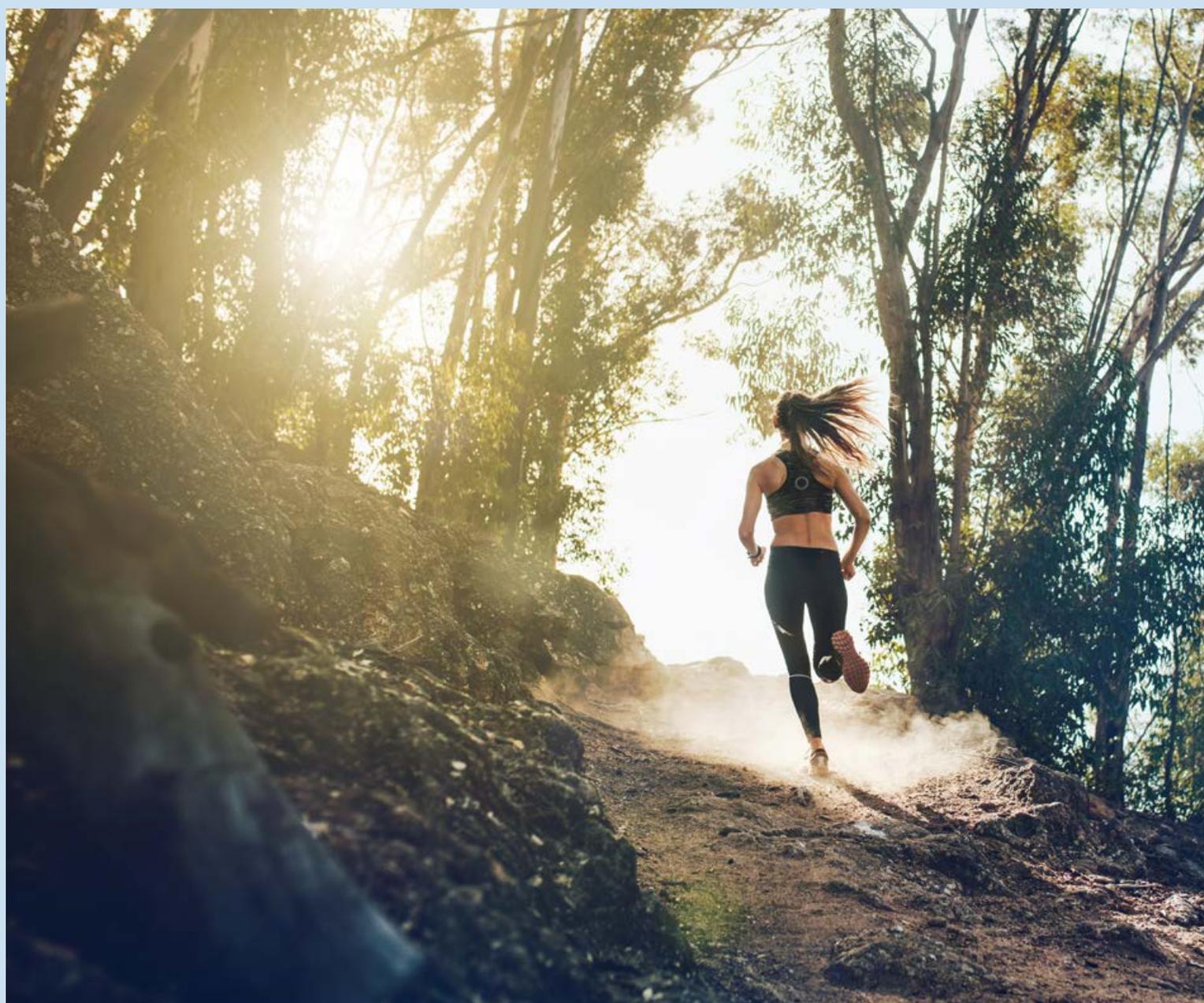
Green electricity  
for 850 households



HEINZEL  
GROUP

RECREATING VALUE  
FOR OUR PARTNERS,  
OUR PEOPLE, AND OUR PLANET

# OUR PERFORMANCE



**Our continuous value creation leads to sustainable profitability.**



**Our values**

---

**RESPONSIBILITY**

---

**RESPECT**

---

**EXCELLENCE**

---

**in our business performance:**

We take full responsibility for our actions, standing by both our achievements and our failures. We are respectful to everyone we work with. We do everything we can to exceed expectations in terms of quality, service, and efficiency.

# Group Management Report for the 2021 Financial Year

## GENERAL ECONOMIC SITUATION

The global economy grew by 5.7% in 2021, with the majority of economic growth in all major economies coming in the first nine months of the year. China's economy, for example, grew by 18.3% in the first quarter of 2021, driven by pent-up demand. It was not possible, however, to maintain this pace as the year progressed due to the impact of the impending bankruptcy of the Evergrande real estate group on stock markets and consumption. A similar picture could be seen in the USA, where the recovery on the labor market boosted the economy and caused GDP to expand by 5.8% in the past year. Rising wages also fueled inflation, which is why the US Federal Reserve decided as recently as December to scale back planned quantitative easy earlier than originally expected.

After a strong recovery of the European economy in the second and third quarters of 2021, high numbers of new COVID-19 infections dampened growth in the

fourth quarter and cast a shadow over the outlook for 2022. Widespread supply shortages also coincided with an unexpected energy price shock. High energy demand brought on by a strong economic recovery, low inventories after a cold winter, limited Russian supplies, weak energy yields from wind and hydro-power, and rising CO<sub>2</sub> prices led to unprecedented increases in gas and electricity prices. This meant that, at 2.6%, inflation in the euro area exceeded the ECB's medium-term inflation target of 2.0%.

Short-term money market interest rates in the euro area remained negative for the entirety of 2021; the six-month Euribor ranged between -0.51% and -0.55%. The euro to US dollar exchange rate fluctuated between 1.23 and 1.17 in the first half of 2021 and weakened to 1.13 towards the end of the year.

## 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 2021.

### PULP

After a somewhat muted year for pulp in 2020, demand for this product picked up again in 2021. At the start of the year, warehouses at European ports were all fairly empty. Limited transport options caused by the Suez Canal being temporarily blocked, port closures in Asia due to COVID-19, and rocketing container rates were behind regional and largely unrelated differences in the pulp markets of Asia, Europe, and the USA. Pulp

GDP GROWTH IN %



prices in Europe began rising as early as in January 2021, reaching record levels by the middle of the year. For example, the list price for long-fiber pulp NBSK in Europe rose from USD 900 per metric ton at the start of the year to USD 1,300 per metric ton in August of 2021. The price remained at this level until the beginning of the fourth quarter before falling to USD 1,260 per metric ton in November due to increased availability from Scandinavia. The short-fiber lead quality BEKP also saw a price increase from USD 750 per metric ton in January to USD 1,140 per metric ton in July. It then remained unchanged for the rest of the year.

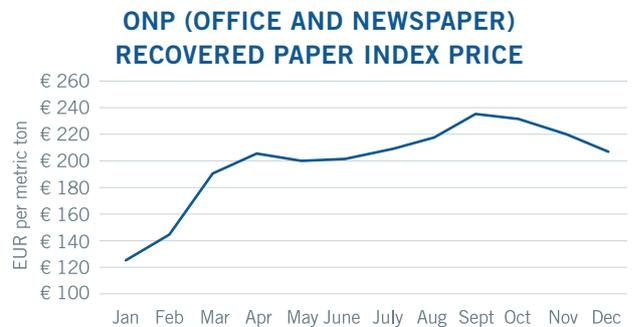
Demand for bleached and unbleached pulp moved in line with demand for packaging and fine papers, while lower imports of paper and printing products ensured that capacities in Europe were well utilized.

Demand for pulp in China was between 20% and 30% below the previous year's level due to the strict COVID-19 measures in place. The sharp price increases up to the middle of 2021 were followed by equally sharp price declines in the third quarter of 2021. A similar trend could be observed in the other markets across Asia and in the Middle East.

**GRAPHIC PAPER**

Demand for graphic papers was rather weak across Europe at the beginning of 2021 as a result of the decline in promotional activities caused by the COVID-19-related closure of businesses. At the same

time, the shortage of recovered paper available during the financial year made the availability of white recovered paper grades scarce, triggering soaring prices.



Source: Recovered Paper Germany Indices 2021, Fastmarkets

Despite the rise in private consumption and the associated increase in demand for publication papers in the second half of 2021, the segment recorded a Europe-wide decline of 2% for 2021 as a whole, following a drop of 13% in 2020. The sharp rise in energy costs as of the summer onwards compounded the effect of high prices for recovered paper on producers. The fact that contract terms in this segment are traditionally long, it was only possible to pass on these additional costs with a delay or by levying extraordinary surcharges. While, by the end of the year, prices for publication papers had returned to the highs seen in 2008, demand did not waver. Capacity losses – five paper machines were shut down in Scandinavia alone – were also a reason for it remaining a sellers' market one.

**QUARTERLY PULP PRICE TREND**



## **PACKAGING PAPER**

The European market for containerboard saw growth of 6% in 2021, with recycled papers even registering an increase of 7%. Increased demand in the e-commerce sector, which was given a further boost by the coronavirus pandemic, meant that the new production capacities coming onto the market in the last two years were absorbed without too much pressure on prices. It was possible to reflect the relentless price increases of recovered paper in the first half and soaring energy prices in the second half of the year in the market by increasing prices almost every month.

The trend towards more sustainable packaging also helped buoy demand for kraft papers, demand which also enabled new market entrants to contribute additional volumes here. The exceptionally high demand for unbleached kraft papers meant that customers also increasingly switched to bleached kraft papers. Prices here reflected both the high pulp costs throughout 2021 and the rising energy prices.

## **COVID-19**

### **EFFECTS OF COVID-19 ON OPERATING ACTIVITIES**

The availability of vaccines and the progressive reopening of shops and businesses meant that economic activity picked up rapidly in 2021 after the sharp decline in the previous year. HEINZEL GROUP also saw a massive increase in demand for paper and pulp. HEINZEL GROUP's production companies were able to ward off shortages in the supply of wood, recovered paper, and chemicals, despite supply chains remaining strained. It was possible to pass on higher prices to customers as a result of demand, all of which had a very positive effect on the cash flow of HEINZEL GROUP.

### **EMPLOYEE AFFAIRS AND COVID-19**

The measures successfully introduced back in 2020 to protect employees put HEINZEL GROUP in a position to be able to react very quickly to ever-evolving infection rates and the ensuing government action in 2021. Enabling employees to work from home, reducing business trips to a minimum, holding meetings online, providing personal protective equipment, introducing

hygiene measures, and physically separating shift workers and other employees all successfully prevented widespread infection. The company also promoted opportunities to get tested and vaccinated.

### **GOVERNMENT GRANTS**

In 2021, government support was limited to the Europapier Group in Eastern Europe, where a total of EUR 56,580.95 was disbursed to protect jobs in Poland and Slovakia.

## **GROUP DEVELOPMENT 2021**

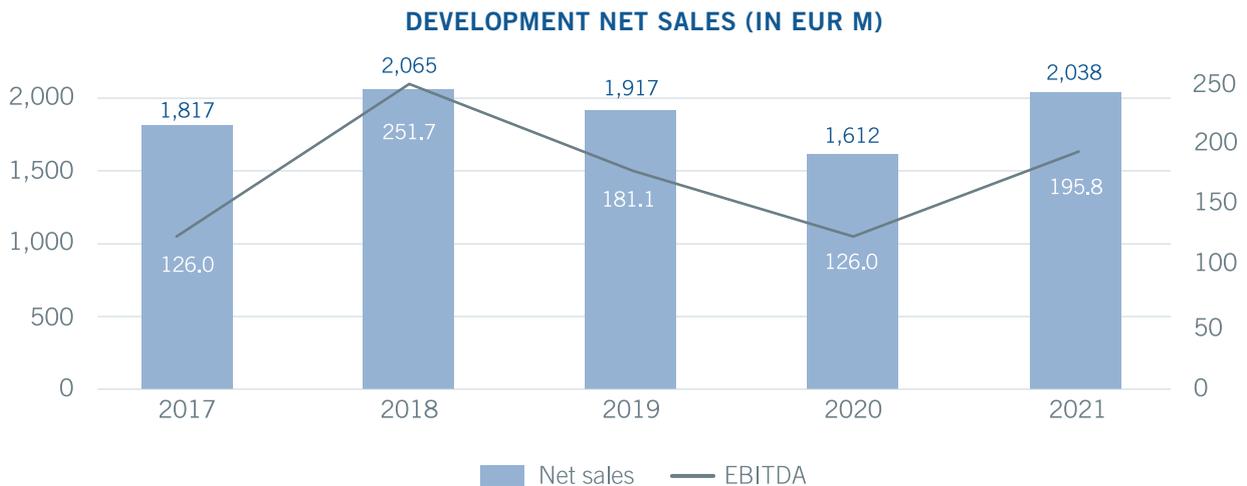
HEINZEL GROUP's 2021 financial year was shaped markedly by global developments. Firstly, demand for paper and pulp exploded during the year as a result of disruptions to the flow of international goods. Secondly, gas and electricity prices rose dramatically from the end of the summer onwards, in addition to the costs of recovered paper and freight. This led to significant price increases in all product areas.

In the trading business, it became increasingly difficult to obtain paper for overseas markets during the year as a result of strong demand in the markets of third-party suppliers. As regards the paper wholesale business, Europapier Group's strategy of having a presence in all relevant countries with its own warehouses, meaning that it was able to keep delivering, paid off.

In the past financial year, HEINZEL GROUP produced a total of around 1.2 million metric tons of paper and 500,000 metric tons of market pulp. The 5% rise in paper volumes is mainly attributable to the production volume increase on PM10 and the improved utilization of PM11 at the Laakirchen mill thanks to market conditions. Production volumes in Pöls also increased in line with the ramp-up curve of PM3 as planned. At 3,712,092 metric tons, sales volumes in 2021 were up around 26,000 metric tons from the previous year.

