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As humanity has transitioned to a secular understanding of time in which hours are organized and conceived in terms of productivity, *The Book of Hours* interrogates the place of contemplation in our era, its possibility and necessity. Through this book – a public display of a private collection of objects – readers are invited to contemplate these arrays of matter, and experience the ways in which they once interacted with light, that burning needle in time's template.

Fig. 21

Perhaps as ubiquitous as smartphones today, the books of hours were a private necessity in Europe during the Middle Ages. These manuscripts contained collections of texts that were meaningful to each owner, as well as an organized method of structuring the day around prayer by marking the passing of the canonical hours. Although highly personalized, with intricate miniatures and illuminations, all books of hours contained sections to be recited at regular intervals throughout the twenty-four hours of the day. In them, the public and the private timescales converged, crystallized into a material, perdurable form not devoid of beauty.

*The Book of Hours* by Frida Escobedo, with texts by María Gómez de León López and photographs by Ana Gómez de León López, is a modern exegesis of this extinct devotional practice: a project in which twenty-four objects were photographed at different intervals of time to capture their evolution, making a new calendar of matter and light.

from  
*THE BOOK OF HOURS:*  
FRIDA ESCOBEDO



Assembling the Zumtobel Group's Annual Report and *The Book of Hours* is a gesture towards a new understanding of public and private time; whereas the former tracks the productive results of man-hours, the latter explores the contemplative nature of off-hours, each one accounting for its own particular difficulties. In *The Book of Hours*, the subject's relationship to nature and memory are revealed as an ongoing struggle. Together, the Annual Report and *The Book of Hours* evince the complexity of our ways of inhabiting time, perhaps suggesting that some of the challenges we face as subjects are not unlike the challenges faced by collectivities.

# **Annual Financial Report 2022/23 Zumtobel Group AG**

1 May 2022 to 30 April 2023

# Five-Year Overview

| in EUR million   | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|---------|---------|---------|---------|---------|
| Revenues   | 1,209.2 | 1,148.3 | 1,044.5 | 1,131.3 | 1,162.0 |
| EBIT   | 84.3    | 60.8    | 43.4    | 35.1    | 2.7     |
| as a % of revenues                                     | 7.0     | 5.3     | 4.2     | 3.1     | 0.2     |
| Net profit for the year                                | 60.0    | 45.8    | 45.6    | 14.5    | (15.2)  |
| as a % of revenues                                     | 5.0     | 4.0     | 4.4     | 1.3     | (1.3)   |
|  |         |         |         |         |         |
| Total assets   | 1,002.4 | 1,005.4 | 943.3   | 1,011.7 | 920.9   |
| Equity   | 421.7   | 382.8   | 308.4   | 280.7   | 262.8   |
| Equity ratio in %                                      | 42.1    | 38.1    | 32.7    | 27.7    | 28.5    |
| Net debt   | 86.9    | 95.1    | 88.5    | 165.7   | 148.7   |
|  |         |         |         |         |         |
| Cash flow from operating results                       | 140.2   | 122.7   | 115.7   | 101.3   | 56.8    |
| CAPEX excl. IFRS 16                                    | 54.5    | 45.3    | 38.1    | 57.9    | 66.2    |
| as a % of revenues                                     | 4.5     | 3.9     | 3.7     | 5.1     | 5.7     |
| R&D total  | 67.8    | 67.5    | 64.8    | 62.7    | 66.2    |
| as a % of revenues                                     | 5.6     | 5.9     | 6.2     | 5.5     | 5.7     |
| Headcount incl. contract worker (full-time equivalent) | 5,503   | 5,782   | 5,813   | 6,039   | 5,878   |

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# Chief Executive's Review

Dear Shareholders,

looking back at the 2022/23 financial year; we are very pleased with how much better our company performed than originally expected at the beginning of May 2022. The economic and political environment was more than challenging, we were faced with a shortage of components and soaring inflation. We are proud to have successfully navigated this difficult situation together with our roughly 5,500 employees and even achieved the best operating results in 14 years.

Our revenue rose by 5.3% year-on-year to EUR 1,209.2 million, and EBIT increased by 38.7% to EUR 84.3 million – this represents an EBIT margin of 7%. The margin reflects the upper end of the latest adjustment to our forecast of 5% to 7% and clearly demonstrates the success of our efforts to keep costs under control in spite of the sharp rise in inflation. This is partially due to passing on most of the higher costs to our customers, although we are, of course, aware that this strategy is only feasible to a certain extent.



We also want you, our shareholders, to participate in this success. The Management Board will therefore make a recommendation for the next annual general meeting to distribute a dividend of EUR 0.40 per share for the 2022/23 financial year.

Let's now take a closer look at the development of our company during the past year: The generally tense situation surrounding the subject of energy created an opportunity for our business that will continue to benefit the Zumtobel Group in the coming financial year. It is based, in part, on an EU directive which has prohibited the sale of compact fluorescent lamps with integrated ballasts since September 2021 and also reflects the approaching expiration of the related transition rules for T8-fluorescent tubes and small halogen lamps in September 2023. These regulations have led to increasing investments by our customers in more energy-efficient lighting solutions. We expect this trend to continue because of the underlying savings potential: Energy costs can be reduced by 50% to 70% depending on the product and application. Refurbishment, meaning the modernisation of existing buildings, also contributes greatly to energy savings and, in turn, meeting the EU's climate goals. A complete modernisation of the lighting concept or an upgrade with one of our refurbishment kits are only two of the many possibilities for our customers to convert to energy-efficient lighting solutions.

## Progress in digital transformation

I also want to mention our company's progress in digital transformation: During the past financial year, we successfully completed several flagship projects. On the one hand, we implemented a new and substantially improved customer relations management system across the globe. Our marketing and sales colleagues are now able to provide our customers with the right information even more efficiently and, at the same time, identify new market opportunities quickly. On the other hand, our largest internal IT conversion in years was concluded with the go-live of our so-called digital factory at the lighting plant in Dornbirn. This conversion was complemented by the implementation of new work processes for ongoing operations. Best practice processes, which served as a blueprint, were introduced for material supplies, quality assurance and contract management. And with the appointment of Marcus Frantz to the Management Board as Chief Digital

Transformation Officer in November 2022, we have gained an expert to systematically drive our digital transformation.

In this context, the introduction of SAP S/4 HANA plays an important role: It serves as a type of gateway for the implementation of business processes and new technologies. Technologies like big data and predictive analytics which, consistent with the principles of Industry 4.0, will further strengthen our competitive position. From concept to implementation, this project was completed within two years. The new system was successfully installed at the Zumtobel Group AG and its technology brand Tridonic in recent months. These recent developments are important to further optimise the customer experience and establish more efficient processes in the company. The successful cultural and technological transition will help us drive growth and create the foundation for the Zumtobel Group's digital transformation.

Innovation is essential for our future success and deeply rooted in our company's DNA. In 2022/23, we invested EUR 67,8 million in research and development. This innovation strength is highlighted by our annual patent registrations: The Zumtobel Group subsidiaries registered a total of 144 patents in Austria during the past year. Tridonic, our technology brand, ranked second in Austria based on its 93 registrations with the European Patent Agency (EPA) in 2022 and currently holds 2,586 patents and patent registrations. The Zumtobel brand holds 1,890 patents and patent registrations and, with 51 new patent registrations ranked sixth among the top applicants from Austria in 2022.

### Ambitious sustainability goals

The Zumtobel Group has also set ambitious goals to address the challenges related to sustainability. These efforts include anticipating upcoming sustainability regulations and, where possible, adapt their high requirements ahead of time to not just keep up with but exceed our customers' rising expectations and to develop new areas of business and opportunities. The three main goals of our sustainability strategy – Climate Neutrality, Circular Economy and becoming the Partner of Choice – remain unchanged, but the focus areas addressed within the goals are continuously expanding and intensifying. Our efforts to achieve Climate Neutrality include following the successful fifty per cent reduction of our Scope 1 and Scope 2 emissions with a systematic cutback in our upstream and downstream Scope 3 emissions. We are currently measuring the targeted reduction of all emissions along the value chain in our net-zero goal and developing a roadmap that will be validated by the Science Based Targets initiative (SBTi). In that way, the Zumtobel Group's goal of reaching Climate Neutrality will become Climate Neutrality & Net-Zero.

After successfully implementing our Circular Design Rules (CDRs) in product development, our focus within the goal of establishing a Circular Economy will be on the optimisation of waste management as well as on the careful selection and consumption of materials. Together with our customers, partners and suppliers we want to develop approaches to close product cycles.

And, finally, our goal to become the Partner of Choice for all stakeholders means, not least, to actively manage our due diligence responsibilities along the supply chain. We not only support but expect inclusion, diversity and equal opportunity in our own company but also by our suppliers. Our employee development programme is designed to provide our colleagues with the best knowledge and tools: This way they aren't just the direct contact for our customers and suppliers, but true partners in all matters of sustainability.

## **Chief Executive's Review**

Zumtobel Group AG

1. Mai 2022 bis 30. April 2023

That we are on the right path with our sustainability agenda has been confirmed by external certifications like the independent EcoVadis sustainability rating. Our technology brand Tridonic received its first ever EcoVadis rating in 2023 and scored a Silver Medal: This places Tridonic among the top 25% of the over 100,000 companies rated by EcoVadis worldwide. The Zumtobel Group was again awarded a Gold Medal by EcoVadis in 2023, which ranks our company among the best one per cent in the branch comparison. These awards are confirmation and, at the same time, motivation for us and our colleagues.

All positive developments and achievements considered, we continue to see the current geopolitical and economic situation as tense. That makes it difficult to predict economic developments in the 2023/24 financial year. The further course of the war in Ukraine, rising energy and raw material prices, substantially higher personnel costs as well as inflation and interest rate trends will have a significant influence on the global economy and, in turn, on the success of the Zumtobel Group. Against this backdrop and with reference to the above-mentioned uncertainties, we expect moderate revenue growth of 1% to 4% for the 2023/24 financial year. The EBIT margin is expected to range from 3% to 6%, above all due to the increase in personnel costs.

I welcome your continued support in our efforts to reach these goals, and thank you for your confidence.

Alfred Felder

Chief Executive Officer (CEO)

# The Zumtobel Group AG Share

## The global stock markets in 2022/23

A changing inflation and interest climate and the Russian invasion of Ukraine as well as the ongoing energy crisis and high inflation had a negative effect on the European stock markets in 2022. Various indexes have shown signs of positive momentum since the beginning of 2023 but were frequently influenced by the interest rate decisions of major central banks, unrest in the financial sector, and economic and corporate reports that failed to meet expectations.

The Austrian ATX declined slightly from 3,286 to 3,259 points during the reporting year; for a loss of 0.8%. The Austrian ATX Prime was also slightly negative during this period with a minus of 0.6%. In contrast, the EURO STOXX 600 rose by 3.6% during the 202/23 financial year. Other indexes like the DAX (+12.9%) in Germany, the EURO STOXX 50 (+14.6%) and the US Dow Jones (+3.4%) also closed the year on 30 April 2023 with positive performance.

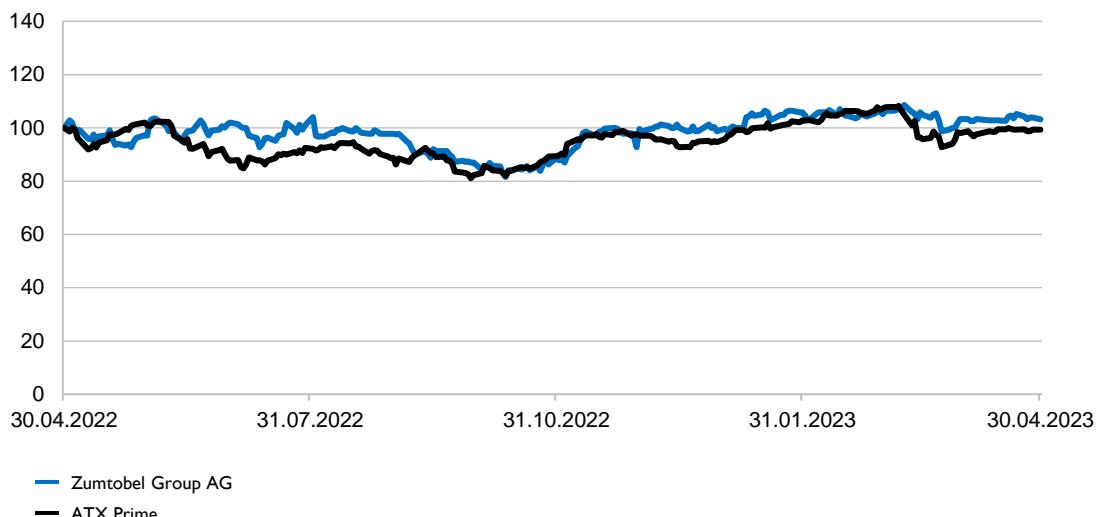
Turbulent year for the global stock markets

## Development of the Zumtobel Group AG share

The Zumtobel Group AG share continued to trend downward at the beginning of the 2022/23 but recovered these losses by early August 2022. The recovery was followed by renewed pressure on the share which led to a series of declines up to mid-October 2022 and a low of EUR 5.62 on 13 October 2022. However, the share subsequently recouped the entire loss and rose to a high of EUR 7.52 on 13 March 2023. This very positive development was unable to stabilise or strengthen up to the end of the financial year. The Zumtobel Group AG share still managed to end the financial year on 30 April 2023 with positive results at EUR 7.12. With an increase of 3.2%, the Zumtobel Group AG share outperformed the Austrian ATX Prime (-0.6%) in which it is also listed.

Zumtobel Group AG shares gains 3.2% over the previous year

Development of the Zumtobel Group AG Share (in %)



**Market capitalisation  
of EUR 310 million as  
of 30 April 2023**

The market capitalisation of Zumtobel Group AG reflected the development of the share price in 2022/23. Based on an unchanged number of 43.5 million common shares outstanding in year-on-year comparison, the company was valued at EUR 310 million on 30 April 2023 (2021/22: EUR 300 million). The average daily turnover on the Vienna Stock Exchange equalled 47,414 in 2022/23, compared with 75,556 shares in the previous year (double-count, as published by the Vienna Stock Exchange).

**Key Data on the Zumtobel Group AG Share FY 2022/23**

|                                     |             |   |              |
|-------------------------------------|-------------|---|--------------|
| Closing price at 30.04.2022         | EUR 6.90    | Currency                                    | EUR          |
| Closing price at 30.04.2023         | EUR 7.12    | ISIN  | AT0000837307 |
| Performance FY 2022/23              | 3.2%        | Ticker symbol Vienna Stock Exchange (XETRA) | ZAG          |
| Market capitalisation at 30.04.2023 | EUR 310 Mio | Market segment                              | ATX Prime    |
| Share price - high at 13.03.2023    | EUR 7.52    | Reuters symbol                              | ZUMVVI       |
| Share price - low at 13.10.2022     | EUR 5.62    | Bloomberg symbol                            | ZAG AV       |
| Ø Turnover per day (shares)         | 47,414      | Number of issued shares                     | 43,500,000   |

**Shareholder structure**

**Zumtobel family holds  
35.86%**

The shareholder structure of Zumtobel Group AG has not changed significantly since the previous year. The Zumtobel family, with approximately 35.86% of the voting rights, has remained the stable core shareholder of Zumtobel Group AG since the initial public offering. The remainder of the shares is held predominately by institutional investors, according to the information available to management. The company held an unchanged number of 353,343 treasury shares at the end of the 2022/23 financial year.

**Dividend policy**

**Dividend  
recommendation for  
2022/23: 40 euro  
cents per share**

Zumtobel Group AG follows a continuous dividend policy, which calls for a distribution of approximately 30% to 50% of consolidated net profit after the deduction of any special effects. Net profit totalled EUR 60.0 million in 2022/23. In view of this solid operating development, the Management Board plans to make a recommendation to the Supervisory Board and, subsequently, to the general meeting of Zumtobel Group AG which is scheduled for 28 July 2023, to distribute a dividend of 40 euro cents per share for the 2022/23 financial year (previous year: 35 euro cents). That would represent roughly 30% of net profit and, based on the closing price of the share in 2022/23, a dividend yield of 5.6%.

### **Investor relations activities focused on transparency and dialogue**

Transparent, continuous and open communications with all capital market participants have top priority for the Zumtobel Group. The Management Board and investor relations department continued their in-depth dialogue with investors and analysts in Austria and other countries during the reporting year with participation in road shows and conferences as well as numerous one-on-one meetings. In April 2023, the company invited investors to a visit in Dornbirn. The event included tours of the Light Forum and production facilities as well as presentations by the Management Board on the development of the company and measures to implement the growth strategy by 2025 as well as current opportunities in the areas of sustainability and digitalisation, and the latest trends and developments in the lighting industry. Three well-known Austrian and international analysts issued regular reports in 2022/23 on the Zumtobel Group share together with their evaluation of the corporate strategy and estimates for the valuation of the company (in alphabetical order): Erste Bank (Vienna), Kepler Cheuvreux (London) and Raiffeisen Bank International (Vienna). Berenberg (London) unfortunately terminated its coverage during the past year due to an internal resignation. In connection with quarterly reporting and the publication of the annual financial report, the Zumtobel Group's management holds regular conference calls to provide details on the latest results. The financial community is also supplied with a wide range of interesting information, e.g. corporate publications, contacts, the financial calendar and other interesting facts and figures on the investor relations website under <https://z.lighting/en/group/investor-relations>.

**Intensive contacts  
with investors and  
analysts**

**Group Management Report**

Zumtobel Group AG

1 May 2022 to 30 April 2023

## 1. Group Management Report

**Group Management Report**

Zumtobel Group AG

1 May 2022 to 30 April 2023

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# 1. Group Management Report

## 1.1 The Zumtobel Group – An Overview

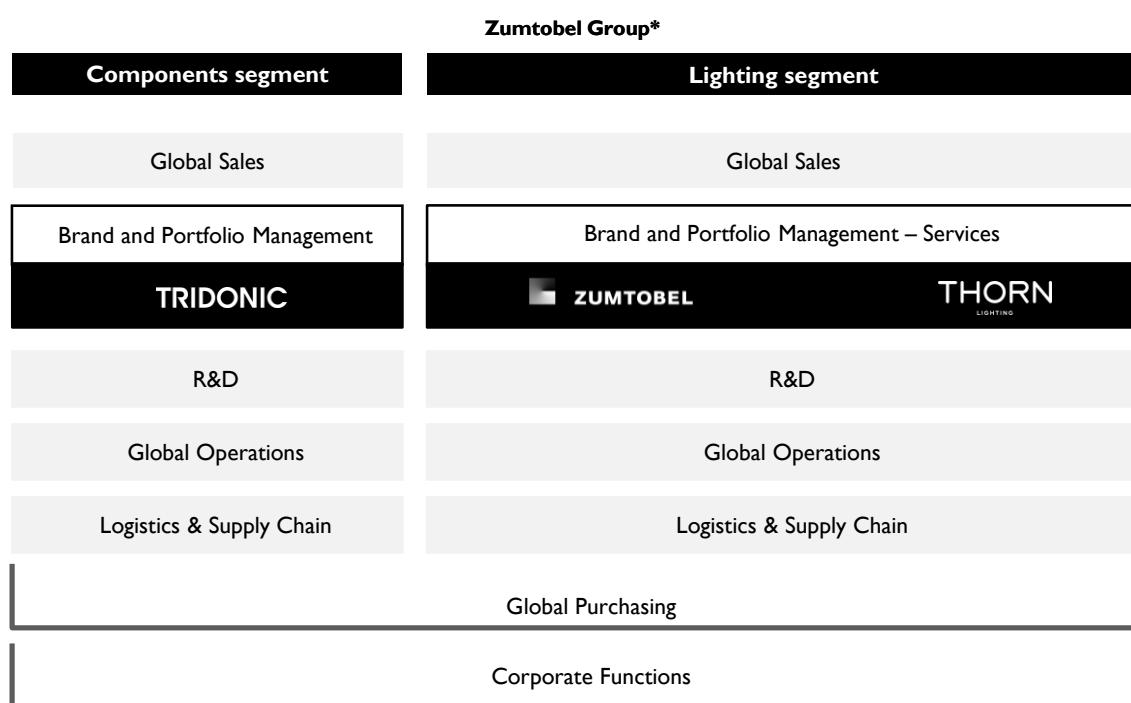
### 1.1.1 The Company

Leading company in the lighting industry

The Zumtobel Group is an international lighting corporation and a leading supplier of innovative lighting solutions, lighting components and related services. This listed company operates 10 production plants on three continents and has sales offices and partners in roughly 90 countries. The Group employed a workforce of 5,503 as of 30 April 2023 and generated revenues of EUR 1,209.2 million in the 2022/23 financial year. The founding Zumtobel family has served as a stable core shareholder since the IPO in 2006 and holds roughly 35.86% of share capital. The company was founded in 1950 in Dornbirn, Vorarlberg (Austria).

Wide-ranging product and service portfolio

With its core brands – Thorn, Tridonic and Zumtobel – the Group offers its customers a wide-ranging portfolio of products and services. The Zumtobel Group consists of two operating segments which form the basis for corporate management: the Lighting Segment with its luminaires and lighting solutions and the Components Segment. Each segment has its own global product portfolio, sales and production organisation.



\* Simplified illustration as of 30 April 2023

In the Lighting Segment, the company is one of the European market leaders with its Thorn and Zumtobel brands. Tridonic, the components brand, forms the basis for the Group's leading role in the production of hardware and software for lighting systems (LED light sources, LED drivers, sensors and lighting systems management). The Zumtobel Group's service offering is one of the most extensive in the entire lighting industry: Examples include consulting on intelligent lighting management and emergency lighting, light contracting, design, project management for turnkey lighting solutions and new data-based services with a focus on the integration of buildings and cities by way of the lighting infrastructure (e.g. real time localisation of goods and people via Bluetooth doppler direction finding).

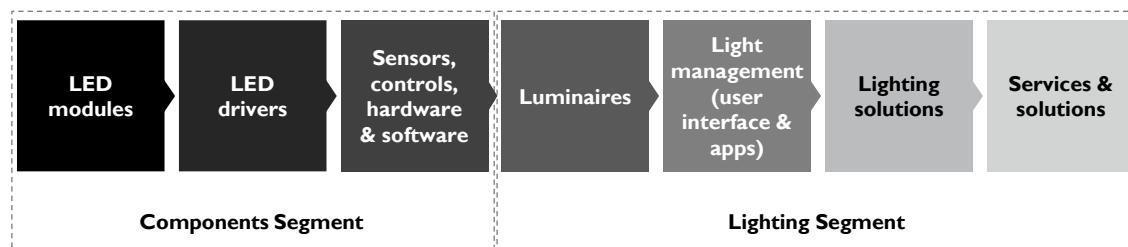
Applications represent the focal point for both the Lighting Segment and the Components Segment. Indoor includes applications for industry (incl. logistics, halls and car parks), offices, education and health (incl. hospitals, schools and universities) as well as the retail trade (incl. supermarkets, home furnishing stores and high-end brand retail), art & culture and exhibition areas (incl. gastronomy). Outdoor addresses applications for roads, tunnels, sport facilities and exterior lighting for public areas, including facade lighting. Services cover all project and software-oriented activities. This application-based orientation determines the form of the product portfolio and is also reflected in the sales organisation.

The sales organisation reflects the two segments and their different sales channels. In the Lighting Segment, this includes sales for construction projects and the related target groups (e.g. architects, lighting and electrical planners, contractors and developers), sales through retail channels, and direct sales to large customers and public contracting entities. Lighting solutions are also sold over special online sales channels. Sales in the Components Segment involve OEM sales (Original Equipment Manufacturer) to luminaire producers as well as the sale of intelligent solutions to electrical and system planners. The Zumtobel Group is committed to sustainable business operations and, through its solutions, to helping its customers reach their sustainability goals more easily.

Zumtobel Group AG serves as the parent company of the Group and provides numerous corporate management and service functions for the brands. These central functions include finance, human resources, legal, audit & compliance, insurance, IT and process management, strategy and transformation projects, central procurement as well as corporate communications and investor relations.

### 1.1.2 Products and production locations

The Zumtobel Group's business model covers all key areas of the professional lighting value chain – from components, luminaires and light management systems to complete lighting solutions and services.



The Zumtobel Group's lighting and components plants are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for fast and highly flexible deliveries to customers ("local for local"). Key elements of the FOCUSED corporate strategy include the consistent application of the lean management approach, the automation of business processes, and the use of location-specific cost advantages to continuously optimise production costs.

**Focus on specific applications**

**Sales structure based on target groups and types of business**

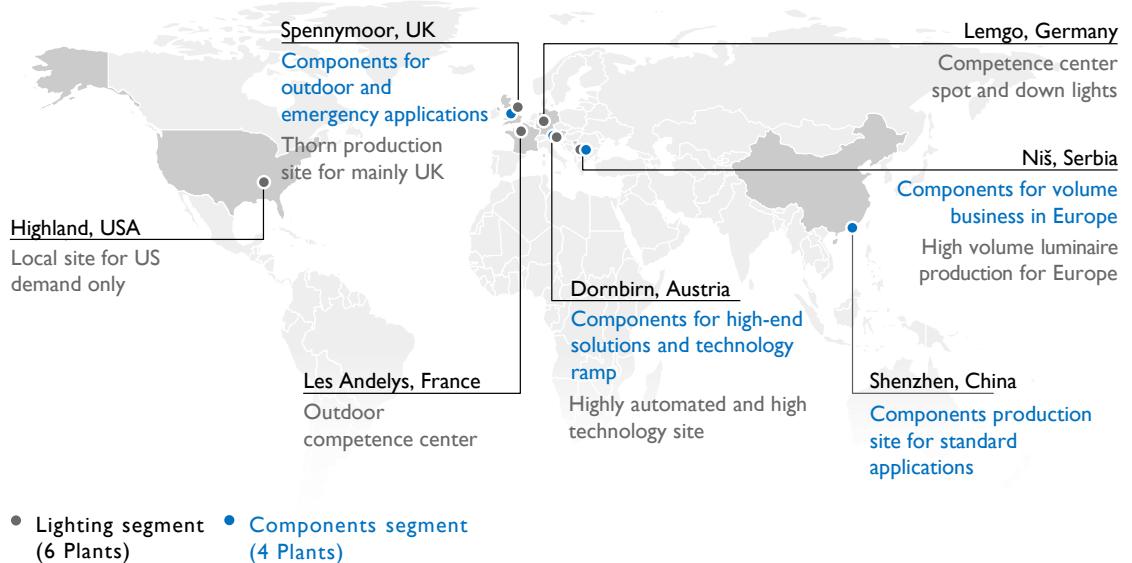
**Management and service functions for the entire Group**

**Full coverage of the value chain**

**Global production network**

Lighting and components are produced in individual areas at Dornbirn, Niš and Spennymoor under separate organisation and management. The Zumtobel Group had 10 plants on three continents as of 30 April 2023.

Production network of Zumtobel Group as of 30 April 2023



### 1.1.3 Market position and brand positioning

Leading position in a highly fragmented lighting market

Zumtobel – the premium brand for architectural lighting

The Zumtobel Group is active worldwide, but Europe remains the most important market with approximately 85% of total revenues. The professional lighting industry in Europe is still highly fragmented but the concentration process is accelerating. With its established international lighting brands, the Zumtobel Group holds a strong position in this fragmented market with a share of approximately 7% in Europe. The worldwide components industry, in contrast, is characterised by greater consolidation. With Tridonic, the Zumtobel Group also holds a strong position in lighting management and control gears.

The Zumtobel brand, in its role as an innovation leader, develops sustainable solutions for interior lighting that are tailored to the needs of people in the respective application areas. With a comprehensive portfolio of high-end luminaires and intelligent lighting management and emergency lighting systems, Zumtobel offers the right lighting for every activity and time of the day, for working and living spaces. Lighting solutions optimised to meet people's needs (Human Centric Lighting) play a central and increasingly important role in these applications. The most important applications are industry, education, healthcare, retail, gastronomy, and art and culture. Valuable impulses for the further development of the portfolio are created not only through Zumtobel's own internal research and development, but also by long-standing cooperation with leading international architects, lighting planners, designers and artists as well as external partners in the project business. The brand's position as an innovation leader is underscored by nearly 2,000 patents.

Thorn is a leading quality supplier of professional solutions for indoor and outdoor lighting. This brand stands for high performance, cost-efficiency and, above all, user-friendly lighting and integrated controls. The Thorn brand markets its luminaires and lighting solutions worldwide, among others to wholesalers, electricians, planners and municipalities as well as end-users. The energy-efficient luminaires made by Thorn support a wide variety of applications in and around buildings, urban areas, sport venues, tunnels and streets. Thorn's functional products also cover all conventional applications from offices to supermarkets, industrial buildings, schools and healthcare facilities.

Tridonic, the Zumtobel Group's technology brand, supports customers with intelligent hardware and software solutions. As a global innovation driver for light-based network technology, e.g. based on Bluetooth, it develops future-safe and scalable solutions that help lighting producers, building managers and system integrators, among others, in their development of new business models. Tridonic is not only active in the production of components and system solutions for the Group's lighting brands, it also serves as an OEM supplier (Original Equipment Manufacturer) for luminaire producers throughout the world and generates over 80% of its revenues outside the Zumtobel Group. More than 2,500 patents document the brand's innovative strength. Tridonic increased its concentration on digitalisation and connectivity in 2022/23 with the development of technologies for smart and integrated lighting systems for new services and business models. The software competence centre in Porto (Portugal) was expanded in recent years and now the hub for software development in the Zumtobel Group.

#### 1.1.4 Key success factors for the Zumtobel Group

The Zumtobel Group's leading competitive position is based, above all, on three established core brands with broadly diversified market access, extensive know-how in lighting applications and a clear technological advantage in individual areas. The sales function – which had nearly 1,700 employees in 2022/23 – plays a key role in the Zumtobel Group's business model. The sales force includes roughly 1,420 employees for the Lighting Segment and roughly 260 employees for the Components Segment. A systematic focus on each of the three strong core brands allows the Zumtobel Group to optimally meet the diverse needs of its customers.

The design of a customer-specific lighting solution requires extensive knowledge of the product portfolio, the latest technological developments and the specific lighting application. The sales staff must therefore understand – and be able to convey – not only the technical and functional aspects of light and the potential energy savings, but also the aesthetic and emotional implications and the positive influence of good lighting on the user's sense of well-being. This applies, in particular, to the sales employees in the Lighting Segment. Accordingly, detailed and wide-ranging education and continuous training are decisive for the quality of sales. The programmes offered by the Zumtobel Group's Learning Academy were expanded during the past year with a focus on the design, implementation and organisation of training courses for customers and internal stakeholders.

In 2022/23, the Zumtobel Group invested EUR 67.8 million in research and development (R&D) to strengthen its leading technology position. The further development of lighting quality based on LED technology, increasing digitalisation and the complexity of intelligent lighting systems represent a continuous challenge for R&D. The digital light source LED has made luminaires and their components an integral part of the Internet of Things (IoT) and, consequently, part of the new applications and business models which go beyond lighting. The Zumtobel Group is one of the largest suppliers in Europe – its optimal positioning forms the basis to master these challenges and creates clear advantages in competition with the many small and medium-sized luminaire producers. An extensive patent portfolio and close collaboration with international light design partners and architects underscores the company's innovative power and supports sustainable growth by securing access to strategic cooperation with other industrial companies.

**Thorn – the performance brand for the international volume business**

**Tridonic – the specialist for the development of new LED systems and technologies for connected light**

**Multi-brand strategy for customer-specific target groups**

**Know-how in lighting applications**

**Strong technology position**

### 1.1.5 Structural revenue drivers for professional lighting

The most important structural revenue driver for the professional lighting industry in recent years has been the issue of energy efficiency, also due to the increasing market penetration of LED as a new light source. The technological maturity of LEDs has brought about a continuous improvement in lighting quality and the design of product solutions to optimally meet the individual needs of users. The opportunities provided by digitalisation – i.e. integrated intelligent lighting solutions – are receiving greater attention, and the lighting infrastructure is now increasingly used in applications outside the scope of actual lighting. This development has been reflected in a range of new applications and business models like digital services.

#### Energy efficiency as a central growth driver

The subject of energy efficiency is, nevertheless, more relevant than ever due to the necessary global efforts to reduce CO<sub>2</sub> emissions and, above all, the steady increase in energy costs. Intelligently managed, LED-based lighting solutions can reduce electricity consumption by up to 80% compared with conventional lighting solutions. Marketing activities for energy-efficient products are concentrating increasingly on the comparison of energy consumption and investment costs over the lifecycle of various lighting solutions (total cost of ownership). In addition to significant cost saving opportunities, the growing demand for energy-efficient lighting is supported by legal regulations that include the EU directives on the energy efficiency of buildings and ecodesign or the prohibition on fluorescent lighting. The EU's Green Deal also includes an extensive list of projects that are eligible for subsidies. This financial support is available up to 2027 and gives the Zumtobel Group additional possibilities for future projects. These developments are leading to increased demand for refurbishment solutions: The lighting technology in older buildings can be modernised with a new lighting concept or so-called refurbishment kits without major construction expense, which do not replace the complete lighting system but only exchange the lighting source and adjusted control electronics.

#### Growing demand for innovative business models and services

The lighting industry has generally completed the transformation from conventional lighting sources to LED and adjusted its portfolio, but the current lighting infrastructure is still dominated by conventional equipment. Rising energy prices, on the one hand, and the EU directive in support of a "renovation wave" to improve the energy efficiency of buildings, on the other hand, will increase the renovation rate. That will involve the upgrading of at least 2%, instead of the previous 1%, of buildings each year.

The relevant trends for the lighting industry currently include "connectivity", meaning intelligent and Internet-linked lighting, as well as the growing demand for comprehensive, integrated service offers. Light is predestined to become a cornerstone for the infrastructure of the Internet of Things (IoT) – lighting is everywhere, connected and digital. The Internet of Things will create new and better experiences and services for the retail trade, buildings and cities and unlock a wide range of opportunities for the development of innovative business models. Today, the Zumtobel Group's customers can rely on one of the most comprehensive integrated service offerings in the entire lighting industry.

The Zumtobel Group aims to create lighting solutions that balance energy savings and optimal lighting quality. Good lighting can increase the sense of well-being and create ideal conditions for fitness, satisfaction and health – while minimising the impact on the environment. Good and precisely adjusted lighting is also becoming increasingly important as an effective marketing and sales tool because human emotions and, in turn, consumers' purchasing decisions can be positively influenced by lighting concepts that focus on various personality types.

#### 1.1.6 Our FOCUSED strategy

Be FOCUSED. The Zumtobel Group has, in recent years, consistently implemented the corporate strategy that was introduced in 2018/19 with its stronger focus on customer orientation and reduction in process complexity and costs. The "Focus" corporate strategy was expanded by management in 2020/21 to generate new opportunities for growth and strengthen the company's sustainable positioning. The result is the new "Be focused" strategy, which includes increasingly important aspects like environmental issues (the letter "E") and digitalisation (the letter "D").

**Growing importance of light as a marketing instrument**

**FOCUSED strategy**



**FOCUS ON KEY MARKETS AND APPLICATIONS:** The Zumtobel Group concentrates on its target markets and on sustainable, profitable growth in core application areas and precisely defined future fields. In the indoor area, activities are based primarily on industry, office and education, retail, and art and culture. In the outdoor area, the focus is on lighting for urban areas and streets as well as architecture and sport facilities. The Lighting Segment concentrates on key markets and applications mainly in Europe, while the Components-Segment addresses the global market.

**OPERATIONAL EXCELLENCE:** The Zumtobel Group works to continually improve the quality of its products and processes and optimise cost structures along the entire value chain. With its own production facilities and a competitive global supplier network, the Zumtobel Group stands for reliable deliveries and customer-oriented service.

**COMPETENCE IN EVERY DETAIL:** The Zumtobel Group is, and will remain, an innovation leader for components and sensors and is systematically expanding its high expertise in miniaturisation and product integration. It believes in the seamless interaction between components and lighting as the driver for digitalisation and wants to use its extensive technical expertise to offer an increasing range of Internet-of-Things (IoT) solutions for the world of light.

**UNIQUE BRANDS UNDER ONE ROOF:** The Zumtobel Group's strong brands cover nearly the entire value chain in the area of light – from components to integrated solutions. The Lighting Segment consequently follows a two-brand strategy (Thorn & Zumtobel) with a balanced product portfolio and a mix of projects, key accounts and the retail sector. The Components Segment relies entirely on the Tridonic brand, which will also stand out with a particular customer orientation in the future.

**SMART SOLUTIONS AND SERVICES:** The Zumtobel Group relies on innovation and turnkey solutions that cover products, systems and services (including digital expertise). They represent an integral part of its distinguishing features and the driver for future growth. Services will be expanded in the future as an important part of the offering, above all in the Lighting Segment.

**ENVIRONMENT AND ENGAGED EMPLOYEES:** The Zumtobel Group has set a goal to become climate-neutral by 2025 and to implement the circular economy principle. That would also make the Zumtobel Group a pioneer in this area of the lighting industry. Developing solutions to help customers meet their sustainability targets is also part of this goal. The Zumtobel Group will continue to offer an environment in which employees can grow personally and professionally and, in this way, make an important contribution to the company's success.

**DIGITALISATION:** The Zumtobel Group is systematically implementing digitalised process workflows "end to end", i.e. from the receipt of orders to after-sales. In addition, the company will increasingly offer digital products with expanded functions as well as digital services that create new customer experiences, strengthen customer ties and support the development of new earnings models for the Group.

#### 1.1.7 Our goals up to 2025

- >> Average annual revenue growth of 4% to 5% beginning with the 2021/22 financial year
- >> EBIT margin within a range of 6% to 8%
- >> Investments in the future
- >> Distribution of 30% to 50% of net profit (less exceptional expenses) as dividends
- >> Climate-neutral operations (Scope 1 and 2) and development of a net zero roadmap (Scope 1, 2 and 3)
- >> Development of products for the circular economy
- >> The partner of choice

In October 2021, the Zumtobel Group presented its long-term strategy for the years up to 2025 to the capital market. The company has secured a very robust position in recent years, with costs that are well under control. This forms the basis for sustainable growth throughout the entire Group, not least due to the consequent implementation of the two-brand strategy for the lighting brands – which guarantees that all target groups can be precisely serviced at all times and at all locations. The Zumtobel Group has also increased its focus on the future-oriented issues of sustainability and digitalisation: In these areas, the company wants to set the standards for the industry.

The Zumtobel Group has defined both financial and non-financial goals up to the end of the 2024/25 financial year:

##### Average annual revenue growth of 4% to 5%

The Zumtobel Group is targeting annual revenue growth of 4% to 5% beginning with the 2021/22 financial year and up to the end of the 2024/25 financial year. Three key growth drivers were identified to reach this goal:

- >> Catch-up effects following the Covid-19 pandemic
- >> Growth in our core markets with highly innovative lighting solutions
- >> Increase in market shares through realisation of growth opportunities in future-oriented fields

Potential acquisitions can provide additional support for revenue growth.

### **Three main growth drivers in the Components Segment**

The following growth drivers were identified for the Components Segment: 1) The product lines for street lighting and emergency lighting, 2) Regional growth and 3) Growth through technology- and future-oriented, above all sustainable, products.

Tridonic is ideally positioned with its prize-winning SIDEREAL road lighting system to benefit from public sector investments in more energy-efficient lighting systems. In the heavily regulated emergency lighting business, the company has secured a position as a reliable partner in many markets and, based on its unique cableless control systems, can provide ideal emergency lighting solutions, especially for renovation projects. Tridonic sees additional growth opportunities, on the one hand, in regions like Asia where it has been generally underrepresented to date and, on the other hand, through the systematic development of the strong customer relations in its European home market. Additional growth is expected in connection with the progressive implementation of Cradle-2-Cradle LED drivers which are recyclable consistent with the principles underlying the circular economy. The systematic use of the consumption driver-generated consumption data for further customer-specific and demand-driven product solutions promises to create additional opportunities for growth, totally in line with the company's current digitalisation offensive.

### **Two-brand strategy as the basis for further growth in the Lighting Segment**

The consistent implementation of the two-brand strategy is the most important element of the growth strategy for the Lighting Segment. This also applies to the indoor business: For the Zumtobel and Thorn brands, management expects substantial growth, above all in the industry, retail and healthcare fields. Other growth opportunities are available in the high-value premium segment and through the increased use of digital solutions related to the Internet of Things (IoT), the leasing of lighting solutions, and light planning, product selection, project management, assembly, refitting, and contract-based maintenance (LaaS). Developments during 2022/23 financial year and, above all the high cost of electricity, showed that customers are increasingly recognising their responsibility to invest in more sustainable and energy-efficient lighting solutions. The Zumtobel Group sees growth opportunities in both new construction and renovation based on its ability to offer highly efficient LED lighting solutions.

In the outdoor business, the company expects growth impulses for the Thorn brand especially in the areas of street and inner city lighting and applications involving sport facilities and architectonic building lighting.

An expanded offering in the value segment, the increased use of digital sales channels and the related global product offering are intended to support growth in the Thorn Eco brand.

### M&A strategy

In addition to the above-mentioned organic growth drivers, the Zumtobel Group also sees good opportunities in inorganic growth. Potential acquisitions, mergers and partnerships will be carefully examined.

The focus of potential M&A activities in both segments lies in the realisation of clear goals:

- >> Lighting Segment: An increase in the market share in regions where the company is currently underrepresented
- >> Components Segment: Expansion of the product portfolio for data collection and analysis
- >> Both segments: New technologies and digital applications as well as new business models to expand the current product portfolio

A solid balance sheet and accessible financing place the company in a position to easily raise EUR 200 million to EUR 300 million for acquisitions, mergers and partnerships.

### EBIT margin within a range of 6% to 8%

The Zumtobel Group has set a goal to generate an EBIT margin of 6% to 8% by the end of the 2024/25 financial year. A year-for-year increase in the EBIT margin is planned, but additional investments in the future of the Zumtobel Group – for example, in digitalisation and other technological innovations – as well as the further streamlining of the organisational structure could have a short-term effect on the attainment of this goal.

At the beginning of the 2022/23 financial year, the Zumtobel Group set a goal of 4% to 5% for the EBIT margin. Better-than-expected business development led to the upward revision of the outlook for this margin to 4% to 6% at the half-year and to 5% to 7% with third quarter results. The Zumtobel Group met this goal with an EBIT margin of 7.0%.

### Investments in the future

Investments are a cornerstone of the Zumtobel Group's future success. These costs represent a fixed part of the Group's annual capital expenditure programme. Plans call for investments of EUR 55 million per year on average, whereby investments in the future will include roughly 25% for product research and development and roughly 15% for digitalisation. Other investments will focus on machinery and equipment (45%) and land and buildings (15%).

The Zumtobel Group increased its investments in new, innovative products and technologies and in digitalisation during the past financial year. They are a central key for the Group's future success. CAPEX totalled EUR 69.4 million (CAPEX excl. IFRS 16: EUR 54.5 million) in 2022/23.

## Confirmation of dividend policy: Distribution of 30% to 50% of net profit (less exceptional expenses) as dividends

Zumtobel Group AG aims to provide its investors with continuous and reliable dividends, whereby the policy is to distribute approximately 30% to 50% of consolidated net profit after the deduction of any exceptional expenses. In order to protect the company's financial stability under all possible scenarios, the specific amount of the dividend will also depend on the debt coverage ratio.

The Zumtobel Group generated net profit of EUR 60.0 million in 2022/23. The Management Board plans to make a recommendation to the Supervisory Board and, subsequently, to the general meeting on 28 July 2023 to distribute a dividend of 40 euro cents per share for the financial year (previous year: 35 euro cents). That would represent roughly 30% of net profit.

## Climate-neutral operations (Scope 1 and 2) and development of net zero roadmap (Scope 1, 2 and 3)

The Zumtobel Group is working to make its operations climate-neutral by 2025 (Scope 1 and 2). A related goal is to prepare a net-zero reduction plan by 2025 based on the Paris Climate Agreement which, in addition to Scope 1 and 2, also includes Scope 3 emissions. The Zumtobel Group has joined the Science-Based Targets initiative (SBTi) to validate its net zero reduction plan. More detailed information can be found in the section on "Guiding Light/Climate Neutrality".

## Development of products for the circular economy

In addition to the ever-present subject of energy efficiency, the company has set a goal to systematically address issues related to the circular economy. This approach covers the entire value chain from the responsible use of materials and the development of products to the establishment of circular systems. The availability of environmental product declarations, which provide transparent and neutral documentation for the environmental impact of products, will be continuously expanded. More detailed information can be found in the section on "Guiding Light/Circular Economy".

## The partner of choice

The Zumtobel Group wants to be the partner of choice for its employees, customers and suppliers. It has therefore set a goal to create an environment in which employees can grow personally and professionally and, in this way, make an important contribution to the company's success. Occupational safety as well as the health and well-being of employees will receive special priority. Another goal is to achieve ISO 45001 certification for the major locations. The Zumtobel Group complies with the highest product safety standards, also by integrating future standards in processes as early as possible. Moreover, the Zumtobel Group intends to measure customer satisfaction systematically and continuously. These results will help the company to improve its products and acquire new customers. Along the supply chain and in accordance with due diligence requirements, the company plans to proactively evaluate the content integrated in the code of conduct for business partners and in the adapted questionnaire for its suppliers, ensure compliance with due diligence principles across the entire value chain, and verify compliance through annual audits. Detailed information can be found in the section on "Guiding Light/Partner of Choice".

## 1.2 Consolidated Non-financial Statement

The Zumtobel Group is an international lighting corporation and a leading supplier of innovative lighting solutions, lighting components and related services. A detailed description of the business model is provided in this management report under "The Zumtobel Group – an Overview". Sustainable and responsible actions are firmly anchored throughout the Zumtobel Group. The Group accepts its responsibility to society and is committed to the principles of sustainable corporate development. This includes a contribution to providing future generations with a stable economic, social and ecological environment. In reaching its economic goals, the Zumtobel Group therefore also takes ecological, social and ethical factors into consideration.

The lighting and components plants in the Zumtobel Group are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for fast and highly flexible deliveries to customers ("local for local"). The lighting plants are located in Dornbirn (Austria), Spennymoor (UK), Niš (Serbia), Lemgo (Germany), Les Andelys (France) and Highland (USA). The components plants are situated in Dornbirn (Austria), Spennymoor (UK), Niš (Serbia) and Shenzhen (China).

### Framework for the non-financial statement

This year's group management report also includes the consolidated non-financial statement required by § 267a of the Austrian Commercial Code. With this statement, the Zumtobel Group meets its reporting requirements under the Austrian Sustainability and Diversity Improvement Act ("Sustainabilitys- und Diversitätsverbesserungsgesetz", NaDiVeG) on environmental, social and employee issues, on the respect for human rights, and the fight against corruption and bribery. The information included in this report refers equally to the Zumtobel Group and its subsidiaries, unless indicated otherwise.

#### Consolidated non-financial group statement in accordance with the GRI standards

This non-financial statement applies to the 2022/23 financial year and reflects all principles defined by the Global Reporting Initiative (GRI). It was prepared in agreement with the GRI standards, applicable to the period from 1 May 2022 to 30 April 2023. Reporting was expanded to place a greater focus on the issues most important to the Zumtobel Group and its stakeholders. In addition to this non-financial statement, selected content is included in the current group management report, under risk management, and in the corporate governance report and the consolidated financial statements.

The base year was changed from 2015/16 to 2020/21 following the orientation on GRI standards and the related expansion of reportable data. This ensures the comparability of data over the coming years.

In preparation for the introduction of mandatory reporting under ESRS (European Sustainability Reporting Standards), the Zumtobel Group deals with sustainability based on the principle of double materiality in this report. Double materiality covers two dimensions, namely the materiality of the impact on society and the environment ("inside out") and financial materiality ("outside in"). The effects, risks and opportunities along the Zumtobel Group's value chain are identified and evaluated for all areas of the company to determine which can be seen as probable. This is dependent on the type of the activity, business relations, geographical issues or other risk factors.

The consolidated non-financial statement was presented to the Supervisory Board and reviewed and released by this corporate body and by PwC for its correctness, regularity and appropriateness with limited assurance. The supplementary content in this non-financial statement is intended to provide a better understanding for our stakeholders.

### 1.2.1 Guiding Light

*"THE ZUMTOBEL GROUP ON THE ROAD TO SUSTAINABILITY."*

We are making progress. Again. And again much further than required – by legal regulations and time limits. We have always set our own pace. Our determination to reduce emissions is reflected by the net zero goal, the circular economy has become one of our cross-sectional tasks, and the “partner of choice“ is a principle we want to be judged on. Sustainability is not a one-way street. We see it as mutual responsibility along the entire value chain in which we as a decision maker, designer and team will go very far in support of a healthy planet and a liveable future.

Zumtobel Group on  
on the way to  
Sustainability

Our road to sustainability is accompanied by three focal points along the entire value chain, which have evolved from the revision and adaptation of materiality:

**>> Climate neutrality & net zero**

There is only one way: the way that leads to zero CO<sub>2</sub>.

**>> Circular economy**

The road that leads us in circles but still means progress.

**>> Partner of choice**

The road we choose that encourages others to join us.

#### 1.2.1.1 Climate neutrality & net zero

*"HOW WE WORK TO MEET THE NET ZERO GOAL."*

We not only want to reduce our ecological footprint, we would rather not leave any footprint at all. Our entire plant network will be climate-neutral by 2025 due to the consequent reduction of production and fleet emissions. To meet this goal, we are converting our plants to renewable energy, implementing wide-ranging energy efficiency and infrastructure measures and, as a last step, compensating the remaining emissions.

In both the upstream and downstream areas, we are following the great net zero goal: no CO<sub>2</sub> emissions along the entire value chain – from the procurement of raw materials and other resources to the use of products by our customers and recycling at the end of the lifecycle. Transparency in our own operations and by our partners as well as the joint identification of measures to improve our footprint will form the important basis we are now creating. Ultimately, we are reducing the energy consumption of our products through more energy efficient lighting solutions and, in this way, helping our partners to improve their own footprint. We are working not only consequently, but also scientifically to achieve climate neutrality and meet the net zero goal – and, for this reason, joined the Science-Based Targets initiative (SBTi) in 2023.

The material issues for reporting on our road to climate neutrality and net zero are:

- >> Climate change mitigation
- >> Energy & renewable energy

In its efforts to achieve climate neutrality (Scope 1 and 2 according to the Greenhouse Gas Protocol), the Zumtobel Group is focusing on the avoidance and reduction of emissions before the compensation of emissions.

### **Commitment on the road to climate neutrality and net zero**

The Intergovernmental Panel on Climate Change (IPCC) published a report on climate change in March 2023: The earth is warming faster and with more dramatic consequences than previously assumed. It was, however, noted that it is still technically possible to meet the 1.5 degree limit.

The conversion to efficient lighting in infrastructure and buildings creates an important opportunity to support climate change mitigation. This is one way the Zumtobel Group can help its customers meet their environmental goals.

The Zumtobel Group is working to attain climate neutrality (Scope 1 and 2) by 2025. The ecological footprint of its own processes was further reduced during the 2022/23 financial year.

The ambition to reduce emissions along the entire value chain in the sense of a net zero roadmap was underscored by a commitment to the Science-Based Targets initiative (SBTi). The attainment of these reduction goals will take place in close cooperation with our customers, suppliers and business partners.

### **Highlights on the road to climate neutrality**

In the financial year 2022/23, savings of more than 3,000 t CO<sub>2</sub>e were achieved through a package of measures on energy-intensive processes such as heating, cooling and surface treatment.

The pre-heating process for coating in the Dornbirn and Lemgo plants was converted to district heat by the end of the 2022/23 financial year. This led to a further reduction in natural gas consumption.

The Zumtobel Group joined the Science-Based Targets initiative (SBTi) in April 2023.

#### **1.2.1.2 Circular economy**

*"HOW WE EXTEND THE PRINCIPLES OF THE CIRCULAR ECONOMY TO THE ENTIRE VALUE CHAIN."*

For us, being a sustainable company means closing cycles and finding new, circular business models. That requires product design that meets circular design rules and sustainable concepts for the reconditioning and reuse of our products, the development of the necessary logistics, and high-value recycling of the materials contained in the products. In this way, we can not only give our products – but also the raw materials – a second or third life. We will be successful in meeting the goal to establish a genuine circular economy because we are working consequently in this direction today: with circular design guidelines that are implemented along the entire product development process, interdepartmental application and continuous improvement. Internal training, workshops and practical analyses of the products, the development and expansion of product-related circular concepts. And the formation of external networks with competent partners to solve the reverse logistics challenges.

The material issues for reporting on our road to a circular economy are:

- >> Resources inflows, including resource use
- >> Resource use, Circularity support, product design, packaging
- >> Waste
- >> Sustainable products and applications

The design and quality of products and materials must meet sufficiently high standards to allow for their use as raw materials in the next product generation.

A circular economy offers the Zumtobel Group a model in which products and materials can move within a cycle, e.g. through reuse, processing or recycling. The use of primary raw materials is becoming increasingly obsolete, and waste can be reduced to a minimum.

#### Commitment on the road to the circular economy

Circular design principles and product planning based on the circular economy are important elements of a holistic understanding of quality. That covers the entire product lifecycle – from raw materials production to the usage phase and up to the recycling of materials.

The circular economy is viewed as a future-oriented innovation tool in which products serve as a source of raw materials for the next product generation. The intention is to gradually substitute high-quality secondary materials for the use of primary materials.

The Zumtobel Group is fully involved in the transformation process from a linear to a circular economy, for example through the introduction of circular design rules.

The materials used in the Zumtobel Group's brand products were evaluated for critical content together with the respective suppliers. The recycling share of purchased materials was recorded, and the recyclability of materials was systematically increased.

#### Highlights on the road to the circular economy

Data recording for the above-mentioned material information improved significantly in 2022/23, and the recycling share of various material groups in the Lighting Brands was increased. For example: The recycling share of purchased steel increased by 2% year-on-year in 2022/23, and the recycling share of purchased casting components rose by 13%.

The first products developed in line with circular design rules were launched during the reporting year. Examples include CHALICE (Thorn) and ARTELEA (Zumtobel). ARTELEA is the first product to be offered with a remanufacturing option, which covers the return of the luminare after use and its recycling for a new application.

Further partnerships, processes and business models for the recycling of products, components and materials were developed on the basis of first flagship projects.

The development of modernisation kits was substantially expanded to support the longest possible use of previously installed lighting by our customers.

In 2022/23, the first Cradle-to-Cradle® certification in Bronze was pursued and successfully completed by the Tridonic and Zumtobel brands.

#### 1.2.1.3 Partner of choice

*"HOW WE SUCCEED IN BECOMING THE PARTNER OF CHOICE."*

People accompany us because they see we are steadily moving ahead along the right road. A road on which we create a good and fulfilling working environment together with our employees. A road on which we convince our customers not only with our sustainable lighting solutions, but also help them to meet their own sustainability goals with our services and data. Being the partner of choice means mutual trust that must be earned. And accepting responsibility for others.

The material issues for reporting on our road to becoming the partner of choice are:

- >> Occupational safety, health and well-being
- >> Employee satisfaction
- >> Human rights
- >> Diversity & equal opportunity
- >> Customer satisfaction
- >> Product quality & safety
- >> Social standards in the supply chain

Our due diligence responsibilities cover the entire value chain. We meet our goals together with our employees and our suppliers, partners and customers.

#### Commitment on the road to becoming the partner of choice

The conduct of companies in all sectors is essential to ensure the successful transition to a climate-neutral, green economy and the realisation of the sustainable development goals set by the United Nations. This creates complex challenges for companies and their partners along the entire value chain. People must come first, connections must be identified together; and solutions must be found in networks for the tasks arising from due diligence responsibilities.

The Zumtobel Group works closely together with its business partners. The necessary transparency is expected, human rights are protected, and high social standards are guaranteed along the entire supply chain. The necessary standards are developed together with the company's partners. Sustainability-related due diligence responsibilities are integrated in and included in the roll-out of all key documents and processes in the Zumtobel Group, e.g. the code of conduct for business partners and the internal whistle-blower system.

Customers are increasingly and proactively demanding sustainable products and require transparent background information on their application, composition and use. The Zumtobel Group supports and helps its customers to systematically improve their own sustainability goals which, in turn, leads to a better customer experience and greater satisfaction.

The first analyses of draft regulations show that the supplier onboarding process with its integrated questionnaire serves as an excellent basis for meeting the requirements of the expected due diligence law. All new and existing suppliers are required to implement wide-ranging processes to reduce the negative effects on human rights and the environment in their governance and management systems.

## Highlights on the road to becoming the partner of choice

The roll-out of plant certification under ISO 45001 has gained speed, and the initial goal to certify three additional plants was exceeded. Seven of the ten plant locations are now certified under the occupational safety and health protection management standard ISO 45001.

A worldwide customer survey provided valuable feedback on perceptions, requirements and the importance of issues related to their own sustainability performance. The results were included in the updating of the materiality analysis to meet the future ESRS requirements.

### 1.2.2 Governance

#### Management approach & due diligence processes

Sustainability reporting requirements will be expanded significantly in the coming years. The disclosure of data on the impact on the environment, social aspects and governance create new transparency and permit the comprehensive comparison of various companies. From this perspective, it can be expected that sustainability aspects will grow to become new disciplines and play a more decisive role in competition. An active commitment and well-founded management are essential to continuously improve sustainability performance along the value chain.

Sustainability is an integral part of the Zumtobel Group's management system. Its goal is to protect the Group's market position over the long-term and further develop the organisation in keeping with political, economic, socio-cultural, technological, ecological-geographic and legal influencing factors.

The management process ensures that the context analysis reflects stakeholders' requirements. It must also be capable of identifying the key internal and external issues which are relevant for the Zumtobel Group and evaluating and prioritising the resulting opportunities and risks according to their respective effects.

Any direct need for action and the related goals are defined in line with the context analysis, a review of the company's strategic orientation, its strategy and the related adjustments. Progress on the defined measures and target attainment are reviewed regularly. Compliance with all binding obligations, the dialogue with our stakeholders and insightful reporting are further important elements of the Zumtobel Group's management process.

The stakeholder dialogue often leads to the identification of various possible approaches to sustainability. The United Nations Sustainable Development Goals (SDGs), as a global compass, are often a suitable starting point for describing the Zumtobel Group's sustainability performance. However, the material issues must be frequently structured according to environmental, social and governance factors or there is a request to allocate these issues to activities along the value chain. The dialogue with stakeholders is designed to reflect the different viewpoints and to always return to the underlying material issues.

The material issues for sustainability reporting are positioned in the core and linked with the above-mentioned approaches – ESG, SDG, value chain. A connection to the internal specialist departments is also shown. In practice, this presentation forms a good basis for a shared understanding with the discussion partner and a workable structure for a successful dialogue on sustainable management.

#### **Influence of Covid-19 and the war in Ukraine**

The Covid-19 pandemic and the war in Ukraine had an impact on the economic, ecological and social environments during the 2022/23 financial year and, consequently, on sustainable and responsible management. Events showed that the measures which proved successful during the Covid-19 pandemic were also successful in countering the negative effects of the Ukraine conflict.

The Zumtobel Group's crisis management developed a certain resilience on the procurement market during the first one to two years of the Covid-19 pandemic and in connection with efforts to safeguard supplies throughout the following availability crisis. A resilience that is necessary to manage the changing demands and cost structures (due to the increase in input factor costs) which were intensified by the Ukraine conflict and the energy crisis.

The Ukraine conflict has had a strong influence on the procurement market. The sharp rise in energy costs triggered by the conflict and short-term explosion in material cost indexes – which have still not returned to the pre-crisis level over the medium-term – had enormous effects on the cost structure of existing suppliers and on price developments. The specific demands created by the Covid-19 pandemic are addressed under the individual subject clusters.

##### **1.2.2.1 Review & outlook**

###### **Progress report on sustainability performance in 2022/23**

Sustainable actions are firmly anchored in the Zumtobel Group's corporate strategy. Based on our core business, we want to make the best possible contribution to a liveable future – and have done so for slightly over 70 years. The Zumtobel Group documents its sustainability performance summarised by the areas covered in the report and the respective material issues.

| Area   | Material topic <sup>1</sup>                                    | Goal   | Measures, activities, results | Status | SDG   | Page |
|--|--|--|-------------------------------|--------|-------|------|
| <b>Corporate governance</b>                          |  |  |                               |        |       |      |
|  | Revision of materiality according to ESRS criteria             | Revision of materiality according to the ESRS reporting standard   | ●                             | 8      | 40-42 |      |
|  | Publication of the UN Global Compact Progress Report (COP)     | Renewal of commitment to UN Global Compact for FY 2022/23; COP is available for download on the Zumtobel Group website   | ●                             | 16, 17 | 44    |      |
|  | Submission of annually updated monitoring documents            | The corporate targets set for the klimaaktiv Pact 2030 were already achieved in the reporting year 2021/22   | ●                             | 17, 13 | 44-45 |      |
|  | Active membership of IPC                                       | The Tridonic technology brand is a member of the IPC - Association Connecting Electronics Industries   | ●                             | 16, 17 | 45    |      |
|  | EcoVadis Platinum Medal award                                  | The Zumtobel Group improved its score in the 2022/23 assessment from 71 points to 75 points - Gold Medal   | ●                             | 16, 17 | 45-46 |      |
|  | Increasing the value of the company (Material topic)           |  |                               |        | 8     |      |
|  | Positive sustainability indices                                | The Zumtobel Group is included annually in sustainability indices (e.g. Vöinx and MSCI)  | ●                             | 8      | 49    |      |
| <b>Financing &amp; Investments (Material topic)</b>  |  |  |                               |        |       |      |
|  | Implement regulatory requirement of the EU Taxonomy Regulation | Implementation concept developed; taxonomy-eligibility included in reporting   | ●                             | 8      | 51-63 |      |
| <b>Transparency &amp; reporting (Material topic)</b> |  |  |                               |        |       |      |
|  | Base reporting on GRI framework (2021)                         | Reporting structure adapted to meet GRI requirements; content prepared in agreement with GRI (2021)  | ●                             | 8      | 50    |      |
| <b>Compliance</b>                                    |  |  |                               |        |       |      |
|  | Compliance & ethics (Material topic)                           |  |                               |        | 16    |      |
|  | Carrying out a Fraud Awareness Check                           | During the reporting period, a fraud awareness check was carried out at corporate functions and decentralised sales units, finance and operations; 115 senior employees participated in it             | ●                             | 16     | 64-65 |      |
|  | Updating the Code of Conduct 2023                              | Inclusion of due diligence obligations as well as the commitment to observe and implement all obligations of the German Supply Chain Due Diligence Act ( <i>Lieferkettensorgfaltspflichtengesetz</i> ) | ●                             | 8, 16  | 65-66 |      |
|  | Internal Control Check 2022                                    | 24 sales companies have undergone a self-assessment; assessment includes questions regarding the existence and implementation of local guidelines with the aim of fraud prevention                     | ●                             | 8, 16  | 67    |      |
|  | Update whistleblower system                                    | Due diligence topics are integrated into the whistleblower system; access options were optimised and adapted during the reporting period   | ●                             | 8, 16  | 71-72 |      |
|  | New employees are trained on compliance topics                 | Automated process for conducting compliance training for new employees   | ●                             | 4, 16  | 72    |      |
|  | Human rights (Material topic)                                  |  |                               |        | 16    |      |
|  | Compliance with due diligence requirements                     | Requirements from the due diligence obligations (LkSP and CSDD) were integrated into all internal documents and processes  | ●                             | 16     | 72-73 |      |

| Area               | Material topic <sup>1</sup>  | Goal | Measures, activities, results  | Status      | SDG                   | Page                    |
|--------------------|--|------|--|-------------|-----------------------|-------------------------|
| <b>Procurement</b> |  |      |  |             |                       |                         |
|                    | Procurement & Supplier (Material topic)                                |      |  |             | 12                    |                         |
|                    | Integrate requirements from due diligence                              |      | Requirements from due diligence (LkSP and CSDD) were integrated into the supplier onboarding process<br>Updating the Code of Conduct for Business Partners<br>Concept on diversity & inclusion along the value chain | ●<br>●<br>● | 12, 16<br>16<br>5, 10 | 76-77<br>77-78<br>93-94 |
|                    | Evaluation of upstream Scope 3 emissions                               |      | Integration of an emissions screening into the supplier questionnaire; evaluation at selected suppliers  | ●           | 13                    | 77                      |
|                    | Resources inflows, including resource use (Material topic)             |      |  |             | 12                    |                         |
|                    | Transparency with reference to ingredients per material group          |      | Review commodity groups for Restricted Substances List compliance  | ●           | 12                    | 78-79                   |
|                    | Optimisation of material ingredients                                   |      | Survey recyclability & recycled content of purchased materials; increase recyclable material content in key commodity groups   | ●           | 12                    | 78-79                   |
|                    | Integration of sustainability aspects into the material group strategy |      | Main suppliers are regularly checked for sustainability requirements and continuously developed further  | ●           | 8, 12                 | 80-82                   |
|                    | Greening of the company car fleet                                      |      | Procurement strategy in line with the company car policy; share of e-mobility is 5%.   | ●           | 8, 13                 | 79                      |
|                    | Environmental & social standards in the supply chain (Material topic)  |      |  |             | 8, 12                 |                         |
|                    | Conduct sustainability audits for new and existing suppliers           |      | 175 Quality audits and 114 sustainability audits were conducted with suppliers   | ●           | 5, 8,<br>12, 16       | 80-81                   |
|                    | Assess suppliers from risk countries for sustainability performance    |      | 90.3% of suppliers from risk countries were audited for their sustainability performance   | ●           | 5, 8,<br>12, 16       | 74                      |
|                    | Require suppliers to comply with RoHS, REACH and conflict minerals     |      | CMRT report is available for download on the website   | ●           | 8, 12,<br>16          | 82                      |
| <b>Employer</b>    |  |      |  |             |                       |                         |
|                    | Employee satisfaction (Material topic)                                 |      |  |             | 8                     |                         |
|                    | Conduct employee survey  |      | Employee survey carried out; results communicated to departments; participation was 82%.   | ●           | 8                     | 84-85                   |
|                    | Work-life balance  |      |  |             | 8                     |                         |
|                    | Promotion of a work-life balance                                       |      | Award of the "Excellent Family-Friendly Company 2022-2023" seal of quality   | ●           | 8                     | 85                      |
|                    | Training and further education (Material topic)                        |      |  |             | 4                     |                         |
|                    | Management development programme                                       |      | Implementation and launch of the programme with a Leaders Summer Camp  | ●           | 4                     | 86                      |
|                    | General training   |      | Newly revised training catalogue with interdisciplinary training offers  | ●           | 4                     | 86                      |
|                    | Specialist training  |      | 80 Core Knowledge Modules, imparting product and application knowledge on the Zumtobel product portfolio; Tridonic Training Camp, an initiative for imparting sales skills   | ●           | 4                     | 86                      |
|                    | Trainee programmes   |      | Concept development and resumption of the Trainee Programme  | ●           | 4, 8                  | 87-88                   |

| Area                            | Material topic <sup>1</sup>   | Goal   | Measures, activities, results | Status       | SDG     | Page |
|---------------------------------|---|--|-------------------------------|--------------|---------|------|
| <b>Employer</b>                 |   |  |                               |              |         |      |
|                                 | Diversity & Equal Opportunities (Material topic)                                |  |                               |              | 5       |      |
|                                 | Supply Chain Compliance Act   | Implementation of due diligence along the entire value chain   | ●                             | 5            | 93-94   |      |
|                                 | Promotion of women in the company   | Increase the percentage of women in management positions to 22.2   | ●                             | 5            | 94      |      |
|                                 | Diversity & Inclusion   | Vocational support programme for young people with physical or mental disabilities   | ●                             | 5            | 95      |      |
|                                 | Human rights (Material topic)   |  |                               |              | 8, 16   |      |
|                                 | Code of Conduct   | Addition of human rights issues to the Zumtobel Group Code of Conduct and the Code of Conduct for Business Partners  | ●                             | 8            | 97-99   |      |
|                                 | Whistleblowing system   | Addition of possible human rights violations to the user interface   | ●                             | 8            | 98      |      |
|                                 | Occupational Safety, Health & Wellbeing (Material topic)                        |  |                               |              | 3       |      |
|                                 | Continuous development of the health programme                                  | Sick leave analysis for all Austrian sites; responsibility area "ZG Health" established  | ●                             | 3            | 103-104 |      |
|                                 | Implementation of ISO 45001 in the company network                              | 5 additional sites are ISO 45001 certified   | ●                             | 3            | 100     |      |
|                                 | Pilot project BGF   | Pilot project carried out at the Dornbirn site, duration two years, partnership with the Austrian Health Insurance Fund for workplace health promotion         | ●                             | 3            | 102-103 |      |
|                                 | Occupational accidents  | Significant improvement in the LTI rate from 7.7 to 3.7; the accident severity rate fell from 87 to 42   | ●                             | 3            | 103     |      |
| <b>Environmental protection</b> |   |  |                               |              |         |      |
|                                 | All major sites in the group of companies are ISO 14001 and ISO 50001 certified | Obtaining certification according to the requirements of ISO 14001 and ISO 50001 at all certified sites  | ●                             | 13           | 106     |      |
|                                 | Energy and renewable energy (Material topic)                                    |  |                               |              | 7, 13   |      |
|                                 | Continuous increase in the share of renewable energy to 57%.                    | All European sites purchase electricity from renewable energy sources; share of renewable energy increased from 52% to 59%                                     | ●                             | 7, 13        | 107     |      |
|                                 | Reduction of energy consumption   | Energy consumption reduced by 12%  | ●                             | 7, 13        | 108     |      |
|                                 | Reduction of energy consumption for products sold                               | Continuous improvement of average energy efficiency of all products sold; further improvement of 2.7% in 2022/23 financial year                                | ●                             | 7, 9, 12, 13 | 129     |      |
|                                 | Continuous improvement  | Optimisation of switch-on and switch-off times for equipment; optimisation of base load; elimination of compressed air leaks, conversion to LED lighting, etc. | ●                             | 13           | 110-111 |      |

| Area   | Material topic <sup>1</sup>  | Goal  | Measures, activities, results | Status  | SDG | Page    |
|--|--|---|-------------------------------|---------|-----|---------|
| <b>Environmental protection</b>                      |  |   |                               |         |     |         |
| Climate change mitigation (Material topic)           |  |   |                               |         |     |         |
|  | Scope 1 & 2 emissions according to Greenhouse Gas Protocol and GRI         | Scope 1 reduced from 9,064 t to 7,892 t, reduction 13%; Scope 2 reduced from 4,698 t to 2,644 t, reduction 44%  | ● 13                          | 112-113 |     | 13      |
|  | Scope 3 emissions according to Greenhouse Gas Protocol and GRI             | 9 of the 15 upstream and downstream processes according to the Greenhouse Gas Protocol are relevant for the Zumtobel Group and are recorded   | ● 13                          | 113-115 |     | 113-115 |
|  | Continuous improvement   | Analyses of the expansion of photovoltaic systems; analysis of the conversion of powder coating systems (electricity instead of gas) in the group of companies; heat recovery projects                      | ● 7, 13                       | 116-117 |     | 116-117 |
| Water & Waste Water                                  |  |   |                               |         |     |         |
|  | Optimisation of water consumption  | Reduction of water consumption by 2%  | ● 6                           | 118     |     | 6       |
|  | Continuous improvement   | Less water for cooling the coolers; reuse of water in powder coating and reduction of water change cycles as well as short rinses in the sanitary area; reduction of change intervals of dirty water        | ● 6                           | 119     |     | 119     |
| Waste (Material topic)                               |  |   |                               |         |     |         |
|  | Waste optimisation   | Reduction of waste from 16%   | ● 12                          | 122     |     | 12      |
|  | Continuous improvement   | Optimisation in production planning; segregation of plastic waste by type; optimisation of maintenance cycles leads to reduction of waste; optimal use of gates; one-time use and reuse of sprue materials. | ● 12                          | 121-122 |     | 121-122 |
|  | Improve recycling rate to 91%  | The recycling rate for internal waste was increased to 91.4%.   | ● 12                          | 123     |     | 123     |
| <b>Product responsibility</b>                        |  |   |                               |         |     |         |
| Innovation (Material topic)                          |  |   |                               |         |     |         |
|  | Expansion of the number of patents and property rights                     | Active number of industrial property rights 9,134 and 4,568 patents   | ● 9                           | 126     |     | 9       |
| Sustainable products & applications (Material topic) |  |   |                               |         |     |         |
|  | Marketing of Environmental Product Declarations EPDs after 10 years of use | EPDs are included in reporting; defined new products receive an EPD; 5,000 environmental product declarations issued  | ● 11, 13                      | 129-130 |     | 11, 13  |
|  | Improving the energy efficiency of products                                | The average energy efficiency of products placed on the market improved by 2.7%   | ● 11, 13                      | 129     |     | 129     |

| Area                          | Material topic <sup>1</sup>   | Goal  | Measures, activities, results | Status | SDG              | Page     |
|-------------------------------|---|---|-------------------------------|--------|------------------|----------|
| <b>Product responsibility</b> |   |   |                               |        |                  |          |
|                               | Resource use, Circularity support, product design, packaging (Material topic) |   |                               |        | 8, 12            |          |
|                               | Circular Design Rules form framework for development process                  | Implementation of the guidelines in research & development; ARTELEA developed according to the Circular Design Rules  |                               | ●      | 8, 12            | 131, 134 |
|                               | Circularity in the procurement of materials                                   | Procurement processes aligned with circularity; recycling proportion of materials used determined; conspicuous ingredients identified and removed   |                               | ●      | 8, 12            | 132      |
|                               | Establishment of closed-loop systems  | Concept and target definition for the cycles Maintenance & Upgrade, Reuse & Remanufacturing and High Value Recycling  |                               | ●      | 8, 12            | 132-134  |
|                               | Cradle-to-Cradle certified products   | Tridonic LED modules of the LLE, QLE and CLE product groups (bronze - certification standard 3.1); Zumtobel Lighting with the ARTELEA free-standing luminaire (bronze - certification standard 4.0) |                               | ●      | 12               | 134-135  |
| <b>Product use</b>            |   |   |                               |        |                  |          |
|                               | Customer satisfaction (Material topic)  |   |                               |        | 12, 13           |          |
|                               | Conduct customer satisfaction survey  | 800 customer responses on positive experiences and suggestions for improvement  |                               | ●      | 7, 9, 11, 12, 13 | 137-138  |

<sup>1</sup> Takes into account the company's topics that are material for reporting and topics that are relevant to reporting

- Completed
- in progress

## Sustainability roadmap

The roadmap was prepared for the climate neutrality, partner of choice and circular economy focal points and translated into a working programme with voluntary commitments. These commitments are related to the material issues connected with the above-mentioned three focal points and are underscored with measures and activities. They cover the full range of environmental, social and governance aspects. This roadmap serves as a guideline for the continuous improvement in the sustainability performance of the Zumtobel Group.

| Material                                 |  |  |   | SD   | ESG | Goal                      |
|--|--|--|---|--|-----|---------------------------|
| Focal points                             | topic  | Commitment   | Measures, activities  |  |     |                           |
| <b>Climate Neutrality &amp; Net Zero</b> |  |  |   |  |     |                           |
|  | Climate change mitigation                          | Achieve climate neutrality (Scope 1 & Scope 2) by 2025   | Concept for avoidance and reduction of remaining emissions at all major locations (focus on heat generation and coating)<br><br>Development of a compensation strategy for residual emissions<br><br>Implementation of concept and compensation strategy as well as independent validation of the achievement of climate neutrality | Corresponding proposals were developed by the main sites | EP  | E<br>2023<br>2024<br>2025 |
|  | Climate neutrality & Net-Zero (Scope 1 to Scope 3) | Capture of emissions along the entire value chain<br><br>Prepare net-zero reduction plan in accordance with the Paris Climate Agreement  | Emissions fully captured and mapped in the report<br><br>Active SBTi membership since April 2023  |  | EP  | E<br>2023<br>2025         |
| <b>Energy &amp; Renewable Energy</b>     |  |  |   |  |     |                           |
|  | Increasing the share of renewable energy           | Concept to increase the share of renewable energy (e.g. solar, wind, biomass)  | Three locations converted to district heating; feasibility study prepared for photovoltaic plant in Niš   |  |     | 2023                      |
| <b>Partner of choice</b>                 |  |  |   |  |     |                           |
| Occupational Safety, Health & Wellbeing  |  |  |   | E  | S   |                           |
|  | Promoting employee health & wellbeing              | Certification of all major European sites according to ISO 45001<br><br>Prepare overall concept for health management and implement key elements at the major European locations<br><br>Develop programme to record and identify main causes and duration of lost working days |   |  |     | 2024<br>2024<br>2024      |

| <b>Focal points</b>      | <b>Material topic</b>   | <b>Commitment</b>   | <b>Measures, activities</b>   | <b>SD</b> | <b>ESG</b> | <b>Goal</b> |
|--------------------------|---|---|---|-----------|------------|-------------|
| <b>Partner of choice</b> |   |   |   |           |            |             |
|                          | Education & Training  |   |   | E         | S          |             |
|                          | 360° feedback tool  | Roll out the feedback tool within the Zumtobel Group  |   |           |            | 2024        |
|                          | Trainee programmes  | Implement trainee concept in four corporate divisions   |   |           |            | 2024        |
|                          | Employee satisfaction   |   |   | E         | S          |             |
|                          | Conduct an employee survey  | Communicate departmental results to employees through managers; team workshops to derive measures                         |   |           |            | 2024        |
|                          | Human rights  |   |   | E         | S          |             |
|                          | Policy/Guideline  | Creation and roll-out of a Human Rights Policy  |   |           |            | 2024        |
|                          | Product quality & -safety   |   |   | PR        | S          |             |
|                          | Fulfilment of the highest product safety standards                | Planning for future standards through committee work and innovative hard- and software development in own laboratories    | Simulation software (thermal calculation, FEA, Moldflow) for linking with risk analyses |           |            | 2023        |
|                          |   | Screening of new requirements for measurements and tests from the circular economy topic (refurbishment, remanufacturing) |   |           |            | 2025        |
|                          | Customer satisfaction   |   |   | PU        | S          |             |
|                          | Monitoring and improving customer satisfaction                    | Conduct regular brand equity monitoring   | 2,500 feedbacks on loyalty, brand perception, performance and sustainability            |           |            | 2023        |
|                          |   | Programme for continuous improvement of customer satisfaction   | Conduct workshops to improve and further develop customer satisfaction                  |           |            | 2023        |
|                          | Environmental & social standards in the supply chain              |   |   | P         | E, S       |             |
|                          | Independent validation of commitment to sustainable procurement   | Validate sustainability performance (e.g. using EcoVadis, RMI)  | Discussions with suppliers are currently being finalised                                |           |            | 2024        |
|                          | Expand evaluation of suppliers according to social criteria       | Further develop sustainability questionnaire based on expected EU due diligence regulation                                |   |           |            | 2025        |
|                          | Encourage suppliers to conduct independent audits and assessments | Inquiry/survey on ISO 45001 with TOP suppliers  | Supplier questionnaire takes into account the query of ISO certifications and SBTi      |           |            | 2023        |

| <b>Focal points</b>                            | <b>Material topic</b>  | <b>Commitment</b>  | <b>Measures, activities</b>  | <b>SD</b> | <b>ESG</b> | <b>Goal</b> |
|--|--|--|--|-----------|------------|-------------|
| <b>Circular economy</b>                        |  |  |  |           |            |             |
|  | Resources inflows, including resource use                        |  |  | P         | E          |             |
|  | Use of materials for the circular economy                        | Continuous increase of the recycled material content in products   | Recyclate content in all new product developments is increased to 50%.   |           |            | 2028        |
|  |  | Continuous increase of recyclable material content in products   | 70% recyclable materials are used in product portfolios  |           |            | 2023        |
|  |  | Packaging material is fully recyclable (components)  |  |           |            | 2024        |
|  |  | Management and integration of environmental data (e.g. CO <sub>2</sub> , recycled content)                     |  |           |            | 2025        |
|  | Resource use, Circularity support, product design, packaging     |  |  | PR        | E          |             |
|  | Developing products for the circular economy                     | Systematic implementation of Design for Disassembly for simplified reparability and upgradeability of products | Design for Disassembly is taken into account in the development process of new products  |           |            | 2023        |
|  |  | Development of refurbishment kits  |  |           |            | 2025        |
|  |  | Remanufacturing option for 10% of the product families (Lighting Brands)                                       | The ARTELEA family of free-standing luminaires is offered with a remanufacturing option  |           |            | 2030        |
|  |  | All premium products are Cradle to Cradle certified (Components)   | LED modules of the LLE, QLE and CLE product groups in Niš - Bronze   |           |            | 2030        |
|  | Establishing circular systems                                    | Implement projects for circular economy systems: maintenance & upgrade, remanufacturing, high-value recycling  | Partnerships and lighthouse projects   |           |            | 2025        |
|  |  | Establishment of infrastructure for high-value recycling   |  |           |            | 2028        |
| <b>Sustainable products &amp; applications</b> |  |  |  |           |            |             |
|  | Expanding the availability of environmental product declarations | Target for availability of EPDs in number, % per product family, % of all products and new products            | In order to be able to provide customers with EPDs at short notice, EPDs for a representative selection of products are prepared at the product launch |           |            | 2023        |

SD – Specialist departments: C – Compliance, P – Purchasing, E – Employer, EP – Environmental protection, PR – Product responsibility, PU – Product use

### 1.2.2.2 Sustainable management

#### Organisational anchoring & due diligence processes

The Zumtobel Group's commitment to sustainability covers the entire value chain and represents an integral part of the corporate strategy. The holistic approach taken in developing the sustainability programme includes the assignment of material issues to the ESG structure and their connection with the SDG goals of the Zumtobel Group.

