



ZUMTOBEL GROUP

2021

ANNUAL FINANCIAL

2022

REPORT

# TRANS FORM

As a collaboration between international architecture practice UNStudio and graphic design duo Bloemendaal & Dekkers, the 31st artistic annual report of the Zumtobel Group is a design reflection on transformation.

In our rapidly changing times, we are increasingly embracing change and innovation; we deviate, modify, shift and pivot to challenge long accepted norms. Transformation is the central topic in the architectural profession and the built environment.

Using illustrations drawn from the work of UNStudio over the past 30 years, the report sheds light on the creative process, and demonstrates how ideas and concepts are developed by the practice into physical form. Through a similar thought process, the book itself is designed to undergo its own metamorphosis.

# **Annual Financial Report 2021/22 Zumtobel Group AG**

1 May 2021 to 30 April 2022

## Five-Year Overview

in EUR million	2021/22	2020/21	2019/20	2018/19	2017/18
Revenues	1,148.3	1,044.5	1,131.3	1,162.0	1,196.5
EBIT	60.8	43.4	35.1	2.7	(7.3)
as a % of revenues	5.3	4.2	3.1	0.2	(0.6)
Net profit for the year	45.8	45.6	14.5	(15.2)	(46.7)
as a % of revenues	4.0	4.4	1.3	(1.3)	(3.9)
Total assets	1,005.4	943.3	1,011.7	920.9	986.1
Equity	382.8	308.4	280.7	262.8	268.3
Equity ratio in %	38.1	32.7	27.7	28.5	27.2
Net debt	95.1	88.5	165.7	148.7	146.3
Cash flow from operating results	122.7	115.7	101.3	56.8	53.5
Investments	45.3	38.1	57.9	66.2	69.0
as a % of revenues	3.9	3.7	5.1	5.7	5.8
R&D total	67.5	64.8	62.7	66.2	73.4
as a % of revenues	5.9	6.2	5.5	5.7	6.1
Headcount incl. contract worker (full-time equivalent)	5,782	5,813	6,039	5,878	6,224

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# Chief Executive's Review

Dear Shareholders,

The Zumtobel Group has just completed an extraordinarily successful 2021/22 financial year. In spite of the challenging conditions – which have become more difficult in recent months due to the war in Ukraine – we successfully continued the positive trend from the past two financial years. Revenues rose by 9.9% to EUR 1,148.3 million and topped the pre-corona level from 2019/20. And what is more: the EBIT of EUR 60.8 million, compared with EUR 43.4 million in the previous year, represents the best operating results of the last five financial years.



With a 9.9% increase in revenues and an EBIT margin of 5.3%, we even exceeded our own goals for 2021/22 (revenue growth of 4% to 7% and an EBIT margin of 4% to 5%). We now want to share this success with you, our valued shareholders, as part of our dividend policy and are therefore recommending an increase in the dividend to EUR 0.35 for the 2021/22 financial year.

We can look back with pride at the past year, which we successfully mastered despite an exorbitant rise in raw material prices, interrupted supply chains and a chronic undersupply of critical components. We continued deliveries to our customers, but not always at the desired speed or in the required quantities. Our employees did an exceptional job that demonstrated their extraordinary loyalty to our customers, and they deserve our very special thanks for these efforts.

This performance also shows that our corporate strategy – with its focus on innovation, digitalisation and sustainability – is successful and underscores our strong position. Expenditures of EUR 68 million for research and development confirm our commitment to innovation, even in these difficult times. That goes along with investments in highly automated machinery and tools to make our key products even more efficient.

The digital transformation of the Zumtobel Group is also well underway. Our goal is to create a modern digital customer interface along the value chain that includes the optimisation of business processes up to fully digitalised process flows. Here, for example, we started to work on the implementation of a new customer relations management system that will strengthen our focus on customers and allow us to provide even better service. This system will also help us to identify future market opportunities at an earlier point

of time, increase the transparency of customer networks, and supply our customers with the right information at the right time.

We also made substantial progress in the area of sustainability during the past financial year:

At the beginning of 2021/22, the Zumtobel Group established a sustainability team to define concrete goals based on an analysis of the most important issues that will lead our company into a sustainable future. The first goal is to achieve climate neutrality in our own plants by 2025, whereby the focus will be placed on avoidance and reduction before the compensation of emissions. Our second goal is to become the partner of choice and work continuously with our suppliers on sustainable procurement and suitable solutions – that is our understanding of due diligence along the entire value chain. And, finally, we are committed to the circular economy concept: The Zumtobel Group views the circular economy as a future-oriented innovation tool in which products serve as the raw materials for the next product generation and primary material consumption can be gradually reduced by the use of high-quality secondary materials. We look forward to sharing these new developments with you, presumably during the first quarter of the current financial year.

Tangible proof of our first successful results is already visible: the Zumtobel Group's sustainability activities were recognised by EcoVadis, a global sustainability rating agency, with a gold medal in October 2021. Due to the successful optimisation of relevant processes along the value chain, we now rank among the top three per cent of over 75,000 rated companies worldwide.

Together with new partners, we are also going new ways: After roughly one year of cooperation with the Berlin start-up Concular, which is working to establish an ecologically oriented association for the circular construction industry, the Zumtobel Group has now become one of the first 31 partners in the official part of the recently founded "Concular Circularity" programme for CO<sub>2</sub> reduction and resource-efficient construction. You can learn more about our sustainability activities in the consolidated non-financial statement.

The Zumtobel Group's goals for the medium-term were also presented for the first time during the past financial year: Beginning with 2021/22 and up to 2024/25, our goal is to generate an average annual increase of 4% to 5% in revenues, which would give us revenues of more than EUR 1.2 billion in 2024/25. This planned organic growth and further efficiency improvements are reflected in our goal to reach an EBIT margin of 6% to 8% in 2024/25.

Our success during the 2021/22 financial year shows that we are well on our way to meeting these goals. However, the world in which we operate is more volatile than ever before. The war in Ukraine has shocked and troubled each of us. We have suspended all business activities by the Zumtobel Group in Russia for the time being and will not accept any new orders. The massive increase in prices and interrupted supply chains

will, nonetheless, still affect our business. The medium- and long-term geopolitical and economic effects of this war are hardly predictable, but we are convinced we can remain successful in a difficult environment.

The Zumtobel Group's gratifyingly high order levels represent a great challenge for us and the entire team along our value chain. In recent months, we have worked to reduce our dependence on individual suppliers of semiconductors for high-end drivers by adjusting product development and substantially expanding the circle of suppliers. We will continue to follow this course and rely on the know-how and commitment of our roughly 5,800 employees.

In view of these developments and with reference to the above uncertainties, we expect an increase of 3% to 6% in revenues and an EBIT margin of 4% to 5% for the 2022/23 financial year.

I am please to have your support in reaching these goals and thank you for your confidence.

Alfred Felder

Chief Executive Officer (CEO)

# The Zumtobel Group AG Share

## High volatility on the global stock markets in 2021/22

Developments on the global stock markets remained volatile throughout the entire 12 months of the 2021/22 financial year, whereby the markets had come under pressure even before the invasion of Ukraine. The strong recovery in 2021 that followed the Covid-19-related downturn in 2020 was weakened by rising inflation, a raw material shortage and related sharp increase in material prices, and interruptions in global supply chains. Moreover, the impact on the economy is still visible two years after the outbreak of the pandemic. The recent interest rate shift by the US Federal Reserve had an additional adverse effect on the capital markets, as did the negative reactions to lower-than-expected corporate profit reports. The Austrian ATX (Austrian Traded Index) rose slightly from 3,227 to 3,286 points, for a gain of 1.8%, and the Austrian ATX Prime also closed the 2021/22 financial year on a positive note with an increase of 0.4%. The EURO STOXX 600 rose by 3.0% during this period. Other indexes, for example the DAX (–6.9%) in Germany, the European EURO STOXX 50 (–4.3%) and the US Dow Jones (–2.7%), recorded a year-on-year decline in performance for the 12 months ending on 30 April 2022.

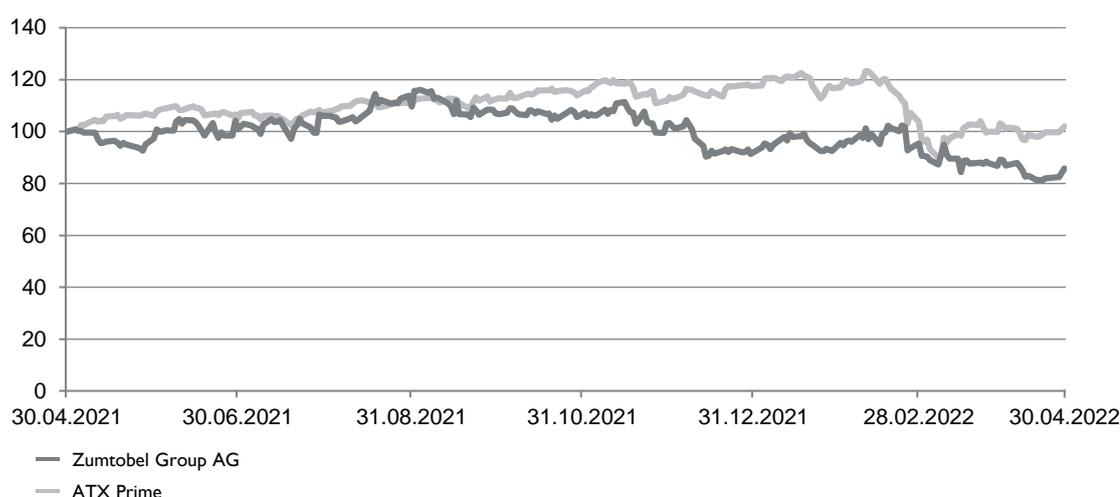
## A volatile year for the global stock markets

## Zumtobel Group AG share adversely affected by the war in Ukraine

The Zumtobel Group AG share carried the upturn from the previous year over into the beginning of 2021/22 with an increase to a high of EUR 9.90 in early September 2021. The share traded at EUR 9.00 by mid-November but then fell to EUR 7.70 by the end of the year. The start of 2022 brought a recovery to over EUR 8.60 which was halted, however, by the outbreak of the war in Ukraine. Similar to the entire capital market, the share has remained under pressure since the start of the war and fell to an interim low of EUR 6.73. The Zumtobel Group AG share closed the 2021/22 financial year on 30 April 2022 at EUR 6.90. Its performance was, in total, slightly weaker than the Austrian ATX Prime in which Zumtobel Group AG is also represented.

## Negative effects of war in Ukraine on the Zumtobel Group AG share

Development of the Zumtobel Group AG Share (in %)



**Market capitalisation  
of EUR 300 million as  
of 30 April 2022**

The market capitalisation of Zumtobel Group AG reflected the development of the share price in 2021/22. Based on an unchanged number of 43.5 million common shares outstanding in year-on-year comparison, the company was valued at EUR 300 million on 30 April 2022 (2020/21: EUR 367 million). The average daily turnover on the Vienna Stock Exchange equalled 75,556 in 2021/22, compared with 88,574 shares in the previous year (double-count, as published by the Vienna Stock Exchange).

**Key Data on the Zumtobel Group Share FY 2021/22**

Closing price at 30.04.2021	EUR 8.430	Currency	EUR
Closing price at 30.04.2022	EUR 6.900	ISIN	AT0000837307
Performance FY 2021/22	(18.1)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 30.04.2022	EUR 300 Mio	Market segment	ATX Prime
Share price - high at 07.09.2021	EUR 9.900	Reuters symbol	ZUMV.VI
Share price - low at 27.05.2020	EUR 6.730	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	75,556	Number of issued shares	43,500,000

**Shareholder structure**

**Zumtobel family holds  
35.8%**

The shareholder structure of Zumtobel Group AG has not changed significantly since the previous year. The Zumtobel family, with approximately 35.8% 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 the company. The company held an unchanged number of 353,343 treasury shares at the end of the 2021/22 financial year.

**Dividend policy**

**Dividend  
recommendation for  
2021/22: 35 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 45.8million in 2021/22. 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 29 July 2022, to distribute a dividend of 35 euro cents per share for the 2021/22 financial year (previous year: 20 euro cents). That would represent roughly 33% of net profit and, based on the closing price of the share in 2021/22, a dividend yield of 5.1%.

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

Transparent, continuous and open communications with all capital market participants have top priority for the management of Zumtobel Group AG. 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 numerous road shows, conferences and one-on-one meetings. A capital markets day was also held in October 2021, where the Management Board presented the revised corporate strategy with its focus on sustainability and digitalisation together with the key growth drivers for the years up to 2025 and the latest industry trends and developments in the lighting industry. In 2021/22 four well-known Austrian and international analysts issued regular reports on the Zumtobel Group share together with their evaluation of the corporate strategy and estimates for the valuation of the company (in alphabetical order): Berenberg (London), Erste Bank (Vienna), Kepler Cheuvreux (London) and Raiffeisen Bank International (Vienna). 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**



# 1. Group Management Report



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# 1. Group Management Report

## 1.1 The Zumtobel Group – An Overview

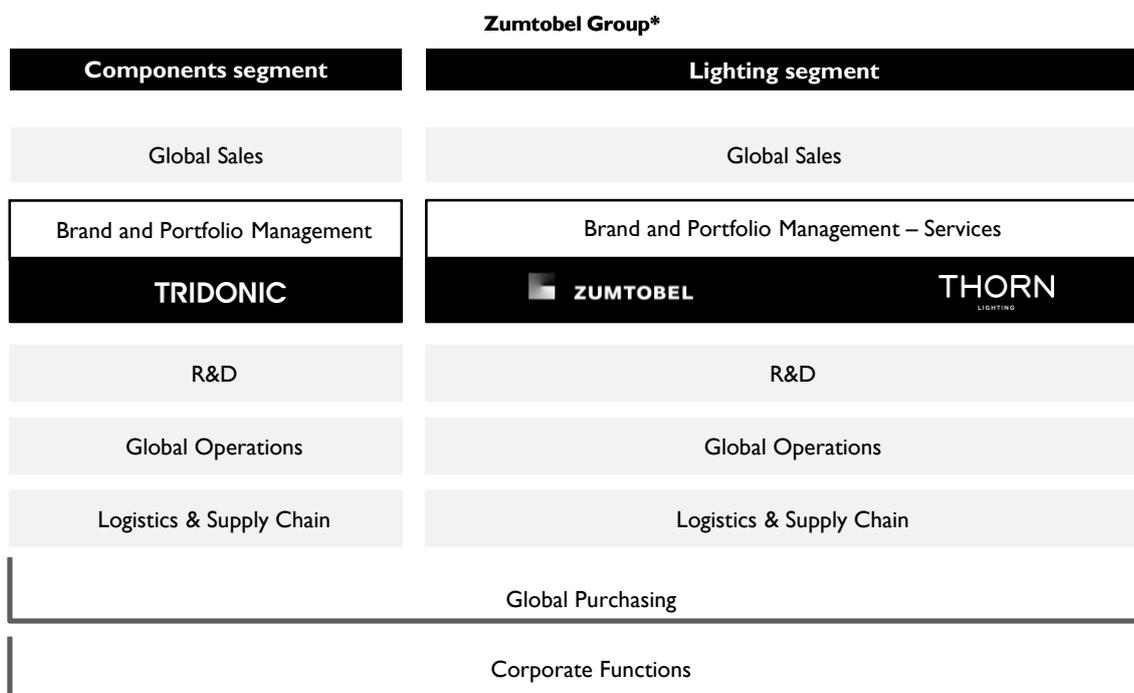
### 1.1.1 The Company

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 nearly 90 countries. The Group employed a workforce of 5,782 as of 30 April 2022 and generated revenues of EUR 1,148.3 million in the 2021/22 financial year. The founding Zumtobel family has served as a stable core shareholder since the IPO in 2006 and holds roughly 35.8% 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 2022

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 (for example, indoor navigation for guidance or for counting the number of people in a room by means of presence sensors in the lighting).