### **NET SALES AND EARNINGS DEVELOPMENT**

HEINZEL GROUP's net sales – calculated by deducting transport services and deductions from gross sales

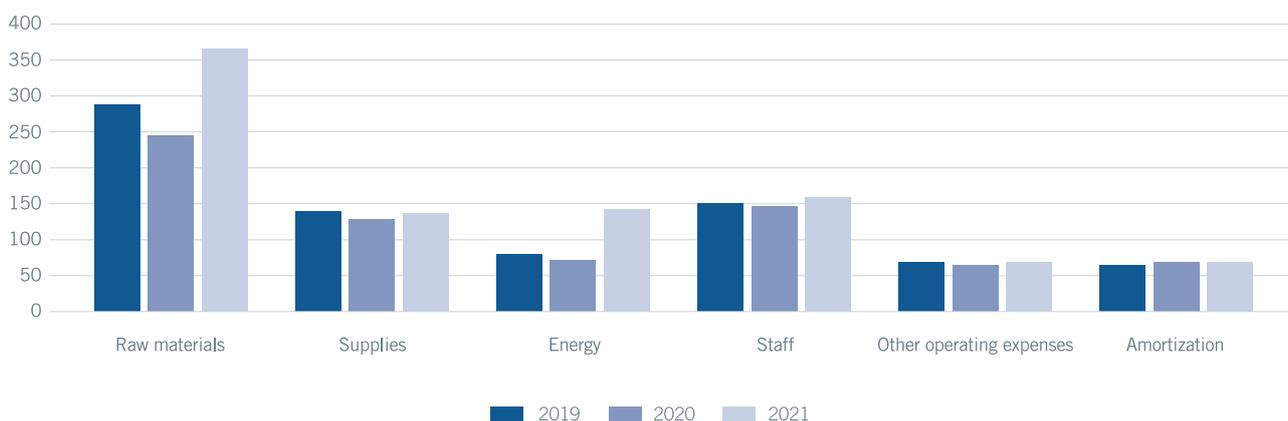


based on customer contracts – rose to pre-crisis levels as a result of higher sales volumes coupled with some sharp increases in market prices. Net sales amounted to EUR 2,038.2 million in the 2021 financial year, up from EUR 1,611.7 in 2020 (+26.5%).

HEINZEL GROUP's EBITDA amounted to EUR 195.8 million in 2021, up from EUR 126 million in 2020 (+55.4%) – the second highest figure in the company's history. Comparing the Trading Business and Industry segments, the EBITDA share of the trading companies was around 17% in the record year of 2018, and around 31% in 2021, a fact attributable to the high prices for recovered paper and pulp, as well as the increased energy costs, which paper mills were only able to pass on to customers by raising prices at a later point in time. EBITDA at the pulp mill in Estonia also suffered as a result of the high prices for electri-

city and gas. While trade goods rose by around 18% year-on-year to EUR 999.3 million, raw materials and energy saw the biggest increases, around 49% and 99% respectively. HEINZEL GROUP's operating result (EBIT) more than doubled compared to the previous year, coming in at EUR 121.9 million, while net profit rose from EUR 39.9 million to EUR 94.0 million.

**DEVELOPMENT OF KEY EXPENSES (IN EUR M)**



## KEY GROUP FIGURES

Key Group figures	2019	2020 adjusted <sup>1</sup>	2021	Change 2020/2021 in basis points
EBITDA margin in %	9.4	7.8	9.6	1.8
Return on equity in %	11.5	5.1	11.5	6.4
Equity ratio in %	56.8	59.2	59.2	0.0
Gearing ratio in %	-7.3	0.7	3.3	2.6
ROACE in %	10.9	5.3	12.0	6.7

<sup>1</sup> Restatement due to change in presentation of minority interests

HEINZEL GROUP's EBITDA margin was 9.6% in 2021, attributable to an EBITDA margin of 4.1% in the Trading Business segment and 16% in production operations (Industry segment).

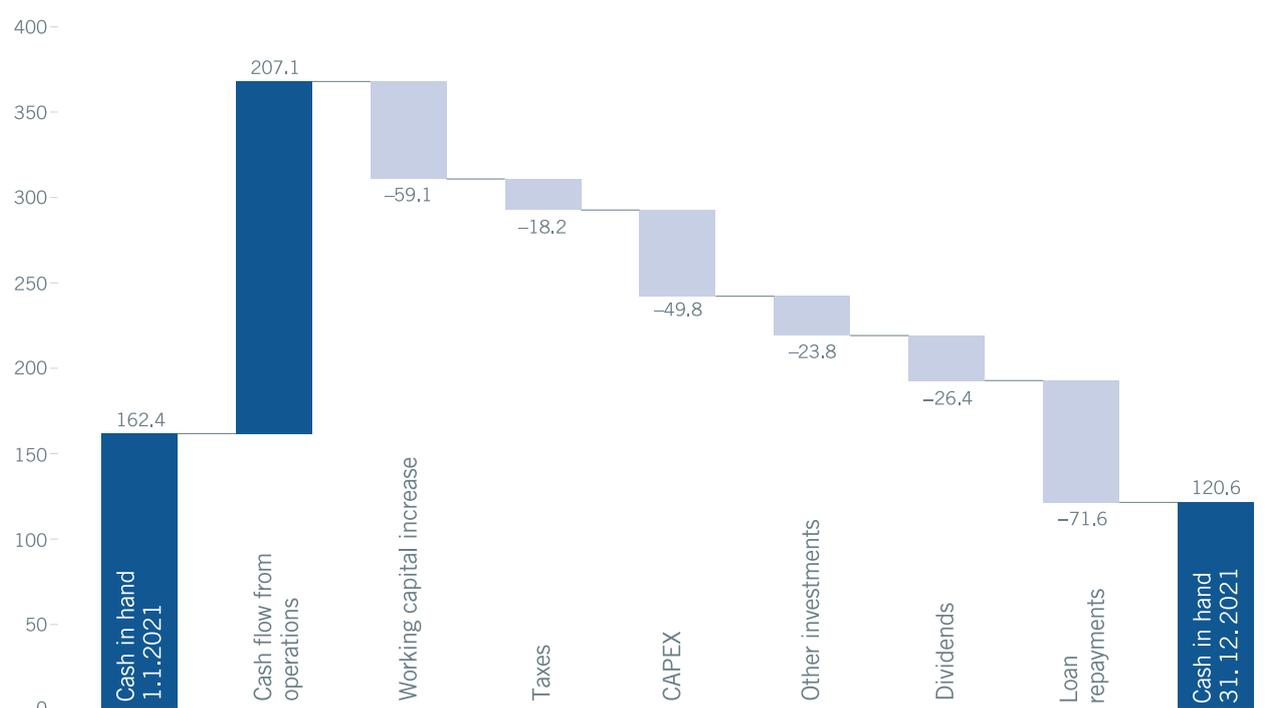
At 10%, the return on average capital employed (ROACE), in contrast, was significantly lower in the Industry segment than that of the trading businesses (21.6%) due to the high investment ratio.

segment. Roughly half of the investments (CAPEX) of EUR 49.8 million relates to growth projects, around EUR 5 million of this being invested by HEINZEL GROUP in PM3 and some EUR 8 million in the UKP project in Pöls. Other investments include acquisitions and short-term investments. The free cash flow of EUR 56.3 million was used to repay other financial liabilities. The net cash position as of December 31, 2020, amounted to EUR 28.1 million.

## CASH FLOW

Despite the business-driven rise in working capital, particularly in the trading business, HEINZEL GROUP was able to generate operating cash flow of EUR 129.8 million in 2021 – largely from the Industry

### CASH FLOW BRIDGE (IN EUR M)



## PERFORMANCE OF KEY HEINZEL GROUP COMPANIES

in EUR m	Net sales		EBIT		EBITDA		Operat. Cash flow	
	2021	2020	2021	2020	2021	2020	2021	2020
heinzelsales	669.6	584.3	22.5	18.0	24.0	19.7	-10.0	35.5
Europapier Group	571.4	464.9	24.2	10.2	30.9	15.9	13.2	35.1
Bunzl & Biach Group	245.2	126.2	3.8	4.1	6.2	6.3	0.7	6.2
<b>TRADING BUSINESS<sup>1</sup></b>	<b>1,482.6</b>	1,170.3	<b>50.5</b>	32.3	<b>61.1</b>	41.9	<b>5.6</b>	76.8
Zellstoff Pöls AG	326.7	268.9	59.4	22.1	88.0	50.2	77.3	31.9
Laakirchen Papier AG	328.2	227.8	7.9	14.4	31.4	33.9	24.7	25.7
AS Estonian Cell	77.7	59.7	3.8	-9.1	11.5	-1.2	12.7	-5.5
Raubling Papier GmbH	134.6	81.8	4.3	3.3	7.6	6.3	9.7	-4.9
<b>INDUSTRY</b>	<b>867.2</b>	638.2	<b>75.4</b>	30.7	<b>138.5</b>	89.2	<b>124.4</b>	47.2

<sup>1</sup> Consolidation effects considered

### WILFRIED HEINZEL AG

Wilfried Heinzl AG and its foreign subsidiaries (heinzelsales) increased their sales volumes in 112 markets to a record 2,583,000 metric tons in 2021 despite the low availability of paper and pulp from third-party suppliers. Over 57% of the volumes sold were produced in the Group's own mills. As regards the agency business of heinzelsales, the key markets in the 2021 financial year were Italy, Germany, and France. In the trading business, the highest volumes were achieved in the United Arab Emirates, China, and India. The high sales volumes combined with the significant increase in market prices resulted in net sales of almost EUR 670 million, up 14.6% from around EUR 584 million in 2020. This positive business development is also reflected in earnings: heinzelsales' EBITDA amounted to EUR 24.0 million in 2021, up from 19.7 million in 2020. With this 21.8% increase the EBITDA is the highest ever recorded in the company's history.

heinzelsales' working capital increased in the period under review from EUR 44.1 million to EUR 71.1 million on the back of the sharp rise in receivables. This translated into operating cash flow of EUR -10 million and a net cash reduction from EUR 26.4 million at the start of 2021 to EUR 9.2 million at the end of the financial year.

### EUROPAPIER INTERNATIONAL AG

After a difficult 2020, Europapier Group went on to record its best ever year. Driven by very strong demand in the Paper & Packaging sector, Europapier Group's ability to keep supply levels up in particular – with

its warehouses in all relevant markets – meant that it was possible to sell around 550,000 metric tons. By the same token, the diversification segments of Europapier Hygiene, Packaging Solutions and Visual Communication developed very favorably, with the degree of diversification remaining constant due to the strength of the paper business. Prices rose continually throughout the year as a result of high demand and limited supply. In 2021, Europapier generated net sales of EUR 571.4 million, representing an increase of EUR 6.7 million even when compared to the exceptional year of 2018. The company saw its EBITDA rise to EUR 30.9 million, up 94.3% from EUR 15 million in the previous year, and therefore even exceeded 2018's figure by EUR 14.8 million. The positive development of business was also reflected in working capital, which increased by around EUR 14 million. Despite this, operating cash flow in 2021 amounted to EUR 13.2 million.

At the end of December 2021, Europapier acquired at WILL s.r.o., a Czech company specializing in the distribution of cash register rolls. The company will be incorporated into Europapier Bohemia spol. s.r.o. in 2022.

### BUNZL & BIACH GMBH

After a drop in demand for recovered paper in 2020, Bunzl & Biach and its subsidiaries saw an increase of 5.2% in the volume of recovered paper sold in 2021, to 1,365,911 metric tons. The primary focus here was on ensuring the supply of brown and white recovered paper to the producing affiliates of HEINZEL GROUP.

While the rise in price volatility was partly cushioned by longer-term contracts, the average net price for Bunzl & Biach also increased by EUR 82 per metric ton compared to the previous year. This meant that net sales rose by around EUR 119 million to EUR 245.2 million, and EBITDA remained on a par with the previous year's level at EUR 6.2 million.

The tense situation on the recovered paper market resulted in supplier payment terms being tightened, with negative effects on operating cash flow. This amounted to EUR 0.7 million at the end of 2021, down from EUR 6.2 million in the previous year. This resulted in net cash declining from EUR 6.2 million to EUR 1.4 million.

M-Cyklus s.r.o. was incorporated into Austrian Recycling s.r.o. in Czechia at the beginning of 2021.

#### **ZELLSTOFF PÖLS AG**

Zellstoff Pöls AG produced a total of 462,207 metric tons of pulp in 2021, of which roughly 148,500 metric tons were supplied to its own paper machines, PM2 and PM3. In Europe, the strong demand for long fiber pulp helped boost average net sales by around EUR 140 per metric ton in 2021 compared to the previous year. Production on the two paper machines also developed very favorably, with a total of 181,472 metric tons of kraft paper being produced, corresponding to an increase of some 25,700 metric tons. The high pulp and energy costs in Europe meant that market prices for kraft papers also increased year-on-year by an average of EUR 20 per metric ton. Comparing December 2020 and 2021, however, highlights an increase of EUR 142 per metric ton. Production volumes coupled with high prices led to net sales of EUR 326.7 million (+21.5%). Nearly 80% of the EBITDA of around EUR 88 million (+75.3%) was attributable to the pulp division, which was also responsible for the additional revenues from energy production.

Higher receivables and delivery problems at the end of December 2021, caused by the limited availability of containers, pushed up working capital slightly towards the end of the year, yet the company was still able to generate operating cash flow of EUR 77.3

million. This enabled Zellstoff Pöls to reduce its debt level to zero, with net cash as of December 31, 2021, amounting to EUR 6.0 million after net debt of EUR 31.4 million at the start of 2021.

#### **LAAKIRCHEN PAPIER AG**

As demand for graphic paper recovered in 2021 and the amount of containerboard produced on PM10 increased further, Laakirchen Papier was able to raise the volume produced from 710,845 metric tons in 2020 to 762,090 metric tons in 2021. Containerboard prices went up almost every month, firstly in response to the prices for recovered paper and then due to the sharp rise in energy prices in the fourth quarter of 2021 in particular. A comparison of price levels in December 2020 and December 2021 shows that net prices per metric ton doubled. The fact that prices are fixed for a longer period of time in the graphic paper business meant that it was only possible to pass on the increases in recovered paper prices in the second half of 2021. Energy surcharges were also agreed with customers to avoid losses of an even greater order. Laakirchen Papier AG's EBITDA in 2021 amounted to EUR 31.4 million, down 7.4% in a year-on-year comparison. This decline is attributable to the negative EBITDA recorded by PM11 of EUR -9.8 million. The steadily falling demand for graphic papers led to the decision in September 2021 to switch PM11 to producing lightweight containerboard by mid-2023. The depreciation period for a number of machine components on the PM11 production line has been adjusted in the 2021 financial statements, as these will no longer be required after the switch, resulting in additional depreciation of around EUR 4 million.

With operating cash flow of EUR 24.7 million and investments of EUR 10.8 million, Laakirchen Papier was able to turn its net debt of EUR 2.6 million into net cash of EUR 11.2 million in 2021.

#### **AS ESTONIAN CELL**

Estonian Cell set a new production record in 2021 following the increased investment level in 2019 and its overcoming the technical difficulties in 2020, achieving a volume of 188,008 metric tons. It is pleasing to note that the company was able to achieve its

cost-cutting targets in respect of energy and chemicals consumption. Estonian Cell's volume of sales in 2021 amounted to around 184,000 metric tons. The focus was heavily skewed towards European customers given the high freight costs and muted demand in China. Soaring market prices in the first half of 2021 led to net sales of EUR 77.7 million (+30.2%). The positive effects of these higher market prices for pulp were, however, negated in the second half of the year by the dramatic rise in energy costs. While the average weekly price of electricity for Estonia on the Scandinavian power exchange Nordpool was still around EUR 50/MWh in the first half of 2021, this rose to as high as EUR 295/MWh in December 2021. Despite this, Estonian Cell's EBITDA amounted to EUR 11.5 million (previous year: EUR -1.2 million).