The material issues prioritised in the materiality update 2022/23 are viewed along the value chain and flow into the focal points – climate neutrality, partner of choice and circular economy. The roadmap which was finalised and released by the specialist departments and the Management Board rounds out the structured basis for the development of the sustainability programme.

The responsibilities for sustainability in the Zumtobel Group are clearly regulated and anchored. The sustainability steering committee (SSC) takes decisions on the strategic focus of all sustainability issues in the Group. It includes the Management Board of the Zumtobel Group as well as representatives of the brands, specialist departments like global human resources management, global procurement, brand & portfolio management, R&D, and the Group sustainability team. The sustainability steering committee meets quarterly to discuss and develop reporting requirements, focal points, non-financial indicators, the sustainability strategy and content for the roadmap and to define binding goals, deadlines and activities and to monitor indicators, goals and actions.

Sustainability Steering Committee

The Group sustainability staff department coordinates sustainability management. It is headed by the Group sustainability director who reports directly to the chairman of the Management Board of the Zumtobel Group. Sustainability officers are responsible for implementing the sustainability goals in the business units and, for this purpose, are in regular contact with the Group sustainability team. The Management Board, with the support of the Group sustainability director, provides the Supervisory Board with regular information on financial, operating, and strategic issues as well as current sustainability issues and progress on sustainability activities. This procedure makes it possible for the Supervisory Board to meet the controlling responsibilities related to sustainability performance.

Information on the applied concepts and due diligence processes can also be found in the following sections: Compliance, Procurement, Employer, Environmental Protection, Product Responsibility and Product Use.

#### Stakeholder management

"WE WANT TO BE AN ACTIVE PARTNER FOR OUR CUSTOMERS' DAY-TO-DAY BUSINESS OPERATIONS AND PROJECTS. WITH OUR KNOW-HOW, CALCULATION TOOLS, EXTERNAL VERIFIED DOCUMENTATION (E.G. IN THE FORM OF EPDs) – SIMPLY TO SUPPORT OUR CUSTOMERS IN ALL PHASES OF THEIR PROJECTS AND TO FIND THE RIGHT ANSWERS.

SUSTAINABILITY-RELATED ISSUED MUST BE SCALED, FOR EXAMPLE THROUGH DIGITALISATION. THE DECISIVE FACTOR FOR ME IS TO IDENTIFY THESE SOLUTIONS TOGETHER AND IN A DIALOGUE WITH OUR CUSTOMERS."

Thomas Steinmayer, Vice President Global Sales – Retail & E-Commerce

**Open and continuous dialogue with Stakeholders**

The Zumtobel Group maintains an open dialogue with its interest groups to exchange information and opinions, and along these lines, to understand the expectations and demands of the various stakeholders and integrate the results in its corporate activities. This dialogue also helps to identify risks and opportunities at an early time and creates trust. As the social criteria are increasing in importance, the stakeholder groups were supplemented by the group of social partners (works councils, trade chambers and trade unions).

Close and direct dialogue, especially with customers and partners in the project business, supports the development of pioneering and sustainable lighting solutions. The following table provides an overview of the most important stakeholder groups and the platforms used by the Zumtobel Group for individual dialogues.

The customer survey carried out in 2022/23 brought more than 2,500 responses for an analysis of sustainability-related issues. Positive feedback and suggestions for improvement from over 800 customers provided an opportunity to anchor the customer's voice in the company from the viewpoint of a stakeholder dialogue. The completeness of the material issues was also evaluated via open feedback, and incomplete material issues were supplemented. The results were included in the 2022/23 materiality update.

The issue of sustainability and ESG, in general, is a focal point for the Zumtobel Group's international customers and, consequently, represents an important area. Many customers have already developed an ESG roadmap and place high demands on their suppliers. The Zumtobel Group makes a contribution at the strategic level and, at the same time, offers numerous proven lighting solutions for implementation.

| <b>Stakeholder groups</b>         | <b>Platforms/communication instruments</b>                                       |
|-----------------------------------|--|
| Investors/analysts                | Conferences, road shows, telephone conferences                                   |
| Customers/business partners       | Personal meetings, newsletters & trade fairs, training programmes                |
| Architects/designers/planners     | Cooperation on product development and projects                                  |
| Suppliers/producers               | Supplier audits, annual meetings, continuous dialogue                            |
| Research/science                  | Cooperation with technical colleges and universities                             |
| NGOs/NPOs                         | Joint projects in support of corporate citizenship                               |
| Politics/public authorities       | Producers' associations, standardisation committees, employer associations       |
| Employees/contract workers        | Employee reviews, events, social media   |
| Neighbouring residents/neighbours | Direct personal contacts, meetings on construction projects                      |
| Works councils/AK/trade unions    | Works council meetings, employee associations, collective agreement negotiations |

**Materiality update in 2022/23**

The materiality analysis is a core element of sustainability reporting. The analysis for the 2021/22 financial year was updated based on the requirements of the Global Reporting Initiative (GRI) 2021 standards and formed the starting point for the update of the materiality analysis in 2022/23.

**Materiality analysis meets the requirements of the ESRS**

The requirements of the GRI 2021 reporting framework created the basis for revising the materiality analysis, as in the previous year. As a further development of the materiality analysis, the currently available status of the CSRD (Corporate Sustainability Reporting Directive), which came into force on 5 January 2023, and the ESRS (European Sustainability Reporting Standards), which will come into force in 2025, were also taken into account. The introduction of the new reporting requirements and standards includes a transition period, but the Zumtobel Group has decided to gradually integrate the requirements proactively and beginning with the materiality analysis in this report to adapt to this new world of sustainability reporting.

The principle of double materiality was therefore applied in updating the materiality analysis. Sustainability aspects along the value chain were analysed in two dimensions: the impact on society and the environment ("inside out") and financial opportunities and risks (financial materiality, "outside-in").

**Implementation of the principle of double materiality**

Based on the environmental matrix and the context analysis of the due diligence processes for sustainability, the impact, opportunities and risks were identified. These issues were aggregated into or assigned to possible material issues and evaluated according to the scope and probability of occurrence.

The material issues for reporting were then defined as threshold values. Issues are also considered material when they only have a high rating in one dimension. Nine issues were added to the materiality matrix in the new version and are highlighted in the following table.

**9 additional material topics**

The process to define the material issues for reporting was verified with various stakeholders and evaluated and approved by the highest management bodies, the Management Board and Supervisory Board, as well as by internal experts and the Steering Committee. Following is a structured list of the material issues for the Zumtobel Group and their connection with issues related to the Austrian Sustainability and Diversity Improvement Act ("NaDiVeG"), focal points, ESG criteria and SDGs:

| <b>Area</b>              | <b>ESG</b> | <b>Focal points</b>           | <b>Material topic</b>  | <b>Sustainability/diversity*</b>                                      | <b>SDG</b> |
|--------------------------|------------|-------------------------------|--|---|------------|
| Corporate Governance     | G          |                               | Digitalisation   |   | 8          |
|                          | G          |                               | Increasing company value   |   | 8          |
|                          | G          |                               | Financing & Investments  |   | 8          |
|                          | G          |                               | Innovation   |   | 9          |
|                          | G          |                               | Transparency & Reporting   |   | 8          |
| Compliance               | G          |                               | Compliance & Ethics  | Fighting against corruption<br>Employee issues                        | 16         |
| Procurement              | G          |                               | Procurement & Supplier Management  | Social issues<br>Respect for human rights<br>Fight against corruption | 12         |
|                          | E          | Climate Neutrality & Net Zero | Climate change mitigation  | Environmental issues  | 13         |
|                          | E          | Climate Neutrality & Net Zero | Energy and renewable energy  | Environmental issues  | 7          |
| Environmental Protection | E          |                               | Environmental standards in the supply chain                                | Environmental issues  | 12         |
|                          | E          |                               | Environmental compliance   | Environmental issues  | 16         |
|                          | E          | Circular Economy              | Resource use, Circularity support, product design, packaging               | Environmental issues  | 12         |
|                          | E          | Circular Economy              | Resources inflows, including resource use                                  | Environmental issues  | 12         |
| Product responsibility   | E          | Circular Economy              | Waste  | Environmental issues  | 12         |
|                          | E          | Circular Economy              | Sustainable products & applications  | Environmental issues  | 12         |
|                          | S          | Partner of choice             | Occupational Safety, Health & Wellbeing                                    | Employee issues   | 3          |
|                          | S          | Partner of choice             | Education & Training   | Employee issues   | 4          |
| Employer                 | S          | Partner of choice             | Employee satisfaction  | Employee concerns   | 8          |
|                          | S          | Partner of choice             | Human Rights   | Respect for human rights  | 16         |
|                          | S          | Partner of choice             | Diversity & Equal Opportunities  | Employee concerns   | 5          |
|                          | S          | Partner of choice             | Customer Satisfaction  | Social issues   | 12         |
| Product use              | S          | Partner of choice             | Customer Safety & Health   | Social issues   | 12         |
|                          | S          | Partner of choice             | Product quality & safety   | Social issues   | 12         |
| Product responsibility   | S          | Partner of choice             | Social standards in the supply chain                                       | Social issues   | 8          |
| Procurement              | S          | Partner of choice             | Newly added essential topics from the revision of the essentiality 2022/23 |   |            |

 Newly added essential topics from the revision of the essentiality 2022/23

\*) Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG)

### 1.2.2.3 Initiatives, ratings & social engagement

#### UN Sustainable Development Goals

At the World Summit for Sustainable Development in New York during September 2015, the United Nations General Assembly adopted 17 goals with 169 subgoals. First and foremost, the 193 member states are required to meet these goals. Responsible companies are also expected to contribute to reaching the SDGs.

The Zumtobel Group actively supports the UN Sustainable Development Goals, but it is clear that not all of the 17 SDG goals are equally relevant for the company. Certain goals are focused more on governmental activities, e.g. state development assistance, while the Zumtobel Group, as a production and manufacturing company, can only make a limited contribution to other goals, e.g. to ending poverty or hunger. There is, however, a clear connection between many of the goals and our business activities. They include, for example, decent work and economic growth, responsible consumption and production, and climate action.

In view of the knowledge that the Zumtobel Group will make a positive contribution – direct or indirect – to all goals, it was necessary to create a sharper focus. The relevance of the 17 goals and 169 subgoals for the Zumtobel Group was reviewed, and a survey of the positive and negative effects on the relevant goals along the entire value chain was evaluated. The purpose was to strengthen the positive effects of our actions and minimise the negative effects.

The Zumtobel Group believes the following SDG goals are particularly relevant for its sustainable corporate activities and incorporates these goals in the implementation of activities and measures:

**12 SDG targets in the focus of the Zumtobel Group**

SDG goals with a relevance for improving well-being (more internal effects)

- >> SDG 3 Good health and well-being
- >> SDG 4 Quality education
- >> SDG 5 Gender equality
- >> SDG 8 Decent work and economic growth
- >> SDG 16 Peace, justice and strong institutions
- >> SDG 17 Partnerships for the goals

SDG goals with a relevance for resource security (more external effects)

- >> SDG 6 Clean water and sanitation
- >> SDG 7 Affordable and clean energy
- >> SDG 9 Industry, innovation and infrastructure
- >> SDG 11 Sustainable cities and communities
- >> SDG 12 Responsible consumption and production
- >> SDG 13 Climate action

The following SDG goals have little relevance for the Zumtobel Group at the present time, which means they do not represent a focus of activities or measures to directly support these overriding goals: 1 No poverty, 2 Zero hunger, 10 Reduced inequalities, 14 Life below water, and 15 Life on land.

## UN Global Compact

In connection with its efforts on behalf of sustainability, the Zumtobel Group supports the principles of the world's largest initiative for corporate social responsibility (CSR) and sustainable development. The company joined the United Nations Global Compact in 2020 and thereby confirmed its intention to comply with the ten principles on human rights, labour standards, environmental protection and the fight against corruption. The Zumtobel Group and Tridonic are members of RespACT, Austria's leading corporate platform for responsible business activity and are also represented on the management board.

### Current Communication on Progress for download on the website

This commitment to responsible management was renewed in 2022/23 with our annual progress report (COP-Communication on Progress) based on the UN Global Compact and informs all relevant stakeholders of the activities and progress in implementing these ten principles. The current version of the progress report is available for download on the Zumtobel Group's sustainability website.

## klimaaktiv Pakt 2030 for Austria

klimaaktiv Pakt 2030, Austria's climate platform for large companies, was established in 2021 as the successor to the klimaaktiv Pakt 2020 and is one of the 50 most important CSR awards in this country. Under the professional guidance of klimaaktiv experts, 12 associated partners prepared individual climate protection concepts for the years up to 2030. As a klimaaktiv Pakt partner, the Zumtobel Group made a voluntary written commitment to reach the following climate protection goals by 2030:

| Area                     | Unit             | Baseline 2015 | Target value 2030 | Improvement 2030 in % |
|--------------------------|------------------|---------------|-------------------|-----------------------|
| Greenhouse gas emissions | tons/a           | 5,032         | 2,516             | 50                    |
| Energy efficiency        | Energy intensity | 1.0           | 1.0               | 14                    |
| Components               | in %             | 53            | 73                |                       |

**System limits for the klimaaktiv Pakt 2030** – The Zumtobel Group's most energy-intensive locations in Austria were defined as system limits for the energy and greenhouse gas balance sheet prepared in accordance with the klimaaktiv Pakt. It currently covers three locations operated by Zumtobel Lighting GmbH (Schweizerstrasse 30), Tridonic GmbH & Co KG (Färbergasse 15) and Zumtobel Group AG/IT (Schmelzhütterstrasse 26a), which together are responsible for 85% of the energy consumption and over 80% of the employees in Austria. All building components and production processes at these locations are included – together with the related consumption, refrigerants and refilling quantities for refrigeration equipment as well as the fuel consumption for emergency aggregates and sprinklers.

The Zumtobel Group's CEO underscored this commitment to the klimaaktiv Pakt 2030 at the annual meeting on 18 October 2021 and, in doing so, set a strong signal for climate protection. Together with 11 other companies, the Zumtobel Group supports the goal to achieve a reduction of almost 57% in CO<sub>2</sub> emissions by the pact partners (basis: 2005) by 2030.

This agreement and inclusion in the klimaaktiv Pakt 2030 commit the company to submitting an annual report to the klimaaktiv Pakt office on the current status of target attainment. The reporting requirements are covered by the submission of annually updated monitoring documents (reporting form, monitoring data sheet and list of measures). Based on these values, the klimaaktiv Pakt office evaluates the annual target attainment and the implementation of planned measures and comments on the results. The annual evaluation is intended to objectively review the current target attainment and implementation of measures and provide the Zumtobel Group with the best possible support in reaching the 2030 goals.

| <b>Target achievement (June 2022 report)</b>    | <b>Unit</b>        | <b>Base year 2015/16</b> | <b>Reporting year 2021/22</b> | <b>Savings in %</b> | <b>Target value 2030 in %</b> |
|---|--------------------|--------------------------|-------------------------------|---------------------|-------------------------------|
| Greenhouse gas emissions (t CO <sub>2</sub> eq) | Tons/a             | 5,032                    | 2,356                         | 53                  | 50                            |
| Improvement of energy efficiency                | weighted index     | 100                      | 86                            | 14                  | 14                            |
| <i>Energy efficiency Schweizerstraße</i>        | kWh/piece          | 6.45                     | 5.23                          | 19                  | 26                            |
| <i>Energy efficiency Schmelzhütterstrasse</i>   | kWh/m <sup>2</sup> | 3,266                    | 582                           | 82                  | 78                            |
| <i>Energy efficiency Tridonic</i>               | kWh/piece          | 0.59                     | 0.82                          | -39                 | -49                           |
| Share of renewable energy                       | in %               | 54                       | 74                            |                     | 73                            |

**Comments by the expert committee** – The Zumtobel Group focuses on specially defined activities and measures in the areas of energy savings & energy efficiency, construction & refurbishment, mobility, renewable energy carriers, renewable raw materials & resource efficiency as well as the creation of a greater awareness among employees and stakeholders.

The corporate goals defined in connection with the klimaaktiv Pakt were met ahead of schedule during the 2022/23 financial year. The klimaaktiv Pakt monitoring office congratulates the Zumtobel Group on this success and expects, in spite of this early target attainment, further successful results in support of the climate by 2030 through the implementation of planned measures.

**Targets already achieved**

#### IPC – Association of Connecting Electronics Industries

The technology brand Tridonic relies, among others, on its membership in IPC – the Association Connecting Electronics Industries – to remain on the leading edge of new and changed norms and guidelines for product reliability and standardisation as well as the latest insight into innovative solutions in the electronics industry.

This platform is actively used as a source of information, above all on the requirements for the design and production of electronic components. It enables the fast processing of branch information and subsequent integration in corporate structures.

#### Sustainability performance in 2022/23 rated by EcoVadis

EcoVadis has grown to become the world's largest and most trusted provider of business sustainability ratings and created a global network of more than 100,000 rated companies. The EcoVadis methodology includes an assessment of the guidelines, measures and reports published by Zumtobel Group AG on the environment, labour and human rights, ethics and sustainable procurement. The EcoVadis team consists of international experts who analyse sustainability and evaluate business data (support documentation, 360° watch findings etc.) to prepare a reliable rating that reflects the branch in which Zumtobel Group AG operates as well as the company's size and geographical location.

This evidence-based rating between 0 and 100 points results in a scorecard that can be shared with other companies across the world. The Zumtobel Group improved from 71 points to 75 points in the 2022/23 rating and increased its percentage rank from 97 to 98. With these results, Zumtobel Group AG remains in the upper 1% of the companies rated by EcoVadis in the electrical lighting and luminaire branch.

**Zumtobel Group renews the gold medal**

This four-point improvement was realised primarily in the sustainable procurement category. Very close, coordinated and target-oriented cooperation as well as the continuous realisation of identified opportunities for improvement by the global procurement department brought an increase of 20 points in the sustainable procurement category. In this category, the Zumtobel Group ranks in the upper 1% (in 2021, the Zumtobel Group was in the upper 10%) of the companies rated by EcoVadis in the electrical lighting and luminaire branch.

Other EcoVadis ratings for Zumtobel Group AG based on branch comparison include the upper 2% in the category environment, the upper 7% in the category ethics, and the upper 10% in the category labour and human rights.

Special comments by EcoVadis on the 2023 rating:

- >> No records for risk and compliance were found in the third-party provider database.
- >> The company has an advanced management system as required for the category environment.
- >> The company has an advanced management system as required for the category sustainable procurement.

The goal for the 2023/24 financial year is to improve to 80 points in the category labour and human rights to further increase the company's point score.

#### Social engagement

The international jury for 2021/22 presented the "Zumtobel Group Award – Innovations for Sustainability and Humanity in the Built Environment" to projects by the Lacol architects' cooperative from Barcelona, Spain, the initiative Black Women Build from Baltimore, USA, and the Circular Construction Lab at Cornell University in Ithaca, USA.

The Zumtobel Group Award supports future-oriented developments to improve the quality of life and the sustainability of the constructed environment. A Zumtobel Group Award was not announced or presented in 2022/23. The next public tender for the award is planned for the 2024 calendar year.

#### Participation in associations

The Zumtobel Group is active in industry associations, standardisation committees, lighting organisations and individual consortia to develop the best framework conditions for optimal energy efficiency and lighting quality for the lighting industry, its customers and users. In connection with the certification of energy-efficient buildings, the company is also a member of various initiatives for sustainable construction.

#### Zumtobel Group again a member of Lighting Europe

The most important memberships at the present time are as follows: company member in Lighting Europe, ZVEI ("Zentralverband Elektrotechnik- und Elektroindustrie e. V.", Germany), Lighting Industry Association (LIA, Great Britain), Association for the Electrical and Electronics Industries (FEEL, Austria), European Committee for Standardisation (CEN), International Standards Organisation (ISO), International Electrotechnical Committee (IEC), International Commission on Illumination (CIE), Lux Europe, various national lighting societies, the German Sustainable Building Council (DGNB), Green Building Council and the Consortium for international specifications of LED light sources interfaces (ZHAGA) as well as further consortia on the subject of data exchange and communications technology (e.g. DALI Alliance, Thread, Zigbee, Bluetooth, Matter).

#### 1.2.2.4 Climate-relevant risks/opportunities & effects

The Zumtobel Group systematically analyses climate-related risks. A differentiation is made between two categories of risks: the physical risks resulting from the expected climate change and the transition risks resulting from the transformation to a low CO<sub>2</sub> economy.

##### Physical risks

Potential future risks are evaluated within the context of taxonomy. They result from current potential risks and from the RCP 4.5 and RCP 8.5 climate scenarios. Climate risks are evaluated at every location, previously implemented measures are reviewed and new measures are defined where necessary.

Zumtobel Group facilities only slightly affected by climate change

An inspection of the company's locations did not identify any notable risks at the time this report was prepared. Increased precipitation and rising temperatures are connected with low, potentially long-term physical risks, and appropriate measures were, and will be, implemented to address these risks. Potential effects, e.g. damage to assets, the interruption of procurement processes and production stops, have been taken into account. At all locations, procedures to manage climate and other risks were compiled in an emergency response plan.

The analysis of the climate scenarios shows an increase in the number of heat waves and potential dry periods as well as an increase in the number and intensity of extreme weather events. However, this does not result in any greater risks or need for short-term actions.

An assessment of the physical risks at all locations indicates that the Zumtobel Group is marginally affected by climate change.

##### Transitional risks

Political and legal developments have led to an increase in reporting and disclosure requirements that has been accompanied by stricter legislation, e.g. on the reduction of emissions. These developments were proactively included in the context and impact analysis of the management system, and the related assessments were followed by the timely implementation of appropriate measures. Goals were formulated to reduce emissions, and significant measures were initiated and implemented to achieve climate neutrality.

We see a potential technological risk in the competitiveness of our products from a sustainability viewpoint. In order to counter this risk, our product development process includes tools like the lifecycle assessment and circular design rules. This provides our customers with sustainable and highly energy efficient products and services as well as product-related information like environmental product declarations.

Other potential risks result not only from market trends, but also from customer demands for environmentally friendly products and services and the inclusion of a company's sustainability performance in purchase decisions. In addition to expanding the offering of energy-efficient products and sustainable services, the Zumtobel Group follows a strategy that is designed to continuously develop and improve its sustainability performance along the entire value chain.

A company's reputation can be potentially damaged when products and services are not sustainable or are perceived as not sufficiently sustainable. Communication that is not credible and fact-based can lead to a loss of confidence. Consequently, the Zumtobel Group places high priority on fact-based communications over sustainability and environmental issues. The environmental impact of products is systematically documented by independent, validated environmental product declarations. The progress made by the Zumtobel Group in improving its sustainability performance is visible, for example, in the external EcoVadis rating.

In the transition to a low CO<sub>2</sub> economy, the potential risks are contrasted by substantial opportunities – and the Zumtobel Group is optimally positioned to utilise these opportunities.

**Environmental matrix  
also takes into  
account the  
requirements of the  
taxonomy**

**Environmental aspects at the Group level**

The most important environmental aspects related to products and activities have been identified for all European production locations that are certified under ISO 14001. Other, unrelated conditions and predictable emergency situations are also included. The evaluation of opportunities and risks forms the basis for the development of measures to minimise the effects of the environmental factors.

The value-creating business processes and all downstream and upstream processes in the Zumtobel Group's environmental matrix were updated in 2022/23. The matrix was also modified to meet the requirements of the European Sustainability Reporting Standards.

This matrix is used to derive the most important direct environmental factors for the production locations, e.g. electrical current, CO<sub>2</sub> emissions, liquid and fossil fuels, raw materials and packaging. The major processes with the greatest environmental impact are automated production (soldering processes, automated assembly), plastics processing, coating and metal processing.

The upstream processes with the greatest environmental impact are the transport of goods and travel by employees to and from work, whereby the environmental aspects related to fossil fuels and CO<sub>2</sub> emissions are significant. The procurement of raw materials and packaging also has a substantial, indirect effect on CO<sub>2</sub> emissions.

The main downstream processes involve the use of the sold products, whereby electricity is the significant environmental aspect here. The end-of-life handling of the products is another relevant factor, whereby the resulting waste is important.

Environmental conditions and their potential negative impact on the Zumtobel Group's production locations are identified and regularly examined as part of the context analysis in the environmental management systems. Current potential effects are considered, and steps are taken to reduce any adverse effects.

A climate risk and vulnerability assessment was carried out for all lighting and components plants in 2022/23 based on the requirements of the Taxonomy Regulation and the European Sustainability Reporting Standards. The analysis covered all potential environmental conditions that could affect the Zumtobel Group. Moreover, the environmental conditions that could influence the Zumtobel Group in the future were evaluated based on two climate scenarios (representative concentration pathways 4.5 and 8.5; scenarios that outline long-term climate changes). The climate risk and vulnerability assessment did not identify any significant risks for the lighting and component locations. All risks for the ISO 14001-certified locations are documented in a hazard prevention plan and appropriate measures to minimise this risk were defined and implemented.

### 1.2.2.5 Digitalisation (material topic)

The Zumtobel Group sees digitalisation as the intelligent, data-driven connection between people and information along and above all processes. The related digital transformation involves the necessary cultural and technological conversion in the value chain of the Zumtobel Group: It is the only way the defined strategic goals can be reached. Through digitalisation, the Zumtobel Group wants to increase ("optimise & scale") process and resource efficiency as well as effectiveness along the entire value chain. Digital products and services lead to new earnings and business models and contribute to sustainable corporate growth ("create").

### 1.2.2.6 Sustainable increase in the value of the company (material topic)

For the Zumtobel Group, a sustainable increase in the value of the company stands for holistic entrepreneurial actions which, among others, require continuous adjustments to reflect the dynamic financial market environment. The Zumtobel Group is included annually in various sustainability indexes (e.g. Vörix and MSCI). These index companies undergo regular, comprehensive audits to guarantee their sustainability performance.

#### Financial flows to stakeholders

The Zumtobel Group generated economic value of EUR 1,215.2 million in the 2022/2023 financial year. After the deduction of expenses and payments to providers of equity and debt and to governments, the residual economic value equals EUR 98.5 million. This presentation reflects the GRI definition and is based on financial flows derived from the income statement and cash flow statement.

| <b>Financial flows to stakeholders<br/>in EUR million</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Corporate revenues <sup>1</sup>                           | 1,173.2        | 1,144.4        | 1,061.9        | 1,158.6        | 1,215.2        |
| Operating expenses <sup>2</sup>                           | (723.1)        | (666.8)        | (594.3)        | (675.9)        | (695.1)        |
| Personnel expenses  | (399.2)        | (375.3)        | (375.3)        | (365.5)        | (387.7)        |
| Payments to shareholders                                  | (0.0)          | (0.0)          | (4.3)          | (8.6)          | (15.1)         |
| Payments to providers of borrowed capital                 | (6.7)          | (7.2)          | (5.7)          | (5.4)          | (6.9)          |
| Payments to public bodies <sup>3</sup>                    | (9.0)          | (14.7)         | (13.1)         | (8.6)          | (11.8)         |
| <b>Residual economic value</b>                            | <b>35.1</b>    | <b>80.4</b>    | <b>87.1</b>    | <b>94.6</b>    | <b>98.5</b>    |

<sup>1</sup> Revenues and other operating income, interest income and cash inflows from the sale of assets.

<sup>2</sup> Cost of goods sold, selling expenses, administrative expenses and other operating expenses (excluding personnel expenses and depreciation/amortisation).

<sup>3</sup> Excluding deferred taxes.

### 1.2.2.7 Financing & investments (material issue)

The greening of the economy creates significant opportunities for the investor stakeholder group. This is reflected in a key goal of the EU Action Plan on Sustainable Finance, which calls for the redirection of capital flows to sustainable investments. Against this backdrop, the EU Taxonomy Regulation took effect in mid-2020. It was conceived as a standardised and legally binding classification system to determine which economic activities in the EU are considered "ecologically sustainable".

## Increased reporting requirements

At the same time, the share of sustainable financing in companies is increasing. Sustainable financing is no longer a fleeting trend, but plays an increasing role in corporate financing. Sustainability-linked loans, for example, focus on the company as a borrower and evaluate the development and improvement of the company's sustainability goals.

### 1.2.2.8 Transparency & reporting (material topic)

Reliable criteria for environmental, social and governance (ESG criteria) are becoming more important for companies and their stakeholders. Development in this area is driven by new regulatory requirements and unified reporting standards (Corporate Sustainability Reporting Directive, European Sustainability Reporting Standards, Corporate Sustainability Due Diligence Directive), which are designed to improve both transparency and comparability. Demands by customers and the capital market are growing continuously and, for example, the ESG profile of a company's equity and debt investments is receiving greater attention from the investor stakeholder group.

It is basically irrelevant whether the goal is to improve climate protection, strengthen sustainable production patterns across branches, or focus the entire economy on a circular economy model: Sustainability only works with proven transparency. Issues involving sustainability no longer concentrate only on transparent external reporting, but also cover the active inclusion of the issue in relevant corporate control processes. The financial and non-financial world of information collection and its transparent communication are growing closer together.

Transparency in both financial and non-financial aspects has, therefore, always been an essential factor for the Zumtobel Group to safeguard the trust in the company's sustainability performance. Transparency also gives a company the opportunity to set goals, even for critical ESG issues, and to strive for continuous improvement. The Zumtobel Group has committed to coordinating its sustainability performance in a specially established steering committee and to communicate its successes and required information transparently to stakeholders in accordance with the GRI 2021 reporting structure, option "comprehensive".

In this sustainability report, the Zumtobel Group presents and reflects on its sustainability strategy and performance. The focus here, above all, is on the impact of its own actions on people and the environment along the entire value chain and on the design of corporate responsibility. Keeping pace with the times also means being successful in competition. This is more demanding than ever today because companies think economically as well as ethically and no longer have a responsibility for their customers but also for the world in which these customers live.

### 1.2.3 Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 – Taxonomy Regulation

The Taxonomy Regulation forms the basis for the EU Taxonomy by defining three conditions which must be met to classify an economic activity as sustainable.

- a) An economic activity contributes substantially to at least one of the two climate goals (climate change mitigation, climate change adaptation). In the future, a substantial contribution must be made to at least one of the six environmental objectives defined in Art. 9 (EU) 2020/852 and the technical screening criteria must also be met:

- >> Climate change mitigation
- >> Climate change adaptation
- >> Sustainable use and protection of water and marine resources
- >> Transition to a circular economy
- >> Pollution prevention and control
- >> Protection and restoration of biodiversity and ecosystems

- b) A business activity is only qualified as sustainable when it makes a substantial contribution to at least at least one environmental objective but, at the same time, does not significantly harm any of the other objectives ("do no significant harm", DNSH).

To qualify as sustainable, a business activity must meet minimum social objectives (Minimum Social Safeguards, MSS).

Based on this regulation, the EU Commission issued two delegated acts to define the technical screening criteria and publication methodology.

In the 2022/23 financial year, data were collected for the first time on the environmental objectives "climate change mitigation" and "climate change adaptation" in addition to the taxonomy eligibility and taxonomy alignment of revenues, capital expenditure (CapEx) and the proportional share of operating expenses (OpEx).

The Zumtobel Group created a project team for this purpose which includes members from corporate accounting & tax, Group sustainability, controlling lighting brands, Tridonic controlling and global quality. In a first step, the business activities were individually evaluated and the respective criteria were analysed with the IT tools established by the EU Commission ("Taxonomy Compass").

Based on this analysis, taxonomy eligibility was then analysed at the Group level.

Business activities connected with the Zumtobel Group's value creation process were identified as including activities directly related to revenues generated by the Zumtobel Group or activities involving individual CapEx or OpEx measures.

#### Overview of the identified taxonomy eligible business activities

The following table is designed to provide an overview over the identified business activities whose description reflects the EU Regulation and its interpretation by the Zumtobel Group. The interpretation was based on currently available information.

| <b>Business activity<br/>as per Regulation</b>                                      | <b>Description of business activity<br/>as per Regulation</b>  | <b>Interpretation and basis for<br/>taxonomy eligibility</b>   |
|---|--|--|
| 3.5 Production of energy-efficient building equipment                               | (g) Production of light sources  | Light sources in the sense of the Regulation include the LED modules as well as the luminaires and related equipment (tracks, mountings etc.) produced by the Zumtobel Group. Also included here are the luminaires produced by third parties on behalf of the Zumtobel Group which are marketed under a Zumtobel Group brand. |
|   | (j) Presence detection and daylight controls for lighting systems  | Presence detection and daylight controls for lighting systems include sensors together with hardware and software for light management systems.  |
|   | (m) Energy-efficient systems for building automation and controls for residential and non-residential buildings  | This category includes LED ballasts which regulate the current flow between the electricity network and the LED light source. Emergency lighting is also classified as 3.5 (m) because it represents an exception to the regulations for energy labelling defined by Annex IV of the delegated regulation (EU) 2019/2015.      |
| 6.4 Operation of technical devices for personal mobility, bicycle traffic logistics | Sale, purchase, finance leasing, rental and operation of technical devices for personal mobility or personal transportation which are driven by the user's muscle power, an emission-free motor or a combination of emission-free motor and muscle power   | Bicycles purchased as job bikes and general e-bicycles are assigned to this category.  |
| 6.5 Transportation via motorcycle, passenger car and light utility vehicle          | Purchase, financing, rental, leasing and operation of vehicles classified as M1 (232) or N1 (233), which both fall under the scope of application of Regulation (EC) Nr. 715/2007 of the European Parliament and the Council (234), or L (two- and three-wheel as well as four-wheel vehicles) (235) | Neither motorcycles nor light utility vehicles are in use. This category includes leased automobiles whose maintenance is the responsibility of the leasing company.   |
| 7.3 Installation, maintenance and repair of energy-efficient equipment              | (d) Installation and exchange for more energy-efficient lighting sources   | Installation and exchange for more energy-efficient lighting sources is understood to cover electrical installations as well as the inspection and maintenance of luminaires.  |

| <b>Business activity<br/>as per Regulation</b>  | <b>Description of business activity<br/>as per Regulation</b>                                    | <b>Interpretation and basis for<br/>taxonomy eligibility</b>   |
|---|--|--|
| 7.4 Installation,<br>maintenance and repair<br>of charging stations for<br>electric vehicles in<br>buildings (and on the<br>related parking areas)                        |  | In particular, charging equipment for<br>climate friendly autos was assigned to<br>this position.  |
| 7.5 Installation,<br>maintenance and repair<br>of equipment for the<br>measurement,<br>regulation and control<br>of the total energy<br>efficiency of buildings           | (a) Movement and daylight controls<br><br>(b) Lighting controls and energy<br>management systems | The corresponding digital services of<br>the Zumtobel Group were included<br>here.<br><br>The corresponding digital services of<br>the Zumtobel Group were included<br>here. |
| 7.7 Purchase of real estate<br>and the exercise of<br>ownership of this real<br>estate  |  | This covers, above all, the Zumtobel<br>Group's leasing expenses for buildings.  |
| 8.1 Storage, processing,<br>administration,<br>movement, control,<br>display, relay, exchange,<br>transmission or receipt<br>of a variety of data via<br>compting centres |  | The internal computing centre was<br>included here.  |

#### Review of taxonomy alignment

An internal platform was installed to support knowledge building. It contains all information materials, links to the related legal frameworks as well as documents and training videos on the EU Taxonomy and individual business activities. The examination and verification process included a particular focus on verifiability and the dual control principle for data analysis. The developed approach was simulated in a pilot projects with semi-annual data from the largest companies in the Zumtobel Group.

Global quality and Group sustainability were responsible for the examination and documentation of results from the climate risk and vulnerability analysis and the minimum safeguard criteria, whereby all requirements were met in full by the listed business activities. Physical climate risks were evaluated according to a risks analysis of all plant locations, including a materiality analysis, and the identification of approaches to reduce the risk potential.

The following guiding principle were met in full: the OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights including the eight fundamental conventions of the Declaration by the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, and the International Human Rights Charter. The definitions used by the EU Taxonomy and the related delegated acts permit different interpretations as seen from the Zumtobel Group's point of view, and the interpretation of certain business activities as of the reporting date did not identify any "prevailing theory". In a limited number of cases, third parties were unable to provide proof for conformity of the business activity

and the related position was therefore classified as not taxonomy aligned (e.g. the tyre configuration of the electric vehicles or external computing centres). Contacts to other stakeholders in the lighting industry was, and still is, sought to standardise reporting and to improve its scope and comparability.

### Changes versus the previous year

In comparison with reporting on the 2021/22 financial year, the reporting approach was further refined and expanded in 2022/23. Examples include the identification of new business activities in addition to 3.5 (see the table) and a deduction is no longer made for minor revenues of 3%, while the calculation method for capital expenditure (CapEx) remained largely unchanged. Operating expenditures (OpEx) are now exactly classified according to the definition in the EU Taxonomy.

### Key performance indicators (KPIs)

A specific approach was developed to analyse the taxonomy aligned share of the KPIs for revenues, capital expenditure (CapEx) and operating expenditures (OpEx) as a component of the respective business activity.

#### Revenues (see note 2.6.4.1 Revenues)

Taxonomy eligible revenues include revenues from the sale, installation and repair of luminaires and from the sale, installation and repair of LED modules, ballasts, hardware and software for light management systems. These revenues are allocated to business activities 3.5 (g) (j) (m) and 7.3 (d) and 7.5 (a) (b). The quantitative distribution of revenues to the various business activities can be found on the notification form. Our evaluation of revenues is based on the consolidated Group amounts, whereby a breakdown is provided in the notes to the consolidated financial statements.

Taxonomy aligned revenues represent the share of revenues that meet the technical screening criteria.

The technical screening criteria for business activity 3.5 (g) define lighting sources as taxonomy aligned when they are classified in the two highest energy efficiency categories under Regulation (EU) 2017/1369 of the European Parliament and of the Council on Energy Labelling and delegated acts issued on the basis of this Regulation. The European Product Registry for Energy Labelling (EPREL) lists energy efficiency classes A and B as having the highest energy efficiency for lighting sources. Therefore, only luminaires in energy efficiency class A or B are recorded as taxonomy aligned. Emergency lighting does not carry an energy efficiency class under the EU Regulation and, consequently, there is no technical screening criterion here.

#### CapEx

Taxonomy eligible capital expenditures represent the additions to tangible assets, assets under construction and intangible assets (incl. IFRS 16 rights of use as described in the IFRS consolidated financial statements) (see note 2.6.6.2 Other intangible assets and note 2.6.6.3 Property, plant and equipment). Capital expenditures are allocated to business activities 3.5, 6.4, 6.5, 7.3 to 7.7 and 8.1. Our evaluation of CapEx is based on the consolidated Group amounts.

Taxonomy eligible CapEx includes the investments in category (a) (b) or (c) of the delegated act to Art. 8  
 1.1.2.2. Examples are:

- >> Investments in machinery and tools for the production of energy-efficient luminaires or LED components
- >> Investments in the development of products for energy-efficient luminaires or LED components as well as hardware and software for light management systems

Taxonomy aligned CapEx are determined according to the same procedure applied to revenues, i.e. taxonomy conformity results from compliance with the technical screening criteria. In 2022/23, a CapEx plan was prepared and approved for the development of a product family that is particularly energy efficient (Energy Efficiency Class A or B), contributes to climate protection, and whose development will cover several years up to 2025/26. The related taxonomy eligible capital expenditures are reported as 100% taxonomy aligned.

| in<br>TEUR | Additions to<br>tangible assets | Internally produced<br>and purchased<br>intangible assets | Rights of use<br>to assets | Total  | Thereof a part of<br>a business<br>combination | Thereof part<br>of a CapEx<br>plan |
|------------|---------------------------------|---|----------------------------|--------|--|------------------------------------|
| 3.5        | 14,093                          | 6,854   | 0                          | 20,947 | 0  | 11,517                             |
| 6.4        | 827                             | 0   | 0                          | 827    | 0  | 0                                  |
| 7.3        | 159                             | 0   | 0                          | 159    | 0  | 0                                  |
| 7.4        | 53                              | 0   | 0                          | 53     | 0  | 0                                  |
| 7.5        | 46                              | 0   | 0                          | 46     | 0  | 0                                  |
| 7.6        | 16                              | 0   | 0                          | 16     | 0  | 0                                  |

## OpEx

OpEx covers all direct, non-capitalised costs for research and development, building refurbishment measures, maintenance and short-term leases. The evaluation of OpEx is based on the consolidated Group amounts.

Taxonomy eligible OpEx are operating expenses classified under category (a) or (c) of the delegated act to Art. 8.1.1.3.2. Examples are:

- >> Directly allocated operating expenses for taxonomy eligible business activities (production of energy-efficient luminaires etc.)
- >> Proportional share of OpEx for taxonomy eligible projects in research
- >> Taxonomy eligible OpEx are assigned to business activities 3.5 and 7.3.
- >> Taxonomy aligned OpEx are determined according to the same procedure.

| in TEUR | Tools and machinery<br>for internally produced<br>products | R&D activities<br>for internally produced<br>products | Total |
|---------|--|---|-------|
| 3.5     | 2,598  | 737   | 3,335 |

### Overview

| Revenues                  | 2022/23   |      | 2021/22   |      |
|---------------------------|-----------|------|-----------|------|
|                           | in TEUR   | in % | in TEUR   | in % |
| Absolute revenues         | 1,209,200 | 100% | 1,148,317 | 100% |
| thereof taxonomy eligible | 1,201,135 | 99%  | 1,114     | 97%  |
| thereof taxonomy aligned  | 304,137   | 25%  |           |      |

| CAPEX                         | 2022/23 |      | 2021/22 |      |
|-------------------------------|---------|------|---------|------|
|                               | in TEUR | in % | in TEUR | in % |
| Absolute capital expenditures | 69,409  | 100% | 54,093  | 100% |
| thereof taxonomy eligible     | 59,888  | 86%  | 41,048  | 76%  |
| thereof taxonomy aligned      | 22,048  | 32%  |         |      |

| OPEX                            | 2022/23 |      | 2021/22 |      |
|---------------------------------|---------|------|---------|------|
|                                 | in TEUR | in % | in TEUR | in % |
| Absolute operating expenditures | 36,630  | 100% | 34,030  | 100% |
| thereof taxonomy eligible       | 22,966  | 63%  | 7,618   | 22%  |
| thereof taxonomy aligned        | 3,335   | 9%   |         |      |



| Turnover   | Code | Absolute turnover | Proportion of turnover | Substantial Contribution criteria |                           |                        |                  |           |                             |
|--|------|-------------------|------------------------|-----------------------------------|---------------------------|------------------------|------------------|-----------|-----------------------------|
|  |      |                   |                        | Climate Change Mitigation         | Climate Change Adaptation | Water marine resources | Circular Economy | Pollution | Biodiversity and ecosystems |
| Economic activities  |      | kEUR              | %                      | %                                 | %                         | %                      | %                | %         | %                           |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>   |      |                   |                        |                                   |                           |                        |                  |           |                             |
| <b>A.1. Environmental sustainable activities (Taxonomy-aligned)</b>  |      |                   |                        |                                   |                           |                        |                  |           |                             |
| Manufacture of energy efficiency equipment for buildings   | 3.5  | 304,083           | 25                     | 100                               | 0                         | n/a                    | n/a              | n/a       | n/a                         |
| Installation, maintenance and repair of energy efficiency equipment  | 7.3  | 54                | 0                      | 100                               | 0                         | n/a                    | n/a              | n/a       | n/a                         |
| <b>Turnover of environmental sustainable activities (Taxonomy-aligned) (A.1.)</b>  |      | <b>304,137</b>    | <b>25</b>              |                                   |                           |                        |                  |           |                             |
| <b>A.2. Taxonomy-eligible but not environmental sustainable activites (not Taxonomy-aligned activities)</b>                |      |                   |                        |                                   |                           |                        |                  |           |                             |
| Herstellung von energieeffizienten Gebäudeausrüstungen   | 3.5  | 872,149           | 72                     |                                   |                           |                        |                  |           |                             |
| Installation, Wartung und Reparatur von energieeffizienten Geräten   | 7.3  | 24,849            | 2                      |                                   |                           |                        |                  |           |                             |
| <b>Turnover of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2.)</b> |      | <b>896,998</b>    | <b>74</b>              |                                   |                           |                        |                  |           |                             |
| <b>Total (A.1 + A.2)</b>   |      | <b>1,201,135</b>  | <b>99</b>              |                                   |                           |                        |                  |           |                             |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>   |      |                   |                        |                                   |                           |                        |                  |           |                             |
| <b>Turnover of Taxonomy-non-eligible activities (B)</b>  |      | <b>8,065</b>      | <b>1</b>               |                                   |                           |                        |                  |           |                             |
| <b>Total (A + B)</b>   |      | <b>1,209,200</b>  | <b>100</b>             |                                   |                           |                        |                  |           |                             |



| <b>CapEx<br/>(Capital Expenditure)</b>  | Code | Absolute CapEx<br>kEUR | Proportion of<br>CapEx % | Substantial Contribution criteria |                                |                             |                       |             |     |     | Biodiversity and<br>ecosystems % |
|---|------|------------------------|--------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------|-------------|-----|-----|----------------------------------|
|   |      |                        |                          | Climate Change<br>Mitigation %    | Climate Change<br>Adaptation % | Water marine<br>resources % | Circular Economy<br>% | Pollution % |     |     |                                  |
| Economic activities   |      |                        |                          |                                   |                                |                             |                       |             |     |     |                                  |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>  |      |                        |                          |                                   |                                |                             |                       |             |     |     |                                  |
| <b>A.1. Environmental sustainable activities (Taxonomy aligned)</b>   |      |                        |                          |                                   |                                |                             |                       |             |     |     |                                  |
| Manufacture of energy efficiency equipment for buildings  | 3.5  | 20,947                 | 30                       | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Operation of personal mobility devices, cycle logistics   | 6.4  | 827                    | 1                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Transport by motorbikes, passenger cars and light commercial vehicles   | 6.5  | 0                      | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Installation, maintenance and repair of energy efficiency equipment   | 7.3  | 159                    | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)   | 7.4  | 53                     | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5  | 46                     | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Installation, maintenance and repair of renewable energy technologies   | 7.6  | 16                     | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Acquisition and ownership of buildings  | 7.7  | 0                      | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| Data processing, hosting and related activities   | 8.1  | 0                      | 0                        | 100                               | 0                              | n/a                         | n/a                   | n/a         | n/a | n/a |                                  |
| <b>CapEx of environmental sustainable activities (Taxonomy-aligned) (A.1.)</b>  |      | <b>22,048</b>          | <b>32</b>                |                                   |                                |                             |                       |             |     |     |                                  |
| <b>A.2. Taxonomy-eligible but not environmental sustainable activites (not Taxonomy-aligned activities)</b>                               |      |                        |                          |                                   |                                |                             |                       |             |     |     |                                  |
| Manufacture of energy efficiency equipment for buildings  | 3.5  | 16,227                 | 23                       |                                   |                                |                             |                       |             |     |     |                                  |
| Operation of personal mobility devices, cycle logistics   | 6.4  | 0                      | 0                        |                                   |                                |                             |                       |             |     |     |                                  |
| Transport by motorbikes, passenger cars and light commercial vehicles   | 6.5  | 6,183                  | 9                        |                                   |                                |                             |                       |             |     |     |                                  |
| Installation, maintenance and repair of energy efficiency equipment   | 7.3  | 2,256                  | 3                        |                                   |                                |                             |                       |             |     |     |                                  |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)   | 7.4  | 0                      | 0                        |                                   |                                |                             |                       |             |     |     |                                  |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5  | 94                     | 0                        |                                   |                                |                             |                       |             |     |     |                                  |
| Installation, maintenance and repair of renewable energy technologies   | 7.6  | 0                      | 0                        |                                   |                                |                             |                       |             |     |     |                                  |
| Acquisition and ownership of buildings  | 7.7  | 7,314                  | 11                       |                                   |                                |                             |                       |             |     |     |                                  |
| Data processing, hosting and related activities   | 8.1  | 5,765                  | 8                        |                                   |                                |                             |                       |             |     |     |                                  |
| <b>CapEx of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2.)</b>                   |      | <b>37,840</b>          | <b>55</b>                |                                   |                                |                             |                       |             |     |     |                                  |
| <b>Total (A.1 + A.2)</b>  |      | <b>59,888</b>          | <b>86</b>                |                                   |                                |                             |                       |             |     |     |                                  |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>  |      |                        |                          |                                   |                                |                             |                       |             |     |     |                                  |
| <b>CapEx of Taxonomy-non-eligible activities (B)</b>  |      | <b>9,521</b>           | <b>14</b>                |                                   |                                |                             |                       |             |     |     |                                  |
| <b>Total (A + B)</b>  |      | <b>69,409</b>          | <b>100</b>               |                                   |                                |                             |                       |             |     |     |                                  |



| <b>OpEx</b><br><b>(Operating Expenditure)</b>  | Code | Absolute OpEx | Proportion of OpEx | Substantial Contribution criteria |                           |                        |                  |           |                             |  |
|--|------|---------------|--------------------|-----------------------------------|---------------------------|------------------------|------------------|-----------|-----------------------------|--|
|  |      |               |                    | Climate Change Mitigation         | Climate Change Adaptation | Water marine resources | Circular Economy | Pollution | Biodiversity and ecosystems |  |
| Economic activities  |      | kEUR          | %                  | %                                 | %                         | %                      | %                | %         | %                           |  |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>   |      |               |                    |                                   |                           |                        |                  |           |                             |  |
| <b>A.1. Environmental sustainable activities<br/>(Taxonomy aligned)</b>  |      |               |                    |                                   |                           |                        |                  |           |                             |  |
| Manufacture of energy efficiency equipment for buildings   | 3.5  | 3,335         | 9                  | 100                               | 0                         | n/a                    | n/a              | n/a       | n/a                         |  |
| Installation, maintenance and repair of energy efficiency equipment  | 7.3  | 0             | 0                  | 100                               | 0                         | n/a                    | n/a              | n/a       | n/a                         |  |
| <b>OpEx of environmental sustainable activities<br/>(Taxonomy-aligned) (A.1.)</b>                                      |      | <b>3,335</b>  | <b>9</b>           |                                   |                           |                        |                  |           |                             |  |
| <b>A.2. Taxonomy-eligible but not environmental sustainable activites (not Taxonomy-aligned activities)</b>            |      |               |                    |                                   |                           |                        |                  |           |                             |  |
| Manufacture of energy efficiency equipment for buildings   | 3.5  | 19,461        | 53                 |                                   |                           |                        |                  |           |                             |  |
| Installation, maintenance and repair of energy efficiency equipment  | 7.3  | 169           | 0                  |                                   |                           |                        |                  |           |                             |  |
| <b>OpEx of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2.)</b> |      | <b>19,630</b> | <b>54</b>          |                                   |                           |                        |                  |           |                             |  |
| <b>Total (A.1 + A.2)</b>   |      | <b>22,966</b> | <b>63</b>          |                                   |                           |                        |                  |           |                             |  |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>   |      |               |                    |                                   |                           |                        |                  |           |                             |  |
| <b>OpEx of Taxonomy-non-eligible activities (B)</b>  |      | <b>13,664</b> | <b>37</b>          |                                   |                           |                        |                  |           |                             |  |
| <b>Total (A + B)</b>   |      | <b>36,630</b> | <b>100</b>         |                                   |                           |                        |                  |           |                             |  |

|                           | DNSH criteria<br>("Does Not Significantly Harm") |                        |                  |           |                             |                    |   |   |                              |                                  |
|---------------------------|--|------------------------|------------------|-----------|-----------------------------|--------------------|---|---|------------------------------|----------------------------------|
| Climate Change Mitigation | Climate Change Adaptation                        | Water marine resources | Circular Economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Taxonomy-aligned proportion of OpEx,<br>fiscal year 2022/23 | Taxonomy-aligned proportion of OpEx,<br>fiscal year 2021/22 | Category (enabling activity) | Category (transitional activity) |
| Y/N                       | Y/N  | Y/N                    | Y/N              | Y/N       | Y/N                         | Y/N                | %   | %   | E                            | T                                |
| Y                         | Y  | Y                      | Y                | Y         | Y                           | Y                  | 9   | n/a   |                              |                                  |
| Y                         | Y  | Y                      | Y                | Y         | Y                           | Y                  | 0   | n/a   |                              |                                  |
|                           |  |                        |                  |           |                             |                    | 9   | n/a   |                              |                                  |
|                           |  |                        |                  |           |                             |                    |   |   |                              |                                  |
|                           |  |                        |                  |           |                             |                    |   |   |                              |                                  |
|                           |  |                        |                  |           |                             |                    |   |   |                              |                                  |
|                           |  |                        |                  |           |                             |                    |   |   |                              |                                  |
|                           |  |                        |                  |           |                             |                    | 9   | n/a   |                              |                                  |

|  |  |
|--|--|
| <b>Management approach &amp; due diligence processes</b> | <h3>1.2.4 Compliance</h3> <p>The Zumtobel Group has installed an extensive and responsible compliance management system which is administered by the audit and compliance organisation. For the Zumtobel Group, responsibility means ethical actions, the disclosure of necessary information, the transparent co-design of framework conditions, and the acceptance of responsibility for activities. Corporate audit and compliance is a staff department which reports directly to the Audit Committee of the Supervisory Board and to the full Management Board. This ensures the department's independence within the organisation.</p> |
|--|--|

The responsibilities of the corporate audit and compliance department include all precautionary measures to prevent violations and criminal acts. Compliance does not cover the identification or prosecution of criminal acts and violations.

Together with the responsible corporate governance and compliance organisation, the Zumtobel Group coordinates the comprehensive management and monitoring of all business activities. The framework for the design of the corporate governance system is provided by the Austrian Corporate Governance Code in its latest version. This code has been implemented in the Zumtobel Group through the corporate values, the recently revised code of conduct for the Zumtobel Group and the code of conduct for business partners, various corporate guidelines, and the Group-wide whistle-blower system.

As a listed international company, the Zumtobel Group is committed to transparent and conscientious management and contributes to the continuous improvement of systematic corporate controls.

The exchange of information with the Audit Committee was regular and ongoing during the reporting year. This Supervisory Board subcommittee guarantees the necessary independence of corporate governance and compliance.

#### Influence of the Covid-19 pandemic

The restrictions caused by the-19 pandemic at the beginning of the reporting year and subsequent energy savings measures led to a renewed focus on remote work. This development has also been reflected in the greater acceptance of online training programmes. The growing interest in training on governance and compliance subjects also led to the expansion of the related offering.

##### 1.2.4.1 Compliance & ethics (material topic)

###### Continuous review and evaluation of risks

The audit plan for 2022/23 was approved by the Audit Committee and executed during the past financial year. The required resources were available, and the audits were assigned to the responsible staff members.

Audit activities in 2022/23 focused primarily on legal entities, in particular sales companies. International audits concentrated on the introduction and implementation of the internal control system (ICS) as one of the focal points.

At the request of corporate compliance, the audit department carried out a survey (fraud awareness check) to identify and evaluate fraud risks in the Zumtobel Group. The compliance charter of the Zumtobel Group (GP 219) defines compliance as the observance of legal regulations, norms and internal rules of conduct. Compliance risk, consequently, is the risk arising from failure to comply, for example, with the following points:

>> Applicable laws

which include, among others:

- (i) Legal/regulatory risk
- (ii) Fraud risk
- (iii) Money laundering risk
- (iv) Reputation risk
- (v) Financial risks

Corporate compliance is also responsible for identifying, evaluating, monitoring and reporting on the compliance risks to which Zumtobel Group is exposed.

The fraud awareness check covered corporate functions as well as the decentralised sales units, finance and operations in 2022/23. A total of 115 key employees took part. The analysis was prepared and documented by the audit department and submitted to corporate compliance and the Management Board of the Zumtobel Group in December 2022. The identified risks were mapped in the Zumtobel Group's compliance management system and preventive measures were implemented through guidelines, work instructions and training to minimise these risks.

Eighty per cent of the Zumtobel Group's policies have been revised and recorded in the internal communications network. The ongoing revision of the remaining 20% is managed by the respective departments.

**Code of conduct**

*"GUIDELINES FOR BEHAVIOUR ARE A SOURCE OF ORIENTATION FOR OUR EMPLOYEES."*

In its code of conduct, the Zumtobel Group defines basic guidelines and procedures. These requirements represent general standards for behaviour in social, legal and ethical matters. They provide the members of the Management Board, management and company employees with a binding orientation and regulatory framework for their interaction with each other and with external persons.

**Mandatory Code of Conduct for all employees**

Based on the widespread introduction and training on the code of conduct in 2021 (95% of all salaried employees have completed this training), a revised version was prepared in 2022/23. The introduction of the revised code of conduct is supported by training courses with mandatory participation.

The current version of the code of conduct includes supply chain due diligence requirements as well as a commitment to observe and implement all requirements of the Austrian Act on Corporate Due Diligence in Supply Chains ("Lieferkettensorgfaltspflichtengesetz"). The process for the introduction and related obligations was prepared together with internal specialist departments and specified in the code of conduct for business partners of the Zumtobel Group.

**Consideration of due diligence along the supply chain**

The code of conduct for business partners is designed to ensure that due diligence principles and rules are applied and shared across the entire value chain, above and beyond the own organisation. The code of conduct for business partners is an integral part of all contracts between the Zumtobel Group (with all its business units) and its business partners. The Zumtobel Group expects its business partners and their employees to acknowledge and observe the due diligence principles and rules included in the code of conduct, and to share these principles and rules with their direct business partners and employees.

Contents of the code of conduct:

- >> Basic behavioural requirements
  - (i) Individual responsibility
  - (ii) Management and management behaviour
  - (iii) Behaviour in conflict situations
  - (iv) Compliance with legal regulations
  - (v) Respect and fairness
- >> Due diligence requirements along the entire value chain
  - (i) Compliance with due diligence requirements
  - (ii) Discrimination and working conditions
  - (iii) Child labour
  - (iv) Forced labour
  - (v) Freedom of association
  - (vi) Right to collective negotiations
  - (vii) Occupational safety and health
  - (viii) Sustainability and the environment
- >> Interaction with business partners and third parties
  - (i) Prohibition of corruption, acceptance of gifts
  - (ii) Donations and sponsoring
  - (iii) Fight against money laundering
  - (iv) Export controls
  - (v) Business relations with suppliers
  - (vi) Fair competition
- >> Avoidance of conflicts of interest
- >> Handling of information
  - (i) Prohibition of insider trading
  - (ii) Commitment to data protection and security
  - (iii) Protection of trade secrets – confidentiality obligations
  - (iv) Information security
  - (v) Social media and external communications
- >> Handling of company property

## Fight against corruption

"WE ACCEPT CORRUPTION IN NO FORM AND REPORT ANY CORRUPT BEHAVIOUR BY THIRD PARTIES."

The management of the Zumtobel Group is convinced that sustainable business success in a competitive environment is only possible on the basis of legally compliant actions. Therefore, preventing corruption and violations of anti-trust law has high business relevance and is an important success factor for the expansion of market positions and the fulfilment of corporate goals. This conviction is reflected in the installation of a compliance management system (CMS) by the Zumtobel Group.

## Compliance Management System

The systematic, standardised risk analysis for compliance risks represents an important element of the CMS. Based on a relevance analysis, a compliance risk assessment will be carried out in a second step. The Management Board supports this process with a suitable compliance organisation as well as adequate and efficient software.

The corporate audit and compliance organisation also provides the Management Board and Audit Committee with timely and extensive written information. The Audit Committee and compliance department meet on a quarterly basis. The senior director of corporate audit and compliance is responsible for the development of the CMS in the Zumtobel Group, carries out risk analyses and training courses, and advises the Management Board on the development and implementation of risk-minimising measures. The CMS is reviewed by internal audit, and an external evaluation was also completed in 2021.

Corporate audit reviews the Zumtobel Group's worldwide sales organisations and plants at regular intervals. A generalist approach is normally taken and focuses, above all, on the internal control system of the unit to be audited. Special audits are also performed if there are concrete reasons for suspicion. The targeted review of Group companies for corruption risks goes hand in hand with the systematic and standardised analysis of compliance risks. This analysis is repeated annually; its development is analysed and measures to minimise risk are implemented if necessary.

Twenty-four sales companies underwent an Internal control check as part of the self-assessment for global sales during the reporting year. As part of the self-assessment process, questions were added to determine the existence and implementation of local policies to prevent fraud.

Code of conduct training has been successfully completed by 95% of all salaried employees. The focus topics included fair competition, conflicts of interest, the handling of invitations and gifts, and processes and procedures to combat corruption. This training is mandatory and automatic for all new hires. The course content is currently under revision, the code of conduct will be adjusted accordingly and will be followed by mandatory employee training.

Disclosure of incidents:

- >> There were no confirmed incidents of corruption or bribery during the 2022/23 financial year.
- >> There were no convictions or fines for violations of the laws governing corruption or bribery.
- >> There were no confirmed incidents involving the termination or disciplinary action of company employees for corruption or bribery.
- >> There were no confirmed incidents involving contracts with business partners that were cancelled or not extended due to violations related to corruption or bribery.

#### Fraud

*"OUR BEHAVIOUR IS CHARACTERISED BY RESPECT, HONESTY, TRANSPARENCY AND RELIABILITY."*

The Zumtobel Group takes preventive steps to detect and manage misconduct, fraud and white-collar crime as well as violations of organisational rules. Any type of violation in this connection is strictly rejected.

The Zumtobel Group aims to create transparency in its dealing with customers, suppliers and public authorities in order to comply with international standards for the fight against corruption and to meet national and local requirements for the fight against corruption, bribery and fraud.

The integrated compliance management system installed by the Zumtobel Group covers the prevention of criminal offenses involving corruption, fraud and bribery as well as the granting of advantages to or bribery of public officials.

Disclosure of incidents:

- >> There were no confirmed incidents of fraud during the reporting year.
- >> There were no confirmed incidents involving the termination or disciplinary action of company employees for fraud.

#### Conflicts of interest

*"WE ALWAYS ACT IN THE COMPANY'S INTEREST."*

Loyalty and actions in the best interest of the company represent fundamental values for the employees of the Zumtobel Group. The Zumtobel Group's employees are required to report any activities or secondary employment that could lead to a conflict of interest or influence decisions. In this connection, a supplementary guideline was issued for buyers (ethical charter for buyers) and must be confirmed in writing.

## Money laundering

*"WE ARE DECISIVELY OPPOSED TO THE MISUSE OF THE FINANCIAL MARKET."*

The Zumtobel Group is committed to the active fight against the improper use of the financial market and financial system. Clear rules have been issued for the initiation of business transactions and the settlement of payments to prevent the possible concealment or shift of assets with a potentially illegal origin and the possible financing of malicious actions. The preventive measures implemented by the Zumtobel Group include the following:

- >> Exclusion, prohibition of cash transactions
- >> Identification and verification of the identity of business partners
- >> Especially for customers in countries outside Europe: Review of the business partner (countries and persons) by global customs & export control before the conclusion of any business transactions to identify possible inclusion in sanction lists
- >> Special audits by corporate finance and corporate compliance of implausible constellations between the customer/delivery location/source of payment

The Zumtobel Group's business model is based on business to business (B2B), i.e. our business partners are companies. These companies are subject to similar or the same legal disclosure obligations for their own business activities. This situation facilitates the implementation of precautionary measures to prevent money laundering.

Any suspected cases are logged and reported to the Zumtobel Group's financial organisation and examined together with group compliance. If the existing doubts cannot be clarified, the business transaction or payment is rejected.

Disclosure of incidents:

- >> No violations or legal proceedings over money laundering were identified during the reporting year.

## Anti-competitive practices

*"WE ARE COMMITTED TO FAIR COMPETITION."*

The Zumtobel Group's compliance management system covers the prevention of corruption, in particular criminal offences involving corruption and bribery. The CMS guidelines related to anti-trust law cover the prevention of agreements and coordinated practices that could restrict competition.

The Zumtobel Group strives to establish and maintain competitive advantages over other market participants. We realise these advantages through the continuous improvement of our products and services – and reject prohibited agreements in any form.

Disclosure of incidents:

- >> No violations or legal proceedings involving legal disputes over anti-competitive behaviour or the creation of cartels or monopolies were identified during the reporting year.
- >> No new findings or legal proceedings over non-compliance with legal regulations or requirements in the economic field were identified during the reporting year.

#### Data protection

*"DATA PROTECTION GIVES US A COMPETITIVE ADVANTAGE."*

The Zumtobel Group's compliance organisation supported the subsidiaries and affiliates which process personal data and are therefore subject to the General Data Protection Regulation (GDPR; "Datenschutz-Grundverordnung"), among others with training and the preparation of corporate guidelines in 2022/23. The data protection coordinator actively assists the local data protection officers in implementing the necessary measures.

The extensive updating of data protection involved the implementation of the following measures and preparation of the following documents:

- >> Updating the production registers for the leading companies in the Zumtobel Group
- >> Transfer of processing activities from the management companies to local unit registers (LEs)
- >> Clarification of the requirements for a legally effective content management system for marketing and sales
- >> Inclusion of changes in the data protection toolbox
- >> Integration of new legal requirements
- >> Advising on technical issues
- >> Continuous adaptation of the data protection manual to reflect new legal requirements

#### Data protection compliance achieved

All major process descriptions relating to data protection and the handling of personal data in the Zumtobel Group are described in the new data protection manual. In addition to these process descriptions, the manual also includes a list of contact partners, pre-printed forms, and processes and procedures for special data protection cases (e.g. violations of data protection). The goal to achieve data protection conformity in business processes was generally met.

A compliance training tool was purchased as further support for training activities and successfully used in implementing the code of conduct.

The data protection guideline was also revised, and the most important legal changes were incorporated. This guideline is available to all Zumtobel Group employees in the "INlight" internal communications network.

Disclosure of incidents:

- >> An information security incident was identified in 2022/23. The attack was immediately halted by IT security. The effects were limited, the involved circle of persons was in the single-digit range, and there was no access to sensitive data.

### Critical concerns and the whistle-blower system

"ANONYMITY REDUCES FEAR AND PROTECTS AGAINST NEGATIVE CONSEQUENCES."

The Austrian Parliament passed a new whistle-blower protection act ("HinweisgeberInnenschutzgesetz") and an accompanying legislative amendment on 1 February 2023. This finalised the implementation of an EU Directive in Austrian national law.

The Zumtobel Group's whistle-blower system is a safe reporting and communication tool that is available to all stakeholders (employees, suppliers, customers, shareholders etc.) to submit information on potentially serious violations of compliance and due diligence issues and issues involving data security. Technical support for the Zumtobel Group's whistle-blower system is provided by the BKMS (Business Keeper Management System) which is used worldwide. The whistle-blower system meets all legal requirements of the EU Whistle-blower Directive and the Austrian Whistle-blower Protection Act.

The whistle-blower system installed by the Zumtobel Group makes it possible for employees and external third parties to anonymously report possible compliance violations over a link on the Zumtobel Group's website. Confidentiality is always ensured – it is one of the basic requirements of the EU Whistle-blower Directive which took effect on 16 December 2019 and its implementation in Austrian national law. A whistle-blower hotline is available to employees and external persons throughout the world. The access options and usability were optimised and adapted in 2022/23.

Critical concerns and issues can, as a result, be reported directly to corporate audit and compliance. As an additional communication channel, reports can also be submitted via email. The whistle-blower hotline is administered by corporate compliance and ensures that incoming reports are classified and processed on a timely basis. These reports are communicated without delay to the Management Board. If the immediate notification of the Audit Committee is not required to address a significant violation, the reports are compiled and presented to the Audit Committee on a quarterly basis.

Individuals can also contact the corporate compliance staff through various channels if they have any questions concerning responsible business conduct in the plants or the organisation's business relations. The necessary information is available for all employees in the Intranet and is regularly used.

Whistleblower  
system for reporting  
global non-compliance

Critical concerns and  
issues also possible by  
e-mail

The Zumtobel Group's whistle-blower system covers the following reportable point:

- >> Health, safety and environmental regulations
- >> Fraud / breach of trust / embezzlement
- >> Corruption
- >> Capital market compliance/insider trading
- >> Data protection violations
- >> Anti-competitive behaviour
- >> Discrimination / harassment / mobbing
- >> Interaction with business partners
- >> Violations of due diligence requirements along the supply chain
- >> Other violations

#### Consideration of the requirements from the Due Diligence

The necessary measures related to supplier due diligence are the responsibility of the Zumtobel Group's global procurement organisation and are implemented through supplier sustainability audits. The requirements were re-evaluated during the reporting year and integrated in organisational instructions. Possible violations or non-compliance with due diligence requirements can also be reported over the external whistle-blower system.

Disclosure of reports:

- >> There were four reports over minor concerns in 2022/23. All of these concerns were resolved or refuted after internal investigations.

#### Training on compliance issues

"ALL NEW EMPLOYEES RECEIVE COMPLIANCE TRAINING."

The code of conduct implemented by the Zumtobel Group many years ago was revised during the 2022/23 financial year. The goal is to hold regular refresher courses and training on compliance-relevant issues to help employees act with integrity in all types of business situations and to minimise risks for the company.

#### Mandatory compliance training

All new employees are required to register for online training on compliance and data protection during their introduction phase. The modules – compliance (module 1) and data protection (module 2) – are offered on a Group-wide learning platform. The invitation to online training is sent via email and is a fixed part of the onboarding process for new employees. These modules must be completed within 30 days.

##### 1.2.4.2 Human rights (material topic)

"WE RESPECT HUMAN RIGHTS AND CONDEMN DISCRIMINATION IN ANY FORM."

As an international company, the Zumtobel Group is fully committed to the protection of human rights and compliance with high social standards and the legal regulations applicable in Austria and other countries. The "slavery and human trafficking statement" for Great Britain is renewed annually.

The Zumtobel Group regularly renews its commitment to responsible management and publishes an annual progress report (COP - Communication on Progress) based on the UN Global Compact. It contains information for all relevant stakeholders on activities and progress in implementing the 10 principles.

## UN Global Compact Progress Report

To meet the requirements of the Supply Chain Due Diligence Law ("Lieferketten-sorgfaltspflichtengesetz", LkSG) which is now legally binding in Germany and in preparation for the EU's Corporate Sustainability Due Diligence Directive, the Zumtobel Group is addressing the risks related to human rights and the environment along the value chain. The goal is to proactively prevent and minimise risks and to eliminate possible violations. This takes place, on the one hand, through regular exchanges with suppliers, the adaptation and signing of the code of conduct for business partners, surveys on compliance with human rights and environmental issues, and supplier sustainability audits. On the other hand, these risks are reduced through the consequent handling of issues recorded in the whistle-blower system.