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.

**Focus on specific applications**

The sales organisation is clearly separated between the two segments and reflects the 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. 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.

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

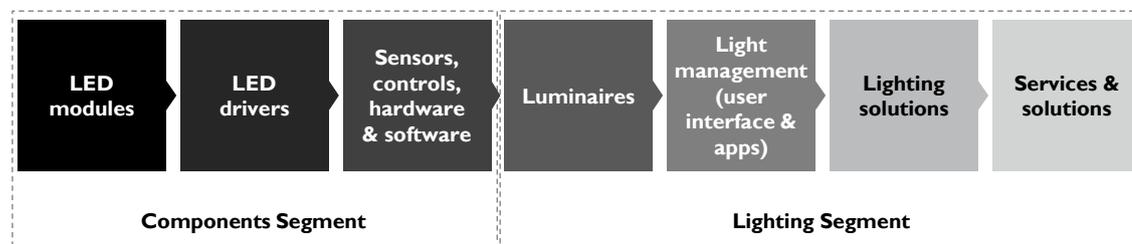
Zumtobel Group AG serves as the parent company of the Group and provides numerous corporate management and service functions for the brands. These central functions include finance, human resources, legal, audit & compliance, insurance, IT and process management, strategy and transformation projects,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

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

### 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.

**Comprehensive coverage of the value chain**

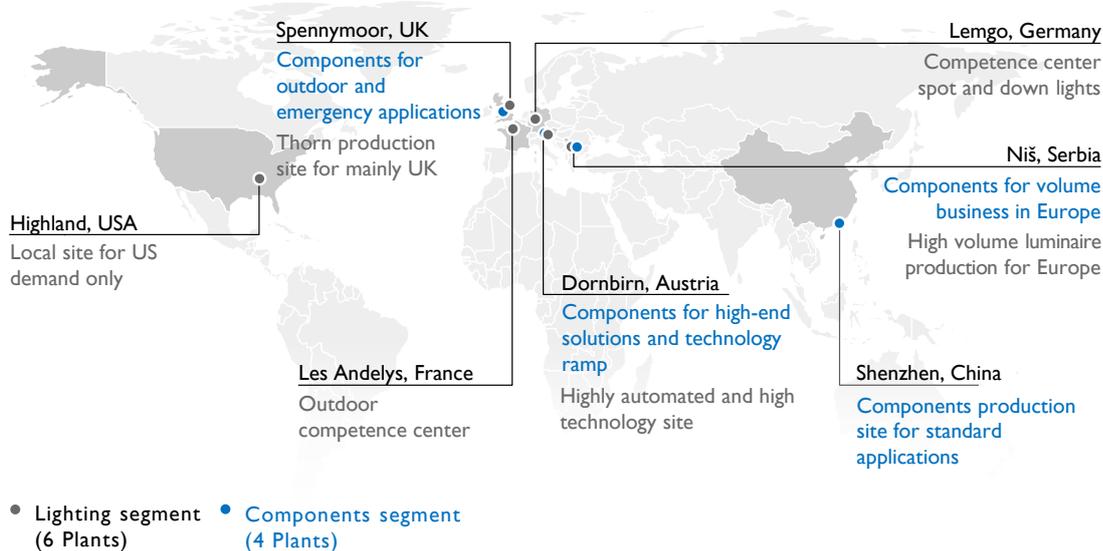


The Zumtobel Group's lighting and components plants are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for 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.

**Global production network**

Lighting and components are produced in individual areas at Dornbirn, Niš und Spennymoor under separate organisation and management. The Zumtobel Group had 10 plants on three continents as of 30 April 2022.

Production network of Zumtobel Group as of 30 April 2022



1.1.3 Market and brand positioning

Leading position in a highly fragmented lighting market

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 8% 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.

Zumtobel – the premium brand for architectural lighting

The Zumtobel brand, 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 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 in the project business.

Thorn – the performance brand for the international volume business

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 indoor applications from offices to supermarkets, industry, schools and healthcare facilities.

Tridonic is the Zumtobel Group's technology brand and a supplier of intelligent hardware and software. As a global innovation driver for light-based network technology, e.g. based on Bluetooth, it develops future-safe and scalable solutions that support lighting producers, building managers and system integrators, among others, in developing 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 continued its concentration on digitalisation and connectivity in 2021/22 with the development of technologies for smart and integrated lighting systems, new services and business models. The software competence centre in Porto (Portugal) was expanded during the past year and now the hub for software development in the Zumtobel Group.

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

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

The Zumtobel Group's leading competitive position is based, above all, on the 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 more than 1,700 employees in 2021/22 – plays a key role in the Zumtobel Group's business model. The systematic alignment of sales with one of the three strong core brands allows the Zumtobel Group to optimally meet the diverse needs of its customers

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

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. 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.

**Know-how in lighting applications**

In 2021/22, the Zumtobel Group invested EUR 67.5 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.

**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 – have become another focal point, and the use of the lighting infrastructure to support applications outside the scope of actual lighting is growing. 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 global efforts to reduce CO<sub>2</sub> emissions and 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. Other sustainability aspects, for example the circular economy, have also become a focal point of public attention. 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 a significant cost savings potential, 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. 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.

#### 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.

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

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 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 now includes increasingly important aspects like environmental issues (the letter “E”) and digitalisation (the letter “D”).

### 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.

**DIGITAL SOLUTIONS:** 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)
- >> 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 use of synergies in the current product portfolio, 2) Regional growth and 3) Growth through technology- and future-oriented products.

Growth through the utilisation of synergies from the current product portfolio is expected to come from the SIDEREA product solution, emergency lighting systems, and additional solutions for cableless systems. The company also anticipates additional growth opportunities in regions like the Asian market, where Tridonic has been underrepresented to date, and in the systematic development of the strong customer relations in its home market of Europe. Tridonic sees growth impulses in the progressive implementation of Cradle-2-Cradle LED drivers, which are recyclable consistent with the principles underlying the circular economy. The systematic use of driver-generated consumption data for additional 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 a key element of the growth strategy for the Lighting Segment. This also applies to the indoor business: For the Zumtobel brand, management expects substantial growth, above all in the industry, retail and healthcare fields. Other growth opportunities are available in the high-value premium segment, through the increased use of digital solutions related to the Internet of Things (IoT), in the leasing of lighting solutions, and in light planning, product selection, project management, assembly, refitting, and contract-based maintenance (LaaS).

Growth impulses for the outdoor business are expected 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: The integration of 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 230 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.

The goal for the 2021/22 financial year was to generate an EBIT margin of 4% to 5%. It was met with an EBIT margin of 5.3%.

### **Investments in the future**

Investments are a cornerstone of the Zumtobel Group's future success. Consequently, the company did not reduce its expenses for R&D and digitalisation during the Covid-19 pandemic. These costs also 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%). In view of the ongoing uncertainties surrounding the Covid-19 pandemic as well as the lack of semiconductors and rising raw material and transport costs, investments totalled EUR 45.3 million in 2021/22.

### **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 45.8 million in 2021/22. 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 29 July 2022, to distribute a dividend of 35 euro cents per share for the 2020/21 financial year (previous year: 20 euro cents). That would represent roughly 33% of net profit.

### **Climate-neutral operations (Scope 1 and 2)**

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. That will make climate neutrality "net zero" for the Zumtobel Group. More detailed information can be found in the section on "Guiding Light/Climate Neutrality".

## Development of products for the circular economy

The company has set a goal to provide comprehensive support for the circular economy. This approach covers the responsible use of materials and the development of products and ends with the establishment of circular systems in the Zumtobel Group. 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. Supply chain measures will include the expansion of the evaluation programme for suppliers to include additional sustainability criteria. Compliance with human rights and environmental protection aspects along the supply chain will be verified with annual audits. More 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 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. The Zumtobel Group meets its reporting requirements under the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- 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 statement in agreement with GRI standards

This non-financial statement applies to the 2021/22 financial year and applies 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 2021 to 30 April 2022. 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 basis year was changed from 2015/16 to 2021/22 following the orientation on GRI standards and the related expansion of reportable data. This will ensure the comparability of data in the coming years.

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.

### 1.2.1 Guiding Light

### Zumtobel Group on the road to sustainability

We are making progress. With our employees. With our partner companies and architectural firms. With politics and society. In development, raw materials procurement, the production and use of our products. Along our value chain and far beyond. Even when we go around in circles, we are making progress. We are – and intend to remain – a strong company. This is reflected in our commitment to a healthy planet and a liveable future. With a firm position, curiosity and innovative strength. And with light, which shows us the way.

Our road to sustainability is accompanied by three focal points which evolved from the revision and adaptation of materiality in 2021/22:

- >> Climate neutrality  
The road we will take in the future without leaving a footprint.
- >> Partner of choice  
The road we choose that encourages others to join us.
- >> Circular economy  
The road that leads us in circles but still means progress.

#### 1.2.1.1 Climate neutrality

We want to understand and continuously reduce our ecological footprint. Along the entire value chain, Step by step. From one goal to the next. By converting to electricity from renewable energy at most of our locations, we have already achieved a significant reduction in our CO<sub>2</sub> emissions and are now working to make all our plants climate neutral by 2025. And we want to go a lot further: Data on the CO<sub>2</sub> footprint of our suppliers and the energy consumption of the sold products will be collected as the basis for future reducing measures.

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

- >> Emissions
- >> Energy and renewable energy

On the road to achieving 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.

Progressive climate change represents a threat to the existence of future generations and the entire economic system. The development of global warming, which is caused by a rising concentration of greenhouse gases in the atmosphere, plays a significant role in this respect. Companies in all branches are challenged to record and rapidly reduce their own greenhouse gas emissions as well as the emissions from all upstream and downstream processes. The Zumtobel Group has set a goal to make its own processes climate neutral (Scope 1 and 2) by 2025. As preparation for the EU Directive on Corporate Sustainability Due Diligence, the Zumtobel Group plans to collect data on all material emissions along its entire value chain and will set ambitious reduction goals. The objective is to steadily reduce emissions based on a strong commitment. In this way, the Zumtobel Group will make an active contribution to limiting global warming to 1.5° Celsius over the pre-industrial level in agreement with the Paris Climate Agreement.

The conversion of major production locations to green electricity in 2021/22– including sources like hydropower, eco-electricity and electricity from solar power (photovoltaics) – led to a year-on-year reduction of >50%. This conversion was also responsible for a substantial increase in the share of renewable energy during the past financial year.

**Our commitment on  
the road to climate  
neutrality**

**Highlights on the road  
to climate neutrality**

Newly installed cooling equipment was filled with new innovative HFO-refrigerants that have a Global Warming Potential (GWP) of <1, which has reduced the greenhouse gas potential to a minimum.

#### 1.2.1.2 Partner of choice

We want people to accompany us because they share our convictions. Because we work continuously on sustainable procurement together with our suppliers. Because we create a good and fulfilling working environment together with our employees. And because we excite our customers with our highly innovative lighting solutions and support their sustainability activities with our services and data.

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

- >> Occupational safety, health and well-being
- >> Product quality and safety
- >> Customer satisfaction
- >> Social standards in the supply chain
- >> Sustainable procurement and supplier management

Our due diligence covers the entire value chain. We meet our goals together with suppliers and colleagues, partners and customers.

#### **Our commitment on the road to becoming the partner of choice**

For companies and their partners, sustainability creates complex challenges along the entire value chain. Here people come first, connections are identified together, and solutions are found for the tasks at hand through a network. The Zumtobel Group works closely together with suppliers in support of sustainable procurement. Transparency, protection for human rights and high social standards in the supply chain are, in this way, ensured and improved. Occupational safety, health and an increase in well-being for the Zumtobel Group's employees take priority. Activities are bundled and increasingly embedded in a management system for effective further development. The health and safety of customers is safeguarded by the comprehensive control and monitoring of products and services. The Zumtobel Group sees its dialogue with customers as the basis for meeting their needs. Feedback on customer satisfaction is collected with regular surveys.

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

The first analyses of draft regulations have shown that the process for supplier onboarding represents an excellent basis for meeting the expected due diligence law. Both the components and lighting plants in Niš successfully completed certification under ISO 45001 (an international standard for health and safety at work). In a worldwide survey, customers provided valuable feedback on their perceptions and satisfaction. The results are promising and, in comparison with the previous survey, point to an improvement in customer relations. The objective is to continue this course and further strengthen the focus on customers.

#### 1.2.1.3 Circular economy

We want to give our products a second, third and maybe even a fourth life. Through recycling, overhaul and reuse. Our circular design rules are firmly integrated in development processes and applied in the development of every new product. Workshops and training courses such as the Circular Design Rules Webinar, the Circular Design Rules Product Management Workshops or the Sustainability Core Knowledge Training Module help us to establish the circular economy as a core concept along our value chain and, with the minimisation of waste materials, we close our internal cycles. Regular analyses and the exchange of information with our partners show us the way to new, circular business models.

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

- >> Circular economy (materials, product design, circular models)
- >> Sustainable products and applications

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

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

The materials used are evaluated for critical content together with the respective suppliers. The share of recycling material is recorded, and the recyclability of materials is systematically increased. Products are designed to permit the separation of individual components and materials. Business models and service products are developed for a longer lifespan and the recycling of products, components and materials. The Zumtobel Group maintains partnerships with thought leaders and experts to jointly support the implementation of the circular economy.

#### 1.2.1.4 Sustainability roadmap

A roadmap was prepared for the climate neutrality, partner of choice and circular economy focal points and will be 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. The roadmap serves as a guideline for the continuous improvement in the sustainability performance of the Zumtobel Group.

**Our commitment on  
the road to a circular  
economy**

**Highlights on the road  
to a circular economy**

Focal points	Material issue	Commitment	Measures, activities	SD	ESG	Goal
<b>Climate neutrality</b>						
	Emissions			OEP	E	
		Attain climate neutrality (Scope 1 and Scope 2) by 2025	Concept to prevent and reduce remaining emissions at all major locations (focus on heat generation and laminating)			2023
			Develop compensation strategy for residual emissions			2024
			Implement concept and compensation strategy, independent validation of climate neutrality			2025
		Climate neutrality becomes net zero (Scope 1 to Scope 3)	Record emissions along the entire value chain			2023
			Prepare net zero reduction plans based on Paris Climate Agreement			2025
	Energy and renewable energy			OEP	E	
		Increase share of renewable energy	Konzept zu Erhöhung des Anteils erneuerbarer Energie (z. B. Solar, Wind, Biomasse)			2023
<b>Partner of choice</b>						
	Occupational safety, health and well-being			RE	S	
		Support employees' health and well-being	Certify all major European locations under ISO 45001			2024
			Prepare overall concept for health management and implement key elements at the major European locations			2024
			Develop programme to record and identify main causes and duration of lost working days			2024
	Product quality and safety			SM	S	
		Meet highest product safety standards	Plan for future standards through committee work and innovative hard- and software development in own labs			2023
			Screen new requirements for measurement and testing based on the circular economy concept (refurbishment, remanufacturing)			2025
	Customer satisfaction			SM	S	
		Meet highest product safety standards	Plan for future standards through committee work and innovative hard- and software development in own labs			2023
			Screen new requirements for measurement and testing based on the circular economy concept (refurbishment, remanufacturing)			2023
	Social standards in the supply chain			SP	S	
		Arrange for independent validation of commitment to sustainable procurement	Validate sustainability performance (e.g. via ECOVADIS, RMI)			2023
		Expand evaluation of suppliers according to social criteria	Adapt sustainability questionnaire in line with the expected EU Due Diligence Directive			2025
		Encourage suppliers to arrange for independent audits and valuations	Query/interview regarding ISO 45001 at TOP suppliers			2023
	Sustainable procurement and supplier management			SP	S	
		Integrate sustainability aspects in the supplier evaluation programme	Set goal for sustainability audits in relation to supplier audits			2023
		Ensure compliance with human rights and environmental protection in the supply chain	Ensure conformity of main suppliers and their sub-contractors in line with the expected EU Due Diligence Directive			2025

Focal points	Material issue	Commitment	Measures, activities	SD	ESG	Goal
<b>Circular economy</b>						
	Circular economy (material, product design, circular models)			PR	E	
	Use materials based on circular economy concept		Continuously increase recycle share of products			2023
			Continuously increase share of recyclable materials in products			2023
			Make packaging materials completely recyclable (components)			2024
			Manage and integrate environmental data (e.g. CO <sub>2</sub> , share of recycle)			2025
	Develop products for the circular economy		Systematically implement design for disassembly to support easy repairs and upgrade capability of products			2023
			Develop refurbishment kits			2025
			Create remanufacturing option for 10% of the product families in the lighting brands			2030
			Certify all premium products based on cradle to cradle (components)			2030
	Establish circular systems		Implement projects for circular economic systems: maintenance & upgrade, remanufacturing, high-value recycling			2025
			Establish infrastructure for high-value recycling			2028
	Sustainable products and applications			PR	E	
	Expand availability of environmental product declarations		Goal: availability of EPDs as a number, % per product family, % of all products and new products			2023

SD – Specialist departments: SM – Sustainable management, PR – Product responsibility, OEP – Operational environmental protection, RE – Responsible employer, SP – Sustainable procurement, GC – Governance & compliance

### 1.2.1.5 Progress report on sustainability performance

Sustainable, responsible actions have a long tradition in the Zumtobel Group. Sustainability performance is summarised by the areas covered in the report and the respective material issues.