The company's operating cash flow developed positively, amounting to EUR 12.7 million, and making a substantial contribution to reducing the company's debt. Net debt as of December 31, 2021, declined from EUR 15.6 million in the previous year to EUR 4.2 million.

### **RAUBLING PAPIER GMBH**

Raubling Papier GmbH, which also includes the subsidiary Heizkraftwerk Bauernfeind Betriebsgesellschaft mbH, increased the amount of container-board it produced in 2021 by 5.2% to 242,659 metric tons. The company's specialization rate also developed encouragingly, with the share of special products, mostly Kraft Top Liner, rising to an average of 95% in 2021 and even reaching 99% in December 2021. The rise in prices for recovered paper and pulp meant that sales prices in Raubling also had to be increased time and again during the year. The result was that net sales for the year under review reached EUR 134.6 million, corresponding to a year-on-year increase of around 65%. Raubling Papier was also hit by rocketing energy prices from September, and it was unable to pass these increases on in full to its customers. EBITDA in 2021 rose by 20.6% to EUR 7.6 million.

At EUR 9.7 million, cash flow from operating activities also developed positively, resulting in net cash increasing to EUR 6.0 million.

## **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 2021, 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 in 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 with its products. An example here is the Starkraft Naturel project, launched in Pöls, where uncalendered paper was produced using 100% long-fiber pulp in an initial trial. The difference between this product and the standard grade is that it is not as smooth, has a greater volume, and has better strength properties. Moreover, the Fully Bleached Liner product, which is already on the market, was expanded to comprise a basis weight of up to 120 g/m<sup>2</sup>. The following additions were made to the existing product range in Laakirchen: Libre Sized, sized paper for textbooks and exercise books in the Far East; Libre Laser, 100% recycled copy paper; as well as Libre LG, LG Soft, and Libre Teq.

### **RESOURCE EFFICIENCY**

Numerous resource efficiency projects were implemented in 2021 with an eye on living up to the company's sustainability claims, with digitalization solutions playing an increasingly important role here. By closely monitoring key pulp production parameters in Pöls, for example, a tool was developed that enables processes to be stabilized by rapidly detecting irregularities, having a positive effect on quality and production output while at the same time reducing the input of raw materials. In Laakirchen, the starch input parameter was added to the online paper strength control on PM10, making it possible to substantially improve starch utilization while maintaining the same

strength level. A model predictive control system on PM11 reduced the use of bleaching chemicals and electricity, while at the same time further standardizing product quality.

In addition to the digitalization initiatives outlined above, work continued on PM10 in Laakirchen to increase production output with high basis weights, resulting in a 4.5% increase in the second half of 2021 compared to the same period in 2020. As regards ultra-light-weight containerboard grades, the company succeeded in increasing the average production speed from 1,292 m/min to 1,366 m/min in 2021 thanks to iterative development loops on paper machine parameters such as web tension, dryer fabric wrap angle on the dryer cylinder and steam parameters web breaks.

#### 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. Zellstoff Pöls cooperates here with national and international research institutions. The Group also actively participates in the projects of the Austrian Association of Pulp and Paper Chemists and Technicians (ÖZEPA).

## ENVIRONMENTAL PROTECTION

HEINZEL GROUP assigns priority to minimizing negative environmental impacts at all of 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, residues 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> output to be reduced by 35% by 2030 on its way to achieving this.

#### RAW MATERIALS AND ENERGY

The consumption of raw materials, water, chemicals, and energy is being reduced on an ongoing basis by optimizing production processes. The aim is to use all necessary resources as conservatively as possible in order to achieve the highest possible level of value creation. In Pöls, the cross-division integration of heating enabled significant low-pressure steam savings to be made, while also reducing condensate loss. Early trials focusing on fiber recovery laid the foundation for minimizing fiber loss in wastewater.

#### ENVIRONMENTAL MANAGEMENT

The quality control system employed at HEINZEL GROUP's mills is certified according to ISO 9001; the environmental management system meets the requirements of the ISO 14001 standard. In addition, all production facilities and trading companies are certified in accordance with PEFC (Programme for the Endorsement of Forest Certification Schemes) and FSC® (Forest Stewardship Council®) criteria.

## EMPLOYEES

#### OCCUPATIONAL HEALTH AND SAFETY

HEINZEL GROUP is always looking at ways to get as close as possible to its target of having zero workplace accidents. This includes making investments in safety-related technology and fire protection systems, as well as safety instructions and courses to raise awareness among employees with regard to safety-minded conduct. HEINZEL GROUP keeps track of near misses and workplace accidents on a monthly basis, and the results are discussed with Group Management.

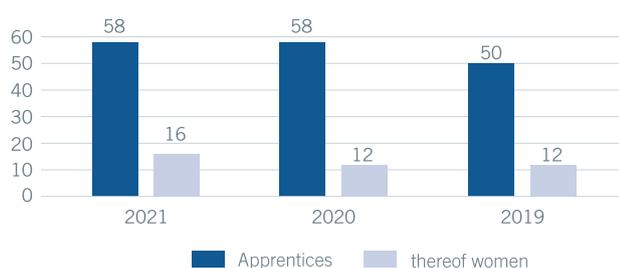
Occupational health and safety	2021	2020	2019
Workplace accidents without lost days (LTA0)	40	32	32
Workplace accidents with 1-3 lost days (LTA1)	10	4	8
Workplace accidents with more than 3 lost days (LTA2)	26	27	32
Workplace accidents due to LTA1 or LTA2	444	669	905
Fatal accidents	0	0	0

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. 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 have been 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 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 2021, 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 having them fill future sales or expert positions. Specialist and management programs are aimed at encouraging the development of junior managers, as well as at strengthening managerial skills at every level of management.

### NUMBER OF APPRENTICES



	2021	2020	2019
Training expenditure in EUR k	752	446	989
Training expenditure per employee in EUR k	312	181	388
Net sales per employee in EUR k	855	658	753
EBIT per employee in EUR k	51	23	45
Value added per employee in EUR k	192	150	174

### AGE, GENDER, AND NATIONALITY DIVERSITY

HEINZEL GROUP employs people from a wide range of cultures, with different backgrounds, talents, and personalities, all with the aim of reflecting the internationality and diversity of its customers. HEINZEL GROUP attaches a great deal of importance to the gender and age structure of teams, while also recognizing the importance of enabling employees to strike the right balance between their career and family life by offering solutions that include part-time work and working from home, as well as semi-retirement options.

	2021	2020	2019
Employees (average FTE)	2,411	2,467	2,546
thereof women	675	681	737
Part-time employees	85	69	71
Average length of service in years	10.5	10.3	10.2
Staff turnover in %	9.4	8.5	9.0

### EMPLOYEE REPRESENTATION

HEINZEL GROUP is committed to protecting employee rights, 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 relating 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 fields 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 economically justifiable, by means of appropriate control measures and supplemented by the Group's insurance program.

### MARKET RISKS

A long-term risk that applies to HEINZEL GROUP as a whole is the decline in demand for graphic paper. After converting PM10 in Laakirchen in 2017, the decision was made in 2021 to also convert PM11 to produce packaging papers. In addition, Europapier Group is developing new business segments such as hygiene, advertising technology, and packaging solutions, which are intended to compensate for the declining sales revenues from graphic paper and office paper.

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 levels of competition. A major uncontrollable risk is consequently posed by price fluctuations relating to

the products sold, which are also subject to exchange rate volatility. Healthy liquidity levels can adequately cushion such risks.

### PROCUREMENT RISKS

On the procurement side, HEINZEL GROUP's production companies depend on the supply of raw materials, predominantly wood and recovered paper, as well as energy and chemicals. The Group proactively counters the related procurement risk 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 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 are taken as part of these audits.

### ACQUISITION RISKS

In addition to organic growth, selected acquisitions also serve HEINZEL GROUP in the implementation of its growth strategy. The challenge in connection with such acquisitions is to successfully integrate the companies in order to achieve the strategic goals and synergies of the Group and to implement the opportunities expected from the acquisition.

### ENVIRONMENTAL RISKS

Based on growing levels of environmental awareness in many countries, it is to be expected that requirements and regulations relating to sustainability will become stricter. Risks arise from non-compliance with existing or future regulations, especially in the form of

penalty payments, but also in the loss of the Group's reputation. However, the production sites of HEINZEL GROUP already go beyond what is required by law with respect to preventing a negative impact 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 controlled through 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 encourage 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 currency 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 reduced through appropriate hedging measures. In this regard, the Group focuses primarily on creating a balance between receivables and payables, and the use of forward exchange and exchange rate swap transactions.

Derivative financial instruments are neither employed for trading nor for speculative purposes. More detailed information on these matters is provided in the notes to the consolidated financial statements.

At present, no immediate risks are recognizable that could threaten the continued existence of HEINZEL GROUP.

## OUTLOOK

Following the strong recovery seen in the global economy in 2021 of 5.7%, the World Bank forecasts much more sluggish growth in the next two years, slowing to 4.1% in 2022 and 3.2% in 2023. This is due to new coronavirus mutations, ongoing supply chain issues, rising inflation, and greater financial risks caused by high levels of debt.

After a weaker first quarter of 2022, attributable to the coronavirus, economic activity is expected to pick up again, with growth in the EU forecast to amount to 4.2% in 2022 as a whole. Inflation, which continued its upward trend in the fourth quarter of 2021, is expected to level off at 2.5% in the second half of 2022 due to lower energy prices and the fact that supply and demand will have returned to an equilibrium.

In the USA, the gradual withdrawal of support based on earlier stimulus packages, and the start of interest rate hikes by the US Federal Reserve will all weigh on household incomes due to ballooning inflation, meaning that the World Bank forecasts growth here of 3.7% in 2022.

At 5.1%, China's economy is expected to grow at a much slower rate in 2022 than in the previous year, with the reasons here being slowing productivity growth, an over-leveraged corporate sector, geopolitical tensions, and politicians increasingly favoring longer-term economic and social goals over short-term growth.

The production companies of HEINZEL GROUP expect demand in the markets relevant to them to drop,

especially in the second half of 2022, following strong demand in 2021, due to greater volumes of paper being imported into Europe as transport-related issues are resolved, as well as to new production capacity in the pulp and packaging paper sectors. The increasing use of paper instead of plastic will, however, have a positive effect on demand, driven primarily by major brands in the consumer goods sector looking to find more climate-friendly packaging solutions. HEINZEL GROUP expects to produce around 20,000 metric tons more in 2022, with the additional volumes stemming mainly from the continued ramping up of PM3 in Pöls and increased production on PM11 due to market conditions.

In the trading business sector, heinzelsales also expects higher volumes to be available from third-party suppliers, leading to a further rise in sales volumes in 2022. The price level in the first half of 2022 will remain at the high level seen in the fourth quarter of 2021, or possibly even increase further, as production input costs will remain high. In the recovered paper sector, it is assumed that prices reached a peak last year. However, as regards wood and chemicals, prices are expected to increase substantially at times in 2022. Energy prices should settle at a level somewhat lower than the highs seen in the first quarter of 2022.

HEINZEL GROUP will invest around EUR 110 million at its sites in 2022, covering preparatory work for the conversion of PM11 in Laakirchen and a package of measures costing EUR 34 million designed to help achieve the Group's sustainability goals.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

The conflict between Russia and Ukraine has come to a head in recent weeks. Both countries are of relevance, in particular for the trading business of HEINZEL GROUP. Europapier Group sells paper to Ukrainian customers and has a strong distribution network with dedicated warehouses in Russia. heinzelsales deals with paper and pulp from Russia for the Asian market in particular and sells to customers in Ukraine. There are open customer receivables and advance payments for future deliveries related to these business relationships, but these do not constitute

a material risk from today's perspective. Internal limits have also been defined to restrict the degree of exposure. All of HEINZEL GROUP's mills rely on gas as a source of energy and would be affected in the event of supply shortages or interruptions.

It cannot be determined from today's perspective how the conflict, its escalation, and any potential sanctions against Russia will affect global economic growth and, consequently, the performance of HEINZEL GROUP.

Vorchdorf, February 25, 2022

Sebastian Heinzl, Kurt Maier and  
Barbara Potisk-Eibensteiner

## GLOSSARY

**CO<sub>2</sub> emissions** Chemical compound of carbon and oxygen. CO<sub>2</sub> emissions (carbon dioxide emissions) are generated first and foremost by burning carbon-based materials such as oil, coal, and wood.

**CO<sub>2</sub>e emissions** (carbon dioxide equivalents) is a term that describes the converted global warming Potential (GWP), combining various greenhouse gases (such as methane, nitrous oxide or chlorofluorocarbons, in addition to CO<sub>2</sub>) in a single unit of measurement in order to make the impact of individual greenhouse gases on the climate comparable.

**CAPEX** (capital expenditure) Expenditure for investments in property, plant and equipment, and intangible assets (as per 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 paper grade used to produce corrugated board.

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

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

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

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

**Fluidized bed boiler** A boiler system to thermally treat waste from the processing of recovered paper.

**FSC®** (Forest Stewardship Council®) An international, non-profit organization promoting socially and environmentally responsible forest management around the world by setting standards, and certifying and labeling forest products.

**Green electricity** from renewable energy sources such as water, wind, biogas, biomass, photovoltaics, geothermal energy, landfill gas, and sewage gas.

**KPIs** (Key Performance Indicators) Selected key figures used by HEINZEL GROUP for management purposes.

**Kraft paper** A paper grade with the highest strength to make products such as paper bags. It consists almost entirely of pulp fibers.

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

**PEFC** Program for the Endorsement of Forest Certification. An international, non-profit NGO set up to promote sustainable forest management.

**RCF system** A system used to prepare recovered paper for use as the raw material for containerboard.

**ROACE** (Return on Average Capital Employed) Measures the return on the average capital employed.

**SBTi** (Science Based Targets Initiative) A partnership between the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) aimed at helping companies define a path to reduce emissions, taking into account science-based targets, in line with the Paris Agreement.

**Scope 1, Scope 2** Direct emissions (Scope 1) are the greenhouse gas emissions from the 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).

**SDGs** (Sustainable Development Goals) 17 goals under the 2030 Agenda for Sustainable Development of the United Nations (UN) aimed at ensuring sustainable global development at the economic, social, and environmental levels.

**Softwood sulfate pulp** Elemental chlorine-free (ECF) bleached pulp, mainly used for high-quality graphic, hygiene, packaging, and specialty papers.