Sanction lists are monitored by the global customs & export control organisational unit. The Zumtobel Group clarified compliance with due diligence requirements in a supplement to the code of conduct in 2023 and in the code of conduct for business partners and integrated this information in the following processes:

- >> Revision of the Zumtobel Group's code of conduct
- >> Revision of the code of conduct for business partners
- >> Information for suppliers, inclusion in the supplier onboarding process
- >> Adaptation of the supplier questionnaire and supplier evaluation
- >> Supplier audits and sustainability audits
- >> Responsibility for escalations and complaint management
- >> Integration in the existing whistle-blower system

Corporate compliance and global procurement are responsible for implementation. The compliance management system also requires the risk-based selection of business partners, and a compliance check was integrated to support this process.

Disclosure of incidents:

- >> There were no findings or legal proceedings involving violations of human rights or violations of environmental compliance during the reporting year.

### 1.2.5 Procurement

Sustainable procurement plays an important role for the Zumtobel Group as a producing company. Global procurement, the responsible department, is centrally organised, globally positioned and located in Dornbirn. The Zumtobel Group's supply chain takes full account of the following social, labour law and ecological factors and issues:

### Management approach & due diligence processes

- >> Ethics along the entire supply chain (code of conduct, self-declaration on sustainability, sustainability audits)
- >> Global procurement with local areas of influence (organisational structure)
- >> Safety of employees and suppliers (code of conduct, self-declaration on sustainability, sustainability audits, training)
- >> CO<sub>2</sub> footprint of the supply chain (concrete, resp. targeted inquiries)

- >> Evaluation of suppliers' environmental and social standards (code of conduct, self-declaration on sustainability, sustainability audits)
- >> Respect for human rights and all employee and social issues (code of conduct, self-declaration on sustainability, sustainability audits)

The Zumtobel Group relies more than ever on the long-term inclusion of and communication with its stakeholders along the supply chain and in the organisation's other areas of influence. All processes are characterised by mutual respect, open dialogue and transparent behaviour.

Stakeholders who have an influence on the Group's business activities are involved in procurement processes through open and clear representation. This involves the suppliers of materials required for production, contract suppliers for merchandise, and the suppliers of indirect materials or products used in production.

#### Central bundling of the purchasing processes

The procurement volumes for all plants are bundled under designated commodity managers. The various procurement groups are also managed centrally in keeping with the focus on sustainability. The Zumtobel Group works worldwide with 708 suppliers from 36 countries (2021/22: 659 suppliers from 34 countries). This setup helps employees to continuously optimise sustainable procurement and improve resource efficiency. It also makes a substantial contribution to the protection of the environment and climate and to compliance with social standards and the correct observance of conditions under labour law along the supply chain.

| Supplier data                         | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------------------------------|--------|---------|---------|---------|---------|---------|
| Suppliers (99.9% Annual volume)       | Number | 700     | 692     | 674     | 659     | 708     |
| New suppliers                         | Number | N/A     | N/A     | N/A     | 8       | 11      |
| Share of new suppliers                | in %   | N/A     | N/A     | N/A     | 1.2     | 1.6     |
| Suppliers from Europe                 | Number | N/A     | N/A     | N/A     | 545     | 555     |
| Share of suppliers from Europe        | in %   | N/A     | N/A     | N/A     | 82.7    | 78.4    |
| Suppliers from other regions          | Number | N/A     | N/A     | N/A     | 114     | 153     |
| Share of suppliers from other regions | in %   | N/A     | N/A     | N/A     | 17.3    | 21.6    |
| Top suppliers                         | Number | N/A     | N/A     | N/A     | 89      | 93      |
| Suppliers from risk countries         | Number | N/A     | N/A     | N/A     | 109     | 139     |

The local plants and their procurement teams are also integrated in the procurement structure. These teams can react on location to current requirements and contribute to regional, transport-optimised and sustainable procurement through local initiatives.

#### Regionality with high priority

The company attempts to purchase most of the raw materials, goods and services in the region where production takes place. Key raw materials like steel, copper, aluminium and plastic granulate are purchased in Central Europe. Electronic and LED components are sourced primarily in Asia, where many of the most competitive suppliers are located. In 2022/23, the share of the procurement volume from Asia amounted to 51.8% (2021/22: 58.2%) in the Components Segment and nearly 8.4% (2021/22: 9.9) in the Lighting Segment.

| <b>Procurement volumes</b>                 | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|-------------|----------------|----------------|----------------|----------------|----------------|
| Procurement volumes (total)                | EUR million | 390            | 357            | 305            | 395            | 390            |
| Share of revenues                          | in %        | N/A            | N/A            | N/A            | 34.4           | 32.2           |
| Procurement volumes Europe                 | EUR million | N/A            | N/A            | N/A            | 263            | 276            |
| Procurement volumes Asia                   | EUR million | N/A            | N/A            | N/A            | 130            | 113            |
| Procurement volumes Rest                   | EUR million | N/A            | N/A            | N/A            | 2              | 1              |
| Procurement volumes Europe Lighting Brands | in %        | N/A            | N/A            | N/A            | 89.5           | 91.1           |
| Procurement volumes Asia Lighting Brands   | in %        | 11.0           | 9.0            | 8.2            | 9.9            | 8.4            |
| Procurement volumes Rest Lighting Brands   | in %        | N/A            | N/A            | N/A            | 0.6            | 0.5            |
| Procurement volumes Europe Components      | in %        | N/A            | N/A            | N/A            | 41.3           | 48.1           |
| Procurement volumes Asia Components        | in %        | 65.0           | 63.0           | 58.9           | 58.2           | 51.8           |
| Procurement volumes Rest Components        | in %        | N/A            | N/A            | N/A            | 0.5            | 0.1            |

#### From the Covid-19 pandemic and the supply chain crisis to the Ukraine conflict and the prevailing energy crisis

The massive capacity reductions in nearly all industrial sectors during the Covid-19 pandemic led to an unprecedented availability crisis. During these times of shortages, the Zumtobel Group benefited from the long-standing partnerships with its suppliers. Various procurement tools must, however, still be used regularly and carefully to organise the materials required for production.

#### Success factors in connection with the Covid-19 pandemic

- >> Long-standing partnerships with suppliers
- >> Local supply chains
- >> Increased authorisation of local suppliers
- >> Regular coordination with local plants
- >> Continuous, close coordination with suppliers
- >> Continuous monitoring of supply plans
- >> Ad-hoc changes in established transport routes
- >> Increase in remote meetings and remote audits with suppliers

The beginning of the Ukraine conflict in February 2022 significantly changed the situation and focus on the procurement market. It showed that the measures which proved to be successful during the Covid-19 pandemic were also able to counter the negative effects of the Ukraine conflict. Our crisis management developed a certain supply chain resilience during the first one to two years of the Covid-19 pandemic that proved useful in their efforts to safeguard supplies during the following availability disruptions. This resilience was necessary to react to the changing demands and cost structures (due to the increase in input factor costs) which were intensified by the Ukraine conflict and the energy crisis.

#### Resilience in the supply chain

In addition to the above success factors, a greater focus was placed on developing a better understanding and clear picture of the economic and ecological influence of suppliers in the largely localised supply chain. The recently revised supplier sustainability questionnaire and better concentration on the CO<sub>2</sub> footprint will improve transparency over the energy consumption of key suppliers (in particular, suppliers from risk countries). It also forms an excellent basis to work with suppliers on their energy autonomy and the resulting higher share of green energy. This not only helps to reduce costs, but also has a positive effect through an increase in independence and supply security with a parallel reduction in emissions.

### 1.2.5.1 Procurement & supplier management (material topic)

The implementation of a sustainable procurement concept, including a maximum value contribution for the organisation, has represented a core initiative for procurement in the Zumtobel Group for many years. As a producing company, the Zumtobel Group wants to meet its responsibility to society and, in all areas of its activities, ensure the economical use of natural resources, climate and environmental protection, fair trade and responsibility along the entire supply chain.

Supply chain management in the Zumtobel Group places high priority on full compliance with all applicable legal regulations and internal standards for safety, environmental protection and human rights. The focus of procurement has moved from pure economic interests to the increased implementation of ecological and social aspects in recent years.

The Zumtobel Group assesses its top suppliers annually with regard to potential risks such as the risk of child labour and forced or compulsory labour. In the reporting period, 139 top suppliers from 6 risk countries underwent processes such as supplier self-disclosure, supplier questionnaires, signing of the Code of Conduct, selective supplier audits and sustainability audits in order to rule out potential risks relating to human rights violations.

| <b>Suppliers to risk countries</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|------------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|
| TOP Suppliers Lighting Brands      | Number      | N/A            | N/A            | N/A            | N/A            | 54             |
| China                              | Number      | N/A            | N/A            | N/A            | N/A            | 21             |
| Serbia                             | Number      | N/A            | N/A            | N/A            | N/A            | 31             |
| Thailand                           | Number      | N/A            | N/A            | N/A            | N/A            | 1              |
| Turkey                             | Number      | N/A            | N/A            | N/A            | N/A            | 1              |
| TOP Suppliers Components           | Number      | N/A            | N/A            | N/A            | N/A            | 85             |
| China                              | Number      | N/A            | N/A            | N/A            | N/A            | 74             |
| Serbia                             | Number      | N/A            | N/A            | N/A            | N/A            | 8              |
| Thailand                           | Number      | N/A            | N/A            | N/A            | N/A            | 2              |
| Malaysia                           | Number      | N/A            | N/A            | N/A            | N/A            | 1              |

#### Supplier onboarding process

##### Systematic supplier onboarding process

The basis for business relations is formed by a systematic supplier evaluation and release process (supplier onboarding). It begins with the signing of the supplier code of conduct and continues with a self-evaluation questionnaire that covers various economic, ecological and social factors. The next step is an agreement over the commercial and quality aspects of the contract, which ends with an audit of various focal points in areas like quality and sustainability.

Confirmation of compliance by business partners with all requirements of the code of conduct, which are focused on human rights as well as clearly defined social and environmental standards, is fundamental for the start of supplier relations with the Zumtobel Group and creates the foundation for long-term, sustainable partnerships. New suppliers are also carefully evaluated for compliance with legal regulations like the REACH/ROHS guideline or conformity with conflict mineral prevention.

In addition to the previously applied criteria, the release criteria, in general, and the code of conduct and supplier sustainability questionnaire, in particular, were expanded in 2022/23 to include concrete emission screening (CO<sub>2</sub> status inquiry), an audit of compliance with the due diligence guideline and specific questions on conformity with various diversity and inclusion guidelines. The set of agreements for the onboarding process and the questionnaires used in the audits therefore create significant added value and cover all requirements for the newly integrated subject areas.

The Zumtobel Group works together with suppliers in the event of a violation of one or more guidelines and corrective measures are agreed to remedy the situation. If the agreed measures are not introduced, the Zumtobel Group reserves the right to terminate the contractual relationship with the supplier.

#### Code of conduct for business partners

Every potential supplier must confirm compliance with the code of conduct für suppliers in writing before the possible start of business relations with the Zumtobel Group. The latest version of the code from the 2020/21 financial year with its general behavioural rules was substantially expanded to include, above all, rules covering corruption, violations of human rights, forced labour and child labour as well as the environment and sustainability. As previously mentioned, this document was also supplemented during the reporting year by various due diligence contents and, following the inclusion of the latest EU due diligence requirements, now reflects the latest standards. Diversity and inclusion aspects were also fully integrated and, in a first step, rolled out to suppliers in risk countries. By signing the code, the partners agree to fight all indicated risks concerning violations in the supply chain under all circumstances and to eliminate these risks in their sphere of influence. Based on volume, 97.4% of suppliers have signed the code of conduct (2021/22: 97.2%).

Due diligence requirements integrated

Content of the code of conduct for business partners:

- >> Whistle-blower system and recording of reports
- >> Due diligence requirements
- >> General principles of conduct and expectations of business partners
- >> Principles and guidelines for due diligence requirements
  - (i) Compliance with human rights
  - (ii) Environment and sustainability
  - (iii) Corruption and the fight against money laundering
  - (iv) Criminal activities in dealing with public officials and in business transactions (in general)
  - (v) Conduct in dealings with competitors (anti-trust law)
  - (vi) IT security
  - (vii) Intellectual property and confidential information
  - (viii) Social media
  - (ix) Data protection
  - (x) Controls and partnership

The Zumtobel Group renewed its commitment to a responsible and sustainable procurement process in 2022/23 with an annual progress report (COP-Communication on Progress) based on the UN Global Compact. This report includes information for stakeholders on the company's activities and progress in implementing the 10 principles.

#### 1.2.5.2 Resources inflows, including resource use (material topic)

The further strengthening of sustainability in purchasing activities and supplier onboarding is an important objective for the procurement department. To address this issues, sustainability aspects were integrated in the procurement group strategy. The main goal is to regularly evaluate key suppliers for compliance with the most important requirements and to ensure documentation and continuous improvement.

For key suppliers of the Zumtobel Group, the continuous development of the supplier relationship includes various KPIs for quality, delivery reliability and customer service, also as regards diverse supplier ratings and the optimisation of elements in the sustainable supply chain.

In addition to the materials which flow directly into the products and merchandise that is manufactured by contract partners, indirect materials are receiving greater attention with regard to sustainability. For example: The major plants were converted to 100% green electricity and, in doing so, made substantial progress in moving production towards greater environmental compatibility. Projects are also in progress to make the company fleet greener and to optimise the footprint of transport logistics.

#### Systematically identify and expand the share of recycled material

In line with the sustainability strategy, the Zumtobel Group is implementing measures along the supply chain to ensure that information on the share of recycled source materials is available for each procurement group (including packaging). This information is included in this report for the first time. Joint measures are then put into effect based on the feedback from suppliers to increase this share wherever possible. The recyclability indicator as a per cent is also calculated on the basis of this data.

| Materials by procurement group | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--------------------------------|--------|---------|---------|---------|---------|---------|
| Starting materials             | Tonnes | N/A     | N/A     | N/A     | 17,200  | 17,936  |
| Semi-finished goods            | Tonnes | N/A     | N/A     | N/A     | 7,963   | 8,927   |
| Operating equipment            | Tonnes | N/A     | N/A     | N/A     | 1,265   | 1,481   |
| LED/lamps                      | Tonnes | N/A     | N/A     | N/A     | 444     | 971     |
| Supplies                       | Tonnes | N/A     | N/A     | N/A     | 717     | 971     |
| Packaging                      | Tonnes | N/A     | N/A     | N/A     | 3,848   | 4,184   |
| Merchandise                    | Tonnes | N/A     | N/A     | N/A     | 2,071   | 1,268   |
| Rest                           | Tonnes | N/A     | N/A     | N/A     | 1,472   | 646     |

| <b>Share of recyclate by top procurement group</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|-------------|----------------|----------------|----------------|----------------|----------------|
| Steel  | in %        | N/A            | N/A            | N/A            | 30             | 32             |
| Cardboard packaging                                | in %        | N/A            | N/A            | N/A            | 90             | 90             |
| Cast components                                    | in %        | N/A            | N/A            | N/A            | 85             | 98             |
| Plastic granulate                                  | in %        | N/A            | N/A            | N/A            | 5              | 5              |
| Aluminium profiles                                 | in %        | N/A            | N/A            | N/A            | 70             | 75             |
| Aluminium  | in %        | N/A            | N/A            | N/A            | 45             | 45             |

Materials procurement is increasingly concentrating on circularity and represents a fundamental element of the circular design rules in the development process. The procurement team in the Zumtobel Group is working continuously with suppliers to record and increase the recycling share of production materials.

The constituent substances of materials are another central point of sustainability efforts. The Zumtobel Group exceeds legal requirements by following the strict constraints of the cradle-to-cradle restricted substances list. Conspicuous substances are identified and removed.

The recyclability of the materials used to produce lighting and components is also an important CDR criterion. Materials that are well-suited for recycling are given priority in product development processes.

#### E-mobility in fleet management

Mobility is another important issue for the Zumtobel Group's sustainable procurement. The focus of fleet management is shifting to find the right balance between environmental protection and economy.

The demand and usage profile of the Zumtobel Group's motor vehicle pool was examined in detail during the 2021/22 financial year. This analysis resulted in an updated global policy for company vehicles based on sustainable criteria, which was rolled out in 2022/23.

This initiative also created an opportunity to gradually direct the company fleet towards environmental compatibility and includes four categories of hybrid and electric vehicles. Of the company vehicles purchased during the reporting year, over 20% are pure electric vehicles. Investments were also made in the charging infrastructure to expand the charging options for company and private vehicles – and a public charging station was also installed for visitors.

#### Implementation of e-mobility

| <b>Vehicle fleet</b> | <b>Einheiten</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|----------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Diesel               | Number           | N/A            | N/A            | N/A            | 581            | 546            |
| Petrol               | Number           | N/A            | N/A            | N/A            | 50             | 65             |
| Gas                  | Number           | N/A            | N/A            | N/A            | 0              | 0              |
| Hybrid               | Number           | N/A            | N/A            | N/A            | 1              | 3              |
| 100 % Electric       | Number           | N/A            | N/A            | N/A            | 7              | 27             |
| Vehicles Total       | Number           | N/A            | N/A            | N/A            | 639            | 641            |
| Share of e-mobility  | in %             | N/A            | N/A            | N/A            | 1.3            | 4.7            |
| CO <sub>2</sub> e    | Tonnes           | N/A            | N/A            | N/A            | 3,499          | 3,353          |

## Group-wide and harmonised supplier approval process

### 1.2.5.3 Environmental and social standards in the supply chain (material topic)

Every potential supplier must confirm compliance with the code of conduct for suppliers in writing before the possible start of business relations with the Zumtobel Group. This code was expanded in 2022/23 to add various due diligence contents and, following the inclusion of the latest EU due diligence requirements, now reflects the latest standards. Approval as a supplier is followed by the completion of a multidimensional sustainability questionnaire that includes questions on environmental and social standards in the supply chain. This questionnaire was also supplemented in 2022/23 to cover content and issues involving due diligence requirements, emissions and CO<sub>2</sub> status as well as transparency and future plans for the respective area(s). The resulting rating is decisive for further approval: The supplier approval process cannot be completed without a clearly defined minimum performance.

The content of this self-evaluation is subsequently verified in an on-site sustainability audit that is mandatory for the approval process. This audit also questions, verifies and documents the sustainability-related content.

#### Sustainability evaluation & supplier audits

The Covid-19 pandemic and the related travel restrictions also led to the use of remote audits. In 2022/23, 175 quality system, process and/or control plan audits (2021/22: 150) were carried out. These audits were adapted, where necessary, to reflect the requirements for the respective suppliers. A special focal point of the QS audit is the implementation of the selected quality management system (normally ISO 9001/TS 16949) in everyday work.

The supplier scoring process covers the following areas: quality management, procurement, material handling, development and production. Under all circumstances, at least 80% of the points from all areas are required to pass the audit.

Audits with less than 80% of the possible points require immediate actions by the supplier as well as a new audit that evaluates and documents the implementation of the measures and improvements. Business relations are not started with suppliers who have not completed a positive QS audit.

| Supplier audits/sustainability audits                                       | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|--------|---------|---------|---------|---------|---------|
| Suppliers   | Number | 700     | 692     | 674     | 659     | 708     |
| New suppliers   | Number | N/A     | N/A     | N/A     | 8       | 11      |
| Total audits  | Number | 103     | 136     | 154     | 150     | 175     |
|   | in %   | 14.7    | 19.7    | 22.8    | 22.7    | 24.9    |
| Sustainability audits   | Number | 44      | 51      | 48      | 101     | 114     |
|   | in %   | 42.7    | 37.5    | 31.2    | 67.3    | 65.1    |
| Audits of new potential suppliers (total)                                   | Number | N/A     | N/A     | N/A     | 32      | 45      |
| Sustainability audits of new potential suppliers                            | Number | N/A     | N/A     | N/A     | 9       | 27      |
|   | in %   | N/A     | N/A     | N/A     | 28.1    | 60.0    |
| Suppliers with negative impact  | Number | N/A     | N/A     | N/A     | 14      | 15      |
| Suppliers with negative impact and termination of supplier relationship     | Number | N/A     | N/A     | N/A     | 0       | 0       |
| New suppliers with negative impact  | Number | N/A     | N/A     | N/A     | 6       | 4       |
| New suppliers with negative impact and termination of supplier relationship | Number | N/A     | N/A     | N/A     | 0       | 0       |

Of the total audits carried out in 2022/23, 114 (2021/22: 101) also represented sustainability audits. The related activities covered QS/process issues and included a special focus on ethics, health and safety, work and worker protection, and environmental management. A threshold was also defined for a positive sustainability audit in this area. Audits with less than the necessary points require immediate action by the supplier.

This procedure allows for the specific evaluation and auditing of the above-mentioned risks (corruption, violations of human rights, forced labour and child labour) as well as environmental and social risks in the supply chain – and their exclusion from the supply chain. Additional risks are listed below:

- >> Lack of business integrity
- >> Lack of information security
- >> Compulsory work performance
- >> Lack of work safety standards
- >> Illegal working and rest times
- >> Any form of discrimination
- >> Lack of work safety in any of the involved areas
- >> Environmental pollution and lack of legal environmental standards
- >> Waste of resources
- >> Conformity with the EU Due Diligence Directive
- >> Conformity with the standards of the German Supply Chain Due Diligence Law

Based on an internally defined sustainability rating for risk countries, a tighter net of sustainability evaluations has been spread over “older” or long-established suppliers (self-evaluation and/or audit). Special attention is given to suppliers in countries that are associated with a high risk of violations against environmental, social or humanitarian standards.

Self-evaluations from 158 suppliers in the Zumtobel Group’s supplier base are now also available in addition to the audits. A minimum standard must be maintained to continue business relations in the future.

The ratings in the risk countries show the following results after the inclusion of emission data and the requirements of the due diligence guideline in the supplier self-evaluation and roll-out to the most important suppliers in risk countries during 2022/23:

An average of 83% of the suppliers have reached the A-standard (at least 80% of the possible points). This clearly shows that the recently defined emission monitoring requirements have created a new and definitely substantial challenge for suppliers in risk countries. The goal for the coming year is to increase the share of suppliers with positive emission results in the section on the environment. The assessment with these new criteria will also be expanded to cover additional suppliers in risk countries.

It is important to note that none of the audited suppliers has been identified as being responsible for gross violations that would have a significant negative impact on the environment or society. Moreover, it was determined that suppliers are consistently integrating environmental and social issues in their actions. Opportunities for improvement identified by the Zumtobel Group are primarily related to the certification of compliance with standards by external agencies, e.g. ISO 14001 and ISO 45001.

#### Sustainability audits at suppliers

No significant negative environmental and social impacts

Together with its suppliers, the Zumtobel Group is continuing its development in the area of sustainability. This takes place through a request or invitation as well as a review of the implementation of environmental and social certifications or external certification (e.g. by EcoVadis) to ensure greater transparency over sustainability issues.

#### Sustainability training for the procurement staff

"ALL EMPLOYEES INVOLVED IN PROCUREMENT RECEIVE SUSTAINABILITY TRAINING."

The training initiative "sustainability for the procurement organisation" was planned and carried out during the reporting year. Four scheduled courses were held for 94 employees in the global procurement organisation on the issues of sustainability and due diligence along the value chain.

#### Conflict minerals

Companies headquartered in the EU have been legally required to carry out a due diligence audit in connection with the procurement of conflict materials since the beginning of 2021. The European Commission has called on all companies covered by this directive to meet the due diligence requirements for tin, tantalum, wolfram and gold in their supply chains. As part of the conflict minerals programme, the Zumtobel Group has implemented measures in its supply chain to ensure that these products do not directly or indirectly finance transactions with the Democratic Republic of the Congo (DRC).

The Zumtobel Group documents its due diligence based on the report template issued by the Responsible Minerals Initiative (RMI) and discloses its due diligence in the supply chain for smelting works and refineries as required by the Responsible Minerals Assurance Process (RMAP). The OECD guideline "Due Diligence Guidance for Responsible Supply Chains from Conflicted-Affected and High-Risk Areas" is the most important reference benchmark for the current RMAP standards. It requires upstream companies to publish annual reports. Smelters and refineries are considered upstream companies in the sense of the OECD guidelines and must meet the OECD Level 5 reporting requirements for upstream companies in order to conform to RMAP standards.

#### CMRT Reports for Lighting and Components Segment

The reports were prepared and updated externally by ValueStream Europe GmbH, which contributes its expertise in material compliance. The current version of the conflict minerals reporting template (CMRT) is available for download on the Zumtobel Group's website for the Lighting Segment and the Component Segment under the menu point "Sustainability".

#### 1.2.6 Employer

#### Management approach & due diligence processes

The Zumtobel Group has a workforce of roughly 5,800 employees at numerous locations throughout the world. These men and women form the basis for our success and are a key factor for the successful development of our company. Satisfied, competent and committed employees create the foundation for outstanding lighting solutions, components and services and, in turn, for satisfied customers. Their support makes it possible for us to build lasting customer relations and sustainably strengthen our productivity and profitability.

Global HR teams comprising HR business partners, people services and centres of expertise are available to assist all current and future employees in their work and further development, above all in the following areas:

- >> Personnel recruitment
- >> Performance & talent management
- >> Personnel and organisational development
- >> Total rewards
- >> Employer-labour relations
- >> Occupational safety, health and well-being

The Zumtobel Group's People Strategy – LIGHT UP – was derived from the FOCUSED corporate strategy, the three core values "passion, performance and partnership", current strengths and weaknesses, external factors and market conditions as well as HR trends and best practices.

The Zumtobel Group wants to be the employer of first choice for people who want to advance the future of light. As the employer of first choice, we want our employees to shine (LIGHT UP) at work through:

- L **Leaders** who trust, challenge and empower their teams and set an example
- I **International** perspectives, local roots and equal opportunities for all
- G **Growth** opportunities enfolding our employees' full potential
- H **High** performance culture marked by self-responsibility and open, two-way feedback
- T **Teams** that create real value with passion and purpose
  
- U **Uncomplicated** fair payment and performance recognition
- P **Practical** flexible working models which meet individual needs

As a company, we intend to place even greater value on a culture of trust in the future – a culture in which we interact with openness and respect and give and accept feedback. We intend to offer our employees even more development opportunities so they can reach their full potential and, at the same time, we are strengthening our managers in their role.

The Zumtobel Group is committed to equal opportunity – not only in view of the global job market of the future but also with a look inside. The basis for all this is fair remuneration, realistic working time models and processes that are flexible enough to meet employees' individual needs.

### Corporate culture

Our core values “passion, performance and partnership” are not only empty words but real principles that are actively followed in our daily activities. These values are anchored in our “LIGHT UP” people strategy and in core HR processes like talent acquisition, performance & talent management, people and organisational development, total rewards and employee & labour relations to align our company’s DNA with future challenges and contribute to our corporate culture.

“We live light“ is the claim that expresses our passion for light. It is a passion that unites us all and drives us to top performance every day, a passion that bonds us and makes us proud.

Other aspects that have defined our culture and played an important role since the founding of the company are the continued pursuit of top performance and sustainability. Our employees are proud of their important contribution to creating a better future for coming generations with our products and processes.

As an international company with locations in many different countries, the Zumtobel Group has continued to preserve its local roots. This is reflected in close ties and a sense of family. Teamwork with colleagues from a wide range of cultures and beyond national borders promotes mutual learning and, at the same time, drives the development of innovative and high-quality products and lighting solutions.

#### Dr Walter Zumtobel Value Award

The Dr Walter Zumtobel Value Award, which carries the name of the Group's founder, was also presented in 2022/23. It is given to persons who demonstrate the corporate values in their everyday actions and, in this way, keep the founder's values alive.

##### 1.2.6.1 Employee satisfaction (material topic)

An employee survey was carried out from February to March 2023. Responses were received from 82% of the workforce on the following eight topics:

- >> Team
- >> Work organisation & processes
- >> Design freedom & assumption of responsibility
- >> Management
- >> Communication, strategy & innovation
- >> Personal & professional development
- >> Culture & values
- >> Digitalisation

#### Managers present the results to the departments

Global events and the efforts by top management to increase employee satisfaction and the working environment were communicated to employees. Managers received the results from their respective departments and will pass on this information to employees in 2023/24. Team workshops will then be held to define and describe specific team measures for improvement.

As an attractive employer, the Zumtobel Group wants to provide an effective work-life balance for its employees in their various stages of life and gives high priority to offering models to meet these different stages. This includes making an allowance for the continuously changing needs of younger generations on the labour market as well as measures to help working parents reconcile career and family life.

These efforts were recognised in Switzerland (Zumtobel Licht AG) during 2021 and in Portugal (Tridonic) during 2023 with the "Great Place to Work" seal.

#### Work-life balance

In order to further increase its attractiveness as an employer, the Zumtobel Group offers various working time models that help employees to coordinate their private and working lives. Employees can choose from models like part-time employment, educational leave, sabbaticals, parental leave for fathers and home office options. Mothers and fathers who return to work after parental leave are actively assisted by the company in their reintegration. The Zumtobel Group also accommodates individual wishes to find the best solution for the employee, the team and management.

The options offered by the Zumtobel Group were recognised by the province of Vorarlberg with the quality seal "Outstanding family-friendly company 2022- 2023", and ZG Lighting Austria was also recertified as a family-friendly employer. At the end of 2022/23, 55 employees in Austria were on parental leave (2021/22: 60).

| Parental leave in Austria                      | Einheiten | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|-----------|---------|---------|---------|---------|---------|
| Employees entitled to parental leave           | FTE       | N/A     | N/A     | N/A     | N/A     | N/A     |
| Employees on parental leave                    | FTE       | 80      | 69      | 58      | 60      | 55      |
| Male   | FTE       | N/A     | 5       | 1       | 0       | 3       |
| Female   | FTE       | N/A     | 64      | 57      | 60      | 52      |
| Return to work after the end of parental leave | FTE       | N/A     | N/A     | N/A     | N/A     | N/A     |

#### Free-time option

A works agreement gives employees the option to reduce their working hours in exchange for waiving a salary or wage increase and to receive paid time-off. This option can be used, for example, in connection with age-based work, educational programmes or to accumulate longer free-time periods. Free time can also be accumulated over several years and used at once. This free-time option has been selected by 314 employees.

#### Collective agreement

The Zumtobel Group encourages the open and regular exchange of information between the Supervisory Board, employees and employee representatives like the Works Council. Collective agreements cover roughly 50% of the worldwide workforce. The legal participation rights of employees and compliance with the principles and standards defined by the International Labour Organisation (ILO) are anchored in the code of conduct and are binding for all companies in the Zumtobel Group.

## Continuing education concept with two pillars

### 1.2.6.2 Training and continuing education (material topic)

The Zumtobel Group is continuously developing, and it is essential that its employees also continue their target-oriented development. Employee development, including systematic professional advancement, is, consequently, a key element of sustainable business success. A dual-focus training and continuing education concept was prepared for this purpose.

- >> General and free (digital) learning offers, available in the Zumtobel Group's own learning management system. Employees are free to use these options or are assigned to specific courses in line with their roles (e.g. new employees, employees in sales etc.).
- >> Individual development plans that target technical as well as personal development (soft skills etc.). The formats differ and include internal as well as external courses, coaching and mentoring. These plans are prepared for each employee as part of the annual reviews in agreement with the respective supervisor. They can also include, among others, further development in other areas and a longer-term carrier path.

The basis for systematic employee development is the LIGHT competency model, which was derived from the corporate strategy:

- L Level of knowledge, skills & experience
- I Innovation & transformation
- G Getting things done
- H Habit to develop
- T Together we shine

With these five generic ambition levels for expected performance and the level of technical expertise, LIGHT provides a framework for the human resources development, search and selection processes.

Further initiatives were launched in 2022/23 to implement the dual-focus strategy, among others a new management development programme (Leadership Excellence Program). Its goal is to establish a new management culture. The programme began with a leaders' summer camp: This group event was held for the first time and included a week-long intensive training for the 60 participating managers.

The offering of training programmes was not only expanded for managers, but also for employees in general. A new training catalogue with interdisciplinary offers was prepared and includes, for example, change management, new work and IT courses.

## New development of specialist trainings

Parallel to the expansion of the interdisciplinary offering, specialist training was improved and implemented. The content now includes, for example, roughly 80 core knowledge modules with product and application know-how on the Zumtobel portfolio as well as the Tridonic training camp, an initiative to strengthen sales skills.

These training measures were supplemented by the implementation of a 360° feedback tool. It will initially be offered to a test group, but should be rolled out to the entire company in the coming financial year.

Country-specific offers for individual training are also available, depending on the employee's location. In Austria, for example, employees can take an educational sabbatical. All these initiatives will have a positive effect on the average number of employee training hours over the long-term.

To maintain employability, concrete training for necessary job-related skills and capabilities is arranged as part of the annual review. Country-specific options like partial retirement are available in preparation for possible retirement. Based on country specifics and in special circumstances involving termination, outplacement with an external consulting agency is agreed to facilitate the transition.

| Average hours of training and continuing education | Unit  | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|-------|---------|---------|---------|---------|---------|
| Employees (total)                                  | Hours | 13      | 12      | 6       | 14      | 9       |
| Male   | Hours | N/A     | N/A     | N/A     | 16      | 10      |
| Female   | Hours | N/A     | N/A     | N/A     | 12      | 8       |
| Salaried employees                                 | Hours | 16      | 15      | 5       | 18      | 12      |
| Male   | Hours | N/A     | N/A     | N/A     | 19      | 12      |
| Female   | Hours | N/A     | N/A     | N/A     | 17      | 12      |
| Wage employees                                     | Hours | 8       | 8       | 8       | 7       | 3       |
| Male   | Hours | N/A     | N/A     | N/A     | 8       | 4       |
| Female   | Hours | N/A     | N/A     | N/A     | 7       | 3       |
| Online share of internal training                  | in %  | N/A     | N/A     | N/A     | 66.6    | 56.0    |

### Apprenticeship training

The Zumtobel Group views training for young people as part of its social responsibility. As of 30 April 2023, 78 young men and women were in apprenticeship programmes with the Zumtobel Group. This company-based professional education is an important instrument to actively address the growing shortage of skilled workers that has resulted from demographic shifts. Apprentice training is therefore an essential part of human resources policy.

**78 apprentices in education**

In 2022, these efforts were recognised by the province of Vorarlberg for the ninth time in succession with the "Excellent Apprenticeship Company" seal.

Apprentices are currently training in the following fields:

- >> Electrical engineering with a focus on systems and industrial engineering as well as automation and process control engineering
- >> Plastics engineering
- >> Mechatronics with a special automation and production engineering module (dual academy) and a special robotics module
- >> Surface technology with a specialisation in powder coating and hand-applied painting
- >> IT technology with a focus on systems engineering
- >> Industrial clerk

### Trainee programmes

The trainee programme is an important component of internal human resources development and a central lever to counter the lack of specialists. It also helps to strengthen essential skills.

Similar programmes were implemented in various areas in previous years. The Zumtobel Group is proud that many former trainees now hold key positions in the company and can make an important contribution to designing the sustainability strategy.

The success of these programmes has strengthened plans to increase the use of this channel – and the offering was expanded accordingly. The trainee programme is directed to talented university graduates in order to give them the capabilities and experience they need to take on responsible positions in the company. In addition to content focal points, the programme includes interdisciplinary exchanges and cooperation between the trainees and various departments.

The concept was created in 2022/23 to offer trainee positions in the following areas during 2023/24:

- >> Corporate IT
- >> Brand & portfolio management for the lighting brands
- >> Research & development for the lighting brands
- >> Corporate finance

#### Employee reviews

#### Employee appraisals as the key to good cooperation

The annual employee reviews are an important building block in the interaction between employees and their supervisors and form the basis for the identification of targeted, individualised training and continuing education measures as part of human resources development. In this structured discussion, managers and their staff define goals and reach a common understanding for the values, behaviour and importance of the corporate strategy for their specific job responsibilities. Mutual expectations are coordinated, development opportunities are systematically identified, and training measures are outlined to support the employee's training and personal development. The annual reviews provide an opportunity for employees and their supervisory to reflect on the employment relationship and performance on an equal basis. The discussions lead to decisive impulses which sustainably change cooperation.

The importance of the employee reviews is underscored by the high number of discussions which were planned for 2022/23: This goal was not only met but exceeded. Documented annual reviews were held with 5,023 in 2022/23 (88.2%; 2021/22: 5,171 employees or 88.6%).

| Employee reviews         | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--------------------------|--------|---------|---------|---------|---------|---------|
| Employee reviews         | Number | 4,597   | 4,416   | 4,507   | 5,171   | 5,023   |
| Share of total employees | in %   | 78.2    | 73.1    | 78.4    | 88.6    | 86.2    |
| Salaried employees       | Number | N/A     | 2,863   | 2,882   | 3,296   | 3,420   |
| Male                     | Number | N/A     | 2,073   | 2,072   | 2,362   | 2,432   |
| Female                   | Number | N/A     | 790     | 810     | 934     | 988     |
| Wage employees           | Number | N/A     | 1,553   | 1,625   | 1,875   | 1,603   |
| Male                     | Number | N/A     | 732     | 786     | 914     | 812     |
| Female                   | Number | N/A     | 821     | 839     | 961     | 791     |

## Employee development

The annual employee reviews also form the basis for the further human resources development process and internal talent scouting. The global establishment of a human resources development process with annual talent review meetings and focal point conferences provides an opportunity to define potential and performance at all levels of the Group.

Employees are appraised according to both performance and potential in this process, which helps to identify top talents for further steps in the company. It also forms the basis for structured and standardised succession planning.

The transparency of the people development conference is ensured by the participation of respective manager, the human resources department and other evaluators. The performance and potential of each employee is evaluated in these meetings and recorded in a performance-potential grid

The exit risk is evaluated and recommendations for development and retention measures are defined and documented. The result is a performance-potential landscape for each department with all employees, which establishes a basis for the implementation of the defined measures.

## Employment and employment trends

The Zumtobel Group had a workforce of 5,503 employees (full-time equivalent, including contract workers) as of 30 April 2023. This represents a year-on-year decline of 4.8% (30 April 2022: 5,782). Part-time employment for parents, educational leave, sabbaticals or other models are arranged where needed and permitted by the respective position. The number of part-time employees increased slightly from 7.8% in the previous year to 8.1% in 2022/23.

Approximately 50% of the employees work in operational areas like direct production, quality management, procurement or logistics. A further 30% are active in sales and roughly 10% in research and development. The remaining employees include nearly 9% in administrative functions and 2% of contract workers.

The flexible use of temporary workers enables the Zumtobel Group to avoid productivity losses and idle time. In this way, volatile phases of capacity utilisation are used more effectively and order peaks are easily absorbed. Temporary workers are deployed in the Zumtobel Group in production or production-related areas. The type of work performed by temporary workers relates primarily to manual support activities in the assembly of luminaires and components, as well as simple transport work in the area of in-plant logistics.

Roughly 85% of the employees work in Europe, followed by 11% in Asia, 2% in Australia and New Zealand, 1.6% in America and 0.1% in Africa.

## Focused talent management

| <b>Employees by functional area and region</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|-------------|----------------|----------------|----------------|----------------|----------------|
| Employees <sup>1</sup> (total)                 | FTE         | 5,878          | 6,039          | 5,813          | 5,782          | 5,503          |
| Change   | in %        | -5.6           | 2.7            | -3.7           | -0.5           | -4.8           |
| Share of contract workers                      | FTE         | 276            | 170            | 184            | 222            | 101            |
|  | in %        | 4.7            | 2.8            | 3.2            | 3.8            | 1.8            |
| Production                                     | FTE         | 2,779          | 3,018          | 2,860          | 2,861          | 2,725          |
| Research and development                       | FTE         | 515            | 551            | 563            | 538            | 533            |
| Sales  | FTE         | 1,837          | 1,829          | 1,733          | 1,714          | 1,671          |
| Administration                                 | FTE         | 471            | 472            | 473            | 447            | 473            |
| Europe   | in %        | 82.5           | 82.7           | 83.2           | 82.8           | 84.9           |
| Asia   | in %        | 13.4           | 13.5           | 12.9           | 13.4           | 11.3           |
| Australia & New Zealand                        | in %        | 2.3            | 2.2            | 2.2            | 2.1            | 2.1            |
| America  | in %        | 1.8            | 1.7            | 1.6            | 1.6            | 1.6            |
| Africa   | in %        | N/A            | N/A            | 0.1            | 0.1            | 0.1            |

<sup>1</sup> Excluding apprentices

| <b>New employees</b>       | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|----------------------------|-------------|----------------|----------------|----------------|----------------|----------------|
| New employees <sup>1</sup> | FTE         | N/A            | 1080           | 679            | 1048           | 823            |
| Male                       | FTE         | N/A            | 674            | 433            | 699            | 512            |
| Female                     | FTE         | N/A            | 406            | 246            | 349            | 311            |
| < 30 years                 | FTE         | N/A            | 445            | 290            | 394            | 280            |
| 30 - 50 years              | FTE         | N/A            | 592            | 339            | 585            | 470            |
| > 50 years                 | FTE         | N/A            | 43             | 50             | 68             | 72             |
| Europe                     | FTE         | N/A            | 621            | 381            | 735            | 558            |
| Asia                       | FTE         | N/A            | 438            | 273            | 288            | 237            |
| Australia & New Zealand    | FTE         | N/A            | 9              | 11             | 13             | 10             |
| America                    | FTE         | N/A            | 11             | 14             | 11             | 18             |
| Africa                     | FTE         | N/A            | 1              | 0              | 1              | 0              |

<sup>1</sup> Excluding contract workers

The average length of employment with the Zumtobel Group equalled 10.9 years in 2022/23. This high average service time reflects the trust of employees and high employee satisfaction.

The long length of service is also evident in the age structure. (Tabelle Beschäftigungsdaten Altersstruktur).

Labour productivity – calculated as adjusted EBIT in relation to personnel expenses – improved from 16.6% in the previous year to 21.7% in 2022/23 due to the increase in operating results.

Average revenues per employee (including contract workers) rose year-on-year to EUR 219,731 in 2022/23 (2021/22: EUR 198,595).

| <b>Employment data by gender</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|----------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|
| Employees <sup>1</sup> (total)   | Number      | N/A            | 6,177          | 5,862          | 5,797          | 5,651          |
| Male                             | Number      | N/A            | 3,966          | 3,767          | 3,709          | 3,582          |
|                                  | in %        | 64.3           | 64.2           | 64.3           | 64.0           | 63.4           |
| Female                           | Number      | N/A            | 2,211          | 2,095          | 2,088          | 2,069          |
|                                  | in %        | 35.7           | 35.8           | 35.7           | 36.0           | 36.6           |

<sup>1</sup> Including apprentices, excluding contract workers

| <b>Employment data - salaried/wage</b> | <b>Unit</b>   | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|---------------|----------------|----------------|----------------|----------------|----------------|
| Employees (total)                      | Number        | N/A            | 6,347          | 6,051          | 6,022          | 5,754          |
| <b>Salaried employees (total)</b>      | <b>Number</b> | <b>N/A</b>     | <b>3,924</b>   | <b>3,752</b>   | <b>3,731</b>   | <b>3,723</b>   |
|  | in %          | 62.5           | 61.8           | 62.0           | 62.0           | 64.7           |
| Male                                   | Number        | N/A            | 2,809          | 2,707          | 2,683          | 2,644          |
|  | in %          | N/A            | 71.6           | 72.1           | 71.9           | 71.0           |
| Female                                 | Number        | N/A            | 1,115          | 1,045          | 1,048          | 1,079          |
|  | in %          | N/A            | 28.4           | 27.9           | 28.1           | 29.0           |
| <b>Wage employees (total)</b>          | <b>Number</b> | <b>N/A</b>     | <b>2,170</b>   | <b>2,042</b>   | <b>1,997</b>   | <b>1,850</b>   |
|  | in %          | 33.1           | 34.2           | 33.7           | 33.2           | 32.2           |
| Male                                   | Number        | N/A            | 1,073          | 1,007          | 977            | 881            |
|  | in %          | N/A            | 49.4           | 49.3           | 48.9           | 47.6           |
| Female                                 | Number        | N/A            | 1,097          | 1,035          | 1,020          | 969            |
|  | in %          | N/A            | 50.6           | 50.7           | 51.1           | 52.4           |
| <b>Apprentices (total)</b>             | <b>Number</b> | <b>N/A</b>     | <b>83</b>      | <b>69</b>      | <b>69</b>      | <b>78</b>      |
|  | in %          | N/A            | 1.3            | 1.1            | 1.1            | 1.4            |
| Male                                   | Number        | N/A            | 64             | 54             | 49             | 57             |
|  | in %          | N/A            | 77.1           | 78.3           | 71.0           | 73.1           |
| Female                                 | Number        | N/A            | 19             | 15             | 20             | 21             |
|  | in %          | N/A            | 22.9           | 21.7           | 29.0           | 26.9           |
| <b>Contract employees (total)</b>      | <b>Number</b> | <b>N/A</b>     | <b>170</b>     | <b>188</b>     | <b>225</b>     | <b>103</b>     |
|  | in %          | 4.4            | 2.7            | 3.1            | 3.7            | 1.8            |
| Male                                   | Number        | N/A            | N/A            | 125            | 151            | 59             |
|  | in %          | N/A            | N/A            | 66.5           | 67.1           | 57.3           |
| Female                                 | Number        | N/A            | N/A            | 63             | 74             | 44             |
|  | in %          | N/A            | N/A            | 33.5           | 32.9           | 42.7           |

| <b>Employment data - full-time/part-time</b> | <b>Unit</b>   | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>Employees<sup>1</sup> (total)</b>         | Number        | N/A            | 6,177          | 5,862          | 5,797          | 5,651          |
| <b>Full-time</b>                             | <b>Number</b> | <b>N/A</b>     | <b>5,664</b>   | <b>5,423</b>   | <b>5,345</b>   | <b>5,192</b>   |
| in %   |               | 91.5           | 91.7           | 92.5           | 92.2           | 91.9           |
| Male   | Number        | N/A            | 3,786          | 3,651          | 3,586          | 3,447          |
| in %   |               | N/A            | 66.8           | 67.3           | 67.1           | 66.4           |
| Female                                       | Number        | N/A            | 1,878          | 1,772          | 1,759          | 1,745          |
| in %   |               | N/A            | 33.2           | 32.7           | 32.9           | 33.6           |
| <b>Part-time</b>                             | <b>Number</b> | <b>N/A</b>     | <b>513</b>     | <b>439</b>     | <b>452</b>     | <b>459</b>     |
| in %   |               | 8.5            | 8.3            | 7.5            | 7.8            | 8.1            |
| Male   | Number        | N/A            | 146            | 116            | 123            | 135            |
| in %   |               | N/A            | 28.5           | 26.4           | 27.2           | 29.4           |
| Female                                       | Number        | N/A            | 367            | 323            | 329            | 324            |
| in %   |               | N/A            | 71.5           | 73.6           | 72.8           | 70.6           |

<sup>1</sup> Including apprentices, excluding contract workers

| <b>Employment data - age structure</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|-------------|----------------|----------------|----------------|----------------|----------------|
| <b>Employees<sup>1</sup> (total)</b>   | Number      | N/A            | N/A            | 5,862          | 5,797          | 5,651          |
| <b>&lt; 30 years</b>                   | Number      | N/A            | N/A            | 843            | 786            | 676            |
| in %                                   |             | N/A            | N/A            | 14.4           | 13.6           | 12.0           |
| <b>30 - 50 years</b>                   | Number      | N/A            | N/A            | 3,251          | 3,231          | 3,164          |
| in %                                   |             | N/A            | N/A            | 55.5           | 55.7           | 56.0           |
| <b>&gt; 50 years</b>                   | Number      | N/A            | N/A            | 1,768          | 1,780          | 1,811          |
| in %                                   |             | N/A            | N/A            | 30.2           | 30.7           | 32.0           |

<sup>1</sup> Including apprentices, excluding contract workers

Employee turnover (excluding contract workers) in the Zumtobel Group declined from 18.9% in the previous year to 17.4% in 2022/23, which means 954 employees left the company. Most of this fluctuation is attributable to the exit of wage employees in Shenzhen – the decline here equalled 4.1%.

| <b>Employee turnover<sup>1</sup></b>      | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|---|-------------|----------------|----------------|----------------|----------------|----------------|
| <b>Number of terminations<sup>2</sup></b> | FTE         | N/A            | 1,014          | 977            | 1,059          | 954            |
| Male                                      | FTE         | N/A            | 646            | 618            | 730            | 629            |
| Female                                    | FTE         | N/A            | 368            | 360            | 328            | 326            |
| <b>&lt; 30 years</b>                      | FTE         | N/A            | 324            | 291            | 293            | 260            |
| <b>30 - 50 years</b>                      | FTE         | N/A            | 533            | 509            | 593            | 535            |
| <b>&gt; 50 years</b>                      | FTE         | N/A            | 157            | 177            | 173            | 159            |
| Europe                                    | FTE         | N/A            | 551            | 574            | 712            | 617            |
| Asia                                      | FTE         | N/A            | 430            | 367            | 313            | 301            |
| Australia & New Zealand                   | FTE         | N/A            | 14             | 16             | 17             | 18             |
| America                                   | FTE         | N/A            | 19             | 18             | 17             | 19             |
| Africa                                    | FTE         | N/A            | 1              | 2              | 0              | 0              |

<sup>1</sup> Excluding contract workers

<sup>2</sup> Definition according to GRI: Salaried employees who leave the organization voluntarily or due to dismissal, retirement, or death in service; Parental leave is not included as part of employee turnover; Termination based on reasons - termination by employee or employee, consensual termination, expiration of contract, natural causes (retirement, death); Calculation of turnover rate = Number of terminations / average number of employees for the period (beginning balance + ending balance / 2) X 100

A total of 825 positions (FTE, excluding contract workers), above all in the operating areas and sales, were filled with external candidates in 2022/23. Various human resources development measures made it possible to fill 63% of the management positions internally.

#### 1.2.6.3 Diversity & and equal opportunity (material topic)

Diversity management in the Zumtobel Group is responsible for creating an inspiring working climate for employees and for its important contribution to protecting the Group's competitive position along the entire value chain. The goal is to establish an organisational culture in which people and the company can develop and progress. The Zumtobel Group develops long-term relationships with many different groups of people, within the company and also along the entire value chain.

##### Diversity & and equal opportunity in the company

The men and women employed by the Zumtobel Group come from 79 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 49 nations.

As an equal opportunity employer, the Zumtobel Group rejects any form of discrimination based on social or ethnic origin, gender, sexual orientation, religious conviction or ideology, age, physical or mental capabilities, or other characteristics. Every person is unique, valuable and has individual capabilities. This belief is also reflected in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination. Experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

**Zumtobel Group stands for equal opportunities**

| Employment data - age structure | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------------------------|--------|---------|---------|---------|---------|---------|
| Employees <sup>1</sup> (total)  | Number | N/A     | N/A     | 5,862   | 5,797   | 5,651   |
| < 30 years                      | Number | N/A     | N/A     | 843     | 786     | 676     |
|                                 | in %   | N/A     | N/A     | 14.4    | 13.6    | 12.0    |
| 30 - 50 years                   | Number | N/A     | N/A     | 3,251   | 3,231   | 3,164   |
|                                 | in %   | N/A     | N/A     | 55.5    | 55.7    | 56.0    |
| > 50 years                      | Number | N/A     | N/A     | 1,768   | 1,780   | 1,811   |
|                                 | in %   | N/A     | N/A     | 30.2    | 30.7    | 32.0    |

<sup>1</sup> Including apprentices, excluding contract workers

##### Diversity & and equal opportunity along the value chain

For the Zumtobel Group, diversity means variety in the broadest sense of the term. The Group sees its efforts in the interest of diversity and equal opportunity not only in relation to its own workforce, but also along the entire value chain. Suppliers and customers can be completely different but are always treated equally.

The implementation of due diligence requirements along the entire value chain marked the first step on the path to greater supplier diversity. The ILO's International and Labour Social Standards represent a legal instrument that was developed by the member groups (governments, employers and workers) to define universal labour principles and rights. It involves agreements or protocols that must be implemented in national law by the member states, generally within one year after ratifying the ILO norm. The guidelines for the commitment to Convention 100 (equal remuneration for work of equal value) and Convention 111 (prevention of discrimination) are anchored in the Zumtobel Group's code of conduct and in the code of conduct for business partners.

Diversity and inclusion make a central contribution to the success of the Zumtobel Group and to the creation of innovative solutions along the supply chain. Existing and future partnerships with different suppliers and customers give the Zumtobel Group a clear competitive advantage. The expansion of business relations with diverse business partners makes a contribution to a more inclusive and diverse world.

#### Support for women in the company

The share of women in the Zumtobel Group's workforce rose slightly to 36.6% in 2022/23 (2021/22: 36%). The share of women in management positions equalled 22.2% and increased over the previous financial year (21.5%).

The Zumtobel Group promotes the staffing of management positions with women through internal and external recruiting and human resources development measures. Job vacancies, including positions with management responsibility, are also advertised as part-time positions where possible to create part-time entry opportunities and management functions. The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives requires a greater share of women in higher qualified positions.

In order to safeguard its competitive ability and benefit from a wide range of different viewpoints, the Zumtobel Group has set a goal to increase the share of women and, accordingly, their representation in the Group each year.

| <b>Women by functional area</b> | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|---------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|
| Women <sup>1</sup> (total)      | Headcount   | N/A            | 2,192          | 2,143          | 2,142          | 2,092          |
| Female contract workers         | in %        | N/A            | N/A            | 2.9            | 3.5            | 2.1            |
| Production                      | in %        | N/A            | N/A            | 58.6           | 58.4           | 57.8           |
| Research and development        | in %        | N/A            | N/A            | 4.0            | 3.8            | 4.2            |
| Sales                           | in %        | N/A            | N/A            | 22.1           | 22.6           | 23.1           |
| Administration                  | in %        | N/A            | N/A            | 12.4           | 11.8           | 12.8           |

<sup>1</sup> Excluding apprentices

| <b>Women in management positions</b>            | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|---|-------------|----------------|----------------|----------------|----------------|----------------|
| Management positions (total)                    | Headcount   | N/A            | 824            | 818            | 813            | 802            |
| Women in management positions                   | Headcount   | N/A            | 163            | 151            | 175            | 178            |
|   | in %        | N/A            | 19.8           | 18.5           | 21.5           | 22.2           |
| Top management (managing director/board member) | Headcount   | N/A            | 0              | 0              | 0              | 0              |
| Senior management (division manager)            | Headcount   | N/A            | 5              | 5              | 5              | 7              |
|   | in %        | N/A            | 8.9            | 8.5            | 9.4            | 13.0           |
| Middle management (e.g. department head)        | Headcount   | N/A            | 25             | 29             | 39             | 37             |
|   | in %        | N/A            | 10.9           | 12.6           | 16.4           | 15.5           |
| Others (e.g. team leader, overseer)             | Headcount   | N/A            | 133            | 117            | 131            | 134            |
|   | in %        | N/A            | 24.8           | 22.2           | 25.2           | 26.5           |
| Supervisory Board <sup>1</sup>                  | Headcount   | N/A            | 2              | 3              | 3              | 3              |

<sup>1</sup> The women on the Supervisory Board are not included in the total number of management positions or the number of women in management positions.

## Diversity & inclusion

The inclusion of employees with physical or mental impairment has high priority for the Zumtobel Group as an employer, and these employees are actively assisted in their everyday work routine.

For example: the plant in Dornbirn has operated a career support programme for over 30 years that helps young people with physical or mental impairment in taking their first steps on the employment market. This two-year training course is designed to make the participants fit for the labour market.

The Zumtobel Group also employs women and men with physical, mental or cognitive limitations in other areas, administration as well as production, who make an important contribution in their respective functions.

Appropriate adjustments are made wherever possible (e.g. additional breaks, seated activities etc.) to help employees with special needs. Managers receive special awareness training and preparation for these situations and are assisted by external persons – for example at the Spennymoor plant, where the Zumtobel Group also employs persons with autism.

The Zumtobel Group has implemented various measures in support of women, diversity and inclusion. Following are a few examples:

- >> Personal skills, experience, know-how and capabilities form the basis for evaluating qualifications during the recruiting process and in personnel decisions. The equal treatment of genders is strictly observed.
- >> The Zumtobel Group uses a standardised remuneration structure that is based on job descriptions and appraisals to ensure transparent and performance-based remuneration in line with equal opportunity (equal opportunity employer).
- >> The Zumtobel Group puts measures in place to improve the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed.
- >> The Zumtobel Group received the quality seal as a family friendly company ("Ausgezeichneter familienfreundlicher Betrieb 2022–2023") from the province of Vorarlberg and ZG Lighting Austria was re-certified as a family-friendly employer.
- >> The Zumtobel Group participates in various events that focus on women in a working environment and aim to interest girls in apprenticeship programmes (e.g. the Female Future Festival or "I kann's! I trau mer's zu!").
- >> The headquarters has organised cooperation programmes with local day-care centres in Dornbirn which give preference to the children of Zumtobel Group employees.
- >> Thorn UK communicated and rolled out a policy and training for managers to best assist women during the menopause.
- >> The Zumtobel Group creates a greater awareness for gender equality with campaigns on International Women's Day.

## Partnerships with diverse/various suppliers

The Zumtobel Group maintains partnerships with suppliers that meet the defined diversity and equal opportunity criteria.

## Career development programme for young people with disabilities

One example is the partnership with “Geschützte Werkstätte Integrative Betriebe Tirol GmbH” (gwtirol), which is a member of “die integrativen betriebe österreich” (dib). Of the 300 employees in the gwtirol workforce, 84% are people with disabilities. The Zumtobel Group concludes an annual framework agreement with gwtirol for the production of pallets and wooden interlayers for our internal transport logistics. Roughly 11,000 pallets and 70,000 wooden interlayers were ordered for our production facilities in 2023.

#### Critical concerns & the whistle-blower system

Employees and business partners can report violations of corporate principles and non-compliance with due diligence requirements by the Zumtobel Group and its direct and indirect business partners along the value chain via a separately installed whistle-blower hotline.

The system is hosted externally and can be reached over the Zumtobel Group's website. As an alternative, reports can also be submitted by email to the Zumtobel Group's compliance department (Email: [compliance@zumtobelgroup.com](mailto:compliance@zumtobelgroup.com)). All incoming reports are processed according to established procedures and any necessary steps are taken.

Disclosure of incidents:

- >> No discrimination incidents were reported in 2022/23.

#### Employee rights and remuneration programme

The Zumtobel Group follows a uniform approach for the design of remuneration structures, processes and systems. This ensures transparent and performance-based compensation based on equal opportunity (equal opportunity employer).

- >> The wages and salaries paid by the Zumtobel Group generally exceed the legally required minimum in all countries.
- >> In Austria, the remuneration paid by the Zumtobel Group largely reflects the legal level, respectively the level set by the collective agreement for the electrical and electronics industry.
- >> A standard market salary and job evaluation system focused on objective criteria for the respective function ensures that all employees are treated equally and in line with the market.
- >> Internal salary comparisons and external evaluations with competitors based on market data are used to confirm the fair and competitive structure of wages and salaries.

#### Variable remuneration programme with sustainability targets

Employees who are eligible to participate in variable remuneration programmes but not covered by another remuneration scheme are evaluated for the one-year or short-term component (short-term incentive, STI) based on the attainment of central financial goals for the Zumtobel Group together with an individual component.

The performance criteria for employees covered by the STI will be adjusted beginning in 2023/24 to concentrate the incentive even more on the current corporate strategy.

- >> These criteria explicitly include ESG goals that reflect the Zumtobel Group's targeted focus on long-term, sustainability-oriented actions.
- >> The ESG goals for the 2022/23 financial year include, among others, the reduction of CO<sub>2</sub> emissions, an increase in the internal recycling rate, and personnel development projects.
- >> The EBIT margin (formerly: adjusted EBIT) serves as a central financial performance criterion.
- >> The performance criterion "free cash flow" still has high priority for the Zumtobel Group and therefore remains in the STI.

For top management employees who are covered by the LTI (Long-Term Incentive, LTI), a performance cash plan with a standard market performance period of four years was introduced.

- >> Relative TSR remains as part of the performance criteria. However, the Supervisory Board has decided to use the STOXX® Europe 600 Industrial Goods & Services in place of the previous individual comparative group to place the evaluation of capital market performance on a broader and more stable base of relevant, similar companies which is easier to calculate and can be publicly verified.
- >> In addition to the relative TSR, revenue growth was implemented as a second performance criterion to strengthen the focus on capital market performance and on the attainment of the Zumtobel Group's long-term strategic goals.

The ratio between the annual total remuneration of the highest paid person in the organisation (CEO) and the average of the annual total remuneration of all employees in Austria is 23:1. In the calculation for the ratio of the annual total remuneration, the average rather than the median was used.

All Austrian employees had a median percentage increase in pay of 6.2% in 2022/23 compared to 2021/22, while the CEO's pay decreased by 2.6% over the comparable period.

#### 1.2.6.4 Human rights (material topic)

The respect for and compliance with human rights forms the basis for cooperation. The Zumtobel Group is committed to compliance with human rights and the fundamental principles of labour law, occupational safety and the protection of health all over the world. Respect for human rights is an integral part of the corporate culture and management. Compliance with human rights and the prevention of child labour and forced labour is audited annually at all producing locations, together with local management, to eliminate the possible risk of the employment of minors.

All ISO 14001-certified, i.e. 10, producing sites comply with legal requirements regarding labour law and occupational safety law. In the European countries, all human rights relevant to a company are anchored in EU regulations and national laws. These requirements are recorded in a legal database, measures to implement them are implemented, and compliance is randomly checked through annual audits.

The Zumtobel Group's code of conduct establishes the basis for employees' daily actions. The code is designed to ensure that the defined principles and due diligence guidelines help our employees to act honestly in every business situation and to minimise human rights risks for the company. For this purpose, the Zumtobel Group has adopted the entire ILO content related to due diligence and human rights issues.

The ILO's International and Labour Social Standards represent legal instruments that were developed by the member groups (governments, employers and workers) to define universal labour principles and rights. They involve agreements or protocols that must be implemented in national law by the member states, generally within one year after ratifying the ILO norm. The following conventions were included in the documentation for the code of conduct and the whistle-blower system:

- >> Freedom of association, Convention 87, 98
- >> Forced labour, Convention 105, 29, 29 Protocol
- >> Child labour, Convention 138, 182
- >> Discrimination and fair working conditions, Convention 100, 111
- >> Occupational safety & health, Convention 155, 187

During the past two financial years, 95% of salaried employees took part in training on the code of conduct and successfully completed the required examination.

As an international corporation, the Zumtobel Group is fully committed to the protection of human rights and compliance with high social standards along the entire supply chain and to the legal regulations applicable in Austria and other countries. Significant investment agreements are not explicitly defined in the Zumtobel Group. Cooperation with suppliers requires full agreement and commitment to the supplier code of conduct: 97.4% of suppliers have signed this code.

The whistle-blower system provides a platform for anonymously reporting violations or reasonable suspicion of violations of human rights. The system is hosted externally and can be accessed via the Zumtobel Group's website. As an alternative, reports can also be submitted by email to the Zumtobel Group's compliance department or employees can contact other trusted persons, e.g. in the Works Council.

**Current communication on progress for download on the website**

The Zumtobel Group documents its commitment to responsible management, compliance with human rights and the prevention of child labour and forced labour through active membership in the UN Global Compact Initiative. This commitment was renewed in 2022/23 and published in the annual progress report of the UN Global Compact (COP – Communication on Progress) which is available the Zumtobel Group's website.

Goal for 2023/24:

- >> The Zumtobel Group plans to prepare and roll out a human rights policy in 2023/24.

Disclosure of incidents:

- >> No reports of possible misconduct involving human rights were received or processed over the Zumtobel Group's whistle-blower system in 2022/23.
- >> There were no findings or proceedings involving violations of human rights at any location during the reporting year.

#### Social dialogue – employees & employer

As an employer with a corporate culture that has grown over many decades, the Zumtobel Group accepts social responsibility for its employees throughout the world and works continuously to improve responsible working conditions.

The Zumtobel Group encourages the open and regular exchange of information between the Management Board, employees and employee representatives, for example in the Works Council. In addition to the local employee representatives, the works councils in the European Union have established a European Works Council. A European forum is held each year; and the European Works Council Committee meets every six months. These meetings set the stage for a dialogue between employers and employee representatives based on cooperation in good faith and the exchange of information on economic and social issues. Compliance with the legal participation rights of employees and the principles and standards defined by the International Labour Organisation (ILO) is anchored in the Zumtobel Group's code of conduct

#### 1.2.6.5 Occupational safety, health and well-being (material topic)

The success of the Zumtobel Group is based, last but not least, on qualified, committed and motivated employees. The occupational safety, health and well-being of these women and men was identified as a material topic for the Zumtobel Group. It has high priority and is the focus of continued improvement as part of the global "LIGHT UP" HR strategy.

**Management approach & due diligence processes**

Work accidents, illness and voluntary turnover are addressed with targeted measures for prevention, health care and reintegration through projects, initiatives, tools and processes. Specially designed measures are implemented to continuously improve occupational safety and employees' physical and mental health. Central and local structures are established for this purpose and integrated in existing organisations based on a "health in all policies" approach. The related activities are the responsibility of local safety officers and health management, which reports to the human resources department.

The Zumtobel Group's comprehensive operational health management programme is based on three pillars: worker protection legislation, workplace health promotion and integration management. Leadership and management behaviour play an important role in the implementation of the related measures, where they can rely on the integrated "ZG Health" central health management system.

In this connection, the plants regularly exchange information to evaluate and analyse current issues, define goals and exchange their experience with previously implemented measures to protect, maintain, support and restore employees' health and working ability.

The production locations in the Zumtobel Group have defined processes to ensure compliance with legal regulations that include the Austrian Labour Protection Act, standards like ISO 45001, and internal directives like the guidelines on occupational safety and health policy, workplace instructions and workplace evaluations.

A global reporting system regularly evaluates and analyses occupational safety and health protection indicators, which are subsequently reflected in the definition, implementation and assessment of measures.

The Tridonic and lighting brand plants in Dornbirn and Spennymoor were successfully certified under the ISO 45001 matrix standard for management systems in 2022/23. The Serbian plant was successfully certified in the areas of safety and health during 2021/22. In November of the 2023/24 financial year, the certification of this management system is also planned for the lighting plants in Lemgo and Les Andelys.

#### Worker protection

Specific environmental, health and safety guidelines are regularly evaluated by local safety and fire prevention officers at all producing locations. This is done through regular inspections by the safety officer; but also on an ad hoc basis when machinery is relocated or new and adapted workplaces are created in order to evaluate potential occupational safety risks. The primary goal here is to prevent accidents and identify work-related risks or dangerous situations.

#### Near miss messages

Employees can report potential dangers or near accidents through a formalised procedure for the documentation and prioritisation of risks and the implementation of preventive measures. Employees without PC access can register reports through their managers. Through this formalised procedure, employees can report their safety concerns and suggestions for improvement or near misses without fear of negative consequences. In addition, concerns can also be entered anonymously via the whistle-blower system, via the safety officer or the safety confidant.

Employees are required and have the right to immediately interrupt activities, tasks and work processes if they do not appear to be safe or do not meet safety requirements. Work can only continue after the safety officer has examined the situation and safety is ensured.

Measures are implemented on a continuous basis to increase workplace safety and include employee training, improvements to protective clothing, and the maintenance of machinery. Accident prevention and the protection of employees' health are the subject of discussions at regular, formal employer-employee meetings.

Employee representatives like the Works Council are included at many locations on issues involving occupational safety, e.g. occupational safety committees or workplace evaluations. Employees can submit suggestions for improvement at any time which are evaluated and, if feasible, implemented.

#### Complete instruction at the workplace and machines

All employees/contract workers receive occupational safety instructions for machines, workplaces and activities at the start of employment as well as specific directions for their respective positions and handling of machinery and equipment. Additional occupational safety training is scheduled as required, e.g. for testing or load securing. The requirements and procedures as well as all important documents on occupational safety and health protection are available in an internal communications network.

At the lighting plant in Dornbirn, comics and comic films on safety are released every two months under the name "Lighti". Management introduces every new release at one of the daily stand-up meetings. "Lighti" creates an awareness for dangers and preventive measures with non-verbal means and can be understood by all employees regardless of their native language.

These safety rules also apply to non-company personnel such as external service providers, visitors, etc., who receive instructions on entering the site. In addition, protective clothing such as safety shoes and high-visibility waistcoats must be worn in all production and storage areas. External service providers are informed of the need to comply with legal requirements and confirmations are obtained on an ad hoc basis.

The offering of occupational medical services varies from country to country. Company physicians/occupational physicians are available to employees at all locations or these services are provided by external specialists. Consistent with the commitment to equal treatment, contract workers in the Zumtobel Group have the same access to occupational medical services and health protection programmes as regular employees.

Depending on their location, employees can take advantage of occupational medical services that include, for example, ergonomics advising, audiometric examinations, vaccinations, vision tests (also for computer glasses) or psychological assistance.

Regular coordination meetings are held by the prevention team at the lighting brands location in Dornbirn. This interface allows for better coordination between the occupational physician, safety officers, Works Council and health management. Representatives from quality management, plant management or other experts are included as needed.

#### **Operational reintegration management**

A reintegration process helps employees return to work after a longer illness, subject to health-related constraints (e.g. limits on daily working time or adaptation of the job content, etc.). An internal integration team accompanies this process.

In addition to reintegration discussions after longer sick leave, the location in Dornbirn introduced "health talks" as a pilot project to assist employees after brief or recurring illnesses. Managers receive special training in preparation for these conversations. The goal is to positively influence employees' health and working capabilities and to jointly evaluate measures to increase employees' health, work satisfaction and motivation and, in the end, to prevent long-term sick leave. Plans call for the roll out of this process as part of the global leadership programme after completion of the pilot phase in Dornbirn.

The guideline for these health talks (H-I-L-F-E-concept) was prepared together with managers and representatives of the Works Council together with an external consultant.

**Language-independent communication on environment & occupational safety**

**Personal protective equipment (PSA) also for external service providers**

#### H-I-L-F-E-Konzept/The HELP concept:

- H Hinsehen/Be aware
- I Initiative ergreifen/Take the initiative
- L Leitungsfunktion wahrnehmen/Provide leadership
- F Führungsverantwortung übernehmen/Accept management responsibility
- E Experten hinzuziehen/Call in the experts

#### Operational health promotion

The Zumtobel Group is committed to an active occupational safety and health policy.

Good management has a significant influence on health and working ability:

- >> Managers are responsible for the implementation of health management in the company.
- >> Through their (management) behaviour, managers influence the health and well-being of their employees.
- >> Managers are, themselves, exposed to substantial mental stress.
- >> Managers serve as a role model: They must demonstrate their commitment to health.

Healthy management is, consequently, a focal point of management development in the Zumtobel Group and will be reflected in the upcoming introduction of a "healthy management" policy.

**Pilot project in Dornbirn** – The Zumtobel Group and the Austrian state health insurance company have started a two-year pilot project for workplace health promotion at the location in Dornbirn. The goal is to create a greater awareness among management and employees for issues related to health in the company. The project will include an employee survey on issues like work assignments, the organisational climate, work organisation, the working environment, management, cooperation, work satisfaction, rest and recuperation, nutrition, exercise and the evaluation of mental stress.

The state health insurance company is also carrying out a detailed analysis of sick leave that will describe and evaluate the number of sick leave days and cases, the length of sick leave and the most frequent illnesses. Based on the results and analysis of the survey, focal points and measures will be defined and implemented.

Various measures were implemented at the Zumtobel Group's locations in 2022/23 to improve occupational health. Following are several examples:

- >> Courses for first aid helpers
- >> Vaccination campaigns (influenza & tick protection)
- >> Training on ergonomic posture for office and production workplaces, adaptation of workplaces
- >> Healthy nutrition: Water dispensers in production and tips on correct drinking through reminders in the Intranet, regular supplies of fruit and healthy menu alternatives in the cafeteria
- >> Exercise: Company sport club with various sections, backing for participation in runners and cycling competitions, reduced membership fees in local fitness studios and sport courses
- >> Local initiatives, e.g. information on stress reduction, high blood pressure, men's health and breast cancer, tips to improve mental health and relaxation as well as blood donation campaigns and throat examinations for smokers
- >> Information campaign on work-specific examinations by the occupational physician

### Work accidents, injuries & lost time due to illness

The LTI rate (Lost Time Injury: number of work accidents with lost time >8 hours × 1,000,000 / Total hours worked) is calculated monthly at all plants. In the Zumtobel Group, the LTI rate declined significantly to 3.7 in 2022/23 (2021/22: 7.7). The LTI rate fell substantially to 2.5 (2021/22: 5.8) in the components plants and to 4.6 (2021/22: 9.3) in the lighting plants. The accident severity indicator (number of days lost × 1,000,000 / Total hours worked) dropped from 87 in the previous year to 42 in 2022/23.

**Occupational accidents reduced by half**

| <b>Occupational safety/accident rate</b>                  | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|---|-------------|----------------|----------------|----------------|----------------|----------------|
| Number of hours worked by employees                       | Hours       | 6,292,218      | 5,990,381      | 5,405,699      | 5,963,163      | 6,021,128      |
| Number of recorded accidents <sup>1</sup> Lighting Brands | Number      | 40             | 59             | 29             | 34             | 15             |
| Number of recorded accidents <sup>1</sup> Components      | Number      | 7              | 6              | 4              | 16             | 7              |
| LTI rate Lighting Brands                                  |             | 7.3            | 10.1           | 9.2            | 9.3            | 4.6            |
| LTI rate Components                                       |             | 2.7            | 2.3            | 1.7            | 5.8            | 2.5            |
| LTI rate Zumtobel Group                                   |             | 5.2            | 6.3            | 5.9            | 7.7            | 3.7            |
| TRI rate Lighting Brands                                  |             | 11.3           | 18.6           | 9.5            | 10.6           | 5.9            |
| TRI rate Components                                       |             | 7.0            | 6.0            | 4.0            | 5.8            | 3.2            |
| TRI rate Zumtobel Group                                   |             | 7.5            | 10.9           | 6.1            | 8.4            | 4.7            |
| Number of fatal accidents                                 | Number      | 0              | 0              | 0              | 0              | 0              |
| Accident severity Lighting Brands                         |             | N/A            | N/A            | N/A            | 101            | 66             |
| Accident severity Components                              |             | N/A            | N/A            | N/A            | 71             | 15             |
| Accident severity Zumtobel Group                          |             | 88             | 58             | 69             | 87             | 42             |

<sup>1</sup> Recorded accidents = Accidents which result in more than 8 hours of lost working time; Accident rate = Reportable work accidents / Number of hours worked × 1,000,000

The most frequent injuries at the Group level were cuts, followed by bruises and contusions. The sequence of every accident and its causes are analysed in detail. Based on these findings, the necessary steps are taken to increase the safety of employees. There were no fatal accidents in 2022/23 or in earlier years.

The company's goal is to continuously reduce the LTI rate over the coming years and to establish a pronounced safety culture, for example through an increase in training on the prevention of work accidents.

Information on sick leave trends is collected on an anonymous basis at all major Zumtobel Group locations (in Europe) and documented according to the underlying illnesses and sick leave rates.

>> Fatalities due to work-related illnesses: none

A pilot project on workplace health promotion is currently in progress together with the Austrian state health insurance company at all locations in Dornbirn. It involves in-depth analyses (employee survey and workshops) of stress and work-related illnesses and will form the basis for the definition and implementation of preventive measures.

As part of the operational health management programmes, a sick leave analysis was carried out at all locations in Austria during the 2022 calendar year under the direction of the Austrian state health insurance company. The following illnesses were evaluated:

| Number of days absent                 | Unit | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------------------------------|------|---------|---------|---------|---------|---------|
| Respiratory system                    | Days | N/A     | N/A     | N/A     | N/A     | 2,599   |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 14.1    |
| Musculoskeletal and connective tissue | Days | N/A     | N/A     | N/A     | N/A     | 4,718   |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 25.5    |
| Injuries and poisoning                | Days | N/A     | N/A     | N/A     | N/A     | 1,991   |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 10.8    |
| Digestive system                      | Days | N/A     | N/A     | N/A     | N/A     | 546     |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 3.0     |
| Mental and behavioural disorders      | Days | N/A     | N/A     | N/A     | N/A     | 2,548   |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 13.8    |
| Circulatory system                    | Days | N/A     | N/A     | N/A     | N/A     | 338     |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 1.8     |
| Other diseases <sup>1</sup>           | Days | N/A     | N/A     | N/A     | N/A     | 5,738   |
|                                       | in % | N/A     | N/A     | N/A     | N/A     | 31.1    |

<sup>1</sup> Diseases that have been grouped together for data protection reasons

### 1.2.7 Environmental protection

#### Management approach & due diligence processes

Environmental protection is an essential element of the integrated management system. The Zumtobel Group's environmental management concept is based on three elements:

- >> Environmental and energy management systems that are certified under the international ISO 14001 and ISO 50001 standards
- >> Strict compliance with internal and external environmental protection guidelines
- >> Efforts to continuously improve the company's environmental and energy-related performance.