Area	Material issue <sup>1</sup>	Goal	Measures, activities, results	Status	SDG	Page
<b>Responsible actions</b>						
	Join key sustainability initiatives (membership)	Join key sustainability initiatives (membership)	The Zumtobel Group is a member of respACT, Austria's leading corporate platform for responsible management	●	16, 17	38
	Publish annual progress report (COP) based on the UN Global Compact	Publish annual progress report (COP) based on the UN Global Compact	Commitment to the UN Global Compact renewed for FY 2020/21; COP available on the Zumtobel Group website under sustainability	●	16, 17	38
	Join the Klimaaktiv Pakt 2030 (partner)	Join the Klimaaktiv Pakt 2030 (partner)	Klimaaktiv Pakt partnership signed for 2030; reporting structure and annual update of climate protection concept FY 2021/22 prepared for Klimaaktiv Pakt	●	17	39
	Receive gold medal from EcoVadis	Receive gold medal from EcoVadis	Gold medal for sustainability performance received; active improvement of guidelines, actions and results	●	16, 17	40
	Present Zumtobel Group Award 2021	Present Zumtobel Group Award 2021	Zumtobel Group Award presented for the 6th time; awarded in two categories plus special prize	●	9, 11, 17	39
	Update materiality 2021/22	Update materiality 2021/22	Materiality updated in line with the GRI 3 standard (2021)	●	8	36
<b>Sustainable management</b>						
	Customer satisfaction	Customer satisfaction			9, 12	
	Increase customer satisfaction based on NPS (net promotor score)	Increase customer satisfaction based on NPS (net promotor score)	Customer satisfaction analysis planned and completed	●	7, 9, 11, 12	43
	Transparency and reporting	Transparency and reporting			12	
	Base reporting on GRI framework (2021)	Base reporting on GRI framework (2021)	"Reporting structure adapted to meet GRI requirements;	●	12, 16	43
	Sustainable financing and investments	Sustainable financing and investments				
	Implement regulatory requirements of EU Taxonomy Regulation	Implement regulatory requirements of EU Taxonomy Regulation	"Implementation concept developed;	●	8	44
<b>Governance &amp; compliance</b>						
	Compliance and ethics (incl. fight against corruption, anti-competitive behaviour, anti-trust law)	Compliance and ethics (incl. fight against corruption, anti-competitive behaviour, anti-trust law)			16	
	Update and issue binding code of conduct for employees	Update and issue binding code of conduct for employees	Issues like anti-corruption, competition and anti-trust law updated in code of conduct to meet latest standards	●	8, 16	48
	Train employees on compliance and ethics issues	Train employees on compliance and ethics issues	Group-wide, comprehensive training organised for all salaried employees; automated process implemented for new employees' compliance training	●	4, 16	48

Area	Material issue <sup>1</sup>	Goal	Measures, activities, results	Status	SDG	Page
<b>Governance &amp; Compliance</b>						
	Compliance and ethics (incl. fight against corruption, anti-competitive behaviour, anti-trust law)				16	
		Update guidelines/policies	"85% of these documents have been updated; no Zumtobel Group guideline is older than three years; guidelines issued for gifts, invitations and entertainment"	●	8, 16	49
		Implement whistle-blower system throughout the Group	"Usability and access options were optimised; six reports were solved or refuted"	●	8, 16	48
		Further development of compliance management system	Compliance charter prepared, approved by Management Board and Audit Committee and published in INlight (internal communication platform); external audit for CMS	●	16	48
		Update data protection throughout the Group	Production registers updated; data protection manual prepared; new legal requirements integrated in data protection toolbox	●	16	51
<b>Sustainable procurement</b>						
	Sustainable procurement and supplier management				12	
		Achieve transparency over content materials for each product group	The product groups were evaluated for conformity with restricted substances list	●	12	94
		Integrate sustainability aspects in the product group strategy	Main suppliers are regularly reviewed for compliance with sustainability requirements; continuous improvement	●	8, 12	55
		Make the company car fleet greener	Analysis carried out to establish the requirements and usage profile for motor pool vehicles; revision and adaptation of the company car policy and inclusion of hybrid and electric vehicles	●	8, 13	56
		Convert major locations to renewable energy procurement	All major European locations have converted to the procurement of renewable energy	●	7, 13	77
	Environmental and social standards in the supply chain				8	
		Conduct annual sustainability audits for new and existing suppliers	Completion of 142 QS audits, including 101 sustainability audits, with suppliers	●	5, 8, 12, 16	57
		Appraise sustainability performance of suppliers from risk countries	Sustainability performance of 66% of the suppliers from risk countries was audited	●	5, 8, 12, 16	57
		Require suppliers to comply with RoHS, REACH and conflict mineral regulations	The CMRT report is available for download on the website	●	8, 12	58

Area	Material issue <sup>1</sup>	Goal	Measures, activities, results	Status	SDG	Page
<b>Responsible employer</b>						
Occupational safety, health and well-being						3
	Continuous development of health programme		Pilot project started to record lost working days at the Austrian locations	●	3	71
	Implement ISO 45001 in the Group		Niś Lighting Brands and Niś Components are now certified under ISO 45001	●	3	71
	Implement safety measures to address Covid-19		Test and vaccination offers available to employees at their work locations	●	3	60
Corporate culture and values						8
	Develop an HR strategy based on the corporate strategy		LIGHT UP People strategy developed and implemented	●	3, 4, 5, 8	60
	Dr. Walter Zumtobel Award		Employees were presented with the Value Award	●	8	61
	Submit applications for awards and quality seals		Awards for Zumtobel Lighting GmbH and ZG Lighting Austria as "Family-friendly Companies"; "Great Place to Work" for sales in Switzerland and Tridonic Portugal; "Excellent Apprenticeship Company" for Zumtobel Lighting	●	4, 5, 6, 8	61, 62
Work-life balance						8
	Support an effective work-life balance		Adapt and roll out home office rules based on local legal requirements	●	8	62
Employee satisfaction (incl. working conditions)						8
	Continuously increase the number of employee reviews and development discussions		Share of employee reviews and development discussions exceeds the +10% goal; coverage equals 88.6% (+13%)	●	8	64
Diversity and equal opportunity						5
	Fill management positions internally		Share of women in management positions increased by 16%; newly created or free internal positions with management responsibility filled 76% internally	●	5	68
<b>Operational environmental protection</b>						
	Certify all major Group locations under ISO 14001 and ISO 50001		Certification under ISO 14001 and ISO 50001 received for all certified location; Lemgo is certified under ISO 50001	●	13	67
Energy and renewable energy						7
	Include share of renewable energy in environmental reporting		Structure for environmental reporting shows the share of renewable energy for each location, for the lighting brands and components and for the Zumtobel Group in total	●	7, 13	79
	Continuously increase share of renewable energy to 50%		All European locations purchase their electricity from renewable energy sources; share of renewable energy equals 60% (motor vehicle pool and administrative locations included beginning in 2022/23)	●	7, 13	79

Area	Material issue <sup>1</sup>	Goal	Measures, activities, results	Status	SDG	Page
<b>Operational environmental protection</b>						
Energy and renewable energy				7		
		Reduce energy consumption of sold products	Continuous improvement in the average energy efficiency of all sold products; improvement equals 3.1%	●	7, 9, 12, 13	79
		Optimise refrigeration equipment at Schweizerstrasse location	Purchase and installation of new cooling equipment with free cooling and back-cooling; future savings equal 640 MWh/year	●	13	79
Emissions				13		
		Disclose full information on Scope 1 based on the Greenhouse Gas Protocol and GRI	Reporting was expanded to include emission values for the internal motor vehicle pool, fugitive emissions from refrigerants and the Group's administrative locations	●	13	80
		Maintain course to become climate neutral by 2025	All European locations have converted to electricity from renewable energy sources; reduction equals 62% compared with the basis year 2015/16	●	7, 13	83
		Add Scope 3 processes to reporting	The upstream and downstream processes to be reported were defined; a description of underlying calculation method for Scope 3 emissions was prepared	●	13	81
Water and wastewater				6		
		Optimise water consumption in toilet facilities	Flow volume in toilet flushing processes controlled and reset; purchase and installation of short flush equipment in existing facilities	●	6	84
		Optimise water consumption in powder coating	Installed pumps permit the recycling of water in the tanks for the power coating equipment; control of the water quality with regard to PH-values, micro siemens and particle count reduced draining procedures by one-half	●	6	84
Waste				12		
		Record waste according to the GRI standard	Structure for environmental reporting shows the requirements based on the GRI standards for each location, for the lighting brands and components and for the Zumtobel Group in total	●	12	86
		Increase recycling rate for internal waste to 90%	Continued focus on optimising the separation of waste into its constituent parts at the major locations; recycling rate of 90% reached for internally generated waste	●	12	87

Area	Material issue <sup>1</sup>	Goal	Measures, activities, results	Status	SDG	Page
<b>Product responsibility</b>						
	Innovation					9
		Increase number of patents and commercial property rights	Active number of commercial property rights increased by 2.5% to 9,260, patents by 1.1% to 4,875	●	9	89
	Sustainable products and applications					12, 13
		Market the issue of environmental product declarations (EPDs) after 10 years of application	EPDs were integrated in reporting; all new products receive an EPD; 5,000 EPDs issued; EPDs form the basis to calculate the Scope 3 emissions for product application	●	11, 13	92
	Circular economy					8, 12
		Implement circular design rules as the framework for the development process	Circular design rules defined and rolled out to all development locations; circular design rules are an integral part of the development process	●	12	93
		Optimise material content and increase the share of recyclable materials in products	Purchased materials will be examined for conformity with the restricted substances list; increase recycling capability of purchased materials	●	12	95
		Establish circular systems	Develop concept and target definition for at least three cycles	●	12	95
		Cradle to cradle certified products	The cradle-to-cradle process structure will be transferred to the lighting brands and the components brand; first projects in implementation	●	12	97

<sup>1</sup> Includes material issues for reporting as well as the material issues from the materiality matrix 2020/21

- Completed
- Implementation in progress

## 1.2.2 Our responsible actions

### 1.2.2.1 Organisational anchoring and 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, for the first time, 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 2021/22 are viewed along the value chain and flow into the focal points – Guiding Light –with climate neutrality, partner of choice and circular economy. The roadmap 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 areas like global human resources management, global procurement, brand & portfolio management R&D, and the Group sustainability team. The SCS 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 monitor indicators, goals and measures.

The sustainability management 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: Governance & Compliance, Sustainable Procurement, Responsible Employer, Operational Environmental Protection and Product Responsibility.

### 1.2.2.2 Stakeholder management

The Zumtobel Group maintains an open channel of communication with its interest groups. It uses this dialogue 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. 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.

**Sustainability Steering  
Committee**

**Open and continuous  
exchange with  
stakeholders**

Stakeholder groups	Platforms/communication instruments
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

### 1.2.2.3 Materiality update in 2021/22

#### Materiality analysis 2020/21 as basis for the update

The results of the materiality analysis 2020/21 provided an important basis for the revision. In several steps, sustainability issues were identified in the organisational context; the actual and potential effects were analysed through online stakeholder surveys and in management workshops, supported by the application of a PESTEL analysis, and the assessment of the impact was carried out in a context analysis. This materiality analysis 2020/21 led to the development of a materiality matrix with 24 material issues, which formed the starting point for reporting in 2021/22.

The relevance of the 24 various issues was measured in three areas: the influence of an issue on the evaluation and decisions by stakeholders, the contribution to the creation of economical added value, and the role as an ecological and social value driver. The issues were then assigned to the category “sustainable management” and to the ESG categories “environment, social and governance” according to their rating, and threshold levels were defined.

#### Threshold levels for the definition of material issues

The material issues for reporting were defined as the issues whose rating for 2021/22 exceeded the threshold or involved compliance with legal requirements. In the event of identical ratings, the material issue for reporting purposes was selected by experts based on the corporate context or current developments and, consequently on the relevance for the company. The issues chosen through this procedure are reported in agreement with the GRI standards. The issues assigned to the ESG categories (environment, social and governance) were classified for reporting purposes under the three focal points “climate neutrality”, “partner of choice” and “circular economy”. These focal points represent the central elements of sustainability communication in the Zumtobel Group.

Information is also provided on the remaining 24 issues from the 2020/21 materiality analysis that were not classified as material issues for reporting. For reasons of consistency and continuity, reporting in this case is based on the previous years' publications and without any claim to full compliance with the requirements of the GRI standards.

The above-mentioned materiality update offers a structured process for determining the material issues for reporting. Within the framework of this systematic, it is conceivable that existing issues could be assessed regularly – for example, annually – and new issues could be added to the evaluation grid, or the thresholds could be redefined each year. That creates an opportunity to illustrate the evolution of the various issues as well as their relevance over time.

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:

Area	ESG	Focal points	Material issues	Sustainability/diversity*	SDG
Sustainable management			Sustainable increase in the value of the company		8
			Sustainable financing and investments		8
			Innovation		9
Operational environmental protection	E	Climate neutrality	Emissions	Environmental issues	13
	E	Climate neutrality	Energy and renewable energy	Environmental issues	7
	E		Environmental compliance	Environmental issues	16
Product responsibility	E	Circular economy	Sustainable products and applications	Environmental issues	8
	E	Circular economy	Circular economy (materials, product design, circular models)	Environmental issues	12
Responsible employer	S	Partner of choice	Occupational safety, health and well-being	Employee-related issues	3
	S	Partner of choice	Human rights, child labour and forced labour	Respect for human rights	16
Sustainable management	S	Partner of choice	Product quality and safety	Social issues	12
	S	Partner of choice	Customer satisfaction	Social issues	12
Sustainable procurement	S	Partner of choice	Social standards in the supply chain	Social issues	8
Governance & compliance	G		Compliance and ethics (fight against corruption, anticompetitive behaviour, antitrust law)	Fight against corruption Employee-related issues	16
Sustainable procurement	G	Partner of choice	Sustainable procurement and supplier management (audits, certifications)	Social issues Respect for human rights Fight against corruption	12

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

#### 1.2.2.4 Supporting initiatives for responsible management

##### UN Sustainable Development Goals

At the World Summit for Sustainable Development in New York in 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 required 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.