## LIST OF ABBREVIATIONS

**EPIS** European Pulp Industry Sector

**PM** Paper machine

# CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021 IFRS

IN EUR K	NOTE	31.12.2021	31.12.2020 (RESTATED)
<b>ASSETS</b>			
Intangible assets	5.1	28,762	28,228
Right-of-use assets	5.2	31,403	33,507
Tangible assets	5.3	589,637	594,778
Shares in associated companies	2.4	3,343	2,775
Financial assets and financial investments	7.3	14,337	9,429
Deferred tax assets	4.2	4,581	4,681
<b>Non-current assets</b>		<b>672,064</b>	<b>673,398</b>
Inventories	6.1	179,490	152,122
Trade receivables	6.2	342,177	230,588
Current tax receivables		10,703	23,509
Other current receivables	11.1	51,097	47,209
Other current financial assets		57,771	38,738
Cash and cash equivalents	7.2	120,638	162,381
<b>Current assets</b>		<b>761,875</b>	<b>654,547</b>
<b>TOTAL ASSETS</b>		<b>1,433,939</b>	<b>1,327,945</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	29,454	26,814 <sup>1)</sup>
Retained earnings	9.4	773,911	706,817 <sup>1)</sup>
<b>Equity attributable to shareholders of the company</b>		<b>833,123</b>	<b>763,389</b>
Non-controlling interests	2.5, 9.5	16,185	14,860 <sup>1)</sup>
<b>Total equity</b>		<b>849,307</b>	<b>778,249</b>
Non-current financial liabilities	7.1	76,208	107,520
Post-employment benefit obligations	10.1	54,918	60,151
Other non-current liabilities	11.2	8,689	9,416
Deferred tax liabilities	4.2	3,037	3,885
<b>Non-current provisions and liabilities</b>		<b>142,852</b>	<b>180,972</b>
Current financial liabilities	7.1	74,075	98,691 <sup>1)</sup>
Tax liabilities		24,490	28,859
Trade accounts payable	6.3	270,212	189,045
Contract liability		0	128
Other current liabilities and deferred income	11.3	66,646	46,994
Current provisions	10.2	6,357	5,006
<b>Current provisions and liabilities</b>		<b>441,780</b>	<b>368,723</b>
<b>Total provisions and liabilities</b>		<b>584,631</b>	<b>549,695</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,433,939</b>	<b>1,327,945</b>

<sup>1)</sup> Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

# CONSOLIDATED INCOME STATEMENT

## 2021 IFRS

IN EUR K	NOTE	2021	2020 (RESTATED)
Revenues		2,146,467	1,717,034
Transport services		-108,222	-105,364
<b>Net Sales</b>	<b>3.1</b>	<b>2,038,245</b>	<b>1,611,670</b>
Changes in inventories	3.2	9,787	-1,567
Own work capitalized	3.2	1,751	1,575
Other operating income	3.3	12,143	12,406
Cost of material and services	3.4	-1,641,388	-1,288,750
Personnel expenses	3.5	-157,814	-145,835
Scheduled depreciation and amortization	5	-73,938	-68,294
Impairment	5	0	0
Other operating expenses	3.6	-67,482	-63,661
Share of profit of associated companies	2.4	597	133
<b>Operating result (EBIT)</b>		<b>121,902</b>	<b>57,677</b>
Financing income		6,175	6,791
Financing expenses		-8,690	-8,309
<b>Financial result</b>	<b>3.7</b>	<b>-2,515</b>	<b>-1,518</b>
<b>Earnings before tax (EBT)</b>		<b>119,388</b>	<b>56,158</b>
Income taxes	4.1	-25,416	-16,249
<b>Net profit for the year</b>		<b>93,972</b>	<b>39,909</b>
Attributable to the shareholders of the company		92,293	38,036 <sup>1)</sup>
Attributable to non-controlling interests		1,678	1,873 <sup>1)</sup>
		<b>93,972</b>	<b>39,909</b>

<sup>1)</sup> Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2021 IFRS

IN EUR K	NOTE	2021	2020 (RESTATED)
<b>Net profit for the year</b>		<b>93,973</b>	<b>39,909</b>
<b>Items of other comprehensive income which may be subsequently recycled to profit and loss</b>			
Cash flow hedge accounting		120	84
Currency translation differences		1,756	-4,927
Debt instruments measured at fair value through other comprehensive income		20	9
Deferred taxes		-30	-21
		<b>1,867</b>	<b>-4,855</b>
<b>Items of other comprehensive income which will not be subsequently recycled to profit and loss</b>			
Remeasurement of post-employment benefit obligations		1,433	1,741
Deferred taxes		-423	-414
		<b>1,010</b>	<b>1,327</b>
<b>Other comprehensive income</b>	<b>3.8</b>	<b>2,877</b>	<b>-3,528</b>
<b>Total comprehensive income</b>		<b>96,848</b>	<b>36,382</b>
Attributable to the shareholders of the company		94,933	34,460 <sup>1)</sup>
Attributable to non-controlling interests		1,915	1,922 <sup>1)</sup>
		<b>96,848</b>	<b>36,382</b>

<sup>1)</sup> Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

# CONSOLIDATED CASH FLOW STATEMENT 2021 IFRS

IN EUR K	NOTE	2021	2020 (RESTATED)
<b>Operating activities</b>			
Operating result (EBIT)		121,902	57,677
Depreciation and amortization	5	73,938	68,294
Changes in net working capital:			
Changes in inventories	6.1	-27,369	11,589
Changes in trade receivables	6.2	-111,589	40,757
Changes in trade accounts payables	6.3	79,835	-18,070
Changes in other receivables and liabilities		16,890	-5,920
Changes in personnel provisions		-3,792	-2,930
Dividends received		915	1,267
Income taxes paid		-18,227	-31,514
Interest paid		-3,031	-3,782
Interest received		617	620
Other non-cash items		-246	-5,661
<b>Cash flow from operating activities</b>		<b>129,845</b>	<b>112,327</b>
<b>Investing activities</b>			
Payments for company purchases, less acquired cash and asset deals		-4,979	-438
Payments for financial assets		-9	-8
Outflows/inflows from financial assets		-19,388	10,231
Investment in tangible assets		-46,403	-27,214
Investment in intangible assets		-3,412	-1,708
Income from the sale of tangible assets and intangible assets		611	493
<b>Cash flow from investing activities</b>		<b>-73,580</b>	<b>-18,644</b>
<b>Financing activities</b>			
Dividends paid		-25,500	-20,832 <sup>1)</sup>
Dividends paid to non-controlling interests		-871	-131 <sup>1)</sup>
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	7,231	54,815
Repayment of current financial liabilities	7.1	-79,985	-84,200
<b>Cash flow from financing activities</b>		<b>-99,124</b>	<b>-50,348</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-42,860</b>	<b>43,335</b>
Cash and cash equivalents at the beginning of the year		162,381	119,749
Effect from currency translation differences		1,117	-703
Increase/decrease in cash and cash equivalents		-42,860	43,335
<b>Cash and cash equivalents at the end of the year</b>		<b>120,638</b>	<b>162,381</b>

<sup>1)</sup> Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IFRS

IN EUR K	Share capital
Balance as of December 31, 2019 (as reported)	3,635
Adjustment	0
<b>Balance as of December 31, 2019 (restated)</b>	<b>3,635</b>
Net profit for the year	0
Currency translation differences	0
Hedge accounting	0
Changes in fair value of financial investments in equity in-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>
Deconsolidation of subsidiaries	0
Dividend payments	0
<b>Balance as of December 31, 2020</b>	<b>3,635</b>
Net profit for the year	0
Currency translation differences	0
Hedge accounting	0
Changes in fair value of financial investments in equity in-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>
Additions from the acquisition of companies	0
Contribution of capital	0
Dividend payments	0
<b>Balance as of December 31, 2021</b>	<b>3,635</b>

<sup>1)</sup> Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

Capital reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
26,123	29,169	688,781	747,708	25,155	772,863
0	-109	4,075	3,966	-11,881	-7,915
<b>26,123</b>	<b>29,060</b>	<b>692,856</b>	<b>751,674</b>	<b>13,274</b>	<b>764,949</b>
0	0	38,036	38,036	1,873	39,909
0	-4,918	0	-4,918	-9	-4,927
0	65	0	65	0	65
0	-50	0	-50	57	7
0	1,327	0	1,327	0	1,327
<b>0</b>	<b>-3,577</b>	<b>38,036</b>	<b>34,460</b>	<b>1,922</b>	<b>36,382</b>
0	1,330	-2,943	-1,612	0	-1,612
0	0	-21,132	-21,132	-336	-21,468
<b>26,123</b>	<b>26,814</b>	<b>706,817</b>	<b>763,389<sup>*)</sup></b>	<b>14,860<sup>*)</sup></b>	<b>778,249</b>
0	0	92,293	92,293	1,678	93,972
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>

# NOTES

## TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021

### 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, 2021 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 International Financial Reporting Interpretations Committee (IFRIC), 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 2020 reporting period, the reporting period for 2021 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, 2021 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, 2021 (31.12.2020: 47 companies) and 8 companies consolidated at equity (31.12.2020: 8 companies).

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

Development of the scope of consolidation	2021	2020
<b>NUMBER OF COMPANIES AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>46</b>	<b>48</b>
Initial consolidation	1	0
Mergers	-1	-1
Deconsolidation	0	-1
<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 the past financial year 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.

Details regarding the two transactions are provided under note 2.1 Business combinations.

Due to their minor importance to the asset, financial and earnings position, both individually and overall, the subsidiaries Mayr-Melnhof & Wilfried Heinzl Teheran Co., Teheran, and Will, s.r.o., Kunčice nad Labem, Czech Republic, were not included in the consolidated financial statements.

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

As a result of the reassessment of existing contracts in accordance with the principles of IFRS 10 regarding non-controlling interests, non-controlling interests were derecognized retrospectively and a corresponding liability was recognized.

The adjustments are shown in the table below and in the statement of changes in equity:

	31.12.2019 (as reported)	Adjustment	31.12.2019 (restated)
<b>Equity attributable to the shareholders of the company</b>	<b>747,708</b>	<b>3,966</b>	<b>751,674</b>
Non-controlling interests	25,155	-11,881	13,274
<b>Total equity</b>	<b>772,863</b>	<b>-7,915</b>	<b>764,949</b>
Current financial liabilities	80,074	7,915	87,988
<b>Current provisions and liabilities</b>	<b>369,187</b>	<b>7,915</b>	<b>377,102</b>
<b>Total liabilities and equity</b>	<b>1,360,347</b>	<b>0</b>	<b>1,360,347</b>

	31.12.2020 (as reported)	Adjustment	31.12.2020 (restated)
<b>Equity attributable to the shareholders of the company</b>	<b>759,785</b>	<b>3,604</b>	<b>763,389</b>
Non-controlling interests	26,380	-11,520	14,860
<b>Total equity</b>	<b>786,164</b>	<b>-7,915</b>	<b>778,249</b>
Current financial liabilities	90,777	7,915	98,691
<b>Current provisions and liabilities</b>	<b>360,808</b>	<b>7,915</b>	<b>368,723</b>
<b>Total liabilities and equity</b>	<b>1,327,945</b>	<b>0</b>	<b>1,327,945</b>

	2019 (as reported)	Adjustment	2019 (restated)
Net profit for the year, attributable to the shareholders of the company	82,522	1,027	83,548
Net profit for the year, attributable to non-controlling interests	3,030	-1,027	2,003
<b>Net profit for the year</b>	<b>85,551</b>	<b>0</b>	<b>85,551</b>
Total comprehensive income, attributable to the shareholders of the company	77,465	976	78,441
Total comprehensive income, attributable to non-controlling interests	2,790	-976	1,814
<b>Total comprehensive income</b>	<b>80,255</b>	<b>0</b>	<b>80,255</b>

	2020 (as reported)	Adjustment	2020 (restated)
Net profit for the year, attributable to the shareholders of the company	36,958	1,078	38,036
Net profit for the year, attributable to non-controlling interests	2,951	-1,078	1,873
<b>Net profit for the year</b>	<b>39,909</b>	<b>0</b>	<b>39,909</b>
Total comprehensive income, attributable to the shareholders of the company	33,612	848	34,460
Total comprehensive income, attributable to non-controlling interests	2,770	-848	1,922
<b>Total comprehensive income</b>	<b>36,382</b>	<b>0</b>	<b>36,382</b>

### Currency translation within the group

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

### Translation of international financial statements

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

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

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

The following exchange rates were applied:

Exchange rates to EUR	31.12.2021	31.12.2020
BAM	1.9558	1.9558
BGN	1.9558	1.9558
CAD	1.4393	1.5633
CHF	1.0331	1.0802
CZK	24.8580	26.2420
HRK	7.5156	7.5519
HUF	369.1900	363.8900
MYR	4.7184	4.9340
PLN	4.5969	4.5597
RON	4.9490	4.8683
RUB	85.3004	91.4671
USD	1.1326	1.2271

### Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange 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 2021 financial year**:

		Endorsement	Mandatory application for HEINZEL GROUP	Material impact on HEINZEL GROUP
<b>AMENDMENT STANDARDS AND INTERPRETATIONS</b>				
IFRS 9 IAS 39 IFRS 7 IFRS 4 IFRS 16	Interest Rate Benchmark Reform (Phase 2)	January 2021	January 1, 2021	no
IFRS 16	Amendment to IFRS 16: COVID-19-Related Rent Concessions: after June 30, 2021	August 2021	April 1, 2021	no

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

#### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)**

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 supplement the requirements of the first phase of the IBOR reform project. They generally address the replacement of an interest rate benchmark by another interest rate benchmark.

The amendments include relief aimed in particular at the simplified presentation of IBOR-reform-related modifications of financial instruments. They also aim to enable the continuation of hedge accounting after the transition to the new interest rate benchmarks.

To give the users an adequate insight into the effects of the IBOR reform, the amendments to IFRS 7 lead to additional disclosure requirements in the IFRS financial statements.

In addition to amendments to IFRS 9, IAS 39 and IFRS 7, the IASB also adopted minor amendments to IFRS 4 and IFRS 16.

The amendments are applicable to periods commencing on or after January 1, 2021 and had no material impact on these consolidated financial statements.

#### **COVID-19-Related Rent Concessions after June 30, 2021**

Based on the amendments to IFRS 16, the application period of the amendment of May 2020, which grants lessees an exemption from assessing whether a COVID-19-related rent concession is a lease modification, is extended by one year.

The amendments are applicable to periods commencing on or after January 1, 2021; the application must be consistent. If the relief has been used so far, it also has to be applied to similar contracts in the future and, conversely, if the relief has not been used so far, it may not be applied to similar contracts.

The amendment has no impact on these consolidated financial statements.

**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 16	Amendments: Proceeds before intended use	June 2021	January 1, 2022	no
IAS 37	Amendments: Onerous Contracts: Cost of Fulfilling a Contract	June 2021	January 1, 2022	no
AIP 2018–2020	Annual improvements IFRS, 2018–2020 cycle (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	June 2021	January 1, 2022	no
IAS 1	Classification of Liabilities as Current or Non-current	open	January 1, 2023	no
IAS 1	Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	open	January 1, 2023	no
IAS 8	Amendments to IAS 8: Definition of accounting estimates	open	January 1, 2023	no
IAS 12	Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	open	January 1, 2023	no
IFRS 3	Amendments: Reference to the Framework	June 2021	January 1, 2022	no
IFRS 17	Amendments to IFRS 17	November 2021	January 1, 2023	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:

- » 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.