Quality Austria, as the accredited certification partner, confirms the Zumtobel Group's use and continuous improvement of effective environmental and energy management systems by issuing ISO 14001 and ISO 50001 certificates. The main goals of this integrated management system are to improve environmental performance, to meet the goals for the reduction and prevention of negative effects on the environment, and to ensure compliance with legal, government and voluntary obligations.

The principles and goals of environmental protection are anchored in the Zumtobel Group's environmental policy, which serves as a guideline for all employees to improve the sustainable use of resources in their everyday actions. At every location, top management – with the assistance of local environmental management officers – is responsible for providing sufficient resources for the attainment of environmental goals. Global process owners ensure compliance with all requirements of the ISO standards and binding obligations in their business processes. A context analysis is carried out annually at all global and local production locations to identify the major internal and external issues, stakeholder requirements, and related opportunities and risks. The assessment of these opportunities and risks and the prioritisation of issues is followed by the definition, planning and implementation of measures. This ensures the attainment of

environmental and all other corporate goals. The global quality organisation, which is responsible for the integrated management system and, in turn, for the environmental and energy management systems, defines the framework and assists with the strategy implementation.

Environmental goals are defined on a global basis and then broken down to the individual Zumtobel Group locations. Progress is monitored with transparent, periodical and global reporting based on the standards set by the Global Reporting Initiative. The most important indicators for this reporting are energy consumption, CO<sub>2</sub> emissions, water consumption, waste and the recycling rate. Absolute values as well as output-based statistics are provided because the volume of the produced products has a major influence on the Zumtobel Group's environmental and energy-related performance.

Environmental performance is monitored and evaluated locally at each location and also by the global quality organisation and the Management Board. This procedure allows for the early identification of variances and the definition and implementation of countermeasures.

The data for the environmental and energy indicators are based on supplier information and invoices, and final data are, in part, only available more than one month later. Therefore, there are minimal variances between the indicators in the last sustainability report and the indicators in the final environmental and energy report.

Clearly defined procedures and processes as well as established methods help to ensure that the best available materials and techniques are used where appropriate and economically feasible. Moreover, the development of products and services covers the entire lifecycle from the selection of materials to the required technologies, production, transportation, use and recycling.

In addition to quality and lean management, the environment, energy, and health and safety at work are key focal points for the global production network. The continuous improvement process in the production network (global operations) defines clear standards and helps the Zumtobel Group to effectively and efficiently use the available resources and meet the high expectations and demands of customers. The environment and energy are also becoming increasing important issues for customers and are frequently a central factor for the product selection process. Continuous improvement involves the optimisation of production and the underlying processes as well as the responsible use of resources and raw materials. Other important elements are energy efficiency, the protection of employees' health, and efforts to prevent the negative influence of processes on the environment.

The Zumtobel Group not only stands for the continuous improvement of supply chain processes, but also for the continuous improvement of its own business processes, products and services. Procedures have been implemented to identify and evaluate opportunities for improvement as regards the environment, energy, safety and health at work, and quality. The identified opportunities are recorded, documented in structured form and subsequently addressed.

The effectiveness and further development of the integrated management system is ensured by regular internal and external audits, management reviews, strategic improvement projects, and continuous improvement activities.

#### Competence and awareness

The employees responsible for the maintenance and continuous improvement of the environmental and energy management systems have corresponding training, which is verified annually as part of the employee reviews. The Zumtobel Group wants to create a greater awareness among all employees for the environment and the responsible use of resources. Employee awareness for the importance of environmental protection is emphasised in numerous communication channels.

Introductory folders and welcome training for new staff, info screens in the break-time areas and Intranet websites that are available to all employees provide wide-ranging information on a variety of environmental issues. Supervisors and environmental protection officers regularly train and instruct employees on the environmental effects and issues which are relevant for their specific responsibilities. In addition, employees are informed of environmental projects planned and implemented throughout the entire Zumtobel Group.

Activities in 2022/23 focused on the issue of waste. Employees received training on the major non-renewable materials used in production. The volume of waste resulting from production processes was visualised on the shop floor and appropriate measures were defined and implemented to achieve a reduction.

| ISO Certificates                | ISO 9001:2015 | ISO 14001:2015 | ISO 45001:2018 | ISO 50001:2018 |
|---------------------------------|---------------|----------------|----------------|----------------|
| Head office Dornbirn, AT        | X             | X              | X              | X              |
| Lighting Brands Dornbirn, AT    | X             | X              | X              | X              |
| Lighting Brands Lemgo, DE       | X             | X              |                | X              |
| Lighting Brands Spennymoor, UK  | X             | X              | X              | X              |
| Lighting Brands Niš, RS         | X             | X              | X              |                |
| Lighting Brands Les Andelys, FR | X             | X              |                |                |
| Components Dornbirn, AT         | X             | X              | X              | X              |
| Components Niš, RS              | X             | X              | X              |                |
| Components Spennymoor, UK       | X             | X              | X              | X              |
| Component Shenzhen, CN          | X             | X              |                |                |
| <b>Total</b>                    | <b>10</b>     | <b>10</b>      | <b>7</b>       | <b>6</b>       |

 Newly added certifications

#### Attainment of environmental goals

In line with the management process, the goals for the coming financial year were based on the context analysis and a review and adjustment of the strategic focus and strategy. A management review at the end of the financial year studies and analyses the goal attainment and, if necessary, identifies corrective measures.

Most of the goals defined by the environmental and energy programmes were met in 2022/23.

The goal was met to retain certification under ISO 14001 and to implement ISO 50001 matrix certification for the lighting brands. The Zumtobel Group successfully passed all external audits without any variances. Environmental and energy reporting was again prepared according to GRI standards in 2022/23 and reporting was expanded to include a dashboard. Data is collected monthly, and the indicators are monitored by the local organisations together with the global quality department as part of the monthly management review. In addition, the goal was met to hold a monthly environmental and energy review meeting of all European production facilities. All plants, together with global quality and the Management Board, now present monthly data on their environmental and energy-related performance as well as current actions for improvement. These meetings are intended to strengthen the focus on environmental issues as well as the transfer and expansion of best practice approaches within the Zumtobel Group.

#### Maintaining the number of certifications

- >> **Emissions** – A further step was taken during the reporting year to attain climate neutrality. The goal to reduce CO<sub>2</sub> emissions by 10% compared with the previous year was reached as an absolute value and in relation to produced and sold volumes. CO<sub>2</sub> emissions were reduced by 23% as an absolute value and, based on produced and sold volumes, by 12%.
- >> **Renewable energy** – The share of renewable energy increased from 52% to 59% and also exceeded the 57% goal.
- >> **Waste** – The goal to reduce the total volume of waste by 5%, based on produced products, compared with the previous year was not fully met with a reduction of 2%. The lighting plants met this goal with a reduction of 11%. The components plants reduced the volume of waste by 5% but were unable to improve their performance based on produced volumes. The year-on-year results show a deterioration of 10%.
- >> **Recycling rate** – A further improvement in the recycling rate was also recorded in 2022/23. This indicator rose by 1.3% over the previous year to 91.3% and exceeded the 91% goal.

A detailed evaluation of the individual indicators is provided under the respective subjects.

All major lighting and components locations as well as the administrative facilities that still use fossil fuels for space heating and coating have identified opportunities for improvement and prepared concepts to avoid and reduce the use of fossil fuels. Complete conversion to district heat for space heating will be possible at two production and two administrative locations during the next three years and will be scheduled according to the availability. As an alternative to gas burners in the coating process, procedures were developed to use heating elements with electricity and hybrid solutions with electricity and gas. Substantial investments will be required to implement these alternatives. The operation of this alternative equipment with electricity will lead to a further increase in the already high energy costs. Alternative, partial solutions and efficiency improvements to existing equipment are therefore planned for the coming financial year.

### Environmental goals for 2023/24

The Zumtobel Group has set the following environmental goals for the 2023/24 financial year based on its strategic orientation to attain climate neutrality by 2025. The 2021/22 financial year is now used as the new reference year due to the expansion of data collection for Scope 1 and Scope 2:

- >> Reduction of CO<sub>2</sub> emissions to 9,950 t
- >> Increase in the share of renewable energy to 62%
- >> Reduction in the total volume of waste by 4% based on produced products compared with the previous year
- >> Reduction in the volume of production waste from non-renewable materials by 10% based on material consumption
- >> Increase in the recycling rate to 92%
- >> Receipt of ISO 14001 certification and ISO 50001 matrix certification at all locations

#### 1.2.7.1 Energy & renewable energy (material topic)

Energy consumption is an important environmental aspect for the Zumtobel Group, whereby the focus is placed on the energy consumption that can be directly influenced. Production is responsible for the highest energy consumption and, consequently, the improvement of energy consumption and the use of renewable energy are essential issues for all producing locations. The largest locations in the Zumtobel Group also operate with certified energy management systems. The goal of an energy management system under ISO 50001 is to continuously improve a company's energetic performance and, in this way, reduce greenhouse gas emissions, energy costs and other relevant effects on the environment.

Energy-related performance is defined as the result of efficient energy use, appropriate energy use and energy consumption. The Zumtobel Group carries out regular special external energy audits at selected locations to identify opportunities for savings and develop measures for improvement. The continuous implementation of these energy efficiency measures is intended to ensure the efficient use of energy.

#### Energy consumption in the organisation

Energy consumption data is collected monthly from all production locations in the Zumtobel Group. The use of heating and process energy is based on real-time consumption as calculated by the respective suppliers. The energy consumption of the Zumtobel Group's motor pool was recorded for 2022/23 based on the tanked litres of fuel. The 2020/21 financial year serves as the new reference year. Data on the energy consumption of the motor pool and the administrative buildings owned by the Zumtobel Group was not available for recording in 2020/21 and was therefore included retroactively to permit comparison and to show energy consumption.

#### Energy consumption reduced by 12%

Energy consumption totalled 87,178 MWh in 2022/23, which means an absolute reduction of 12% compared with the previous year (99,445 MWh).

The major energy consumers in the lighting plants are the plastic injection moulding machines, coating equipment, cooling aggregates and the generation of space heat. Since the proportion of plastic in the luminaires is growing and specific colours and durable coating are increasingly requested by customers, the related energy consumption is rising due to the greater use of these technologies. In the components plants, the soldering and hardening processes are the greatest energy consumers. These significant energy users are recorded and analysed in the energy management system and set a focal point for the implementation of improvement measures. Most of the energy in production is used in Europe (92%).

| <b>Energy consumption</b>                             | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21<sup>1</sup></b> | <b>2021/22<sup>2</sup></b> | <b>2022/23</b> |
|---|-------------|----------------|----------------|----------------------------|----------------------------|----------------|
| <b>Process energy</b>                                 | in MWh      | <b>64,261</b>  | <b>59,591</b>  | <b>65,723</b>              | <b>68,850</b>              | <b>64,453</b>  |
| Electricity   | in MWh      | 48,421         | 48,260         | 50,151                     | 50,721                     | 48,217         |
| Electricity from photovoltaics (100% own use)         | in MWh      | N/A            | N/A            | 319                        | 1,231                      | 1,266          |
| Emergency power/sprinkler aggregate (diesel)          | in MWh      | N/A            | N/A            | 70                         | 366                        | 58             |
| Process heat (natural gas)                            | in MWh      | 15,147         | 10,316         | 14,013                     | 15,455                     | 13,915         |
| Local/district heat (supplier mix)                    | in MWh      | 288            | 399            | 478                        | 436                        | 522            |
| Local/district heat (biomass)                         | in MWh      | 405            | 616            | 692                        | 641                        | 475            |
| <b>Heating energy</b>                                 | in MWh      | <b>11,912</b>  | <b>15,268</b>  | <b>31,443</b>              | <b>30,595</b>              | <b>22,725</b>  |
| Thermal heat (natural gas)                            | in MWh      | 7,850          | 9,597          | 8,697                      | 8,304                      | 5,864          |
| Local/district heat (supplier mix)                    | in MWh      | 2,043          | 2,061          | 2,423                      | 2,255                      | 1,768          |
| Local/district heat (biomass)                         | in MWh      | 2,019          | 3,610          | 3,947                      | 3,660                      | 2,901          |
| Motor vehicle pool                                    | in MWh      | N/A            | N/A            | 13,849                     | 13,849                     | 10,361         |
| Electricity administrative locations                  | in MWh      | N/A            | N/A            | 734                        | 734                        | 681            |
| Heating energy administrative locations (natural gas) | in MWh      | N/A            | N/A            | 1,793                      | 1,793                      | 1,150          |
| <b>Energy total</b>                                   | in MWh      | <b>76,173</b>  | <b>74,859</b>  | <b>97,166</b>              | <b>99,445</b>              | <b>87,178</b>  |

<sup>1</sup> New base year for assessing the future development of consumption; the data not yet recorded when the 2020/21 report was compiled was added later.

<sup>2</sup> The forecast data still partially used in the preparation of the 2021/22 report was replaced by actual data.

### Energy consumption outside of the organisation

The major environmental aspects are identified along the value chain and across the entire product lifecycle. The following upstream and downstream processes have an influence on the environmental aspect of energy consumption and are therefore recorded.

Purchased materials and services, fixed assets, fuels and energy-related emissions, logistics, business travel, commuting by employees and contract workers in upstream processes, the use and disposal of sold products in downstream processes.

The related data are collected and, where applicable, translated into energy consumption. The necessary conversion factors are drawn from various sources like myClimate, World Resources Institute or the Sphera LCA environmental database. These calculated values show the influence of the processes on energy consumption. In addition to improving data collection, actions in this area concentrate on reducing the amount of energy used. Increasing the energy efficiency of luminaires, LED modules and LED drivers has the greatest influence on total energy consumption. The improvement of total energy consumption is discussed in the paragraph "reduction of energy consumption for products and services".

### Energy intensity

Since the number of produced luminaires and components has a significant influence on total energy consumption, energy-related performance is based on the following indicator: total energy consumption within the organisation/1,000 sold and/or produced units. Total energy consumption within the organisation for the calculation of energy intensity includes process and heating energy as well as consumption by the motor pool.

Energy intensity in the Zumtobel Group during the 2022/23 financial year equalled 1.76 MWh per 1,000 units. Energy intensity deteriorated by 2% in the components plants and improved by 6% in the lighting plants.

### Reduction of energy consumption

The components plants recorded a year-on-year reduction of 12% in energy consumption, which resulted from a decline in the production volume. Energy consumption per 1,000 units increased slightly from 0.358 to 0.366 MWh.

In the lighting plants, energy consumption was reduced by 13%. Energy consumption per 1,000 units improved from 7.013 to 6.609 MWh. The improvement in energy performance versus the new reference year 2020/21, which is required by ISO 50001, was also met.

The war in Ukraine and the resulting sharp rise in energy prices had a significant influence on costs at all of the Zumtobel Group's locations. As a result, the material environmental aspect "energy consumption" received even greater attention. Measures were introduced at all locations to reduce the energy required for heating. In-office work was limited to four days per week at several locations, and the remaining day was spent in home office. Office areas were reduced and vacant offices were no longer heated. Energy consumption in the office buildings and in production was cut to a minimum over weekends and on all other work-free days. The base energy load was reduced at all producing locations. The energy consumption for heating fell by 27% in 2022/23 as a result of numerous economy measures as well as the milder winter weather.

### Continuous improvement

Lighting plant in Dornbirn, AT:

- >> Optimised switch-off times were specified for energy-relevant machinery and equipment; regular detection and repair of compressed air leakage; reduction and improved monitoring of the temperature in the curing oven and pre-treatment pool for the coating aggregate.

Lighting plant in Lemgo, DE:

- >> Installation of high-efficiency pumps and controls for air cooling; optimisation of lighting controls; optimised switch-off times for the coating aggregate.

Lighting plant in Spennymoor, UK:

- >> Reduction in the energy consumption of the power coating aggregate through optimised capacity utilisation and production on four days; optimisation of the energy base load on standstill days; installation of sensors to optimise lighting switch-on times.

Lighting plant in Niš, RS:

- >> Optimisation of air conditioning and ventilation in the offices and in production; detection and repair of compressed air leakage; optimisation of the energy base load on standstill days; optimisation and separate controls for pre-processing temperatures.

Lighting plant in Les Andelys, FR:

- >> Shutdown of the separate warehouse; four-day production in power coating; optimisation of the energy base load on standstill days.

Components plant in Dornbirn, AT:

- >> Installation of LED lighting and controls on two floors; reduction of compressed air consumption through a decrease in pressure; reduction of energy consumption in the test chamber for HASS tests with new valves and new software; refurbishing of the compressor controls; optimisation of the energy base load on standstill days.

Components plant in Niš, RS:

- >> Optimisation of the air conditioning and ventilation in the offices and in production; reduction of energy consumption in the test chamber for HASS tests with new valves and new software; optimisation of the energy base load on standstill days.

Components plant in Spennymoor, UK:

- >> Installation of LED lighting and controls in the offices and production halls; reduction of energy consumption in the test chamber for HASS tests with new valves and new software.

Components plant in Shenzhen, CN:

- >> Installation of intelligent controls for the air conditioning system; shutdown of cooling compressors and water pumps that are no longer needed; refurbishing of two older cooling water towers

#### Renewable energy

In 2022/23, 59% of the total energy consumption was covered by renewable energy. That represents an increase of 8% in the share of renewable energy and exceeds the target of 57%.

Share of renewable energy at all-time high

All European lighting and components plants purchase their total electricity requirements from renewable sources.

The share of renewable energy increased at all locations in 2022/23. This improvement was supported by a 27% reduction in energy consumption for heating as well as the full effect of energy savings implemented in the previous year.

Biogenic generated heat covers 40% of heating requirements and 21% of total gas requirements.

At the components plant in Dornbirn, approximately 35% of the energy required for heating was converted to district heat in autumn 2022. The lighting plant in Dornbirn will be able to meet its entire heating requirements with biogenic generated heat beginning with the coming financial year. The building in the Schmelzhütterstrasse will be completely converted to district heat in spring 2024. At the lighting plant in Lemgo, an older gas boiler was dismantled and an additional district heating connection to the local municipal plant was installed. This district heat is used for pre-processing and temperature conditioning in the wet painting process.

The plant location in Niš carried out a feasibility study to evaluate the installation of photovoltaic equipment on the office building, green areas and over the parking lot.

The components plant in Shenzhen increased the share of renewable energy from 17% to 26% based on the purchase of a better energy mix for the 2022/23 financial year.

The Zumtobel Group's largest plant, the lighting plant in Dornbirn, increased the share of renewable energies to 92% with a combination of electricity from hydropower and on-site photovoltaic equipment as well as the use of biogenic generated heat.

#### 1.2.7.2 Climate change mitigation (material topic)

Greenhouse gas emissions were identified as one of the material environmental factors for the Zumtobel Group, and their reduction has had high priority for many years. Greenhouse gas emissions result from both energy consumption and the specific energy sources.

Production processes and the downstream and upstream processes make CO<sub>2</sub> the significant greenhouse gas for the Zumtobel Group. Accordingly, the focus was placed on the reduction of CO<sub>2</sub> emissions to support the attainment of climate neutrality (Scope 1 and 2) in 2025. CO<sub>2</sub> equivalents for the various energy sources used by the Zumtobel Group are evaluated, verified and documented at regular intervals.

As the goal to attain climate neutrality is based on Scope 1 and Scope 2 greenhouse gas emissions, the focus is on the reduction of these emissions at the production and administrative locations and in the fleet.

Indirect greenhouse gas emissions in the value chain (Scope 3) lie outside the control of the Zumtobel Group, but comprise the largest component of emissions. Data is collected for each relevant category, and greenhouse gas emissions are determined by appropriate methods and scenarios. The greatest lever to reduce Scope 3 greenhouse gas emissions is a continuous increase in the efficiency of the entire product portfolio. The goal, in general, is to steadily reduce emissions along the entire value chain in agreement with SBTi requirements.

#### Direct GHG emissions (Scope 1)

The Zumtobel Group uses natural gas for heating and for coating in the production process. The company vehicles and emergency power generators operate with liquid fossil fuels. Various refrigerants are also used in the cooling systems. The 2021/22 financial year was defined as the new reference year because the full scope of data on the production locations has been recorded since that time. Data related to the motor pool and administrative locations was recorded retroactively for 2020/21.

The applied emission factors were provided by the suppliers. The direct greenhouse gas emissions in tonnes equal the energy consumption in MWh multiplied by the relevant emission factor in tonnes per MWh.

#### Scope 1 emissions continuously reduced

Scope 1 CO<sub>2</sub> emissions totalled 7,892 t in 2022/23. In comparison with the previous year (9,064 t), which means an absolute reduction of 13%.

### Indirect GHG emissions (Scope 2)

Electricity is the largest energy carrier in the Zumtobel Group and, consequently, has a substantial influence on Scope 2 greenhouse gas emissions. Biogenic generated district heat is used primarily for heating but also in pre-treatment for the coating process. The emission factors were provided by the energy suppliers. The electricity used by the production locations in Europe is generated entirely by renewable energies and has been certified accordingly by the electricity suppliers.

Scope 2 CO<sub>2</sub> emissions totalled 2,644 t in 2022/23. The absolute reduction compared with the previous year (4,698 t) equalled 44%.

Scope 2 emissions reduced by 44%

| <b>Scope 1&amp;2 emissions</b>       | <b>Unit</b>         | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21<sup>1</sup></b> | <b>2021/22<sup>2</sup></b> | <b>2022/23</b> |
|--------------------------------------|---------------------|----------------|----------------|----------------------------|----------------------------|----------------|
| <b>Scope 1</b>                       | tCO <sub>2</sub> -e | <b>6,581</b>   | <b>4,295</b>   | <b>9,285</b>               | <b>9,064</b>               | <b>7,892</b>   |
| Oil                                  | tCO <sub>2</sub> -e | 32             | 0              | 0                          | 0                          | 0              |
| Diesel                               | tCO <sub>2</sub> -e | N/A            | N/A            | 93                         | 93                         | 19             |
| Natural gas                          | tCO <sub>2</sub> -e | 6,486          | 4,248          | 5,099                      | 4,920                      | 4,150          |
| Fugitive emissions                   | tCO <sub>2</sub> -e | 63             | 47             | 142                        | 100                        | 80             |
| Motor vehicle pool                   | tCO <sub>2</sub> -e | N/A            | N/A            | 3,499                      | 3,499                      | 3,353          |
| Administrative locations natural gas | tCO <sub>2</sub> -e | N/A            | N/A            | 452                        | 452                        | 290            |
| Compensation natural gas Les Andelys | tCO <sub>2</sub> -e | N/A            | N/A            | N/A                        | 916                        | 626            |
| <b>Scope 2</b>                       | tCO <sub>2</sub> -e | <b>16,878</b>  | <b>17,486</b>  | <b>14,586</b>              | <b>4,698</b>               | <b>2,644</b>   |
| Electricity                          | tCO <sub>2</sub> -e | 16,272         | 17,066         | 14,098                     | 4,485                      | 2,583          |
| Photovoltaics (100% own use)         | tCO <sub>2</sub> -e | 0              | 0              | 0                          | 0                          | 0              |
| Local/district heat (biomass)        | tCO <sub>2</sub> -e | 48             | 85             | 93                         | 86                         | 61             |
| Local/district heat (supplier mix)   | tCO <sub>2</sub> -e | 558            | 335            | 395                        | 127                        | 0              |
| <b>Scope 1&amp;2 total</b>           | tCO <sub>2</sub> -e | <b>23,459</b>  | <b>21,781</b>  | <b>23,871</b>              | <b>13,762</b>              | <b>10,536</b>  |

<sup>1</sup> New base year for assessing the future development of consumption; the data not yet recorded when the 2020/21 report was compiled was added later.

<sup>2</sup> The forecast data still partially used in the preparation of the 2021/22 report was replaced by actual data.

### Other indirect GHG emissions (Scope 3)

The previous report included five categories of Scope 3 emissions. All 15 categories were analysed in 2022/23, whereby 9 categories are material for the Zumtobel Group and are included in this report.

Reporting for 9 Scope 3 categories

All Scope 3 upstream categories were analysed and evaluated. Findings indicated the following categories are important for the Zumtobel Group: purchased goods & services, capital goods, transport and distribution (upstream), production waste, business travel, commuting by employees, and rented or leased equipment. The most important emissions arise in the upstream category "purchased goods & services".

The highest downstream emissions in the value chain are caused by the category "use of sold goods". These emissions result from the operation of products with electrical energy over their expected useful life. An additional factor is the "handling of sold goods at the end of the lifecycle".

Appropriate methods and models were used to calculate the emissions in the individual categories.

Purchased goods & services are classified in merchandise groups. The average data method was used to calculate the emissions for product-related goods. Under this method, a conversion factor is assigned to each material and multiplied by the volume. The cost-based method was applied to all other goods and services.

External data source: Sphera LCA data base, World Resources Institute

Emissions from "capital goods" were determined according to the cost-based method. All investments made during the reporting period were included.

External data source: World Resources Institute

The category of upstream "transport and distribution" includes intracompany transports and paid transports from the company to the customer. The analysis is differentiated by the type of transport: sea, air, truck and rail.

These emissions were reported as "downstream transport and distribution" in the previous year. They are now reported correctly in accordance with the GHG Protocol as "upstream transport and distribution".

External data source: CO<sub>2</sub> calculation in logistics [Kranke 2011]

"Production waste" is classified in three categories – recycling material, residual waste and hazardous waste – to calculate the emissions resulting from disposal. A conversion factor is assigned to each category, multiplied by the respective volume and then added.

External data source: myClimate, ademe

"Business travel" in the Zumtobel Group is booked and recorded centrally. The analysis is based on flight, rental car and rail kilometres as well as the number of overnight stays. Emissions are calculated on the basis of appropriate emission factors.

Data source: Department for Environment, Food & Rural Affairs (DEFRA) / Environmental Protection Agency (EPA), Environmental Agency Austria

Emissions caused by employees' commuting in Austria is based on the distance between the place of residence and the place of work, the mode of transport used and the CO<sub>2</sub> equivalent of the respective means of transportation. This value is extrapolated by the number of Zumtobel Group employees worldwide.

External data source: VCÖ 2020, Environmental Agency Austria

In the category "rented or leased equipment", a differentiation is made between office, warehouse and production equipment. Emissions are calculated by multiplying the respective space by the appropriate emission factor.

External data source: World Resources Institute

The calculation for the category "use of sold goods" is based on a model that includes the recorded performance and the expected useful life. The expected useful life was adjusted to 35,000h (previous year: 30,000h) in accordance with the current development of the guidelines for the life cycle assessment of lighting products. Correcting factors were applied to dimmable products. All luminaires, LED modules and control equipment are included. A factor for the energy mix in the EU was applied to determine the total emissions.

The emissions reported for the category "use of sold goods" increased over the previous year, mainly due to the higher conversion factor for the energy mix in the European Union and an adjustment to the useful life.

External data source: European Environmental Agency

The Zumtobel Group's products are subject to the Waste of Electrical and Electronic Equipment Directive (WEEE). The "handling of sold goods at the end of the lifecycle" is based on a model that assumes all metals and 70% of glass are recycled and plastics are thermally utilised. Under this model, electronic waste is transferred to landfills.

External data source: Sphera LCA data base

| <b>Other emissions Scope 3<sup>1</sup></b>            | <b>Unit</b>         | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21<sup>3</sup></b> | <b>2021/22</b>   | <b>2022/23</b>   |
|---|---------------------|----------------|----------------|----------------------------|------------------|------------------|
| <b>Upstream Scope 3 emissions</b>                     | tCO <sub>2</sub> -e | N/A            | N/A            | <b>661,810</b>             | <b>837,070</b>   | <b>686,320</b>   |
| Purchased Goods and Services                          | tCO <sub>2</sub> -e | N/A            | N/A            | 633,000                    | 808,000          | 658,000          |
| Capital Goods   | tCO <sub>2</sub> -e | N/A            | N/A            | 1,900                      | 2,200            | 2,100            |
| Upstream Transportation and Distribution <sup>2</sup> | tCO <sub>2</sub> -e | N/A            | N/A            | 8,400                      | 8,400            | 8,100            |
| Waste Generated in Operations                         | tCO <sub>2</sub> -e | N/A            | N/A            | 710                        | 670              | 620              |
| Business Travel <sup>2</sup>                          | tCO <sub>2</sub> -e | N/A            | N/A            | 4,400                      | 4,400            | 4,200            |
| Employee Commuting <sup>2</sup>                       | tCO <sub>2</sub> -e | N/A            | N/A            | 4,600                      | 4,600            | 4,500            |
| Upstream Leased Assets <sup>2</sup>                   | tCO <sub>2</sub> -e | N/A            | N/A            | 8,800                      | 8,800            | 8,800            |
| <b>Downstream Scope 3 emissions</b>                   | tCO <sub>2</sub> -e | N/A            | N/A            | <b>4,956,300</b>           | <b>4,539,500</b> | <b>5,359,100</b> |
| Use of Sold Products                                  | tCO <sub>2</sub> -e | N/A            | N/A            | 4,924,000                  | 4,499,000        | 5,324,000        |
| End-of-Life Treatment of Sold Products                | tCO <sub>2</sub> -e | N/A            | N/A            | 32,300                     | 40,500           | 35,100           |
| <b>Scope 3 total</b>                                  | tCO <sub>2</sub> -e | N/A            | N/A            | <b>5,618,110</b>           | <b>5,376,570</b> | <b>6,045,420</b> |

<sup>1</sup> Rounding rules: 2/3-digit numbers rounded up to the nearest 10, 4/5-digit numbers rounded up to the nearest 100, all larger numbers rounded up to the nearest 1000.

<sup>2</sup> Values for 2020/21 were taken from the following year.

<sup>3</sup> Base year for assessing emissions development

**Renewed  
improvement in the  
intensity of GHG  
emissions**

**Significant reduction  
in GHG emissions**

**Intensity of GHG emissions**

Actual greenhouse gas emissions are exclusively related to energy consumption and the type of energy used. Therefore, the intensity of the greenhouse gas emissions is calculated similar to the energy intensity indicator based on the total greenhouse gas emissions per 1,000 produced or sold units. Total emissions correspond to the greenhouse gas emissions from process and heating energy at the production locations as well as the emissions from the motor vehicle pool and administrative locations.

The intensity of greenhouse gas emissions in the Zumtobel Group improved from 0.243 to 0.213 t per 1,000 units in 2022/23. The intensity in the lighting plants declined from 0.566 to 0.439 t per 1,000 units, for a reduction 23%. The components plants improved by 28% with a reduction from 0.101 to 0.072 t per 1,000 units.

**Reduction of GHG emissions**

The Zumtobel Group took a further significant step towards climate neutrality in 2022/23. The continuation of various ongoing improvement projects and a focus on energy savings, above all heating energy, were responsible for an absolute year-on-year reduction of 23% in Scope 1 und 2 greenhouse gas emissions to 3,226 t in the reporting year. In comparison with 2020/21, the new reference year, the absolute reduction equalled 13,335 t and the percentage reduction 56%.

The measures described in the section on “renewable energy” also contributed to the reduction of greenhouse gas emissions and to the attainment of climate neutrality by 2025. Further contributions to the reduction of greenhouse gas emissions are reported under “reduction of energy consumption” and related to natural gas as an energy carrier. Additional activities and measures to reduce greenhouse gas emissions are listed below.

**Continuous improvement**

Lighting plant in Dornbirn, AT:

- >> Analysis to expand photovoltaic equipment; analysis of the electrification of the dry-off oven and the curing oven in the powder coating aggregate.

Lighting plant in Lemgo, DE:

- >> Analysis of electrification or hybrid solution (natural gas and electricity) for the dry-off oven, the wet paint dry-off ovens for hand painting and the wet painting aggregate; planning for the substitution of district heat for natural gas in the ventilation equipment for the painting aggregate.

Lighting plant in Spennymoor, UK:

- >> Analysis of a hybrid solution (natural gas and electricity) for the wet paint dry-off ovens and curing ovens in the powder coating aggregate.

Lighting plant in Niš, RS:

- >> Analysis of electrification of the dry-off oven and curing oven in the powder coating aggregate; planning for the recovery of compressor heat and use in warm water processing; optimisation of compressor loads.

Components plant in Dornbirn, AT:

- >> Analysis and planning for conversion of the remaining 60% of heating energy to district heating.

Components plant in Niš, RS:

- >> Planning for the recovery of compressor heat and use in warm water processing: optimisation of compressor loads.

#### Emissions of ozone-depleting substances (ODS)

None of the producing locations in the Zumtobel Group manufacture, import or export ozone-depleting substances.

#### Nitrogen oxides, sulphur oxides and other significant air emissions

Nitrogen oxide emissions were calculated for the first time based on measurements at the lighting plants in Dornbirn, Lemgo and Niš. Results showed that these emissions are substantially lower than carbon dioxide emissions. Nitrogen oxide emissions are heavily dependent on the firing process and on the quality of the natural gas. For this reason the median value of the three location measurements was used and emissions were theoretically calculated. The producing locations which use natural gas for process and heating energy were responsible for nitrogen oxide emissions totalling 1.30 t. A comparison of this value with the previous year shows a reduction of 22.1% in natural gas consumption (previous year: 1.67 t).

The measurements also showed no significant quantities of sulphur oxide at these locations, and these emissions will not be recorded for the time being.

The formation of volatile organic materials (VOMs) is dependent on the volume flows from the aggregates (volumes and operating hours). Consequently, the calculation cannot be based on natural gas consumption. Calculation and recording are planned for the next financial year. The situation is similar for emissions like fine dust or persistent organic pollutants.

All production facilities comply with legal and municipal requirements. Emission measurements are carried out by external specialists, and no conspicuous measurements were recorded. The lighting plant in Lemgo prepares an emission report every four years as required by law, and the 2020 measurement indicated that CO<sub>2</sub> is the only significant air emission.

Good air quality is an important factor for productive work and well-being. The Zumtobel Group, together with the Tridonic brand, is investigating innovative technologies for air quality measurement and the integration of sensors in building management systems for automatic ventilation adjustment. This technology will become an integral part of future standards for building certification (e.g. WELL).

#### 1.2.7.3 Water & wastewater

Water is a vital resource that is becoming increasingly scarce in these times of climate change. Accordingly, it is also an important issue for the Zumtobel Group. Water is required in only limited volumes and hardly polluted in the production processes, but the responsible and economical use of water is a primary concern. The Zumtobel Group has implemented procedures to make sure wastewater meets municipal requirements before it is discharged into local treatment plants and to see that the related indicators remain clearly below the permissible limits wherever possible. These indicators are monitored and confirmed internally and externally on a regular basis.

## Careful use of water as a resource

### Water as a shared resource

The water used by the Zumtobel Group's production locations comes primarily from local waterworks. Additional ground water is only drawn by the lighting plant in Andelys and comprises less than 1% of the total water consumption. At the present time, none of the producing locations uses surface water from rivers or similar bodies of water.

The production locations use water mostly for sanitary facilities, for drinking water and for air humidification. In production, water is used primarily in pre-cleaning for the coating process, air humidification and sprinklers as well as the pre-heating and cooling of machinery.

Coating is a key production process at all lighting plants, and the focus is therefore placed on the responsible, economical use of water and the best possible cleaning of wastewater prior to recycling. Various procedures – including vacuum evaporation, continuous neutralisation, oil separators and sedimentation – are used to clean the wastewater from powder coating and wet painting.

### Management of the effects of water recycling

Water is generally recycled, apart from the water used for drinking or air humidification. The recycled water meets the highest local legal standards and is clearly below all permissible limits. Sewerage systems transport the wastewater to local treatment plants.

Data is currently not collected on the volume of drinking water which is not recycled. However, some locations have measured the volume of water which is used, for example, to humidify the air and not recycled as wastewater. Data from these aggregates helps to calculate the volume of sprayed water, and the resulting quantity is deducted from wastewater volumes. The difference corresponds to water consumption.

### Water withdrawal

The production locations and the corporate headquarters of the Zumtobel Group drew approximately 56.69 megalitres of water in 2022/23, compared with 65.23 megalitres in the previous year. That represents a 13% decline in the volume of water drawn.

Various improvement at the producing locations led to a decline in water consumption, which was also positively influenced by employees' use of home office.

The implemented measures also led to a slight 2% decline in water consumption per 1,000 produced units. The optimisation of flushing methods in the sanitary facilities and better water value controls in the pre-handling tanks for the coating aggregates (reduction in water exchange) contributed to these positive results.

## Continuous improvement

Lighting plant in Dornbirn, AT:

- >> At the lighting plant in Dornbirn, the repeated flushing of cooling systems was necessary in the previous year due to a change in chemicals. This additional water was not needed in 2022/23, and system operations are stable. A decline in the water required for the heat exchanger also had a positive effect on water consumption – in total, the reduction equalled roughly 18%.

Lighting plant in Spennymoor, UK:

- >> The optimisation of the lighting plant in Spennymoor in the previous year – for example through the recycling of water in powder coating, a reduction in water drainage procedures and the installation of short flush equipment in the sanitary facilities – had a positive influence on water consumption in 2022/23. Data collection was also optimised to provide a better basis for the analysis of consumption. The water quality controls in coating were refined to prevent unnecessary water exchange.

Other locations:

- >> Further optimisation measures are planned for other locations. Included here are filter tests for equipment to reduce the changing intervals for wastewater or to convert from groundwater to rainwater (Les Andelys). The exchange of experience between the plants is one of the most important measures to reduce water consumption and optimally use the resource water.

## Water recycling

The volume of unrecycled water was recorded in 2022/23 and includes, for example, the water used to humidify the air in sensitive production areas as well as the water used for irrigation and cooling. This water is not discharged as wastewater and, therefore, can be deducted from water recycling. The Zumtobel Group recycled approximately 54.66 megalitres of water in 2022/23 compared with 63.63 megalitres in the previous year. That represents a 14% decline in water recycling.

| Water                          | Unit | 2018/19      | 2019/20      | 2020/21      | 2021/22      | 2022/23      |
|--------------------------------|------|--------------|--------------|--------------|--------------|--------------|
| <b>Water withdrawal</b>        | Ml   | <b>91.50</b> | <b>64.18</b> | <b>67.08</b> | <b>65.23</b> | <b>56.70</b> |
| Water from third party sources | Ml   | 90.61        | 63.31        | 66.18        | 64.61        | 56.18        |
| Groundwater                    | Ml   | 0.89         | 0.87         | 0.90         | 0.63         | 0.52         |
| Surface water                  | Ml   | 0            | 0            | 0            | 0            | 0            |
| <b>Water recycling</b>         | Ml   | <b>91.51</b> | <b>64.18</b> | <b>65.33</b> | <b>63.63</b> | <b>54.66</b> |
| <b>Water consumption</b>       | Ml   | 0            | 0            | 1.75         | 1.60         | 2.04         |

## Water consumption

Water consumption at the production locations and the corporate headquarters of the Zumtobel Group totalled approximately 2.04 megalitres in 2022/23 (previous year: 1.60 megalitres) or 3.6% of the total volume of water drawn. As reported, the Zumtobel Group reduced the volume of water drawn during the reporting year. The year-on-year increase in water consumption is explained by the optimisation of data collection in 2021/22 and the availability of precise measurements in 2022/23. Process water is used primarily for air humidification at the locations.

#### 1.2.7.4 Waste (material topic)

The Zumtobel Group places special emphasis on the economical use of resources and the recycling of materials. Key factors include the efficient and economical use of materials as well as the minimisation of production scrap and unnecessary waste. Valuable materials are recycled as best as possible or, if possible, reused to conserve resources.

Waste management is an important part of the environmental management system. Every production location has a designated waste officer; documented processes and detailed records for all generated waste. The indicators for waste are the volume of waste generated per tonne classified by recycling waste, residual waste and hazardous waste.

The recycling quota is another important indicator for material recycling. The indicators defined at the Group level are broken down to the individual lighting and component plants. Goals are defined in the individual environmental programmes, and actual data is collected in the environmental and energy reporting system and communicated in the monthly management reviews.

The fundamental principles underlying the circular economy are anchored in the development process and applied in all new product innovations. Improvements in the effective use of resources and recycling, maintenance and repair are also central issues for existing products.

##### **Waste generation and significant waste-related effects**

Metal processing, plastics processing, coating, automated production lines and the manual assembly of products are the major production processes which cause most of the waste in the Zumtobel Group. Metal processing, plastics processing and coating as well as the automated production lines result in stamping waste, adjusting nuts and scrap which can generally be recycled.

The water used in pre-treatment for the coating process is subsequently cleaned, which means a concentrated volume of hazardous waste must be disposed or processed. All production processes, especially automated assembly equipment, are responsible for packaging waste from purchased raw materials, input parts and components. This packaging is, for the most part, recycled by disposal firms.

Smaller quantities of hazardous waste like waste oil, refrigerants and lubricants result from metal processing, residual adhesives from mounting processes, and residual paint from coating processes. Waste also includes tools, machinery, production lines, raw materials, purchased products and finished products which are no longer needed.

##### **Management of significant waste-related effects**

The Zumtobel Group intensified its focus on the circular economy in 2022/23. In addition to the implementation of circular design rules, the analysis of existing products and the materials used continued. The components plant in Niš and the lighting plant in Spennymoor were successfully audited for cradle to cradle certification. In all European countries, the sales organisations' disposal partners are responsible for the correct disposal and utilisation of luminaires.

In addition to the many activities in support of the circular economy that will have a significant influence on waste volumes in the coming years, the Zumtobel Group has introduced many other continuous improvement measures.

### Continuous improvement

A particular focus of the lighting plants in 2022/23 included the issues related to the efficient use of non-renewable materials. A new indicator – the use of non-renewable materials – was defined during the year. Included here are plastics, steel, copper and aluminium. The indicator represents the waste generated from these materials in relation to their consumption. The first step involved a comprehensive analysis by all locations which was followed by the implementation of various measures to improve the efficient use of these non-renewable materials.

Lighting plant in Dornbirn, AT:

- >> Conversion from disposable to reusable pallets; optimised production planning and management strategies lead to less waste from obsolete finished luminaires; optimisation and reduction of packaging material from purchased components.

Lighting plant in Lemgo, DE:

- >> Sprue material from plastic injection is ground and recycled; clean separation of plastic waste to improve the recycling rate.

Lighting plant in Spennymoor, UK:

- >> Reduction of waste from plastic injection through optimal maintenance cycles and replacement of machine parts; sprue material from plastic injection is ground and recycled; optimal use of steel plates in stamping processes through combination of production orders with fast-moving Kanban article numbers; standardisation of material strengths and quality for steel plates.

Lighting plant in Niš, RS:

- >> Sprue material from plastic injection is ground and recycled; repair and recycling of wood pallets.

Lighting plant in Les Andelys, FR:

- >> Repair and recycling of wood pallets.; clean separation of all plastic waste.

Components plant in Dornbirn, AT:

- >> Clean separation of all plastic waste (rolls, plastic housing); clean separation of PCBs and PCB clippings to improve the recycling rate; release of a strict packaging directive and implementation with “pain point” suppliers.

Components plant in Niš, RS:

- >> Processing and recycling of tin waste from production; release of a strict packaging directive and implementation with “pain point” suppliers.

Components plant in Spennymoor, UK:

- >> Clean separation of PCBs and PCB clippings; release of a strict packaging directive and implementation with “pain point” suppliers.

Components plant in Shenzhen, CN:

- >> Tar casting process no longer in use; conversion of packaging material for semi-finished products from EPE to PET ESD trays; recycling of packaging containers for silicon casting compound reduces hazardous waste; release of a strict packaging directive and implementation with "pain point" suppliers.

Waste-related data is recorded by the Zumtobel Group's locations in the environmental and energy reporting system. It is based on information and invoices from the respective disposal companies. Sampling audits are therefore carried out at the end of the financial year to verify data collection for this system.

#### **Waste generated**

The Zumtobel Group recorded roughly 5,269 tonnes of waste from its production processes in 2022/23, which represents a decline of 15% compared with the previous year (6,183 t). A total of 456 t was classified as hazardous, for an increase of 14% in the volume of hazardous waste. The lighting plants and the components plants reduced the volume of waste both in absolute terms and based on the number of produced products in 2022/23. Reduced demand in the components plants led to an absolute reduction of 60 t in waste, but also to a relative increase of 10% based on the number of produced products. The lighting plants recorded an absolute reduction of 854 t in waste as well as a reduction of 17% based on the number of produced products.

#### **Waste diverted from disposal/directed to disposal**

Of the total non-hazardous waste, 92% is diverted from and 8% directed to disposal, whereby the non-hazardous waste directed to disposal is incinerated with energy recovery. Of the total hazardous waste, 82% is diverted from and 18% is directed to disposal, whereby 95% of the hazardous waste directed to disposal is incinerated with energy recovery and the remaining 5% is incinerated without energy recovery.

| <b>Waste</b>                                     | <b>Unit</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|--|-------------|----------------|----------------|----------------|----------------|----------------|
| <b>Recyclable waste</b>                          | Tonnes      | <b>5,799</b>   | <b>5,826</b>   | <b>5,840</b>   | <b>5,213</b>   | <b>4,410</b>   |
| Preparation for recycling                        | Tonnes      | N/A            | N/A            | N/A            | 412            | 327            |
| Recycling  | Tonnes      | N/A            | N/A            | N/A            | 4,722          | 4,079          |
| Other utilisation procedures                     | Tonnes      | N/A            | N/A            | N/A            | 79             | 4              |
| <b>Residual waste</b>                            | Tonnes      | <b>994</b>     | <b>679</b>     | <b>463</b>     | <b>569</b>     | <b>402</b>     |
| Other utilisation procedures                     | Tonnes      | N/A            | N/A            | N/A            | 24             | 26             |
| Incineration with energy recovery                | Tonnes      | N/A            | N/A            | N/A            | 531            | 374            |
| Incineration without energy recovery             | Tonnes      | N/A            | N/A            | N/A            | 0              | 0              |
| Landfill   | Tonnes      | N/A            | N/A            | N/A            | 14             | 2              |
| <b>Hazardous waste</b>                           | Tonnes      | <b>390</b>     | <b>476</b>     | <b>489</b>     | <b>401</b>     | <b>456</b>     |
| Preparation for recycling                        | Tonnes      | N/A            | N/A            | N/A            | 11             | 12             |
| Recycling  | Tonnes      | N/A            | N/A            | N/A            | 22             | 40             |
| Other utilisation procedures                     | Tonnes      | N/A            | N/A            | N/A            | 274            | 321            |
| Incineration with energy recovery                | Tonnes      | N/A            | N/A            | N/A            | 87             | 78             |
| Incineration without energy recovery             | Tonnes      | N/A            | N/A            | N/A            | 7              | 4              |
| Landfill   | Tonnes      | N/A            | N/A            | N/A            | 0              | 0              |
| Total non-hazardous waste diverted from disposal | Tonnes      | N/A            | N/A            | N/A            | 5,237          | 4,436          |
| Total non-hazardous waste directed to disposal   | Tonnes      | N/A            | N/A            | N/A            | 545            | 377            |
| <b>Non-hazardous waste total</b>                 | Tonnes      | <b>N/A</b>     | <b>N/A</b>     | <b>N/A</b>     | <b>5,782</b>   | <b>4,813</b>   |
| Total hazardous waste diverted from disposal     | Tonnes      | N/A            | N/A            | N/A            | 307            | 373            |
| Total hazardous waste directed to disposal       | Tonnes      | N/A            | N/A            | N/A            | 94             | 82             |
| <b>Hazardous waste total</b>                     | Tonnes      | <b>N/A</b>     | <b>N/A</b>     | <b>N/A</b>     | <b>401</b>     | <b>456</b>     |
| <b>Waste total</b>                               | Tonnes      | <b>7,184</b>   | <b>6,981</b>   | <b>6,792</b>   | <b>6,183</b>   | <b>5,269</b>   |
| <b>Recycling rate</b>                            | in %        | <b>81</b>      | <b>83</b>      | <b>86</b>      | <b>90</b>      | <b>91</b>      |

#### Recycling rate

The Zumtobel Group sees the recycling rate as an important indicator to evaluate the handling of waste in product development, production industrialisation, production processes and administrative processes. The challenging goal to reach a recycling rate of 91% was met with 91.3% in 2022/23. That represents an improvement over the excellent 90% recorded in the previous year. All producing locations carried out a detailed analysis of the generated waste. Supported by the continuous improvement process, recycling improved substantially and made an important contribution to the protection of essential raw materials.

Recycling rate expanded again

#### 1.2.7.5 Environmental compliance (material topic)

Environmental compliance is an integral part of ISO 14001, ISO 45001 and ISO 50001 requirements. The determination, observance and evaluation of all legally binding and voluntary obligations is based on pre-defined global processes in the integrated management system.

All production locations have established a legal database to document, evaluate and monitor the relevant local obligations. New requirements and any related changes are recorded and assessed, and the necessary measures to ensure compliance are defined and implemented.

External legal consultants and service providers help the production locations to identify and interpret the relevant legal obligations and are responsible for the annual evaluation of compliance. Compliance with these obligations is also monitored by internal and external audits and by specific compliance audits. Four internal special environmental compliance audits were conducted during the reporting year. They also included a review of compliance with recurring obligations in the various areas. These processes are evaluated annually by Quality Austria, our certification agency, and conformity was again confirmed in 2022/23. Local authorities also hold on-site inspections to verify compliance. For example: Government authorities carried out 11 on-site inspections at the components plant in Shenzhen to examine environmental and occupational safety issues, whereby no issues involving non-conformance were identified.

The lighting plant in Dornbirn evaluated 107 amendments and new legal requirements and implemented appropriate measures were necessary. The other locations are also regularly informed of legal changes, which are analysed and followed by the introduction of any necessary measures.

Environmental compliance is evaluated and confirmed by the local managing directors and by the Zumtobel Group's Management Board in the annual management review.

Based on these findings and to the best of their knowledge, all production locations and central functions have confirmed their environmental compliance in management reviews.

#### **Non-compliance with environmental laws and regulations**

The Zumtobel Group implemented a whistle-blower system in 2017. This platform is available to interested parties, both internal and external, for all types of reports. The information is independently processed and reviewed. No reports or complaints involving environmental compliance were received during the reporting year.

External reports and inquiries from local residents or other interested parties are recorded and investigated by the local staff. If the reports are justified, measures are implemented immediately. In 2022/23, two complaints were received over noise and lighting during the night hours. The information was recorded and steps were quickly taken to prevent and eliminate the causes.

There were no fines, other sanctions or legal proceedings involving non-compliance with environmental protection rules and regulations in 2022/23.

Internal and external audits and, in part, on-site inspections by government authorities on environmental compliance were carried out at all relevant production locations, and no issues involving non-conformance were identified.

##### **1.2.7.6 Biodiversity**

For the Zumtobel Group, biodiversity means preserving the diversity of life and support for three major areas: diversity in ecosystems, diversity of species and genetic diversity – all of which are closely connected.

Progressive climate change, for example, means an increasing threat for biodiversity because entire ecosystems are changing at a speed which makes it very difficult for plants and animals to adapt to the new conditions.

The Zumtobel Group has set a goal to become climate neutral (Scope 1 and 2) by 2025, to steadily increase the share of renewable energy, to continuously improve its energy and resource efficiency, and to make a proactive contribution each year to reducing greenhouse gas emissions.

There was no construction activity in 2022/23, and no green areas were sealed. Every location does its best to minimise the impact on flora and fauna and to avoid air and soil emissions as well as noise. The plant in Niš has planted trees on the plant grounds and in the neighbouring city. In Dornbirn, the components plant created a 250 m<sup>2</sup> flowering meadow and the lighting plant set up an insect house.

#### **Operational sites in, or adjacent to, protected areas and areas of high biodiversity value**

The production locations in the Zumtobel Group are not found in or adjacent to protected areas or areas of high biodiversity value. A bird sanctuary is located roughly five kilometres and the Lauteracher Ried nature reserve almost seven kilometres from the production site in Dornbirn. Five areas with high biodiversity value are located near the lighting plant in Les Andelys.

All Zumtobel Group production facilities are situated in priority regions with intact flora and fauna, where environmental protection has very high legal as well as social significance. Our environmental management systems ensure compliance with all legal requirements and EU directives, national legal and regional laws and the requirements of public authorities. These systems also identify, assess and prevent or minimise the impact of the business activities of the Zumtobel Group's production locations on the environment.

#### **Projects/products to protect significant impacts on biodiversity**

People moving about in the dark want to feel safe and prefer bright, well-lit streets and areas. Lighting is therefore good for people but impairs biodiversity. Lighting triggers a feeling of well-being and safety in people, but has a negative effect on the diversity of species. The Zumtobel Group strives to minimise its effects on the animal world, above all on insects, and relies on optimised planning as well as NightTune technology. This technology optimises night lighting and reduces its impact on the illuminated area and its ecosystem – which makes an active contribution to preserving biodiversity while limiting light pollution and making the night sky visible.

**NightTune - a contribution to the protection of biodiversity**

#### **1.2.8 Product responsibility**

Product development covers a specific process landscape in the areas of portfolio management, product and service development, product lifecycles and customer-specific projects. The respective processes are documented by brand in a knowledge database and are generally accessible. Portfolio management involves several levels beginning with the collection of product ideas and future issues to the description, selection and decision over the appropriate portfolio items, and transparent presentation of a roadmap.

**Management approach & due diligence processes**

Product development follows a four-step stage gate process, in which the gates are secured and reviewed after every phase based on specific checklists, quality and release criteria. The necessary releases, depending on the project classification, are presented to a steering committee and approved by key stakeholders. The product lifecycle staff then takes over the process with the product launch and organises any necessary changes over the product's lifetime and its phase-out at the end of the product family. These processes are closely intertwined and coordinated by project managers. They are structured in steps and continuously developed and adapted to meet the current situation.

Product responsibility was reorganised to safeguard the competitive product portfolio for luminaires over the long-term and to strengthen the Zumtobel and Thorn lighting brands. The dedicated brand and portfolio management for each of these two areas is focused on the brand-specific portfolios and, together with product management, is organised in a roadmap. Stronger separation of the project management office (PMO) and R&D also helps to improve the efficiency of new and maintenance project development. The PMO is responsible for processes related to the execution of development projects, including necessary monitoring and the assessment of economic feasibility. Well-equipped internal and external laboratories examine the results for compliance with standards and the application fit and accompany both the development phase and entire lifecycle.

Competitors' products are regularly analysed by all of the Zumtobel Group's brands. Product concepts are discussed at an early stage with selected customers, and customer-specific solutions are realised with leading architects, planners and business partners. Applications that receive comments or criticism via customer support are examined on site to identify the source of errors, which are then eliminated through a feedback loop.

#### 1.2.8.1 Innovation (material topic)

##### Intellectual property rights and patents

##### Powerful patent portfolio and Technology partnerships

Research and development (R&D) play an important role in the company's innovative strength. For the Zumtobel Group, a wide-ranging patent portfolio – also in the area of new technologies – is essential for maintaining a competitive advantage and ensuring access to strategic cooperation with other companies and the opportunity to conclude cross-licensing agreements with key market players.

In 2022/23, the Lighting Segment registered 40 patents (2021/22: 35) and the Components Segment 65 patents (2021/22: 66) which underscore the growing importance of intelligent components. The number of active commercial property rights – currently 9,134, including 4,568 patents – speak for the Zumtobel Group's exceptional innovative strength.

| Number of patents          | Unit   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|----------------------------|--------|---------|---------|---------|---------|---------|
| Number of patents Total    | Number | 5,001   | 4,846   | 4,820   | 4,875   | 4,568   |
| Number of trademarks Total | Number | 8,430   | 8,379   | 9,027   | 9,260   | 9,134   |
| Patents Lighting Brands    | Number | 40      | 75      | 49      | 35      | 40      |
| Patents Components         | Number | 95      | 70      | 72      | 66      | 65      |

### Synergy effects through platforms

Additional synergy effects were also realised during the past financial year through the increased use of product configuration and variant management and the continued development of component and product platforms for multiple product families. R&D expenses totalled EUR 67.8 million in 2022/23.

| Research & Development | Unit        | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|------------------------|-------------|---------|---------|---------|---------|---------|
| Development costs      | EUR million | 61.6    | 59.2    | 61.8    | 63.4    | 63.4    |
| Research expenditure   | EUR million | 4.7     | 3.5     | 3.0     | 4.1     | 4.4     |
| R&D expenditure Total  | EUR million | 66.2    | 62.7    | 64.8    | 67.5    | 67.8    |
| in % of turnover       | in %        | 5.7     | 5.5     | 6.2     | 5.9     | 5.6     |
| R&D employees          | FTE         | 515     | 551     | 563     | 538     | 533     |

The expansion of technology partnerships is an important tool for protecting the competitive product portfolio. The Zumtobel Group's brand reputation and innovative strength is regularly demonstrated through participation in national and international research projects.

The focal points of R&D activities during the reporting year included, among others, new optical concepts for the direction of light, the roll out of the latest generations of LED control gears and LED modules, new operating concepts for LEDs, a systematic approach for the further integration of smart components in lighting, sensors to transmit relevant data, and new approaches for the management of lighting systems. The efficiency increase in LEDs is slowing, but still requires platform concepts to manage material and process complexity as the basis for offering differentiated end products with a limited number of components that still provide high customer benefits.

An important aspect of innovation is the search for newer and more sustainable solutions. Examples of these activities in 2022/23 include, among others, the following:

The investigation of UVB light sources to activate vitamin D – sunlight contains spectral components in the ultraviolet range (UVB) which support the production of vitamin D in humans. Since vitamin D can only be absorbed to a limited extent from food and many people spend most of their time indoors, these types of light sources could help to regulate the vitamin D household in the human body. This project is currently at the pre-study level to evaluate the potential for increasing human health.

Studies to extend product life and predictive maintenance are dealing with the aging and failure mechanisms of LED drivers and light modules. The findings can be used to optimise the design of new luminaires and to help producers and users in deciding when to reuse, refurbish or recycle their products. This information will make an important contribution to the more sustainable use of our products.

The aftereffects of Covid-19 and the geopolitical situation have shifted the search for and adaptation of components and materials as well as the identification of additional suppliers into the foreground of activities.

### Standardisation and committee work as a key building block of product development

R&D in the Zumtobel Group covers the entire value chain through active memberships in associations, committees, consortia and alliances. The Group allocates resources to enable employees to participate in the design of standards and guidelines which, in the end, benefit the entire lighting industry, customers and users. In this way, the area of "light" represents the interests of the lighting industry and, through increasing interconnectedness, is also integrated in the construction sector.

#### Involvement in international and European committees

Through its active participation in national, European and international standardisation committees, the Zumtobel Group ensures that issues like safety, sustainability and lighting quality are appropriately mapped and industry standards are set. Memberships include, among others, the IEC (International Electrotechnical Commission), CIE (International Commission on Illumination), ZVEI (Zentralverband der Elektro- und Digitalindustrie in Germany), LIA (Lighting Industry Association in England), and the European industry association Lighting Europe.

The Zumtobel Group is also a member of alliances and consortia like DiiA (Digital Illumination Interface Alliance) and Zhaga which are addressing the standardisation of interfaces for lighting components.

#### Cooperation with companies and universities

Aside from standardisation, the Zumtobel Group works closely with partners from the industrial sector and with research institutes and universities. Its academic partners at the regional level include the Vorarlberg University of Applied Sciences, various universities in the areas near Lake Constance and other industrial partners. Their projects with the Zumtobel Group include research on the digital ageing and modularisation of IoT components for smart buildings as well as the search for more sustainable solutions.

### Participation in EU-wide research projects

This cooperation is deepened at the EU level through various research projects. Examples include the PHABULOUS project to develop production processes for microstructures on freeform surfaces and AI TwiLight to develop digital twins of LED light sources and electronic components as well as self-learning models based on artificial intelligence.

#### 1.2.8.2 Sustainable products & applications (material topic)

#### Sustainability is closely related to the core business

The Zumtobel Group's commitment to sustainability is closely related to the core business due to the important role played by energy-efficient, intelligently managed lighting technology in reducing worldwide resource consumption. This trend is underscored by the continuous increase in the efficiency (lumens/watt) of LED luminaires and a parallel decline in the cost of LED chips. However, the steady increase in efficiency will slow as the physical limits are reached in the coming years. Artificial lighting is currently responsible for roughly 13% of worldwide electricity consumption and will continue to decline by 2030 due to the use of state-of-the-art lighting solutions. Commercial buildings and outdoor lighting – which represent light in exactly those areas of application that form the core expertise of the Zumtobel Group – are responsible for a good two-thirds of this consumption.

Most of the environmental impact of lighting is still caused by the energy consumption during use, but other issues like resource consumption and the circular economy are becoming more important. The Zumtobel Group has been working for many years to steadily improve the energy efficiency of its products while, at the same time, integrating sustainability aspects throughout the product lifecycle.

### Calculation of the improvement in energy efficiency

Artificial lighting converts energy into visible radiation and, in turn, into light. Energy efficiency, as a key indicator for the lighting industry, describes how much light (the light quantity in lumens) can be generated by one watt of electrical energy. The total energy efficiency of all products sold during a reporting period shows the development of the sold product portfolio. This number is a purely physical measurement quantity and shows the potential for improvement independent of the service life of the sold products.

The average year-on-year improvement in energy efficiency has been reported for the past two financial years. It compares the total lighting output marketed during the reporting period (i.e. the number of luminaires multiplied by the rated luminous flux) with the total connected load (i.e. the number of luminaires multiplied by the rated connected load) to produce a ratio.

In the 2022/23 financial year, the Zumtobel Group marketed luminaires with an average energy efficiency of 131.5 lm/W (previous year: 128.2 lm/W). That represents an improvement of 2.7% in energy efficiency compared with the previous period.

The increased sale of lower-priced, less efficient lighting during the COVID-19 pandemic limited the growth in revenues and earnings. The 2022/23 financial year not only brought an increase in revenues and earnings, but also a return to the previous upward trend in energy efficiency. The improvement steps will be smaller in the future because the energy efficiency potential of LEDs is physically limited and has been generally exhausted at the LED level. The physically limited maximum is also dependent on the lighting quality: the higher the quality of the light, the lower the attainable maximum of energy efficiency.

All the more important and gratifying is the success in further increasing the share of dimmable luminaires. In connection with intelligent lighting controls, the dimmable luminaire only delivers the amount of light that is required by the available daylight – and that further reduces the energy consumption of the lighting equipment.

### Environmental product declarations (EPD)

Environmental product declarations (EPDs) are classified as Type III and issued on the basis of ISO 14025 and lifecycle assessments (LCA) according to ISO 14040 and ISO 14044. They provide all relevant environmental effects to customers and partners in a transparent and neutral form.

These declarations cover the entire lifecycle: from raw material extraction to production, transportation, installation and operation in buildings up to the end of the service life with recycling and disposal possibilities. The reported environmental indicators include, among others, greenhouse gas effects, destruction of the ozone layer, the over-fertilisation of soil and acidification of water.

IBU (Institut für Bauen und Umwelt) serves as the programme operator for EPDs in the Zumtobel Group. Environmental product declarations must therefore be prepared in accordance with EN 15804 (Sustainability of construction works - Environmental product declarations - Core rules for the product category of construction products) and the IBU product category rules (PCR). EPDs must be verified by an independent party before release. This verification is carried out or organised by the EPD programme operator.

**High contribution to the reduction of electricity consumption**

The large variety of the Zumtobel Group's products and the continuous expansion of the product portfolio led to the introduction of a system in 2011 which automatically generates EPDs for the products in the Tridonic, Thorn and Zumtobel brands.

Renewed verification under the new EN15804 +A2 was one of the focal points for upgrading the Zumtobel Group's EPD system in 2022/23. Following the planned conclusion of an audit in summer 2023, the EPD system is again state-of-the-art.

#### 5,000 environmental product declarations produced

Based on these recurring verifications, over 5,000 EPDs have been prepared since the system was introduced. They create added value for the customers and partners of the Zumtobel Group.

EPDs can be used in many different ways. Internally, they flow into development to continuously improve products from the viewpoint of the lifecycle assessment. Customers can also use the EPDs in their own lifecycle assessments (e.g. at the building level). In addition, this data is a parameter for calculating the emissions from purchased goods according to Scope 3 of the Greenhouse Gas Protocol (GHG).

#### Further development of the product and service offering

The transformation of the lighting industry has increased the importance of the LED business and led to a stronger focus on intelligent and Internet-linked lighting and services. The result has been a rapidly growing demand for innovative LED-based lighting solutions with comprehensive controls and IoT solutions together with integrated service offers.

The development, production and sale of innovative, sustainable products and services therefore represent fundamental building blocks for the sustainable success of the Zumtobel Group over the medium- and long-term.

To meet the rising demand and establish new business models, the company is planning to gradually increase its service offering. The first step involves the expansion of conventional light planning and turnkey solutions, where the Zumtobel Group offers a one-stop shop solution for customers.

The upper end of these services is the lighting-as-a-service model, which provides the customer with a complete lighting solution from project planning and installation to maintenance over a specific time. The customer receives a state-of-the-art lighting solution that is tailored to meet his or her individual needs.

#### 1.2.8.3 Product quality & safety (material topic)

The Zumtobel Group's quality and testing standards exceed legal and normative requirements and are backed and expanded through comparative measurements and procedural validations in cooperation with testing institutes.

The Zumtobel Group cooperates with national and international testing institutes that include OVE (Österreichischer Verband für Elektrotechnik), TÜV (Technischer Überwachungsverein), and UL (Underwriters Laboratories). Activities also focus on the increasing use of simulation software (thermal calculations, FEA, Moldflow) which can also be linked to risk analyses.

This helps to reduce the number of hardware tests, while ensuring compliance with the Zumtobel Group's high safety standards. All production facilities in the Zumtobel Group's worldwide network are certified according to the ISO 9001 international standard for quality management systems and ISO 14001 for environmental management systems. The internal testing laboratories for photometry, product safety and electromagnetic compatibility are certified under ISO 17025 and audited by external certification partners.

All other testing laboratories have received IECEE CTF Stage 3 approval from the Austrian Electrotechnical Association.

The Zumtobel Group will have implemented the ISO 45001 norms (management systems for health and safety at work) in all major European plants by the end of 2024.

The standardised, centrally defined selling processes are also certified and regulated in management systems. The primary goal is to continuously improve the quality of production and selling processes and product documentation and, in this way, increase customer satisfaction and confidence in the Group's products.

#### 1.2.8.4 Resource use, Circularity support, product design, packaging (material topic)

"HOW WE ANCHOR CIRCULAR ECONOMY PRINCIPLES IN THE COMPANY".

The issue cluster "product responsibility" and the circular economy as a material topic stand for the responsible handling of material resources and a sustainable change in the product development process for the Zumtobel Group. Circular economy aspects therefore form a focal point of activities in the earliest phase of this process.

Circular design rules (CDR) were introduced as a tool to ensure the full integration of the circular economy in production processes and position the Zumtobel Group to develop products for various cycles. This also includes the systematic minimisation of waste and optimisation for circular processes. The guideline for the Lighting Segment was implemented in global research and development during 2021/22 to ensure that the ecological potential of all new products created by this segment is identified and integrated with a view towards the circular economy. The Lighting Segment uses a scoring concept in the product development process to evaluate and optimise the capability for the circular economy. The model consists of three building blocks:

- >> Circular sourcing
- >> Circular design
- >> Circular systems

#### Product development according to the Circular Design Rules

The circular design rules are continuously updated and adapted. They serve as a tool for the development of operating solutions for future strategic issues. The inclusion of circular design rules also helps to prepare for the content of future legal regulations which are currently under discussion at the European level as part of the European Green Deal (Circular Economy Action Plan) and the strategy papers of European countries, e.g. Austria, on the road to a circular economy.

These circular design rules create a well-founded information basis to anchor circularity aspects at the product, brand and corporate levels.

Increasingly circular product characteristics provide the Zumtobel Group's customers with better information and support to reach their own sustainability goals.

### **Circular design rules – an innovation tool to implement the circular economy**

Circular design rules (CDR) give the Zumtobel Group an effective, operating tool to gradually improve circularity in all new lighting brand products.

The CDRs include four performance levels that can be reached with a product. Each performance level is tied to the attainment of various goals. The circular design rules cover the following three main topic fields which are described in detail below:

#### **Circular sourcing – procurement and use of materials to support the circular economy**

Material procurement is increasingly focused on circularity and an integral part of the circular design rules. The procurement team works together with suppliers to identify and increase the recycling share of the materials used, whereby a special focus is placed on the material content. The Zumtobel Group follows the strict requirements of the Cradle to Cradle Restricted Substances List, which far exceed legal regulations. Suspicious content is immediately identified and eliminated.

The recycling capability of the materials used in the luminaires and components is an important criterion for the CDRs. Materials that are well-suited for recycling are given priority.

#### **Circular design – design based on the principle of disassembly and durability**

The principle "design for disassembly" creates the basis for the fast and easy disassembly of materials and components after the end of the product use phase. The section on circular design in the circular design rules explains the consistent application of this principle, the design of interfaces for future upgrades, and the easy access and disassembly options for spare parts. The development and construction process can then ensure that:

- >> the product can be upgraded quickly with technically simple means,
- >> components can be easily and quickly disassembled and replaced (maintenance & upgrade) to extend the service life of a product for the customer; and
- >> the product can be separated into its individual parts at low cost for recycling (remanufacturing) or the materials can be "cleanly" separated for high-quality recycling (CDR return systems, reusable products and the related packaging materials).

#### **Circular systems – establishment of circular systems**

The frequently quoted "butterfly" diagram developed by the Ellen MacArthur Foundation defines several value cascades for products in technical cycles where products and materials can circulate. Metals and plastics are standard materials for technical cycles and are used in the production of luminaires and electronic components.

The goal of the Zumtobel Group is to generate high added value and provide an attractive service offering for customers with a minimum of materials from primary resources. New possibilities are under development to extend the product lifecycle and to use products and materials in a circular flow through a network of collaboration partners.

The focus is on the following cycles:

- >> Maintenance & upgrade
- >> Reuse & remanufacturing
- >> High-value recycling

#### **Maintenance & upgrade**

The longest possible service life for luminaires at the customer's location helps to conserve resources. The Zumtobel Group is continuously expanding its selection of modernisation kits to extend the customer's use of the lighting while, at the same time, offering modernised, energy-efficient lighting technology for the upgrade. The availability of spare parts will also be increased.

Many lighting systems, e.g. TECTON, SLOTLIGHT and PANOS, already include uncomplicated modernisation possibilities due to the modular construction of the products.

The Zumtobel lighting brand has developed and implemented customer-specific refurbishment kits for numerous projects. One example is the University Clinic in Hamburg-Eppendorf, where modernisation units are available for the SLOTLIGHT products and the CLEAN lighting integrated in the ceiling architecture.

Further standard modernisation kits are under development for all luminaire families, especially the product families affected by the prohibition on fluorescent lamps that takes effect in 2023.

#### **Reuse & remanufacturing**

The Zumtobel Group is working to expand processes and offers for the recycling of luminaires after the end of the first usage phase. Pilot projects were carried out to develop the process know-how for return logistics and recycling, and first models were tested in appropriate partnerships. These projects analysed the recycling opportunities for various projects in the Zumtobel lighting brand. The remanufacturing process includes the following:

- >> Disassembly of the luminaire
- >> Cleaning of the components
- >> Replacement of used components
- >> A function and safety test

The ARTELEA floor lamp is the first product offered by the Zumtobel brand with a light-as-a-service (LaaS) contract for its return and recycling at the end of the contract period to permit an additional usage phase.

Plans call for the availability of an active remanufacturing option for 10% of the Zumtobel Group's product families by 2030.

Infobox:

The circular systems concept used for ARTELEA addresses the following usage cycles in agreement with the Zumtobel Group's circular economy strategy:

- >> Maintenance & upgrade/refurbishment kits  
Longest possible product service life for the customer through the availability of replacement and upgrade components
- >> Remanufacturing  
Return and remanufacturing service a part of an LaaS contract
- >> Controlled return to the WEEE recycling system  
Return and controlled WEEE recycling within the framework of the LaaS contract when the product is no longer suited for reprocessing

**High-value recycling**

A number of luminaires and luminaire components cannot be recycled through remanufacturing after a long service life. However, these products contain valuable materials that can be recovered for use in the next product generation.

The Zumtobel Group is working on a system together with selected partners to recycle materials from specific products in very high quality and grade purity. This type of material separation will permit the reuse of various post-consumer recycling materials in the next product generation. The material circle can be closed in accordance with the WEEE Directive, in contrast to legally required recycling procedures. E-waste like steel can be collected and recycled, but the procedures do not permit recovery in an undamaged condition – in other words, downcycling is involved.

With the development of a high-value recycling system, the Zumtobel Group and its project partners are taking new directions to reuse high-quality materials in the next product generation. First flagship projects are currently in realisation to test this cooperation and solve any process issues.

Plans call for the establishment of an infrastructure with suitable partners by 2028 to significantly increase the share of materials that can flow from old into new products.

**Circular design rules – first product examples**

Circular design rules are an effective innovation tool. The first products developed according to these rules were launched in 2022/23. The Zumtobel brand's new ARTELEA free-standing luminaire was developed according to circular design rules and has completed the extensive, strict Cradle to Cradle certification.

**Cradle to cradle certification**

Teams in the Tridonic and Zumtobel brands worked on cradle to cradle certification in 2022.

In August 2022, the LED modules in the LLE, QLE und CLE product groups, which are produced by the Tridonic technology brand in Niš, received the first Cradle to Cradle Certified® Bronze award. Certification was based on the Cradle to Cradle Certified® Product Standard Version 3.1.

Zumtobel worked intensively during the reporting year on certification under the recently introduced, challenging Cradle to Cradle Certified® Product Standard Version 4.0 for the new, modular ARTELEA floor lamp. This modular luminaire was launched in May 2023 and received a Cradle to Cradle Certified® Bronze certificate.

**Zumtobel Group  
focuses on Cradle to  
Cradle**

Applications for cradle to cradle certification require the submission of extensive data and documentation in the following five certification-specific categories:

- >> Material health
- >> Product circularity
- >> Clean air and climate protection
- >> Protection of ground and water
- >> Social fairness

The submitted documents are reviewed at two levels. Final certification for the respective products is issued by the auditor and owner of the certification programme, the Cradle to Cradle Product Innovation Institute.

The requirements for the allowed substances in the product to be certified go far beyond legal regulations. As a result, the project teams involved in the certification process learned a great deal about the materials used in the product and their environmental impact. Opportunities for improvement were identified and implemented. For example: Together the supplier, a suitable PTFE-free coating was developed for the ARTELEA floor lamp.

This signified an important step for the Zumtobel Group to strengthen the focus of the materials used in production on the demands of a circular economy.

#### **Sustainable packaging**

Materials that are particularly well-suited for recycling will be used for product packaging in the future. The recycling capability of the materials as well as the available infrastructure will be decisive for maximising the volume of packaging materials recycled in the region. Long distances for material recycling will be avoided.

The regional recyclability of paper and cardboard in Europe equalled 82.9% in 2018 (Statista 2021). The Zumtobel Group's paper and cardboard packaging suppliers already demonstrate a high recycling component of up to 90%. Recyclable alternatives are expected to replace the use of one-way plastic packaging by 2025.

The Component Segment launched a pilot project for sustainable packaging during the previous year based on the goal to increase the share of recyclable packaging material and, at the same time, reduce packaging waste. In 2022/23, packaging for the LLE 24-mm modules was converted to 100% recyclable cardboard. The development of suitable packaging created a substantial challenge: Protection from electrostatic discharge and mechanical protection for the LED modules was required together with the minimisation of volume and weight. The new packaging has a recycling component of 80% to 90%. The changeover from PS to cardboard not only had a positive effect on the recycling capability, but also on the CO<sub>2</sub> intensity of the packaging. The reduction from 6 kg CO<sub>2</sub>e to only 0.3 kg CO<sub>2</sub>e per kilogramme made a significant contribution to reducing GHG emissions. The Components Segment has set a goal to convert all packaging material to 100% recyclable alternatives by the end of 2024.