## Focus on 12 SDG goals

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:

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, 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 is also represented in the management board of RespACT, Austria's leading corporate platform for responsible business activity. This official commitment confirms the Zumtobel Group's intention to comply with the ten principles on human rights, labour standards, environmental protection and the fight against corruption.

This commitment to responsible management was renewed in 2021/22 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

**Current progress report available for download on the 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, 11 associated partners prepared individual climate protection concepts for the years up to 2030. The recognition as an associated klimaaktiv Pakt partner was followed by a signing ceremony with the Zumtobel Group's CEO at the klimaaktiv annual meeting on 18 October 2021 to confirm participation in the klimaaktiv Pakt 2030 and, in doing so, set a strong signal for climate protection. Together with 10 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. The Zumtobel Group has set a goal to reduce its own emissions (Scope 1 and 2) in Austria by 50% below the basis year 2015. That represents a reduction of 2,516 tonnes of CO<sub>2</sub>. Another goal set by the Zumtobel Group is to reach a 73% share of renewable energy at the Austrian locations by 2030.

**klimaaktiv Pakt partnership signed in 2030**

The signing of the agreement and inclusion in the klimaaktiv Pakt 2030 initiates an annual and structured process to optimise the submitted and presented operational climate protection concept. In order to actually achieve the desired reduction in greenhouse gas emissions and not only meet – but exceed – national climate protection goals, a broad range of measures will be required.

The Zumtobel Group is relying on activities and measures in the areas of energy savings & energy efficiency, construction & renovation, mobility, renewable energy carriers, renewable raw materials & resource efficiency, and the creation of a greater awareness among employees and stakeholders. The actual implementation of climate protection measures and the related goal attainment will be evaluated annually and independently by the Austrian Energy Agency and the Austrian Federal Ministry for Climate Action, Environment and Energy to ensure maximum credibility and transparency inside and outside the Zumtobel Group.

**Annual review of goals**

#### Social engagement

The international jury for 2021 presented this year's "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. With their focus on current issues related to collective residential construction, a bottom-up initiative for the independent creation of housing, and a data-based innovation for the circular economy, the award-winning projects addressed the core concept of the Zumtobel Group Awards. They were presented for the sixth time since 2007 and again curated by the Aedes Architecture Forum in Berlin. This international architectural prize, which is endowed with a total of EUR 120,000, is designed to support future-oriented developments to improve the quality of life and the sustainability of the constructed environment. The prizes in the categories "Buildings" and "Urban Developments & Initiatives" are each endowed with EUR 50,000, while the Special Prize for Innovation carries a prize of EUR 20,000.

## 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.

The most important memberships at the present time are as follows: ZVEI ("Zentralverband Elektrotechnik- und Elektroindustrie e. V.", Germany), Lighting Industry Association (LIA, Great Britain), Association for the Electrical and Electronics Industries (FEEI, Austria), European Committee for Standardisation (CEN), International Standards Organisation (ISO), International Electrotechnical Commission (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).

## EcoVadis evaluates sustainability performance

EcoVadis has grown to become the world's largest and most reliable source of sustainability ratings for the business sector and has created a global network of more than 90,000 rated companies. The EcoVadis methodology evaluates corporate guidelines, measures and reports published by companies on the environment, employees' and human rights, ethics and sustainable procurement according to their size, location and branch. This evidence-based rating between 0 and 100 points flows into a scorecard that can be shared with companies across the world.

## Zumtobel Group receives first Gold Medal

The current evaluation by EcoVadis for the 2021/22 financial year led to the first Gold Medal for the Zumtobel Group. The improvement resulted from the continuous optimisation of all evaluation and subject categories, e.g. the environment, employees' and human rights, ethics and sustainable procurement, and above all the preparation of corporate guidelines. The Zumtobel Group now ranks among the top 3% companies in the branch and, with regard to the environment, to the top 1% worldwide of all companies in the branch that are rated by EcoVadis.

As its goal for the coming year, the Zumtobel Group is targeting the highest possible rating – the Platinum Medal.

### 1.2.2.5 Influence of the Covid-19 pandemic

## Ongoing challenge for procurement

The Covid-19 pandemic also had an impact on all aspects of corporate responsibility – economic, ecological and social – during the 2021/22 financial year and, consequently, on sustainable and responsible management. Key factors in the environmental area have improved significantly, for example the decline in CO<sub>2</sub> emissions due to the wide-ranging restrictions and reduction in travel, while economic factors like the procurement of raw materials were negatively affected by the pandemic for an additional year. This situation has been worsened by the war in Ukraine. In the area of social responsibility, the pandemic had a particular effect on employees through the challenges created by flexible working conditions and the availability of contact partners.

In-office, home office and short-time work models supported the generally smooth continuation of operations and the creation of added value in line with the specific situation and location.

Sustainable management that gives balanced priority to all aspects, combined with a lean administration, efficient production network and far-sighted supplier management, made an important contribution to the sound results recorded by the Zumtobel Group in another financial year that was significantly influenced by the corona pandemic. The specific demands created by the Covid-19 pandemic are addressed under the individual subject clusters.

#### 1.2.2.6 Climate-relevant risks/opportunities and 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

Increased precipitation and rising temperatures are connected with low, potentially long-term physical risks, while the possible increase in the frequency and intensity of extreme weather events represents an acute physical risk over the medium-term. In order to prevent damage to assets, the interruption of procurement processes and production stops, measures have been taken at all locations to minimise the potential effects, and the procedures to manage these risks were compiled in an emergency response plan.

**Zumtobel Group less affected by climate change**

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 in the context analysis of the management system, and the related assessments were followed by the 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 substitution of products by more environmentally friendly alternatives. The product development process includes tools like the lifecycle assessment and circular design rules to provide our customers with sustainable and highly energy efficient products and services.

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. Accordingly, 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.

**Environmental matrix  
also includes the  
taxonomy  
requirements**

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.

Environmental factors matrix at the Group level

The most important environmental factors 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. An additional environmental factors matrix was also prepared in 2021/22 for the value-creating business processes and all downstream and upstream processes at the Group level. This matrix is used to derive the most important direct environmental factors related to electrical current, emissions, liquid fossil fuels, purchased merchandise and packaging. The most important processes with the greatest environmental impact are automated production, plastics processing, laminating, metal processing and the production infrastructure.

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. An environmental conditions matrix was prepared at the Group level for the first time in 2021/22. Since the Zumtobel Group's production facilities are located in various European countries and in China and the USA, these conditions differ by location. The environmental conditions matrix will be expanded to meet the taxonomy requirements by also evaluating all environmental conditions according to possible climate scenarios (representative concentration pathways). This complete assessment of all production locations will take place in the coming financial year.

The following environmental conditions are currently considered to represent a medium-term risk for the Dornbirn locations: heavy rains, snow, local flooding and earthquakes. No environmental conditions represent a high risk at the present time.

### 1.2.3 Sustainable management

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 the requirements of stakeholders. 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 as well as the goals are defined in line with the context analysis, the review of the company's strategic orientation, its strategy and the related adjustments. Progress on the defined measures and the fulfilment of goals 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 dialogue with stakeholders often leads to the identification of possible approaches to sustainability. The United Nations Sustainable Development Goals (SDGs), as a global compass, are often a suitable starting point for describing the sustainability performance of the Zumtobel Group. 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 respective viewpoints and to always return to the underlying material issues. A graphic representation that shows the various perspectives in a single overview was developed for this purpose:

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.

#### 1.2.3.1 Customer satisfaction

The Zumtobel Group conducts regular standardised surveys on customer satisfaction (BEM, Brand Equity Monitoring) which ultimately lead to indicators like NPS (net promoter score). These analyses are carried out separately for the Tridonic, Thorn and Zumtobel brands. The responsible brand managers have goals that are connected with specific measures. In the worldwide survey carried out during 2021/22, our customers gave us valuable feedback on their perceptions and satisfaction. The results are promising and, in comparison with the previous survey, point to an improvement in customer relations. The objective is to continue this course and further strengthen the focus on customers. Data is also collected regularly on customer satisfaction and on corrective actions in the event of a complaint.

#### 1.2.3.2 Digitalisation

The Zumtobel Group sees digitalisation as an important factor for future, sustainable business activities. Digitalisation is, on the one hand, a driver for reducing process and transaction costs and, on the other hand, a source of new services based on digital infrastructure. The customer to customer process will be digitalised end2end.

#### 1.2.3.3 Transparency and reporting

Transparent communications and reporting by a company in connection with sustainability content and efforts (with equal attention to environmental issues under ISO 14001, energy issues under ISO 50001 and social issues) are important elements of the management system. Different standards make it necessary for an organisation to develop, realise and maintain the required processes for internal and external communications as part of its systems. A lack of internal and external communications can lead to significant information deficits that slow or prevent the efficient and coordinated implementation of common sustainability goals. This was reflected in a decision by the Zumtobel Group to coordinate its sustainability performance in the steering committee installed for this purpose and to communicate the annual successes and required information to stakeholders in accordance with the applicable GRI reporting structure.

#### 1.2.3.4 Sustainable increase in the value of the company

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. VöniX). These index companies undergo regular, comprehensive audits to guarantee their sustainability performance. Sustainability is an integral part of the Zumtobel Group's strategy.

## Financial flows to stakeholders

The Zumtobel Group generated economic value of EUR 1,158.6 million in the 2021/2022 financial year. After the deduction of expenses and payments to providers of equity and debt and to governments, the residual economic value equals EUR 94.6 million. This presentation reflects the GRI definition and is based on financial flows derived from the income statement and cash flow statement

Financial flows to stakeholders in EUR million	2017/18	2018/19	2019/20	2020/21	2021/22
Corporate revenues <sup>1</sup>	1,210.5	1,173.2	1,144.4	1,061.9	1,158.6
Operating expenses <sup>2</sup>	(752.4)	(723.1)	(666.8)	(594.3)	(675.9)
Personnel expenses	(413.6)	(399.2)	(375.3)	(357.4)	(365.5)
Payments to shareholders	(9.9)	(0.0)	(0.0)	(4.3)	(8.6)
Payments to providers of borrowed capital	(6.7)	(6.7)	(7.2)	(5.7)	(5.4)
Payments to public bodies <sup>3</sup>	(10.1)	(9.0)	(14.7)	(13.1)	(8.6)
<b>Residual economic value</b>	<b>17.8</b>	<b>35.1</b>	<b>80.4</b>	<b>87.1</b>	<b>94.6</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.

### 1.2.3.5 Sustainable financing and investments

The greening of the economy creates significant opportunities for the stakeholder group of investors. This is reflected in a key goal in 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".

### 1.2.3.6 Disclosures in accordance with the Taxonomy Regulation

Company-specific reporting on the results of this classification is required annually. Article 9 of the Taxonomy Regulation lists the following six environmental objectives:

- >> 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

The EU has issued guidelines for sustainable economic activities in the sense of the EU Taxonomy which involve two environmental goals (climate change mitigation and climate change adaptation). The description of economic activity in the delegated legal acts defines which activities can principally be considered. In view of the classification of economic activity as "environmentally sustainable" in the sense of the EU Taxonomy, a differentiation between taxonomy-eligible and taxonomy-compliant is required.

## Methodology and approach

The first step involves an examination to determine whether an economic activity is described in a legal act and can be classified as taxonomy-eligible. Only taxonomy-eligible economic activities that meet certain criteria can be classified as “environmentally sustainable“. The second step determines whether the technical standards for classification as taxonomy-compliant are met. Based on an expedient granted by the EU, only the share of taxonomy-eligible and non-taxonomy-eligible activities in revenue, investments and operating expenses must be disclosed for the 2021/22 reporting year. This analysis basically includes the revenue, investments and operating expenses of all fully and proportionately consolidated Group companies.

The basic parameter for revenue is formed by the amounts reported under this position on the income statement.

The basis for capital expenditure includes the additions to property, plant and equipment and intangible assets during the respective financial year, before depreciation, amortisation and any revaluation in that year and without changes in fair value. It also includes any additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, 41, IFRS 16)). Acquired goodwill is not included. Investments in non-current assets that are classified as held-for-sale or designated for distribution are only included up to the date of the initial classification.

The basis for operating expenditures covers the following: direct, non-capitalised costs for research and development, building refurbishment measures, short-term leases, maintenance and repairs, and all other direct expenditures for the ongoing maintenance of property, plant and equipment by the company or by a third party which are required to ensure the continuing and effective functionality of these assets.

In accordance with Art. 8 no. 1 of the Regulation in connection with § 243b and § 267a of the Austrian Commercial Code, Zumtobel Group AG is required to apply the rules defined by the Taxonomy Regulation. The consolidated financial statements of Zumtobel Group AG as of 30 April 2022 were prepared in conformity with IFRS in keeping with § 245a (1) of the Austrian Commercial Code. The amounts required to calculate the indicators for revenue, capital expenditure and operating expenditures are based on the data reported in the consolidated financial statements. Any economic activities by the Zumtobel Group found in the EU catalogue can be considered taxonomy-eligible.

## Taxonomy-eligible economic activities

Economic activity 3.5 “Manufacture of energy efficient equipment for buildings“ is applicable to the Zumtobel Group because its products are covered by NACE codes and listed in the criteria for a “substantial contribution“ to the specified economic activity. The revenue, capital expenditure and operating expenditures connected with this economic activity can be classified as taxonomy-eligible. Based on a complete analysis of the economic activities, the share of taxonomy-eligible revenue / capital expenditure (CapEx) / operating expenditures (OpEx) in the respective totals is reported in line with the EU Taxonomy for the Zumtobel Group's 2021/22 financial year.

The EU Taxonomy Regulation and the related adopted legal acts include wording and terms which are subject to substantial interpretation uncertainty, and clarifications have not been issued for every case. The interpretations applied by the Zumtobel Group are described in the following section.

Application of the Taxonomy definitions for revenue, CapEx and OpEx

Revenue – The revenue indicator is derived from the ratio of revenue from taxonomy-eligible economic activities in a financial year to the total revenue for that financial year:

Revenue of TEUR 1,114 from taxonomy-eligible activities in relation to total revenue of TEUR 1,148 results in a revenue indicator of 97%.

Total revenue of TEUR 1,148 for the 2021/22 financial year forms the denominator for the revenue indicator and can be found on the consolidated income statement (see note 2.6.5 to the consolidated financial statements). The revenue reported on the Zumtobel Group's consolidated income statement was examined for all Zumtobel Group companies to determine whether they represent taxonomy-eligible economic activities as defined in Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Regulation (EU) 2020/852. A detailed analysis of the positions included in revenue was followed by the allocation of the respective revenue to taxonomy-eligible economic activities.

This detailed analysis led to the identification of the Zumtobel Group's total revenue as taxonomy-eligible economic activities, whereby a discount of 3% was deducted for non- taxonomy-eligible minor revenues.

The total revenue from taxonomy-eligible economic activities in the 2021/22 financial year forms the numerator. The Zumtobel Group's economic activities are classified as taxonomy-eligible under the following provisions of the Taxonomy Regulation (Annex I/Annex II): 3.5 "Manufacture of energy efficient equipment for buildings", 7.3 "Installation, maintenance and repair of energy efficiency equipment" and 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings". These economic activities also comply with the NACE codes and the criteria for a "substantial contribution".

CapEx – The CapEx indicator shows the share of capital expenditure that is connected with a taxonomy-eligible economic activity or is related to the purchase of products and services from a taxonomy-eligible economic activity.