- » 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.
- » 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.
- » 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 EFFECTS OF THE COVID-19 PANDEMIC**

### **Effects of COVID-19 on operating activities**

After a significant downturn in the previous year, the economy started booming as vaccines became available and restrictions were gradually eased in spring of 2021. HEINZEL GROUP also saw a massive increase in demand for paper and pulp. HEINZEL GROUP's manufacturing companies were able to avoid supply shortages of wood, recovered paper or chemicals, although supply chains remained tight. Price increases were passed on to customers due to strong demand, which led to a very positive cash flow development of HEINZEL GROUP.

### **Employee matters and COVID-19**

Protective measures that had already been successfully implemented in 2020 enabled HEINZEL GROUP to respond to the general infection numbers and the related government measures at very short notice in 2021. Remote working, business travel reduced to a minimum, online meetings, personal protective equipment, hygiene measures as well as the physical separation of individual production shifts and other employees successfully prevented a high number of infections. In addition, testing and vaccinations were promoted within the company.

### **Government grants**

In 2021, government grants were limited to Europapier Group in Eastern Europe, which received a total of EUR 56,580.95 in Poland and Slovakia to maintain jobs.

## 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.

#### 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 (calculated on a preliminary basis) 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 (preliminary calculation)</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	Fair value
Purchase price paid	0.94
less fair value of the <b>share of</b> net assets acquired	-132,478.35
<b>Goodwill (preliminary calculation)</b>	<b>132,479.29</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	31.12.2021		31.12.2020	
	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	–
North Rim Pulp & Paper 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	100.00	–
Europapier CIS GmbH, Hinterbrühl, Austria	90.00	10.00	100.00	–
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	–
M-Cyklus s.r.o., Prague, Czech Republic <sup>3</sup>	–	–	51.00	49.00
Mayr-Melnhof & Wilfried Heinzel Teheran Co., Teheran, Iran <sup>4</sup>	64.00	36.00	64.00	36.00
at Will, s.r.o., Kunčice nad Labem, Czech Republic <sup>4</sup>	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> The company was merged into Austrian Recycling s.r.o., Temelin, in the 2021 financial year.

<sup>4</sup> Not consolidated due to immateriality.

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

## 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 %	
	31.12.2021	31.12.2020
Papierholz Austria GmbH, St. Gertraud, Austria	25.00	25.00
Bioenergie Aichfeld GmbH, Pöls, Austria	20.00	20.00
ZPA Fernwärmehtransportleitungs GmbH, Köflach, Austria	20.00	20.00
EEVG Entsorgungs- und Energieverwertungsgesellschaft m.b.H., Steyrermühl, Austria	20.00	20.00
„Papyrus“ Altpapierservice Handelsgesellschaft m.b.H., Salzburg, Austria	31.67	31.67
Austria Papier Recycling Gesellschaft m.b.H., Vienna, Austria	33.36	33.36
Europapier Dienstleistungs-Gesellschaft m.b.H., Eggenburg, Austria	25.00	25.00
KFZ-Technik Meisterservice Küttner GmbH, Eggenburg, Austria	25.00	–
AS Nor-Est Wood, Paide, Estonia	–	26.50

The share in associated companies developed as follows:

In EUR k	2021	2020
<b>BALANCE AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>2,775</b>	<b>3,800</b>
Addition	9	0
Disposal	–38	0
Share of profit	597	133
Impairment	0	–251
Dividend payment	0	–907
<b>Balance as of 31.12. of the financial year</b>	<b>3,343</b>	<b>2,775</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 impairment in the previous year is related to AS Nor-Est Wood, Estonia, which was liquidated in the previous financial year.

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, 2021. The carrying value of the share amounts to EUR 1,859k as of December 31, 2021 (previous year: EUR 1,641k).

The summarized financial information for the company is presented below:

In EUR k	30.09.2021	30.09.2020
Non-current assets	6,983	5,746
Current assets	4,940	3,067
Non-current liabilities	803	863
Current liabilities	5,249	2,766
<b>NET ASSETS</b>	<b>5,871</b>	<b>5,183</b>
Revenues	34,654	22,818
Net profit for the year	688	370
Other comprehensive income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>688</b>	<b>370</b>

#### Bioenergie Aichfeld GmbH, Pöls

The group holds an unchanged share of 20% in the company as of December 31, 2021. The carrying value of the share amounts to EUR 0k as of December 31, 2021 (previous year: EUR 0k).

On the reporting date on December 31, 2021 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, 2021 amounts to EUR 766k (previous year: EUR 171k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2021	31.12.2020
Non-current assets	3,500	3,986
Current assets	2,560	876
Non-current liabilities	0	0
Current liabilities	2,739	1,717
<b>NET ASSETS</b>	<b>3,321</b>	<b>3,145</b>
Revenues	3,733	3,503
Net profit for the year	413	859
Other comprehensive income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>413</b>	<b>859</b>

#### Papierholz Austria GmbH, St. Gertraud

The group holds an unchanged share of 25% in the company as of December 31, 2021. The carrying value of the share amounts to EUR 799k as of December 31, 2021 (previous year: EUR 485k).

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	31.12.2021	31.12.2020
Non-current assets	547	422
Current assets	113,618	57,363
Non-current liabilities	1,256	1,276
Current liabilities	109,713	54,224
<b>NET ASSETS</b>	<b>3,196</b>	<b>2,285</b>
Revenues	339,029	324,850
Net profit for the year	912	344
Other comprehensive income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>912</b>	<b>344</b>

#### ZPA Fernwärmehtransportleitung GmbH, Köflach

The group holds an unchanged share of 20% in the company as of December 31, 2021. The carrying value of the share amounts to EUR 379k as of December 31, 2021 (previous year: EUR 289k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2021	31.12.2020
Non-current assets	1,390	1,693
Current assets	1,005	355
Non-current liabilities	0	0
Current liabilities	500	604
<b>NET ASSETS</b>	<b>1,895</b>	<b>1,444</b>
Revenues	858	840
Net profit for the year	451	428
Other comprehensive income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>451</b>	<b>428</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, 2021. The carrying value of the share amounts to EUR 219k as of December 31, 2021 (previous year: EUR 246k).

The summarized financial information for the company is presented below:

In EUR k	31.12.2021	31.12.2020
Non-current assets	652	629
Current assets	5,846	3,689
Non-current liabilities	464	413
Current liabilities	5,376	3,166
<b>NET ASSETS</b>	<b>658</b>	<b>739</b>
Revenues	47,389	29,295
Net profit for the year	-81	-26
Other comprehensive income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-81</b>	<b>-26</b>

## 2.5 NON-CONTROLLING INTERESTS

### Information on the balance sheet

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

31.12.2021		Before intercompany elimination					Carrying value of non-controlling interests
Name of the company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets		
Austrian Recycling s.r.o., Czech Republic	1,342	5,541	213	5,530	1,140	589	
Bunzl & Biach Gesellschaft m.b.H.	20,224	32,967	4,897	23,614	24,680	9,015	
Chiengau Recycling GmbH, Germany	5,515	7,882	789	7,593	5,015	2,332	
Laakirchen Papier AG	150,869	132,808	42,983	87,969	152,725	1,399	
Omega Trading Laakirchen GmbH	0	1,688	0	1,103	585	462	
Raubling Papier GmbH, Germany	32,673	39,109	3,558	30,449	37,775	1,859	
Other						528	
<b>CARRYING VALUE AS OF 31.12.2021</b>						<b>16,184</b>	

31.12.2020 (restated)		Before intercompany elimination					Carrying value of non-controlling interests
Name of the company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets		
Austrian Recycling s.r.o., Czech Republic	934	2,862	397	2,604	795	390	
Bunzl & Biach Gesellschaft m.b.H.	20,856	21,907	5,290	14,018	23,456	8,415	
Chiengau Recycling GmbH, Germany	5,843	3,351	855	3,694	4,644	2,160	
Laakirchen Papier AG	165,269	108,597	56,552	71,128	146,187	1,334	
Omega Trading Laakirchen GmbH	0	819	0	380	439	391	
Raubling Papier GmbH, Germany	32,056	23,081	4,341	15,992	34,804	1,708	
Other						462	
<b>CARRYING VALUE AS OF 31.12.2020</b>						<b>14,860</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.

2021	Before intercompany elimination				Attributable to non-controlling interests		
	Name of the company	Net sales	Profit/loss for the year	Other comprehensive income	Total comprehensive income	Net profit for the year	Other comprehensive income
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
Chiengau 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					96	0	332
<b>TOTAL 2021</b>					<b>1,678</b>		<b>1,914</b>

2020 (restated)	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	18,699	207	-26	181	101	-13	89
Bunzl & Biach Gesellschaft m.b.H.	104,978	2,470	103	2,573	1,210	51	1,261
Chiemgau Recycling GmbH, Germany	22,076	207	0	207	96	0	96
Europapier East Europe GmbH	10,275	311	0	311	171	0	171
Laakirchen Papier AG	227,814	10,308	446	10,753	103	4	108
Omega Trading Laakirchen GmbH	3,117	150	0	150	73	0	73
Raubling Papier GmbH, Germany	80,326	2,001	48	2,049	102	2	104
Other					17	-8	20
<b>TOTAL 2020</b>					<b>1,873</b>	<b>49</b>	<b>1,922</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	2021	2020
	operating activities	investing activities	financing activities	Dividends paid to non-controlling interests		Dividends paid to non-controlling interests	
Laakirchen Papier AG	24,743	-10,803	-19,089	-5,149	0	-80	
Raubling Papier GmbH, Germany	5,516	-3,644	-1,081	791	-102	-51	
Bunzl & Biach GmbH	-1,024	-983	-1,340	-3,347	-490	0	
<b>TOTAL</b>					<b>-502</b>	<b>-131</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 2,038.2 million in the 2021 financial year compared with EUR 1,611.7 million in 2020 (+26.5%).

In EUR k	2021	2020
Revenue from contracts with customers	2,146,467	1,717,034
Transport services	-108,222	-105,364
<b>NET SALES</b>	<b>2,038,245</b>	<b>1,611,670</b>

As in the previous year, revenues from contracts with customers in 2021 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	2021	2020
Pulp	638,760	467,506
Printing & Writing	372,581	317,852
Publication Papers	206,822	193,680
Packaging & Board	768,055	615,571
Other grades	93,760	79,339
Paper	1,441,217	1,206,443
Recovered paper	66,167	43,025
Chemicals	323	61
	<b>2,146,467</b>	<b>1,717,034</b>

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

In EUR k	2021	2020
Austria	278,713	200,786
Central and Eastern Europe (excl. Austria)	371,183	299,403
Southeast Europe	217,648	160,648
Western Europe	571,037	460,621
Middle East	185,224	20,038
Northern Africa	132,127	87,588
Central and Southern Africa	53,818	72,053
Far East/Oceania	176,365	179,744
CIS	103,654	94,767
North America	4,666	62,440
Latin America	52,032	78,948
	<b>2,146,467</b>	<b>1,717,034</b>

### 3.2 CHANGES IN INVENTORIES AND OWN WORK CAPITALIZED

In EUR k	2021	2020
Changes in inventories	9,787	-1,567
Own work capitalized	1,751	1,575
	<b>11,538</b>	<b>8</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	2021	2020
Sale of energy, by-products and scrap	3,288	2,622
Research grants and other grants	2,627	2,262
COVID-19 funding	57	2,203
Proceeds from the deconsolidation of subsidiaries	0	1,612
Rental income	478	466
Income from insurance	1,651	376
Other operating income	4,042	2,864
	<b>12,143</b>	<b>12,406</b>

### 3.4 COST OF MATERIAL AND SERVICES

In EUR k	2021	2020
Raw materials	364,916	245,822
Supplies and operating materials	277,211	198,828
Goods for resale	999,261	844,100
	<b>1,641,388</b>	<b>1,288,750</b>

### 3.5 PERSONNEL EXPENSES

In EUR k	2021	2020
Wages	47,696	44,223
Salaries	68,467	62,617
Expenses for severance payments	1,735	1,710
Expenses for pensions	1,467	1,382
Statutory social expenses	26,698	28,508
Voluntary social expenses	11,750	7,395
	<b>157,814</b>	<b>145,835</b>

The expenses for defined contribution plans reported under personnel expenses amounted to EUR 2,029k (2020: EUR 1,927k).

### 3.6 OTHER OPERATING EXPENSES

In EUR k	2021	2020
Incoming freight	10,719	9,707
Insurance	9,682	6,068
Consultants and fees	8,426	12,120
IT and communications costs	6,450	5,498
Energy and other operating expenses	5,489	4,119
Rents and leasing	4,323	6,092
Other external services	3,603	2,905
Bad debt provisions	2,096	1,416
External personnel costs	1,702	1,309
Cleaning, maintenance and building security	1,511	1,702
Distribution costs	1,457	997
Fleet of vehicles	1,448	1,285
Training costs	1,417	609
Advertising costs	1,214	1,196
Contributions	1,178	923
Travel expenses	1,166	1,785
Office material	1,064	612
Taxes other than taxes on income and earnings	732	1,224
Donations and representational costs	380	456
Miscellaneous other operating expenses	3,425	3,637
	<b>67,482</b>	<b>63,661</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 327k (2020: EUR 316k) for the audit of the financial statements and consolidated financial statements for 2021 and EUR 27k (2020: EUR 18k) for other auditing services.

### 3.7 FINANCIAL RESULT

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

In EUR k	2021	2020
Interest and similar income	2,116	716
Foreign currency gains	3,090	4,189
Income from securities	13	1,080
Income from the disposal of securities	0	53
Derivatives	41	410
Income from disproportional profit distribution from associated companies	900	343
Dividend income	15	0
<b>FINANCING INCOME</b>	<b>6,175</b>	<b>6,791</b>
Interest and similar expenses	-1,592	-3,020
Foreign currency losses	-5,453	-3,704
Interest expense from leasing	-683	-489
Interest expense from personnel provisions	-322	-463
Derivatives	-460	-336
Impairment	0	-251
Expense from the disposal of financial assets	-180	-47
<b>FINANCING EXPENSES</b>	<b>-8,690</b>	<b>-8,309</b>
<b>FINANCIAL RESULT</b>	<b>-2,515</b>	<b>-1,518</b>

### 3.8 OTHER COMPREHENSIVE INCOME

In EUR k	2021			2020		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Currency translation differences	1,756	0	1,756	-4,927	0	-4,927
Hedge accounting	120	-30	90	84	-19	65
Change in fair value of debt instruments recognized through other comprehensive income	20	0	20	9	-2	7
Revaluation of obligations to employees	1,433	-423	1,010	1,741	-414	1,327
	<b>3,329</b>	<b>-453</b>	<b>2,877</b>	<b>-3,093</b>	<b>-435</b>	<b>-3,528</b>

## 4. TAXES

### 4.1 INCOME TAXES

In EUR k	2021	2020
Current income taxes	26,524	16,605
Deferred taxes	-1,108	-357
	<b>25,416</b>	<b>16,249</b>

The corporate tax rate applicable to the parent company, Heinz Holding GmbH, Vorchdorf, as of the closing date was 25% (31.12.2020: 25%).