**Pilot project for  
sustainable packaging**

### WEEE recycling

The Zumtobel Group, as a producer of electronic equipment, is subject to the European Waste Electrical and Electronic Equipment Directive (WEEE) and carries the related financial product responsibility for disposal of the electronic equipment placed on the market.

With its annual financial contribution, the Zumtobel Group supports an infrastructure for the collection, treatment, recycling and utilisation of electronic equipment. This applies to used luminaires as well as their electronic components.

The Zumtobel Group is registered with the responsible national authorities in all countries where it sells luminaires and electronic components.

Regular reports are filed on the volume of luminaires and electronic components sold in accordance with legal requirements. This information forms the basis for determining the financial contribution.

The provision of an appropriate infrastructure for the correct collection of used electronic equipment requires environmentally compatible, controlled disposal as well as the recovery of valuable resources by specialised recycling technicians.

### 1.2.9 Product use

#### Management approach & due diligence processes

The European Green Deal together with the new disclosure requirements created by the EU Taxonomy Directive and further announcements are creating a stronger link between capital and sustainability criteria. For institutional investors like banks, insurance companies and pension funds as well as planners and construction firms, sustainability is becoming a progressively more important issue. Projects viewed as less sustainable will find it more and more challenging to find investors.

These trends pose substantial challenges for the construction branch: In addition to the necessity to implement proven sustainable solutions, data administration and use must also be guaranteed. The goal to increase resource conserving construction has raised questions over new construction, and the usage of existing buildings is becoming increasingly more important.

In this environment, companies along the value chain have implemented sustainability programmes and defined ambitious goals which often support differentiation and go far beyond the legal framework expected today – and to reach these goals, they need the right partners.

#### 1.2.9.1 Customer health and safety (material topic)

The health and safety of its customers has top priority for the Zumtobel Group. The effects of all major categories of products and services on customers' health and safety are the subject of a continuous process that includes the evaluation of opportunities for product improvements and documentation as well as processes.

Light is life, light inspires, light creates emotions, light changes the world. "Light Talks", the Zumtobel Group's podcast, illuminates what light can do and how light brings people, nature and innovation together. Our guests are international personalities from a wide range of disciplines and experts from the Zumtobel Group. Episode five of "Light Talks" is entitled "Light and health – with people at centre stage". The guests in this podcast were Piera Scuri and Douglas Skene, co-founders and managing directors of Spazio: This Swiss company has provided highly specialised architectural and consulting services for the energy sector, in particular for the planning of digital steering and control centres, for roughly 30 years. The online discussion

group also included Oliver Stefani, a designer and researcher at the Centre for Chronobiology at the Psychiatric Clinic of Basel University in Switzerland and founder of Chronolight, an independent consulting firm for optimal lighting conditions.

In connection with light and health, the following issues must still be clarified:

- >> What are the effects of light on people's lives, on their biological rhythm?
- >> How can artificial light change or influence the circadian rhythm?
- >> Does too much artificial light irritate people and animals?
- >> What answers can architects and designers – and also researchers – offer?

Link for listening: <https://lighttalks.simplecast.com/>

REACH conformity and products are evaluated twice each year based on the "substances of very high concern" (SVHC) lists published by the European Chemicals Agency. This is accompanied by a continuous evaluation of newly purchased components (100% raw materials) according to the Restriction of Hazardous Substances Directive (RoHS). CE conformity is also evaluated for every luminaire family and includes a risk analysis for health and safety. Testing and classification is based on protection classes for luminaires (EN 61140), on the lamp control gear series for components (EN 61347 Serie) and on general lighting for LED modules (EN 62031).

The Zumtobel Group is evaluating and preparing for the upcoming changes in the IEC 62471-7 standard (Photobiological safety of lamps and lamp systems – Part 7: Light sources and luminaires primarily emitting visible radiation). These changes involve the emission of UV and blue light as well as the thermal danger for skin.

LED modules are generally assigned to risk group 0 or 1 (a limited number for special applications: risk group 2) and, therefore, do not create a health risk for the human eye.

Information has been added to various technical documents (data sheets, manuals, assembly instructions, etc.) to call attention to the risks connected with the installation or use of products.

Disclosure of incidents:

- >> There were no violations in connection with the effects of products or services on the health and safety of customers during the reporting year. Moreover, there were no violations of requirements which resulted in fines, sanctions or warnings.

#### 1.2.9.2 Customer satisfaction (material topic)

Customer satisfaction has high priority for the Zumtobel Group. A customer survey carried out in 2022/23 brought more than 2,500 responses on issues like loyalty, brand perception and performance from customers in all sales regions – above all on sustainability – which were collected worldwide and subsequently analysed.

**Customer survey  
with 800 responses  
on positive  
experiences**

The results of the customer survey were positive throughout, with brand loyalty reflecting the previous year. More than 800 customer responses on positive experience and suggestions for improvement also created the opportunity to anchor the customer's voice in the company from the viewpoint of a stakeholder dialogue. With regard to brand performance, the Zumtobel brand shows particular strength in the areas of high-quality products, product reliability and reliable customer relations. The Thorn brand ranks particularly well for easy installation and use as well as a good price-performance ratio. The brand perception analysis showed a clear differentiation between the two lighting brands.

Based on these results, workshops were held in the corporate areas and sales regions to ensure the continuous improvement of customer satisfaction.

#### 1.2.9.3 Contribution to the attainment of sustainability goals

The Zumtobel Group wants to help its customers and business partner reach their own sustainability goals. The goals and added value resulting from sustainability involve a wide range of issues where the Zumtobel Group can contribute.

A growing number of customers are linking supplier status to sustainability criteria, often with a reference to upcoming legislation. Companies that fail to meet these criteria are excluded from bidding. Good sustainability performance supports recurring business relationships, inclusion in inquiries and tenders and, in the ideal case, leads to the joint development of business. An independent rating, for example by EcoVadis, ensures credibility.

When sustainability programmes are formulated in line with the United Nations SDGs, common features become visible in corporate cultures. The Zumtobel Group can also contribute to the UN SDGs addressed by individual customers.

Country-specific opportunities have been identified in connection with the Green Deal, and the related applications are supported by documentation and data.

The certification of buildings according to green building standards is one way for customers to transform the challenges arising from sustainability into growth opportunities. With state-of-the-art lighting solutions, the right tools, extensive consulting know-how and proven processes, the Zumtobel Group gives its customers the best possible support for certification.

**Energy-efficient  
products for an  
optimised CO<sub>2</sub>  
footprint for our  
customers**

Energy-efficient products are indispensable for sustainable solutions because they lead to a reduction of the ecological footprint. A complete portfolio of products and services combined with many years of experience make it possible for the Zumtobel Group to help with the selection of components, luminaires and complete lighting systems, including controls and monitoring, that meet both the customer's needs and current market demands.

The proportion of new construction to renovation is currently changing – and renovation is gaining in importance. A large part of the lighting in existing buildings currently operates with fluorescent lamps whose production is prohibited beginning in 2023. The question for customers is whether to recondition the current installations or to make future-safe adaptations. In this area, the Zumtobel Group has assembled a wide range of renovation solutions: from the design of new systems to the complete replacement of existing lighting with new or specific refurbishment kits for installation in existing luminaires. The results can save energy and costs while achieving high-quality light and lighting.

Light can make a positive contribution to health and well-being. With many years of research experience on the visual, emotional and biological effects of light, the Zumtobel Group supports its customers in creating an attractive working environment, contributing to employees' well-being and meeting the complex demands of light in the healthcare sector.

Designers and planners must use light responsibly during the night hours. It is important to give people a sense of security, but the night sky must also be protected and the influence on the ecosystem must be minimised. The Zumtobel Group has the right technologies and solutions to deal with these issues.

The need for solutions to reduce a company's own ecological footprint, to advance sustainability programmes and to meet disclosure requirements has led to an increased demand for reliable data. The Zumtobel Group's environmental product declarations provide customers and partners with reliable information to meet these demands. Roughly 5,000 declarations were prepared for this purpose over the past decade.

The direct realisation of energy and cost savings without major investments is possible with light-as-a-service solutions. The offering can range from the complete realisation of projects up to documentation for ISO 50001 certification. Digital services based on luminaires, infrastructure and sensors create transparency in building processes.

Interest in the circular capability of lighting solutions is growing rapidly, and the opportunities in existing buildings need to be identified and analysed. The Zumtobel Group relies on a dialogue with its customers to develop the optimal solutions for individual projects and product contexts. In this way, the customer and the partner networks become part of the ecosystem that makes the circular economy possible.

The growing circularity demanded by customers is slowly finding its way into standardisation. With circular design rules as the central innovation tool, the Zumtobel Group is even now capable of including the relevant aspects in the development of new products and new information needs. This is underscored by the first successful Cradle to Cradle Certified® Bronze award for the Zumtobel ARTELEA floor lamp and for the Tridonic LED modules in the LLE, QLE and CLE product groups.

## 1.2.10 GRI Content Index

Erklärung zur Verwendung

| GRI  | Standard   | Page(s)  | Omissions, explanations   |
|--|--|--|---|
| <b>General Standards</b>                               |  |  |   |
| <b>GRI 1 Foundation (2021)</b>                         |  |  |   |
| <b>GRI 2 General Disclosures (2021)</b>                |  |  |   |
| <b>1. The organisation and its reporting practices</b> |  |  |   |
| GRI 2-01   | Organisational details   | 14, Service: 278                               |   |
| GRI 2-02   | Entities included in the organisation's sustainability reporting   | Scope of Consolidation: 232-234                |   |
| GRI 2-03   | Reporting period, frequency and contact point  | 1, Service: 278                                |   |
| GRI 2-04   | Restatements of information  | 108, 113, 114, 115, 116                        | <i>If there is a required adjustment to the previous year's report, a note is made in the information provided.</i> |
| GRI 2-05   | External assurance   | Auditor's Report:<br>236-245                   |   |
| <b>2. Activities and workers</b>                       |  |  |   |
| GRI 2-06   | Activities, value chain and other business relationships   | 14-19  |   |
| GRI 2-07   | Employees  | 89-93  |   |
| GRI 2-08   | Workers who are not employees  | 89, 91   |   |
| <b>3. Governance</b>                                   |  |  |   |
| GRI 2-09   | Governance structure and composition   | Corporate-Governance-Report:<br>251-259        |   |
| GRI 2-10   | Nomination and selection of the highest governance body  | Corporate-Governance-Report:<br>251-259        |   |
| GRI 2-11   | Chair of the highest governance body   | Corporate-Governance-Report:<br>251-259<br>39, |   |
| GRI 2-12   | Role of the highest governance body in overseeing the management of impacts  | Corporate-Governance-Report:<br>259-260        |   |
| GRI 2-13   | Delegation of responsibility for managing impacts  | 39   |   |
| GRI 2-14   | Role of the highest governance body in sustainability reporting  | 39   |   |
| GRI 2-15   | Conflicts of interest  | 68<br>Corporate-Governance-Report:<br>261-262  |   |
| GRI 2-16   | Communication of critical concerns to the highest governance body, incl. grievance management  | 64, 67, 71-72                                  |   |
| GRI 2-17   | Collective knowledge of the highest governance body, its skills and experience with sustainable development  | 39   |   |
| GRI 2-18   | Evaluation of the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment and people | Corporate-Governance-Report:<br>250            |   |
| GRI 2-19   | Remuneration policies  | 96-97,<br>Compensation Report: Alle            |   |
| GRI 2-20   | Process to determine remuneration  | 96-97,<br>Compensation Report: 5               |   |
| GRI 2-21   | Annual total compensation ratio (compensation of the CEO in relation to the median total compensation of a full-time employee)                                 | 97<br>Compensation Report: 18                  |   |

| GRI   | Standard  | Page(s)   | Omissions, explanations  |
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| <b>4. Strategy, policies and practices for responsible management</b> |   |   |  |
| GRI 2-22  | Statement on sustainable development strategy   | 4-6, 19-20, 23, 39  |  |
| GRI 2-23  | Policy commitments for responsible conduct, incl. respect for human rights  | 28-29, 43, 44, 65-66, 71-73, 77-78, 82, 93-94, 96, 97-99                |  |
| GRI 2-24  | Embedding policy commitments for responsible conduct in activities and business relationships                                       | 39, 43, 44, 64, 65-66, 72-73, 77-78                                     |  |
| GRI 2-25  | Processes to remediate negative impacts   | 71-72, 96, 97-99  |  |
| GRI 2-26  | Commitment to accept responsibility for own impacts, mechanisms for seeking advice and raising concerns, incl. grievance management | 71-72, 96   |  |
| GRI 2-27  | Dealing with concerns over responsible business conduct, incl. whistleblowing mechanisms  | 64-73   |  |
| GRI 2-28  | Compliance with laws and regulations  | 46, 128   |  |
| <b>5. Stakeholder engagement</b>                                      |   |   |  |
| GRI 2-29  | Approach to stakeholder engagement  | 39-40, 137-138  |  |
| GRI 2-30  | Collective bargaining agreements / tariff contracts and working and employment conditions for employees not covered                 | 85  |  |
| <b>GRI 3 Material Topics (2021)</b>                                   |   |   |  |
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| GRI 3-02  | List of material topics   | 42  |  |
| <b>Specific standards</b>   |   |   |  |
| <b>GRI 201 Economic performance (2016)</b>                            |   |   |  |
| GRI 3-03  | Management of material topics (2021)  | 49  |  |
| GRI 201-01  | Direct economic value generated and distributed   | 49  |  |
| GRI 201-02  | Financial implications and other risks and opportunities due to climate change  | 47-48, 153-159  |  |
| GRI 201-03  | Defined benefit plan obligations and other retirement plans   | 158, Consolidated Financial Statements: 168, 179-180, 191, 201-202, 203 | Seitenangabe wird durch Eric nachgereicht, Konzernanhang           |
| GRI 201-04  | Financial assistance received from government   | 138, Consolidated Financial Statements: 187, 197, 211                   | <i>In the past business year, there were a few research funds.</i> |
| <b>GRI 205 Anti-corruption (2016)</b>                                 |   |   |  |
| GRI 3-03  | Management of material topics (2021)  | 64, 67-68   |  |
| GRI 205-01  | Operations assessed for risks related to corruption   | 67  |  |
| GRI 205-02  | Communication and training about anti-corruption policies and procedures  | 67, 72  |  |
| GRI 205-03  | Confirmed incidents of corruption and actions taken   | 68, 72  |  |
| <b>GRI 206 Anti-competitive behaviour (2016)</b>                      |   |   |  |
| GRI 3-03  | Management of material topics (2021)  | 64, 69-70   |  |
| GRI 206-01  | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices  | 70, 72  |  |

| <b>GRI</b>                                       | <b>Standard</b>  | <b>Page(s)</b>                  | <b>Omissions, explanations</b> |
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| <b>GRI 301 Materials (2016)</b>                  |  |                                 |                                |
| GRI 3-03   | Management of material topics (2021)   | 73-75, 105, 121, 132            |                                |
| GRI 301-01                                       | Materials used by weight or volume   | 78                              |                                |
| GRI 301-02                                       | Recycled input materials used (secondary raw materials)                          | 78-79, 121, 132                 |                                |
| GRI 301-03                                       | Reclaimed products and their packaging materials                                 | 120, 134, 135                   |                                |
| <b>GRI 302 Energy (2016)</b>                     |  |                                 |                                |
| GRI 3-03   | Management of material topics (2021)   | 104-106, 107                    |                                |
| GRI 302-01                                       | Energy consumption within the organization                                       | 108-109                         |                                |
| GRI 302-02                                       | Energy consumption outside of the organization                                   | 109                             |                                |
| GRI 302-03                                       | Energy intensity   | 110                             |                                |
| GRI 302-04                                       | Reduction of energy consumption  | 110-111                         |                                |
| GRI 302-05                                       | Reductions in energy requirements of products and services                       | 129                             |                                |
| <b>GRI 305 Emissions</b>                         |  |                                 |                                |
| GRI 3-03   | Management of material topics (2021)   | 5, 23, 25-26, 104-106, 107, 112 |                                |
| GRI 305-01                                       | Direct (Scope 1) GHG emissions   | 112-113                         |                                |
| GRI 305-02                                       | Energy indirect (Scope 2) GHG emissions  | 113                             |                                |
| GRI 305-03                                       | Other indirect (Scope 3) GHG emissions   | 113-115                         |                                |
| GRI 305-04                                       | GHG emissions intensity  | 116                             |                                |
| GRI 305-05                                       | Reduction of GHG emissions   | 116-117                         |                                |
| GRI 305-06                                       | Emissions of ozone-depleting substances (ODS)                                    | 117                             |                                |
| GRI 305-07                                       | Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions | 117                             |                                |
| <b>GRI 306 Waste</b>                             |  |                                 |                                |
| GRI 3-03   | Management of material topics (2021)   | 104-106, 107, 120               |                                |
| GRI 306-01                                       | Waste generation and significant waste-related impacts                           | 120                             |                                |
| GRI 306-02                                       | Management of significant waste-related impacts                                  | 120-121                         |                                |
| GRI 306-03                                       | Waste generated  | 122-123                         |                                |
| GRI 306-04                                       | Waste diverted from disposal   | 123                             |                                |
| GRI 306-05                                       | Waste directed to disposal   | 122-123                         |                                |
| <b>GRI 308 Supplier environmental assessment</b> |  |                                 |                                |
| GRI 3-03   | Management of material topics (2021)   | 73-74, 76-77                    |                                |
| GRI 308-01                                       | New suppliers that were screened using environmental criteria                    | 74, 76-78, 80-81                |                                |
| GRI 308-02                                       | Negative environmental impacts in the supply chain and actions taken             | 76-78, 80-82                    |                                |

| <b>GRI</b>  | <b>Standard</b>   | <b>Page(s)</b>   | <b>Omissions, explanations</b>   |
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| <b>GRI 403</b> <b>Occupational health and safety</b>  |   |  |  |
| GRI 3-03  | Management of material topics (2021)  | 99-100   |  |
| GRI 403-01  | Occupational health and safety management system  | 99-100   |  |
| GRI 403-02  | Hazard identification, risk assessment, and incident investigation  | 100-101  |  |
| GRI 403-03  | Occupational health services  | 101  |  |
| GRI 403-04  | Worker participation, consultation, and communication on occupational health and safety                       | 99-103   |  |
| GRI 403-05  | Worker training on occupational health and safety   | 101, 102-103   |  |
| GRI 403-06  | Promotion of worker health  | 102-103  |  |
| GRI 403-07  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 100, 102-103, 103-104  |  |
| GRI 403-08  | Workers covered by an occupational health and safety management system  | 99-100   |  |
| GRI 403-09  | Work-related injuries   | 103-104  |  |
| GRI 403-10  | Work-related ill health   | 103-104  |  |
| <b>GRI 404</b> <b>Training and education</b>          |   |  |  |
| GRI 3-03  | Management of material topics (2021)  | 82-84, 86-88   |  |
| GRI 404-01  | Average hours of training per year per employee   | 87   |  |
| GRI 404-02  | Programs for upgrading employee skills and transition assistance programs                                     | 87, 88, 89   |  |
| GRI 404-03  | Percentage of employees receiving regular performance and career development reviews                          | 88   |  |
| <b>GRI 405</b> <b>Diversity and equal opportunity</b> |   |  |  |
| GRI 3-03  | Management of material topics (2021)  | 5-6, 28-29, 82-84, 93<br>Corporate-Governance-Report:<br>264-266<br>93-96, |  |
| GRI 405-01  | Diversity of governance bodies and employees  | Corporate-Governance-Report:<br>266-268                                    |  |
| GRI 405-02  | Ratio of basic salary and remuneration of women to men  |  | <b>Information not available</b> - The Zumtobel Group is currently developing a uniform analysis and reporting standard on gender pay as part of a new diversity concept that will be rolled out in the 2023/24 financial year. The resulting findings will form the basis for GRI reporting in the coming reporting year. |
| <b>GRI 406</b> <b>Non-discrimination</b>              |   |  |  |
| GRI 3-03  | Management of material topics (2021)  | 65-66, 71-72, 93-96  |  |
| GRI 406-01  | Incidents of discrimination and corrective actions taken  | 71-72, 96  |  |

| GRI            | Standard  | Page(s)                        | Omissions, explanations |
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| <b>GRI 408</b> | <b>Child labour (2016)</b>  |                                |                         |
| GRI 3-03       | Management of material topics (2021)  | 65-66, 76, 77-78, 81-82, 97-99 |                         |
| GRI 408-01     | Operations and suppliers with significant risk for incidents of child labour                | 76, 97                         |                         |
| <b>GRI 409</b> | <b>Forced or compulsory labour (2016)</b>   |                                |                         |
| GRI 3-03       | Management of material topics (2021)  | 65-66, 77-78, 81-82, 97-98     |                         |
| GRI 409-01     | Operations and suppliers with significant risk for incidents of forced or compulsory labour | 51, 70-71, 76, 97              |                         |
| <b>GRI 414</b> | <b>Social assessment of suppliers (2016)</b>  |                                |                         |
| GRI 3-03       | Management of material topics (2021)  | 73-74, 76-77, 80               |                         |
| GRI 414-01     | New suppliers screened against social criteria  | 74, 76-77                      |                         |
| GRI 414-02     | Negative social impacts in the supply chain and measures taken                              | 76-78, 80-82                   |                         |
| <b>GRI 416</b> | <b>Customer health and safety (2016)</b>  |                                |                         |
| GRI 3-03       | Management of material topics (2021)  | 136-137                        |                         |
| GRI 416-01     | Assessing the health and safety impacts of different categories of products and services    | 137                            |                         |
| GRI 416-02     | Violations related to the health and safety impacts of products and services                | 137                            |                         |

## 1.3 Review of Business Performance

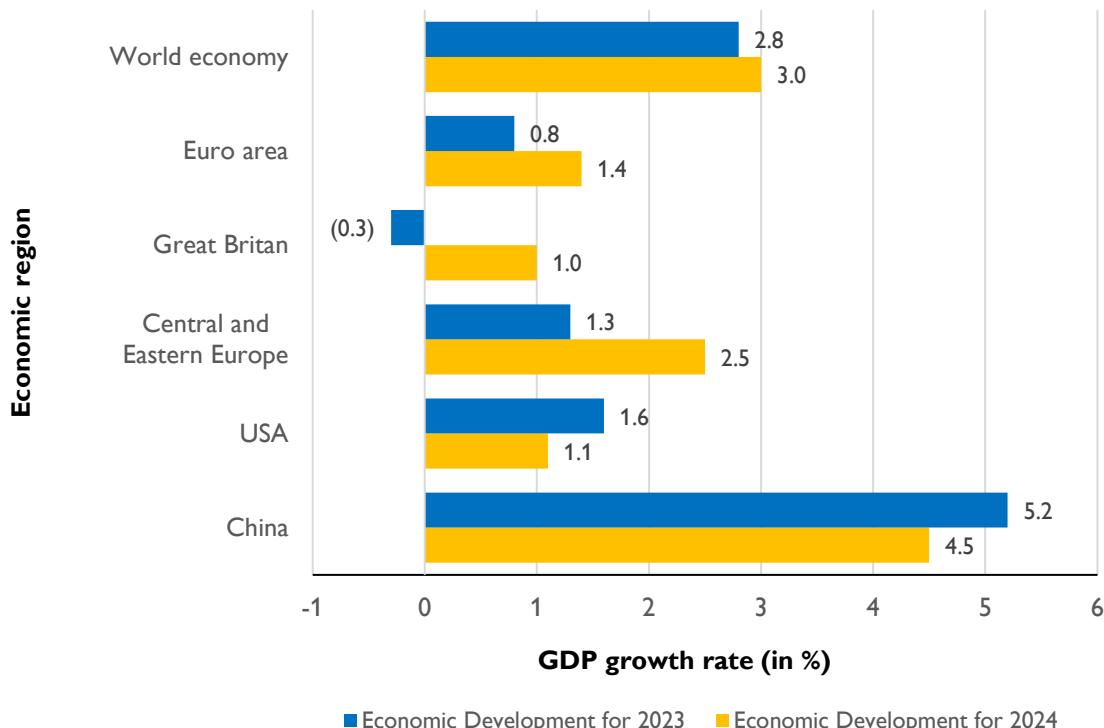
### 1.3.1 The economic environment

The global economy appears to be gradually stabilising after the severe setbacks caused by the Covid-19 pandemic and the war in Ukraine. Recovery has, however, been cautious and remains vulnerable. The difficulties along global supply chains have improved, and the war-related distortions on the energy and food markets are subsiding. At the same time, the parallel tightening of monetary policies by most central banks has produced first results and inflation is moving towards the targeted levels – but much slower than originally expected.

According to the IMF's "World Economic Outlook" (April 2023), the global economy is projected to grow by 2.8% in 2023 and by 3.0% in 2024. Current estimates also indicate that this performance will not be stronger in the following years. The eurozone is only expected to generate growth of 0.8% in 2023 and 1.4% in 2024. Forecasts for the US economy are reserved, but substantially exceed the prospects for the eurozone with a plus of 1.6% for 2023. Economic development in China is progressing rapidly after the post-pandemic opening, and the emerging and developing countries are, in many cases, expected to generate stronger growth.

Growth in the D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, is projected to range from -0.1% (Germany) to 0.8% (Switzerland) in 2023. The IMF sees a slight recession for Great Britain in 2023. Our other key European markets – e.g. France, Italy, Spain and Northern Europe – are likely to produce only slight growth, while Sweden is expected to slip into recession.

Economic Development Outlook for 2023 and 2024



### 1.3.2 The development of business

#### Seasonality of the business

The development of business in the Zumtobel Group follows a seasonal pattern which is typical for the construction industry. During the first half of the financial year (1 May to 31 October), the volume of business is normally higher because a relatively large number of construction projects are concluded during the summer and autumn months and the installation of the lighting represents one of the last steps prior to completion. Revenues in the third quarter (1 November to 31 January) are substantially lower as a result of the Christmas and winter break in the construction industry and, in the fourth quarter (1 February to 30 April), the pace of business begins to accelerate again.

#### Revenues

- >> Group revenues rise by 5.3% (FX-adjusted 4.7%) with clearly positive development in the Lighting Segment (6.9%) and solid development in the Components Segment (1.2%)
- >> Group EBIT improves significantly to EUR 84.3 million

| Income statement in EUR million    | 2022/23        | 2021/22        | Change in %     |
|------------------------------------|----------------|----------------|-----------------|
| Revenues Lighting Segment          | 903.1          | 844.7          | 6.9             |
| Revenues Components Segment        | 367.3          | 363.0          | 1.2             |
| Reconciliation                     | (61.2)         | (59.4)         | 3.0             |
| <b>Revenues</b>                    | <b>1,209.2</b> | <b>1,148.3</b> | <b>5.3</b>      |
| Cost of goods sold                 | (789.0)        | (767.4)        | 2.8             |
| <b>Gross profit</b>                | <b>420.2</b>   | <b>381.0</b>   | <b>10.3</b>     |
| as a % of revenues                 | 34.7           | 33.2           |                 |
| <b>SG&amp;A expenses</b>           | <b>(335.9)</b> | <b>(320.2)</b> | <b>4.9</b>      |
| EBIT Lighting Segment              | 72.9           | 45.2           | 61.4            |
| as a % of segment revenues         | 8.1            | 5.3            |                 |
| EBIT Components Segment            | 29.1           | 36.4           | (20.2)          |
| as a % of segment revenues         | 7.9            | 10.0           |                 |
| Reconciliation                     | (17.7)         | (20.8)         | (15.1)          |
| <b>EBIT</b>                        | <b>84.3</b>    | <b>60.8</b>    | <b>38.7</b>     |
| as a % of revenues                 | 7.0            | 5.3            |                 |
| <b>Financial results</b>           | <b>(18.2)</b>  | <b>(13.2)</b>  | <b>(37.8)</b>   |
| <b>Profit before tax</b>           | <b>66.0</b>    | <b>47.5</b>    | <b>39.0</b>     |
| <b>Income taxes</b>                | <b>(6.1)</b>   | <b>(1.7)</b>   | <b>&lt;-100</b> |
| <b>Net profit for the year</b>     | <b>60.0</b>    | <b>45.8</b>    | <b>31.0</b>     |
| <b>Earnings per share (in EUR)</b> | <b>1.39</b>    | <b>1.06</b>    | <b>31.0</b>     |

For information: EBITDA (EBIT plus depreciation and amortisation) totalled EUR 139.6 million in the 2022/23 financial year.

Group revenues rose by 5.3% to EUR 1,209.2 million in 2022/23 (2021/22: EUR 1,148.3 million), supported primarily by price increases and positive foreign exchange effects. The strong revaluation in the Swiss franc and UAE dirham was contrasted by the substantial devaluation of the Turkish lira and the British pound. After an adjustment for foreign exchange effects, revenues increased by 4.7%. A further positive factor for the increase in revenues was the shift in the country mix to higher-margin markets, above all Switzerland.

Revenues in the Lighting Segment rose by a sound 6.9% to EUR 903.1 million in 2022/23 (2021/22: EUR 844.7 million), in particular due to price increases and positive foreign exchange effects. A substantial contribution to this growth was made by Switzerland with record revenues.

The Components Segment recorded an increase of 1.2% in revenues to EUR 367.3 million in 2022/23 (2021/22: EUR 363.0 million) which resulted primarily from price adjustments. Revenue development was, however, negatively affected by the devaluation of the Turkish lira and by the weaker demand that followed previous stock build-ups by customers.

### Regional development of business

| Revenues in EUR million     | 2022/23        | Change in % | in % of Group |
|-----------------------------|----------------|-------------|---------------|
| D/A/CH                      | 409.1          | 13.0        | 33.8          |
| Northern and Western Europe | 291.5          | (0.1)       | 24.1          |
| Southern and Eastern Europe | 326.7          | 4.8         | 27.0          |
| Asia & Pacific              | 112.3          | (8.7)       | 9.3           |
| Americas & MEA              | 69.7           | 16.4        | 5.8           |
| <b>Total</b>                | <b>1,209.2</b> | <b>5.3</b>  | <b>100.0</b>  |

In the D/A/CH region, growth was stronger in Switzerland and Germany but weaker in Austria. This top-selling region made a major contribution to Group revenues, not least due to the record year in Switzerland. The generally good development in Northern and Western Europe was negatively influenced by a substantial drop in revenues from Great Britain. The largest increases were recorded in Denmark and Luxembourg. Results from the Southern and Eastern European region were mixed: Increases in Italy, Poland, Croatia and France more than offset the weaker results in the other markets. The Asia & Pacific region witnessed a decline that covered the entire market, with the highest reduction reported in China. The strongest growth in America & MEA was recorded in MEA, which again generated an increase after two below-average years.

### Earnings

The cost of goods sold was negatively affected by the sharp rise in material, energy and personnel costs and by write-downs to materials. Material costs were negatively influenced by the revaluation of the US dollar, above all during the first half of the financial year, but stabilised at the prior year level beginning in the third quarter. Development costs reflected the previous year at EUR 63.4 million in 2022/23 (2021/22: EUR 63.4 million). The sound development of revenues led to an increase in the gross profit margin (after development costs) to 34.7% (2021/22: 33.2%) in spite of the negative cost effects during the reporting period.

**5.3% increase in Group revenues**

**Lighting Segment revenues rise by 6.9%**

**Components Segment revenues 1.2% higher**

Selling and administrative expenses (incl. research) rose by EUR 15.7 million to EUR (335.9) million (2021/22: EUR (320.2) million), whereby the main drivers were higher costs for personnel and travel.

**Group-EBIT totals  
EUR 84.3 million**

Group EBIT increased significantly from EUR 60.8 million in 2021/22 to EUR 84.3 million in 2022/23, and the EBIT margin improved substantially to 7.0% (2021/22: 5.3%). These results were supported, above all, by the sound growth in revenues which more than offset the unfavourable development of direct and fixed costs.

EBIT in the Lighting Segment rose from EUR 45.2 million in the previous year to EUR 72.9 million in 2022/23. The largest contribution to earnings was provided by the sound development of revenues with positive effects from foreign exchange rates, prices adjustments and the country mix. This more than offset the increase in material, energy and personnel costs.

In the Components Segment, EBIT declined from EUR 36.4 million to EUR 29.1 million in 2022/23. This reduction reflected the increase in material costs and, above all, the longer US dollar revaluation phase in earlier quarters. Direct costs were also driven by higher stock levels and the related increase in write-downs, which were contrasted by positive development of revenues and additional income from non-recurring effects.

**Financial results**

| Financial result in EUR million                 | 2022/23       | 2021/22       | Change in %   |
|---|---------------|---------------|---------------|
| Interest expense                                | (7.3)         | (5.3)         | 37.7          |
| Interest income                                 | 0.4           | 0.3           | 48.0          |
| <b>Net financing costs</b>                      | <b>(6.8)</b>  | <b>(5.0)</b>  | <b>(37.1)</b> |
| Other financial income and expenses             | (7.2)         | (7.8)         | (8.4)         |
| Result and impairment from associated companies | (4.3)         | (0.4)         | <100          |
| <b>Financial results</b>                        | <b>(18.2)</b> | <b>(13.2)</b> | <b>(37.8)</b> |

**Financial results  
below previous year**

Financial results fell by EUR 5.0 million to EUR (18.2) million in 2022/23 (2021/22: EUR (13.2) million). Interest expense, which consisted almost entirely of the interest expense for current credit agreements and finance leases, amounted to EUR (6.8) million (2021/22: EUR (5.0) million). Other financial income and expenses totalled EUR (7.2) million and consisted primarily of interest expense on pension obligations, the earnings effects from exchange rate changes and the valuation of hedges. The impairment loss to Inventron AG is reported under the "result and impairment from associated companies".

**Year-on-year increase  
in net profit to  
EUR 60.0 million**

Profit before tax rose to EUR 66.0 million in 2022/23 (2021/22: EUR 47.5 million), and income taxes equalled EUR (6.1) million (2021/22: EUR (1.7) million). Net profit improved significantly to EUR 60.0 million (2021/22: EUR 45.8 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) increased to EUR 1.39 (2021/22: EUR 1.06).

## Cash flow, financial and asset position

| Cash Flow Statement in EUR million         | 2022/23      | 2021/22       | Change in %    |
|--|--------------|---------------|----------------|
| Cash flow from operating results           | 140.2        | 122.7         | 14.2           |
| Change in working capital                  | (23.8)       | (54.9)        | 56.5           |
| Change in other operating items            | (1.8)        | (5.5)         | 66.6           |
| Income taxes paid                          | (8.3)        | (4.8)         | (73.0)         |
| <b>Cash flow from operating activities</b> | <b>106.2</b> | <b>57.6</b>   | <b>84.3</b>    |
| Cash flow from investing activities        | (54.0)       | (41.7)        | (29.3)         |
| <b>FREE CASH FLOW</b>                      | <b>52.3</b>  | <b>15.9</b>   | <b>&gt;100</b> |
| Cash flow from financing activities        | (53.1)       | (30.8)        | (72.6)         |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b> | <b>(0.8)</b> | <b>(14.9)</b> | <b>94.4</b>    |

Cash flow from operating results increased significantly by EUR 17.5 million from EUR 122.7 million in 2021/22 to EUR 140.2 million in 2022/23, chiefly due to the EUR 18.5 million improvement in profitability.

Cash outflows from the changes in other operating positions amounted to EUR (1.8) million (2021/22: EUR (5.5) million) and resulted mainly from a reduction in guarantee provisions. Cash flow from operating activities therefore increased from EUR 57.6 million to EUR 106.2 million.

Cash flow from investing activities exceeded the previous year at EUR (54.0) million in 2022/23 (2021/22: EUR (41.7) million). These expenditures consisted primarily of tools for new products, expansion and maintenance investments as well as capitalised research and development costs of EUR 9.4 million (2021/22: EUR 10.3 million). Included here are investments of EUR 39.4 million (2021/22: EUR 26.6 million) in Dornbirn (including capitalised development costs). Based on the improvement in cash flow from operating activities, free cash flow rose to EUR 52.3 million for the reporting year (2021/22: EUR 15.9 million) despite the increase in investments.

**Free cash flow at EUR 52.3 million**

Cash flow from financing activities totalled EUR (53.1) million (2021/22: EUR (30.8) million) and was adjusted to exclude the non-cash additions from lease liabilities. Included here are cash outflows of EUR 13.5 million (2021/22: EUR 13.6 million) for the payment of lease liabilities and EUR 6.9 million (2021/22: EUR 5.4 million) for interest payments. Dividends of EUR 15.1 million were distributed to the shareholders of Zumtobel Group AG in 2022/23 (2021/22: EUR 8.6 million).

In order to protect its ability to meet its payment obligations at any time, the Zumtobel Group maintains liquidity in the form of cash and cash equivalents that are available on a daily basis to meet expected operating expenses and financial liabilities. The Zumtobel Group also has extensive financing agreements at its disposal to safeguard long-term financing requirements and to settle the short-term liquidity fluctuations that result from business activities.

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2027 (2021/22: December 2026) and a maximum line which currently equals EUR 125 million. No funds were drawn under this credit agreement as of 30 April 2023 or 30 April 2022. In addition, the Zumtobel Group concluded two long-term credit agreements with the European Investment Bank (EIB): one with a volume of EUR 30 million with bullet repayment and a term ending in September 2024 (whereby a voluntary premature repayment of EUR 10 million was made in 2022/23), and the other with a volume of EUR 40 million and a term ending in

February 2025. Both facilities were fully drawn as of 30 April 2023. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2023 with a debt coverage ratio of 0.62 (2021/22: 0.79) and an equity ratio of 42.1% (2021/22: 38.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

The Zumtobel Group also has unsecured credit lines of EUR 43.2 million (2021/22: EUR 58.2 million) at its disposal to meet short-term liquidity fluctuations. The interest rates are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

| Balance sheet data in EUR million   | 30 April 2023 | 30 April 2022 |
|-------------------------------------|---------------|---------------|
| Total assets                        | 1,002.4       | 1,005.4       |
| Net debt                            | 86.9          | 95.1          |
| Debt coverage ratio                 | 0.62          | 0.79          |
| Equity                              | 421.7         | 382.8         |
| Equity ratio in %                   | 42.1          | 38.1          |
| Gearing in %                        | 20.6          | 24.8          |
| CAPEX                               | 69.4          | 54.1          |
| thereof CAPEX excl. IFRS 16         | 54.5          | 45.3          |
| Working capital                     | 231.7         | 211.3         |
| As a % of rolling 12 month revenues | 19.2          | 18.4          |

#### Solid balance sheet structure

Working capital increased by EUR 20.4 million over the level on 30 April 2022 to EUR 231.7 million as of 30 April 2023. Inventories were reduced by EUR 18.7 million following the easing of tensions on global procurement markets. Trade receivables were EUR 16.0 million higher year-on-year as of 30 April 2023, and trade payables were EUR 23.7 million lower as of that date. As a per cent of rolling 12-month revenues, working capital rose from 18.4% in the previous year to 19.2%. The receivables sold through factoring totalled EUR 55.7 million at the end of the reporting year (2021/22: EUR 77.8 million).

The balance sheet total of the Zumtobel Group was nearly unchanged at EUR 1,002.4 million as of 30 April 2023 (2021/22: EUR 1,005.4 million), and the equity ratio rose from 38.1% to 42.1% as of that date. Net liabilities declined by EUR 8.2 million to EUR 86.9 million as of 30 April 2023, primarily due to a reduction in borrowings. Gearing – which represents the ratio of net liabilities to equity – fell from 24.8% to 20.6%. This further improves the Zumtobel Group's stable and solid balance sheet structure.

#### 1.3.3 Significant events since 30 April 2022

##### Dividend of 35 euro cents per share

The 46th General Meeting on 29 July 2022 approved the distribution of a 35 euro cents dividend per share for the 2021/22 financial year. The dividend was transferred to shareholders on 5 August 2022.

Supervisory Board members Volkhard Hofmann and Christian Beer were re-elected to this corporate body for a term extending to the 2024/25 financial year.

**Elections to the Supervisory Board**

Marcus Frantz joined the Management Board of the Zumtobel Group on 1 November 2022 as the fourth member and Chief Digital Transformation Officer (CDTO). He is responsible for driving the company's digital transformation.

**Marcus Frantz new CDTO of the Zumtobel Group**

No other significant events occurred during the reporting year.



## 1.4 Internal Control System and Risk Management

### 1.4.1 Internal control system

|                         |   |
|-------------------------|---|
| ICS structure and focus | The internal control system in the Zumtobel Group (abbreviated in the following as "ICS") supports the attainment of corporate goals. The ICS is defined as the total of all process-based monitoring and management measures to safeguard Group assets, to ensure the completeness and reliability of information and systems, to support the efficiency and effectiveness of processes and to guarantee compliance with legal, contractual and internal rules and regulations.<br><br>The structure and design of the Zumtobel Group's ICS are based on recognised international governance guidelines such as the framework issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) and the IT framework (COBIT) published by the Information Systems Audit and Control Association (ISACA), which are adapted where necessary to reflect the Group's business model. The scope of the design and formalisation of the ICS follows a strict risk orientation (benefits), which is critically compared with the expected added expense (costs). |
| ICS responsibility      | Designated business process managers are responsible for implementing and updating the ICS in the individual functional areas, regions and/or business divisions. The ICS is closely linked with the organisationally separate enterprise risk management process, which systematically records and aggregates risks for the process managers on a regular basis and, together with the related measures, prepares reports for various levels up to the Supervisory Board.  |
| ICS monitoring          | Monitoring activities are carried out by the quality assurance units in the specialist departments together with the organisationally separate corporate audit and compliance department which has a dual reporting line to the Management Board and Audit Committee. The monitoring process covers the design of controls as well as their operational effectiveness. A strictly organised follow-up process ensures that any identified weak points are eliminated as quickly as possible. The designated monitoring functions are based on strict professional standards and subject to regular external review.   |
| ICS elements            | The central elements of the ICS in the Zumtobel Group are:<br><ul style="list-style-type: none"><li>&gt;&gt; The code of conduct, which is supplemented by specific rules (e.g. for invitations)</li><li>&gt;&gt; The anonymous whistle-blower system</li><li>&gt;&gt; Corporate policies and procedures</li><li>&gt;&gt; Clearly defined organisational structures, job specifications and the formal delegation of duties and responsibilities according to the individual functional requirements</li><li>&gt;&gt; Regular comparison of the actual situation (e.g. cost centre reports) with expected results (e.g. budget)</li><li>&gt;&gt; Training programmes for employees</li></ul>  |

The ICS for financial reporting is based on these general ICS elements and contains specific, very detailed rules which are available to employees in the Zumtobel Group's Intranet. Examples of the ICS for financial reporting include the following:

- >> Written definition of processes and documentation
- >> Approval and release rules which are integrated in the respective processes
- >> Accounting and valuation principles (Zumtobel Group Accounting Manual)
- >> Uniform, Group-wide closing checklists to document all closing activities

The ICS elements are updated and expanded as required based on a risk-oriented approach.

#### 1.4.2 Risk management

##### Risk policy approaches

The Zumtobel Group realises that an effective opportunity and risk management system – as well as an internal control system – plays an important role in maintaining and expanding its competitive position. Risk management in the Zumtobel Group covers the direct interaction and handling of risks to protect the asset, financial and earnings positions and to support the identification of opportunities and the evaluation of entrepreneurial decisions. The goal of risk management is to identify risks and opportunities at an early point in time through a systematic approach, and thereby permit the implementation of suitable measures to deal with changes in the operating environment. Risk management in the Zumtobel Group is an independent strategic process as well as an integral part of operational management. The basic instruments for the monitoring and management of risks are the risk management software which is installed in all Group companies as well as standardised planning and controlling processes, Group guidelines, regular reporting and the internal control system.

##### ICS for financial reporting

Systematic approach for the early identification of opportunities and risks

The corporate risk management department, a section of the controlling department at corporate headquarters, is responsible for the continuous development of risk management processes as well as the coordination of Group-wide risk management and risk monitoring. The risk management system used by the Zumtobel Group is closely linked with corporate controlling processes and the internal control system. The underlying framework for these two systems is formed by the principles of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) model. Guidelines and process descriptions for risk management are available to all companies in the Zumtobel Group.

Risk management based on recognised best practice and standards

Reporting plays a central role in the monitoring and management of economic risks. The operating units provide the Management Board with regular information on the current and expected development of business as well as the existing risks and available opportunities. In addition, the Audit Committee of the Supervisory Board receives semi-annual reports on the Group's major risks and opportunities. The tools and processes used by the Group to identify and evaluate risks are continuously developed and improved with the support of internal audit and the auditor. The auditor evaluates the effectiveness of risk management in the Zumtobel Group each year and reports to the Supervisory and Management Boards on the results of this review.

Central role of reporting

The opportunities for the Zumtobel Group are described in detail under "The Zumtobel Group – An Overview". The major risks and countermeasures are discussed in the following sections:

## Market and competitive risks in the lighting industry

### Macroeconomic risks

The risks arising from economic developments remain high, but there are signs that tensions are easing. The global economy has proven to be robust and is slowly recovering from the Covid-19 pandemic and the downturn caused by the war in Ukraine. The Chinese economy is also improving following the country's re-opening after the end of the strict corona measures, and supply chains are stabilising. However, the economic situation is still fragile, as was shown by the recent turbulence in the banking sector. Inflation is continuing at a higher level than expected several months ago and substantially above target – with a corresponding influence on construction costs and lighting industry prices as well as wage agreements and other costs.

The construction industry, a key partner for the lighting industry, is expected to generate only moderate real growth in Europe during the present year and over the near-term. Shifts in major customer segments – for example, industry, office and sales – could lead to very different growth rates within the individual application areas as well as changes in the product mix. Moreover, the lack of qualified employees and rising interest rates could have a negative influence on investments and growth.

### Restructuring risks

Necessary measures to bring structural costs and capacity in line with a more difficult market environment or the strategic reorientation of the Zumtobel Group can lead to additional restructuring costs and thereby have a negative effect on earnings. The production plant for lighting and components which opened in Niš (Serbia) during 2018 creates new opportunities, but also involves short-term risks. The adjustment of plant capacity and the transfer of products could cause temporary inefficiencies in production and logistics as well as subsequent delivery problems.

### Technology risks

The Covid-19 crisis triggered a massive increase in the pace of digitalisation in many areas which was followed by a sharp rise in energy costs during the past financial year. In the lighting sector, this has been reflected in a growing demand for system solutions that use the replacement of lighting as an opportunity to reduce energy costs and, at the same time, integrate additional digital functions. A more extensive offering with clear added value for customers can create opportunities, but also increase system complexity and, consequently, the risk of customer dissatisfaction and complaints. Today's operating and control equipment contains an increasing number of semiconductors, which means the lighting sector is also heavily affected by the current shortage of these input products. The digitalisation of customer to customer processes (end2end) also increases the risk of cyberattacks on the company, with the related negative effects on revenue and earnings.

### Business risks

#### Access to global decision-making networks

Access to a global network of opinion leaders and decision makers is important for both the project business and the OEM business in the Zumtobel Group. Personal contacts and meetings with customers, among others to physically present new products, are again possible after the end of the restrictions implemented in recent years to manage the Covid-19 pandemic. Trade fairs have also restarted in traditional form.

#### Market acceptance of new products

The technology and cost potential of the new light source LED has been generally exhausted, a situation that is making differentiation from the competition more difficult. The Zumtobel Group is challenged in both the lighting and components business to defend its strong technology position in the industry and adapt new developments to meet the changing requirements of various applications. This will not endanger the market acceptance of new products but will increase the pressure on margins, especially for new products.

The Zumtobel Group operates in a global business environment, whereby Europe is the most important market with over 80% of revenues. The war in Ukraine has also drastically increased the political risk in Europe, primarily due to the uncertainty connected with supplies of certain materials and energy (oil and natural gas). The sharp rise in energy costs is weakening the competitive ability of Europe's industry. This has had not only a direct impact on the Zumtobel Group, but also an indirect impact from its customers in the industrial sector through the postponement of new construction or outsourcing from Europe.

A lack of specialised personnel, for example in R&D and IT, can endanger the successful pursuit of a company's strategy over the long-term and prevent the full realisation of growth opportunities. The Zumtobel Group ensures the availability of the necessary expertise through training and continuing education for employees in internal academies as well as external institutions. Other important elements of human resources work are performance-based remuneration, a positive working climate, international career opportunities and measures to support the work-life balance.

The procurement market currently presents an ambivalent picture as regards availability. The waiting period for certain products, above all electronic components (primarily semiconductors that are specifically used for industrial applications), is still very long with delivery times exceeding six to eight months, but the market for most basic mechanical materials and components has steadied to a certain extent. Capacity expansion in many industries over the last one to two years has had a positive effect on availability, above all for steel and steel products, aluminium and, slowly, also for plastics. The price level has generally stabilised, but nearly all material groups are continuously and clearly above the pre-corona level. Energy costs, in particular, remain high and the massive increase in personal and other factor costs triggered by the high inflation rates in Europe lead to expectations that there will be no return to the pre-crisis level in the near future.

The Zumtobel Group increasingly relied on multiple sourcing (multiple suppliers for the same product) during the past three years to manage the availability crisis. The approved alternative procurement opportunities not only improve availability but also create additional alternatives to minimise cost increases and achieve cost reductions.

The situation on nearly all material markets remains tense and the smallest economic and political changes have a significant impact on prices and availability. The future course of the key indexes for the Zumtobel Group is, consequently, uncertain. The sustainability and long-term nature of supplier relationships as well as mutual trust and the early identification of potential problems give us a good position to master procurement challenges.

The Zumtobel Group uses state-of-the-art hardware and software and has concluded appropriate service and maintenance contracts to minimise IT risks. IT security is ensured by a concept that is based on the following functions: identify, protect, detect, respond and recover. Multistage firewalls and virus protection concepts have been installed to prevent hacker attacks as best as possible. A professionally managed cyber-defence centre was installed to monitor the Group's networks and systems and thereby support the early identification of and targeted reaction to attacks. The Zumtobel Group's IT systems are protected by a modern high-security computing centre and a back-up facility with a scenario that is tested regularly. In order to ensure that the Group's information technology always meets the demands of the business, IT management has developed a wide variety of procedures, guidelines and measures. These processes and procedures are evaluated regularly and adjusted whenever necessary. The routine replacement of hardware and software minimises the risk of breakdown and data loss. Databases are scanned continuously by antivirus software and archived on a regular basis.

## Political risks

## Risks in human resources management

## Procurement risks

## IT risks

**Asset risks** A policy that calls for regular maintenance and replacement investments reduces the risk of production losses. Investments in key equipment are linked to maintenance contracts. A resident fire brigade at the main production locations in Austria as well as the regular review of technical safety standards by external experts minimises the risk of damage and business interruption. In addition, the Zumtobel Group has concluded comprehensive all-risk insurance that will generally provide compensation for substantial damage to assets. Risk management works closely with the insurance department to identify other risks that can be insured and arranges for appropriate coverage.

**Inventory valuation risks** The balance sheet risks arising from inventories are reduced with a prudent valuation approach that also includes turnover rates. Shorter innovation cycles and the rising complexity of digital lighting systems require stricter inventory management. This approach also reduces the risk of inventory write-offs.

The Zumtobel Group's inventories are dependent on warehousing strategies, material prices and exchange rates as well as delivery times and availability. Delivery delays at the component level can postpone the completion of entire projects and create a greater risk of contract cancellations by customers. This, in turn, can lead to increased inventories and a higher risk of write-downs. The Zumtobel Group's sales department maintains close contact with customers to reduce this risk. Information systems were also significantly optimised and expanded to improve internal and external communications.

The tense supply chain situation improved significantly in 2022/23. Raw material prices and the development of the USD/EUR exchange rate also had a positive influence on the Group's inventories.

**Product liability risks** Product liability risks, meaning the risks of regress claims and subsequent damage to the Group's image as a result of quality defects, can be caused by errors in the internal and/or external supply chain. Quality assurance systems monitor compliance with the Group's internally defined, high standards for product quality. The Zumtobel Group also carries product liability insurance. The lighting industry has seen a trend towards longer guarantee periods in recent years – especially for road lighting projects – which leads to higher guarantee costs, warranty provisions and revenue accruals.

### Legal risks

Legal risks can arise, among others, from changes in laws or administrative practice, from political risks, legal disputes or changes in environmental regulations. The Zumtobel Group's legal department regularly reviews the legal environment in the core regions and evaluates all pending proceedings to ensure that suitable actions are taken at the appropriate time. The Group's intellectual property is seen as a major competitive factor and is therefore regularly monitored and protected. Third party property rights are systematically respected. The Zumtobel Group is party to numerous proceedings with administrative authorities, courts and arbitration bodies in connection with its business activities, whereby the extent and complexity are typical for a company of this size. Appropriate provisions are recognised for specific cases as required. However, it cannot be excluded that these provisions are insufficient, e.g. when the outcome of proceedings is completely unexpected.

## Financial risks

Global operations expose the Zumtobel Group to a variety of risks from changes in market prices, exchange rates and interest rates. A detailed description of credit, liquidity and market risks is provided under "Information on risk management" in the notes to the consolidated financial statements. Other risks are related to financing and the balance sheet. The Group's financing is managed by the central corporate treasury department.

In order to protect its ability to meet financial obligations at all times, the Zumtobel Group maintains liquidity in the form of cash and cash equivalents that are available on a daily basis to meet expected operating expenses and financial liabilities. The Group has also concluded extensive financing agreements to cover its long-term financing requirements and offset the short-term liquidity fluctuations arising from business activities. Possible risks based on interest rate increases by the central banks are addressed in the notes to the consolidated financial statements.

### Financing risk

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2027 (2021/22: December 2026) and a maximum line which currently equals EUR 125 million. No funds were drawn under this credit agreement as of 30 April 2023 or 30 April 2022. In addition, the Zumtobel Group concluded two long-term credit agreements with the European Investment Bank (EIB): one with a volume of EUR 30 million with bullet repayment and a term ending in September 2024 (whereby a voluntary premature repayment of EUR 10 million was made in 2022/23), and the other with a volume of EUR 40 million and a term ending in February 2025. Both facilities were fully drawn as of 30 April 2021. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2023 with a debt coverage ratio of 0.62 (2021/22: 0.79) and an equity ratio of 42.1% (2021/22: 38.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

The Zumtobel Group also has unsecured credit lines of EUR 43.2 million (2021/22: EUR 58.2 million) at its disposal to meet short-term liquidity fluctuations. The interest rates are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

A cash pooling system for the major European countries is used to improve the efficiency and effectiveness of liquidity management. It allows for the optimisation of interest income and expense on short-term cash surpluses and borrowings and reduces the need for short-term unsecured overdrafts.

Balance sheet risks arise, above all, from the valuation of individual assets. The Group's asset and earnings positions are directly influenced by foreign exchange effects as well as the necessary use of estimates and judgment in valuing non-financial assets, deferred tax assets, the provisions for pensions, termination benefits and service anniversary bonuses, and the provisions for guarantees and warranties. The major balance sheet risks for the Zumtobel Group are related to goodwill from acquisitions, the valuation of capitalised development costs and inventories, and the valuation of the pension fund in Great Britain. Detailed information on goodwill is provided in the notes to the consolidated financial statements. Assets with an indefinite useful life are tested each year for signs of impairment, while assets with a finite useful life are tested when there are indications of impairment.

### Balance sheet risks

**Pension obligation risks** The Zumtobel Group companies in Germany, Great Britain, Sweden, Norway, Australia and Switzerland have implemented defined benefit pension plans. The obligations remaining after the deduction of plan assets are recognised as provisions. The amount of the pension provision is dependent primarily on the market value of the invested assets, but also on the development of wages and salaries, life expectancy according to the applicable mortality tables, and the discount rate. Additional details on this subject are provided in the notes to the consolidated financial statements.

#### Climate and environmental risks

The Zumtobel Group systematically analyses climate-related risks. A differentiation is made between two categories of risks: the physical risks resulting from the expected climate change and the transition risks resulting from the transformation to a low CO<sub>2</sub> economy.

**Physical risks** Current potential risks are identified within the context of taxonomy, and two representative scenarios are used to evaluate these prospective risks. Climate risks are evaluated for each location, previously implemented measures are assessed and, if necessary, new measures are defined.

The evaluation of the locations did not identify any notable risks. Increased precipitation and rising temperatures are connected with low, potentially long-term physical risks, and suitable steps were, and will be, taken to manage these risks. The related activities address possible effects like damage to assets, the interruption of procurement processes or production stops. Procedures to manage climate and other risks are compiled in an emergency response plan.

An analysis of climate scenarios showed an increase in the number of heat waves, potential dry periods and an increase in the number and intensity of extreme weather events, but did not identify any major risks or need for short-term actions.

In general, the assessment of the physical risks at all locations indicates that the Zumtobel Group is less affected by climate change.

**Transition risks** Political and legal developments have led to an increase in reporting and disclosure requirements that has been accompanied by stricter legislation, e.g. on the reduction of emissions. These developments were proactively included and assessed in the context and impact analysis of the management system and followed by the timely implementation of appropriate measures. Goals were formulated to reduce emissions, and significant measures were initiated and implemented to achieve climate neutrality.

Potential technological risks include the competitive ability of our products from a sustainability viewpoint. The product development process therefore includes tools like the lifecycle assessment and circular design rules to provide our customers with sustainable and highly energy efficient products and services as well as product-related information like environmental product declarations.

Other potential risks result not only from market trends but also from customer demands for environmentally friendly products and services and the inclusion of a company's sustainability performance in purchase decisions. In addition to expanding the offering of energy-efficient products and sustainable services, the Zumtobel Group follows a strategy that is designed to continuously develop and improve its sustainability performance along the entire value chain.

A company's reputation can be potentially damaged when products and services are not sustainable or are perceived as not sufficiently sustainable. Communication that is not credible and fact-based can lead to a loss of confidence. Consequently, the Zumtobel Group places high priority on fact-based communications over sustainability and environmental issues. The environmental impact of products is systematically documented by independent, validated environmental product declarations. The progress made by the Zumtobel Group in improving its sustainability performance is visible, for example, in the external ecovadis rating.

In the transition to a low CO<sub>2</sub> economy, the potential risks are contrasted by substantial opportunities on the selling side – and the Zumtobel Group is optimally positioned to utilise these opportunities.

#### **Overall risk evaluation of the Zumtobel Group**

The overall assessment of the above risks and opportunities is principally based on market risks which are dependent on economic developments that influence prices and volumes for both sales and procurement. The technological transformation process is connected with risks in the form of rising product and system complexity, but also creates opportunities through the development of new market segments and applications. The substantial energy savings potential of new innovative lighting solutions, in particular, supports customers' sustainability efforts and makes an important contribution to reducing CO<sub>2</sub> emissions. In this way, the Zumtobel Group with its portfolio of products and services, operates in future-proof and promising business areas.

**No recognisable risks that could endanger the continued existence of the Group**

The efficiency improvements created by LED technology and system integration are shortening product innovation cycles and, in this way, increasing the risk of write-offs to inventories and capitalised development costs. In contrast, internal production processes are associated with substantially lower risk.

Group controlling and the internal control system are able to quickly identify all major risks. Based on the information available at the present time, there are no major individual risks that could endanger the continued existence of the Zumtobel Group.

## 1.5 Outlook and Goals for 2023/24

- >> Increase of 1% to 4% in revenues
- >> EBIT margin of 3% to 6%

### Reserved economic forecasts with positive trend

The global economy appears to be gradually stabilising after the severe setbacks caused by the Covid-19 pandemic and the war in Ukraine. Recovery has, however, been cautious and remains vulnerable. The difficulties along global supply chains have improved, and the war-related distortions on the energy and food markets are subsiding. At the same time, the parallel tightening of monetary policies by most central banks has produced first results and inflation is moving towards the targeted levels – but much slower than originally expected. According to the IMF's "World Economic Outlook" (April 2023), the global economy is projected to grow by 2.8% in 2023 and by 3.0% in 2024. Current estimates also indicate that this performance will not be stronger in the following years. The eurozone is only expected to generate growth of 0.8% in 2023 and 1.4% in 2024. Forecasts for the US economy are reserved, but substantially exceed the prospects for the eurozone with a plus of 1.6% for 2023. Economic development in China is progressing rapidly after the post-pandemic opening, and the emerging and developing countries are, in many cases, expected to generate stronger growth. Growth in the D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, is projected to range from -0.1% (Germany) to 0.8% (Switzerland) in 2023. The IMF sees a slight recession for Great Britain in 2023. Our other key European markets – e.g. France, Italy, Spain and Northern Europe – are likely to produce only slight growth, while Sweden is expected to slip into recession.

### Outlook on 2023/24: revenue growth of 1–4% and EBIT margin of 3–6%

The management of the Zumtobel Group continues to see the current geopolitical and economic situation as stressed. That makes it difficult to predict economic developments in the 2023/24 financial year. The further course of the war in Ukraine, rising prices for energy, raw materials and transport, substantially higher personnel costs, and inflation and interest rate trends will have a significant influence on the global economy and, in turn, on the success of the Zumtobel Group. Against this backdrop and with reference to the above-mentioned uncertainties, we expect moderate revenue growth of 1% to 4% for the 2023/24 financial year. The EBIT margin is expected to range from 3% to 6%, above all due to the increase in personnel costs.

## 1.6 Additional Informationen

### 1.6.1 Information pursuant to § 243a of the Austrian Commercial Code

1. The share capital of Zumtobel Group AG totals EUR 108,750,000 and is divided into 43,500,000 zero par value shares, which are fully paid-in and have a proportional value of EUR 2.50 each in share capital. All 43,500,000 shares are securitised in a collective certificate, which is deposited with Österreichische Kontrollbank (OeKB). The company's shares are listed under ISIN AT0000837307 and were admitted to trading on the Vienna Stock Exchange as of 30 April 2023. As of 30 April 2023, the company held 353,343 shares as treasury stock.
2. Each share entitles the holder to one vote and carries the right to participate in the company's annual general meetings.

AUGMENTOR private foundation (4,620,752 shares), ASTERIX private foundation (200,752 shares), GENVALOR private foundation (2,586,598 shares), Hektor private foundation (610,155 shares), ORION private foundation (1,633,567 shares), Ingrid Reder (64,088 shares), Caroline Reder (100,000 shares), Christine Reder (100,000 shares), Fritz Zumtobel (166,210 shares), Nicholas Zumtobel (5,760 shares), Caroline Zumtobel (5,450 shares), Isabel Zumtobel (6,048 shares), Karin Zumtobel-Chammah (24,998 shares), Jürg Zumtobel (144,248 shares) and Obelix private foundation (5,332,185 shares) (together: the "syndicate") are parties to a syndicate contract.

The syndicate contract requires the parties to agree on a course of action for each point on the agenda prior to an annual general meeting and to designate one party as a representative to vote on behalf of all parties in accordance with the decisions made by the syndicate. The Management Board is not familiar with any additional information on the syndicate contract.

The articles of association do not include any restrictions on the transfer of shares. With the exception of the syndicate contract, the Management Board is not aware of any other agreements that restrict the transfer of shares.

3. The syndicate held 35.86% of the company's share capital as of 30 April 2023.
4. There are no shares with special control rights.
5. Employees who hold shares in the company exercise their voting rights directly at the annual general meeting.
6. If a member of the Supervisory Board resigns before the end of his/her term of office, a replacement will be elected at the next general meeting. However, vacant seats must be filled without delay by an extraordinary general meeting if the number of members on the Supervisory Board falls below three. New members are elected for the remaining term of office of the member who has resigned. The maximum age for members of the Management Board on the date of initial appointment or reappointment is 65 years. There is no age limit for the initial appointment or reappointment of members to the Supervisory Board. The premature dismissal of Supervisory Board members is possible with a simple majority of the votes cast.
7. The general meeting passes its resolutions with a majority of votes cast, unless legal or other requirements call for a greater majority. There are no other extra-legal regulations governing the appointment or dismissal of members of the Management Board and Supervisory Board or amendments to the company's articles of association.

8. The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2027 (2021/22: December 2026) and a maximum line which currently equals EUR 125 million. No funds were drawn under this credit agreement as of 30 April 2023 or 30 April 2022. In addition, the Zumtobel Group concluded two long-term credit agreements with the European Investment Bank (EIB): one with a volume of EUR 30 million with bullet repayment and a term ending in September 2024 (whereby a voluntary premature repayment of EUR 10 million was made in 2022/23), and the other with a volume of EUR 40 million and a term ending in February 2025. Both facilities were fully drawn as of 30 April 2021. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2023 with a debt coverage ratio of 0.62 (2021/22: 0.79) and an equity ratio of 42.1% (2021/22: 38.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

9. The Executive Board contracts include a change-of-control clause that also applies in the event of an accepted public takeover bid. Accordingly, each Executive Board member is entitled to terminate his Executive Board contract unilaterally at the end of each month subject to a notice period of six months.

10. The most important elements of the risk management system and the internal control system are described in detail in the management report under "The internal control system and risk management".

#### **1.6.2 Significant events after the balance sheet date**

No significant events occurred after the balance sheet date on 30 April 2023 which would have led to a change in the asset, financial or earnings position of Zumtobel Group AG.

Dornbirn, 26 June 2023

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)

Marcus Frantz  
Chief Digital Transformation Officer (CDTO)

## 2. Consolidated Financial Statements



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## 2. Consolidated Financial Statements

### 2.1 Consolidated Income Statement

| in TEUR  | Notes          | 2022/23         | 2021/22         |
|--|----------------|-----------------|-----------------|
| Revenues   | 2.6.4.1        | 1,209,200       | 1,148,317       |
| Cost of goods sold   | 2.6.4.2        | (789,022)       | (767,359)       |
| <b>Gross profit</b>  |                | <b>420,178</b>  | <b>380,958</b>  |
| Selling expenses   | 2.6.4.2        | (297,624)       | (282,933)       |
| Administrative expenses  | 2.6.4.2        | (42,296)        | (43,068)        |
| Other operating income   | 2.6.4.3        | 5,172           | 6,547           |
| Other operating expenses                                       | 2.6.4.3        | (1,171)         | (753)           |
| <b>Operating profit</b>  |                | <b>84,259</b>   | <b>60,751</b>   |
| Interest expense   | 2.6.4.4        | (7,254)         | (5,267)         |
| Interest income  | 2.6.4.4        | 445             | 301             |
| Other financial income and expenses                            | 2.6.4.5        | (7,167)         | (7,820)         |
| Result and impairment from associated companies                | 2.6.6.4        | (4,252)         | (446)           |
| <b>Financial results</b>                                       |                | <b>(18,228)</b> | <b>(13,232)</b> |
| <b>Profit before tax</b>                                       |                | <b>66,031</b>   | <b>47,519</b>   |
| Income taxes   | 2.6.4.6        | (6,061)         | (1,745)         |
| <b>Net profit for the year</b>                                 |                | <b>59,970</b>   | <b>45,774</b>   |
| thereof due to non-controlling interests                       | 2.6.6.5        | 430             | 217             |
| thereof due to shareholders of the parent company              |                | 59,540          | 45,557          |
| Average number of shares outstanding – basic (in 1,000 pcs.)   |                | 43,147          | 43,147          |
| Average number of shares outstanding – diluted (in 1,000 pcs.) |                | 43,147          | 43,147          |
| <b>Earnings per share (in EUR)</b>                             | <b>2.6.4.7</b> |                 |                 |
| Earnings per share (diluted and basic)                         |                | 1.39            | 1.06            |

## 2.2 Consolidated Statement of Comprehensive Income

| in TEUR   | Notes   | 2022/23        | 2021/22       |
|---|---------|----------------|---------------|
| <b>Net profit for the year</b>  |         | <b>59,970</b>  | <b>45,774</b> |
| Actuarial gain/loss   | 2.6.5.3 | 5,587          | 26,824        |
| Deferred taxes due to actuarial gain/loss   | 2.6.5.4 | (1,598)        | (3,462)       |
| <b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b> |         | <b>3,989</b>   | <b>23,362</b> |
| Currency differences  | 2.6.5.1 | (4,419)        | 9,921         |
| Currency differences associates   | 2.6.5.1 | 172            | 590           |
| Currency differences arising from loans   | 2.6.5.2 | (5,796)        | 4,827         |
| Deferred taxes due to loans   | 2.6.5.4 | 584            | (399)         |
| <b>Total of items that will be reclassified ("recycled") subsequently to the income statement</b>     |         | <b>(9,459)</b> | <b>14,939</b> |
| <b>Subtotal other comprehensive income</b>  |         | <b>(5,470)</b> | <b>38,301</b> |
| thereof due to non-controlling interests  | 2.6.6.5 | (33)           | 209           |
| thereof due to shareholders of the parent company   |         | (5,437)        | 38,092        |
| <b>Total comprehensive income</b>   |         | <b>54,500</b>  | <b>84,075</b> |
| thereof due to non-controlling interests  |         | 397            | 426           |
| thereof due to shareholders of the parent company   |         | 54,103         | 83,649        |

## 2.3 Consolidated Balance Sheet

| in TEUR  | Notes        | 30 April 2023    | 30 April 2022    |
|--|--------------|------------------|------------------|
| Goodwill   | 2.6.6.1      | 193,026          | 195,357          |
| Other intangible assets                                  | 2.6.6.2      | 50,350           | 37,817           |
| Property, plant and equipment                            | 2.6.6.3      | 250,512          | 255,905          |
| Shares in associated companies                           | 2.6.6.4      | 0                | 4,079            |
| Financial assets   | 2.6.6.6      | 5,336            | 5,297            |
| Other assets   | 2.6.6.7      | 3,535            | 3,633            |
| Deferred taxes   | 2.6.6.8      | 38,297           | 38,707           |
| <b>Non-current assets</b>                                |              | <b>541,056</b>   | <b>540,795</b>   |
| Inventories  | 2.6.6.9      | 194,414          | 213,118          |
| Trade receivables  | 2.6.6.10     | 169,743          | 153,737          |
| Financial assets   | 2.6.6.6      | 2,083            | 3,728            |
| Other assets   | 2.6.6.7      | 36,171           | 33,592           |
| Liquid funds   | 2.6.6.11     | 58,918           | 60,461           |
| <b>Current assets</b>                                    |              | <b>461,329</b>   | <b>464,636</b>   |
| <b>ASSETS</b>  |              | <b>1,002,385</b> | <b>1,005,431</b> |
| Share capital  | 2.6.8.1      | 108,750          | 108,750          |
| Additional paid-in capital                               | 2.6.8.2      | 335,316          | 335,316          |
| Reserves   | 2.6.8.3      | (23,715)         | (62,717)         |
| Capital attributed to shareholders of the parent company |              | 420,351          | 381,349          |
| Capital attributed to non-controlling interests          | 2.6.6.5      | 1,374            | 1,452            |
| <b>Equity</b>  | <b>2.6.8</b> | <b>421,725</b>   | <b>382,801</b>   |
| Provisions for pensions                                  | 2.6.6.12     | 52,610           | 55,595           |
| Provisions for termination benefits                      | 2.6.6.12     | 36,626           | 40,048           |
| Provisions for other employee benefits                   | 2.6.6.12     | 8,125            | 9,016            |
| Other provisions   | 2.6.6.15     | 20,159           | 22,869           |
| Borrowings   | 2.6.6.16     | 111,038          | 123,300          |
| Other liabilities  | 2.6.6.19     | 17,861           | 18,101           |
| Deferred taxes   | 2.6.6.8      | 2,929            | 1,847            |
| <b>Non-current liabilities</b>                           |              | <b>249,348</b>   | <b>270,776</b>   |
| Provisions for taxes                                     |              | 17,275           | 19,305           |
| Other provisions   | 2.6.6.15     | 22,934           | 24,333           |
| Borrowings   | 2.6.6.16     | 36,436           | 34,455           |
| Trade payables   |              | 96,577           | 120,275          |
| Other liabilities  | 2.6.6.19     | 158,090          | 153,486          |
| <b>Current liabilities</b>                               |              | <b>331,312</b>   | <b>351,854</b>   |
| <b>EQUITY AND LIABILITIES</b>                            |              | <b>1,002,385</b> | <b>1,005,431</b> |

## 2.4 Consolidated Cash Flow Statement

| in TEUR   | Notes   | 2022/23         | 2021/22         |
|---|---------|-----------------|-----------------|
| Profit before tax   | 2.1     | 66,031          | 47,519          |
| Depreciation and amortisation   | 2.6.4.2 | 55,272          | 55,106          |
| Impairment of property, plant and equipment and intangible assets                           | 2.6.4.2 | 50              | 4,357           |
| Gain/loss on the disposal of property, plant and equipment and intangible assets            |         | 63              | 1,569           |
| Other non-cash financial results  | 2.6.4.5 | 7,167           | 7,820           |
| Interest income/ Interest expense   | 2.6.4.4 | 6,809           | 4,966           |
| Share of profit or loss and impairment in associated companies                              | 2.6.6.4 | 4,252           | 446             |
| Changes in the scope of consolidation   |         | 561             | 964             |
| <b>Cash flow from operating results</b>   |         | <b>140,205</b>  | <b>122,747</b>  |
| Inventories   |         | 13,953          | (50,716)        |
| Trade receivables   |         | (17,886)        | 14,433          |
| Trade payables  |         | (21,472)        | (627)           |
| Prepayments received  |         | 1,566           | (17,945)        |
| <b>Change in working capital</b>  |         | <b>(23,839)</b> | <b>(54,855)</b> |
| Non-current provisions  |         | (9,835)         | (6,183)         |
| Current provisions  |         | (1,032)         | (12,121)        |
| Other assets  |         | (3,211)         | 2,265           |
| Other liabilities   |         | 12,256          | 10,587          |
| <b>Change in other operating items</b>  |         | <b>(1,822)</b>  | <b>(5,452)</b>  |
| Income taxes paid   |         | (8,331)         | (4,816)         |
| <b>Cash flow from operating activities</b>  |         | <b>106,213</b>  | <b>57,624</b>   |
| Cash inflows from the disposal of property, plant and equipment and other intangible assets |         | 387             | 3,417           |
| Cash outflows for the purchase of property, plant and equipment and other intangible assets |         | (54,484)        | (45,331)        |
| Change in non-current and current financial assets  |         | (303)           | (127)           |
| Interest received   |         | 446             | 300             |
| <b>Cash flow from investing activities</b>  |         | <b>(53,954)</b> | <b>(41,741)</b> |
| <b>FREE CASH FLOW</b>   |         | <b>52,259</b>   | <b>15,883</b>   |
| Cash proceeds from non-current and current borrowings                                       | 2.6.7.2 | 2,464           | 22,533          |
| Cash repayments of non-current and current borrowings                                       | 2.6.7.2 | (33,030)        | (38,168)        |
| Dividend paid to shareholders of the parent   | 2.6.8.4 | (15,101)        | (8,629)         |
| Dividend paid to non-controlling interests  | 2.6.6.5 | (481)           | (1,067)         |
| Interest paid   |         | (6,942)         | (5,428)         |
| <b>Cash flow from financing activities</b>  |         | <b>(53,090)</b> | <b>(30,759)</b> |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>  |         | <b>(831)</b>    | <b>(14,876)</b> |
| Cash and cash equivalents at the beginning of the period                                    | 2.6.7.1 | 41,418          | 54,818          |
| Cash and cash equivalents at the end of the period  | 2.6.7.1 | 36,483          | 41,418          |
| Effects of exchange rate changes on cash and cash equivalents                               |         | (4,104)         | 1,476           |
| <b>Change absolute</b>  |         | <b>(831)</b>    | <b>(14,876)</b> |

## 2.5 Consolidated Statement of Changes in Equity

2022/2023 Financial Year

| Attributed to shareholders of the parent company |                  |                                  |                   |                     |                   |         |                                  |              |
|--|------------------|----------------------------------|-------------------|---------------------|-------------------|---------|----------------------------------|--------------|
| Notes<br>in TEUR                                 | Share<br>capital | Additional<br>paid-in<br>capital | Other<br>Reserves | Currency<br>reserve | Reserve<br>IAS 19 | Total   | Non-<br>controlling<br>interests | Total equity |
| 30 April 2022                                    | 108,750          | 335,316                          | 66,283            | (25,538)            | (103,462)         | 381,349 | 1,452                            | 382,801      |
| +/- Net profit for<br>the year                   | 2.1              | 0                                | 0                 | 59,540              | 0                 | 59,540  | 430                              | 59,970       |
| +/- Other<br>comprehensive<br>income             | 2.2              | 0                                | 0                 | 0                   | (9,426)           | 3,989   | (5,437)                          | (5,470)      |
| +/- Total<br>comprehensive<br>income             |                  | 0                                | 59,540            | (9,426)             | 3,989             | 54,103  | 397                              | 54,500       |
| +/- Dividends                                    | 2.6.9.4          | 0                                | 0                 | (15,101)            | 0                 | 0       | (15,101)                         | (475)        |
| 30 April 2023                                    | 108,750          | 335,316                          | 110,722           | (34,964)            | (99,473)          | 420,351 | 1,374                            | 421,725      |

2021/22 Financial Year

| Attributed to shareholders of the parent company |                  |                                  |                   |                     |                   |         |                                  |              |
|--|------------------|----------------------------------|-------------------|---------------------|-------------------|---------|----------------------------------|--------------|
| Notes<br>in TEUR                                 | Share<br>capital | Additional<br>paid-in<br>capital | Other<br>Reserves | Currency<br>reserve | Reserve<br>IAS 19 | Total   | Non-<br>controlling<br>interests | Total equity |
| 30 April 2021                                    | 108,750          | 335,316                          | 29,355            | (40,268)            | (126,824)         | 306,329 | 2,087                            | 308,416      |
| +/- Net profit for<br>the year                   | 2.1              | 0                                | 0                 | 45,557              | 0                 | 45,557  | 217                              | 45,774       |
| +/- Other<br>comprehensive<br>income             | 2.2              | 0                                | 0                 | 0                   | 14,730            | 23,362  | 38,092                           | 209          |
| +/- Total<br>comprehensive<br>income             |                  | 0                                | 45,557            | 14,730              | 23,362            | 83,649  | 426                              | 84,075       |
| +/- Dividends                                    | 2.6.9.4          | 0                                | 0                 | (8,629)             | 0                 | 0       | (8,629)                          | (1,061)      |
| 30 April 2022                                    | 108,750          | 335,316                          | 66,283            | (25,538)            | (103,462)         | 381,349 | 1,452                            | 382,801      |

## 2.6 Notes

### 2.6.1 General Information

The consolidated financial statements were prepared in accordance with § 245a of the Austrian Commercial Code and the provisions of IFRS/IAS that were issued by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and Standing Interpretations Committee that were valid as of the balance sheet date, to the extent that these regulations have also been adopted by the European Union through its endorsement proceedings. Therefore, the consolidated financial statements of Zumtobel Group AG comply with all International Financial Reporting Standards (IFRS) that are applicable in the European Union for the 2022/23 financial year. The accounting and measurement policies applied to the assets and liabilities were based on the assumption that the company is a going concern. No risks were identified that could endanger the standing of the Zumtobel Group as a going concern.