Based on CapEx of TEUR 54,093 (100%), 76% of this amount are classified as taxonomy-eligible and 24% as not taxonomy-eligible economic activities

Total capital expenditure according to the EU Taxonomy Regulation amounted to TEUR 54,093 in 2021/22 and represents the additions to property, plant and equipment and intangible assets (incl. IFRS 16 rights of use as reported on the IFRS consolidated financial statements; see the respective notes). Based on the project descriptions for the additions, an analysis was carried out to evaluate taxonomy eligibility and compared with Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Regulation (EU) 2020/852. The total of the additions which represent taxonomy-eligible investments represents the numerator for the CapEx indicator.

The OpEx indicator shows the share of operating expenditures as defined by the EU Taxonomy which are connected with the taxonomy-eligible economic activities or with the purchase of products from taxonomy-eligible economic activities.

OpEx share in %: OpEx taxonomy-eligible activities 22%, OpEx non-taxonomy-eligible activities 78%, total 100%. The total operating expenditures according to the EU Taxonomy Regulation amounted to TEUR 34,030.

The denominator was developed by analysing the accounts containing direct, non-capitalised costs for research and development, building refurbishment measures, short-term leases, maintenance and repairs (explanation of major components). The numerator resulted from an analysis of the assets related to the expenditures recorded under the above-mentioned accounts to evaluate their taxonomy-eligibility based on Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Regulation (EU) 2020/852.

#### Outlook

More detailed analyses will be required to meet certain criteria for the identified economic activities beginning with the 2022/23 financial year. Included here are the evaluation of conformity criteria as well as an assessment of whether the taxonomy-eligible economic activities make a substantial contribution to an environmental goal defined by the Taxonomy Regulation or whether another environmental goal is substantially impaired. Compliance must also be ensured with the social minimum standards as defined by the OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards, and the International Human Rights Charter.

#### 1.2.4 Governance & Compliance

The Zumtobel Group has installed an extensive and responsible compliance management system which is administered by the audit & 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.

#### Management approach

Together with the responsible corporate governance and compliance department, the Zumtobel Group organises the comprehensive management and monitoring of all business activities. The framework for the design of the corporate governance system is 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, 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. An ongoing dialogue with the chairman of the Audit Committee, a subcommittee of the Supervisory Board, ensures the necessary independence of this area.

The corporate audit and compliance department is responsible for all defensive measures to prevent violations and criminal acts. The identification of and fight against criminal acts and violations is not part of compliance.

#### Influence of the Covid-19 pandemic

The restrictions caused by the-19 pandemic led to an increase in remote work. This development has also been reflected in the greater acceptance of online training programmes and, in turn, to the expansion of the related offering.

#### 1.2.4.1 Compliance and ethics

### Binding code of conduct for all employees

Compliance with legal regulations is the foundation of entrepreneurial activities in the Zumtobel Group and an integral part of the code of conduct for all employees and management. New employees confirm their compliance with the code as part of their internal training. The code was last updated on 18 November 2020 and approved by the Zumtobel Group's Management Board. It is continuously adapted to meet current legal regulations. In view of the growing international requirements, the existing sections have been expanded and the following areas were added: data protection, cybercrime & IT security, export control, health and safety, social media and external communications.

### Continuous evolution of the compliance management system

The revised code of conduct was implemented through Group-wide training courses in 2021. The necessary examinations were successfully completed by 95% of the salaried workforce. Training covered all content areas in the code of conduct.

The compliance charter was approved by the Audit Committee in a June 2021 meeting. The annex to the charter maps the persons responsible for the individual legal areas. The appointment of persons in charge of designated areas will facilitate the preparation of specific guidelines in the future. Updated guidelines for gifts, invitations and entertainment were approved by the Management Board in 2021/22.

The Zumtobel Group's legal department is currently working on an updated version of the code of conduct. Specific issues like anti-corruption, competition and anti-trust law will be adapted to reflect the latest standards and preparations will be made for training in 2022/23.

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

The corporate audit and compliance department is a staff function which reports directly to the Audit Committee and also has a reporting obligation to the Management Board. This ensures the department's independence within the organisation.

### Whistle-blower system to report worldwide violations

The external 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. Protection for the confidentiality of identify, one of the basic requirements of the EU Whistle-blower Directive which took effect on 16 December 2019, is always ensured. A whistle-blower hotline is available to employees and external persons throughout the world. The access options and usability were optimised and adapted in 2021/22.

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.

Six employees reported minor concerns in 2021/22, all of which were resolved or dispelled after the conclusion of internal investigations.

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.

The whistle-blower system also allows employees to anonymously report their concerns and complaints. Together with the Zumtobel Group's Works Council, a company agreement was concluded to cover internal whistle-blowers. This system was rolled out throughout the Zumtobel Group and is available to all employees. Administration by corporate compliance ensures that incoming reports are classified and processed on a timely basis.

The whistle-blower system covers the following reportable points:

- >> 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
- >> Other violations

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. These requirements are currently being evaluated and integrated in the organisational instructions. Possible violations or non-compliance with due diligence requirements can also be reported over the external whistle-blower system.

Continuous review and evaluation of risks

The audit plan for 2021/22 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.

After preparations were completed and the necessary conditions were met, work began to prepare the content for the audit issues. Audits in the D/A/CH region formed the focal point in the first half-year, and the international audits started in September 2021. Revisions involved 85% of the Group policies, which were subsequently filed in the Intranet. The remaining 15% undergo continuous review under the lead of the respective specialist departments.

**No serious violations  
in 2021/22**

No serious violations of legal requirements were reported or identified during the 2021/22 financial year. This also applies to incidents or proceedings related to violations of human rights, discrimination, competitive or anti-trust behaviour, corruption or environmental regulations.

Fight against corruption

**Compliance  
management system**

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, the prevention of 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.

A systematic and standardised risk analysis for compliance risks is currently under development and will represent an important element of the CMS in the future. 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 department 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. 24 sales companies underwent an Internal Control Check as part of the Self-Assessment Global Sales 2021. As part of the self-assessment process, questions were added regarding the existence and awareness of local policies with the aim of preventing fraud.

**Wide-ranging training  
and communication**

95% of all salaried employees have successfully participated in Code of Conduct training. The focus topics were fair competition, conflicts of interest, the handling of invitations and gifts and the processes and procedures designed to combat corruption. All salaried employees have received training on the code of conduct, and mandatory training is automatic for all new hires. The Zumtobel Group's business partners are also required to countersign the code of conduct as part of their business agreements. The requirements for suppliers are defined by the procurement department in the business code of conduct. On the sales side, the code of conduct is an integral part of customer contracts with the Zumtobel Group.

- >> No significant risks of corruption were identified in the Zumtobel Group during the reporting year.
- >> No investigations against participations of the Zumtobel Group or its employees for violations of anti-trust law or corruption incidents became known during the reporting year.
- >> No fines or penalties were imposed during the reporting year.

#### Anti-competitive behaviour

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 and bribery. The CMS therefore covers the prevention of corruption, in particular criminal offences involving corruption and bribery in business transactions, the granting of advantages to public officials, and bribes of public officials. The CMS guidelines related to anti-trust law cover the prevention of agreements and coordinated practices that could restrict competition.

- >> No violations or actions involving legal proceedings over anti-competitive behaviour or the creation of cartels or monopolies were identified during the reporting year.
- >> There were no new findings related to non-compliance with the laws and regulations covering business activities during the reporting year.

#### Protection of human rights

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 renewed its commitment to responsible management in 2021/22 and published 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.

**Progress report on  
the UN Global  
Compact**

#### Data protection

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

- >> Updating of the production registers for the leading companies in the Zumtobel Group
- >> Preparation of a data protection manual and publication in the internal communication network
- >> Inclusion of changes in the data protection toolbox
- >> Integration of new legal requirements
- >> Advising on technical issues

**Data protection is a  
priority issue**

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 the 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.

### 1.2.5 Sustainable 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:

- >> 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)
- >> CO2 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 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 procurement 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 659 suppliers from 34 countries (2020/21: 674 suppliers from 30 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	2017/18	2018/19	2019/20	2020/21	2021/22
Suppliers	Number	750	700	692	674	659
New suppliers	Number	N/A	N/A	N/A	N/A	8
Share of new suppliers	in %	N/A	N/A	N/A	N/A	1.2
Suppliers from Europe	Number	N/A	N/A	N/A	N/A	545
Share of suppliers from Europe	in %	N/A	N/A	N/A	N/A	82.7
Suppliers from other regions	Number	N/A	N/A	N/A	N/A	114
Share of suppliers from other regions	in %	N/A	N/A	N/A	N/A	17.3
Top suppliers	Number	N/A	N/A	N/A	N/A	89
Suppliers from risk countries	Number	N/A	N/A	N/A	N/A	109

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.

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 2021/22, the share of the procurement volume from Asia amounted to 58.2% (2020/21: 58.9%) in the Components Segment and nearly 9.9% (2020/21: 8.2%) in the Lighting Segment.

**High priority for  
regionality**

Procurement volumes	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Procurement volumes (total)	EUR million	400	390	357	305	395.4
Share of revenues	in %	N/A	N/A	N/A	N/A	34.4
Procurement volumes Europe	EUR million	N/A	N/A	N/A	N/A	263.2
Procurement volumes Asia	EUR million	N/A	N/A	N/A	N/A	130.0
Procurement volumes Rest	EUR million	N/A	N/A	N/A	N/A	2.3
Procurement volumes Europe Lighting Brands	in %	N/A	N/A	N/A	N/A	89.5
Procurement volumes Asia Lighting Brands	in %	10.0	11.0	9.0	8.2	9.9
Procurement volumes Rest Lighting Brands	in %	N/A	N/A	N/A	N/A	0.6
Procurement volumes Europe Components	in %	N/A	N/A	N/A	N/A	41.3
Procurement volumes Asia Components	in %	68.0	65.0	63.0	58.9	58.2
Procurement volumes Rest Components	in %	N/A	N/A	N/A	N/A	0.5

#### Influence of the Covid-19 pandemic

The impact of the Covid-19 pandemic has, in the meantime, taken on very different forms. Precise monitoring of the direct effects and local legal requirements were essential and a decisive factor for success during the first months of the pandemic, but developments have since led to a global shortage of goods that is independent of specific materials and requires different management strategies.

The Zumtobel Group benefits from long-standing partnerships with its suppliers in these times of shortages. Nonetheless, various procurement tools must be used regularly and carefully to organise the materials required for production.

Regular, close coordination with suppliers and the continuous monitoring of delivery plans up to the routine review of individual order positions have proven to be reliable instruments. Other frequently used procurement actions include safety stocks and consignment warehouses, the reactivation of

“former“ suppliers with existing tools or the approval of new suppliers, wherever reasonable and expedient, as well as a dual-vendor strategy for critical materials.

One success factor during the past months was to keep the supply chain as local as possible and as global as necessary. Regular coordination with the local plants and their suppliers as well as the increased approval and use of local suppliers has proved to be particularly successful: For example, the local procurement team at the plant in Niš, Serbia, was able to optimise the procurement process in spite of the pandemic-related challenges.

#### **Individual changes to established transport routes**

A new challenge in recent months was the protection of upstream transport logistics, especially from Asia. Diverse, for the most part pandemic-related events, like the shutdown of several Asian harbours, the shortage of freight containers and the sharp rise in the demand for Asian-European transfers, have increased the cost of inbound freight and challenged on-time availability in the Zumtobel Group's European plants. Individual changes in established transport routes, the critical examination and temporary change of transport carriers and the continuous analysis of the procurement and transport market were the result.

The pandemic has also created opportunities for procurement: This new situation requires a change in working procedures and substantially greater flexibility. Higher costs define the procurement market. However, the pandemic has led customers and suppliers to focus more on regionality and sustainability in the supply chain. The procurement organisation and good supplier relationships give the Zumtobel Group a competitive advantage that will be expanded in the coming years.

#### **Growing importance of remote meetings and remote audits**

A further contribution to sustainability during the pandemic was made by the increase in remote meetings and remote audits, which have been routinely used and found to be successful. Although travel is again becoming possible, physical presence is systematically questioned and, where feasible, replaced with environmentally friendly remote communications.

##### 1.2.5.1 Sustainable procurement and supplier management

The implementation of a sustainable procurement concept which includes 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 fulfil 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 aspects over the past five years. Business relationships between the Zumtobel Group and its suppliers were always characterised by longevity, mutual trust and fairness – and have been further strengthened by the paradigm shift.

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 the auditing of various focal points in areas like quality and sustainability.

### **Systematic supplier onboarding process**

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 a long-term, sustainable partnership. New suppliers are also carefully evaluated for compliance with legal regulations like the REACH/ROHS guideline or conformity with conflict mineral prevention.

The Zumtobel Group's suppliers must accept these topics as an integral part of their contracts. If there is a violation of one or more guidelines and corrective measures are not introduced within an appropriate time, the Zumtobel Group reserves the right to terminate the contractual relationship with the supplier.

The procurement department believes it is necessary to further strengthen sustainability in purchasing activities and in supplier onboarding. 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.

### **Sustainability aspects integrated in procurement group strategy**

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. A goal was set for the coming year to create greater transparency over the CO<sub>2</sub> footprint of the main suppliers. Additional development projects will also be implemented in connection with the circular economy (e.g. cradle-to-cradle certification) and complete transparency over constituent substances (full material declaration). This is fully supported by the Zumtobel Group's procurement team and is reflected in the increasing number of suppliers who have committed to the necessary transparency.

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 converted to 100% green electricity in 2021/22 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.

As part of the sustainability programme, 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) and 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.

### **Systematically record and expand share of recyclates**

Materials by procurement group	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Starting materials	Tonnes	N/A	N/A	N/A	N/A	17,200
Semi-finished goods	Tonnes	N/A	N/A	N/A	N/A	7,963
Operating equipment	Tonnes	N/A	N/A	N/A	N/A	1,265
LED/lamps	Tonnes	N/A	N/A	N/A	N/A	444
Supplies	Tonnes	N/A	N/A	N/A	N/A	717
Packaging	Tonnes	N/A	N/A	N/A	N/A	3,848
Merchandise	Tonnes	N/A	N/A	N/A	N/A	2,071
Rest	Tonnes	N/A	N/A	N/A	N/A	1,472

Share of recyclate by top procurement group	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Steel	in %	N/A	N/A	N/A	N/A	30
Cardboard packaging	in %	N/A	N/A	N/A	N/A	90
Cast components	in %	N/A	N/A	N/A	N/A	85
Plastic granulate	in %	N/A	N/A	N/A	N/A	5
Aluminium profiles	in %	N/A	N/A	N/A	N/A	70
Aluminium	in %	N/A	N/A	N/A	N/A	45

**E-mobility in fleet management and revision of car policy**

Mobility is another important issue for the Zumtobel Group's sustainable procurement. The focus of fleet management is increasingly shifting to find the right balance between environmental protection and economy. For this purpose, the demand and usage profile of the Zumtobel Group's motor vehicle pool was examined in detail during the reporting year. The usage profile is the decisive factor for determining which drive technology makes greater ecological and economic sense. The analysis was followed by the adaptation and re-issue of the global policy for company vehicles in line with sustainable criteria. This policy now also includes the possibility of increasing the focus of the company fleet on environmental compatibility and includes four categories of hybrid and electric vehicles.

1.2.5.2 Environmental and social standards in the supply chain

**Group-wide supplier approval process includes environmental and social standards**

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. 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. The resulting rating is decisive for further approval: The supplier approval process cannot be completed without a clearly defined minimum of 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.

The Covid-19 pandemic and the related travel restrictions also led to the use of remote audits. In 2021/22, 150 quality system, process and/or control plan audits (2020/21: 154) were carried out. These audits were adapted, where necessary, to reflect the requirements defined for the respective suppliers. A special focal point of the QS audit is the diligence in implementing the selected quality management systems (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 any 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 and gives the supplier 80% or more of the required points. Business relations are not started with suppliers who have not completed a positive QS audit.