In EUR k	2021	2020
Earnings before taxes	119,388	56,158
Income tax expenses	-25,416	-16,249
<b>EFFECTIVE TAX RATE (%)</b>	<b>21.3</b>	<b>28.9</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	2021	2020
Earnings before taxes	119,388	56,158
Expected income tax expenditure based on 25% (31.12.2020: 25%)	29,847	14,040
Effects of foreign tax rates	-2,205	1,791
Taxes from previous periods	175	2,574
Use of tax shields	-1,258	-2,004
Capitalization of loss carryforwards from previous periods	-953	-304
Change in estimates of tax deferrals	-174	105
Effects of initial and subsequent consolidation	0	0
Other permanent differences	-16	47
<b>ACUTAL INCOME TAX EXPENDITURE</b>	<b>25,416</b>	<b>16,249</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 25% is applied to companies located in Austria, whereas for companies located abroad the effective tax rate of the relevant country is used.

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 1,693k (31.12.2020: EUR 5.505k).

On the basis of current planning in certain foreign markets, no sufficient future results or risks exist in the Trading Business with regard to fiscal enforceability and therefore these were only reported in the amount of EUR 979k (31.12.2020: EUR 1,729k). Overall, foreign loss carryforwards totaling EUR 3,213k (31.12.2020: EUR 3,997k) were reported in this segment.

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 140,486k (31.12.2020: EUR 131,328k) 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Non-current assets	16,431	16,170	45,070	47,442
Current assets	12,208	3,977	6,479	5,657
Non-current provisions and liabilities	35,174	38,686	0	0
Current provisions and liabilities	20,622	17,802	23,295	18,101
Loss carryforwards	979	1,729	0	0
	<b>85,413</b>	<b>78,364</b>	<b>74,844</b>	<b>71,200</b>
Deferred taxes	19,711	18,017	18,166	17,221
Offsetting of deferred taxes to the same fiscal authority	-15,130	-13,336	-15,130	-13,366
<b>NET DEFERRED TAXES</b>	<b>4,581</b>	<b>4,681</b>	<b>3,036</b>	<b>3,885</b>
Composition in detail				
Intangible assets	1,592	1,924	1,641	2,732
Tangible assets	7,856	7,137	43,377	44,685
Financial assets	6,983	7,108	52	25
<b>Non-current assets</b>	<b>16,431</b>	<b>16,170</b>	<b>45,070</b>	<b>47,442</b>

## 5. NON-CURRENT ASSETS

### 5.1 INTANGIBLE ASSETS

In EUR k	Concessions and other rights	Software	Goodwill	Total
<b>GROSS VALUES AS OF 31.12.2019</b>	<b>23,183</b>	<b>12,168</b>	<b>23,929</b>	<b>59,280</b>
Additions	1,496	712	0	2,208
Foreign currency differences	-58	-152	-349	-559
Disposals	-141	-495	0	-636
Transfers/reclassifications	-41	844	0	803
<b>GROSS VALUES AS OF 31.12.2020</b>	<b>24,439</b>	<b>13,076</b>	<b>23,580</b>	<b>61,096</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	-1005	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>64,512</b>
<b>ACCUMULATED AMORTIZATION AS OF 31.12.2019</b>	<b>17,825</b>	<b>7,792</b>	<b>5,164</b>	<b>30,781</b>
Scheduled amortization	1,633	1,369	0	3,001
Foreign currency differences	-11	-122	0	-133
Disposals	-288	-495	0	-782
<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>
<b>NET VALUE AS OF 31.12.2020</b>	<b>5,280</b>	<b>4,532</b>	<b>18,416</b>	<b>28,228</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>

#### 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.

## Overview of goodwill

In EUR k	31.12.2021	31.12.2020
Moderne Verpackung (MV)	7,238	7,238
Europapier Group without MV	2,883	2,885
<b>EUROPAPIER GROUP</b>	<b>10,121</b>	<b>10,124</b>
Heinzel Sales Asia Pacific	1,449	1,263
WHAG without Heinzel Sales Asia Pacific	3,203	3,203
<b>WILFRIED HEINZEL GROUP</b>	<b>4,652</b>	<b>4,466</b>
Bunzl & Biach Group	1,685	1,682
Zellstoff Pöls AG	2,042	2,042
Other	235	102
	<b>18,735</b>	<b>18,416</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 (2022–2026) 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	
	2021	2020	2021	2020
Moderne Verpackung (MV)	1.48%	2.81%	1.44%	2.81%
Europapier Group without MV	2.11%	1.36%	2.31%	1.15%
Heinzel Sales Asia Pacific	27.55%	12.67%	28.35%	13.11%
WHAG without Heinzel Sales Asia Pacific	5.72%	8.29%	5.71%	8.61%
Zellstoff Pöls AG	1.24%	4.98%	2.29%	3.38%
Bunzl & Biach Group	1.56%	5.10%	1.43%	5.26%

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 2022–2026, terminal value for years after 2026).

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	2021		2020	
	Carrying value of CGU	Surplus/shortfall of coverage	Carrying value of CGU	Surplus/shortfall of coverage
Moderne Verpackung (MV)	17,508	25,789	17,884	10,120
Europapier Group without MV	94,676	45,148	80,337	3,101
Heinzel Sales Asia Pacific	15,493	45,984	2,972	4,735
WHAG without Heinzel Sales Asia Pacific	75,823	208,136	61,430	152,538
Zellstoff Pöls AG	395,100	207,610	390,693	390,676
Bunzl & Biach Group	28,241	11,082	23,600	6,171

Parameters of the groups of CGU relevant for control:

	2021				2020			
	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)	6.82%	5.68%	1.00%	13.52%	6.80%	5.69%	1.00%	8.89%
Europapier Group without MV	7.65%	6.79%	1.00%	9.73%	8.45%	7.43%	1.00%	7.70%
WHAG without Heinzel Sales Asia Pacific	6.51%	5.44%	1.00%	16.89%	7.32%	6.08%	1.00%	16.87%
Heinzel Sales Asia Pacific	7.36%	6.22%	1.00%	23.48%	8.74%	7.30%	1.00%	16.87%
Zellstoff Pöls AG	6.47%	5.44%	1.00%	8.42%	7.37%	6.08%	1.00%	12.42%
Bunzl & Biach Group	6.36%	5.44%	1.00%	7.44%	7.33%	6.08%	1.00%	7.51%

<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. A sensitivity analysis of the goodwill-carrying units showed that if the discount rate increases by 2.0 percentage points, all carrying values are still covered and no impairment is necessary. In addition, a cash flow sensitivity analysis shows that all carrying values are also still covered if the terminal value growth rate decreases by one half of a percentage point.

## Research and development

In its research and development activities, HEINZEL GROUP focuses on three areas: developing customer-specific solutions, optimizing the use of resources and basic research. In addition, HEINZEL GROUP invested in a Climate & Industry Opportunity fund of Speedinvest, which supports start-ups in reducing CO<sub>2</sub> emissions of Europe's industry 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. As part of the "Starkraft Naturel" project initiated in Pöls, non-calendered paper was produced using 100% long-fiber pulp in an initial trial. In comparison with the standard quality, this product is characterized by lower smoothness, higher volume and better strength properties. In addition, fully bleached liner, which is already established in the market, has been extended to a grammage of up to 120 gsm. In Laakirchen, the following grades were added to the existing portfolio: Libre Sized, sized paper for text books and notebooks in the Far East, Libre Laser, a 100% recycled photocopy paper, as well as Libre LG and LG Soft, and Libre Teq.

In addition to the digitalization initiatives described above, work continued on the PM10 in Laakirchen to increase the production output for high grammages, resulting in a 4.5% increase in the second half of 2021 compared to the same period of 2020. In the area of ultralight fluting grades, iterative development cycles for paper machine parameters such as web tension, wrap angle of dryer fabric on the drying cylinder and steam parameters in case of a web break allowed increasing average speed from 1,292 m/min to 1,366 m/min in 2021.

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 2021.

## 5.2 RIGHT-OF-USE ASSETS

In EUR k	Software	Property and buildings	Machinery	Tools and equipment	Total
<b>GROSS VALUES AS OF 31.12.2019</b>	<b>998</b>	<b>21,884</b>	<b>12,945</b>	<b>2,528</b>	<b>38,355</b>
Currency differences	0	-188	-14	-43	-244
Additions	0	6,596	482	1,008	8,086
Disposals	0	-862	0	-96	-958
Reclassification	-998	1,322	0	-324	0
<b>GROSS VALUES AS OF 31.12.2020</b>	<b>0</b>	<b>28,752</b>	<b>13,413</b>	<b>3,073</b>	<b>45,238</b>
Currency differences	0	240	-1,559	15	254
Additions	0	4,750	0	326	5,076
Disposals	0	0	-1,462	-223	-1,685
Reclassification	0	0	1,739	0	1,739
<b>GROSS VALUES AS OF 31.12.2021</b>	<b>0</b>	<b>33,743</b>	<b>13,688</b>	<b>3,191</b>	<b>50,622</b>
<b>ACCUMULATED DEPRECIATION 31.12.2019</b>	<b>12</b>	<b>5,606</b>	<b>967</b>	<b>789</b>	<b>7,374</b>
Currency differences	0	-102	-5	-33	-139
Scheduled depreciation	0	3,283	993	918	5,194
Disposals	0	-631	0	-66	-697
Reclassification	-12	339	0	-327	0
<b>ACCUMULATED DEPRECIATION 31.12.2020</b>	<b>0</b>	<b>8,494</b>	<b>1,955</b>	<b>1,282</b>	<b>11,732</b>
Currency differences	0	4,357	923	735	6,015
Scheduled depreciation	0	81	-2	9	89
Disposals	0	0	-139	-217	-356
Reclassification	0	0	1,739	0	1,739
<b>ACCUMULATED DEPRECIATION 31.12.2021</b>	<b>0</b>	<b>19,933</b>	<b>4,477</b>	<b>1,810</b>	<b>19,219</b>
	<b>0</b>				
<b>NET CARRYING VALUE AS OF 31.12.2020</b>	<b>0</b>	<b>20,258</b>	<b>11,458</b>	<b>1,791</b>	<b>33,507</b>
<b>NET CARRYING VALUE AS OF 31.12.2021</b>	<b>0</b>	<b>20,810</b>	<b>9,212</b>	<b>1,381</b>	<b>31,403</b>

In the 2021 financial year, EUR 394k (2020: EUR 2,953k) for leases with a short term and EUR 255k (2020: EUR 271k) 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 31.12.2019</b>	<b>271,736</b>	<b>938,369</b>	<b>85,370</b>	<b>6,119</b>	<b>1,301,594</b>
Additions	3,502	9,927	5,112	8,405	26,946
Foreign currency differences	-8	-305	-324	-2	-639
Disposals	-100	-2,429	-2,896	-26	-5,451
Reclassifications	2,332	4,090	790	-8,016	-803
<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>1,321,647</b>
Additions	588	11,081	5,881	30,060	47,611
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>
<b>ACCUMULATED DEPRECIATION 31.12.2019</b>	<b>111,605</b>	<b>510,616</b>	<b>50,070</b>	<b>-57</b>	<b>672,233</b>
Scheduled depreciation	8,492	43,761	7,850	-3	60,099
Foreign currency differences	-2	-234	-210	0	-446
Disposals	-83	-2,410	-2,794	0	-5,017
<b>ACCUMULATED DEPRECIATION 31.12.2020</b>	<b>120,011</b>	<b>552,002</b>	<b>54,915</b>	<b>-60</b>	<b>726,869</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
Reclassification	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>
<b>NET CARRYING VALUE 31.12.2020</b>	<b>157,450</b>	<b>397,650</b>	<b>33,137</b>	<b>6,541</b>	<b>594,778</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>

The group's investment activity was primarily related to the production facilities in Pöls (EUR 29,885k), Laakirchen (EUR 10,288k) and Raubling (EUR 3,406k) as well as to the continuing investment measures of Estonian Cell (EUR 837k).

The additions at Zellstoff Pöls AG were primarily related to the construction of the PM3 (roughly EUR 5 million) and the UKP project (roughly EUR 8 million).

In Laakirchen, the depreciation period was adjusted for several machine components of the production line P11, which will no longer be required after the conversion, leading to additional depreciation of roughly EUR 4 million.

## 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	31.12.2021	31.12.2020
Raw materials	19,850	22,863
Supplies and operating materials	24,405	20,879
Work in progress	2,921	2,889
Finished goods and goods for sale	130,084	105,061
Prepayments on account	2,230	429
	<b>179,490</b>	<b>152,122</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 impairment for inventories amounted to EUR 18,539k as of December 31, 2021 (31.12.2020: EUR 20,662k), of which EUR –2,123k (2020: EUR –1,459k) was recognized through profit or loss.

### 6.2 TRADE RECEIVABLES

Trade receivables are due from various national and international customers.