The Management Board of Zumtobel Group AG released the consolidated financial statements for distribution to the Supervisory Board on 16 June 2023. The Supervisory Board is responsible for examining the consolidated financial statements and issuing a statement that indicates whether it approves the consolidated financial statements. The relevant Supervisory Board meeting is scheduled for 28 June 2023 in Dornbirn.

The Zumtobel Group is an international lighting corporation. The headquarters of the parent company, Zumtobel Group AG, are located at Höchster Strasse 8, A-6850 Dornbirn, Austria, and the company is registered with the Provincial and Commercial Court in Feldkirch, Austria, under FN 62309g. The balance sheet date is 30 April, and the reporting year covers the period from 1 May 2022 to 30 April 2023. The reporting currency is the euro. The business activities of the Group are carried out through the Lighting Segment (lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems) and the Components Segment (electronic lighting components and LED lighting components).

The annual financial statements of the companies included in the consolidated financial statements were prepared on the basis of uniform accounting and valuation principles. The income statement was prepared in accordance with the cost of sales method. In order to improve the transparency and explanatory power of these consolidated financial statements, certain items were combined on the balance sheet and income statement and are presented separately in the notes. The amounts in the tables are presented in thousand euros (TEUR), unless stated otherwise. The use of automatic data processing equipment can lead to rounding differences.

The consolidated financial statements were prepared on the basis of historical acquisition cost, with the exception of the following positions:

- >> Derivative financial instruments carried at fair value through other comprehensive income (FVTOCI)
- >> Financial instruments carried at fair value through profit or loss (FVTPL)

### 2.6.2 Scope of Consolidation and Consolidation Methods

#### 2.6.2.1 Scope of consolidation

The consolidated financial statements for 2022/23 include 87 (2021/22: 88) fully consolidated companies which are controlled by Zumtobel Group AG. In accordance with IFRS 10, control exists when Zumtobel has the power of disposition over the subsidiary and, consequently, can determine the subsidiary's financial and business policies and is exposed to variable returns. Control is generally defined as the majority of voting rights. Contractual obligations in individual cases also establish control when the investment falls below the majority of voting rights.

One company is included in the consolidation at equity (2021/22: one). Nine companies (2021/22: nine) were not included in the consolidation because their influence, individually and in total, on the asset, financial and earnings position of the Group is immaterial. An overview of the Group companies is provided in a list at the end of the notes.

IFRS interim financial statements were prepared as of 30 April for companies that have a different balance sheet date.

Any additional obligations to prepare subgroup financial statements based on local requirements are met with the publication of these consolidated financial statements.

The scope of consolidation changed as follows during the reporting year:

|                                  | Consolidation Method |           |           |
|----------------------------------|----------------------|-----------|-----------|
|                                  | full                 | at equity | Total     |
| <b>30 April 2022</b>             | <b>88</b>            | <b>1</b>  | <b>89</b> |
| Liquidated during reporting year | (1)                  | 0         | (1)       |
| <b>30 April 2023</b>             | <b>87</b>            | <b>1</b>  | <b>88</b> |

R Lux Immobilien Linie SRL, Romania, was liquidated in December 2022. The deconsolidation results of TEUR 561 are included under "other operating expenses".

#### 2.6.2.2 Consolidation methods

##### Basis of consolidation

The principles set forth in IFRS 3 "Business Combinations" are used to eliminate the investment and equity for subsidiaries included through full consolidation. This method requires the recognition at fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities as of the acquisition date. If the acquisition price exceeds the fair value of the acquired identifiable assets and liabilities, the difference is recognised as goodwill. Any negative differences are recognised immediately to profit or loss in accordance with IFRS 3 "Business Combinations".

Non-controlling interests are carried at the respective proportion of the fair value of recognised assets and liabilities.

The profit or loss recorded by a subsidiary that is acquired or sold during the year is included in the Group income statement as of the effective date of acquisition or up to the effective date of disposal.

The equity method is applied to associated companies over which the Zumtobel Group exercises significant influence – as a rule, based on a 20 - 50% share of voting rights. Companies valued at equity are consolidated in accordance with the proportional share of equity owned by the Zumtobel Group, whereby the carrying amount as of the balance sheet date is adjusted through profit or loss to reflect the proportional share of results for the reporting period less profit distributions received, material interim profits and impairment losses to goodwill. Any changes in the net assets of the investment that are not included in the investee's reporting period results or comprehensive income are recorded without recognition to profit or loss and reported on the statement of comprehensive income.

##### Other consolidation principles

Intercompany receivables are offset against the corresponding liabilities during the consolidation of liabilities. Revenue and expenses arising from transactions between Group companies are eliminated during the consolidation. Interim profits from inventories as well as the production and transfer of fixed assets between Group companies are eliminated unless they are immaterial.

##### Foreign currency translation

The functional currency method is used to translate the financial statements of foreign companies included in the consolidation. The local currency represents the functional currency for all these companies because the entities operate independently from a financial, economic and organisational standpoint. The functional currency of the Zumtobel Group is the euro. The translation of the companies' functional currencies into the reporting currency involves the following: Assets and liabilities are translated at the average exchange rate on the balance sheet date; revenues and expenses are translated for the income statement based on monthly average

exchange rates. The same applies to the income and expenses recognised directly in equity. The resulting net difference is shown on the statement of comprehensive income.

The most important currencies for the Zumtobel Group are listed in the following table:

| 1 EUR equals | Average exchange rate: Income Statement |               | Closing rate: Balance Sheet |               |
|--------------|---|---------------|-----------------------------|---------------|
|              | 30 April 2023                           | 30 April 2022 | 30 April 2023               | 30 April 2022 |
| AUD          | 1.5353                                  | 1.5662        | 1.6664                      | 1.4699        |
| CHF          | 0.9908                                  | 1.0613        | 0.9839                      | 1.0229        |
| USD          | 1.0423                                  | 1.1534        | 1.0981                      | 1.0540        |
| SEK          | 10.8894                                 | 10.2493       | 11.3515                     | 10.2958       |
| NOK          | 10.5132                                 | 10.0534       | 11.7910                     | 9.7525        |
| GBP          | 0.8679                                  | 0.8482        | 0.8805                      | 0.8391        |

### 2.6.3 Accounting and Valuation Methods

#### 2.6.3.1 Effects of new and revised standards and interpretations

The following new, revised and/or expanded standards and interpretations were relevant for the Zumtobel Group for the first time in 2022/23:

| Standard/Interpretation            | Mandatory application in financial years beginning on or after |
|------------------------------------|--|
| IAS 16                             | Change: Proceeds before intended use                           |
| IAS 37                             | Change: Onerous contracts – costs for fulfilling a contract    |
| IFRS 3                             | Change: Reference to the Conceptual Framework                  |
| IFRS 1, IFRS 9, IFRS 16 and IAS 41 | Annual improvements to IFRS (Cycle 2018–2020)                  |

The change to IAS 16 clarifies that it is not permitted to reduce the costs of property or equipment by income resulting from the sale of goods which are produced while the item of property or equipment is being readied for operation. An exception to this rule is provided for test runs.

The change to IAS 37 defines that the costs of fulfilling a contract comprise the costs related directly to the contract. Included here are any additional costs for fulfilling the contract as well as the allocation of other costs directly related to contract fulfilment.

The change to IFRS 3 indicates that the standard is no longer based on the Framework Concept from 1989 but on the Framework Concept from 2018 together with two supplements. Contingent receivables acquired as part of a business combination may not be recognised, and a buyer must apply these rules in place of the Framework Concept to the identification of liabilities assumed in connection with a business combination to business transactions and similar events which fall under the scope of application of IAS 37 or IFRIC 21.

The annual improvements to IFRS (Cycle 2018–2020) include clarifications to IFRS 1 – Initial Recognition, IFRS 9 – Financial Instruments, IFRS 16 – Leases, and IAS 41 – Agriculture.

These changed standards have no effect, or no material effect, on the Zumtobel Group.

The following new or revised IAS/IFRS/IFRIC interpretations were not applied prematurely. These standards and interpretations were published, but do not yet require mandatory application and/or were not yet adopted by the European Union through its endorsement process. Consequently, they were not applied by the Zumtobel Group in 2022/23:

| Standard/Interpretation   | Mandatory application<br>in financial years<br>beginning on or after |
|---|--|
| IAS 1 Change in presentation and change in the disclosure of accounting policies in IAS 1 and IFRS Guidance Document 2        | 1 January 2023   |
| IAS 8 Definition of accounting estimates  | 1 January 2023   |
| IFRS 17 Insurance contracts, incl. changes to IFRS 17 and initial application of IFRS 17 and IFRS 9 – comparative information | 1 January 2023   |
| IAS 12 Deferred taxes related to assets and liabilities from a single transaction   | 1 January 2023   |
| IAS 1 Changes in the IAS 1 classification of liabilities as current or non-current (issued but not yet endorsed)              | 1 January 2024   |
| IFRS 16 Changes: sale and leaseback transactions  | 1 January 2024   |

The Group is currently evaluating the possible effects of the above changes on its consolidated financial statements. To date, no material effects are expected.

### 2.6.3.2 Major accounting and valuation methods

#### Goodwill

Goodwill is recognised as an asset and tested for impairment at the level of the relevant cash-generating unit or group of cash-generating units. Any impairment is recognised immediately to profit or loss (additional information is provided under note 2.6.3.3 "Discretionary decisions and estimation uncertainty".

#### Other intangible assets

Patents, licenses and similar rights are recognised at acquisition or production cost in the year of acquisition and amortised on a straight-line basis over their presumed useful life (four to ten years).

Internally generated intangible assets that result from product development or the implementation of software by the Group are only capitalised when the requirements defined in IAS 38.57 – above all the following conditions – are met:

- >> The internally generated asset is identifiable.
- >> It is probable that the asset will generate a future economic benefit.
- >> The cost of the asset can be reliably determined.

Internally generated intangible assets are amortised on a straight-line basis (three to ten years). Capitalised development projects are tested for impairment at least once each year; or when there are indications of impairment, based on business plans for the individual products. Indications of impairment are reflected in a reduction through profit or loss of the carrying amount of the intangible asset and any related equipment. If the recognition of an internally generated intangible asset is not permitted, the related development costs are expensed in the period incurred. Research costs are expensed as incurred.

#### Property, plant and equipment

Acquired and internally generated property, plant and equipment are recognised at acquisition or production cost and, if depreciable, are depreciated over their presumed useful life on a straight-line basis. Production costs include direct costs as well as an appropriate part of material and production overheads.

Straight-line depreciation for the property, plant and equipment owned by the Zumtobel Group is based on the following rates:

| <b>Straight-line depreciation</b>                         | <b>Depreciation rate per year</b> |
|---|-----------------------------------|
| Buildings   | 2–3.3%                            |
| Technical equipment and machinery                         | 6.7–25%                           |
| Other equipment, furniture, fixtures and office equipment | 6.7–33.3%                         |

Straight-line amortisation for rights of use is based on the following rates:

| <b>Straight-line amortisation</b> | <b>Depreciation rate per year</b> |
|-----------------------------------|-----------------------------------|
| Building                          | 4.7–50%                           |
| Other tangible assets             | 20.0–33.3%                        |

## Leases

The accounting method applied to leases is explained in note 2.6.6.17.

## Trade receivables

Trade receivables are initially recognised at the amount of the unconditional consideration. Receivables with a significant financing component are initially recognised at fair value and measured at amortised cost, including the deduction of any required impairment losses, in subsequent periods based on the effective interest method.

The Zumtobel Group continues to account for sold trade receivables at an amount equal to its ongoing commitment, i.e. at the maximum amount of the remaining inherent credit risk and delayed payment risk for the sold receivables, and recognises a corresponding liability to credit institutions. The receivables are subsequently derecognised in line with the reduction in the Zumtobel Group's continuing commitment.

The Group defines the goals of the business model in which the financial asset is held at the portfolio level. Trade receivables can be clearly assigned to portfolios for classification and measurement based on defined criteria: The business model "hold" for the collection of cash flows is generally used for trade receivables. Portfolios assigned to the business model "sell" are covered in full by factoring.

Additional information on the accounting treatment of trade receivables is provided in note 2.6.6.10 and in connection with the description of impairment principles.

## Inventories

Inventories are measured at the lower of purchase or production cost (based on the average price method) and the net realisable value. The purchase or production cost of finished goods and work in process also includes an appropriate part of fixed and variable manufacturing and material overheads based on the assumption of normal capacity utilisation. Production cost does not include interest expense or administrative and selling overheads. Appropriate discounts are recorded to reflect the risks arising from the length of storage or reduced opportunities for use or sale; these discounts are standardised throughout the Group and are based on inventory turnover.

## Financial instruments

### Financial investments and other financial assets

#### Classification

The Zumtobel Group classifies its financial assets under the following valuation categories:

- >> at fair value through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)
- >> at amortised cost.

The classification is dependent on the business model used by the company to manage the financial instruments and on the respective contractual cash flows.

For assets carried at fair value, the gains and losses are recognised to profit or loss (FVTPL) or to other comprehensive income (FVTOCI). The classification of investments in equity instruments that are not held for trading depends on whether the Group took an irrevocable decision on initial recognition to measure the equity instrument at fair value (FVTOCI).

#### Recognition and derecognition

A standard market purchase or sale of financial assets is recognised as of the trading date, i.e. the date on which the Group commits to buying or selling the asset. Financial assets are derecognised when the entitlement to receive cash flows from the financial asset expires or is transferred and the Group has principally transferred all risks and rewards associated with ownership.

#### Measurement

Financial assets in the Zumtobel Group are initially recognised at fair value.

### Debt instruments

The subsequent measurement of debt instruments is dependent on the business model used by the company to manage the asset and on the characteristics of the related cash flows. The Zumtobel Group classifies its debt instruments in two relevant valuation categories:

- >> At amortised cost: Assets are carried at amortised cost if they are held to collect contractual cash flows and if these cash flows consist entirely of interest and principal payments. The interest income from these financial assets is calculated according to the effective interest method and reported under financial income. The gains or losses on derecognition are recognised directly to profit or loss and – together with any foreign exchange gains and losses – reported under other financial income/expenses.
- >> FVTOCI: The Group holds no financial assets for the purpose of collecting contractual cash flows and subsequent sale.

### Equity instruments

The Group subsequently measures all equity instruments at fair value. In principle, all changes in fair value, included dividends received, are recognised to profit or loss (FVTPL). Impairment losses and revaluations are not reported separately from the other changes in fair value. The Zumtobel Group holds no equity instruments to generate gains from short-term fluctuations in market prices or from trading margins.

## Impairment

The Zumtobel Group applies a future-oriented approach to evaluate the expected credit losses on debt instruments carried at amortised cost or at fair value through other comprehensive income. The impairment method depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Group applies the simplified approach provided by IFRS 9 which permits the recognition of the expected credit loss over the term of the receivable beginning with initial recognition.

The measurement of trade receivables without a material financing component is always based on the concept of lifetime expected credit losses. In addition to the deduction of individual valuation allowances, the estimated expected credit losses are evaluated in a six-step risk class model based on the customer's actual payment behaviour towards the Group (internal factor), current external credit reports and credit loss insurance as well as the change in macroeconomic country ratings (external factor). Each risk class is assigned to an empirically determined credit loss probability in an impairment matrix and multiplied by the change in the country-specific factor (0.89 – 1.25). The expenses arising from valuation allowances to trade receivables are included under selling expenses (see note 2.6.10.2).

### Probability of default per risk class in %

|                     |        |
|---------------------|--------|
| Debtor risk class 1 | 0.06%  |
| Debtor risk class 2 | 0.17%  |
| Debtor risk class 3 | 0.49%  |
| Debtor risk class 4 | 1.63%  |
| Debtor risk class 5 | 9.31%  |
| Debtor risk class 6 | 15.00% |

Cash and cash equivalents are principally deposited with system-relevant banks or financial institutions. The Group monitors changes in the default risk continuously through the observation of published external credit ratings. The Zumtobel Group assumes that its cash and cash equivalents have an immaterial risk of default based on these external ratings.

Specific presentation requirements must be observed when impairment losses are recognised. A differentiation is made depending on the type of financial instrument and the level in the impairment model to which a financial instrument is assigned:

- >> Impairment losses to financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.
- >> If, for example, there are objective indications of impairment at the time of initial recognition, the expected credit loss is reflected in the interest rate and the impairment loss is reported separately. A separate risk allowance is not required for changes that take place after initial recognition.

## Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The measurement of financial instruments at fair value follows a three-level hierarchy which is based on the proximity of the input factors to an active market.

- >> Level 1: This level covers financial instruments which are listed on an active market for identical assets or liabilities to which the company has access. The prices quoted on these markets represent fair value.
- >> Level 2: When Level 1 measurement is not possible, fair value is determined under Level 2 based on directly or indirectly observable input factors.
- >> Level 3: If the input factors required for measurement cannot be observed, the financial instrument is measured under Level 3 based on these non-observable input factors.

In the Zumtobel Group, fair value is determined primarily on the basis of input factors that can be observed on the market (Level 2). The fair value of one non-current receivable and other non-derivative financial instruments represents the present value discounted at a market interest rate. The fair value of the current financial instruments reflects the carrying amount due to their short term. The consolidated financial statements do not include any financial instruments whose valuation is based on quoted prices on active markets (Level 1).

The fair value of derivative financial instruments can be reliably determined as of each balance sheet date because measurement is based on observable market input factors – i.e. all measurements are classified under Level 2 (also see note 2.6.10).

The consolidated financial statements also include financial instruments whose measurement is not based on quoted prices or observable market input factors (Level 3). These financial instruments represent securities and similar rights.

#### **Hedge accounting**

Derivatives which are designated as hedges because they meet the respective accounting requirements have been recognised and measured in accordance with the hedge accounting rules defined by IFRS 9 since 1 May 2021. Derivatives are initially recognised at fair value on the origination date and subsequently re-measured at fair value at the end of each reporting period. The accounting treatment of subsequent changes in fair value depends on whether the derivative is designated as a hedge and, when this is the case, on the type of the underlying hedge relationship. The Zumtobel Group currently designates certain derivatives exclusively as hedges of a net investment in a foreign operation (net investment hedges).

The Zumtobel Group holds no fair value hedges of recognised assets or liabilities or fixed obligations (fair value hedges) or hedges of specific risks connected with the cash flows of recognised assets and liabilities or highly probable transactions (cash flow hedges).

The fair values of derivative financial instruments which are designated in hedging relationships are listed in note 2.6.10. The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining term of the underlying transaction exceeds 12 months, and as a current asset or current liability when the remaining term of the underlying transaction equals 12 months or less.

#### **Hedge of net investments**

The accounting treatment of hedges of net investments in foreign operations is similar to the accounting treatment of cash flow hedges. Gains and losses on the hedging instrument which are attributable to the effective portion of the hedge are recorded on the statement of comprehensive income and accumulated in equity under the reserves for currency differences from loans. The gain or loss attributable to the ineffective portion is recognised immediately to profit or loss. Gains or losses accumulated in equity are reclassified to profit or loss when the foreign operation is sold in part or in full.

#### Derivatives that are not accounted for as hedges

The Zumtobel Group holds foreign currency derivatives (primarily currency futures) which do not meet the requirements for hedge accounting. Changes in the fair value of a derivative instrument which is not accounted for as a hedge are recognised immediately to profit or loss.

The derivatives are accounted for as other financial assets or other liabilities depending on the fair value.

#### Current and non-current assets and liabilities

Assets and liabilities whose realisation or payment is expected or due within a 12-month period are classified as current. All other assets and liabilities are classified as non-current.

#### Categories and subsequent measurement of financial liabilities

The measurement of financial liabilities is based on the assignment to certain categories, which are differentiated and described below:

- >> At fair value through profit or loss
- >> At fair value through other comprehensive income
- >> At amortised cost

#### Borrowings and other financial liabilities

Borrowings are carried at amortised cost. Any transaction costs or differences between the amounts received and the repayment amount are recognised to profit or loss on a straight-line basis over the expected term of the loan in accordance with the effective interest method.

Loans are derecognised when the contractual obligation is fulfilled or cancelled or has expired.

Other financial liabilities are initially recognised at fair value less transaction costs. These liabilities are subsequently carried at amortised cost in accordance with the effective interest method, whereby the related interest expense is recognised to profit or loss based on the effective interest rate.

#### Borrowing costs

General and specific borrowing costs which are directly related to the acquisition, construction or production of a qualified assets are capitalised during the period required for the completion and preparation of the asset for its intended use or sale. Qualified assets are assets which require a substantial period of time to complete for their intended use or sale.

Other borrowing costs are expensed as incurred.

#### Provisions

Other provisions are created to reflect current legal or constructive obligations to third parties as a result of past events. The outflow of resources to meet the obligation must be probable, and a reliable estimate of the total obligation must be possible. In cases where the present value of the provision (based on a market interest rate) differs substantially from the nominal value, the present value is used as the carrying amount. If an outflow of resources is not probable and the amount of the obligation cannot be estimated, the item is reported as a contingent liability.

Provisions are only created for restructuring costs if the general criteria for recognition are met and there is a legal or constructive obligation to carry out the restructuring (IAS 37.70 ff.).

Provisions for guarantees and warranties are created on an individual basis as required by specific circumstances. In addition, provisions are created for unreported guarantee claims in accordance with Group guidelines. The calculation of the provisions is based on percentage rates that reflect product group revenues as a share of the respective product revenues for the period.

A provision for onerous contracts is recognised when the unavoidable costs of meeting an obligation exceed the revenues expected from a concluded contract. The provision is recognised at the lower of the costs that would arise on exiting from the contract and the net costs for fulfilling the obligation. Before a separate provision is created for an onerous contract, an impairment loss is recognised to the related assets.

### **Employee benefits**

Post-employment benefits include long-term provisions for pensions and termination benefits.

**>>** Other long-term employee benefits consist primarily of the provisions for service anniversary bonuses and partial retirement in Germany and long-service leave in Australia as well as a legally required profit-sharing model and bonus payments for long-standing service in France.

**>> Defined benefit plans**

The present value of a defined benefit obligation (DBO) is calculated as of each balance sheet date in accordance with actuarial principles based on the projected unit credit method. This method separates the interest cost – i.e. the amount by which the obligation has increased during a particular year because benefits have moved closer to settlement – from the service cost – i.e. the new entitlements that have arisen during a particular year. The interest rate used to discount the future obligations is a current market rate: For example, the interest rates for Germany and Austria are based on the interest curve developed by Mercer. The assumptions used to measure the obligations include expected future increases and trends in salaries and wages as well as benefit commitments. Changes in claims may arise from new commitments or the adjustment of existing benefits and are reported as past service cost.

Plan assets are offset against the present value of the pension obligation. The pension obligations are valued each year by certified actuaries.

Defined benefit plans are measured as of each valuation date based on the latest best assumptions, which may change from one valuation date to the next. The actuarial gains and losses arising from changes in actuarial assumptions or differences between earlier actuarial assumptions and actual developments are recognised as incurred under other comprehensive income for the period after the deduction of deferred taxes. The actuarial gains and losses for the respective reporting period are reported separately on the statement of comprehensive income together with the related deferred taxes.

Interest costs and the income on plan assets are reported under financial results, while the other components are included under operating results.

**>> Defined contribution plans**

Under a defined contribution plan, a company has no obligations above or beyond the payment of contributions to a pension benefit fund. These contributions are recognised under personnel expenses in the period incurred.

### Income taxes

The calculation of current tax expense is based on taxable income for the financial year. Taxable income differs from net profit on the income statement because it excludes income and expenses that will become taxable in later years, or never become taxable or deductible for tax purposes. The Group's obligations for current tax expense are calculated on the basis of currently applicable tax rates.

The calculation of deferred taxes is based on the balance sheet-oriented liability method. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised only to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced accordingly if it is not probable that sufficient taxable profit will be available to utilise the deferred tax assets in full or in part within the foreseeable future. The calculation of deferred taxes is based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Income taxes are generally recognised to profit or loss, unless they relate to transactions that were recorded under other comprehensive income during the reporting year or another financial year.

### Revenue recognition

Revenues cover all income resulting from the typical business activities of the Zumtobel Group and, in accordance with IFRS 15, are generated from contracts with customers. Accordingly, the Zumtobel Group recognises revenue when control over the promised products or services is transferred to the customer. The rules defined by IFRS 15 are implemented within the framework of a five-step model: The first step involves the identification of the contract with the customer, followed by the identification of the separate performance obligations. Distinct services and any bundle of goods and services must be separated. In the third step, the transaction price is determined: It represents the amount of the consideration to which the delivering company expects to be entitled in exchange for the delivered goods or services. The transaction price is then allocated to the identified performance obligations. The final step covers the recognition of revenue over a period of time or at a specific point in time.

An analysis identified the delivery of luminaires, extended guarantees, transport and services as separate contract components. Transport and service are immaterial as a share of the total purchase price because the contract calls for the delivery of luminaires at a specific point in time and not the transport or provision of services over a period of time.

Guarantee services are generally not purchased separately and, therefore, cannot be seen as separate performance obligations. This is due to the fact that assurance-type guarantees in the lighting branch represent typical, technically based product characteristics and the promised guarantees generally do not exceed standard branch practices. The individual cases which exceed this level are immaterial. Accordingly, guarantee services are recognised in agreement with IAS 37 "Provisions, Contingent Liabilities and Contingent Receivables".

Extended guarantees can be purchased separately in individual cases. They extend the period during which the company guarantees that the sold products will meet the agreed specifications. These guarantees can take the form of markups on the price of individual products as well as separate pricing. It is regularly assumed that Zumtobel will be required to provide services in the form of repairs, exchange or replacement deliveries in order to meet the agreed performance indicators. These commitments represent a separate performance obligation in the sense of IFRS 15. A revenue component was accrued for these service type guarantees on the basis of a transaction price allocation and recognised as a contract liability. The accrual is released to revenue over the expected performance period.

Customer bonuses and discounts represent variable payments under IFRS 15 which reduce the transaction price. In accordance with IFRS 15, they must be accounted for as variable consideration. Advance payments received from customers on orders which are realised at a point in time as well as customer bonuses and discounts are reported on the balance sheet under "other liabilities" (see note 2.6.6.19).

The Zumtobel Group also provides a limited scope of services which are invoiced on a monthly basis. In these cases, the customer receives and uses the benefits simultaneously with the performance by the Zumtobel Group – and revenue is recognised over time. Revenue is also recognised over time in individual cases involving the production of customer-specific products when the contracts create a legal entitlement to payment for previously provided services. Due to the short terms of these orders, the Zumtobel Group considers these effects to be immaterial. Any surplus of advance payments or partial payments by customers over the progress of contract performance within the framework of revenue recognition over time results in the recognition of contract liabilities from revenue recognition over time; the opposite situation results in the recognition of contract assets. Partial performance within the framework of projects is recorded under trade receivables because the entitlement to consideration is only dependent on time and not on any conditions.

Contract assets and contract liabilities are part of the Zumtobel Group's normal business cycle and are reported as current assets or current liabilities. Contract liabilities arising from long-term guarantee extensions are reported as non-current liabilities.

#### **Foreign currency transactions**

Foreign currency transactions are recorded using the exchange rate in effect on the date of the transaction, while monetary assets and liabilities are translated at the exchange rate in effect on the balance sheet date. Realised and unrealised gains and losses arising from foreign currency transactions are generally reported under financial results. The measurement effects of non-current loans, which qualify as part of the net investment in a foreign operation as defined in IAS 21 "The Effects of Changes in Foreign Exchange Rates", are recorded under other comprehensive income.

#### **Government grants**

Government grants related to income, which are provided as compensation for expenses, are recognised as income of the period in which they are granted; they are recorded at the gross amount and reported under other operating income on the income statement. Government grants provided for investments are recognised as liabilities and distributed over the useful life of the related items of property, plant or equipment.

#### **2.6.3.3 Discretionary decisions and estimation uncertainty**

The preparation of the consolidated financial statements in agreement with IFRS requires the use of estimates and assumptions by management which have an influence on the amount and reporting of recognised assets and liabilities, income and expenses, and contingent liabilities for the financial period. The principle of providing a "true and fair view" is followed without limitation in the use of estimates.

Actual values may differ from the relevant assumptions and estimates when the operating environment does not develop as expected by the balance sheet date. The assumptions and estimates used by the Group are reviewed regularly. Significant changes are reflected in an adjustment of the premises and subsequent recognition through profit or loss.

Estimates and assumptions are related, above all, to the following areas:

**>> Impairment of goodwill, other intangible assets and property, plant and equipment**

Property, plant and equipment as well as intangible assets are tested for indications of impairment as of each balance sheet date. The intrinsic value of the individual assets is validated by determining the applicable recoverable amount. If the recoverable amount of an individual asset cannot be determined, an estimate of the recoverable amount of the related cash-generating unit (CGU) is used.

Intangible assets with an indefinite useful life, i.e. intangible assets that are not yet available or development projects in progress, and goodwill are tested for impairment at the end of each financial year and whenever there are indications of a loss in value. Goodwill is tested for impairment at the level of the identified cash-generating units "CGU Lighting" and "CGU Components". "CGU Lighting" and "CGU Components" represent the lowest level at which independent cash flows are generated. Product development, production and sales are responsible for the subordinate business areas of all brands. These two CGU's are identical to the "Lighting Segment" and "Components Segment" as determined in accordance with IFRS 8.5.

The recoverable amount of the development projects in progress and completed development projects with indications of impairment was determined according to the value in use. The expected future cash flows from these projects were discounted for the calculation at country-specific, weighted average after-tax cost of capital rates (Austria: 8.29%, Germany: 7.47%, Great Britain: 9.35%).

The recoverable amounts of the "CGU Lighting" and "CGU Components" were also determined according to the value in use based on a discounted cash flow method.

The most important determinants for impairment testing are a function of the forecasted cash flows, long-term growth rate and weighted average cost of capital used for discounting. The valuation period is based on a detailed, four-year forecast period plus a transition year and a perpetual annuity. The forecasts are based on external projections, past experience and estimates by the Management Board for the development of the market environment and earnings.

The largest cost increases were more than offset by price adjustments as of the balance sheet date on 30 April 2023. Neither supply chains nor sales activities were affected by the Russia/Ukraine conflict. Due to the high forecast uncertainty, scenarios with varying assumptions were prepared to evaluate future economic developments.

Three scenarios were prepared for the "CGU Lighting":

- >> Under the baseline scenario (weighting: 60%), a compound annual growth rate (CAGR) of 2.6%/6.8% was applied to revenue/EBIT. Growth was more reserved at 1.1% for the coming year due to the generally weaker prospects for the construction industry but was raised by up to 3.5% in the following years.**
- >> For the worst case scenario (20%), a CAGR of 1.9%/1.9% was applied to revenue/EBIT. A decline in volumes due to a recession and subsequent recovery were simulated in the budget for 2023/24.**
- >> The best case scenario (20%) included a CAGR of 3.4%/11.1% for revenue/EBIT. This scenario was based on the assumption of stronger market growth than the base scenario which could result, for example, from an improvement in the situation in Ukraine or a less restrictive interest rate policy.**

The baseline scenario for the "CGU Components" includes three scenarios with the same weighting applied to the "CGU Lighting" (baseline/positive/negative).

The baseline scenarios for the segments include the following assumptions:

| Non-observable input factors | 2022/23 | 2021/22 |
|------------------------------|---------|---------|
| <b>CGU (total)</b>           |         |         |
| Long-term growth rate        | 1.50%   | 1.50%   |
| Cash flow forecast period    | 4 years | 4 years |
| <b>CGU Lighting</b>          |         |         |
| Pre-tax discount rate        | 10.74%  | 9.08%   |
| <b>CGU Components</b>        |         |         |
| Pre-tax discount rate        | 11.39%  | 9.22%   |

- >> Long-term growth rate: The growth rate used to extrapolate cash flows beyond the forecast period. This growth rate is lower than the projections for the sector in which the cash-generating unit operates.
- >> Cash flow forecast period: The four-year forecasts prepared and approved by management.
- >> Pre-tax discount rate: Represents the specific risks for the respective CGU and the countries in which it operates.
- >> Climate risks: The results from the climate risk and vulnerability analysis as well as the assessment of transitory risks resulting from the transition to a CO<sub>2</sub>-reduced economy were included and did not have any material effects on the valuation of intangible assets or property, plant and equipment.

Additional information on the impairment testing of goodwill is provided in note 2.6.6.1.

>> Provisions for employee benefits

The actuarial measurement of employee benefits requires the use of assumptions for interest rates, expected income on plan assets, wage/salary and pension increases, the retirement age and life expectancy.

>> Other provisions

The provisions for guarantees and warranties include the estimated future costs for repairs and replacements as well as confirmed insurance coverage and are calculated according to past experience. The determination of provisions for restructuring involves estimates for workforce reductions and the resulting costs as well as the expenses connected with contract cancellations. The provisions for legal proceedings are based on management's estimates of the possible outcome of these proceedings. These assumptions are connected with uncertainty, and actual payments may vary from the estimates.

>> Deferred tax assets

The capitalisation of deferred taxes is based on expected future tax rates as well as estimates of future taxable income. Possible changes in tax rates or taxable income that differs from the assumed level could lead to the write-down of deferred tax assets.

>> Lease terms

The Zumtobel Group establishes the terms of leases based on the non-cancellable base period together with periods arising from extension options which can be classified as sufficiently certain. Discretionary decisions are involved in assessing whether an option to extend or terminate a lease will be exercised. All relevant factors which represent an economic incentive are included in this decision. These factors are questioned and reassessed as required, which can lead to a change in the lease term and, in turn, to the adjustment of the lease liability and right of use. The relevant assumptions for determining the lease term, above all for the major leased office buildings, sales offices and warehouses with unlimited contracts, are based on the strategic focus, location and costs.

>> Effects of climate changes on financial reporting

The Zumtobel Group systematically monitors climate-related risks on a regular basis as part of a climate risk and vulnerability analysis for all production locations.

This monitoring includes an analysis of the physical risks arising from climate change. The analysis instruments for the parameters water, weather, temperature and soil do not show any material influence on financial reporting from physical risks or risks arising from an increasing frequency and intensity of extreme weather incidents. All plant locations were evaluated on the basis of three scenarios (current situation, RCP-scenario 4.5 and RCP-scenario 8.5), whereby none of the scenarios identified a probable or more frequent occurrence of risks.

The risks arising from the transition to a CO<sub>2</sub>-reduced economy ("transitory" risks) involve technological risks like the substitution of products by more environmentally friendly alternatives or market developments that increasingly demand more environmentally friendly products and services. We currently see no material risks on the product side because energy-efficient LED products help our customers to save energy. Market developments are reflected in the increasing inclusion of sustainability factors in the value chain. For example: The continuous new development of products includes the use of tools like the lifecycle assessment and circular design rules.

The current Synthesis Report by the Intergovernmental Panel on Climate Change (IPCC), an intergovernmental body of the United Nations, and the World Meteorological Organisation identify efficient lighting solutions as climate-protecting measures.

As regards energy consumption, the comparatively lower energy intensity of the lighting industry in comparison with other industrial sectors should be noted. Measures have been implemented at selected locations to increase the share of renewable energies, for example through the use of photovoltaic equipment.

The impact of climate risk is also addressed in the sections on the impairment of goodwill, other intangible assets and property, plant and equipment and under market risk and liquidity risk.

>> Uncertainties connected with the Ukraine conflict

On 24 February 2022, the Russian Federation invaded the Ukrainian Republic. The economic effects initially led to a sharp rise in oil and gas prices and, subsequently, to a significant change in the energy policies of western countries. The threat to energy supply security in the EU led to numerous political decisions concerning the end of the Union's dependence on the import of fossil fuels from Russia. Measures were also introduced at the national and EU levels to manage and, subsequently, to reduce the high energy prices. The sharp rise in inflation caused by the energy crisis has been visible throughout the world, and central banks have reacted with stepped-up increases in interest rates.

As of the balance sheet date, the Group was not aware of any major circumstances that could lead to a significant variance in the carrying amount of an asset or liability during the next financial year.

#### 2.6.4 Notes to the Consolidated Income Statement

##### 2.6.4.1 Revenues

Revenues include an adjustment of TEUR 46,388 (2021/22:TEUR 43,859) for sales deductions (primarily customer discounts). Gross revenues totalled TEUR 1,255,588 (2021/22:TEUR 1,192,176).

| in TEUR         | 2022/23          | 2021/22     |
|-----------------|------------------|-------------|
| Luminaires      | 878,193          | 73%         |
| Components      | 306,104          | 25%         |
| Services        | 24,903           | 2%          |
| <b>Revenues</b> | <b>1,209,200</b> | <b>100%</b> |
|                 |                  |             |
| <b>Revenues</b> | <b>1,148,317</b> | <b>100%</b> |

Sales of lighting and components are recognised at a point in time. In contrast, the sale of services is recognised over time – i.e. on a monthly basis.

| in TEUR                         | 2022/23          | 2021/22     |
|---------------------------------|------------------|-------------|
| Indoor luminaires & components  | 1,005,703        | 83%         |
| Outdoor luminaires & components | 203,497          | 17%         |
| <b>Revenues</b>                 | <b>1,209,200</b> | <b>100%</b> |
|                                 |                  |             |
| <b>Revenues</b>                 | <b>1,148,317</b> | <b>100%</b> |

Information on the distribution of revenues by segment and region is provided in note 2.6.12. Information on the contract liabilities arising from contracts with customers is included in the disclosures on other liabilities (see note 2.6.12). The discounts, bonuses and rebates included in the net total of contract liabilities for 2021/22 were recorded under revenues in 2022/23. Revenues for 2022/23 include TEUR 677 (2021/22:TEUR 0) from the release of contract liabilities from the granting of extended guarantees.

#### 2.6.4.2 Expenses

The income statement was prepared in accordance with the cost of sales method. The following categories of income and expenses are included in the cost of goods sold (incl. development costs), selling expenses (incl. research costs), administrative expenses and other operating results:

#### 2022/23 Financial Year

| in TEUR               | Cost of goods sold | Selling expenses | Administrative expenses | Other operating results | Total              |
|-----------------------|--------------------|------------------|-------------------------|-------------------------|--------------------|
| Cost of materials     | (530,766)          | (6,936)          | (67)                    | 0                       | (537,769)          |
| Personnel expenses    | (179,306)          | (173,713)        | (34,684)                | (2)                     | (387,705)          |
| Depreciation          | (38,571)           | (12,999)         | (3,752)                 | 0                       | (55,322)           |
| Other expenses        | (53,165)           | (95,859)         | (19,905)                | (1,201)                 | (170,130)          |
| Own work capitalised  | 11,053             | 513              | 1,196                   | 0                       | 12,762             |
| Internal charges      | (3,664)            | (10,928)         | 14,560                  | 32                      | 0                  |
| <b>Total expenses</b> | <b>(794,419)</b>   | <b>(299,922)</b> | <b>(42,652)</b>         | <b>(1,171)</b>          | <b>(1,138,164)</b> |
| Other income          | 5,397              | 2,298            | 356                     | 5,172                   | 13,223             |
| <b>Total</b>          | <b>(789,022)</b>   | <b>(297,624)</b> | <b>(42,296)</b>         | <b>4,001</b>            | <b>(1,124,941)</b> |

#### 2021/22 Financial Year

| in TEUR               | Cost of goods sold | Selling expenses | Administrative expenses | Other operating results | Total              |
|-----------------------|--------------------|------------------|-------------------------|-------------------------|--------------------|
| Cost of materials     | (517,081)          | (7,856)          | (49)                    | 0                       | (524,986)          |
| Personnel expenses    | (168,997)          | (164,832)        | (31,550)                | (81)                    | (365,460)          |
| Depreciation          | (39,361)           | (17,074)         | (2,444)                 | (584)                   | (59,463)           |
| Other expenses        | (57,727)           | (88,606)         | (18,535)                | (88)                    | (164,956)          |
| Own work capitalised  | 13,284             | 486              | 241                     | 0                       | 14,011             |
| Internal charges      | (995)              | (7,990)          | 8,985                   | 0                       | 0                  |
| <b>Total expenses</b> | <b>(770,877)</b>   | <b>(285,872)</b> | <b>(43,352)</b>         | <b>(753)</b>            | <b>(1,100,854)</b> |
| Other income          | 3,518              | 2,939            | 284                     | 6,547                   | 13,288             |
| <b>Total</b>          | <b>(767,359)</b>   | <b>(282,933)</b> | <b>(43,068)</b>         | <b>5,794</b>            | <b>(1,087,566)</b> |

The cost of materials includes TEUR 31,279 (2021/22:TEUR 32,734) of third party services.

Other income includes government grants of TEUR 5,868 (2021/22:TEUR 6,388), which were provided primarily for research and investments. Of this total, TEUR 4,471 (2021/22:TEUR 4,848) are reported under other operating results.

The cost of goods sold includes development costs of TEUR 63,366 (2021/22:TEUR 63,405). Development costs capitalised during the reporting year equalled TEUR 9,440 (2021/22:TEUR 10,323), and the related scheduled amortisation and impairment losses recognised to these capitalised development costs amounted to TEUR 8,969 (2021/22:TEUR 10,205).

Selling expenses include research costs of TEUR 4,428 (2021/22:TEUR 4,138).

## Consolidated Financial Statements

Zumtobel Group AG

1 May 2022 to 30 April 2023

PwC Wirtschaftsprüfung GmbH performed or arranged to perform the following services for Zumtobel Group AG in 2022/23:

| In TEUR                              | 2022/23    | 2021/22    |
|--------------------------------------|------------|------------|
| <b>Total fees</b>                    | <b>456</b> | <b>485</b> |
| thereof audit and related activities | 401        | 456        |
| thereof other services               | 39         | 29         |
| thereof tax advising                 | 16         | 0          |

The fees for other services are related to miscellaneous assurance services. The fees agreed with the member companies of the PwC network for auditing services in the Zumtobel Group totalled TEUR 1,207 (2021/22:TEUR 1,104).

Production, selling and administrative expenses include the following personnel costs:

| in TEUR  | 2022/23          | 2021/22          |
|--|------------------|------------------|
| Wages  | (49,825)         | (50,609)         |
| Salaries   | (252,190)        | (235,342)        |
| Expenses for termination benefits  | (3,803)          | (3,849)          |
| Expenses for pensions  | (4,417)          | (4,182)          |
| Expenses for legally required social security and payroll-related duties and mandatory contributions | (59,989)         | (58,058)         |
| Other employee benefits  | (9,622)          | (8,242)          |
| Contract workers   | (7,859)          | (5,178)          |
| <b>Personnel expenses</b>  | <b>(387,705)</b> | <b>(365,460)</b> |

### 2.6.4.3 Other operating results

| in TEUR                  | 2022/23 | 2021/22 |
|--------------------------|---------|---------|
| Government grants        | 4,471   | 4,848   |
| License revenues         | 554     | 1,144   |
| Other income             | 147     | 555     |
| Other operating income   | 5,172   | 6,547   |
|                          |         |         |
| Other expenses           | (1,171) | (753)   |
| Other operating expenses | (1,171) | (753)   |

As in the prior year, the government grants received in 2022/23 represent subsidies that were recognised to profit or loss.

License revenues were generated chiefly by the LED business, as was the case in the previous year.

The line items "other income" and "other expenses" represent income and expenses arising from ordinary business operations which cannot be clearly allocated to other functional areas.

#### 2.6.4.4 Interest income and expenses

Interest expense includes interest and fees for the current consortium credit agreement, the interest component of the finance lease for the plant in Great Britain (TEUR 1,319; 2021/22: TEUR 1,451), and the interest component of lease liabilities capitalised in accordance with IFRS 16 (TEUR 1,667; 2021/22: TEUR 1,736).

#### 2.6.4.5 Other financial income and expenses

| in TEUR   | 2022/23        | 2021/22        |
|---|----------------|----------------|
| Interest component as per IAS 19 less income on plan assets | (3,618)        | (2,929)        |
| Foreign exchange gains and losses                           | (2,347)        | (5,359)        |
| Market valuation of financial instruments                   | (1,202)        | 468            |
| <b>Total</b>  | <b>(7,167)</b> | <b>(7,820)</b> |

Foreign exchange gains and losses consist mainly of realised and unrealised gains and losses on foreign currency receivables and liabilities as well as realised foreign exchange gains and losses on forward exchange contracts.

The market valuation of financial instruments shows the results from the measurement of forward exchange contracts at their respective market values as of the balance sheet date.

#### 2.6.4.6 Income taxes

The classification of income taxes between current and deferred taxes is as follows:

| in TEUR                     | 2022/23        | 2021/22        |
|-----------------------------|----------------|----------------|
| Current taxes               | (6,102)        | (5,300)        |
| <i>thereof current year</i> | (6,109)        | (4,946)        |
| <i>thereof prior years</i>  | 7              | (354)          |
| Deferred taxes              | 41             | 3,555          |
| <b>Income taxes</b>         | <b>(6,061)</b> | <b>(1,745)</b> |

The actual tax rate represents a weighted average of all companies included in the consolidation range and amounted to 9.18% in 2022/23 (2021/22: 3.67%).

The difference between the theoretical tax rate and actual tax rate for the Group is explained in the following table:

**Difference between calculated and actual income tax expense**

| in TEUR  | 2022/23        | 2021/22        |
|--|----------------|----------------|
| Profit before tax  | 66,031         | 47,519         |
| Theoretical tax income/expense resulting from application of 24.67% (PY 25%) domestic tax rate | (16,290)       | (11,880)       |
| <b>Difference between calculated/actual tax expense</b>  | <b>10,229</b>  | <b>10,135</b>  |
| Non-deductible expenses  | (1,961)        | (2,156)        |
| Foreign tax rates  | 1,941          | 1,365          |
| Adjustments to valuation discounts for deferred taxes  | 2,378          | (7,461)        |
| Tax-free income  | 1,065          | 1,479          |
| Effects from changes in loss carryforwards   | 8,513          | 11,692         |
| Other items  | (1,707)        | 5,217          |
| <b>Total tax expense</b>   | <b>(6,061)</b> | <b>(1,745)</b> |

Deferred taxes of TEUR 8,947 (2021/22: TEUR 12,559) were recognised on tax deductible impairment losses to investments at the level of the head company and member companies of the Austrian tax group. This represents deferred taxes on 100% of the outstanding partial write-downs in Austria, which must be distributed over seven years in accordance with Austrian corporate tax law. The other items consist primarily of tax effects from permanent accounting differences, from previous periods and from the release of a corporate tax provision totalling TEUR 2,130 (2021/22: TEUR 1,230). The socio-economic tax reform in Austria ("Ökosoziales Steuerreformgesetz 2022") reduced the corporate tax rate to 24% as of 1 January 2023. Due to the different financial year, a mixed rate of 24.67% was used for the domestic tax rate.

The effects reported under the "adjustments to valuation discounts for deferred taxes" resulted chiefly from the additional capitalisation of deferred taxes on loss carryforwards at Thorn Lighting Ltd. and Zumtobel Group AG.

The option to form a tax group in accordance with § 9 of the Austrian Corporate Tax Act of 1988 has been used in Austria since the 2004/05 financial year. For this purpose, Zumtobel Group AG, as the head of the group, concluded a tax transfer contract with the following group members: Zumtobel Lighting GmbH (participating corporation), ZG Lighting Austria GmbH, Zumtobel Holding GmbH, Zumtobel Insurance Management GmbH, Zumtobel Pool GmbH, Tridonic GmbH (participating corporation), Tridonic Jennersdorf GmbH, Tridonic Holding GmbH, LEDON Lighting GmbH, RFZ Holding GmbH (formerly Zumtobel LED Holding GmbH; participating corporation), Zumtobel LED GmbH (participating corporation) and FURIAE Immobilien GmbH.

This contract provides for the transfer of taxable profit or loss as calculated in accordance with the Austrian Corporate Tax Act and the Austrian Income Tax Act to the participating corporation or the head of the group in the sense of the step-by-step allocation of earnings. Tax expense is calculated on the group member's taxable profit and subsequently paid as a tax charge to the participating corporation or the head of the group, independent of the amount owed by the head of the group and the corporate income tax owed by the entire group for the respective financial year. If the group member records a tax loss, the participating corporation or the head of the group holds this loss on record as an internal loss carryforward for the offset of future profit generated by the respective group member. The obligation of the group member to pay a tax charge is waived to the extent previous tax losses can be offset against taxable profit. A group member with a tax loss is obliged to pay the minimum corporate income tax to the participating corporation or the head of the group. Pre-group losses and external group losses as defined in § 9 of the Austrian Corporate Tax Act are offset against the taxable profit of the respective group member or the head of the group in accordance with any carryforward and/or transfer limits.

Income from investments in domestic subsidiaries is generally tax-exempt in Austria. The dividends from investments in EU and EEA countries have also been generally exempt from Austrian corporate tax since 2009 if certain conditions are met. Dividends from other foreign investments in which the Zumtobel Group holds a stake of 10% or more are also tax-free for the Austrian parent company.

#### 2.6.4.7 Earnings per share

The calculation of earnings per share was based on profit recorded for the reporting period.

The distribution to shareholders from reserves and annual results may not exceed the total profit – reduced by the deferred taxes which are excluded from distribution – reported in the separate financial statements of Zumtobel Group AG, which are prepared in accordance with Austrian corporate law.

### 2.6.5 Notes to the Consolidated Statement of Comprehensive Income

#### 2.6.5.1 Foreign exchange differences

Foreign exchange differences of TEUR –4,247 (2021/22: TEUR 10,511) resulted from the difference between the historical exchange rate applied on the initial consolidation date and the rate in effect on the balance sheet date for companies which do not report in the euro. In addition, foreign exchange differences of TEUR –2,666 (2021/22: TEUR 3,876) resulted from the translation of income statement items at the average monthly exchange rate and the rate on the balance sheet date. This position also includes TEUR –2,331 (2021/22: TEUR 5,166) of currency-related adjustments to goodwill. The currency reserve under equity contains a foreign exchange-related effect of TEUR –33 (2021/22: TEUR 209) from non-controlling interests and foreign exchange effects of TEUR 172 (2021/22: TEUR 590) from investments in associates. Also included here are foreign exchange differences of TEUR 50 (2021/22: TEUR –294) from an interest hedge (net investment hedge). The deconsolidation of a Group company whose functional currency is not the euro involves the reclassification of the related amounts from the currency reserve to the income statement and the inclusion of these amounts in deconsolidation results. The effect for the 2022/23 financial year equalled TEUR 561 (2021/22: TEUR 964) and resulted from the deconsolidation of R Lux Immobilien Linie SRL.

#### 2.6.5.2 Foreign exchange differences arising from loans

The foreign exchange differences from loans are the result of long-term loans granted in GBP and AUD, which are classified as net investments in foreign operations in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” and must therefore be reported under other comprehensive income.

#### 2.6.5.3 Actuarial gain/loss

The net total of actuarial gains recognised in 2022/23 amounted to TEUR 5,587 (2021/22: TEUR 26,824) and include losses of TEUR –956 (2021/22: gains of TEUR 23,898) for pension plans which consist primarily of the following: losses of TEUR –4,719 (2021/22: gains of TEUR 16,269) in Great Britain, gains of TEUR 2,632 (2021/22: TEUR 3,013) in Germany and gains of TEUR 1,079 (2021/22: TEUR 4,414) in Switzerland.

#### 2.6.5.4 Deferred taxes

The deferred taxes of TEUR –1,014 reported on the statement of comprehensive income in 2022/23 (2021/22: TEUR –3,862) include TEUR –1,598 (2021/22: TEUR –3,462) from the provisions for pension and termination benefits which resulted from actuarial gains/losses as defined in IAS 19 “Employee Benefits” as well as TEUR 584 (2021/22: TEUR –399) from the reserve for foreign exchange differences from loans (IAS 21 reserve).

## 2.6.6 Notes to the Consolidated Balance Sheet

### 2.6.6.1 Goodwill

| in TEUR       | Lighting Segment | Components Segment | Total   |
|---------------|------------------|--------------------|---------|
| 30 April 2021 | 188,158          | 2,033              | 190,191 |
| 30 April 2022 | 193,324          | 2,033              | 195,357 |
| 30 April 2023 | 191,036          | 1,990              | 193,026 |

#### Recoverable amount

The recoverable amount of the "CGU Lighting" exceeded the carrying amount by EUR 97.1 million (2021/22: EUR 156.8 million). The comparable amount for the "CGU Components" was EUR 90.3 million (2021/22: EUR 212.3 million).

#### Effect of possible changes in material assumptions

An increase in the pre-tax WACC from 10.7% to 12.3% (FY 2022/23), from 9.1% to 11.1% (FY 2021/22) or a reduction of 14.8% in cash flow during FY 2022/23 (FY 2021/22: 22.2%), assuming the other parameter remained constant, would reduce the excess coverage of the "CGU Lighting" to zero. In the "CGU Components", an increase in the pre-tax WACC from 11.4% to 17.2% (FY 2022/23), from 9.2% to 21.0% (FY 2021/22) or a reduction of 35.0% in cash flow during FY 2022/23 (FY 2021/22: 58.6%) would reduce the excess coverage to zero.

#### Effect of changes in foreign exchange rates

The application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" led to a foreign exchange-based adjustment of TEUR -2,331 to goodwill in 2022/23 (2021/22: TEUR 5,166) which was not recognised through profit or loss. These foreign exchange effects are allocated primarily to the assets in the Lighting Segment for segment reporting.

### 2.6.6.2 Other intangible assets

#### 2022/23 Financial Year

| in TEUR                                  | Patents, licenses and similar items | Development and similar costs | Total         |
|--|-------------------------------------|-------------------------------|---------------|
| <b>Acquisition costs</b>                 |                                     |                               |               |
| 30 April 2022                            | 55,237                              | 222,041                       | 277,278       |
| Foreign currency translation             | (242)                               | (384)                         | (626)         |
| Additions                                | 6,407                               | 9,452                         | 15,859        |
| Disposals                                | (188)                               | (3,492)                       | (3,680)       |
| Transfers                                | 4,945                               | 2,684                         | 7,629         |
| 30 April 2023                            | 66,159                              | 230,301                       | 296,460       |
| <b>Accumulated amortisation</b>          |                                     |                               |               |
| 30 April 2022                            | (50,725)                            | (188,736)                     | (239,461)     |
| Foreign currency translation             | 242                                 | 381                           | 623           |
| Scheduled depreciation                   | (1,884)                             | (8,993)                       | (10,877)      |
| Impairment                               | 0                                   | (50)                          | (50)          |
| Disposals                                | 183                                 | 3,472                         | 3,655         |
| 30 April 2023                            | (52,184)                            | (193,926)                     | (246,110)     |
| <b>Net carrying amount 30 April 2022</b> | <b>4,512</b>                        | <b>33,305</b>                 | <b>37,817</b> |
| <b>Net carrying amount 30 April 2023</b> | <b>13,975</b>                       | <b>36,375</b>                 | <b>50,350</b> |

2021/22 Financial Year

| in TEUR                               | Patents, licenses and similar items | Development and similar costs | Total     |
|---------------------------------------|-------------------------------------|-------------------------------|-----------|
| <b>Acquisition costs</b>              |                                     |                               |           |
| 30 April 2021                         | 56,108                              | 213,840                       | 269,948   |
| Foreign currency translation          | 375                                 | 710                           | 1,085     |
| Changes in the scope of consolidation | (2,621)                             | 0                             | (2,621)   |
| Additions                             | 1,407                               | 10,323                        | 11,730    |
| Disposals                             | (1,672)                             | (1,961)                       | (3,633)   |
| Transfers                             | 1,640                               | (871)                         | 769       |
| 30 April 2022                         | 55,237                              | 222,041                       | 277,278   |
| <b>Accumulated amortisation</b>       |                                     |                               |           |
| 30 April 2021                         | (49,169)                            | (179,400)                     | (228,569) |
| Foreign currency translation          | (360)                               | (706)                         | (1,066)   |
| Changes in the scope of consolidation | 2,621                               | 0                             | 2,621     |
| Scheduled depreciation                | (2,533)                             | (8,499)                       | (11,032)  |
| Impairment                            | (2,144)                             | (1,737)                       | (3,881)   |
| Disposals                             | 860                                 | 1,606                         | 2,466     |
| 30 April 2022                         | (50,725)                            | (188,736)                     | (239,461) |
| Net carrying amount 30 April 2021     | 6,939                               | 34,440                        | 41,379    |
| Net carrying amount 30 April 2022     | 4,512                               | 33,305                        | 37,817    |

**Development costs and similar expenses**

This position includes internally generated intangible assets as defined by IAS 38 "Intangible Assets". The additions to acquisition costs, including transfers, contain capitalised development expenses of TEUR 9,440 (2021/22:TEUR 10,323). Most of these additions involve product developments in the lighting and lighting components areas, whereby TEUR 7,333 were not yet available for use as of 30 April 2023 (2021/22:TEUR 8,009).

## 2.6.6.3 Property, plant and equipment

## 2022/23 Financial Year

| in TEUR                                  | Land & buildings | Plant & machinery | Other equipment | Construction in progress | Total            |
|--|------------------|-------------------|-----------------|--------------------------|------------------|
| <b>Acquisition costs</b>                 |                  |                   |                 |                          |                  |
| <b>30 April 2022</b>                     | <b>323,653</b>   | <b>335,540</b>    | <b>123,077</b>  | <b>18,927</b>            | <b>801,197</b>   |
| Foreign currency translation             | (3,758)          | (4,471)           | (1,055)         | (178)                    | (9,461)          |
| Additions                                | 9,655            | 6,388             | 12,486          | 25,020                   | 53,549           |
| Disposals                                | (9,687)          | (11,222)          | (10,096)        | (62)                     | (31,067)         |
| Transfers                                | 1,500            | 5,746             | 1,452           | (16,327)                 | (7,629)          |
| <b>30 April 2023</b>                     | <b>321,364</b>   | <b>331,981</b>    | <b>125,864</b>  | <b>27,380</b>            | <b>806,589</b>   |
| <b>Accumulated amortisation</b>          |                  |                   |                 |                          |                  |
| <b>30 April 2022</b>                     | <b>(178,408)</b> | <b>(269,297)</b>  | <b>(97,587)</b> | <b>0</b>                 | <b>(545,292)</b> |
| Foreign currency translation             | 2,403            | 3,686             | 886             | 0                        | 6,976            |
| Scheduled depreciation                   | (15,946)         | (16,636)          | (11,813)        | 0                        | (44,395)         |
| Impairment                               | 0                | 0                 | 0               | 0                        | 0                |
| Disposals                                | 6,541            | 11,175            | 8,917           | 0                        | 26,634           |
| <b>30 April 2023</b>                     | <b>(185,410)</b> | <b>(271,072)</b>  | <b>(99,595)</b> | <b>0</b>                 | <b>(556,077)</b> |
| <b>Net carrying amount 30 April 2022</b> | <b>145,245</b>   | <b>66,243</b>     | <b>25,490</b>   | <b>18,927</b>            | <b>255,905</b>   |
| <b>Net carrying amount 30 April 2023</b> | <b>135,954</b>   | <b>60,909</b>     | <b>26,269</b>   | <b>27,380</b>            | <b>250,512</b>   |

No items of property, plant or equipment were pledged as security for loans under the current credit agreements. Note 2.6.6.17 provides information on the rights of use included in property, plant and equipment which resulted from the application of IFRS 16.

The Group has incurred obligations of TEUR 4,856 (2021/22:TEUR 395) for the purchase of property, plant and equipment. These obligations are classified as follows: land and buildings at TEUR 261 (2021/22:TEUR 0), plant and machinery at TEUR 3,539 (2021/22:TEUR 0) and other non-current assets at TEUR 1,056 (2021/22:TEUR 395).

Land and buildings include undeveloped land with a net carrying amount of TEUR 7,933 (2021/22:TEUR 6,297).

Construction in progress and prepayments made are classified as follows: land and buildings at TEUR 2,499 (2021/22:TEUR 747), plant and machinery at TEUR 24,406 (2021/22:TEUR 16,425) and other non-current assets at TEUR 474 (2021/22:TEUR 1,755).

### 2021/22 Financial Year

| in TEUR                                  | Land & buildings | Plant & machinery | Other equipment | Construction in progress | Total            |
|--|------------------|-------------------|-----------------|--------------------------|------------------|
| <b>Acquisition costs</b>                 |                  |                   |                 |                          |                  |
| <b>30 April 2021</b>                     | <b>317,069</b>   | <b>330,583</b>    | <b>123,869</b>  | <b>13,704</b>            | <b>785,225</b>   |
| Foreign currency translation             | 5,035            | 4,365             | 2,105           | 162                      | 11,667           |
| Additions                                | 8,254            | 5,542             | 8,760           | 19,807                   | 42,363           |
| Disposals                                | (10,172)         | (15,439)          | (11,561)        | (117)                    | (37,289)         |
| Transfers                                | 3,467            | 10,489            | (96)            | (14,629)                 | (769)            |
| <b>30 April 2022</b>                     | <b>323,653</b>   | <b>335,540</b>    | <b>123,077</b>  | <b>18,927</b>            | <b>801,197</b>   |
| <b>Accumulated amortisation</b>          |                  |                   |                 |                          |                  |
| <b>30 April 2021</b>                     | <b>(162,188)</b> | <b>(264,349)</b>  | <b>(96,200)</b> | <b>0</b>                 | <b>(522,737)</b> |
| Foreign currency translation             | (2,874)          | (3,615)           | (1,805)         | 0                        | (8,294)          |
| Scheduled depreciation                   | (16,367)         | (16,593)          | (11,114)        | 0                        | (44,074)         |
| Impairment                               | (476)            | 0                 | 0               | 0                        | (476)            |
| Disposals                                | 4,686            | 15,260            | 10,343          | 0                        | 30,289           |
| Transfers                                | (1,189)          | 0                 | 1,189           | 0                        | 0                |
| <b>30 April 2022</b>                     | <b>(178,408)</b> | <b>(269,297)</b>  | <b>(97,587)</b> | <b>0</b>                 | <b>(545,292)</b> |
| <b>Net carrying amount 30 April 2021</b> | <b>154,881</b>   | <b>66,234</b>     | <b>27,669</b>   | <b>13,704</b>            | <b>262,488</b>   |
| <b>Net carrying amount 30 April 2022</b> | <b>145,245</b>   | <b>66,243</b>     | <b>25,490</b>   | <b>18,927</b>            | <b>255,905</b>   |

#### 2.6.6.4 Associated companies

Inventron AG, Switzerland, in which the Zumtobel Group holds an investment of 48%, is considered an associate in the sense of IAS 28 "Investments in Associates" because of the significant influence – but not control – which is exercised over major financial and/or operating policies. Therefore, this company was included in the consolidated financial statements at equity as of 30 April 2023. The company is active in the development and production of lighting and electronics in customer-specific small series.

The carrying amount of the investment in Inventron AG was written off in full during the reporting year due to the negative outlook for earnings. The associate's earnings contribution and balance sheet total are immaterial for the Zumtobel Group, and a detailed listing of the proportional amounts is therefore not provided.

Detailed information on receivables and liabilities due from/to associated companies is provided in note 2.6.15.

#### 2.6.6.5 Non-controlling interests

The following companies have non-controlling interests:

| Company                 | Country | Operating Segment | 30 April 2023 | 30 April 2022 |
|-------------------------|---------|-------------------|---------------|---------------|
| Thorn Gulf LCC          | UAE     | Lighting Segment  | 51%           | 51%           |
| ZG Lighting Trading LLC | Qatar   | Lighting Segment  | 51%           | 51%           |

Additional contractual agreements give the Zumtobel Group control over Thorn Gulf LCC, UAE, and ZG Lighting Trading LLC, Qatar, in the sense of IFRS 10 "Consolidated Financial Statements". These two companies are therefore included through full consolidation.

**Consolidated Financial Statements**

Zumtobel Group AG

1 May 2022 to 30 April 2023

The following tables present summarised financial information on the subsidiaries with non-controlling interests. This information represents the balances before intragroup eliminations:

| Balance Sheet                                   | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total        | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total        |
|---|------------------------|--------------------------------------|--------------|------------------------|--------------------------------------|--------------|
| in TEUR   | <b>30 April 2023</b>   |                                      |              |                        | <b>30 April 2022</b>                 |              |
| Non-current assets                              | 108                    | 46                                   | 154          | 260                    | 83                                   | 343          |
| Current assets                                  | 4,203                  | 1,916                                | 6,119        | 3,769                  | 2,516                                | 6,285        |
| <b>Assets</b>                                   | <b>4,311</b>           | <b>1,962</b>                         | <b>6,273</b> | <b>4,029</b>           | <b>2,599</b>                         | <b>6,628</b> |
| Non-current liabilities                         | 8                      | 4                                    | 12           | 155                    | 45                                   | 200          |
| Current liabilities                             | 2,398                  | 733                                  | 3,131        | 2,281                  | 923                                  | 3,204        |
| Equity  | 1,905                  | 1,225                                | 3,130        | 1,593                  | 1,631                                | 3,224        |
| <i>thereof due to non-controlling interests</i> | 762                    | 612                                  | 1,374        | 637                    | 815                                  | 1,452        |
| <b>Equity and Liabilities</b>                   | <b>4,311</b>           | <b>1,962</b>                         | <b>6,273</b> | <b>4,029</b>           | <b>2,599</b>                         | <b>6,628</b> |
| Dividends                                       | (324)                  | (689)                                | (1,013)      | (1,174)                | (1,183)                              | (2,357)      |

| Statement of Comprehensive Income                       | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total  | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total   |
|---|------------------------|--------------------------------------|--------|------------------------|--------------------------------------|---------|
| in TEUR   | <b>2022/23</b>         |                                      |        |                        | <b>2021/22</b>                       |         |
| Revenues  | 7,022                  | 4,095                                | 11,117 | 5,361                  | 3,246                                | 8,607   |
| Net profit for the year                                 | 687                    | 308                                  | 995    | 289                    | 205                                  | 494     |
| <i>thereof due to non-controlling interests</i>         | 275                    | 155                                  | 430    | 116                    | 101                                  | 217     |
| Subtotal other comprehensive income                     | (51)                   | (25)                                 | (76)   | 233                    | 231                                  | 464     |
| <i>thereof due to non-controlling interests</i>         | (20)                   | (13)                                 | (33)   | 94                     | 115                                  | 209     |
| Total comprehensive income of non-controlling interests | 255                    | 142                                  | 397    | 210                    | 216                                  | 426     |
| Dividends paid to non-controlling interests             | (129)                  | (346)                                | (475)  | (470)                  | (591)                                | (1,061) |

| Cash Flow Statement                                | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total      | Thorn Gulf<br>LCC, UAE | ZG Lighting<br>Trading LLC,<br>Qatar | Total          |
|--|------------------------|--------------------------------------|------------|------------------------|--------------------------------------|----------------|
| in TEUR  | <b>2022/23</b>         |                                      |            |                        | <b>2021/22</b>                       |                |
| Cash flow from operating activities                | 15,551                 | 3,175                                | 18,726     | 12,713                 | 1,306                                | 14,019         |
| Cash flow from investing activities                | (25)                   | (2)                                  | (27)       | (16)                   | (1)                                  | (17)           |
| Cash flow from financing activities                | (15,450)               | (2,940)                              | (18,390)   | (13,183)               | (2,035)                              | (15,218)       |
| Net increase/decrease in cash and cash equivalents | <b>76</b>              | <b>233</b>                           | <b>309</b> | <b>(486)</b>           | <b>(730)</b>                         | <b>(1,216)</b> |

#### 2.6.6.6 Financial assets

Non-current financial assets consist primarily of securities and similar rights, and shares in other companies. This position also includes amounts receivable from insurance for the coverage of guarantee claims (TEUR 4,273; 2021/22: TEUR 4,220).

Current financial assets consist mainly of positive market values from hedged positions in the form of foreign exchange derivatives (TEUR 426; 2021/22: TEUR 1,548) and also include receivables of (TEUR 1,642; 2021/22: TEUR 2,175) due from credit institutions from an ongoing factoring agreement.

Detailed information is presented in note 2.6.10.1.

#### 2.6.6.7 Other assets

Other non-current and current assets are classified as follows:

| in TEUR                                   | 30 April 2023 | 30 April 2022 |
|---|---------------|---------------|
| Coverage capital for Group life insurance | 2,148         | 2,198         |
| Other                                     | 1,387         | 1,435         |
| <b>Other non-current assets</b>           | <b>3,535</b>  | <b>3,633</b>  |
| Prepaid expenses and deferred charges     | 8,643         | 8,291         |
| Amounts due from tax authorities          | 13,040        | 11,425        |
| Prepayments made                          | 2,875         | 2,984         |
| Other                                     | 11,613        | 10,892        |
| <b>Other current assets</b>               | <b>36,171</b> | <b>33,592</b> |

The coverage capital for Group life insurance is related to the Zumtobel companies in Germany. These assets are held to cover the pension obligations of a German company in the Zumtobel Group, but they do not qualify as plan assets under IAS 19 "Employee Benefits".

The amounts due from tax authorities, as in the previous year, consist chiefly of receivables arising from value added tax.

The main components of the position "other" are as follows: accrued research receivables of TEUR 8,150 (2021/22: TEUR 5,340), receivables of TEUR 136 (2021/22: TEUR 479) from partial retirement in Germany, claims of TEUR 543 (2021/22: TEUR 816) to government institutions in connection with previously granted investment subsidies, and receivables of TEUR 1,162 (2021/22: TEUR 588) due from employees in Austria from the provision of company bicycles.

#### 2.6.6.8 Deferred taxes

The deferred tax assets and deferred tax liabilities reported on the consolidated balance sheet include timing differences that resulted from the use of different amounts for the valuation of assets and liabilities for the Group financial statements and for tax purposes. The resulting deferred taxes are shown below:

| in TEUR   | 30 April 2023  |               |                                | 30 April 2022  |               |                                |
|---|----------------|---------------|--------------------------------|----------------|---------------|--------------------------------|
|   | Assets         | Liabilities   | Recognised through profit/loss | Assets         | Liabilities   | Recognised through profit/loss |
| Other intangible assets   | 2,985          | 8,160         | (815)                          | 3,016          | 7,423         | 983                            |
| Property, plant and equipment   | 2,256          | 5,662         | (599)                          | 2,281          | 4,830         | 2,343                          |
| Financial assets  | 0              | 1,878         | (1,270)                        | 0              | 1,231         | 1,246                          |
| Inventories   | 4,399          | 224           | 216                            | 4,063          | 64            | 1,073                          |
| Trade receivables   | 366            | 1,081         | (332)                          | 296            | 638           | (171)                          |
| Other receivables   | 1,030          | 1,474         | 930                            | 593            | 1,968         | 1,303                          |
| Non-current provisions  | 15,816         | 352           | (549)                          | 17,169         | 244           | (877)                          |
| Other provisions  | 1,866          | 707           | 929                            | 1,620          | 677           | (2,157)                        |
| Trade payables  | 2,341          | 533           | (517)                          | 2,483          | 141           | 619                            |
| Loss carryforwards  | 159,439        | 0             | 2,048                          | 167,952        | 0             | (807)                          |
| <b>Deferred tax credits or liabilities</b>                                    | <b>190,498</b> | <b>20,071</b> |                                | <b>199,473</b> | <b>17,216</b> |                                |
| Adjustments to valuation discounts for deferred taxes                         | (135,059)      | 0             |                                | (145,397)      | 0             |                                |
| Offset of tax credits and liabilities due from/to the same taxation authority | (17,142)       | (17,142)      |                                | (15,369)       | (15,369)      |                                |
| <b>Deferred taxes</b>   | <b>38,297</b>  | <b>2,929</b>  |                                | <b>38,707</b>  | <b>1,847</b>  |                                |
| <b>Deferred tax income/expense</b>  |                |               | <b>41</b>                      |                |               | <b>3,555</b>                   |

The calculation of deferred taxes for Group companies is based on the applicable national tax rate. Deferred taxes on loss carryforwards are only capitalised if they will be offset by deferred tax liabilities or if the utilisation of the loss carryforwards is sufficiently certain within the legally defined period. The socio-economic tax reform in Austria ("Ökosoziales Steuerreformgesetz 2022") calls, among others, for a step-by-step reduction in the corporate income tax rate from 25% to 23% (beginning in 2023: 24%, beginning in 2024: 23%). In the United Kingdom, the corporation tax will be raised from 19% to 25% starting on 1 April 2023. This has an effect on the valuation of deferred taxes that are calculated at the tax rates expected when the respective asset is realised or liability is settled.

Deferred tax assets were recognised for tax loss carryforwards of TEUR 65,497 (2021/22: TEUR 42,983). Deferred tax assets were not recognised for tax loss carryforwards and other temporary differences of TEUR 587,214 (2021/22: TEUR 581,586) because their utilisation is not sufficiently certain. Of the tax loss carryforwards not recognised, TEUR 16,887 (2021/22: TEUR 9,429) will expire within ten years.

In agreement with IAS 12.39 "Income Taxes", deferred tax liabilities were not recognised on timing differences related to shares in subsidiaries because the parent company can control the timing and because these temporary differences will not reverse in the foreseeable future. The taxes on the temporary difference between the book value of the investment for tax purposes and the net assets of the subsidiary as reported in the consolidated financial statements equal TEUR 20,760 (2021/22: TEUR 23,478).

Details on the deferred taxes recorded under other comprehensive income in 2022/23 are provided in note 2.6.5.4.