## Sustainability audits for suppliers

Of the total audits carried out in 2021/22, 101 (2020/21: 48) also represented verified sustainability audits. The related activities covered QS/process issues and included a special focus on ethics, work and worker protection, and environmental management. The defined requirement for a positive audit in this area also equals a minimum of 80% of the total points. Audits with less than 80% of the possible points require immediate actions by the supplier: The identified omissions must be corrected, the audit deviations taken into account, and the recommendations implemented.

Supplier audits/sustainability audits	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Suppliers	Number	750	700	692	674	659
New suppliers	Number	N/A	N/A	N/A	N/A	8
Total audits	Number	76	103	136	154	150
	in %	10.1	14.7	19.7	22.8	22.7
Sustainability audits	Number	N/A	44	51	48	101
	in %	N/A	42.7	37.5	31.2	67.3
Audits of new potential suppliers (total)	Number	N/A	N/A	N/A	N/A	32
Sustainability audits of new potential suppliers	Number	N/A	N/A	N/A	N/A	9
	in %	N/A	N/A	N/A	N/A	28.1
Suppliers with negative impact	Number	N/A	N/A	N/A	N/A	14
Suppliers with negative impact and termination of supplier relationship	Number	N/A	N/A	N/A	N/A	0
New suppliers with negative impact	Number	N/A	N/A	N/A	N/A	6
New suppliers with negative impact and termination of supplier relationship	Number	N/A	N/A	N/A	N/A	0

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 further environmental and social risks in the supply chain – and their exclusion from the supply chain. The other risks are as follows:

- >> 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

Based on an internally defined sustainability rating for risk countries, an increasingly tighter net of sustainability evaluations has been spread over "old" 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 118 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.

**No significant  
negative  
environmental or  
social effects**

It is remarkable to note that more than 80% of the suppliers have reached the A-standard (at least 80% of the possible points), even though the assessment goes far beyond minimum standards and requirements.

Recommendations for improvement have been made to the remaining suppliers, and their implementation is regularly monitored. 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.

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 (e.g. ISO 14001 or ISO 45001) or external certification (e.g. by EcoVadis) to ensure greater transparency over sustainability issues.

Code of conduct for suppliers

**Revision and further  
development of the  
code of conduct for  
suppliers**

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. The latest version was issued in 2020/21 and, in addition to general behavioural rules, significantly expanded in the areas of corruption, violations of human rights, forced labour and child labour as well as the environment and sustainability. By signing the code, partners commit to combatting the risk of violations in the supply chain under all circumstances and to eliminating these risks in their areas of influence. The code of conduct has been signed by 97.2% of all suppliers, based on volume (2020/21: 96.5%).

The Zumtobel Group renewed its commitment to a responsible and sustainable procurement process in 2021/22 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.

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.

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.

**CMRT reports for  
Lighting and  
Components Segment**

### 1.2.6 Responsible employer

The Zumtobel Group has a workforce of roughly 6,000 employees at numerous locations throughout the world. These men and women are the foundation of our success and a key factor for the successful development of our company.

**Management  
approach**

Satisfied, competent and committed employees form the foundation for outstanding lighting solutions, components and services and, in turn, for satisfied customers. That is the only way to build lasting customer relations and sustainably increase our productivity and profitability.

Global HR teams comprising HR business partners, people services and centres of expertise support 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 a good 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 place even greater value on a culture of trust in which we interact with openness and respect and give and accept feedback. We plan to offer our employees even more development opportunities in the future so they can reach their full potential and, at the same time, we are strengthening our managers in their role.

We are committed to equal opportunity – not only in view of the global job market of the future but also with a look inside – at the nearly 6,000 people who already work with us.

The basis for all this is fair remuneration, practicable working time models and processes that are flexible enough to meet employees' individual needs.

Influence of the Covid-19 pandemic

**Covid-19 pandemic,  
short-time work and  
positive experience  
with home office**

The 2021/22 financial year, similar to the preceding year, was influenced by the corona pandemic and its consequences, both in the private and professional environments. Due to the shortage of raw materials, the Zumtobel Group utilised the short-time work models offered by various governments. These programmes involved a reduction in working hours, but all areas remained accessible for external stakeholders (e.g. customers) and internal stakeholders

At the start of the pandemic, hygiene concepts and further organisational measures were implemented at all company locations to protect employees. These measures included, among others, mobile disinfection equipment, disinfectants for meeting rooms, distancing rules for open offices and cafeterias, increased cleaning intervals, and testing and vaccination offerings. Additional measures were also implemented in line with local laws and requirements.

The positive experience with home office, virtual meetings and online customer contacts will sustainably transform the way we work and move the "future of work" a large step forward. The working world will also be changed by subjects like long-distance management and virtual teams.

### 1.2.6.1 Corporate culture

"With our light, we make the world brighter, safer and more beautiful." Nicholas Zumtobel, Manager Corporate Culture

This message forms the basis for all activities in the Zumtobel Group and is an integral part of the corporate culture. This culture is experienced both inside and outside the company: As a guiding principle, it also applies, above all, to employees and their individual needs. The way the Zumtobel Group communicates, manages, takes decisions, and interacts with its stakeholders is influenced to a significant degree by the corporate culture. The following mission statements accompany us in our daily activities:

"We want to be the employer of choice for people who want to advance the future of light."

"We work together as a strong team, generate added value with passion, and are proud of our results."

The Zumtobel Group follows an employer brand management strategy. It was developed on the basis of collected data and presents the company as a sustainable, authentic and trustworthy employer with the goal of positioning the Zumtobel Group as the employer of choice for current and future employees.

**Strategic employer  
brand management**

The major initiatives of the employer branding strategy involve the following:

- >> Safeguarding future required qualifications through long-term partnerships with selected (educational) institutions
- >> Strengthening the passion for light and identification with the company to increase external stakeholders' understanding of light
- >> Optimising a consistent and positive onboarding journey (employee experience) that quickly integrates employees in the company from a technical, organisational and emotional perspective and increases the integration success rate
- >> Anchoring the values "passion, performance and partnership" in core HR processes like talent acquisition, performance & talent management, people and organisational development, total rewards and employee & labour relations to align the company's DNA with future challenges and contribute to a vital corporate culture

The Dr Walter Zumtobel Value Award, which carries the name of the Group's founder, was also presented in 2021/22. It is given to persons who demonstrate the corporate values in their everyday actions and, in this way, keep the founder's values alive.

### 1.2.6.2 Employee satisfaction

As an attractive employer, the Zumtobel Group wants to provide an effective work-life balance for its employees. This means, in particular, 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 during 2022 in Switzerland (Zumtobel) and Portugal (Tridonic) with the "Great Place to Work" seal. According to a survey of employees at the Swiss location 82% see their work as far more than "just" a job.

**Great Place to Work  
Award**

## Work-life balance

### Quality seal – Outstanding family- friendly company 2022/23

In order to further increase its attractiveness as an employer, the Zumtobel Group offers various working time models that make it possible for 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 supported by the company in their reintegration. 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 2021/22, 60 employees in Austria were on parental leave (2020/21: 58).

Parental leave in Austria	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees entitled to parental leave	FTE	N/A	N/A	N/A	N/A	N/A
Employees on parental leave	FTE	89	80	69	58	60
Male	FTE	N/A	N/A	5	1	0
Female	FTE	N/A	N/A	64	57	60
Return to work after the end of parental leave	FTE	N/A	N/A	N/A	N/A	N/A

### Free-time option

Employees in Austria can also take advantage of a free-time option provided by a works agreement. Based on annual coordination with the Management Board and Works Council, it permits a reduction in working hours in exchange for waiving a salary or wage increase and results in paid time-off (for example, for 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. The free-time option has been selected by 340 employees.

As an employer with a corporate culture that has grown over decades, the Zumtobel Group is well aware of its social responsibility for its many employees throughout the world and remains focused on the further development of responsible working conditions. The Zumtobel Group believes in and promotes the open and regular exchange of information between the Management Board, employees and the Employees' 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 a matter of course and represent an integral part of the code of conduct, which is binding for all companies in the Zumtobel Group. There were no new findings or proceedings involving “non-compliance with laws and regulations relating to labour law” in 2021/22.

#### 1.2.6.3 Training and continuing education

### Shortage of specialists as a challenge

The limited number of competent specialists also creates major challenges for the international Zumtobel Group to attract qualified applicants and recruit the right people for the right jobs. Employee development and systematic professional advancement therefore represent a key element for sustainable business success.

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 desired conduct and the level of technical expertise, LIGHT provides a framework for the human resources development, search and selection processes.

The long-term goal is to develop a modern, digitally supported and self-determined learning culture (learning on demand). Accelerated by the Covid-19 pandemic, the first processes have already started: The educational offering was digitalised, the digital learning infrastructure was expanded, and training experts with the necessary know-how were recruited.

The 2020/21 financial year was influenced by the corona pandemic and the resulting restrictions on attendance events, but this situation improved in 2021/2022. In addition to the expansion of digital learning options, a number of in-class courses were also held. This led to an increase in the average number of training hours per employee to 14 hours (2020/21: six hours).

Average hours of training and continuing education	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees (total)	Hours	12	13	12	6	14
Male	Hours	N/A	N/A	N/A	N/A	16
Female	Hours	N/A	N/A	N/A	N/A	12
Salaried employees	Hours	15	16	15	5	18
Male	Hours	N/A	N/A	N/A	N/A	19
Female	Hours	N/A	N/A	N/A	N/A	17
Wage employees	Hours	8	8	8	8	7
Male	Hours	N/A	N/A	N/A	N/A	8
Female	Hours	N/A	N/A	N/A	N/A	7
Online share of internal training	in %	N/A	N/A	N/A	N/A	66.6

The Zumtobel Group is continuously developing, and it is essential that its employees also continue their target-oriented development. A dual-focus training and continuing education concept was developed for this purpose:

#### Dual-focus training concept

- >> 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. Individual developments 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.

## 69 apprentices in training

Special country-specific, individual offers are also available depending on the employee's location. For example: employees in the Austrian locations can take advantage of an educational sabbatical.

The Zumtobel Group views training for young people as part of its social responsibility. As of 30 April 2022, 69 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. 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 field:

- >> 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
- >> IT technology with a focus on systems engineering
- >> Industrial clerk

Of the apprentices trained in the Zumtobel Group, 64% were integrated in the corporation after completing their education.

### Employee reviews

## Annual employee review forms the basis for 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 develop 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 2021/22: This goal was not only met but exceeded. Documented annual reviews were held with 5,171 in 2021/22 (88.6%; 2020/21: 4,507 employees or 78.4%).

Employee reviews	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employee reviews	Number	4,700	4,597	4,416	4,507	5,171
Share of total employees	in %	75.5	78.2	73.1	78.4	88.6
Salaried employees	Number	N/A	N/A	2,863	2,882	3,296
Male	Number	N/A	N/A	2,073	2,072	2,362
Female	Number	N/A	N/A	790	810	934
Wage employees	Number	N/A	N/A	1,553	1,625	1,875
Male	Number	N/A	N/A	732	786	914
Female	Number	N/A	N/A	821	839	961

#### Employee development

The annual employee reviews also form the basis for the further human resources development process and support internal talent scouting. The global establishment of a human resources development process with annual talent review meetings and development conferences provides an opportunity to define potential and performance at all levels of the Group and helps to identify and develop top performers. This process supports structured and standardised succession planning. The participants in the talent review meetings include the respective manager, the human resources department and a co-evaluator. 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

#### Targeted talent management

#### Employment and employment trends

The Zumtobel Group had a workforce of 5,782 employees (full-time equivalent, including contract workers) as of 30 April 2022. This represents a year-on-year decline of 0.5% (30 April 2022: 5,813).

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 7.5% in the previous year to 7.8% in 2021/22.

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 9% in research and development. The remaining employees include nearly 8% in administrative functions and 4% of contract workers.

Roughly 83% of the employees work in Europe, followed by 13.4% in Asia, 2.1% in Australia and New Zealand, 1.6% in America and 0.1% in Africa.

Employees by functional area and region	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees <sup>1</sup> (total)	FTE	6,224	5,878	6,039	5,813	5,782
Change	in %		(5.6)	2.7	(3.7)	(0.5)
Share of contract workers	FTE	329	276	170	184	222
	in %	5.3	4.7	2.8	3.2	3.8
Production	FTE	2,879	2,779	3,018	2,860	2,861
Research and development	FTE	542	515	551	563	538
Sales	FTE	1,934	1,837	1,829	1,733	1,714
Administration	FTE	540	471	742	473	447
Europe	in %	80.0	825.0	82.7	83.2	82.8
Asia	in %	15.6	13.4	13.5	12.9	13.4
Australia & New Zealand	in %	2.3	2.3	2.2	2.2	2.1
America	in %	2.1	1.8	1.7	1.6	1.6
Africa	in %	N/A	N/A	N/A	0.1	0.1

<sup>1</sup>Excluding apprentices x

New employees	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
New employees <sup>1</sup>	FTE	N/A	N/A	1,080	679	1,048
Male	FTE	N/A	N/A	674	433	699
Female	FTE	N/A	N/A	406	246	349
< 30 years	FTE	N/A	N/A	445	290	394
30 - 45 years	FTE	N/A	N/A	543	307	534
46 - 55 years	FTE	N/A	N/A	83	62	98
> 55 years	FTE	N/A	N/A	9	20	22
Europe	FTE	N/A	N/A	621	381	735
Asia	FTE	N/A	N/A	438	273	288
Australia & New Zealand	FTE	N/A	N/A	9	11	13
America	FTE	N/A	N/A	11	14	11
Africa	FTE	N/A	N/A	1	0	1

<sup>1</sup>Excluding contract workers

The average length of employment with the Zumtobel Group equalled 10.9 years in 2021/22. 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, which hardly changed in comparison with the previous year (Tabelle Beschäftigungsdaten Altersstruktur). Labour productivity – calculated as adjusted EBIT in relation to personnel expenses – declined from 12.1% in the previous year to 16.6% in 2021/22 due to the decrease in operating results. Average revenues per employee (including contract workers) declined year-on-year to EUR 198,595 in 2021/22 (2020/21: EUR 179,674).