In EUR k	31.12.2021	31.12.2020
Trade receivables	340,714	230,005
Trade receivables from associated companies	1,463	583
	<b>342,177</b>	<b>230,588</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	31.12.2021			31.12.2020		
	Nominal value	Impairment	Net carrying value	Nominal value	Impairment	Net carrying value
Not yet due	316,496	5,571	310,925	207,288	3,816	203,472
Overdue						
up to 30 days	24,337	708	23,629	18,615	535	18,080
31 to 60 days	3,728	187	3,541	5,455	176	5,278
61 to 90 days	979	91	888	1,308	90	1,217
91 to 180 days	640	233	408	850	281	569
181 to 360 days	450	253	196	1,519	498	1,021
more than 360 days	7,859	6,733	1,126	8,009	7,641	368
<b>Total</b>	<b>357,490</b>	<b>13,776</b>	<b>340,714</b>	<b>243,043</b>	<b>13,038</b>	<b>230,005</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	2021	2020
<b>Balance as of 1.1. of the financial year</b>	<b>13,038</b>	<b>15,221</b>
Foreign currency differences	181	-606
Use of provisions	-1,454	-3,123
Reversals	-950	-1,036
Additions	2,961	2,581
<b>BALANCE AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>13,776</b>	<b>13,038</b>

### 6.3 TRADE ACCOUNTS PAYABLE

In EUR k	31.12.2021	31.12.2020
Trade accounts payable to third parties	247,848	168,644
Trade accounts payable to associated companies	17,018	16,254
Liabilities from investments	5,346	4,147
	<b>270,212</b>	<b>189,045</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	31.12.2021	31.12.2020 (restated)
Non-current financial liabilities	76,208	107,520
Current financial liabilities	74,075	98,691 *)
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>150,283</b>	<b>206,212</b>
Other financial assets	57,771	38,738
Cash and cash equivalents	120,638	162,381
<b>NET ASSETS (+) / NET DEBT (-)</b>	<b>28,126</b>	<b>-5,093</b>
Equity	849,307	786,164
<b>GEARING RATIO</b>	<b>-3.3%</b>	<b>0.6%</b>

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

### 7.1 FINANCIAL LIABILITIES

Financial liabilities are shown in the table below:

In EUR k	31.12.2021	31.12.2020 (restated)
Non-current liabilities to banks	57,351	87,705
Non-current lease liabilities	18,857	19,815
<b>Total non-current financial liabilities</b>	<b>76,208</b>	<b>107,520</b>
Current liabilities to banks	59,635	86,933
Current lease liabilities	4,822	3,840
Other current financial liabilities	9,618	7,915 *)
<b>Total current financial liabilities</b>	<b>74,075</b>	<b>98,691</b>
<b>FINANCIAL LIABILITIES TOTAL</b>	<b>150,283</b>	<b>206,212</b>

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

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 (restated)	Total
<b>AS OF 31.12.2019</b> (restated)	<b>140,782</b>	<b>87,988</b> *)	<b>228,771</b>
Foreign currency differences	-251	-997	-1,249
Increases	0	54,815	54,815
Reclassification due to remaining term	-39,775	39,775	0
Repayments	0	-84,200	-84,200
Non-cash changes	6,764	1,311	8,075
<b>AS OF 31.12.2020</b> (restated)	<b>107,520</b>	<b>98,691</b>	<b>206,212</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>

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

Non-cash changes in the 2021 financial year are primarily related to additions and remeasurements of lease liabilities.

Financial liabilities carry the following interest:

In EUR k	31.12.2021	31.12.2020 (restated)
Fixed interest	106,388	137,169 *)
Variable interest	43,895	69,043
	<b>150,283</b>	<b>206,212</b>

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

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

	31.12.2021	31.12.2020
Due in 1 year	0.14% – 4.62%	0.14% – 4.70%
Due in 2–5 years	0.96% – 1.40%	0.96% – 1.40%
Due in > 5 years	2.02%	2.02%

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

In EUR k	31.12.2021			31.12.2020 (restated)		
	Non-current	Current	Total	Non-current	Current (restated)	Total
EUR	71,086	59,540	130,626	102,669	86,242 *)	188,911
PLN	489	7,026	7,515	976	5,211	6,187
CZK	843	5,145	5,988	1,105	5,384	6,489
USD	574	545	1,119	945	528 *)	1,473
HRK	354	842	1,196	501	354	855
HUF	938	2	941	702	600	1,302
Other	1,923	975	2,898	622	372	994
	<b>76,208</b>	<b>74,075</b>	<b>150,283</b>	<b>107,520</b>	<b>98,691</b>	<b>206,212</b>

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

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	31.12.2021	31.12.2020
<b>CARRYING VALUE</b>	<b>126,599</b>	<b>174,638</b>
<b>FAIR VALUE</b>	<b>124,260</b>	<b>171,122</b>
Gross cash flow		
< 1 year	71,418	88,380
1–2 years	30,832	31,106
2–3 years	20,576	30,815
3–4 years	1,455	21,815
4–5 years	1,425	1,446
> 5 years	2,760	4,173
<b>GROSS CASH FLOW</b>	<b>128,466</b>	<b>177,734</b>

In order to hedge the interest rate risk of the financial liability carrying long-term variable interest, securities (interest rate swaps) of EUR 19,450k (31.12.2020: EUR 26,488k) are concluded for the aforementioned liabilities to banks.

Liabilities to banks are partially secured by means of the granting of liens on company real estate or machine mortgaging. Liens were granted for the loan held by Estonian Cell. The outstanding amount of the loan currently amounts to EUR 0k (2020: EUR 1,716k). The carrying value of the machines amounts to EUR 32,517k as of December 31, 2021 (31.12.2020: EUR 37,314k).

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	2021	2020
<b>As of 1.1. of the financial year</b>	<b>23,655</b>	<b>20,574</b>
Currency translation differences	205	-300
Additions	3,323	5,119
Additions from remeasurement	1,619	2,476
Disposals	-63	-10
Interest expense	683	489
Payments	-5,743	-4,695
<b>Lease liability</b>	<b>23,679</b>	<b>23,655</b>
thereof non-current	18,857	19,815
thereof current	4,822	3,840

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 leasing liabilities in detail:

In EUR k	31.12.2021	31.12.2020
< 1 year	4,822	3,840
1-5 years	11,459	12,435
> 5 years	7,398	7,379
	<b>23,679</b>	<b>23,655</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	31.12.2021	31.12.2020
Currency derivatives (FVTPL)	195	1,399
<b>RECEIVABLES FROM DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>195</b>	<b>1,399</b>
Currency derivatives (FVTPL)	-531	-137
Interest derivatives (FVOCI)	-769	-709
<b>LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>-1,300</b>	<b>-846</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	31.12.2021	31.12.2020
Cash in hand and cash at banks	120,638	162,381

The adjustment of cash in hand and cash at banks due to exchange rates amounts to EUR 1,117k (31.12.2020: EUR –730k).

## 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	31.12.2021	31.12.2020
<b>AT AMORTIZED COST</b>		
Loans	0	5
<b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Securities	8,591	8,211
<b>AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>		
Other interests	5,746	1,214
	<b>14,337</b>	<b>9,429</b>

Securities held as non-current assets consist of shares in listed investment funds and serve primarily to cover the provisions for pension payments as required under Austrian tax law and fall primarily under the business model “hold and sell” and are therefore measured at fair value through other comprehensive income.

Other interests primarily consist of the following shares:

Name and registered office of the company	Share in %	
	31.12.2021	31.12.2020
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%	0%

#### Other current financial assets

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

In EUR k	31.12.2021	31.12.2020
Securities (bonds, investment funds)	57,771	38,738
<b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>57,771</b>	<b>38,738</b>

Securities are primarily shares in investment funds. As in the previous year, no securities were pledged in the 2021 financial year.

## 8. FINANCIAL INSTRUMENTS BY CATEGORY

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

In EUR k	Level	31.12.2021		31.12.2020 (restated)	
		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>	–			5	–
<b>AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>					
Non-current securities FVTPL	Level 1	8,591	8,591	8,211	8,211
Other interests FVOCI	Level 3	5,746	5,746	1,214	1,214
		<b>14,337</b>		<b>9,429</b>	
<b>TRADE RECEIVABLES<sup>1</sup></b>	–	<b>342,177</b>		<b>230,588</b>	
<b>OTHER RECEIVABLES AT AMORTIZED COST<sup>1</sup></b>	–	<b>16,644</b>		<b>11,526</b>	
<b>CURRENT FINANCIAL ASSETS</b>					
<b>At fair value through profit or loss</b>					
Receivables from currency derivatives	Level 2	195	195	1,399	1,399
Current securities, FVTPL	Level 1	57,771	57,771	38,738	38,738
<b>Cash and cash equivalents<sup>1</sup></b>	–	<b>120,638</b>	–	<b>162,381</b>	–
<b>FINANCIAL LIABILITIES</b>					
<b>AT AMORTIZED COST</b>					
Liabilities to banks	Level 2	126,599	124,260	174,638	171,122
<b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>					
Liabilities from currency derivatives	Level 2	531	531	137	137
Liabilities from options to acquire non-controlling interests	Level 3	9,613	9,613	7,915*)	7,915*)
<b>HEDGING INSTRUMENTS</b>					
Liabilities from interest derivatives	Level 2	769	769	709	709
Lease liabilities <sup>2</sup>	–	23,679	–	23,655	–
		<b>161,191</b>		<b>207,054</b>	
<b>TRADE ACCOUNTS PAYABLE<sup>1</sup></b>	–	<b>270,212</b>	–	<b>189,045</b>	–
<b>OTHER LIABILITIES AND ACCRUALS (NON-CURRENT AND CURRENT) AT AMORTIZED COST<sup>1</sup></b>	–	<b>12,080</b>	–	<b>10,018</b>	–

\*) Adjustment for reassessment of existing non-controlling interests, see note 1.2 Scope of consolidation

<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	31.12.2021		31.12.2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>FINANCIAL ASSETS</b>				
Amortized cost	479,459	–	404,499	–
Fair value through other comprehensive income	5,746	5,746	1,214	1,214
Fair value through profit or loss	66,362	66,362	46,949	46,919
<b>FINANCIAL LIABILITIES</b>				
Amortized cost	432,571	–	397,355	–
Fair value through other comprehensive income				
Fair value through profit or loss	9,613	–	7,915	–
<b>DERIVATIVES AND HEDGING INSTRUMENTS <sup>1</sup></b>				
Fair value through profit or loss	–336	–336	1,262	1,262
Fair value through other comprehensive income	–769	–769	–709	–709

<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	2021	2020
<b>FINANCIAL ASSETS</b>		
Amortized cost	5,262	4,905
Fair value through profit or loss	–167	1,087
<b>FINANCIAL LIABILITIES</b>		
Amortized cost	–6,626	–6,723
Fair value through profit or loss	–683	–489
<b>DERIVATIVES</b>		
Fair value through profit or loss	–418	74

## 9. EQUITY

### 9.1 SHARE CAPITAL

As of December 31, 2021 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, 2021 capital reserves amounted to EUR 26,123k (31.12.2020: 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 2021 financial year, distributions amounting to EUR 25,500k (31.12.2020: EUR 21,132k) were made to shareholders of Heinzl Holding GmbH and to holders of non-controlling interests in subsidiaries amounting to EUR 871k (31.12.2020: EUR 336k).

### 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	31.12.2021	31.12.2020
Provisions for severance payments	23,897	26,780
Provisions for pensions	23,482	25,981
Provisions for long-service bonus obligations	7,539	7,390
	<b>54,918</b>	<b>60,151</b>

Provisions for pensions, severance payments and long-service bonus obligations amounting to EUR 51,389k (31.12.2020: EUR 56,364k) are related to the Austrian companies, while the companies in other countries account for EUR 3,529k (31.12.2020: EUR 3,787k). 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:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Discount rate	0.75	0.50
Wage/salary increases	2.00	1.00 – 1.75
Pension increases	0.00 – 2.00	0.00 – 1.75
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 (2019: 0–9%) and between 0 and 9% (2020: 0–9%) and between 0 and 3% for severance payments (2020: 0–3%).

### Provisions for severance payments

In EUR k	2021	2020
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>26,780</b>	<b>29,547</b>
Additions from reclassification	0	652
Currency translation	15	-40
Service costs for the period	658	722
Past service cost	0	0
Interest expense for the period	124	206
Remeasurement	215	-1,774
Payments	-3,894	-2,533
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>23,897</b>	<b>26,780</b>
thereof included in personnel costs	658	722
thereof included in interest expense	124	206
	<b>781</b>	<b>928</b>

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

In EUR k	2021	2020
Remeasurement from changes in demographic assumptions	-6	-2
Remeasurement from changes in financial assumptions	135	-1,060
Remeasurement from experience adjustments	86	-712
	<b>215</b>	<b>-1,774</b>

The expected funding of provisions for severance payments for the coming 2022 financial year amounts to EUR -3,664k. 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	11,647	7,787	11,104	30,538

### 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%	1.80%	-1.80%
Wage/salary increase	0.25%	-1.70%	1.80%

## Provisions for pensions

In EUR k	31.12.2021	31.12.2020
Present value of funded pension obligations	21,252	23,096
Fair value of plan assets	-7,640	-7,481
<b>Deficit of funded pension obligations</b>	<b>13,612</b>	<b>15,615</b>
Actuarial present value of unfunded obligations	9,869	10,366
<b>BALANCE SHEET RECOGNITION PROVISION FOR PENSIONS</b>	<b>23,481</b>	<b>25,981</b>

Defined benefit obligations developed as follows:

In EUR k	2021	2020
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>33,462</b>	<b>35,189</b>
Currency translation	0	0
Service costs for the period	4	17
Past service costs	0	0
Interest expense for the period	163	257
Remeasurement	-632	-139
Payments	-1,875	-1,863
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>31,122</b>	<b>33,462</b>

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

In EUR k	2021	2020
Remeasurement from changes in demographic assumptions	0	0
Remeasurement from changes in financial assumptions	-359	-443
Remeasurement from experience adjustments	-273	304
	<b>-632</b>	<b>-139</b>

The fair value of plan assets developed as follows:

In EUR k	2021	2020
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>7,481</b>	<b>7,946</b>
Addition from the acquisition of companies	0	0
Currency translation differences	0	0
Interest gains for the period	38	60
Income from plan assets	694	-15
Contributions by employer	45	74
Contributions by employees	0	0
Payments	-617	-584
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>7,640</b>	<b>7,481</b>

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

In EUR k	2021	2020
Recognized in personnel expenses	4	17
Recognized in interest expenses	125	197
	<b>129</b>	<b>215</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 %	31.12.2021	31.12.2020
Equity instruments	85%	84%
Debt instruments	12%	13%
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	8,664	7,517	17,813	33,994

### 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%	3.00%	-2.80%
Pension increase	0.25%	-1.40%	1.40%

### Provisions for long-service bonuses

In EUR k	2021	2020
<b>AS OF 1.1. OF THE FINANCIAL YEAR</b>	<b>7,390</b>	<b>8,031</b>
Service costs	503	551
Interest expense	35	59
Other changes	0	0
Actuarial gains/losses	141	-730
Payments	-529	-522
<b>AS OF 31.12. OF THE FINANCIAL YEAR</b>	<b>7,540</b>	<b>7,390</b>
thereof included in personnel costs	643	-179
thereof included in interest expenses	36	59
	<b>679</b>	<b>-120</b>

## 10.2 OTHER PROVISIONS

In EUR k	Legal and consulting costs	Other personnel-related provisions	Other	Total
<b>AS OF 31.12.2019</b>	<b>411</b>	<b>1,263</b>	<b>10,057</b>	<b>11,731</b>
Currency translation	-1	0	-100	-100
Reclassification	0	-1,263	-3,774	-5,037
Additions	1,195	0	0	1,195
Disposals through reversal	-50	0	-1,856	-1,906
Disposals through utilization	-124	0	-753	-876
<b>As of 31.12.2020</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>

The reclassification of other personnel-related provisions in the 2020 financial year include, on the one hand, provisions for the severance payment of the Italian subsidiary (EUR 652 k), and on the other hand, provisions for unused leave (EUR 611k), which are reported in other current liabilities and deferred income (see note 11.3).

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	31.12.2021	31.12.2020
Receivables from tax authorities	31,212	26,568
Supplier bonuses	8,685	4,616
Other receivables	7,944	6,895
Other receivables from other group companies	0	0
Other receivables from associated companies	15	15
Derivatives	195	1,399
Deferred expenses	3,046	7,717
	<b>51,097</b>	<b>47,209</b>

The fair values correspond roughly to the carrying values.