#### 2.6.6.9 Inventories

The following table shows the gross value and impairment losses related to the various components of inventories:

| in TEUR                    | 30 April 2023  | 30 April 2022  |
|----------------------------|----------------|----------------|
| <b>Raw materials</b>       | <b>75,173</b>  | <b>78,274</b>  |
| Gross value                | 97,540         | 96,815         |
| Impairment loss            | (22,367)       | (18,541)       |
| <b>Work in process</b>     | <b>2,391</b>   | <b>3,176</b>   |
| <b>Semi-finished goods</b> | <b>8,360</b>   | <b>10,836</b>  |
| Gross value                | 9,304          | 11,535         |
| Impairment loss            | (944)          | (699)          |
| <b>Merchandise</b>         | <b>22,875</b>  | <b>37,561</b>  |
| Gross value                | 30,195         | 41,859         |
| Impairment loss            | (7,320)        | (4,298)        |
| <b>Finished goods</b>      | <b>85,615</b>  | <b>83,271</b>  |
| Gross value                | 98,508         | 92,716         |
| Impairment loss            | (12,893)       | (9,445)        |
| <b>Inventories</b>         | <b>194,414</b> | <b>213,118</b> |

The changes in the valuation adjustments to inventories totalled TEUR –10,541 in 2022/23 (2021/22:TEUR –4,037).

#### 2.6.6.10 Trade receivables

| in TEUR                              | 30 April 2023  | 30 April 2022  |
|--------------------------------------|----------------|----------------|
| <b>Trade receivables gross</b>       | <b>177,907</b> | <b>161,754</b> |
| Valuation adjustments to receivables | (8,164)        | (8,017)        |
| <b>Trade receivables</b>             | <b>169,743</b> | <b>153,737</b> |

Details on valuation adjustments are provided in note 2.6.11.1.

The Zumtobel Group transferred trade receivables to a bank in exchange for liquid funds within the framework of a factoring agreement. These receivables were not derecognised in full because all of the related risks and rewards were neither transferred nor retained (allocation of risks and rewards between the Zumtobel Group and the bank). The assessment of the risks resulting from the sold receivables is based on the partially retained default risk and delayed payment risk. The remaining credit risk-related defaults are assumed by the bank. The Zumtobel Group continues to manage the servicing for the sold receivables and retains the right of disposal over the receivables.

| in TEUR   | 30 April 2023  | 30 April 2022  |
|---|----------------|----------------|
| <b>Trade receivables gross before factoring</b> | <b>233,596</b> | <b>239,571</b> |
| <b>Continuing involvement</b>                   |                |                |
| Book value continuing involvement               | 1,642          | 2,175          |
| Book value associated liability                 | 1,642          | 2,175          |

The receivables sold through a factoring agreement, which had not been settled by the customers as of the balance sheet date, totalled TEUR 55,689 (2021/22:TEUR 77,817). Expenses of TEUR 2,045 (2021/22:TEUR 806) were recognised in connection with the factoring agreement.

#### 2.6.6.11 Cash and cash equivalents

Cash and cash equivalents consist of deposits at banks, cash on hand and checks. Of the total bank deposits, TEUR 59 (2021/22:TEUR 137) are not available for discretionary use. The carrying amount of cash and cash equivalents corresponds to the market value because of the terms of these funds.

#### 2.6.6.12 Employee benefits

The provisions for pensions and termination benefits represent post-employment benefits. Other provisions include miscellaneous non-current employee benefits as defined in IAS 19 "Employee Benefits".

The following table reconciles the beginning and ending balances of the present values:

| Defined benefit plans as per IAS 19<br>in TEUR               | Post-employment benefits |               |                      |               |              |               |
|--|--------------------------|---------------|----------------------|---------------|--------------|---------------|
|  | Pensions                 |               | Termination benefits |               | Other        |               |
| 2022/23  | 2021/22                  | 2022/23       | 2021/22              | 2022/23       | 2021/22      |               |
| <b>Beginning balance, net liability</b>                      | <b>55,595</b>            | <b>82,477</b> | <b>40,048</b>        | <b>49,093</b> | <b>9,016</b> | <b>10,702</b> |
| Foreign currency translation & reclassification              | (1,423)                  | 2,209         | 0                    | 0             | (129)        | 77            |
| Changes recognised through profit or loss                    | 3,434                    | 2,765         | 1,840                | 1,466         | 323          | (662)         |
| thereof service cost   | 1,345                    | 1,717         | 836                  | 1,128         | 711          | 702           |
| thereof past service cost                                    | (317)                    | (1,270)       | 0                    | 0             | 0            | 0             |
| thereof plan reductions and settlements                      | 0                        | 0             | 0                    | (200)         | 0            | 0             |
| thereof interest expense                                     | 7,317                    | 4,742         | 1,004                | 538           | 207          | 73            |
| thereof expected income from plan assets                     | (4,911)                  | (2,424)       | 0                    | 0             | 0            | 0             |
| thereof actuarial gain/loss                                  | 0                        | 0             | 0                    | 0             | (595)        | (1,437)       |
| Actuarial gain/loss recognised to other comprehensive income | 956                      | (23,898)      | (2,353)              | (6,876)       | 0            | 0             |
| thereof demographic adjustments                              | (115)                    | 313           | (538)                | (751)         | 0            | 0             |
| thereof financial adjustments                                | (60,991)                 | (38,709)      | (3,637)              | (6,528)       | 0            | 0             |
| thereof experience-related adjustments                       | 62,062                   | 14,498        | 1,822                | 403           | 0            | 0             |
| Payments   | (5,952)                  | (7,958)       | (2,909)              | (3,635)       | (1,085)      | (1,101)       |
| thereof to salaried employees                                | (5,952)                  | (7,958)       | (2,909)              | (3,635)       | (1,085)      | (1,101)       |
| <b>Ending balance, net liability</b>                         | <b>52,610</b>            | <b>55,595</b> | <b>36,626</b>        | <b>40,048</b> | <b>8,125</b> | <b>9,016</b>  |

The changes recognised through profit or loss are recorded on the income statement. Interest expense and the expected income from plan assets are reported under "other financial income and expenses", while the remainder is included under operating results. The column "Other" consists mainly of provisions for service anniversary bonuses in Austria, a legally required profit-sharing model and bonus payments for long-service in France, partial retirement in Germany, and long service leave in Australia.

Experience-related adjustments represent the actuarial gains and losses caused by variances between the individual employee-based parameters and the parameters applied to the entire calculation base. Examples of these parameters are trends in salaries and wages, the number of deaths, early retirements, terminations and the development of the return on plan assets.

Detailed information on the actuarial losses recorded under other comprehensive income is provided in the section on the "IAS 19 reserve".

The following calculation parameters were applied in the individual countries:

|               | Interest rate |             | Income on plan assets |         | Salary trend |         | Pension trend |         | Retirement age (women/men) |         |
|---------------|---------------|-------------|-----------------------|---------|--------------|---------|---------------|---------|----------------------------|---------|
|               | 2022/23       | 2021/22     | 2022/23               | 2021/22 | 2022/23      | 2021/22 | 2022/23       | 2021/22 | 2022/23                    | 2021/22 |
| Germany       | 4.2%          | 2.5%        | -                     | -       | 3.5%         | 2.5%    | 2.0%          | 2.0%    | 1)                         | 1)      |
| Great Britain | 5.0%          | 3.1%        | 5.0%                  | 3.1%    | -            | -       | 3.1%          | 3.6%    | 65/65                      | 65/65   |
| Switzerland   | 2.2%          | 1.6%        | 2.2%                  | 1.6%    | 2.0%         | 1.5%    | -             | -       | 64/65                      | 64/65   |
| Sweden        | 4.1%          | 2.8%        | -                     | -       | -            | -       | 2.1%          | 3.0%    | 65/65                      | 65/65   |
| Austria       | 4.2% - 4.4%   | 2.5% - 2.8% | -                     | -       | 2.8%         | 2.5%    | -             | -       | 2)                         | 2)      |
| France        | 3.7%          | 2.3%        | -                     | -       | 2.8%         | 2.5%    | -             | -       | 3)                         | 3)      |
| Italy         | 4.3%          | 2.6%        | -                     | -       | 1.9%         | 1.5%    | -             | -       | 67/67                      | 67/67   |
| Serbia        | 6.0%          | 4.5%        | -                     | -       | 8.0%         | 7.0%    | -             | -       | 4)                         | 4)      |

A non-recurring salary increase of 8% was included as an inflationary adjustment in Austria; the long-term salary trend equals 2.8%. Country-specific mortality and invalidity tables as well as employee turnover rates were also included. The mortality and invalidity tables applied to the calculation in Great Britain were converted from the CMI 2020-Model to the CMI 2021-Model in 2022/23.

Note 1): Pension obligations 60/65 years and obligations arising from partial retirement at 57 years.

Note 2): The earliest possible retirement age was used as the basis for pension calculations, in keeping with legal transition rules.

Note 3): The retirement age in France ranges from 60 to 70 years and depends primarily on the date of birth and documented insurance time. The legal retirement age for persons born after 1955 is 67 years. There is no difference in the retirement age for men and women.

Note 4): The retirement age in Serbia currently equals 65 years for men and 62 years for women. The retirement age for women will be gradually raised to 65 years by 2032.

### Pension obligations

The Group companies in Germany, Great Britain, Sweden, Australia and Switzerland have implemented defined benefit pension plans. The German and Swedish plans are not financed through external funds; all other plans are financed through external funds. These funds are legally independent of the respective Group company and are only used to meet performance obligations. Any obligations remaining after the deduction of plan assets are recorded as provisions.

The obligations arising from the pension plans are related chiefly to salary-based pension commitments. In individual cases, these obligations also include pension-related commitments to surviving dependents and payments in the event of the participant's invalidity.

The defined benefit plans in the English group companies generally represent obligations from the Thorn Lighting pension fund, which was taken over in connection with the acquisition of the Thorn Group. Most of the related commitments are salary-based pension payments. Benefits are also provided to surviving dependents under certain circumstances. This plan was closed for new employees in 2003 and for additional claims by plan participants in 2009. Since the pension plan is closed, the remaining risks are primarily actuarial in nature.

Two major steps were taken to remedy the shortage of assets in this plan. An agreement was reached with the plan trustee to reduce the deficit by 2046 at the latest through annual contributions by the involved British companies. In addition, the trustee developed and presented an investment strategy in the form of a "statement of investment principles" (SIP), which should support the generation of a portfolio return that exceeds the discount factor.

In order to protect the value of the plan assets, the investment strategy includes elements to systematically reduce risk, above all through the diversification of the portfolio. The daily asset management of the individual asset classes was transferred to professional asset managers, who are licensed and regulated by the Financial Services Authority (FSA) in Great Britain.

The pension plans in Germany are financed entirely through provisions and generally represent commitments for fixed salary-based pension subsidies or commitments based on the employee's final salary, whereby the amount is dependent on the number of years of service with the company. However, the pension plans in Germany have been closed to new employees for over ten years. The remaining risks for the company are therefore mainly actuarial in nature. There is no requirement to cover obligations through plan assets.

The pension obligations in Switzerland represent occupational pensions as defined in Swiss law ("Berufliche Vorsorge-Gesetz", BVG) and also include benefits for surviving dependents and payments in the event of the participant's invalidity. The two involved Swiss companies outsourced these obligations through so-called full-coverage insurance contracts with syndicated funds formed by insurance companies. Swiss experts qualify these full-coverage insurance plans as defined benefit plans in accordance with IAS 19 "Employee Benefits", among others, because of the legally guaranteed minimum payments. The management of plan assets by the syndicated funds is based on BVG regulations and the Swiss directive on occupational benefits for retirees, surviving dependents and invalids ("BVV 2").

The defined benefit plan in Sweden is financed entirely through provisions and is closed for new employees and additional claims. The defined benefit commitments consist of salary-based pension payments. An external insurance company ("PRI Pensionsgaranti") administers the claims, whereby the pension payments it makes to the plan participants are charged to the involved Swedish companies.

In addition, Sweden has a pension fund programme that principally qualifies as a defined benefit obligation. It is a multi-employer plan as defined in IAS 19.29, but the insurance company has not provided sufficient information to value it as defined benefit plan in accordance with actuarial principles. Therefore, payments made by the company are immediately recognised as expenses for a defined contribution plan in accordance with IAS 19.34. These expenses totalled TEUR 235 in 2022/23 (2021/22: TEUR 496), and the payments will total TEUR 137 in 2023/24. The asset coverage calculated in accordance with Swedish law equalled 169% (2021/22: 179%) for all plan participants. This coverage represents the difference between the insurance obligations and the fair value of the relevant assets, which was determined according to information provided by the pension fund programme.

The carrying amount of the net obligations and net assets is shown below:

| in TEUR  | 30 April 2023  | 30 April 2022  |
|--|----------------|----------------|
| Obligations not financed through funds                   | 19,171         | 22,948         |
| Obligations financed through funds                       | 198,996        | 250,886        |
| <b>Present value of defined benefit obligation (DBO)</b> | <b>218,167</b> | <b>273,834</b> |
| Fair value of plan assets                                | (165,557)      | (218,239)      |
| <b>Net liability as per balance sheet</b>                | <b>52,610</b>  | <b>55,595</b>  |

The provision for pensions is classified by country as follows:

| in TEUR                                   | 30 April 2023 | 30 April 2022 |
|---|---------------|---------------|
| Germany                                   | 18,126        | 21,556        |
| Great Britain                             | 31,759        | 29,941        |
| Switzerland                               | 1,680         | 2,706         |
| Other                                     | 1,045         | 1,392         |
| <b>Net liability as per balance sheet</b> | <b>52,610</b> | <b>55,595</b> |

The following table reconciles the present values of the defined benefit obligation (DBO) and plan assets at the beginning and the end of the financial year:

| in TEUR  | 2022/23        |                | 2021/22        |                |
|--|----------------|----------------|----------------|----------------|
|  | DBO            | Plan assets    | DBO            | Plan assets    |
| <b>30 April 2022</b>   | <b>273,834</b> | <b>218,239</b> | <b>299,349</b> | <b>216,872</b> |
| Foreign currency translation                                 | (8,588)        | (7,164)        | 11,152         | 8,943          |
| Service cost   | 1,345          | 0              | 1,717          | 0              |
| Past service cost  | (317)          | 0              | (1,270)        | 0              |
| Interest expense / income                                    | 7,317          | 4,911          | 4,742          | 2,424          |
| Actuarial gain/loss recognised to other comprehensive income | (47,673)       | (48,630)       | (33,157)       | (9,259)        |
| thereof demographic adjustments                              | (115)          | 0              | 313            | 0              |
| thereof financial adjustments                                | (60,991)       | 0              | (38,709)       | 0              |
| thereof experience-related adjustments                       | 13,433         | (48,630)       | 5,238          | (9,259)        |
| Payments   | (7,751)        | (1,799)        | (8,699)        | (741)          |
| <b>30 April 2023</b>   | <b>218,167</b> | <b>165,557</b> | <b>273,834</b> | <b>218,239</b> |

The actual payments from the pension plans totalled TEUR 6,836 in 2022/23 (2021/22: TEUR 8,699).

**Consolidated Financial Statements**

Zumtobel Group AG

1 May 2022 to 30 April 2023

Plan assets comprised the following as of 30 April 2023:

| in TEUR                            | 30 April 2023  | thereof quoted<br>on an active<br>market |
|------------------------------------|----------------|--|
| Liquid funds                       | 8,904          | 6,659                                    |
| Equity instruments                 | 41,927         | 25,013                                   |
| Debt instruments                   | 50,037         | 46,667                                   |
| Real estate                        | 14,246         | 3,811                                    |
| Assets held by insurance companies | 5,660          | 0  |
| Other                              | 44,783         | 41,016                                   |
| <b>Plan assets</b>                 | <b>165,557</b> | <b>123,166</b>                           |

The plan assets generated income of TEUR –43,719 in 2022/23 (2021/22: TEUR –6,836). The year-on-year increase is primarily attributable to the conversion of the mortality and invalidity tables in Great Britain from the CMI 2020-Model to the CMI 2021-Model.

The development of the present value of pension obligations and plan assets is shown in the following table:

| in TEUR        | 30 April 2023 | 30 April 2022 |
|----------------|---------------|---------------|
| Present value  | 218,167       | 273,834       |
| Plan assets    | (165,557)     | (218,239)     |
| <b>Deficit</b> | <b>52,610</b> | <b>55,595</b> |

#### Termination benefits

These obligations are defined by law and require the company to make a lump-sum payment to employees on the termination of their employment relationship under certain circumstances.

The major termination benefit obligation is a result of Austrian law, which applies to employees who joined the Austrian group companies on or before 31 December 2002. These employees are entitled to a termination payment when they reach retirement age or when the company ends the employment relationship. The amount of the claim is linked to the length of service and the amount of the final salary or wage. The termination benefit claims for employees who joined the company after 31 December 2002 are covered by defined contribution plans.

The obligations relate to the following countries:

| in TEUR                                | 30 April 2023 | 30 April 2022 |
|--|---------------|---------------|
| Austria                                | 32,559        | 35,457        |
| France                                 | 2,176         | 2,550         |
| Italy                                  | 1,891         | 2,041         |
| <b>Termination benefit obligations</b> | <b>36,626</b> | <b>40,048</b> |

### IAS 19 Reserve

The following table shows the development of actuarial gains and losses, including deferred taxes, which were recognised directly in equity:

| in TEUR                      | Pensions        | Termination benefits | Total            |
|------------------------------|-----------------|----------------------|------------------|
| <b>30 April 2021</b>         | (113,219)       | (13,605)             | (126,824)        |
| Actuarial gain/loss          | 23,898          | 6,876                | 30,774           |
| Foreign currency translation | (3,950)         | 0                    | (3,950)          |
| Deferred taxes               | (1,734)         | (1,728)              | (3,462)          |
| <b>30 April 2022</b>         | <b>(95,005)</b> | <b>(8,457)</b>       | <b>(103,462)</b> |
| Actuarial gain/loss          | (956)           | 2,353                | 1,397            |
| Foreign currency translation | 4,190           | 0                    | 4,190            |
| Deferred taxes               | (1,118)         | (480)                | (1,598)          |
| <b>30 April 2023</b>         | <b>(92,889)</b> | <b>(6,584)</b>       | <b>(99,473)</b>  |

Deferred taxes of TEUR –1,598 were recognised in other comprehensive income during 2022/23 (2021/22: TEUR –3,462). Deferred taxes were not recognised for IAS 19 differences in Great Britain because their utilisation is not sufficiently certain.

The total actuarial gains of TEUR 5,587 recognised in 2022/23 (2021/22: TEUR 26,824) include losses of TEUR –956 (2021/22: gains of TEUR 23,898) from pension plans which consist primarily of the following: losses of TEUR –4,719 (2021/22: gains of TEUR 16,269) in Great Britain, gains of TEUR 2,632 (2021/22: TEUR 3,013) in Germany, and gains of TEUR 1,079 (2021/22: TEUR 4,414) in Switzerland.

### Sensitivity analysis

Effects on the DBO as of 30 April 2023:

|                      | Discount rate | Salary trend | Pension trend |
|----------------------|---------------|--------------|---------------|
|                      | 0.5%          | (0.5)%       | 0.5%          |
| Pension plans        | (12,530)      | 13,899       | 168           |
| thereof UK           | (9,480)       | 10,402       | 0             |
| Termination benefits | (1,656)       | 1,761        | 799           |
|                      |               |              | (717)         |
|                      |               |              | 0             |
|                      |               |              | 0             |

Effects on the DBO as of 30 April 2022:

|                      | Discount rate | Salary trend | Pension trend |
|----------------------|---------------|--------------|---------------|
|                      | 0.5%          | (0.5)%       | 0.5%          |
| Pension plans        | (18,382)      | 21,080       | 179           |
| thereof UK           | (14,734)      | 16,911       | 0             |
| Termination benefits | (2,031)       | 2,176        | 2,021         |
|                      |               |              | (1,909)       |
|                      |               |              | 0             |
|                      |               |              | 0             |

**Weighted average term of the obligation in years**

|                      | 30 April 2023 | 30 April 2022 |
|----------------------|---------------|---------------|
| Pension plans        | 11            | 12            |
| Termination benefits | 9             | 12            |

The contributions to pension plans are expected to total TEUR 5,383 in 2023/24, and the expected termination benefits amount to TEUR 2,506.

**Other long-term employee benefits**

These obligations totalled TEUR 8,125 in 2022/23 (2021/22:TEUR 9,016) and consisted mainly of the following provisions: TEUR 6,457 (2021/22:TEUR 6,905) for service anniversary bonuses in Austria, TEUR 365 (2021/22:TEUR 560) for partial retirement in Germany, TEUR 782 (2021/22:TEUR 864) for special leave in Australia, and TEUR 521 (2021/22:TEUR 687) for legally required profit sharing and bonus payments for long-standing service in France.

**2.6.6.13 Defined contribution obligations**

Defined contributions of TEUR 5,376 to various pension plans were made by various Group companies in 2022/23 (2021/22:TEUR 6,269). This amount also includes payments made in Austria based on the amended termination benefits regulations ("Abfertigung neu").

**2.6.6.14 Defined benefit remuneration systems**

The compensation packages for employees in certain functions include annual variable salary components. The employees assigned to these functions are entitled to participate in the Group's overall results and, consequently, are part of the Global Reward Scheme (GRS). The variable salary components of the GRS consist of two incentive schemes:

- 1) Short-Term Incentive Scheme (STI)
- 2) Long-Term Incentive Scheme (LTI)

Variable remuneration comprises a short-term component (Short-Term Incentive; STI) and a long-term component (Long-Term Incentive; LTI). The STI is paid out in cash on the allocation date. The cash distribution from the LTI is spread over the three following years, whereby the pay-out of the individual tranches is based on a performance evaluation at the respective distribution date. For the Management Board, the first possible pay-out from the LTI is scheduled after a four-year performance period.

The performance evaluation for the allocation of variable remuneration in the respective distribution years is based on three performance indicators: adjusted EBIT, free cash flow and individual goals. For the Management Board, the performance indicators are the EBIT margin, free cash flow and ESG goals. The targets for these performance indicators are based on the budget forecast and defined at the beginning of each financial year.

The evaluation of the accrued LTI tranches from earlier years up to and including the 2021/22 financial year is based on the total shareholder return of Zumtobel Group AG, which is compared with the total shareholder return of selected, comparable companies (peer group). This peer group has a broad distribution, from both a geographical and industrial perspective. For LTI participants below the Management Board level, this applies up to and include the 2022/23 financial year. The following procedure applicable to the Management Board for granted LTI tranches will also be valid for these persons beginning with the 2023/24 financial year. The current tranche of the long-term component from the LTI commitment had been earned in full as of 30 April 2023, whereby the relative TSR target attainment was based on a branch index compared with the STOXX® Europe 600 Industrial Goods & Services and average annual revenue growth over a four-year performance period (compound annual growth rate, CAGR). A provision was therefore recognised at the full amount of the obligation. The provisions for share-based remuneration with cash settlement totalled TEUR 5,723 (2021/22:TEUR 4,343), and the respective amount recognised under personnel expenses amounted to TEUR 2,029 in 2022/23 (2021/22:TEUR 1,974).

In addition to this remuneration method, variable salary components represent part of the total compensation package for the sales staff (direct sales jobs) and participants in defined local remuneration programmes.

#### 2.6.6.15 Other provisions

##### 2022/23 Financial Year

| in TEUR                               | Guarantees    | Restructuring | Legal proceedings | Onerous contracts | Other         | Total         |
|---------------------------------------|---------------|---------------|-------------------|-------------------|---------------|---------------|
| <b>30 April 2022</b>                  | <b>31,942</b> | <b>2,655</b>  | <b>232</b>        | <b>316</b>        | <b>12,057</b> | <b>47,202</b> |
| Addition                              | 3,882         | 2,528         | 16                | 1,481             | 5,386         | 13,293        |
| Utilisation                           | (4,202)       | (2,656)       | (167)             | (185)             | (6,799)       | (14,009)      |
| Reversal                              | (924)         | 0             | 0                 | 0                 | (1,270)       | (2,194)       |
| Changes in the scope of consolidation | (24)          | 0             | 0                 | 0                 | 0             | (24)          |
| Foreign currency translation          | (959)         | (42)          | (4)               | (10)              | (161)         | (1,176)       |
| <b>30 April 2023</b>                  | <b>29,715</b> | <b>2,485</b>  | <b>77</b>         | <b>1,602</b>      | <b>9,214</b>  | <b>43,093</b> |
| thereof current                       | 10,971        | 2,485         | 77                | 1,602             | 7,799         | 22,934        |
| thereof non-current                   | 18,744        | 0             | 0                 | 0                 | 1,415         | 20,159        |

**Other current provisions** include, among others, accruals for licenses, commissions, customs duties, freight and professional associations as well as consulting and auditing fees. The comparable position under **other non-current provisions** consists chiefly of settlements due to sales representatives.

##### Provisions for guarantees

The provisions for guarantees are classified into separate provisions of TEUR 8,640 (2021/22: TEUR 7,872) for individual cases and experience-based provisions of TEUR 2,331 (2021/22: TEUR 2,286) for cases not recognised individually or not known. Provisions are created for cases not recognised individually or not known in connection with the voluntary extension of the guarantee to five years for Zumtobel products sold in the EU or EFTA countries. The respective calculations include the application of separate percentage rates for the various product groups to product revenues for the respective period. In addition, provisions of TEUR 18,744 (2021/22: TEUR 21,784) were recognised for individual damage cases which primarily involve road lighting projects in Great Britain.

##### Provisions for restructuring

These provisions resulted from the restructuring measures connected with the plant reorganisation which were still in progress as of 30 April 2023.

## 2.6.6.16 Financial liabilities

| in TEUR                           | 30 April 2023  | 30 April 2022  |
|-----------------------------------|----------------|----------------|
| Loans from financial institutions | 2,025          | 2,573          |
| Lease liability                   | 12,035         | 12,486         |
| Loans from other third parties    | 0              | 490            |
| Working capital credits           | 22,376         | 18,906         |
| <b>Current borrowings</b>         | <b>36,436</b>  | <b>34,455</b>  |
| Loans from financial institutions | 70,000         | 80,000         |
| Lease liability                   | 33,502         | 37,024         |
| Loans from public authorities     | 7,536          | 6,276          |
| <b>Non-current borrowings</b>     | <b>111,038</b> | <b>123,300</b> |
| <b>Borrowings</b>                 | <b>147,474</b> | <b>157,755</b> |

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2027 (2021/22: December 2026) and a maximum line which currently equals EUR 125 million. No funds were drawn under this credit agreement as of 30 April 2023 or 30 April 2022. In addition, the Zumtobel Group concluded two long-term credit agreements with the European Investment Bank (EIB): one with a volume of EUR 30 million with bullet repayment and a term ending in September 2024 (whereby a voluntary premature repayment of EUR 10 million was made in 2022/23), and the other with a volume of EUR 40 million and a term ending in February 2025. Both facilities were fully drawn as of 30 April 2023. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2023 with a debt coverage ratio of 0.62 (2021/22: 0.79) and an equity ratio of 42.1% (2021/22: 38.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances. A deterioration or improvement in these financial indicators could lead to a gradual increase or decrease in the credit margin. Failure to comply with the covenants could cause the lending banks to call existing loans.

## 2.6.6.17 Rights of use from leases and lease liabilities

The Zumtobel Group leases various items of real estate, machinery and motor vehicles. The related leases are generally concluded for three to ten years but can also include extension options. These contracts can include leasing as well as non-leasing components. The transaction prices for the various components are based on their respective individual prices. Leases are negotiated individually and include a wide variety of different conditions. They do not include any credit conditions, with the exception that the leased object serves as collateral for the lessor. Consequently, leased assets may not be used as collateral for borrowings.

The assets and liabilities from leases are initially recognised at their present value. The lease liabilities include the present value of the following lease payment:

- >> Fixed lease payments (including de facto fixed payments minus any incentives received)
- >> Variable lease payments that are linked to an index or interest(rate) and initially recognised at the index or interest(rate) on the commencement date
- >> Expected payments by the Group from the utilisation of residual value guarantees
- >> Penalty payments connected with the cancellation of a lease, if the Group plans to exercise the cancellation option during the term of the lease.

The measurement of lease liabilities also includes the lease payments which would result from the sufficiently probable exercise of extension options. Lease payments are discounted at the underlying implied interest rate when this rate can be readily determined. If not – which is usually the case – discounting is based on the lessee's incremental borrowing rate, i.e. the interest rate that the lessee would have to pay to borrow over a similar term with similar security and conditions to purchase an asset of similar value in a similar economic environment.

Group-wide interest rates are available for use in establishing the incremental borrowing rate. They are based on the Group's major currencies, each with three maturity bands.

The currency-specific three-year SWAP rate plus the Group's risk premium represents a uniform interest rate for all leases with a term up to three years. This covers the majority of the leasing contracts, which primarily involve motor vehicles with a term of 36 months. The currency-specific, six-year SWAP rate plus the Group's risk premium represents a uniform interest rate for all leases with a term of three to six years. The calculations for leases with a term over six years are based on a currency-neutral ten-year SWAP rate.

The overall risk premium is based on the parameters for the Group's average credit spread and the respective country-specific risk premium, which form the basis to establish the WACC for impairment testing. In line with the financing structure of the Zumtobel Group, a uniform risk premium was applied to the entire corporation. Local investments are generally financed internally through loans or with guarantees provided by the Group.

The Zumtobel Group is exposed to potential changes in variable lease payments arising from fluctuations in an index or interest(rate). Any effect on the lease payment is reflected in the remeasurement of the lease liability against the right of use. Lease payments are separated into a principal and an interest portion. The interest portion is recognised to profit or loss over the term of the lease to develop a constant periodic rate of interest over the remaining amount of the liability.

The rights of use are measured at cost, which includes the following components:

- >> The amount determined by the initial measurement of the lease liability
- >> any lease payments made at or before the commencement date, less any lease incentives received
- >> any initial direct costs incurred by the lessee and
- >> the estimated costs for the lessee to return the underlying asset to the condition required by the lease.

Rights of use are amortised on a straight-line basis over the shorter of the asset's useful life and the term of the underlying lease. Payments for short-term leases of technical equipment, machinery and motor vehicles and low-value leases are expensed as incurred. Short-term leases are defined as leases with a term up to twelve months and without a purchase option. Low-value assets include IT and office equipment.

A number of real estate leases held by the Group, primarily in connection with sales locations, include extension and cancellation options. Most of these extension and cancellation options can only be exercised by the Zumtobel Group and not by the respective lessor. In establishing the term of a lease, management includes all facts and circumstances which could provide an economic incentive to exercise an extension option or not to exercise a cancellation option. Any changes in the term arising from the exercise of extension or cancellation options are only included in the lease term when the extension or non-exercise of the cancellation option is sufficiently probable.

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Zumtobel Group AG

1 May 2022 to 30 April 2023

Development of the rights of use in 2022/23:

| in TEUR                | Land & buildings | Other equipment | Right-of-use assets |
|------------------------|------------------|-----------------|---------------------|
| <b>30 April 2022</b>   | <b>32,942</b>    | <b>5,674</b>    | <b>38,616</b>       |
| Additions              | 7,314            | 7,610           | 14,924              |
| Scheduled depreciation | (8,205)          | (4,208)         | (12,414)            |
| Other movements        | (8,697)          | (1,142)         | (9,839)             |
| <b>30 April 2023</b>   | <b>23,354</b>    | <b>7,934</b>    | <b>31,288</b>       |

Future lease payments to third parties:

| in TEUR                             | 2022/23       | 2021/22       |
|-------------------------------------|---------------|---------------|
| < 1 year                            | 13,963        | 17,026        |
| 1–5 years                           | 32,426        | 29,417        |
| > 5 years                           | 5,438         | 11,029        |
| <b>Total minimum lease payments</b> | <b>51,827</b> | <b>57,472</b> |

Expenses totalling TEUR 10,654 were incurred in 2022/23 (2021/22:TEUR 5,583) for licences/software leasing, short-term leases, low-value leases, leases with rights and obligations whose enforcement is not sufficiently certain, and service components. The interest expense arising from leases amounted to TEUR 2,988 (2021/22:TEUR 3,187). Lease payments totalled TEUR 16,500 (2021/22:TEUR 19,442), whereby there are no conditional lease payments.

Material leases:

A GBP 15.7 million finance lease was concluded in 2008/09 for the factory building in Spennymoor, Great Britain. This finance lease has a 21-year term, whereby no payments were due in the first year. The net present value of the minimum lease payments totalled TEUR 12,485 as of 30 April 2023 (2021/22:TEUR 14,300). The year-on-year change in the net present value of the minimum lease payments resulted chiefly from a repayment of TEUR 1,141 (2021/22:TEUR 1,096) and from foreign exchange translation effects.

#### 2.6.6.18 Zumtobel Group as the lessor

The Zumtobel Group has sublet vacant office and warehouse space which, in total, is immaterial in scope. The terms of these subleases range from one to three years.

Rental income of TEUR 178 was received in 2022/23 (2021/22:TEUR 1,040). Of this total, TEUR 178 (2021/22:TEUR 208) represent income from sub-letting capitalised rights of use as defined in IFRS 16.

#### 2.6.6.19 Other liabilities

The components of other liabilities are as follows:

| in TEUR  | 30 April 2023  | 30 April 2022  |
|--|----------------|----------------|
| Contract liabilities   | 54,083         | 53,737         |
| Government grants  | 9,499          | 8,473          |
| Vacations, comp. in free time, special payments to employees | 64,967         | 62,116         |
| Amounts due to employees                                     | 7,867          | 6,687          |
| Miscellaneous taxes  | 20,581         | 18,201         |
| Social security  | 6,154          | 5,800          |
| Accrued interest   | 265            | 40             |
| Derivatives (hedge accounting)                               | 4,274          | 4,361          |
| Derivatives held for trading                                 | 996            | 879            |
| Customs  | 33             | 2,351          |
| Other liabilities  | 7,232          | 8,942          |
| <b>Other liabilities</b>                                     | <b>175,951</b> | <b>171,587</b> |
| thereof non-current  | 17,861         | 18,101         |
| thereof current  | 158,090        | 153,486        |

Contract liabilities consist primarily of prepayments received, rebates, bonuses and discounts arising from contracts with customers and from long-term accruals for extended guarantees of TEUR 13,466 (2021/22: TEUR 14,407). The Zumtobel Group received government grants totalling TEUR 6,710 (2021/22: TEUR 7,564) for the plant in Serbia. These grants will be reported under deferred income until the grant conditions are met in full. The position "government grants" also includes research subsidies and investment bonuses. The amounts due to employees are based mainly on commitments made in connection with the employee incentive programme and include long-term commitments of TEUR 4,395 (2021/22: TEUR 3,694). Other liabilities primarily involve accrued expenses and customers with credit balances which do not represent financial instruments.

#### 2.6.7 Notes to the Consolidated Cash Flow Statement

Cash flow was determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows are translated at the average monthly exchange rate and then aggregated, while the balance sheet positions are translated at the exchange rate in effect on the closing date. This procedure leads to currency translation differences, above all in individual positions under cash flow from operating activities, and thereby also to significant differences in comparison with the changes in the respective balance sheet positions.

In agreement with the indirect method, profit before tax is adjusted for the effects of non-cash transactions (e.g. depreciation and amortisation) as well as income and expenses that relate to investing or financing activities.

Cash flow from operating results rose from TEUR 122,747 in the previous year to TEUR 140,205 in 2022/23, chiefly due to the improvement in profitability.

Working capital totalled TEUR 231,745 on 30 April 2023 and was TEUR 20,440 higher than on 30 April 2022. Inventories declined by TEUR 18,703 following the easing of tensions on the global procurement markets. Trade receivables rose by TEUR 16,006 over the level on 30 April 2022, while trade liabilities were reduced by TEUR 23,698 based on favourable liquidity. As a per cent of rolling 12-month revenues, working capital rose from 18.4% in the previous year to 19.2%. The receivables sold through factoring agreements amounted to TEUR 55,689 as of 30 April 2023 (2021/22: TEUR 77,817). The change in other operating positions equalled TEUR -1,822 (2021/22: TEUR -5,452). The cash inflows in this position resulted primarily from the release and use of guarantee provisions. Cash flow from operating activities rose from TEUR 57,624 to TEUR 106,213 in 2022/23.

Cash flow from investing activities consists mainly of investments in various production facilities and also includes investments in tools for new products, expansion projects, maintenance and capitalised development costs. Investments increased year-on-year to TEUR 54,484 in 2022/23 (2021/22: TEUR 45,331) and included capitalised development costs, digitalisation and modernisation expenditures of TEUR 39,354 (2021/22: TEUR 26,582) in Dornbirn. Supported by the improvement in cash flow from operating activities, free cash flow rose to TEUR 52,259 in the reporting year (2021/22: TEUR 15,883) despite the increase in investments.

Cash flow from financing activities was adjusted by the non-cash additions from lease liabilities. This position includes cash outflows of TEUR 13,514 (2021/22: TEUR 13,619) for principal payments on lease liabilities and TEUR 6,942 (2021/22: TEUR 5,428) of interest paid on lease liabilities. Dividends of TEUR 15,101 were distributed to shareholders during the 2022/23 financial year (2021/22: TEUR 8,629).

Liquid funds comprise cash and cash equivalents. The latter are held for the purpose of meeting short-term cash obligations. They are subject to only insignificant fluctuations in value and have a remaining maturity of not more than three months from the date of acquisition. Bank overdrafts are generally considered to be part of cash and cash equivalents because they form an integral part of the Group's cash management.

Bank deposits, demand deposits and other similar items are presented on the consolidated balance sheet under "liquid funds". Overdrafts are reported on the balance sheet under current financial liabilities.

The balance sheet position "liquid funds" also includes the above-mentioned bank deposits that are not available for discretionary use as well as smaller deposits with a term over three months. These items are not considered to be part of cash and cash equivalents.

#### 2.6.7.1 Reconciliation to cash and cash equivalents

| in TEUR                          | 30 April 2023 | 30 April 2022 |
|----------------------------------|---------------|---------------|
| Liquid funds                     | 58,918        | 60,461        |
| Not available for disposal       | (59)          | (137)         |
| Overdrafts                       | (22,376)      | (18,906)      |
| <b>Cash and cash equivalents</b> | <b>36,483</b> | <b>41,418</b> |

Cash and cash equivalents do not include funds that are subject to restrictions on disposal.

### 2.6.7.2 Reconciliation to financial liabilities

| in TEUR   | Loans<br>received<br>(non-current<br>and current) | Overdrafts      | Total         | Lease liability<br>(non-current<br>and current) | Total<br>borrowings |
|---|---|-----------------|---------------|---|---------------------|
| <b>30 April 2021</b>                                  | <b>99,979</b>                                     | <b>(10,041)</b> | <b>89,938</b> | <b>55,696</b>                                   | <b>145,634</b>      |
| Cash proceeds from non-current and current borrowings |   |                 | 22,533        | 0   | 22,533              |
| Cash repayments of non-current and current borrowings |   |                 | (24,551)      | (13,617)  | (38,168)            |
| Effect of changes in foreign exchange rates           |   |                 | 1,781         | 677   | 2,458               |
| Other changes   |   |                 | (362)         | 6,754   | 6,392               |
| <b>30 April 2022</b>                                  | <b>108,245</b>                                    | <b>(18,906)</b> | <b>89,339</b> | <b>49,510</b>                                   | <b>138,849</b>      |
| Cash proceeds from non-current and current borrowings |   |                 | 2,464         | 0   | 2,464               |
| Cash repayments of non-current and current borrowings |   |                 | (19,517)      | (13,514)  | (33,030)            |
| Effect of changes in foreign exchange rates           |   |                 | 7,422         | 1,579   | 9,001               |
| Other changes   |   |                 | (147)         | 7,962   | 7,815               |
| <b>30 April 2023</b>                                  | <b>101,937</b>                                    | <b>(22,376)</b> | <b>79,561</b> | <b>45,537</b>                                   | <b>125,098</b>      |

The position "other changes" consists chiefly of the non-cash changes to lease liabilities arising from the additions, disposals and modifications to leases as well as accrued interest.

### 2.6.8 Notes to the Consolidated Statement of Changes in Equity

#### 2.6.8.1 Share capital

Share capital amounts to EUR 108,750,000 and is divided into 43,500,000 bearer shares with zero par value. Zumtobel Group AG shares are traded in the Prime Market segment of the Vienna Stock Exchange. The stock market abbreviation is ZAG, and the international security identification number (ISIN) is AT0000837307. The company has no shares that carry special preferred rights or control rights.

A total of 43,146,657 shares were outstanding as of 30 April 2023 (2021/22: 43,146,657). The company holds 353,343 treasury shares (2021/22: 353,343).

#### 2.6.8.2 Additional paid-in capital

Additional paid-in capital includes the appropriated and non-appropriated capital of Zumtobel Group AG. This item also includes any transactions in treasury shares.

#### 2.6.8.3 Reserves

##### Other reserves

This position includes profit carried forward, profit for the year and the reserve from the expired stock option programme.

### Currency reserve

This reserve includes the currency differences resulting from the application of the historical exchange rate on the date of initial consolidation and the exchange rate in effect on the balance sheet date for companies that do not report in the euro as well as differences resulting from the translation of the income statement at the monthly average exchange rate and the exchange rate in effect on the balance sheet date. Also included here are the currency differences arising from long-term Group loans granted in GBP and AUD, which are classified as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" (also see notes 2.6.5.1 and 2.6.5.2) as well as the foreign exchange effects from an interest rate hedge. Foreign exchange-based adjustments to goodwill are also recorded under this position.

### Hedge accounting

The increases or decreases in equity in the previous year from the application of hedge accounting reflect the changes in the fair value of derivative contracts that are recorded directly in equity as well as amounts transferred from equity to profit or loss following the exercise or realisation of contracts and the related deferred taxes.

### IAS 19 reserve

Additional information on the IAS 19 reserve is provided in note 2.6.6.12 Fehler! Verweisquelle konnte nicht gefunden werden..

#### 2.6.8.4 Dividend

The general meeting on 29 July 2022 approved a dividend payment of 35 euro cents per share for the 2021/22 financial year. Accordingly, a total of TEUR 15,101 was distributed on 5 August 2022 to the 43,146,657 shares outstanding (43,500,000 shares less 353,343 treasury shares).

Zumtobel Group AG follows a continuous dividend policy which calls for a pay-out of approximately 30% to 50% of consolidated net profit, taking any special effects into consideration. In order to safeguard the company's financial stability under all possible scenarios, the specific amount of the dividend is also dependent on debt coverage.

Net profit for the 2022/23 financial year was positive at TEUR 59,970. In view of this solid operating development, the Management Board plans to make a recommendation to the Supervisory Board, and subsequently to the annual general meeting of Zumtobel Group AG which is scheduled for 28 July 2023, to distribute a dividend of 40 euro cents per share for the 2022/23 financial year.

### 2.6.9 Capital management

The goals of capital management in the Zumtobel Group are to protect the continued existence of its member companies ("going concern") and to optimise the return for shareholders by creating the best possible balance between the use of equity and debt. The capital structure is monitored regularly based on the minimum equity ratio agreed with the major lenders, including the cost and the risks connected with each type of capital. The main instruments used for capital management include an increase in or reduction of financial liabilities as well as dividend payments, new issues and share buybacks.

The consortium credit agreement and two long-term credit contracts with the European Investment Bank (EIB) represent the major financing agreements for the Zumtobel Group. Information on the credit agreements is provided in note 2.6.6.16.

### 2.6.10 Information on Financial Instruments

#### 2.6.10.1 Categories of financial instruments as defined in IFRS 9

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as well as their classification in the fair value hierarchy.

2022/23 Financial Year

Assets

| in TEUR  | Carrying amount | Accounting at |                | Fair value | Level 1 | Level 2 | Level 3 |
|--|-----------------|---------------|----------------|------------|---------|---------|---------|
|  |                 | fair value    | amortized cost |            |         |         |         |
| Non-current financial assets                           | 5,336           | 576           | 4,760          | -          |         |         |         |
| <i>Securities and similar rights</i>                   | 576             | 576           | -              | 576        |         |         | 576     |
| <i>Loans originated and other receivables</i>          | 4,760           | -             | 4,760          | -          |         |         |         |
| Current financial assets                               | 2,084           | 426           | 1,658          | -          |         |         |         |
| <i>Securities and similar rights</i>                   | 1,642           | -             | 1,642          | -          |         |         |         |
| <i>Loans originated and other receivables</i>          | 16              | -             | 16             | -          |         |         |         |
| Positive market values of derivatives held for trading | 426             | 426           | -              | 426        |         | 426     |         |
| Trade receivables                                      | 169,743         | 1,642         | 168,101        | 1,642      |         |         | 1,642   |
| Liquid funds   | 58,918          | -             | 58,918         | -          |         |         |         |
| <b>Total</b>   | <b>236,081</b>  | <b>2,644</b>  | <b>233,437</b> |            |         |         |         |

Liabilities

| in TEUR   | Carrying amount | Accounting at |                | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
|   |                 | fair value    | amortized cost |            |         |         |         |
| Non-current borrowings  | 111,038         | -             | 111,038        | -          |         |         |         |
| <i>Loans received</i>   | 77,536          | -             | 77,536         | 75,340     |         |         |         |
| <i>Lease liability</i>  | 33,502          | -             | 33,502         | -          |         |         |         |
| Other non-current liabilities                                   | -               | -             | -              | -          |         |         |         |
| Current borrowings  | 36,436          | -             | 36,436         | -          |         |         |         |
| <i>Loans received</i>   | 2,025           | -             | 2,025          | -          |         |         |         |
| <i>Working capital credits</i>                                  | 22,376          | -             | 22,376         | -          |         |         |         |
| <i>Lease liability</i>  | 12,035          | -             | 12,035         | -          |         |         |         |
| Trade payables  | 96,577          | -             | 96,577         | -          |         |         |         |
| Other current liabilities                                       | 5,535           | 5,270         | 265            | 5,270      |         |         |         |
| <i>Negative market values of derivatives held for trading</i>   | 996             | 996           | -              | 996        |         | 996     |         |
| <i>Negative market values of derivatives (hedge accounting)</i> | 4,274           | 4,274         | -              | 4,274      |         | 4,274   |         |
| <i>Other</i>  | 265             | -             | 265            | -          |         |         |         |
| <b>Total</b>  | <b>249,586</b>  | <b>5,270</b>  | <b>244,316</b> |            |         |         |         |

The table does not include any information on the fair value of financial assets and financial liabilities that are not carried at fair value when the carrying amount represents an approximation of fair value.

All financial liabilities are carried at amortised cost, with the exception of derivatives.

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In the Zumtobel Group, the calculation of fair value is based primarily on input factors which are generally observable on the market (Level 2). The fair value of forward exchange contracts is based on the present value of future cash flows and reflects the application of current market-based interest rate curves for the respective currency and the foreign exchange rates in effect on the valuation date. The fair value of the remaining derivative financial instruments can be reliably determined as of each balance sheet date because these measurements are based on observable market input factors. These valuations reflect the Level 2 criteria. The Level 2 financial instruments consist entirely of the derivatives reported under financial assets and financial liabilities (positive market values: TEUR 426, 2021/22:TEUR 1,548; negative market values: TEUR –5,270, 2021/22: TEUR –5,240). The risks associated with non-fulfilment of the financial assets and liabilities are reflected in risk discounts if the amounts are material.

The consolidated financial statements also include an immaterial volume of financial instruments whose valuation is not based on quoted prices or input factors that can be observed on the market (Level 3). Most of these financial instruments represent smaller investments in various companies. In total, there were no major year-on-year changes in the composition of these financial instruments. Dividends of TEUR 14 were received during the 2022/23 financial year (2021/22:TEUR 27).

2021/22 Financial Year

Assets

| in TEUR   | Carrying amount | Accounting at |                | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
|   |                 | fair value    | amortized cost |            |         |         |         |
| Non-current financial assets                                  | 5,297           | 576           | 4,721          | -          |         |         |         |
| <i>Securities and similar rights</i>                          | 576             | 576           | -              | 576        |         |         | 576     |
| <i>Loans originated and other receivables</i>                 | 4,721           | -             | 4,721          | -          |         |         |         |
| Current financial assets                                      | 3,728           | 1,548         | 2,180          | -          |         |         |         |
| <i>Securities and similar rights</i>                          | 2,175           | -             | 2,175          | -          |         |         |         |
| <i>Loans originated and other receivables</i>                 | 5               | -             | 5              | -          |         |         |         |
| <i>Positive market values of derivatives held for trading</i> | 1,548           | 1,548         | -              | 1,548      |         | 1,548   |         |
| Trade receivables   | 153,737         | 2,175         | 151,562        | 2,175      |         |         | 2,175   |
| Liquid funds  | 60,461          | -             | 60,461         | -          |         |         |         |
| <b>Total</b>  | <b>223,223</b>  | <b>4,299</b>  | <b>218,924</b> |            |         |         |         |

Liabilities

| in TEUR   | Carrying amount | Accounting at |                | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
|   |                 | fair value    | amortized cost |            |         |         |         |
| Non-current borrowings  | 123,300         | -             | 123,300        | -          |         |         |         |
| <i>Loans received</i>   | 86,276          | -             | 86,276         | 85,483     |         |         |         |
| <i>Lease liability</i>  | 37,024          | -             | 37,024         | -          |         |         |         |
| Other non-current liabilities                                 | -               | -             | -              | -          |         |         |         |
| Current borrowings  | 34,455          | -             | 34,455         | -          |         |         |         |
| <i>Loans received</i>   | 3,063           | -             | 3,063          | -          |         |         |         |
| <i>Working capital credits</i>                                | 18,906          | -             | 18,906         | -          |         |         |         |
| <i>Lease liability</i>  | 12,486          | -             | 12,486         | -          |         |         |         |
| Trade payables  | 120,275         | -             | 120,275        | -          |         |         |         |
| Other current liabilities                                     | 5,280           | 5,240         | 40             | 5,240      |         |         |         |
| <i>Negative market values of derivatives held for trading</i> | 879             | 879           | -              | 879        |         | 879     |         |
| <i>Negative market values of derivatives</i>                  | 4,361           | 4,361         | -              | 4,361      |         | 4,361   |         |
| <i>Other</i>  | 40              | -             | 40             | -          |         |         |         |
| <b>Total</b>  | <b>283,310</b>  | <b>5,240</b>  | <b>278,070</b> |            |         |         |         |

#### 2.6.10.2 Income / expense on financial instruments (IFRS 9 categories)

| in TEUR  | 2022/23        | 2021/22        |
|--|----------------|----------------|
| <b>Net gains or net losses</b>   | <b>(3,549)</b> | <b>(4,891)</b> |
| <i>Financial instruments measured at amortised cost</i>                    | (2,347)        | (5,359)        |
| <i>Financial instruments at fair value through P&amp;L</i>                 | (591)          | 1,206          |
| <i>Net investment hedge – ineffective portion of changes in fair value</i> | 37             | (219)          |
| <i>Realised losses from the hedge of a net investment</i>                  | (648)          | (519)          |
| <b>Interest expense</b>  | <b>(7,254)</b> | <b>(5,267)</b> |
| <i>Interest expense for financial assets measured at amortised cost</i>    | (7,254)        | (5,267)        |
| <b>Interest income</b>   | <b>445</b>     | <b>301</b>     |
| <i>Interest income at amortised cost</i>                                   | 445            | 301            |
| <b>Valuation adjustments to trade receivables</b>                          | <b>(412)</b>   | <b>689</b>     |

Other financial income and expenses (TEUR –7,167; 2021/22: TEUR –7,820) include the net income or expense from these instruments (TEUR –3,549; 2021/22: TEUR –4,891) as well as the interest component as defined in IAS 19 “Employee Benefits” after the deduction of income on plan assets (TEUR –3,618; 2021/22: TEUR –2,929).

Net income / expense as well as the total interest expense and income are included under financial results, while impairment losses on loans and receivables are reported under selling expenses.

#### 2.6.11 Information on Risk Management

The use of financial instruments exposes the Zumtobel Group, in particular, to the following risks:

- >> Credit risk
- >> Liquidity risk
- >> Market risk

Risk management is regulated by Group guidelines. The Management Board is responsible for the preparation of appropriate guidelines and the monitoring of risk management throughout the Group.

##### 2.6.11.1 Credit risk

- >> Trade receivables

Group companies have not concluded any general settlement agreements with customers, and the total amounts reported under assets therefore represent the maximum credit and default risk. However, this risk is considered low because it is distributed over a large number of customers and financial institutions. Losses on receivables, i.e. derecognised receivables, equalled 0.07% of Group revenues in 2022/23 (2021/22: 0.10%). In 2022/23, no individual customer was responsible for more than 10% of Group revenues.

The Group has arranged for credit insurance to cover the default risk on specific trade receivables, and an application for coverage is required for every new customer with a balance of TEUR 100 or more. The deductible on this credit insurance in the event of a default incident equalled 25% of the insured receivables as of 30 April 2023. Group managers are authorised to approve credit limits for customers, whereby the amount of the credit limit is matched to the management level.

The valuation adjustments to trade receivables developed as follows:

| in TEUR                      | 2022/23        | 2021/22        |
|------------------------------|----------------|----------------|
| <b>Beginning balance</b>     | <b>(8,017)</b> | <b>(8,945)</b> |
| Foreign currency translation | (98)           | (177)          |
| Addition                     | (990)          | (1,165)        |
| Utilisation                  | 228            | 729            |
| Reversal                     | 713            | 1,541          |
| <b>Ending balance</b>        | <b>(8,164)</b> | <b>(8,017)</b> |

Individual valuation adjustments were recognised in connection with possible default cases. These individual charges are based on the classification of receivables as doubtful or non-doubtful. The allowances for doubtful receivables are based on specific indications or confirmation of the need to recognise a valuation adjustment. The allowances for non-doubtful receivables are calculated on the basis of a six-step risk class model which includes empirically developed default probabilities.

|  |                |
|--|----------------|
| <b>Trade receivables gross</b>                           | <b>177,907</b> |
| thereof Trade receivables not valued in risk-class-model | (23,788)       |
| thereof basis for impairment                             | 154,119        |

| Probability of default per risk class in % | Basis for impairment | Impairment     |
|--|----------------------|----------------|
| Debtor risk class 1                        | 0.06%                | 13,558         |
| Debtor risk class 2                        | 0.17%                | 28,745         |
| Debtor risk class 3                        | 0.49%                | 48,811         |
| Debtor risk class 4                        | 1.63%                | 46,863         |
| Debtor risk class 5                        | 9.31%                | 6,284          |
| Debtor risk class 6                        | 15.00%               | 9,858          |
| <b>Total</b>                               | <b>154,119</b>       | <b>(1,875)</b> |
| Country-specific factor                    | 0,89 - 1,25          | (215)          |
| <b>Total</b>                               |                      | <b>(2,090)</b> |

The main components of trade receivables that are not evaluated under the risk class valuation model are as follows:

- >> Receivables whose impairment or default is covered by individual credit insurance are excluded in line with the deductible.
- >> The dilution reserve and ongoing activities for the receivables derecognised in connection with the factoring agreement which are contrasted by contract liabilities from the granting of discounts, bonuses and rebates as well as a liability to the factor.
- >> Trade receivables from the invoicing of partial services for which prepayments have already been recognised as liabilities.

The nominal value of trade receivables includes TEUR 6,074 (2021/22:TEUR 6,479) that were classified as doubtful. These doubtful receivables were written off in full.

**>> Liquid funds, securities, derivatives and other financial assets**

The Zumtobel Group minimises credit risk in this area by investing only in short-term instruments with selected banks.

**>> Outstanding credit risk**

The maximum risk represents the carrying amount of financial instruments and totalled TEUR 236,081 as of 30 April 2023 (2021/22:TEUR 223,223). This amount consists primarily of trade receivables and liquid funds (also see note 2.6.10.1).

**>> Climate-related credit risks**

The Zumtobel Group currently sees no credit risks which would be caused directly by climate change due to the short term of the loans from trade receivables which result from its business model.

#### 2.6.11.2 Liquidity risk

Liquidity risk represents the risk that the Zumtobel Group will be unable to meet its current and/or future payment obligations in full or on a timely basis. In order to ensure the ability to meet these obligations at all times, the Zumtobel Group maintains liquidity reserves in the form of demand deposits with banks to service expected operating expenses and financial liabilities. The Group also has extensive working capital credit lines that allow it to offset seasonal liquidity fluctuations arising from business activities, both in specific months and during the year. Consequently, there are no material liquidity risks connected with short-term financing. The results of the climate and vulnerability analysis and the analysis of transitory climate risks did not identify any material liquidity risks.

As of 30 April 2023, the Zumtobel Group had the consortium credit agreement and two other variable interest credit agreements at its disposal (see note 2.6.6.16). Other sources of liquidity include TEUR 43,228 (2021/22:TEUR 58,210) of short-term unsecured credit lines with interest rates that are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

The following schedule of future payments shows the periods in which the cash flows are expected to occur. The liabilities recorded as of 30 April 2023 will result in the following payments.

**30 April 2023**

| in TEUR  | Carrying amount | Total          | Contractual cash flow |                |              |
|--|-----------------|----------------|-----------------------|----------------|--------------|
|  |                 |                | < 1 year              | 1 - 5 years    | > 5 years    |
| Borrowings                                     | 147,474         | 157,184        | 41,536                | 110,210        | 5,438        |
| Loans from financial institutions              | 72,025          | 75,140         | 3,131                 | 72,009         | 0            |
| Loans from public authorities                  | 7,536           | 7,841          | 2,066                 | 5,775          | 0            |
| Lease liability                                | 45,537          | 51,827         | 13,963                | 32,426         | 5,438        |
| Working capital credits                        | 22,376          | 22,376         | 22,376                | 0              | 0            |
| Trade payables                                 | 96,577          | 96,577         | 96,577                | 0              | 0            |
| Other liabilities                              | 5,535           | 5,243          | 5,243                 | 0              | 0            |
| Derivatives held for trading                   | 996             | 717            | 717                   | 0              | 0            |
| thereof outflows of forward exchange contracts |                 | 69,265         | 69,265                | 0              | 0            |
| thereof inflows of forward exchange contracts  |                 | 68,838         | 68,838                | 0              | 0            |
| thereof conditional derivatives (options)      |                 | 289            | 289                   | 0              | 0            |
| Derivatives (hedge accounting)                 | 4,274           | 4,261          | 4,261                 | 0              | 0            |
| Other financial instruments                    | 265             | 265            | 265                   | 0              | 0            |
| <b>Liquidity risk</b>                          | <b>249,586</b>  | <b>259,004</b> | <b>143,356</b>        | <b>110,210</b> | <b>5,438</b> |

**30 April 2022**

| in TEUR  | Carrying amount | Total          | Contractual cash flow |                |               |
|--|-----------------|----------------|-----------------------|----------------|---------------|
|  |                 |                | < 1 year              | 1 - 5 years    | > 5 years     |
| Borrowings                                     | 157,755         | 167,440        | 37,967                | 118,444        | 11,029        |
| Loans from financial institutions              | 82,573          | 84,192         | 728                   | 83,464         | 0             |
| Loans from public authorities                  | 6,276           | 6,380          | 817                   | 5,563          | 0             |
| Loans from other third parties                 | 490             | 490            | 490                   | 0              | 0             |
| Lease liability                                | 49,510          | 57,472         | 17,026                | 29,417         | 11,029        |
| Working capital credits                        | 18,906          | 18,906         | 18,906                | 0              | 0             |
| Trade payables                                 | 120,275         | 120,275        | 120,275               | 0              | 0             |
| Other liabilities                              | 5,280           | 5,220          | 1,500                 | 3,720          | 0             |
| Derivatives held for trading                   | 879             | 883            | 883                   | 0              | 0             |
| thereof outflows of forward exchange contracts |                 | 67,278         | 67,278                | 0              | 0             |
| thereof inflows of forward exchange contracts  |                 | 66,395         | 66,395                | 0              | 0             |
| Derivatives (hedge accounting)                 | 4,361           | 4,297          | 577                   | 3,720          | 0             |
| Other financial instruments                    | 40              | 40             | 40                    | 0              | 0             |
| <b>Liquidity risk</b>                          | <b>283,310</b>  | <b>292,935</b> | <b>159,742</b>        | <b>122,164</b> | <b>11,029</b> |

The future cash flows from derivatives with a positive market value are as follows:

**30 April 2023**

| in TEUR  | Carrying amount | Total  | Contractual cash flow |             |           |
|--|-----------------|--------|-----------------------|-------------|-----------|
|  |                 |        | < 1 year              | 1 - 5 years | > 5 years |
| Financial assets                               | 426             | 458    | 458                   | 0           | 0         |
| Derivatives held for trading                   | 426             | 458    | 458                   | 0           | 0         |
| thereof outflows of forward exchange contracts | 60,992          | 60,992 | 0                     | 0           | 0         |
| thereof inflows of forward exchange contracts  | 61,373          | 61,373 | 0                     | 0           | 0         |
| thereof conditional derivatives (options)      | 77              | 77     | 0                     | 0           | 0         |

**30 April 2022**

| in TEUR  | Carrying amount | Total  | Contractual cash flow |             |           |
|--|-----------------|--------|-----------------------|-------------|-----------|
|  |                 |        | < 1 year              | 1 - 5 years | > 5 years |
| Financial assets                               | 1,548           | 1,619  | 1,619                 | 0           | 0         |
| Derivatives held for trading                   | 1,548           | 1,619  | 1,619                 | 0           | 0         |
| thereof outflows of forward exchange contracts | 77,219          | 77,219 | 0                     | 0           | 0         |
| thereof inflows of forward exchange contracts  | 78,838          | 78,838 | 0                     | 0           | 0         |

No securities were pledged as collateral.

#### 2.6.11.3 Market risk

Market risk represents the risk arising from changes in market prices that are denominated in a foreign currency as well as the risk arising from changes in interest rates and raw material prices which could have a negative effect on Group earnings and/or the fair value of the financial instruments used by the Group. The goal of risk management in this area is to identify and minimise these risks as far as possible and economically feasible through the implementation of appropriate measures.

The Zumtobel Group uses derivative financial instruments in certain cases to provide protection against these risks. Derivative transactions are concluded only with selected banks in order to minimise the credit risk associated with the hedges. The use of derivative financial instruments is regulated by a Group hedging policy. No derivatives are used for trading or speculative purposes.

Planned cash flows that are exposed to exchange rate risks are generally hedged for an average of one to three quarters on a rolling basis. This method leads to a relatively constant volume of hedges and equalises foreign exchange exposure. Raw material price risks are reduced where possible through appropriate supplier agreements.

The Zumtobel Group concluded a EUR/CHF cross-currency interest rate swap to hedge a net investment in Swiss francs. The fair value changes of the effective portion of the hedge are recorded under comprehensive income in accordance with IFRS 9 "Financial Instruments – Recognition and Measurement". The ineffective portion of the changes in fair value is recognised immediately to profit or loss. Parts of this hedge became ineffective in 2014/15 and the respective part of the negative fair value was recognised to profit or loss as a valuation effect. The ineffectiveness resulted from a decline in the nominal value of the net investment in Swiss francs (i.e. the equity in the Swiss companies) below the nominal value of the payment obligations in Swiss francs due to restructuring costs and the initial recognition of actuarial losses (IAS 19). In order to remedy this imbalance, a repayment structure with annual repayments of TCHF 2,000 was established in September 2015. The hedging instrument was extended several times with continuation of the hedge relationship and repayment structure at the historical exchange rate (EUR/CHF 1.4364) and now has a term ending on 30 June 2023. The results of foreign currency conversion on the hedged investment are recorded under equity and reported on the statement of comprehensive income.

### Interest rate risk

Interest rate risk represents the possible fluctuation in the value of a financial instrument due to an increase or decrease in market interest rates or a future change in cash flows from variable interest items. The risk associated with interest rate fluctuations is related primarily to receivables and liabilities with a term of more than one year. These terms are not of material importance in the operating area but can play a role with respect to financial assets and financial liabilities.

The substantially higher money market interest rates during the 2022/23 financial year led to an increase in interest expense because all major bank liabilities held by the Zumtobel Group carry variable interest rates. The two bilateral long-term loans concluded with the European Investment Bank (EIB) for TEUR 30,000 and TEUR 40,000 have a term ending in September 2024, respectively February 2025 and include variable interest rates (EURIBOR money market interest rate plus a fixed interest margin). The Zumtobel Group benefited from the negative money market interest rates in 2021/22. The base interest rate in 2021/22 for the euro-denominated tranches of other financing instruments (consortium credit agreement and factoring agreement) was the "money market interest rate, floored at zero" (i.e. 0% as the lower limit for the base interest rate) plus an interest margin. During the course of the 2022/23 financial year, money market rates above the zero threshold came into effect. Interest hedges (fixed interest contracts or interest rate swaps) are not in use at the present time due to the current low level of net debt, but the current interest level is seen as temporary and prevailing market expectations point to a decline in interest rate levels towards the end of the 2023 calendar year. The financial instruments identified as "fixed interest" include loans granted by public authorities and lease liabilities (IFRS 16).

The Zumtobel Group also concluded a EUR/CHF cross-currency swap with payment obligations in Swiss francs. The foreign exchange component of this cross-currency swap meets the requirements for a hedge of a net investment in a foreign operation as defined in IAS 21 "The Effects of Changes in Foreign Exchange Rates", and the market value is therefore reported under derivatives (hedge accounting).

| Nominal currency   | Nominal value in<br>1,000 local<br>currency<br><b>30 April 2023</b> | Fair value in TEUR<br>2022/23 | Fair value in TEUR<br>2021/22 |
|--|---|-------------------------------|-------------------------------|
|  |   | (4,274)                       | (4,361)                       |
| CHF  | 13,228  | (4,274)                       | (4,361)                       |
| <b>Negative market values of hedging instrument (hedge accounting)</b> | <b>13,228</b>   | <b>(4,274)</b>                | <b>(4,361)</b>                |

As in the previous year, the nominal amount of the EUR-CHF cross currency swap was amortised by TCHF 2,000 with recognition through profit or loss at the historical exchange rate of 1.4364 (TEUR 1,392).

**>> Outstanding interest rate risk**

The following table shows the classification of interest-bearing financial instruments according to fixed and variable interest rates:

| in TEUR                          | 30 April 2023   | 30 April 2022   |
|----------------------------------|-----------------|-----------------|
| Borrowings                       | (52,808)        | (58,850)        |
| <b>Fixed rate instruments</b>    | <b>(52,808)</b> | <b>(58,850)</b> |
| Financial assets                 | 7,419           | 9,025           |
| Liquid funds                     | 58,918          | 60,461          |
| Borrowings                       | (94,666)        | (98,905)        |
| <b>Variable rate instruments</b> | <b>(28,329)</b> | <b>(29,419)</b> |
| <b>Total</b>                     | <b>(81,137)</b> | <b>(88,269)</b> |

Rising interest rates – especially for the euro – can have a negative impact on financial results and increase the Group's average interest rate.

**>> Sensitivity analysis**

For variable interest instruments, a change of 100 basis points in the interest rate over a period of one year would result in a change of TEUR 171 (2021/22: TEUR 237) in interest income or interest expense on the income statement. Since fixed-interest financial liabilities are carried at amortised cost, a change in the interest rate would not result in any valuation effects on the income statement or equity. The Zumtobel Group holds no interest rate derivatives at the present time.

**Foreign exchange risk**

Foreign exchange risk represents the risk that changes in exchange rates can lead to fluctuations in the value of financial instruments. This risk occurs when business transactions are carried out in a different currency than the functional (local) currency of the involved company.

The foreign exchange hedges had a remaining term of less than one year as of the balance sheet date. The Zumtobel Group generally uses forward exchange contracts with a term of up to one year; but options are also used in selected cases. Translation risks are not hedged.

The Group's main currencies are the EUR, CHF, GBP, AUD, NOK and SEK.

Foreign exchange exposure is determined on the basis of general forecast assumptions and not on the basis of specific contracts and, for this reason, the requirements for hedge accounting are usually not met.

**>> Sensitivity analysis**

The following information describes the sensitivity of a change in the EUR exchange rate versus other currencies from the Group's point of view. The calculations cover all financial instruments reported on the balance sheet as of 30 April 2023 (including internal financial instruments).

Financial instruments denominated in the relevant functional currency of subsidiaries that are not located in the euro zone do not represent a risk and are therefore not included in this sensitivity analysis.

A 10% increase or decrease in the value of the euro versus the respective foreign currency as of 30 April 2023 would have had the following effect on profit after tax and equity based on the most important currency pairs. All other variables (above all interest rates) were held constant for the analysis. The effects on equity are related to long-term Group loans. Group loans in USD and RSD were repaid or converted into equity during the reporting year.

| in TEUR   | EUR decrease of 10% |        | EUR increase of 10% |         |
|-----------|---------------------|--------|---------------------|---------|
|           | Profit or loss      | Equity | Profit or loss      | Equity  |
| EUR – GBP | (5,020)             | 1,726  | 5,020               | (1,726) |
| EUR – USD | 0                   | 1,898  | 0                   | (1,898) |
| EUR – RSD | (360)               | 1,283  | 360                 | (1,283) |
| EUR – AUD | 0                   | (538)  | 0                   | 538     |
| EUR – HKD | 0                   | 371    | 0                   | (371)   |

The following table shows the effects on derivatives of an exchange rate change of +/- 10%.

| in TEUR   | Fair value | EUR decrease of 10% | EUR increase of 10% |
|-----------|------------|---------------------|---------------------|
|           |            | 10%                 | 10%                 |
| EUR – USD | (561)      | 4,003               | (4,246)             |
| EUR – CHF | (61)       | (3,412)             | 3,102               |
| EUR – GBP | (6)        | (237)               | 216                 |
| EUR – AUD | 38         | (36)                | 33                  |

**Raw material price risk**

The most important raw materials used by the Zumtobel Group are aluminium, steel, plastic granulate and energy. Fixed-term supply contracts are concluded wherever possible to minimise the risks arising from unexpected price fluctuations.

The energy price crisis and climate crisis have not had any material effects on market risk for the Zumtobel Group because energy intensity is low compared with other industrial sectors. Moreover, the Group is working to gradually increase the share of ecological energy through the use of photovoltaic equipment in production.

## 2.6.12 Segment reporting

### 2.6.12.1 Operating segments

The Zumtobel Group has two operating segments which form the basis for corporate management: the Lighting Segment and the Components Segment. Each segment has its own global product portfolio, sales and production organisation. In the Lighting Segment, the company is one of the European market leaders with its Thorn and Zumtobel brands. The components brand Tridonic forms the basis for the Group's leading role in the production of hardware and software for lighting systems (LED light sources, LED drivers, sensors and lighting systems management).

The focus of both segments, the Lighting Segment and the Components Segment, is clearly based on applications. The Indoor Division includes applications for industry (incl. logistics, halls and car parks), offices, education and health (incl. hospitals, schools and universities) as well as the retail trade, supermarkets, art & culture and exhibition areas (incl. gastronomy). The Outdoor Division addresses applications for roads, tunnels, sport facilities and exterior lighting for public areas, including facade lighting. The Service Division bundles all project and software-oriented services under a single roof. This application-based orientation determines the form of the product portfolio and carries over into the sales organisation.

Segment reporting is principally based on the same presentation, accounting and valuation methods used to prepare the consolidated financial statements. In accordance with the management approach prescribed by IFRS 8 "Operating Segments", operating profit (EBIT) – a key indicator used for internal reporting – is included as part of the segment data. The disclosures on segment assets are therefore limited to the segment inventories which are reported regularly to management.

The column "Reconciliation" comprises assets and the related income statement items that could not be allocated to either segment as well as property, plant and equipment, financial liabilities and taxes that involve both segments.

The results from equity-accounted companies include TEUR –4,252 (2021/22: TEUR –446) for the Lighting Segment. The remaining financial results and taxes are not allocated to a specific segment.

Depreciation for the reporting year includes TEUR –50 of impairment losses (2021/22: TEUR –4,359) which are allocated as follows: TEUR –50 (2021/22: TEUR –1,094) to the Components Segment, TEUR 0 (2021/22: TEUR –773) to the Lighting Segment and TEUR 0 (2021/22: TEUR –2,490) to the inter-segment assets reported under "Reconciliation". The elimination of inter-segment revenues is included in the reconciliation column.

| in TEUR                 | Lighting Segment |                 | Components Segment |                 | Reconciliation  |                 | Group            |                  |
|-------------------------|------------------|-----------------|--------------------|-----------------|-----------------|-----------------|------------------|------------------|
|                         | 2022/23          | 2021/22         | 2022/23            | 2021/22         | 2022/23         | 2021/22         | 2022/23          | 2021/22          |
| <b>Net revenues</b>     | <b>903,097</b>   | <b>844,650</b>  | <b>367,263</b>     | <b>363,026</b>  | <b>(61,160)</b> | <b>(59,359)</b> | <b>1,209,200</b> | <b>1,148,317</b> |
| External revenues       | 902,126          | 843,508         | 307,074            | 304,809         | 0               | 0               | 1,209,200        | 1,148,317        |
| Inter-company revenues  | 971              | 1,142           | 60,189             | 58,217          | (61,160)        | (59,359)        | 0                | 0                |
| <b>Gross profit</b>     | <b>339,179</b>   | <b>293,509</b>  | <b>77,203</b>      | <b>81,752</b>   | <b>3,796</b>    | <b>5,697</b>    | <b>420,178</b>   | <b>380,958</b>   |
| <b>Operating profit</b> | <b>72,868</b>    | <b>45,160</b>   | <b>29,059</b>      | <b>36,404</b>   | <b>(17,668)</b> | <b>(20,813)</b> | <b>84,259</b>    | <b>60,751</b>    |
| <b>Investments</b>      | <b>30,781</b>    | <b>27,927</b>   | <b>16,244</b>      | <b>12,739</b>   | <b>7,459</b>    | <b>4,665</b>    | <b>54,484</b>    | <b>45,331</b>    |
| <b>Depreciation</b>     | <b>(37,807)</b>  | <b>(38,893)</b> | <b>(13,201)</b>    | <b>(13,178)</b> | <b>(4,314)</b>  | <b>(7,392)</b>  | <b>(55,322)</b>  | <b>(59,463)</b>  |

Revenues with external customers amount to less than 10% of total revenues in all cases.

|                                  | Lighting Segment |               | Components Segment |               | Reconciliation |               | Group         |               |
|----------------------------------|------------------|---------------|--------------------|---------------|----------------|---------------|---------------|---------------|
|                                  | 30 April 2023    | 30 April 2022 | 30 April 2023      | 30 April 2022 | 30 April 2023  | 30 April 2022 | 30 April 2023 | 30 April 2022 |
| Headcount (full-time equivalent) | 3,657            | 3,759         | 1,687              | 1,869         | 159            | 154           | 5,503         | 5,782         |

The above headcount includes 101 (2021/22: 222) contract workers employed by the Zumtobel Group.

The reconciliation column comprises the following:

| in TEUR                | 2022/23  | 2021/22  |
|------------------------|----------|----------|
| Group parent companies | (17,474) | (20,363) |
| Group entries          | (194)    | (450)    |
| Operating profit       | (17,668) | (20,813) |

The classification of inventories by segment is as follows:

|                     | Lighting Segment |                | Components Segment |               | Reconciliation |               | Group          |                |
|---------------------|------------------|----------------|--------------------|---------------|----------------|---------------|----------------|----------------|
| in TEUR             | 30 April 2023    | 30 April 2022  | 30 April 2023      | 30 April 2022 | 30 April 2023  | 30 April 2022 | 30 April 2023  | 30 April 2022  |
| Raw materials       | 44,274           | 50,152         | 53,266             | 46,663        | 0              | 0             | 97,540         | 96,815         |
| Work in process     | 736              | 1,776          | 1,654              | 1,400         | 0              | 0             | 2,391          | 3,176          |
| Semi-finished goods | 8,952            | 7,801          | 353                | 3,734         | 0              | 0             | 9,304          | 11,535         |
| Merchandise         | 22,280           | 24,057         | 7,915              | 17,801        | 0              | 0             | 30,195         | 41,859         |
| Finished goods      | 54,028           | 58,518         | 45,129             | 34,691        | (649)          | (493)         | 98,508         | 92,716         |
| Impairment loss     | (21,632)         | (18,093)       | (21,892)           | (14,890)      | 0              | 0             | (43,524)       | (32,983)       |
| <b>Inventories</b>  | <b>108,639</b>   | <b>124,211</b> | <b>86,424</b>      | <b>89,400</b> | <b>(649)</b>   | <b>(493)</b>  | <b>194,414</b> | <b>213,118</b> |

#### 2.6.12.2 Regional segments

The classification of business activities by region is based on the following: D/A/CH, Northern and Western Europe, Southern and Eastern Europe, Asia & Pacific and Rest of the World:

| in TEUR                     | 2022/23          | 2021/22          |
|-----------------------------|------------------|------------------|
| D/A/CH                      | 409,108          | 362,156          |
| Northern and Western Europe | 291,496          | 291,703          |
| Southern and Eastern Europe | 326,663          | 311,580          |
| Asia & Pacific              | 112,267          | 123,019          |
| Rest of the World           | 69,666           | 59,859           |
| <b>Total</b>                | <b>1,209,200</b> | <b>1,148,317</b> |

### **2.6.13 Contingent Liabilities and Guarantee**

The Zumtobel Group has issued bank guarantees totalling TEUR 14,735 (30 April 2022: TEUR 24,170) for various liabilities. The year-on-year reduction resulted primarily from the absence an advance payment guarantee for a lighting project in Germany.