Employment data by gender	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees <sup>1</sup> (total)	Number	N/A	N/A	6,177	5,862	5,797
Male	Number	N/A	N/A	3,966	3,767	3,709
	in %	64.2	64.3	64.2	64.3	64.0
Female	Number	N/A	N/A	2,211	2,095	2,088
	in %	35.8	35.7	35.8	35.7	36.0

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

Employment data - salaried/wage	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees (total)	Number	N/A	N/A	6,347	6,051	6,022
<b>Salaried employees (total)</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>3,924</b>	<b>3,752</b>	<b>3,731</b>
	in %	60.6	62.5	61.8	62.0	62.0
Male	Number	N/A	N/A	2,809	2,707	2,683
	in %	N/A	N/A	71.6	72.1	71.9
Female	Number	N/A	N/A	1,115	1,045	1,048
	in %	N/A	N/A	28.4	27.9	28.1
<b>Wage employees (total)</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>2,170</b>	<b>2,042</b>	<b>1,997</b>
	in %	34.2	33.1	34.2	33.7	33.2
Male	Number	N/A	N/A	1,073	1,007	977
	in %	N/A	N/A	49.4	49.3	48.9
Female	Number	N/A	N/A	1,097	1,035	1,020
	in %	N/A	N/A	50.6	50.7	51.1
<b>Apprentices (total)</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>83</b>	<b>69</b>	<b>69</b>
	in %	N/A	N/A	1.3	1.1	1.1
Male	Number	N/A	N/A	64	54	49
	in %	N/A	N/A	77.1	78.3	71.0
Female	Number	N/A	N/A	19	15	20
	in %	N/A	N/A	22.9	21.7	29.0
<b>Contract employees (total)</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>170</b>	<b>188</b>	<b>225</b>
	in %	5.2	4.4	2.7	3.1	3.7
Male	Number	N/A	N/A	N/A	125	151
	in %	N/A	N/A	N/A	66.5	67.1
Female	Number	N/A	N/A	N/A	63	74
	in %	N/A	N/A	N/A	33.5	32.9

Employment data - full-time/part-time	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees <sup>1</sup> (total)	Number	N/A	N/A	6,177	5,862	5,797
<b>Full-time</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>5,664</b>	<b>5,423</b>	<b>5,345</b>
	in %	93.1	91.5	91.7	92.5	92.2
Male	Number	N/A	N/A	3,786	3,651	3,586
	in %	N/A	N/A	66.8	67.3	67.1
Female	Number	N/A	N/A	1,878	1,772	1,759
	in %	N/A	N/A	33.2	32.7	32.9
<b>Part-time</b>	<b>Number</b>	<b>N/A</b>	<b>N/A</b>	<b>513</b>	<b>439</b>	<b>452</b>
	in %	6.9	8.5	8.3	7.5	7.8
Male	Number	N/A	N/A	146	116	123
	in %	N/A	N/A	28.5	26.4	27.2
Female	Number	N/A	N/A	367	323	329
	in %	N/A	N/A	71.5	73.6	72.8

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

Employment data - age structure	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Employees <sup>1</sup> (total)	Number	N/A	N/A	6,177	5,862	5,797
< 30 years	Number	N/A	N/A	1,019	843	786
	in %	16.2	16.5	16.5	14.4	13.6
30 - 45 years	Number	N/A	N/A	2,835	2,649	2,632
	in %	45.8	45.4	45.9	45.2	45.4
46 - 55 years	Number	N/A	N/A	1,489	1,497	1,469
	in %	25.9	25.0	24.1	25.5	25.3
> 55 years	Number	N/A	N/A	834	873	910
	in %	12.1	13.1	13.5	14.9	15.7

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

Employee turnover (excluding contract workers) in the Zumtobel Group rose from 17% to 18.9% in 2021/22, which means 1,059 employees left the company. Most of this fluctuation is attributable to the exit of wage employees in Shenzhen – the decline here equalled 4.4%.

A total of 1,047 positions (excluding contract workers), above all in the operating areas and sales, were filled with external candidates in 2021/22. Various human resources development measures made it possible to fill 76% of the management positions internally.

Employee turnover <sup>1</sup>	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Number of terminations <sup>2</sup>	FTE	N/A	N/A	1,014	977	1,059
Male	FTE	N/A	N/A	646	618	730
Female	FTE	N/A	N/A	368	360	328
< 30 years	FTE	N/A	N/A	324	291	293
30 - 45 years	FTE	N/A	N/A	477	449	530
46 - 55 years	FTE	N/A	N/A	116	113	133
> 55 years	FTE	N/A	N/A	98	123	103
Europe	FTE	N/A	N/A	551	574	712
Asia	FTE	N/A	N/A	430	367	313
Australia & New Zealand	FTE	N/A	N/A	14	16	17
America	FTE	N/A	N/A	19	18	17
Africa	FTE	N/A	N/A	1	2	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) × 100

#### 1.2.6.4 Diversity and equal opportunity

Diversity among the workforce is an important factor for creating an innovative working climate and protecting the Group's competitive ability. The men and women employed by the Zumtobel Group come from 78 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 50 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.

The share of women in the Zumtobel Group's workforce increased slightly to 36% in 2021/22 (2020/21: 35.7%). The share of women in management positions equalled 21.5% and, in comparison with the previous financial year (18.5%) rose by nearly 16%.

The Zumtobel Group supports the staffing of management positions with women through internal and external recruiting and human resources development measures. It is also an accepted fact 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.

Women by functional area	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Women <sup>1</sup> (total)	Headcount	N/A	N/A	2,192	2,143	2,142
Female contract workers	in %	N/A	N/A	N/A	2.9	3.5
Production	in %	N/A	N/A	N/A	58.6	58.4
Research and development	in %	N/A	N/A	N/A	4.0	3.8
Sales	in %	N/A	N/A	N/A	22.1	22.6
Administration	in %	N/A	N/A	N/A	12.4	11.8

<sup>1</sup>Excluding apprentices

Women in management positions	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Management positions (total)	Headcount	N/A	N/A	824	818	813
Women in management positions	Headcount	N/A	N/A	163	151	175
	in %	N/A	N/A	19.8	18.5	21.5
Top management (managing director/board member)	Headcount	N/A	N/A	0	0	0
Senior management (division manager)	Headcount	N/A	N/A	5	5	5
	in %	N/A	N/A	8.9	8.5	9.4
Middle management (e.g. department head)	Headcount	N/A	N/A	25	29	39
	in %	N/A	N/A	10.9	12.6	16.4
Others (e.g. team leader, overseer)	Headcount	N/A	N/A	133	117	131
	in %	N/A	N/A	24.8	22.2	25.2
Supervisory Board <sup>1</sup>	Headcount	N/A	N/A	2	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.

Discrimination incidents can be reported over the Zumtobel Group's whistle-blower system, anonymously and confidentially if requested. These incidents are investigated according to pre-defined internal procedures and any necessary measures are implemented. No discrimination incidents were reported in 2021/22.

#### Employee rights and remuneration programme

The Zumtobel Group follows a uniform remuneration scheme to ensure high transparency and performance-based compensation based on equal opportunity (equal opportunity employer). Remuneration in Austria generally exceeds the level required by legal regulations or collective bargaining agreements. 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.

The wages and salaries paid by the Zumtobel Group generally exceed the legally required minimum in all countries. 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.

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 goals for EBIT and free cash flow. An individual component was also introduced in 2021/22. The variable remuneration of the members of the Management Board and upper management circle consists of a one-year or short-term component (short-term incentive, STI) and a multi-year or long-term component (long-term incentive, LTI). The short-term component is paid out directly during the goal attainment year. The distribution of the long-term component is spread over the following three to five years, whereby the tranche in the respective payment year is weighted by the target achievement of the total shareholder return (TSR) of the Zumtobel Group compared with a defined peer group as the performance indicator. This long-term component places a special focus on sustainable decisions by management.

#### Variable remuneration programme

#### 1.2.6.5 Human rights, child labour and forced labour

The respect for and compliance with human rights is 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 represents 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 management and on site, to eliminate the possible risk of the employment of minors. At all ISO 14001-certified sites, 10 of the 11 sites, compliance with legal requirements regarding labour law and occupational safety law is ensured. 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 annually through audits. Furthermore, every employee can and should report information on violations via persons of trust, the works council and, if necessary, via the whistleblower hotline. No violations of human rights were reported in the 2021/22 business year.

The 2020/21 revision of the Code of Conduct will address the issues of human rights, children and forced labour. In the reporting year, 95% of the employees in the white-collar sector took part in the training on the Code of Conduct and successfully completed the required examination.

In its cooperation with business partners (e.g. suppliers), the Zumtobel Group places high priority on compliance with human rights and the prevention of child labour and forced labour. These principles are regulated in a separate, mandatory code of conduct for business partners.

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. 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, which includes all required human rights clauses. 97.2% of suppliers have signed the Supplier CoC.

#### Current progress report on the website

The Zumtobel Group documented its commitment to responsible management, compliance with human rights and the prevention of child labour and forced labour by renewing its commitment to the UN Global Compact for a further year. The related disclosures are included in the annual progress report of the UN Global Compact (COP – Communication on Progress) which is published on the Zumtobel Group's website.

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 on the improvement of responsible working conditions. The Zumtobel Group supports the open and regular exchange of information between the Management Board, employees and the Works Council. Compliance with the legal participation rights of employees and the principles and standards defined by the International Labour Organisation (ILO) is a matter of course and represents an integral part of the Zumtobel Group's code of conduct.

#### 1.2.6.6 Occupational safety, health and well-being

The success of the Zumtobel Group is based on qualified, committed and motivated employees. The occupational safety, health and well-being of these men and women was identified as a material issue for the Zumtobel Group. It has high priority and is the focus of further development.

#### Management approach

Targeted measures for health care and prevention through initiatives, tools and processes are used to counter work accidents and to continuously improve occupational safety as well as the physical and mental health of employees.

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 worker protection legislation, presence management, workplace health promotion, leadership and management behaviour as well as integration and generation management.

The production locations in the Zumtobel Group have defined processes and procedures to ensure compliance with legal regulations, standards and internal guidelines.

A global reporting system regularly evaluates and analyses occupational safety and health protection indicators and leads to the definition, implementation and assessment of measures.

The Serbian plant was successfully certified under ISO 45001, the current standard for management systems in the areas of safety and health, during 2021/22. The matrix certification of this management system is planned for the coming year, whereby the main plant in Dornbirn and the plant in Spennymoor will be certified. Other producing locations will then be gradually integrated in the matrix.

Specific environmental, health and safety guidelines are regularly evaluated by local safety and fire prevention officers at all producing locations. This is done on the one hand through regular inspections by the safety officer; but also on an ad hoc basis when machines are relocated or new and adapted workplaces are created in order to evaluate any risks with regard to occupational safety. The primary goal here is to prevent accidents and identify work-related dangers or dangerous situation. 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 their reports through their manager. Through this formalised procedure, employees can report their safety concerns, suggestions for improvement or near misses without fear of negative consequences. In addition, all concerns can also be entered anonymously via the whistleblower system, via the safety officer or the safety confidant. Workplaces as well as work activities are evaluated to identify potential dangers, and appropriate steps are then taken to reduce any recognised risks.

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

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 discussion 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 will be evaluated and, if feasible, implemented.

Employees are offered instruction in occupational safety as relates to their respective workplaces and activities. 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 regularly released under the name "Lighti". It creates an awareness for dangers and preventive measures with non-verbal means and can be understood by all employees regardless of their native language.

For external persons such as external service providers, visitors, etc., safety rules also apply and they are instructed on entering the site. In addition, the wearing of protective clothing such as safety shoes and high-visibility waistcoats is obligatory in the production and storage areas. External service providers are made aware of compliance with legal requirements and confirmations are obtained on an ad hoc basis.

In support of a retention offensive, a reintegration process was implemented throughout the Group. It gives employees on long-term sick leave an opportunity to return to their previous job or to an alternative function, 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.

The Zumtobel Group also supports various company sport associations which are open to all employees. They create an incentive to get more exercise and do more for one's own health. The company also supports participation in running events like the Business Run in Austria.

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. 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. Free test and/or vaccinations were also offered at many locations in 2021/22 due to the Covid-19 pandemic. Selected employees at all locations have also been certified as first aid helpers or safety officers.

## Prevention of work accidents

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 to 5.9 in 2020/21 (2019/20: 6.3). The overall LTI rate increased to 7.7 in 2021/22 (2020/21: 5.9). The LTI rate rose to 5.8 (2020/21: 1.7) in the components plants and to 9.3 (2020/21: 9.2) in the lighting plants. The accident severity indicator (number of days lost × 1,000,000 / Total hours worked) rose from 69 in the previous year to 87 in 2021/22.

Occupational safety/accident rate	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
Number of hours worked by employees	Hours	6,630,829	6,292,218	5,990,381	5,405,699	5,963,163
Number of recorded accidents <sup>1</sup> Lighting Brands	Number	48	40	59	29	34
Number of recorded accidents <sup>1</sup> Components	Number	3	7	6	4	16
LTI rate Lighting Brands		12.0	7.3	10.1	9.2	9.3
LTI rate Components		1.2	2.7	2.3	1.7	5.8
LTI rate Zumtobel Group		7.7	5.2	6.3	5.9	7.7
TRI rate Lighting Brands		12.0	11.3	18.6	9.5	10.6
TRI rate Components		3.0	7.0	6.0	4.0	5.8
TRI rate Zumtobel Group		7.7	7.5	10.9	6.1	8.4
Number of fatal accidents	Number	0	0	0	0	0
Accident severity Lighting Brands		N/A	N/A	N/A	N/A	101
Accident severity Components		N/A	N/A	N/A	N/A	71
Accident severity Zumtobel Group		88	88	58	69	87

<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, measures are developed to increase the safety of employees. There were no fatal accidents in 2021/22 or in earlier years.

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

### 1.2.7 Operational environmental protection

Environmental protection is of great importance for the Zumtobel Group, not only with respect to the development of energy-efficient, environmentally friendly products but also in connection with efforts to make procurement, production and logistics more environmentally compatible. This conviction is reflected in the careful and efficient use of raw materials as well as the minimisation of emissions and waste over the entire product lifecycle and the entire value chain of products and services.

**Environmental  
management concept  
based on three  
supporting elements**

Management approach

Environmental protection is an essential element of our integrated management system. Environmental management in the Zumtobel Group is based on three supporting elements: environmental and energy management systems that are certified according to international standards (ISO 14001 and ISO 50001), strict compliance with internal and external environmental protection guidelines, and 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 under ISO 14001 and ISO 50001. The main goals of this integrated management system are to improve environmental performance, to meet environmental goals for the reduction and prevention of negative effects on the environment, and to ensure compliance with legal, and 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 support 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 and, in that way, make sure environmental goals and all other corporate goals are met. 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 provides support in implementing the strategy.

The globally defined environmental goals are broken down to the individual Zumtobel Group locations. The development of these goals is monitored with transparent and periodical global reporting which is 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 values 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 operations 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. The circular economy was defined as a material issue and represents a core element of the Zumtobel Group's sustainability strategy. Circular design rules were defined and integrated in the product development process. Tridonic and the lighting brands have already launched pilot projects (also see "Product responsibility" in the section on the circular economy).

In addition to quality and lean management, the environment, energy and safety and health at work are also key focal points for the global production network. The continuous improvement process in the production network (global operations) defines clear standards and supports the Zumtobel Group in effectively and efficiently using the available resources and meeting the high expectations and demands of customers. The environment and energy are also becoming increasingly important issues for customers and are frequently a central part of their selection process. Continuous improvement covers the optimisation of production and support processes as well as the responsible use of resources and raw materials, including energy efficiency, as well as the protection of employees' health and the prevention of the negative influence of processes on the environment.

The Zumtobel Group not only stands for the continuous improvement of all supply chain processes, but also for the continuous improvement of its business processes, products and services. For this purpose, the company has implemented procedures to identify and evaluate opportunities for improvement which are then combined into action programmes and documented and dealt with in structured form. Procedures have been implemented to identify opportunities for improvement as regards the environment, energy, safety and health at work, and quality. The identified opportunities are summarized, 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 who are 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 supported by numerous communication channels. A wide range of information is provided in introductory folders and multiple-day training courses for new staff and info screens in the break-time areas as well as Intranet websites that are available to all employees. 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 planned and implemented environmental protection projects.

Activities in 2021/22 focused on the presentation and implementation of the new Group-wide environmental policy. At the lighting plant in Dornbirn, the policy was broken down into simple statements that were extensively communicated and explained what the company expects from and how it can support its employees. At the lighting plant in Lemgo, the energy policy and energy management were clearly described in a presentation that was shown to all employees in various sessions.

	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018	ISO 50001:2018
Corporate headquarters in Dornbirn, AT	X		X	
Service AT	X			
Lighting plant in Dornbirn, AT	X	X		X
Lighting plant in Lemgo, DE	X	X		X
Lighting plant in Spennymoor, UK	X	X		X
Lighting plant in Niš, RS	X	X	X	
Lighting plant in Les Andelys, FR	X	X		
Components plant in Dornbirn, AT	X	X		X
Components plant in Niš, RS	X	X	X	
Components plant in Spennymoor, UK	X	X		X
Components plant in Shenzhen, CN	X	X		
<b>Total</b>	<b>11</b>	<b>10</b>	<b>2</b>	<b>5</b>

#### New certifications

Realisation of environmental goals

In line with our 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.