### 11.2 OTHER NON-CURRENT LIABILITIES

In EUR k	31.12.2021	31.12.2020
Obligations from grants received	7,991	8,706
Other	697	710
	<b>8,689</b>	<b>9,416</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	31.12.2021	31.12.2020
< 1 year	966	943
> 1 year	7,025	7,764
	<b>7,991</b>	<b>8,706</b>

### 11.3 OTHER CURRENT LIABILITIES AND DEFERRED INCOME

In EUR k	31.12.2021	31.12.2020
Other liabilities to employees	26,440	21,660
Liabilities from tax accounting	9,750	7,496
Refund liability	6,506	5,089
Liabilities from emission allowances	4,871	1,829
Liabilities from derivatives	769	846
Deferred income	3,384	3,357
Other liabilities to associated companies	0	4
Other liabilities to third parties	14,926	6,712
	<b>66,646</b>	<b>46,994</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 Heinzel 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 are of minor financial significance. The billing of services rendered is subject to arm's length rates.

### 12.2 CONTINGENCIES AND OTHER OBLIGATIONS

In EUR k	31.12.2021	31.12.2020
Bank guarantees	1,219	1,278
Other contingencies	23,981	23,824
	<b>25,200</b>	<b>25,103</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 21.7 million (2020: EUR 21.7 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:

	2021	2020
Net Debt / EBITDA	-0.1	0.0
Gearing Ratio	3.3%	0.4%
ROACE	12%	5.3%

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 appropriate, 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, 2021 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.

	Volatility +/-	2021		2020	
		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%	972	-1,033	1,164	-1,225
CZK	3%	181	-181	117	-117
HUF	3%	0	0	73	-73
HRK	3%	0	0	73	-73
PLN	3%	405	-405	285	-285
RON	3%	9	-9	147	-147
MYR	3%	71	-71	75	-75

### 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, 2021, the share of fixed-interest financial liabilities amounted to 71% (31.12.2020: 60%). 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, net financial liabilities/EBITDA and EBIT margin.

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 2022 budget or the forecast period from 2023 to 2026.

HEINZEL GROUP fulfilled all financial covenants on the December 31, 2021.

## **12.5 INFORMATION ON BOARD MEMBERS AND EMPLOYEES**

During the 2021 financial year, HEINZEL GROUP had an average of 1,089 blue-collar employees (2020: 1,153) and 1,314 white-collar employees (2020: 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 2021 financial year, the following persons were appointed as members of the Management Board:

- » Kurt Maier
- » Barbara Potisk-Eibensteiner
- » Sebastian Heinzl (since April 9, 2021)

The remuneration paid to the members of the Management Board of Heinzl Holding GmbH<sup>1)</sup> was as follows:

In EUR k	2021	2020
Fixed amounts	659	645
Variable amounts	400	475
	<b>1,059</b>	<b>1,120</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
- » Frank Hensel
- » Johannes Klezl-Norberg
- » Riia Sillave
- » Christoph Johannes Heinzl
- » Matthias Heinzl

The remuneration of the members of the Supervisory Board totaled EUR 116k in the past financial year (2020: EUR 72k).

## 12.6 EVENTS AFTER THE CLOSING DATE

On January 20, 2022, a reduction of the corporate tax rate to 24% as of 2023 and to 23% as of 2024 was adopted in third reading in the Austrian National Council. This will have an impact on the measurement of deferred taxes in subsequent years.

In the past weeks the conflict between Russia and Ukraine escalated. Both countries are relevant above all for HEINZEL GROUP's trading business. Europapier Group sells paper to Ukrainian customers and has a strong distribution network with its own warehouses in Russia. heinzelsales trades in paper and pulp from Russia, above all for the Asian market, and sells to customers in Ukraine. There are outstanding receivables from customers as well as prepayments on future deliveries from these business relationships, which do not represent a material risk from today's perspective. In addition, internal limits have been defined for the maximum exposure. All HEINZEL GROUP mills are dependent on gas as an energy source and would be affected by a reduction or suspension of deliveries.

In general, it is not possible to estimate how the further development of the conflict and any sanctions against Russia will affect global economic growth and, consequently, the performance of HEINZEL GROUP.

## 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 2021 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 2021 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 cancelation option;
- » A de facto fixed lease payment changes.

Bei 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 25, 2022

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, and its subsidiaries ("the Group"), which comprise the Consolidated Balance Sheet as at 31 December 2021, 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 2021, 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).

### 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, 25 February 2022

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 7, June 29, September 28 and December 16, 2021, the management informed the Supervisory Board of the course of business and the company's current position both verbally and in writing. In addition, extraordinary meetings were held on January 21 and on January 28, 2021, in which strategic projects were discussed.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements of Heinzl Holding GmbH for the year ending December 31, 2021 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 according to IFRS, 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, 2021. 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 entire HEINZEL GROUP workforce for their commitment and outstanding achievements in 2021.

Vienna, April 5, 2022

Alfred Heinzl m.p.

Alexander Riklin m.p.

Christoph Heinzl m.p.

Matthias Heinzl m.p.

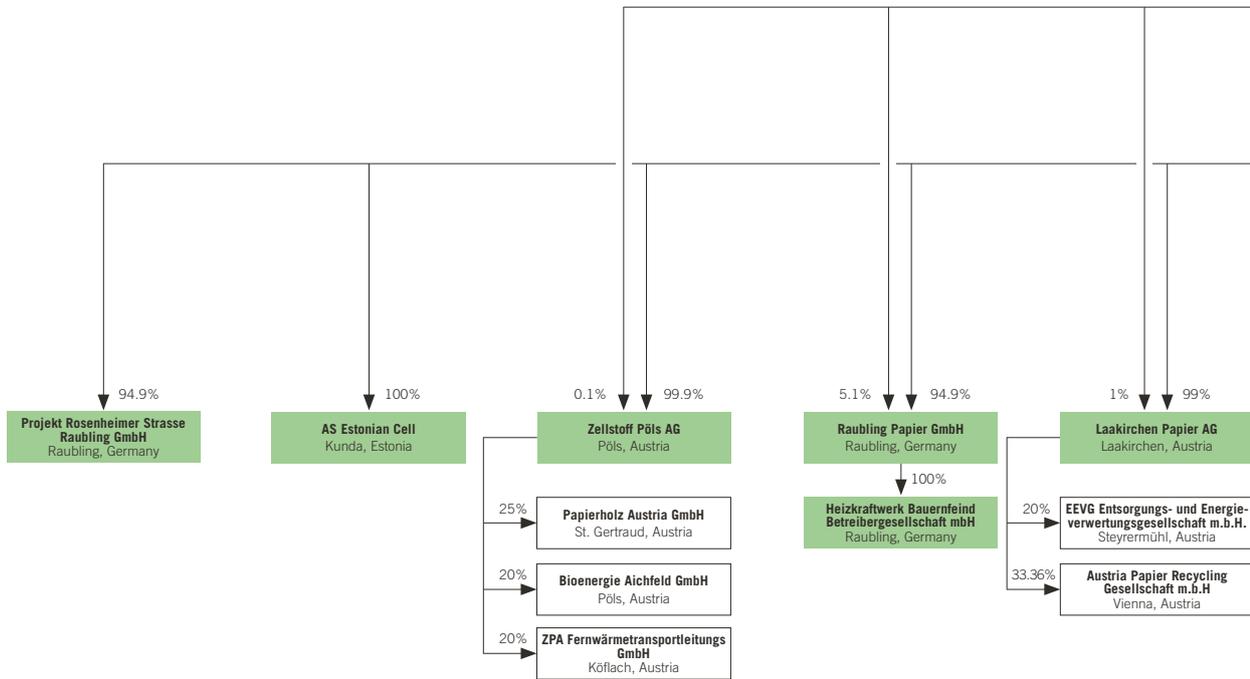
Frank Hensel m.p.

Johannes Klezl-Norberg m.p.

Riia Sillave m.p.

# GROUP STRUCTURE

AS OF DECEMBER 31, 2021



- Shareholder
- Trading and Merchant
- Holding and Service
- Production/Processing
- Associated companies in the raw materials sector, not consolidated

## IMPRINT

Published by: Heinzel Holding GmbH

Wagramer Strasse 28–30, 1220 Vienna, Austria

Phone: +43 1 260 11-490, office@heinzel.com

www.heinzel.com

Editor-in-chief: Sebastian Heinzel

Editing, project management:

Mensalia Unternehmensberatungs GmbH, Vienna

Design, layout: Outline Pictures, Vienna

Printed by: Druckerei Gerin, Wolkersdorf

Translated by: Anglo-Austrian Communications, www.aac.co.at

Editorial deadline: March 16, 2022

Images: Heinzel Holding GmbH, AS Estonian Cell, Europapier International AG, Laakirchen

Papier AG, Raubling Papier GmbH, Wilfried Heinzel AG, Zellstoff Pöls AG, Christoph J. Heinzel,

Jakob Gsöllpointner, Walter Oberbramberger, Otmar Winterleitner, Outline Pictures, iStockphoto,

Shutterstock, Papier macht Schule, Andreas Kowacsik, Clemens Fabry, Reti Kokk, Rudi Schnee-

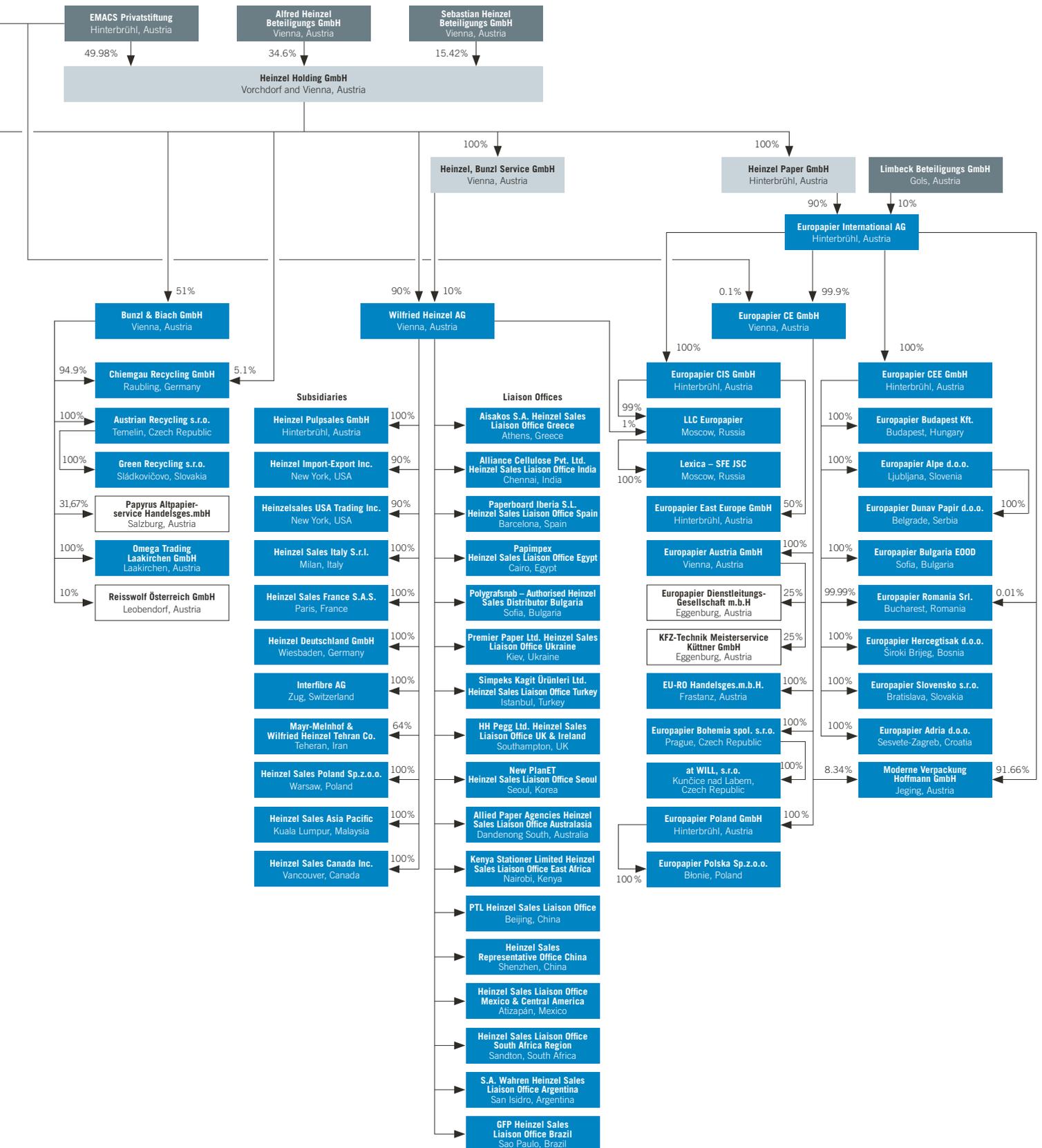
berger, Shifaaz Shamoan, Tom Leitner

Printed on CO<sub>2</sub> neutral Nautilus Classic (body: 120 g/m<sup>2</sup>, cover: 300 g/m<sup>2</sup>) –

available from Europapier Austria GmbH

FSC® (Forest Stewardship Council®) licence number: FSC-C020707

Any words denoting individual persons are to be understood as gender-neutral. The preceding statements regarding the future are subject to both known and unknown risks and uncertainties, which could lead to deviations in results from the original forecasts.



# HEINZEL GROUP at a glance

2021



## HEINZLSALES (WILFRIED HEINZEL AG)

---

Global pulp, paper and board sales

---

Sales volume: 2,583,216 metric tons

---

Net sales: EUR 669.6 million

---

Employees: 145



## EUROPAPIER INTERNATIONAL AG

---

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

---

Sales volume: 549,286 metric tons

---

Net sales: EUR 571.4 million

---

Employees: 969



## BUNZL & BIACH GMBH

---

Collection, sorting and trading of recovered paper

---

Sales volume: 1,365,911 metric tons

---

Net sales: EUR 245.2 million

---

Employees: 171



## ZELLSTOFF PÖLS AG

---

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

---

Production volume: 495,184 metric tons

---

Net sales: EUR 326.7 million

---

Employees: 477



## AS ESTONIAN CELL

---

BCTMP pulp production

---

Production volume: 188,008 metric tons

---

Net sales: EUR 77.7 million

---

Employees: 96



## LAAKIRCHEN PAPIER AG

---

SC paper and containerboard production on paper machines PM10 and PM11

---

Production volume: 762,090 metric tons

---

Net sales: EUR 328.2 million

---

Employees: 391



## RAUBLING PAPIER GMBH

---

Containerboard production on paper machines PM5 and PM7

---

Production volume: 242,658 metric tons

---

Net sales: EUR 134.6 million

---

Employees: 153