### **2.6.14 Subsequent events**

No material events occurred after the balance sheet date on 30 April 2023.

### **2.6.15 Related Party Transactions**

Closely related persons are persons in key positions at Zumtobel Group AG (active members of the Management Board and Supervisory Board of Zumtobel Group AG) and their close family members. Revenues of TEUR 1 were generated from the sale of goods to members of management in key positions during the reporting year (2021/22: TEUR 0). The members of the Management Board received long-term variable remuneration (LTI) of TEUR 914 (2021/22: TEUR 1,333). The members of the Supervisory Board received remuneration totalling TEUR 660 in 2022/23 (2021/22: TEUR 630\*). No loans or advances were granted to management in key positions. The members of management in key positions take on functions in other companies which allow them to exercise control or significant influence over the respective company's financial and business policies. Transactions with these companies amounted to TEUR 104 in 2022/23 (2021/22: TEUR 0). Transactions with unconsolidated companies generated revenues of TEUR 797 (2021/22: TEUR 453). Moreover, the Zumtobel Group holds receivables of TEUR 300 (2021/22: TEUR 189) due from unconsolidated companies. There were no transactions with owners during the 2022/23 financial year.

The Group has concluded supply and delivery agreements with associated companies (also see note 2.6.6.4) which reflect third party conditions. Revenues from the sale of materials and services to associated companies totalled TEUR 1,047 in 2022/23 (2021/22: TEUR 463), and the expenses for products purchased from associated companies equalled TEUR 1,885 (2021/22: TEUR 1,171). Capital goods with a value of TEUR 0 were purchased from associated companies in 2022/23 (2021/22: 1,420). Trade receivables due from associated companies amounted to TEUR 35 as of 30 April 2023 (2021/22: TEUR 13) and trade payables equalled TEUR 9 (2021/22: TEUR 183). No trade receivables due from associated companies were derecognised because of failed collection or classified as uncollectible during the reporting year. A loan of TEUR 0 was granted to an associated company in 2022/23 (2021/22: TEUR 490).

No financial liabilities were due to associated companies as of 30 April 2023 or 30 April 2022.

\*The table includes an adjustment for variable remuneration (attendance fees) in the previous year.

Remuneration for the corporate bodies of Zumtobel Group AG

| in TEUR   | 2022/23      | 2021/22      |
|---|--------------|--------------|
| <b>Total remuneration for the Management Board</b>                    | <b>3,730</b> | <b>3,484</b> |
| thereof fixed component   | 1,814        | 1,719        |
| thereof short-term variable component                                 | 1,002        | 432          |
| thereof long-term variable component                                  | 914          | 1,333        |
| in TEUR   | 2022/23      | 2021/22      |
| <b>Alfred Felder (as of 1 April 2016)</b>                             | <b>1,580</b> | <b>1,625</b> |
| thereof fixed component   | 700          | 650          |
| thereof short-term variable component                                 | 460          | 195          |
| thereof long-term variable component                                  | 420          | 780          |
| <b>Bernhard Motzko (as of 1 February 2018)</b>                        | <b>960</b>   | <b>1,046</b> |
| thereof fixed component   | 520          | 520          |
| thereof short-term variable component                                 | 230          | 158          |
| thereof long-term variable component                                  | 210          | 368          |
| <b>Thomas Tschol (as of 1 April 2018)*</b>                            | <b>0</b>     | <b>286</b>   |
| thereof fixed component   | 0            | 286          |
| thereof short-term variable component                                 | 0            | 0            |
| thereof long-term variable component                                  | 0            | 0            |
| * Remuneration was provided as part of a management service agreement |              |              |
| <b>Thomas Erath (as of 1 August 2021)</b>                             | <b>681</b>   | <b>527</b>   |
| thereof fixed component   | 369          | 263          |
| thereof short-term variable component                                 | 163          | 79           |
| thereof long-term variable component                                  | 149          | 185          |
| <b>Marcus Frantz (as of 1 November 2022)</b>                          | <b>508</b>   | <b>0</b>     |
| thereof fixed component   | 225          | 0            |
| thereof short-term variable component                                 | 148          | 0            |
| thereof long-term variable component                                  | 135          | 0            |

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Zumtobel Group AG

1 May 2022 to 30 April 2023

As a contractual fringe benefit, each member of the Management Board is entitled to participate in the collective insurance policy for work-related accidents that was concluded for these persons. The company can cover verified costs for general health insurance for the Management Board member and his family. Each Management Board member is also provided with a company car (upper middle-class) based on the respective regulation issued by Zumtobel Group AG, which can also be used for private purposes. The members of the Management Board and all other corporate bodies are covered by criminal law insurance and D&O insurance concluded by the company, which carries the related premiums.

The remuneration received by the Supervisory Board of Zumtobel Group AG is shown in the following table:

| in TEUR                                     | 2022/23    | 2021/22*   |
|---|------------|------------|
| <b>Total Supervisory Board remuneration</b> | <b>660</b> | <b>630</b> |
| thereof fixed remuneration                  | 420        | 420        |
| thereof variable remuneration               | 240        | 210        |

\*The table includes an adjustment for variable remuneration (attendance fees) in the previous year.

## 2.6.16 Information on Employees and Corporate Bodies

### 2.6.16.1 Personnel structure

|                | 30 April 2023 |                    | 30 April 2022 |                    |
|----------------|---------------|--------------------|---------------|--------------------|
|                | Average       | Balance sheet date | Average       | Balance sheet date |
| Production     | 2,836         | 2,725              | 2,880         | 2,861              |
| R&D            | 535           | 533                | 544           | 538                |
| Sales          | 1,687         | 1,671              | 1,712         | 1,714              |
| Administration | 465           | 473                | 461           | 447                |
| Miscellaneous  | 167           | 101                | 197           | 222                |
| <b>Total</b>   | <b>5,691</b>  | <b>5,503</b>       | <b>5,793</b>  | <b>5,782</b>       |

The above number of employees also includes the contract workers employed by the Zumtobel Group.

## 2.6.16.2 Corporate bodies

The following persons served as members of the Supervisory Board in 2022/23:

| Name                   | Function                            | Initially appointed/<br>delegated in | Term ends in | Service time<br>to date |
|------------------------|-------------------------------------|--------------------------------------|--------------|-------------------------|
| Karin Zumtobel-Chammah | Chairwoman                          | 2019                                 | 2023         | 4 years                 |
| Georg Pachta-Reyhofen  | 1st Vice-Chairman                   | 2020                                 | 2024         | 3 years                 |
| Volkhard Hofmann       | 2nd Vice-Chairman                   | 2017                                 | 2025         | 6 years                 |
| Christian Beer         | Member                              | 2020                                 | 2025         | 3 years                 |
| Eva Kienle             | Member                              | 2019                                 | 2023         | 4 years                 |
| Thorsten Staake        | Member                              | 2020                                 | 2024         | 3 years                 |
| Dietmar Dünser         | Delegated by the Employees' Council | 2015                                 |              | 8 years                 |
| Richard Aprnar         | Delegated by the Employees' Council | 2012                                 |              | 11 years                |
| Isabel Kreilhuber      | Delegated by the Employees' Council | 2021                                 |              | 2 years                 |

The following persons served as members of the Management Board in 2022/23:

| Name           | Function                                    | Initially appointed on | Term ends on  | Service time<br>to date |
|----------------|---|------------------------|---------------|-------------------------|
| Alfred Felder  | CEO (Chief Executive Officer)               | 1 April 2016           | 31 July 2025  | 7 years                 |
| Bernard Motzko | COO (Chief Operating Officer)               | 1 February 2018        | 30 April 2024 | 5 years                 |
| Thomas Erath   | CFO (Chief Financial Officer)               | 1 August 2021          | 31 July 2024  | 2 years                 |
| Marcus Frantz  | CDTO (Chief Digital Transformation Officer) | 1 November 2022        | 31 July 2025  | < 1 year                |

## 2.7 Scope of Consolidation

| No. | Total                              | Country        | Share in % | Consolidation |                    |          |
|-----|------------------------------------|----------------|------------|---------------|--------------------|----------|
|     |                                    |                |            | method        | Balance sheet date | Currency |
| 1   | ZG Operations Australia Pty. Ltd.  | Australia      | 100        | full          | 30 April           | AUD      |
| 2   | Tridonic Australia Pty. Ltd.       | Australia      | 100        | full          | 30 April           | AUD      |
| 3   | Tridonic Oceania Holding Pty. Ltd. | Australia      | 100        | full          | 30 April           | AUD      |
| 4   | ZG Lighting Australia Pty Ltd      | Australia      | 100        | full          | 30 April           | AUD      |
| 5   | FURIAE Immobilien GmbH             | Austria        | 100        | full          | 30 April           | EUR      |
| 6   | LEDON Lighting GmbH                | Austria        | 100        | full          | 30 April           | EUR      |
| 7   | Tridonic Jennersdorf GmbH          | Austria        | 100        | full          | 30 April           | EUR      |
| 8   | Tridonic GmbH                      | Austria        | 100        | full          | 30 April           | EUR      |
| 9   | Tridonic GmbH & Co KG              | Austria        | 100        | full          | 30 April           | EUR      |
| 10  | Tridonic Holding GmbH              | Austria        | 100        | full          | 30 April           | EUR      |
| 11  | Zumtobel Group AG                  | Austria        | 100        | full          | 30 April           | EUR      |
| 12  | Zumtobel Holding GmbH              | Austria        | 100        | full          | 30 April           | EUR      |
| 13  | Zumtobel Insurance Management GmbH | Austria        | 100        | full          | 30 April           | EUR      |
| 14  | Zumtobel LED GmbH                  | Austria        | 100        | full          | 30 April           | EUR      |
| 15  | RFZ Holding GmbH                   | Austria        | 100        | full          | 30 April           | EUR      |
| 16  | ZG Lighting Austria GmbH           | Austria        | 100        | full          | 30 April           | EUR      |
| 17  | Zumtobel Lighting GmbH             | Austria        | 100        | full          | 30 April           | EUR      |
| 18  | Zumtobel Pool GmbH                 | Austria        | 100        | full          | 30 April           | EUR      |
| 19  | ZG Lighting Benelux SA             | Belgium        | 100        | full          | 30 April           | EUR      |
| 20  | ZG ILUMINACION LATAM LIMITADA      | Chile          | 100        | full          | 30 April           | CLP      |
| 21  | Thorn Lighting (Guangzhou) Ltd.    | China          | 100        | full          | 31 December        | CNY      |
| 22  | ZG Lighting Hong Kong Limited      | Hong Kong      | 100        | full          | 30 April           | HKD      |
| 23  | Tridonic (Shanghai) Co. Ltd.       | China          | 100        | full          | 31 December        | CNY      |
| 24  | TridonicAtco (Shenzhen) Co. Ltd.   | China          | 100        | full          | 31 December        | CNY      |
| 25  | TridonicAtco Hong Kong Ltd.        | Hong Kong      | 100        | full          | 30 April           | HKD      |
| 26  | ZG Lighting d.o.o.                 | Croatia        | 100        | full          | 30 April           | HRK      |
| 27  | ZG Lighting Czech Republic, s r.o. | Czech Republic | 100        | full          | 30 April           | CZK      |
| 28  | ZG Lighting Denmark A/S            | Denmark        | 100        | full          | 30 April           | DKK      |
| 29  | Thorn Lighting OY                  | Finland        | 100        | full          | 30 April           | EUR      |
| 30  | ZG Lighting France SAS             | France         | 100        | full          | 30 April           | EUR      |
| 31  | Tridonic France Sarl               | France         | 100        | full          | 30 April           | EUR      |
| 32  | ZG Europhane SAS                   | France         | 100        | full          | 30 April           | EUR      |
| 33  | Reiss Lighting GmbH                | Germany        | 100        | full          | 30 April           | EUR      |
| 34  | Tridonic Deutschland GmbH          | Germany        | 100        | full          | 30 April           | EUR      |
| 35  | Zumtobel Holding GmbH              | Germany        | 100        | full          | 30 April           | EUR      |
| 36  | Zumtobel Group Deutschland GmbH    | Germany        | 100        | full          | 30 April           | EUR      |
| 37  | Zumtobel Lighting GmbH             | Germany        | 100        | full          | 30 April           | EUR      |
| 38  | Rewath Ltd.                        | Great Britain  | 100        | full          | 30 April           | GBP      |
| 39  | Thorn Lighting Group               | Great Britain  | 100        | full          | 30 April           | GBP      |
| 40  | Thorn Lighting Holdings Ltd.       | Great Britain  | 100        | full          | 30 April           | GBP      |
| 41  | Thorn Lighting International Ltd.  | Great Britain  | 100        | full          | 30 April           | GBP      |
| 42  | Thorn Lighting Ltd.                | Great Britain  | 100        | full          | 30 April           | GBP      |
| 43  | Tridonic UK Ltd.                   | Great Britain  | 100        | full          | 30 April           | GBP      |
| 44  | Wengen-One Ltd.                    | Great Britain  | 100        | full          | 30 April           | GBP      |
| 45  | Wengen-Two Ltd.                    | Great Britain  | 100        | full          | 30 April           | GBP      |
| 46  | Wengen-Three Ltd.                  | Great Britain  | 100        | full          | 30 April           | GBP      |
| 47  | Wengen-Four Ltd.                   | Great Britain  | 100        | full          | 30 April           | GBP      |
| 48  | Wengen-Five Ltd.                   | Great Britain  | 100        | full          | 30 April           | GBP      |

|    |   |                 |     |        |             |     |
|----|---|-----------------|-----|--------|-------------|-----|
| 49 | ZG Lighting (UK) Limited                    | Great Britain   | 100 | full   | 30 April    | GBP |
| 50 | ZG Lighting Hungary Kft.                    | Hungary         | 100 | full   | 30 April    | HUF |
| 51 | Thorn Lighting India Private Limited        | India           | 100 | full   | 30 April    | INR |
| 52 | ZG Lighting (Ireland) Ltd.                  | Ireland         | 100 | full   | 30 April    | EUR |
| 53 | Tridonic Italia SRL                         | Italy           | 100 | full   | 30 April    | EUR |
| 54 | ZG Lighting Srl socio unico                 | Italy           | 100 | full   | 30 April    | EUR |
| 55 | Tridonic (Malaysia) Sdn, Bhd.               | Malaysia        | 100 | full   | 30 April    | MYR |
| 56 | ZG Lighting Netherlands B.V.                | The Netherlands | 100 | full   | 30 April    | EUR |
| 57 | Thorn Lighting Asian Holdings BV            | The Netherlands | 100 | full   | 30 April    | EUR |
| 58 | ZG Lighting (N.Z.) Limited                  | New Zealand     | 100 | full   | 30 April    | NZD |
| 59 | ZG Lighting Norway AS                       | Norway          | 100 | full   | 30 April    | NOK |
| 60 | ZG Lighting Polska sp.z o.o.                | Poland          | 100 | full   | 30 April    | PLN |
| 61 | Europhane Portugal LDA                      | Portugal        | 100 | full   | 31 March    | EUR |
| 62 | Tridonic Portugal Unipessoal LDA            | Portugal        | 100 | full   | 30 April    | EUR |
| 63 | ZG Lighting Trading LLC                     | Qatar           | 49  | full   | 30 April    | QAR |
| 64 | Zumtobel Lighting Romania SRL               | Romania         | 100 | full   | 30 April    | RON |
| 65 | ZG Lighting Russia                          | Russia          | 100 | full   | 31 December | RUB |
| 66 | ZG Lighting Singapore Pte Limited           | Singapore       | 100 | full   | 30 April    | SGD |
| 67 | Tridonic (S.E.A.) Pte Ltd.                  | Singapore       | 100 | full   | 30 April    | SGD |
| 68 | ZG Lighting Slovakia s.r.o.                 | Slovakia        | 100 | full   | 30 April    | EUR |
| 69 | ZG Lighting d.o.o.                          | Slovenia        | 100 | full   | 30 April    | EUR |
| 70 | ZG Lighting SRB d.o.o.                      | Serbia          | 100 | full   | 30 April    | RSD |
| 71 | Tridonic SRB d.o.o.                         | Serbia          | 100 | full   | 30 April    | RSD |
| 72 | Tridonic SA (Proprietary) Limited           | South Africa    | 100 | full   | 30 April    | ZAR |
| 73 | TRIDONIC Korea LLC                          | South Korea     | 100 | full   | 30 April    | WON |
| 74 | ZG Lighting Iberia S.L.                     | Spain           | 100 | full   | 30 April    | EUR |
| 75 | Tridonic Iberia SL                          | Spain           | 100 | full   | 30 April    | EUR |
| 76 | ZG Lighting Nordic AB                       | Sweden          | 100 | full   | 30 April    | SEK |
| 77 | Thorn Lighting Nordic AB                    | Sweden          | 100 | full   | 30 April    | SEK |
| 78 | TLG Sweden Holdings AB                      | Sweden          | 100 | full   | 30 April    | SEK |
| 79 | Tridonic AG                                 | Switzerland     | 100 | full   | 30 April    | CHF |
| 80 | Zumtobel Licht AG                           | Switzerland     | 100 | full   | 30 April    | CHF |
| 81 | Inventron AG                                | Switzerland     | 48  | equity | 30 April    | CHF |
| 82 | ZG Lighting (Thailand) Ltd                  | Thailand        | 100 | full   | 30 April    | THB |
| 83 | Tridonic Aydinlatma Ticaret Limited Sirketi | Turkey          | 100 | full   | 30 April    | TRY |
| 84 | Thorn Gulf LCC                              | UAE             | 49  | full   | 31 December | AED |
| 85 | Tridonic (ME) FZE                           | UAE             | 100 | full   | 30 April    | AED |
| 86 | Tridonic Inc., US                           | USA             | 100 | full   | 30 April    | USD |
| 87 | Lemgo Realty Corp.                          | USA             | 100 | full   | 30 April    | USD |
| 88 | Zumtobel Lighting Inc.                      | USA             | 100 | full   | 30 April    | USD |

**Consolidated Financial Statements**

Zumtobel Group AG

1 May 2022 to 30 April 2023

The following companies were not included the scope of consolidation in 2022/23:

|   |  |               |          |     |
|---|--|---------------|----------|-----|
| 1 | Atlas International Limited                | Great Britain | 30 April | GBP |
| 2 | Smart & Brown Limited                      | Great Britain | 30 April | GBP |
| 3 | Oriole Emergency & Fire Protection Limited | Great Britain | 30 April | GBP |
| 4 | Thorn Lighting Pension Trustees Limited    | Great Britain | 30 April | GBP |
| 5 | TLG Supplemental Pension Trustees Limited  | Great Britain | 30 April | GBP |
| 6 | TLG Limited                                | Great Britain | 30 April | GBP |
| 7 | British Lighting Industries Limited        | Great Britain | 30 April | GBP |
| 8 | Thorn Lighting Overseas                    | Great Britain | 30 April | GBP |
| 9 | ATCO Controls (India) Pvt. Lt.             | India         | 31 March | INR |

The following company was deconsolidated in 2022/23:

|   |                            |         |     |      |             |     |
|---|----------------------------|---------|-----|------|-------------|-----|
| 1 | R Lux Immobilien Linie SRL | Romania | 100 | full | 31 December | RON |
|---|----------------------------|---------|-----|------|-------------|-----|

## **2.8 Statement by the Management Board in accordance with § 124 (1) No. 3 of the Austrian Stock Exchange Act**

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Dornbirn, 26 June 2023

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Marcus Frantz  
Chief Digital Transformation Officer (CDTO)

Bernard Motzko  
Chief Operating Officer (COO)

We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## Auditor's Report

### Report on the Consolidated Financial Statements

#### Audit Opinion

We have audited the consolidated financial statements of Zumtobel Group AG, Dornbirn, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 April 2023, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 30 April 2023, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code.

#### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

## 1. Recoverability of goodwill allocated to the Lighting segment

- Description

In the consolidated financial statements of Zumtobel Group AG, the item "Goodwill" in the consolidated balance sheet reports goodwill in the amount of EUR 193,026k, thus representing 20% of the Group's total assets. EUR 191,036k of this item mainly relates to Lighting goodwill which particularly results from the acquisition of the Thorn Lighting Group in the financial year 1999/2000. In order to determine a potential need for impairment, the Group tests goodwill for impairment each year at the reporting date or if there is any indication that an asset may be impaired.

The impairment test of Lighting goodwill is performed on the level of the Lighting segment to which goodwill is allocated as a cash-generating unit. In the course of the impairment test, the carrying amount of the cash-generating unit is compared with the respective recoverable amount. The recoverable amount is determined based on the value in use. Measurement is based on the present value of future cash flows of the cash-generating unit. The Group determines the present value by means of a discounted cash flow model. In doing so, expectations regarding the future market development, assumptions regarding the development of macroeconomic factors as well as the expected impact of possible increasing cost of raw materials, energy and transport on the business activities of affiliated companies are also taken into account. Discounting is made based on the weighted average capital costs of the cash-generating unit. The impairment test did not result in any need for impairment.

The result of this assessment substantially depends on estimates made by management with regard to the future cash flows of the Lighting segment, the discount rate used, the growth rate as well as further assumptions and is thus subject to material uncertainty, also given the impact of possible increases in cost of raw materials, energy and transport. Against this backdrop and given the complexity of the assessment, we considered this matter to be a key audit matter in the course of our audit.

- Audit approach and key observations

In the course of our audit and by involving internal specialists, we verified – among others – the methodical approach in identifying indications for a need for impairment and in performing the impairment test. After reconciling the future cash flows used in the calculation with the medium-term planning approved for the Lighting segment, we evaluated the appropriateness of the calculation, in particular by comparing it with general and industry-specific market expectations. In this context, we also verified management's estimates regarding the impact of the raw materials crisis as well as the increase in cost of energy and transport on the business activities and verified its consideration in determining the future cash flows. Knowing that small changes in the discount rate used may already have a material impact on the amount of goodwill thus calculated, we thoroughly examined the parameters applied in the determination of the discount rate used and verified the calculation method. To take into account the existing forecast uncertainties, we verified the sensitivity analyses prepared by the Group. In doing so, we noted that, considering the information available, the carrying amounts of the cash-generating units were sufficiently covered by the discounted future cash flows.

Overall, the measurement parameters and assumptions used by management are in line with our expectations and are also within the acceptable ranges from our point of view.

- Reference to related disclosures

The Company's disclosures on the impairment test are included in section 2.6.6.1 in the notes to the consolidated financial statements.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 for the Audit of the Consolidated Financial Statements**

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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise 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 the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations. Regarding the consolidated non-financial statement contained in the management report for the Group, it is our responsibility to examine whether it has been prepared, to read it and to consider whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report for the Group.

#### *Opinion*

In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the consolidated financial statements.

#### *Statement*

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

### Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated 29 July 2022. We were appointed by the Supervisory Board on 11 November 2022. We have audited the Company for an uninterrupted period since 2020/2021.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

### Responsible Engagement Partner

Responsible for the proper performance of the engagement is Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna  
26 June 2023

PwC Wirtschaftsprüfung GmbH  
Peter Pessenlehner  
Austrian Certified Public Accountant

signed:

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 UGB apply.

We draw attention to the fact that the English translation of this statement is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## **Independent limited assurance statement on the consolidated non-financial statement for the financial year 2022/23**

(Translation)

We have performed a limited assurance engagement of the consolidated non-financial statement for the financial year 2022/2023 of Zumtobel Group AG, Dornbirn, (the "Group") for the year ended 30 April 2023.

### **Management's responsibility**

The Management is responsible for the preparation of the consolidated non-financial statement in accordance with the requirements of section 267a UGB (Austrian Company Code) and the "EU-Taxonomy" (EU-Regulation 2020/852) as well as the GRI Standards 2021. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the consolidated non-financial statement 2022/2023 that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to KFS/PG 13 "Other assurance engagements", KFS/PE 28 "Selected issues in connection with the assurance of non-financial statements and non-financial reports pursuant to sections 243b UGB and 267a UGB as well as sustainability reports" and the International Standards on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information". These standards require that we comply with our ethical requirements, including rules on independence, and that we plan and perform our procedures by considering the principle of materiality to be able to express a limited assurance conclusion based on the assurance obtained. As provided under section 275 para. 2 UGB (liability provision regarding the audit of financial statements of small and medium-sized companies), our responsibility and liability towards the Company and any third parties arising from the assurance engagement are limited to a total of EUR 2 million.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of the procedures lies in the sole discretion of the auditor and comprised the following:

- >> Critical assessment of the Group's analysis of materiality considering the concerns of external stakeholders
- >> Analysis of risks regarding the essential non-financial matters / disclosures
- >> Updating the overview of the policies pursued by the Group, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial statement
- >> Updating the understanding of reporting processes by interviewing the relevant employees and inspecting selected documentations
- >> Evaluating the reported disclosures by performing analytical procedures regarding non-financial performance indicators, interviewing relevant employees and inspecting selected documentations.
- >> Examining the consolidated non-financial statement regarding its completeness in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (EU Regulation 2020/852) as well as the GRI Standards 2021
- >> Evaluating the overall presentation of the disclosures and non-financial information

The following is not part of our engagement:

- >> Examining the processes and internal controls particularly regarding their design, implementation and effectiveness
- >> Performing procedures at individual locations as well as measurements or individual evaluations to check the reliability and accuracy of data received
- >> Examining the prior-year figures, forward-looking information or data from external surveys
- >> Checking the correct transfer of data and references from the (consolidated) financial statements to the non-financial report; and
- >> Examining the information and disclosures on the website or further references on the internet

Neither an audit nor a review of financial statements is objective of our engagement. Furthermore, the disclosure and solution of criminal acts, as e.g. embezzlement or other kinds of fraud, and wrongful doings, nor the assessment of the effectiveness and profitability of the management are objectives of our engagement.

## Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Group's consolidated non-financial statement is not prepared, in all material aspects, in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

Vienna  
26 June 2023

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner  
Austrian Certified Public Accountant

signed

**Consolidated Financial Statements**

Zumtobel Group AG

1 May 2022 to 30 April 2023

### **3. Corporate Governance**



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# 3. Consolidated Corporate Governance Report 2022/23

The management of the Zumtobel Group sees the basis for lasting economic success in responsible business activities that are focused on the sustainable, long-term creation of added value and transparent corporate governance. The Austrian Code of Corporate Governance (ACCG) is designed to ensure a high degree of transparency for all stakeholders and serve as an important orientation guide for investors. The code defines a regulatory framework for the management and monitoring of Austrian stock corporations. Its foundation is formed by Austrian stock corporation, stock exchange, and capital market law. This framework is based on EU recommendations for the responsibilities of supervisory board members and the remuneration of directors as well as the principles set forth in the OECD guidelines for corporate governance.

## 3.1 Commitment to the Austrian Code of Corporate Governance

As a listed international company, the Zumtobel Group is committed, without limitation, to compliance with the guidelines defined by the Austrian Code of Corporate Governance (ACCG) in the version issued in January 2023. The version applicable to the 2022/23 financial year is available for review and download on the website [corporate-governance.at](http://corporate-governance.at). This commitment represents a voluntary obligation of the Zumtobel Group which is intended to strengthen the confidence of shareholders and to support the continuous optimisation of internal legal, conduct and ethics standards.

### 3.1.1 Comply or Explain

The Zumtobel Group met all rules of the ACCG in full during the 2022/23 financial year.

### 3.1.2 External evaluation of the consolidated corporate governance report

In accordance with C-Rule 62 of the ACCG, Zumtobel Group AG is required to arrange for an external evaluation of compliance with the code regulations on a regular basis, i.e. at least every three years. The review for the 2022/23 financial year was carried out by the Group's auditor, PwC Wirtschaftsprüfung GmbH, Vienna, and did not result in any objections to the public declaration of compliance with the ACCG. Compliance with C-Rules 77 to 83 was evaluated and confirmed by Schönherr Rechtsanwälte GmbH, Vienna. The report on the independent evaluation and the corporate governance report are available to the general public on the Zumtobel Group's website under <https://z.lighting>.

### 3.1.3 Compliance management at Zumtobel Group AG

The compliance management system is the subject of continuous development to protect the Zumtobel Group's ability to meet current and future responsibilities. The related activities are carried out in close cooperation between corporate audit & compliance, the legal department, risk management, the human resources department and corporate IT. The senior director of corporate audit & compliance reports on current compliance issues as well as planning and progress on the development and expansion of the compliance management system at the scheduled meetings of the Audit Committee. Regular one-on-one meetings are also held with the chairman of the Audit Committee. Additional information can be found in the management report.

## Data protection

The Zumtobel Group takes the protection of personal data very seriously. In addition to the implementation of various technical and organisational measures for the protection of our data, the Zumtobel Group is also required to comply with the latest measures defined by the EU's General Data Protection Regulation (GDPR; "Datenschutz-Grundverordnung").

National law contains more stringent rules than the above-mentioned General Data Protection Regulation (GDPR). Consequently, the Group not only complies with the GDPR, but also with all relevant local laws. The Zumtobel Group works continuously to maintain conformity with the GDPR, and the related documents and processes are supplemented and revised as required. The Zumtobel Group's corporate functions contribute to the principal issues and prepare drafts for other legal entities to coordinate their data documentation. The functional leads defined in the data protection agreement are in charge of corporate issues, while the individual legal entities are responsible for the technical and organisational implementation of measures.

## Cybersecurity

Information is a valuable corporate asset and, as such, must be protected. Any violation of information security has a negative impact on the business of the Zumtobel Group. The Zumtobel Group's security concept is based prevention, protection, identification and reaction.

- >> The Zumtobel Group uses the cyber framework developed by NIST – identify, protect, detect, respond and recover – to prepare its data- and cybersecurity strategies.
- >> Our corporate compliance department has issued a data protection plan and uses standard branch tools to ensure compliance with rules and regulations.
- >> Our users receive regular instructions on cybersecurity, and our developers are trained in the development of secure software solutions.
- >> We strictly enforce our IT guidelines and standards and use automatic updates for our client and server infrastructure.
- >> To protect our network security, our cyber-defence centre also works additionally with an external partner.
- >> Our state-of-the-art identity protection and monitoring tools are controlled internally and monitored by the cybersecurity experts in the cyber-defence centre.
- >> We operate an externally managed endpoint protection suite with real-time monitoring and reactions, and all cybersecurity problems are supported by a crisis management team.
- >> Our IT security and compliance manager and his team of security engineers and compliance managers work closely with our external cybersecurity partners and report to IT management.

### 3.1.4 Shareholders and the annual general meeting

Shareholders protect their interests and exercise their voting rights at the annual general meeting. The shares of Zumtobel Group AG are issued in accordance with the "one share - one vote" principle.

The annual general meeting is announced at least 28 days in advance and is held at the headquarters of the company, in Vienna or in another Austrian provincial capital. The information required by Austrian Stock Corporation Act is published on the company's registered website at the latest 21 days prior to the annual general meeting.

The shares issued by Zumtobel Group AG are bearer shares. Therefore, information on the shareholder structure can only be compiled when shareholders deposit their shares prior to an annual general meeting or when Zumtobel Group AG collects information on these shareholdings. The available information on the shareholder structure is provided in section "The Zumtobel Group AG share".

The Zumtobel Group places high priority on a comprehensive, timely information policy that is based on equal treatment for all shareholders. In addition to meeting all legal requirements (e.g. the annual financial report, half-year report, interim reports and ad-hoc announcements), information on the latest company developments is provided through press releases, telephone conferences and investor events. All reports, announcements and key presentations are published on the Zumtobel Group website under <https://z.lighting>. A detailed financial calendar and other share-related information can be found on this website under the menu point "Investor Relations".

### **3.1.5 The corporate bodies of Zumtobel Group AG**

The Management Board, the Supervisory Board, and the annual general meeting form the corporate bodies of Zumtobel Group AG. These three independent corporate bodies met their obligations with the greatest diligence during the 2022/23 financial year in accordance with the relevant legal regulations, the articles of association, and the rules of procedure for the Management and Supervisory Boards.

## **3.2 The Management Board**

### **3.2.1 Composition of the Management Board of Zumtobel Group AG as of 30 April 2023**

The members of the Management Board are appointed by the Supervisory Board for a maximal term of five years, whereby reappointment is permitted. The following persons served as members of the Management Board of Zumtobel Group AG in 2022/23.



**Alfred Felder**  
Chief Executive Officer (CEO)  
Born in: 1963  
Nationality: Italy  
Initially appointed in: 2016  
End of current term: 2025

Alfred Felder has been a member of the Management Board since 2016 and CEO of the Zumtobel Group since 2018. He is responsible for the Group's strategic and operating development. As CEO, he concentrates on the implementation of strong corporate values throughout the organisation. With his many years of industrial and management experience and concentration on sustainability, digitalisation, innovation and growth, he has returned the Zumtobel Group to a successful, revitalised growth course. He has extensive, international professional and management experience. Mr. Felder studied electrical engineering at the Vienna University of Technology, where he also received his doctorate.

- Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**
- >> Corporate strategy, M&A
  - >> Business divisions
  - >> Sales
  - >> Marketing & corporate communications, product marketing
  - >> Human resources
  - >> Technology & development
  - >> Investor relations
  - >> Sustainability (ESG)

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Thomas Erath**  
Chief Financial Officer (CFO)  
Born in: 1971  
Nationality: Austria  
Initially appointed in: 2021  
End of current term: 2024

Thomas Erath has served as CFO of Zumtobel Group AG since 1 August 2021. His professional career includes successful management positions, often in combination with financial and operational responsibility. As an experienced expert with excellent industrial and financial know-how, he has successfully implemented strategic growth projects and M&A transactions. He also has an outstanding track record in the development of efficient financial organisations. Prior to joining the Zumtobel Group, Mr. Erath studied business management at the Vienna University of Economics and Business and worked for a leading international accounting firm.

- Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**
- >> Accounting & taxes, finance & controlling
  - >> Treasury
  - >> Risk management
  - >> Compliance and internal audit
  - >> Insurance
  - >> Facility management
  - >> Legal

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Bernard Motzko**

Chief Operating Officer (COO)

Born in: 1962

Nationality: Germany

Initially appointed in: 2018

End of current term: 2024

Bernard Motzko was appointed to the Management Board of the Zumtobel Group as Chief Operating Officer (COO) on 1 February 2018. Before joining the Zumtobel Group, he held various management positions in the former Siemens Nixdorf (today: Diebold-Nixdorf). There, he was initially responsible for the location in Paderborn and, in 2003, took over global production and supply chain responsibility. He registered significant successes in the introduction and implementation of standardised processes and methods as well as the optimisation of production networks. Mr. Motzko studied mechanical engineering and business management at Paderborn University, where he received his doctorate.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Plants (operations)
- >> Supply chain & logistics
- >> Quality
- >> Procurement
- >> Global customs & export

**Supervisory board positions in other domestic and foreign (listed) companies:**

Schwering & Hasse Elektrodraht GmbH,  
member of the Advisory Board



**Marcus Frantz**

Chief Digital Transformation Officer (CDTO)

Born in: 1964

Nationality: Germany

Initially appointed in: 2022

End of current term: 2025

Marcus Frantz has served as Chief Digital Transformation Officer (CDTO) of the Zumtobel Group since 1 November 2022 where he is responsible for IT & digitalisation. As an experienced manager, he has excellent industrial know-how. He was responsible for numerous strategic growth projects at OMV and ÖBB and implemented important strategic steps for the further development of these two companies. His proven, outstanding management qualities allow him to realise operating and cultural improvements in a multinational environment. He studied economics and management at the Universities of Constance and Trier.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Business processes & digital transformation
- >> IT

**Supervisory board positions in other domestic and foreign (listed) companies:**

None

### **3.2.2 Working procedures of the Management Board**

The members of the Management Board carry joint responsibility for the direction of the company and exchange information on all important operations and transactions. The full Management Board takes decisions on matters of fundamental nature or importance which are assigned to this corporate body by legal regulations, the articles of association and the rules of procedure defined by the Supervisory Board. The Management Board defines the company's goals and basic strategic orientation as well as the corporate policies and organisation.

Resolutions by the Management Board are generally adopted in meetings which are held twice each month. The board members also meet regularly outside these meetings to discuss developments on the markets and in the company's broader environment as well as important issues involving the company and upcoming decisions and subsequently prepare the necessary actions. In addition, there is a continuous exchange of information on relevant activities and events with the responsible managers.

The Management Board reports regularly to the Supervisory Board. Information on the development of the Zumtobel Group is provided at least four times each year at the Supervisory Board meetings. The CEO also informs the chairwoman and the full Supervisory Board of important events between these meetings. The Management Board submits regular reports to the Supervisory Board which cover major business developments as well as quarterly financial reporting.

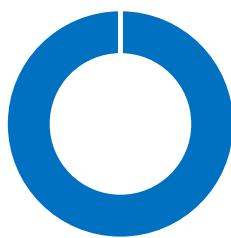
### 3.3 The Supervisory Board – Experienced, Diverse, Independent

The Supervisory Board of Zumtobel Group AG consists of nine members – six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council for an unlimited period. The Supervisory Board and Management Board follow a policy of open and transparent communication with all stakeholders. The Supervisory Board has established committees to effectively carry out its advising and control functions in the following areas: Audit and Risk, Remuneration and Nomination, Sustainability, and Innovation and Digitalisation. The Austrian Labour Constitutional Act entitles the employee representatives to delegate one member to the Supervisory Board and its committees for every two members (shareholder representatives) elected by the annual general meeting.

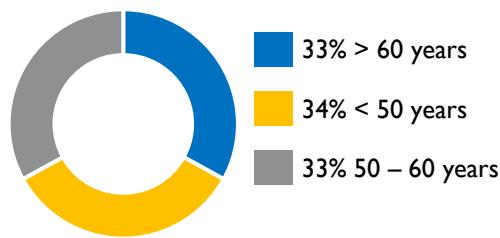
#### Overview – Corporate Governance

Our commitment to international governance standards:

**Independence<sup>1</sup>**



**Age structure**

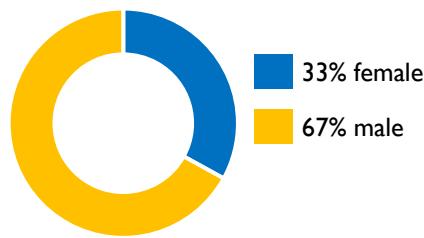


<sup>1</sup> In the sense of the Austrian Code of Corporate Governance (Rule 53)

**Nationality**



**Diversity**



### 3.3.1 Composition of the Supervisory Board

As of 30 April 2023, the Supervisory Board of Zumtobel Group AG had six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council. The legally required 30% quota for women on supervisory boards which was introduced in 2018 is, therefore, met. The annual general meeting on 29 July 2022 elected Volkhard Hofmann and Christian Beer to the Supervisory Board for a further three years. There were no changes among the employee representatives during the reporting year.

#### Supervisory Board | Shareholder Representatives



Karin Zumtobel-Chammah

Born in: 1963

Independent

Function:  
Chairwoman

Term of office:  
Initial appointment: 26 July 2019,  
appointed to AGM 2023

Nationality:  
Austria

Education:  
Business management

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
None

Georg Pachta-Reyhofen

Born in: 1955

Independent

Function:  
First Vice-Chairman

Term of office:  
Initial appointment: 18 May 2020,  
appointed to AGM 2024

Nationality:  
Austria

Education:  
Engineering

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
SAG Motion GmbH, member of  
the supervisory board;  
Benteler International AG,  
member of the supervisory  
board;  
Bridgestone SA/NV, member of  
the supervisory board

Volkhard Hofmann

Born in: 1952

Independent

Function:  
Second Vice-Chairman

Term of office:  
Initial appointment: 21 July 2017,  
appointed to AGM 2025

Nationality:  
Germany

Education:  
Business management

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
None



Eva Kienle

Born in: 1967

Independent

Function:  
Member

**Term of office:**

Initial appointment: 26 July 2019,  
appointed to AGM 2023

Nationality:  
Germany

Education:  
Business management

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
Schott Pharma AG & Co. KGaA,  
member of the supervisory  
board



Thorsten Staake

Born in: 1978

Independent

Function:  
Member

**Term of office:**

Initial appointment: 18 May 2020,  
appointed to AGM 2024

Nationality:  
Germany

Education:  
Information systems &  
technology management

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
Hoval AG, member of the  
administrative board;  
BEN Energy AG, member of the  
administrative board;  
Amphiro AG, member of the  
administrative board



Christian Beer

Born in: 1961

Independent

Function:  
Member

**Term of office:**

Initial appointment: 24 July 2020,  
appointed to AGM 2025

Nationality:  
Austria

Education:  
Engineering

Supervisory board positions in  
other domestic and foreign  
(listed) companies:  
pester pac automation GmbH,  
member of the advisory board

### Expertise and specialist knowledge

The members of the Supervisory Board, in total, are required to have the knowledge, skills and professional experience to correctly discharge the responsibilities of a supervisory board in a listed international company in the lighting industry. The individual supervisory board members are not expected to cover the full scope of necessary skills and experience.

The composition of the Supervisory Board, as a whole, includes persons with different, complementary technical profiles as well as the following special areas of competence which are considered important for the Zumtobel Group. In these areas, at least one Supervisory Board member should be available as a competent contact partner:

| Competence area   | Karin<br>Zumtobel-<br>Chammah | Georg<br>Pachta-<br>Reyhofen | Volkhard<br>Hofmann | Eva<br>Kienle | Thorsten<br>Staake | Christian<br>Beer |
|---|-------------------------------|------------------------------|---------------------|---------------|--------------------|-------------------|
| Management / leadership   |                               | X                            | X                   | X             | X                  | X                 |
| Corporate development<br>and organisation /<br>M&A transactions | X                             | X                            | X                   | X             | X                  | X                 |
| Finance and accounting  | X                             | X                            | X                   | X             |                    | X                 |
| Compliance / corporate<br>governance                            |                               | X                            |                     | X             | X                  | X                 |
| Capital market  | X                             |                              |                     | X             | X                  | X                 |
| Branch experience   | X                             | X                            | X                   |               | X                  | X                 |
| Sustainability (ESG)  |                               | X                            |                     | X             | X                  | X                 |
| Digitalisation / IT   |                               |                              |                     | X             | X                  | X                 |

## Supervisory Board | Employee Representatives



Dietmar Dünser

Born in: 1966

**Function:**  
Delegated by the Employees' Council

**Term of office:**  
Initial appointment: 24 July 2015  
End of current term: n/a

**Nationality:**  
Austria

**Education:**  
Telecommunications & electronics

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



Richard Apnar

Born in: 1974

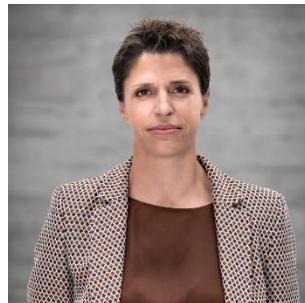
**Function:**  
Delegated by the Employees' Council

**Term of office:**  
Initial appointment: 26 June 2012  
End of current term: n/a

**Nationality:**  
Austria

**Education:**  
Plastics technology

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



Isabel Kreilhuber

Born in: 1977

**Function:**  
Delegated by the Employees' Council

**Term of office:**  
Initial appointment: 1 April 2021  
End of current term: n/a

**Nationality:**  
Austria

**Education:**  
Business management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None

### 3.3.2 Working procedures of the Supervisory Board

The Supervisory Board appoints the Management Board members and regularly advises and oversees the board on the direction and development of the Zumtobel Group. It is involved in decisions of fundamental importance for the company. This involvement is guaranteed by the definition of issues requiring the approval of the Supervisory Board and through voting on the strategic orientation of the company. The work of the Supervisory Board is regulated by rules of procedure. To specifically define the submission requirements of the Management Board, the Supervisory Board has prepared a catalogue of transactions and actions requiring its approval. This catalogue represents an integral part of the rules of procedure for the Supervisory and Management Boards.

The Supervisory Board met in five sessions during 2022/23: four scheduled meetings and one constituent meeting. Central issues at these meetings were the challenging macroeconomic environment and its effects on the Zumtobel Group's business field. Other focal points at the Supervisory Board meetings in 2022/23 were:

- >> Evaluation and approval of the separate and consolidated financial statements as of 30 April 2022 which were submitted by the Management Board
- >> Proposed resolutions for the annual general meeting
- >> Recommendation for the distribution of profit in accordance with § 96 (1) of the Austrian Stock Corporation Act
- >> Resolution on remuneration policy for the members of the Management Board
- >> Amendment of the distribution of responsibilities on the Management Board of Zumtobel Group AG
- >> Definition of targets for the variable remuneration components of the Management Board
- >> Assignment of the audit mandate to the auditor
- >> Elections of supervisory board members for direct subsidiaries
- >> Appointment of managing directors for subsidiaries
- >> Evaluation, discussion and approval of the budget for the 2023/24 financial year
- >> Approval of business relations with Supervisory Board member Christian Beer
- >> Efficiency and potential for improvement on the Supervisory Board
- >> Measures to reduce costs and capital employed as well as integration, restructuring and expansion projects
- >> Risk management and the internal control system
- >> Measures to fight corruption
- >> Sustainability focal points
- >> Strategic orientation of the Zumtobel Group over the coming years

Participation in the meetings of the Supervisory Board and its committees in 2022/23:

| Participation in FY 2022/23        | SB  | AC  | CMB | SC  | DC  |
|------------------------------------|-----|-----|-----|-----|-----|
| <b>Shareholder representatives</b> |     |     |     |     |     |
| Karin Zumtobel-Chammah             | 5/5 | 4/4 | 4/4 | 2/2 | -   |
| Georg Pachta-Reyhofen              | 5/5 | 4/4 | 4/4 | 2/2 | -   |
| Volkhard Hofmann                   | 5/5 | 4/4 | 4/4 | 2/2 | 2/2 |
| Eva Kienle                         | 5/5 | 4/4 | -   | -   | 2/2 |
| Thorsten Staake                    | 5/5 | -   | -   | 2/2 | 2/2 |
| Christian Beer                     | 5/5 | -   | 4/4 | -   | 2/2 |
| <b>Employee representatives</b>    |     |     |     |     |     |
| Dietmar Dünser                     | 5/5 | 3/4 | -   | 2/2 | -   |
| Richard Apnar                      | 5/5 | -   | -   | -   | 2/2 |
| Isabel Kreilhuber                  | 5/5 | 4/4 | -   | 2/2 | 2/2 |

Abbreviations: SB = Supervisory Board, AC = Audit Committee, CMB = Committee for Management Board Matters, SC = Strategy Committee, DC = Digitalisation Committee

### 3.3.3 Contracts with Supervisory Board members which require approval

The following contracts and business transactions between Zumtobel Lighting GmbH and individual Supervisory Board members required approval and were submitted to the Supervisory Board of Zumtobel Group AG during 2022/23 in accordance with the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (Rule 49):

A contract was concluded between Zumtobel Lighting GmbH and Heron Innovations Factory GmbH, Dornbirn, in connection with a construction project. This latter company is attributable to the economic ownership of Supervisory Board member Christian Beer. The object of the contract is the delivery of floor lamps for a total contract volume of TEUR 53.

In addition, maintenance costs of TEUR 14 were charged based on the existing contract between Zumtobel Lighting GmbH and Servus Intralogistics GmbH, Dornbirn, a company attributable to the economic ownership of Supervisory Board member Christian Beer. Both business relationships are subject to standard market conditions.

### **3.3.4 Proprietary trading by management and closely related parties**

The members of the Management and Supervisory Boards and closely related persons are required to disclose transactions in shares and debt instruments of Zumtobel Group AG, or financial instruments based on these shares or debt instruments, when the value of the transactions equals or exceeds EUR 5,000 within a calendar year. No such transactions were reported to the company in 2022/23. Current transactions for the purchase and sale of our shares by the members of corporate bodies are disclosed and can be reviewed on the Zumtobel Group's website.

### **3.3.5 Independence of the Supervisory Board members**

The following criteria define the independence of the Supervisory Board members (resolution of the Supervisory Board of Zumtobel AG on 25 June 2013).

**Criterion 1:** The Supervisory Board member did not serve as a member of the Management Board or a key employee of Zumtobel AG or one of its subsidiaries during the past five years.

**Criterion 2:** The Supervisory Board member did not act as an auditor of Zumtobel AG or a member company of the Zumtobel Group or serve as a key employee or managing partner of the auditing company during the past three years.

**Criterion 3:** The Supervisory Board member is not a member of the management board of another company in which a member of the Management Board of Zumtobel AG serves on the supervisory board.

**Criterion 4:** The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with Zumtobel AG or a member company of the Zumtobel Group of a scope considered significant for the Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest. However, the approval of individual transactions by the Supervisory Board pursuant to Rule 48 does not automatically qualify the member as not independent.

**Criterion 5:** The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Management Board of Zumtobel AG.

All members of the Supervisory Board have declared their independence in accordance with these criteria, and C-Rule 53 is therefore met in full. The current Supervisory Board members Volkhard Hofmann, Georg Pachta-Reyhofen, Thorsten Staake, Eva Kienle and Christian Beer are independent and neither shareholders nor representatives of shareholders with an investment of more than 10%. Accordingly, C-Rule 54 is met in full.

### **3.3.6 Measures to avoid conflicts of interest**

The Supervisory Board members deal, at least once each year, with the provisions of the ACCG that are related to conflicts of interest. In addition, new members of the Supervisory Board are informed extensively of the need to avoid such conflicts when they join the board. The members of both the Management Board and the Supervisory Board are required to disclose any conflicts of interest. If a Supervisory Board member

is involved in a conflict of interest, he/she must report this immediately to the chairwoman of the Supervisory Board. There were no conflicts of interest by a member of the Management Board or Supervisory Board in 2022/23 that would have required immediate disclosure to the Supervisory Board.

### **3.3.7 Evaluation of the Supervisory Board's activities**

The Supervisory Board openly discussed the efficiency of its work, in particular its organisation and working procedures as well as cooperation between the Management Board and Supervisory Board, at its meeting on 29 June 2022. Specific recommendations were also made to improve efficiency.

### **3.3.8 Composition and working procedures of the committees**

The Supervisory Board of Zumtobel Group AG has established four committees to support the efficient exercise of its responsibilities. These committees deal with specific issues and prepare resolutions for the full Supervisory Board.

#### **Audit Committee**

Members of the Audit Committee:

| Name                   | Function                |
|------------------------|-------------------------|
| Eva Kienle             | Chairwoman              |
| Karin Zumtobel-Chammah | Vice-Chairwoman         |
| Volkhard Hofmann       | Member                  |
| Georg Pachta-Reyhofen  | Member                  |
| Dietmar Dünser         | Employee representative |
| Isabel Kreilhuber      | Employee representative |

The Zumtobel Group's Audit Committee met four times in 2022/23, in part together with representatives of the auditor. One member was absent at one meeting; there was full attendance at all other meetings of the Audit Committee, in part through the use of acoustic and optical communications software.

The meeting on 20 June 2022 concentrated on the consolidated and separate financial statements for the 2021/22 financial year. The auditor of these financial statements and company staff provided the Audit Committee with detailed information on the consolidated and separate financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. Other reports (compliance management and data protection, internal control system, internal audit and current process risks) were discussed and accepted. A resolution for the appointment of the auditor for the 2022/23 financial year was approved and passed on to the Supervisory Board.

Additional issues handled by the Audit Committee included, among others:

- >> Audit-related and non-audit services provided by the auditor in 2021/22
- >> Auditor's approach and focal points in 2022/23
- >> Risk management incl. key issues and strategic risks
- >> Approval of the internal audit review schedule for 2023 and audit reports
- >> Acceptance of the interim financial reports and the half-year report for 2022/23
- >> Current business development
- >> Effects of the challenging economic environment and the difficult situation on the procurement markets
- >> Sustainability focal points
- >> Increase in cyberattacks

### **Committee for Management Board Matters**

Members of the Committee for Management Board Matters:

| Name                   | Function      |
|------------------------|---------------|
| Volkhard Hofmann       | Chairman      |
| Georg Pachta-Reyhofen  | Vice-Chairman |
| Karin Zumtobel-Chammah | Member        |
| Christian Beer         | Member        |

The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board, above all the content and conclusion of employment contracts and issues involving succession planning for this corporate management body. The Committee for Management Board Matters combines the typical responsibilities of a remuneration committee and a nominating committee ("identical committee" in the sense of C-Rule 43 of the ACCG). Recommendations for nominations are based on a defined profile that reflects the Zumtobel Group's strategic orientation and is used to evaluate internal as well as external candidates.

The Committee for Management Board Matters held four meetings in 2022/23, which involved discussions or follow-up work on the following key issues: feedback discussions with the Management Board members and confirmation of target attainment for the variable, short- and long-term components of their remuneration, preparation of the remuneration report for the 2021/22 financial year which was subsequently presented to the annual general meeting on 29 July 2022, and the definition of criteria for the attainment of ESG goals by the Management Board.

In addition, the Committee for Management Board Matters served as a sounding board for the Management Board on various issues during the 2022/23 financial year.

### Strategy Committee

Members of the Strategy Committee:

| Name                   | Function                |
|------------------------|-------------------------|
| Georg Pachta-Reyhofen  | Chairman                |
| Volkhard Hofmann       | Vice-Chairman           |
| Karin Zumtobel-Chammah | Member                  |
| Thorsten Staake        | Member                  |
| Dietmar Dünser         | Employee representative |
| Isabel Kreilhuber      | Employee representative |

The Strategy Committee held two meetings in 2022/23 which dealt with a wide range of key strategic and cultural issues involving the Zumtobel Group. The most important issues accompanied by the committee during the past financial year included the evaluation of options for the corporate strategy and the expansion of the Zumtobel Group's current strategy. Additional information is provided in the management report.

### Digitalisation Committee

Members of the Digitalisation Committee:

| Name              | Function                |
|-------------------|-------------------------|
| Thorsten Staake   | Chairman                |
| Christian Beer    | Vice-Chairman           |
| Eva Kienle        | Member                  |
| Volkhard Hofmann  | Member                  |
| Isabel Kreilhuber | Employee representative |
| Richard Apnar     | Employee representative |

The Digitalisation Committee serves as a sounding board for the Management Board on issues involving the digital transformation and, in close cooperation with the Strategy Committee, with the related digital strategy for the Zumtobel Group. In two meetings during 2022/23, the committee focused, in particular, on current projects and digitalisation initiatives as well the digital roadmap and IT security.

### 3.4 Measures to Support Women and Diversity Concept

Diversity in the workforce is an important factor for creating an innovative climate in the company and protecting the Group's competitive position. The Zumtobel Group's workforce includes men and women from 79 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 49 nations. The Zumtobel Group is an equal opportunity employer and, as such, rejects any form of discrimination based on social or ethnic origin, gender, sexual orientation, religious conviction or ideology, age, physical or mental abilities, or other characteristics. All people are unique, valuable and have individual capabilities. This belief is also manifested in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination. The Zumtobel Group values every employee's uniqueness and addresses all genders in the recruiting process and job advertisements. Personnel decisions are independent of gender, sexual orientation and other characteristics. All people are equal, valuable and have individual capabilities. This belief is also anchored in the Zumtobel Group's code of conduct, which indicates that discrimination will not be tolerated in any form.

The Zumtobel Group values every employee's uniqueness and addresses all genders in the recruiting process and job advertisements. Personnel decisions are taken independent of gender, sexual orientation and other characteristics. Personal skills, experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

The Zumtobel Group has not set a specific target for the appointment of women to management positions, but internal and external recruiting and personnel development measures are increasingly aimed in this direction. Job vacancies, also including positions with management responsibility are also posted as part-time positions where possible to create entry opportunities and management functions on a part-time basis.

The work-life balance is supported by the design of more flexible working structures. For example: Various part-time models are available for employees who re-enter working life after parental leave or are unable to work full-time due to other personal situations. The Zumtobel Group accommodates individual wishes to find the best solution for the employees, the team and the managers.

The Zumtobel Group follows the recommendations of the Austrian Equal Treatment Act to respect diversity in filling management positions and, above all, to strive for equal treatment with regard to gender, age and skills. The Supervisory Board of Zumtobel Group AG currently includes three women and six men, which represents a one-third share of women. There are no women on the Management Board of Zumtobel Group AG at the present time. Women hold management positions in the first and second reporting levels, especially in human resources, legal, marketing & corporate communications, information technology and finance.

The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives require a greater share of women in higher qualified positions. In order to safeguard its competitive ability and benefit from a wide range of different viewpoints, the Zumtobel Group has set a goal to increase the share of women and, accordingly, their representation in the Group each year. The share of women in key management positions equalled 22.2% in 2022/23 and, compared with the previous financial year (21.5%), represents an increase. The share of women in the Group's workforce increased slightly over the previous year to 36.6% in 2022/23 (2021/22: 36%).

The inclusion of employees with physical or mental impairment has high priority for the Zumtobel Group as an employer; and these employees are actively supported in their everyday work routine.

The plant in Dornbirn, as an example, has operated a career support programme for over 30 years that helps young people with physical or mental impairment take their first steps on the employment market. This two-year training course is designed to make the participants fit for the labour market.

The Zumtobel Group also employs men and women with physical, mental or cognitive limitations in other areas, administration as well as production, who make an important contribution in their respective functions.

Appropriate adjustments are made wherever possible (e.g. additional breaks, seated activities etc.) to support employees with special needs. Managers receive special awareness training and preparation for these situations and are supported by external persons – for example at the Spennymoor plant, where the Zumtobel Group also employs persons with autism.

The Zumtobel Group has implemented various measures to support women, diversity and inclusion. Following are a few examples:

- >> Personal skills, experience, know-how and capabilities form the basis for evaluating qualifications during the recruiting process and in personnel decisions. The equal treatment of genders is strictly observed.
- >> The Zumtobel Group uses a standardised remuneration structure that is based on job descriptions and appraisals to ensure transparent and performance-based remuneration in line with equal opportunity (equal opportunity employer).
- >> The Zumtobel Group puts measures in place to support the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed.
- >> The Zumtobel Group received the quality seal as a family friendly company ("Ausgezeichneter familienfreundlicher Betrieb 2022–2023") from the province of Vorarlberg and ZG Lighting Austria was re-certified as a family-friendly employer.
- >> The Zumtobel Group supports and participates in various events to support women in a working environment or to interest girls in apprenticeship programme (e.g. the Female Future Festival or "I kann's! I trau mer's zu!").
- >> The headquarters has organised cooperation programmes with local day-care centres in Dornbirn which give preference to the children of Zumtobel Group employees.
- >> Thorn UK has communicated and rolled out a policy and training for managers to best support women during the menopause.
- >> The Zumtobel Group creates a greater awareness for gender equality with campaigns on International Women's Day.

Additional measures are also planned for the 2023/24 financial year:

- >> Definition of goals for diversity and inclusion in the Zumtobel Group
- >> Analysis of the gender pay gap and development of measures
- >> Recruitment training for managers, incl. a focus on the identification and correct handling of prejudice

### **3.5 Diversity on the Supervisory Board and Management Board**

The members of the Supervisory and Management Boards are selected on the basis of their professional qualifications and personal expertise in order to achieve a balance of educational and professional backgrounds. Support for diversity with regard to generations and genders is included in selecting new appointments.

#### **3.5.1 Diversity in the composition of the Management Board and Supervisory Board of Zumtobel Group AG**

The Zumtobel Group, as a listed company, complies with diversity requirements, especially the requirements defined by the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (ACCG). These regulations define different requirements for the composition of management and supervisory boards. The relevant aspects for the diverse composition of a management board are a balanced educational and professional background, internationality and a consistent composition.

### 3.5.2 Management Board

The qualification profile defined by the Supervisory Board for the selection of Management Board candidates is based, above all, on personality, integrity, convincing management qualities, technical qualifications for the intended function, previous performance, knowledge of the company and the ability to adapt business models and processes in a changing world.

Diversity is an additional factor considered by the Supervisory Board. As a decision criterion, the Supervisory Board sees diversity, above all, as different mutually complementary profiles and professional experience, also in the international area, as well as different personalities, the appropriate representation of both genders and an appropriate age mix.

The Supervisory Board selects Management Board appointees in the interest of the company and in consideration of all relevant factors. The following aspects are incorporated in the Supervisory Board's decisions:

- >> The members of the Management Board should have long-standing management experience, also in the international area.
- >> The Management Board, in its entirety, should have long-standing management experience in development, production, sales and finance.
- >> At least two members of the Management Board should have a technical education and/or many years of technical working experience.
- >> The age and gender of a person do not play a role in the decision over an appointment to the Management Board and do not lead to preferential treatment or discrimination in the selection process.
- >> A target has not been set for the share of women on the Management Board. The Committee for Management Board Matters decides in the company's interest and exclusively based on the evaluation of professional and personal qualifications when making appointments to the Management Board.
- >> The Supervisory Board has set an age limit for the members of the Management Board which reflects the current retirement age in Austria, i.e. 65 years.

### 3.5.3 Supervisory Board

The goal is to find qualified personalities for the Supervisory Board to strengthen this body, in total, as best as possible through the members' professional and management expertise. Diversity represents an additional focal point. The men and women appointed to the Supervisory Board should complement each other with different professional and life experience and ensure the appropriate representation of both genders. It must be ensured that the Supervisory Board, as a whole, has a maximum of experience and technical qualifications to critically monitor the business activities of the Zumtobel Group from the widest possible range of perspectives.

This concept is reflected in connection with the election of members to the Supervisory Board. Recommendations to the annual general meeting of Zumtobel Group AG must meet the legal requirements for the composition of the Supervisory Board with women and men; they must meet the defined goals; and, at the same time, fulfil the competence profile for the entire corporate body. This also applies to the subsequent appointment of candidates to the Supervisory Board.

**Education and professional background:** The personalities on the Supervisory Board should have international experience in the areas of business, science, technology or research of a nature that is important for the Zumtobel Group. The Supervisory Board must have at least one financial expert.

**Age:** The goal is to achieve a balanced age structure among the members to permit the contribution of various generation perspectives. Consequently, there is no specific age limit for the Supervisory Board members. Supervisory Board members are elected for a term of office up to the end of the annual general meeting which votes on the release from liability for the fourth financial year after election unless they are elected for a shorter term.

**Internationality:** The Supervisory Board should include members with international experience or special expertise in one or more key markets for the Zumtobel Group.

**Gender representation:** An appropriate representation of women on the Supervisory Board is targeted, independent of legal requirements. The ratio of genders on the Supervisory Board reflects, as a minimum, the legal requirement of at least 30% women and men.

### **3.6 Changes after the Closing Date**

There were no changes in reportable issues between the closing date on 30 April 2023 and the preparation of this corporate governance report.

Dornbirn, 26 June 2023

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)

Marcus Frantz  
Chief Digital Transformation Officer (CDTO)

# Report by the Supervisory Board of Zumtobel Group AG for the 2022/23 Financial Year

Dear Shareholders,

Our 2022/23 financial year was negatively influenced by the war in Ukraine and the resulting ongoing energy crisis as well as the sharp rise in inflation and increase in interest rates. A gradual stabilisation in the global economy was, however, visible after the slump caused by the Covid-19 pandemic and the Ukraine war. The difficult situation on global supply chains improved and the war-related distortions on energy and food markets subsided. These developments were accompanied by a parallel tightening of monetary policy by most central banks to force the rising inflation down towards the targeted levels – a strategy that was successful, but not as fast as originally expected. Despite the challenging environment, 2022/23 was a very successful year for our company. Management and the entire workforce again demonstrated their capability for unusual performance in unusual times. The company continued its positive development from the previous year with an increase of 5.3% in revenues to EUR 1,209.2 million. Group EBIT rose to EUR 84.3 million – which represents the best operating results in 14 years – and net profit of EUR 60.0 million clearly exceeded the previous year. Communication between the Management Board and the Supervisory Board was characterised by a high degree of openness which made it possible for the Supervisory Board to evaluate business activities at all times and support the Management Board in important decisions.

We performed the duties required by law and the articles of association during the 2022/23 financial year by regularly monitoring the direction of the company and Zumtobel Group AG by the Management Board. The Management Board provided us with comprehensive verbal and written reports on a regular and timely basis, which covered the general development of business and major events as well as the position of Zumtobel Group AG and the Zumtobel Group. In addition, the Management Board supplied the Supervisory Board with regular reports on important issues during the periods between the scheduled meetings. The chairman of the Management Board and the chairwoman of the Supervisory Board also held numerous personal and virtual discussions. These activities allowed the Supervisory Board to meet its obligations in full.

The Supervisory Board of Zumtobel Group AG included the following six shareholder representatives as of 30 April 2023: Karin Zumtobel-Chammah, Georg Pachta-Reyhofen, Volkhard Hofmann, Eva Kienle, Thorsten Staake and Christian Beer. The Supervisory Board, in its current composition, meets the requirements of the Austrian Stock Corporation Act and is not restricted in any way whatsoever in its actions or decision capacity.

## Meetings of the Supervisory Board

The Supervisory Board met five times during the 2022/23 financial year; in four scheduled meetings and one constituent meeting. All members attended all meetings, in part through acoustical and optical participation via communications software.

Key priorities for the meetings of the Supervisory Board in 2022/23 were the ongoing economic effects of the war in Ukraine with the resulting supply shortages and production disruptions as well as energy policies, the high inflation rates and related price increases. Other topics involved the evaluation of strategic measures to minimise risk and utilise opportunities as well as digitalisation, the Zumtobel Group's human resources strategy, sustainability and the related goals.

Marcus Frantz was appointed to the Management Board of Zumtobel Group AG as of 1 November 2022 as the fourth member and Chief Digital Transformation Officer (CDTO) through a circular resolution on 9 June 2022. His term of office extends to 31 July 2025. In this connection, the distribution of responsibilities among the Management Board of Zumtobel Group AG was amended and approved.

In the Supervisory Board meeting on 29 June 2022, the separate financial statements of Zumtobel Group AG and the related consolidated financial statements were discussed in detail. The accompanying documents and the auditor's report were discussed in detail together with the auditor and presented to and approved by the Supervisory Board. A new remuneration policy for the Management Board of Zumtobel Group AG was prepared by the Supervisory Board and presented to the Annual General Meeting for voting. Status reports were provided on strategic issues and the development of business as well as the availability of materials and delivery capability in the Components and Lighting Segments. Based on a self-evaluation via questionnaire, the Supervisory Board reviewed the efficiency of its work and opportunities for improvement in its organisation and working procedures.

The re-election of Volkhard Hofmann and Christian Beer to the Supervisory Board by the 46th Annual General Meeting of Zumtobel Group AG was followed by a constituent meeting on 29 July 2022. At this constituent meeting, Karin Zumtobel-Chammah was re-elected as chairwoman and Georg Pachta-Reyhofen as Vice-Chairman of the Supervisory Board.

Discussions at the Supervisory Board meeting on 11 October 2022 focused on the management report for the first quarter and key indicators for September 2022 as well as status reports on individual products and the development of business in both segments. In addition to issues related to the strategic orientation of a subsidiary, a capital increase for the Group was approved.

The agenda for the Supervisory Board meeting on 26 January 2023 included an update to the financial data from December 2022 and a budget simulation for the 2023/24 financial year as well as the Zumtobel Group's personnel strategy and its future development. The business trends and outlook for both segments were discussed in detail and further procedures for M&A activities were evaluated. Marcus Frantz was appointed as an additional managing director of Zumtobel Lighting GmbH and also elected to the supervisory board of Tridonic GmbH.

At the Supervisory Board meeting on 28 April 2023, the budget for the 2023/24 financial year was approved and medium-term planning for the 2024/25 and 2026/27 years was accepted. Capital increases for selected subsidiaries and an adjustment of the GRS bonus system and STI/LTI goals were also approved.

### **Audit Committee**

The Audit Committee of the Zumtobel Group met four times in 2022/23, in part together with representatives of the auditor. One member was excused from one meeting, and all members were present at the other meetings, partly through acoustical and optical participation via communications software.

The meeting on 20 June 2022 concentrated on the consolidated and separate financial statements for 2021/22. The auditor and the company staff supplied the Audit Committee with detailed information on the consolidated financial statements and separate financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. Other reports (compliance management, risk management and the internal control system) were discussed and accepted.

The Audit Committee also approved a recommendation for the appointment of an auditor for the coming financial year and passed this recommendation on to the Supervisory Board.

In the meeting on 29 November 2022, the Audit Committee dealt with the six-month financial statements as of 31 October 2022, whereby the related reports by the auditor and corporate staff were accepted. Consultations centred on the accounting process and the focal points selected for review. The auditor also explained the audit approach and focal points for the audits of the 2022/23 separate and consolidated financial statements and reviewed any non-audit services. Status reports on the internal control system, risk management system, internal audit and compliance management in the Zumtobel Group were also presented and accepted.

In two further meetings during August 2022 and at the beginning of March 2023, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year and took a preliminary decision concerning the responsibilities of the Audit Committee in connection with sustainability reporting. The chairwoman of the Audit Committee held regular discussions with the auditor and the Chief Financial Officer to monitor the audit during the pre-audit and main audit phases in May and June 2022.

#### **Committee for Management Board Matters**

The members of the Committee for Management Board Matters held four meetings in 2022/23. Key issues for the reporting year were the feedback discussions with the members of the Management Board and the confirmation of target attainment for the variable, short-term and long-term components of Management Board remuneration as well as the preparation of the remuneration report for the 2021/22 financial year which was presented to the Annual General Meeting on 29 July 2022. Another focal point was the definition of criteria for the attainment of ESG goals for the Management Board. The Committee for Management Board Matters also served as a sounding board for the Management Board on a wide range of issues.

#### **Committee for Digital Affairs**

The Committee for Digital Affairs, which was established during the previous financial year, held two meetings in 2022/23. The meeting on 20 June 2022 dealt with the progress on various projects and several roll outs in the digital transformation programme, above all the digital customer interface for both the Lighting and Components Segments and major operational IT conversions at the plant in Dornbirn. The agenda for the meeting on 29 November 2022 covered the Zumtobel Group's cyber resilience security and status updates on individual digitalisation projects. The focal points for digitalisation in 2023/24 were also discussed.

### **Strategy Committee**

In two meetings, the members of the Strategy Committee dealt with a wide range of key strategic and cultural issues involving the Zumtobel Group. The most important issues accompanied by this committee in 2022/23 were the short-term and medium-term growth drivers for the further development of an effective global sales organisation for the lighting brands and an increased market presence in the outdoor lighting segment. Other important issues were the countermeasures implemented to effectively offset the sharp rise in input factors for materials, wages and transport and, in this connection, the presentation of a simulated crisis budget and the budget for 2023/24. In addition to cooperation and growth initiatives and new business models for the Components and Lighting Segments, the planned production network and planned development of distribution logistics in the Lighting Segment in Europe during 2025/26 were discussed from the viewpoint of the Zumtobel Group's global footprint. The global R&D setup together with the latest developments and trends was presented, sustainability reporting was extensively discussed, and the basis for the Zumtobel Group's strategy process in 2030 was prepared and presented.

Communications between the members of the Strategy Committee and management also covered strategic goals and core issues.

Additional information is provided in the Group management report.

### **Consolidated and Separate Financial Statements**

The separate financial statements and the management report as well as the consolidated financial statements and the group management report of Zumtobel Group AG for the 2022/23 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna. The audit indicated that the bookkeeping, the separate financial statements and the management report as well as the consolidated financial statements and the group management report of Zumtobel Group AG for the 2022/23 financial year complied with legal requirements and the provisions of the articles of association. The results of the audit provided no grounds for objections, and the auditor therefore issued an unqualified opinion for the 2022/23 financial year.

The separate financial statements and the consolidated financial statements, the auditor's reports and the Management Board's recommendation for the use of profit as well as the consolidated corporate governance report and the consolidated non-financial report were discussed in detail by the Audit Committee together with the auditor during the meeting on 28 June 2023 and passed on to the Supervisory Board with a recommendation for approval. The Supervisory Board reviewed these documents pursuant to § 96 (1) of the Austrian Stock Corporation Act and agreed with the auditor's findings. Based on the previous evaluation by the Audit Committee and detailed discussion and examination of the consolidated financial statements, the management report, the consolidated corporate governance report and the consolidated non-financial report, the Supervisory Board stated its agreement and approved the separate financial statements and the consolidated financial statements of Zumtobel Group AG for the 2022/23 financial year. The separate financial statements of Zumtobel Group AG for the 2022/23 financial year are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act.

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, Zumtobel Group AG arranges for an external evaluation of its compliance with the provisions of the code on a regular basis, i.e. at least every three years. The evaluation for the 2022/23 financial year was carried out by the Group's auditor, PwC Wirtschaftsprüfung GmbH, Vienna, and provided no grounds for objections concerning the public declarations

of compliance with the Austrian Code of Corporate Governance. Compliance with C-Rules 77 to 83 was evaluated and confirmed by Schönherr Rechtsanwälte GmbH, Vienna.

The Supervisory Board supports the recommendation by the Management Board to the Annual General Meeting to distribute a dividend of EUR 0.40 per share from the balance sheet profit recorded by Zumtobel Group AG and to carry forward the remaining amount.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their commitment and outstanding performance – in the face of wide-ranging challenges – during the 2022/23 financial year.

We would also like to extend our particular thanks to the customers, partners and shareholders of Zumtobel Group AG for their continued confidence in these challenging times.

For the Supervisory Board

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board

Dornbirn, 28 June 2023



## **4. Service**



**Service**

Zumtobel Group AG

1 May 2022 to 30 April 2023

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## 4. Service

### General Information

The use of automatic data processing equipment can lead to rounding differences.

### Financial Terms

|                     |   |
|---------------------|---|
| CAPEX               | Capital expenditure   |
| Debt coverage ratio | = Net debt divided by EBITDA  |
| EBIT                | Earnings before interest and taxes  |
| EBITDA              | Earnings before interest, taxes, depreciation and amortisation  |
| Equity ratio        | = Equity as a percentage of assets  |
| Gearing             | = Net debt as a percentage of equity  |
| Labour productivity | = Adjusted EBIT as a percentage of personnel expenses   |
| Net debt            | = Non-current borrowings + current borrowings – liquid funds<br>– current financial receivables from associated companies –<br>receivables from credit institutions from a continuing<br>involvement based on the factoring agreement |
| WACC                | Weighted average cost of capital (debt and equity)  |
| Working capital     | = Inventories + trade receivables – trade payables –<br>prepayments received – customer bonuses, discounts and<br>rebates   |

## Service

Zumtobel Group AG

1 May 2022 to 30 April 2023

## Financial Calendar

|   |                   |
|---|-------------------|
| Record Date for the Annual General Meeting                        | 18 July 2023      |
| 47th Annual General Meeting                                       | 28 July 2023      |
| Ex-Dividend Day   | 01 August 2023    |
| Record Date Dividend  | 02 August 2023    |
| Dividend Payout Day   | 04 August 2023    |
| Interim Report Q1 2023/24 (1 May 2023 – 31 July 2023)             | 06 September 2023 |
| Half-Year Financial Report 2023/24 (1 May 2023 – 31 October 2023) | 07 December 2023  |
| Interim Report Q1–Q3 2023/24 (1 May 2023 – 31 January 2024)       | 07 March 2024     |

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## Financial Reports

Our financial reports are available in English and German for download under: <https://z.lighting/>.

## More Information

on Zumtobel Group AG and our brands can be found on the Internet under: <https://z.lighting/>

## Imprint

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## Disclaimer

This quarterly report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are normally characterised by expressions like "preview", "outlook", "believe", "expect", "estimate", "intend", "plan", "goal", "evaluation", "can/could", "become" or similar terms or can be interpreted as a statement on future developments because of the context. The statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. They are also based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Risks may also arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. Neither the Zumtobel Group nor any persons involved in the preparation of this quarterly report accepts any liability whatsoever for the correctness and completeness of the statements on future developments contained in this report. The Zumtobel Group does not plan to update these forward-looking statements. The quarterly report is also presented in English, but only the German text is binding. This quarterly report does not represent a recommendation or invitation to buy or sell securities issued by the Zumtobel Group.