The goals defined by the environmental and energy programmes were generally met, and the strategic activities were implemented.

#### Retain certifications

The goal was met to retain certification under ISO 14001:2015 and ISO 50001:2018 at all certified locations. The Zumtobel Group successfully passed all external audits without any variances. Global environmental and energy reporting was prepared according to GRI standards for the first time in 2021/22. Data is collected monthly, and the indicators are monitored by the local organisations as part of the monthly management review and centrally by global quality. Together with the Management Board, environmental and energy reporting is reviewed quarterly to assess environmental and energy-related performance. Another important step to reach climate neutrality was taken during the reporting year. All European locations in the Zumtobel Group now purchase 100% of their electricity from renewable energy. In November 2021, the Lemgo lighting plant successfully passed the ISO 50001 certification audit by our certification partner Quality Austria and is now the fifth production location with an energy management system certified under this standard.

In addition to the central environmental aspects of our products and activities at the European production locations that are also certified under ISO 14001, an environmental matrix was prepared at the Group level during the past financial year. It covers all value-creating, downstream and upstream processes and provides a roadmap to attain climate neutrality.

#### CO2 emissions reduced by 62% vs basis year

The goal to cut CO2 emissions by 50% compared with the reference year 2015/16 was clearly exceeded with a reduction of 62%. The share of renewable energy rose to 60% and also exceeded the 50% goal. The goal to reduce the volume of waste by 15% compared with the previous year was not fully met with an absolute reduction of 9%. The relation of produced to sold volumes improved by 5% in the components plants and by 14% in the lighting plants. The Zumtobel Group's ambitious goal to increase the recycling rate

from 86% to 90% was met with a recycling rate that equalled exactly 90% in 2021/22. A detailed evaluation of the individual indicators can be found under the respective subjects.

#### Environmental goals 2022/23

The Zumtobel Group has set the following environmental goals for the 2022/23 financial year based on its strategic orientation to attain climate neutrality by 2025. The 2021/22 financial year will now be used as the new reference year due to the expansion of data collection for Scope 1 and Scope 2:

- >> Reduction of 10% in CO<sub>2</sub> emissions compared with the previous year
- >> Increase in the share of renewable energies to 57% (incl. motor vehicle pool and administrative locations)
- >> Reduction of the total volume of waste by 5% compared with the previous year
- >> Increase in the recycling rate from the current level of 90% to 91%
- >> Receipt of ISO 14001 certification and ISO 50001 matrix certification for the Lighting Brands
- >> Concept to prevent and reduce the remaining emissions at all major locations (focus on heat generation and laminating)

#### 1.2.7.1 Energy and renewable energy

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 represent essential issues for all producing locations. The largest locations in the Zumtobel Group also operate with certified energy management systems. In November 2021, the Lemgo lighting plant successfully passed the ISO 50001 certification audit. 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 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 and is based on real-time consumption as calculated by the respective suppliers. Data collection to date has covered heating and process energy, while the energy consumption of the motor pool was recorded for the first time in 2021/22 based on the number and mileage of the vehicles. These statistics were included in total energy consumption for the reporting year but are not yet part of the goal attainment. For this purpose, 2015/16 will serve as the reference year.

Energy consumption totalled 102,212 MWh in 2021/22 (85,829 MWh, excluding the energy consumption of the motor vehicle pool and administrative locations which are recently included in the reporting system). In comparison with the previous year (82,513 MWh), this represents an absolute increase of 4% in consumption.

The major energy consumers in the lighting plants are the plastic injection moulding machines and the laminating equipment. Since the proportion of plastic in the luminaires is growing and specific colours and durable laminating 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 represent the focal point for the implementation of improvement measures. Most of the energy in production is used in Europe (91%). The various energy sources and consumption in production in the Zumtobel Group are shown in the following table:

Energy consumption	Unit	2015/16 <sup>1</sup>	2018/19	2019/20	2020/21	2021/22
<b>Process energy</b>	in MWh	<b>74,316</b>	<b>64,261</b>	<b>59,591</b>	<b>65,653</b>	<b>69,827</b>
Electricity	in MWh	54,818	48,421	48,260	50,151	51,479
Electricity from photovoltaics (100% own use)	in MWh	N/A	N/A	N/A	319	1,231
Emergency power/sprinkler aggregate (Diesel)	in MWh	N/A	N/A	N/A	N/A	371
Process heat (natural gas)	in MWh	19,179	15,147	10,316	14,013	15,669
Local/district heat (supplier mix)	in MWh	319	288	399	478	436
Local/district heat (biomass)	in MWh	N/A	405	616	692	641
<b>Heating energy</b>	in MWh	<b>14,448</b>	<b>11,912</b>	<b>15,268</b>	<b>16,860</b>	<b>16,002</b>
Thermal heat (natural gas)	in MWh	12,275	7,850	9,597	10,490	10,108
Local/district heat (supplier mix)	in MWh	2,173	2,043	2,061	2,423	2,234
Local/district heat (biomass)	in MWh	N/A	2,019	3,610	3,947	3,660
<b>Energy (total)<sup>2</sup></b>	in MWh	<b>88,764</b>	<b>76,173</b>	<b>74,859</b>	<b>82,513</b>	<b>85,829</b>
<b>Recently included consumption<sup>2</sup></b>	in MWh	N/A	N/A	N/A	N/A	<b>16,383</b>
Motor vehicle pool	in MWh	N/A	N/A	N/A	N/A	13,849
Electricity administrative locations <sup>3</sup>	in MWh	N/A	N/A	N/A	N/A	719
Heating energy administrative locations <sup>3</sup> (natural gas)	in MWh	N/A	N/A	N/A	N/A	1,815
<b>Energy (total) incl. recently included consumption</b>	in MWh					<b>102,212</b>

<sup>1</sup>Basis year to assess the development of consumption

<sup>2</sup>The recently included consumption is not part of the total energy, energy intensity calculation, prior year comparison or comparison with the basis year

<sup>3</sup>Administrative locations that do not belong to a production location

#### Energy consumption outside of the organisation

Indirect Scope 3 greenhouse gas emissions were identified for the first time in 2021/22: All upstream emissions resulting from purchased materials, production waste, and commuting by employees to and from work were included. Downstream emissions were based on deliveries and the energy consumption of the sold products.

#### 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/produced units. Total energy consumption within the organisation for the calculation of energy intensity includes process and heating energy. The recently included energy

consumption data for the motor vehicle pool and administrative locations is not included in this calculation because it was not collected in recent years. Comparability with the reference year and following years is guaranteed by excluding this data from the calculation of energy intensity. Energy intensity in the Zumtobel Group during the 2021/22 financial year improved from 1,642 to 1,516 MWh per 1,000 units. Energy intensity in the components plants improved by a significant 11% during 2021/22. The lighting plants were unable to match the significant improvement from the previous year and achieved a 4% increase in energy intensity.

#### Reduction of energy consumption

The components plants recorded a year-on-year increase of 3% in absolute energy consumption based on a 16% increase in the production volume. However, energy consumption per 1,000 units improved from 0,402 to 0,358 MWh and resulted in relative savings of 10% by the plants. The lighting plants were unable to match the previous year's unusually high reduction of 12.5% in energy consumption, which increased from 6,789 to 7,036 MWh per 1,000 units. In spite of these developments, the improvement in energy performance versus the reference year, which is required by ISO 50001, was met by far.

At the lighting plant in Dornbirn, the installation of new efficient refrigeration machines with free cooling and additional back-cooling will lead to savings of 637 MWh per year. Additional savings of 282 MWh per year were realised by optimising the activation of the gas burner used for powder coating. The lighting plant in Spennymoor reduced gas consumption in the powder laminating process by 33% with improved production planning and a reduction in operating time. Pressurised air leaks were also eliminated at the Lemgo, Niš and Shenzhen plants. At the components plants in Dornbirn and Spennymoor, energy-efficient lighting and assembly machines were installed and production lines 1 and 2 were optimised.

#### Reduction in energy requirements of products and services

An essential factor for the certification of the environmental and energy management systems in the Zumtobel Group is a reduction of the energy required for products and services. The improvement in the energy efficiency of products is measured in lumens per watt, weighted by the products produced and sold in 2021/22. The lumen per watt output of the products improved from 124.2 lm/W to 128.0 lm/W (also see the section on product responsibility/energy efficiency). Our customers see energy savings as a key requirement for our turnkey projects. The savings represent the difference between the energy consumption of the existing lighting and the new lighting and integrated controls installed by the Zumtobel Group. The projects realised in 2021/22 led to average energy savings of 40% for customers. Since the reduction in energy savings for customers has only been collected systematically since 2021/22, that financial year will serve as the reference year in the future.

#### Renewable energy

Data on renewable energy as a share of the total energy consumption was integrated in environmental and energy reporting. In 2021/22 business year, 51% of the total energy consumption was covered by renewable energy (60% without the newly included energy consumption of the vehicle fleet and the administrative location) – The target of 50% - excluding the newly included energy consumption of the vehicle fleet and the administrative locations - was exceeded. Three European plants were converted to 100% renewable energy during the past financial year: The Lemgo lighting plant has purchased its entire electricity requirements from renewable sources since May 2021, and the Les Andelys plant converted in July 2021. The plant in Niš has been supplied exclusively with electricity generated by hydropower since June 2021. That means the electricity for all European plants now comes from 100% renewable energy. The

**Share of renewable  
energy reaches 50%**

components plant in Shenzhen has been supplied with an optimised energy mix since January 2022, which increased the share of renewable energy from 15% to 24%. Of the total gas requirements, 21% are covered by biogenic generated heat. The lighting plant in Dornbirn raised the share of renewable energy to 91% with a mixture of electricity from hydropower, electricity from photovoltaic equipment installed on the roof, and the use of biogenic generated heat. Concepts to avoid and reduce the use of natural gas will be developed during the coming financial year to move the Zumtobel Group closer to achieving climate neutrality by 2025.

#### 1.2.7.2 Emissions

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. The development of greenhouse gas emissions results 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 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. The reduction of Scope 1 and Scope 2 greenhouse gas emissions at the production locations has formed the focal point of activities to date. The motor vehicle pool and administrative locations that are not allocated to the plants are also included. Indirect Scope 3 greenhouse gas emissions were also recorded for the first time: Upstream emissions represent the emissions connected with purchased materials, production waste, and employees' commuting, while downstream emissions are caused by deliveries and the energy consumption of the sold products.

##### Direct GHG emissions (Scope 1)

The Zumtobel Group uses natural gas for heating and for laminating in the production process. The company vehicles and emergency aggregates operate with liquid fossil fuels. Various refrigerants are also used in the cooling systems. The 2015/16 financial year represents the current basis year because the full scope of data on the production locations has been recorded since that time. Following the expansion of environmental and energy reporting to meet the complete GRI standards, 2021/22 will be used as the reference year in the future. 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.

#### Steady reduction of Scope 1 emissions

Scope 1 CO<sub>2</sub> emissions totalled 8,676 t in 2021/22 (4,693 t excluding the recently included energy consumption from the motor vehicle pool and administrative locations). In comparison with the previous year (5,241 t), that represents an absolute reduction of 10%.

##### 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 as heating energy. 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 4,697 t in 2021/22. In comparison with the previous year (14,545 t), that represents an absolute reduction of 68%.

**Scope 2 emissions  
reduced by 68%**

Scope 1&2 emissions	Unit	2015/16 <sup>1</sup>	2018/19	2019/20	2020/21	2021/22
<b>Scope 1</b>	in Tonnes	<b>8,240</b>	<b>6,581</b>	<b>4,295</b>	<b>5,241</b>	<b>4,693</b>
Oil CO <sub>2</sub> -equivalent	in Tonnes	0	32	0	0	0
Diesel CO <sub>2</sub> -equivalent	in Tonnes	N/A	N/A	N/A	N/A	94
Natural gas CO <sub>2</sub> -equivalent	in Tonnes	8,240	6,486	4,248	5,099	4,518
Fugitive emissions CO <sub>2</sub> -equivalent	in Tonnes	N/A	63	47	142	81
<b>Scope 1 newly included emissions<sup>2</sup></b>	in Tonnes	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3,983</b>
Motor vehicle pool CO <sub>2</sub> -equivalent	in Tonnes	N/A	N/A	N/A	N/A	3,526
Administrative locations natural gas CO <sub>2</sub> -equivalent	in Tonnes	N/A	N/A	N/A	N/A	457
<b>Scope 1 (total) incl. newly included emissions</b>	in Tonnes	<b>8,240</b>	<b>6,581</b>	<b>4,295</b>	<b>5,241</b>	<b>8676</b>
<b>Scope 2</b>	in Tonnes	<b>16,302</b>	<b>16,878</b>	<b>17,486</b>	<b>14,545</b>	<b>4,697</b>
Electricity CO <sub>2</sub> -equivalent	in Tonnes	15,719	16,272	17,066	14,098	4,484
Photovoltaics (100% own use) CO <sub>2</sub> -equivalent	in Tonnes	0	0	0	-41	0
Local/district heat (biomass)	in Tonnes	0	48	85	93	86
Local/district heat (supplier mix)	in Tonnes	583	558	335	395	127
<b>Scope 1&amp;2 (total) CO<sub>2</sub>-equivalent</b>	in Tonnes	<b>24,542</b>	<b>23,459</b>	<b>21,781</b>	<b>19,786</b>	<b>9,390</b>
<b>Scope 1&amp;2 (total) incl. newly included emissions</b>	in Tonnes	<b>24,542</b>	<b>23,459</b>	<b>21,781</b>	<b>19,786</b>	<b>13,373</b>

<sup>1</sup>Basis year to assess the development of consumption

<sup>2</sup>The recently included consumption is not part of Scope 1&2 emissions, the emission intensity calculation, prior year comparison or comparison with the basis year

<sup>3</sup>Administrative locations that do not belong to a production location

### Other indirect GHG emissions (Scope 3)

As can be seen in the environmental aspect matrix, the management approach for emissions and the approach for energy consumption outside the organisation, purchased materials, production waste, and commuting by employees as well as deliveries and the energy consumption of the sold products are responsible for significant greenhouse gas emissions.

**Scope 3 emissions  
included in reporting**

The emissions were calculated as follows:

The purchased materials were allocated to product groups. Each product group was assigned a calculation factor that represents the global warming potential of 1 kg of the respective material and weighted by the amount in kg of the purchased materials per product group. The results were then added across all product groups. The calculation factors were derived from the GaBi LCA database issued by Sphera.

The collection of data on the emissions arising from the disposal of production waste initially involved the separation into the existing categories (recycling material, residual waste and hazardous waste). A calculation factor was then assigned to each category, scaled according to the respective volume and added. The calculation factors were derived from myClimate.

The emissions caused by employees' commuting were based on the distance from the place of residence to the place of work and the use of transport options listed in the VCÖ 2020 database and on the CO<sub>2</sub>-equivalent for the use of transportation means by the Austrian Environment Agency, and multiplied by the number of employees.

The products sold – luminaires, LED modules and LED drivers – use electrical energy in their operations. Emissions arise from the processes connected with the generation of electricity. Simple calculation models were developed to collect data on the emissions caused by the electricity consumption of luminaires, LED modules and LED drivers. The focus was placed on the identification of the correct scales, and actual usage scenarios can deviate from the calculation model.

The calculation for luminaires is based on the power consumption. For LED modules, the calculation basis represents the operating performance, while the calculation basis for LED modules is the power loss. This approach follows the idea that the power consumption of a luminaire equals the operating performance of the installed LED module plus the power loss of the LED driver. A useful life of 30,000 hours was assumed for luminaires, LED modules and LED drivers. A more conservative corrective factor of 0.75 was applied to dimmable luminaires. The conversion of the modelled energy consumption into CO<sub>2</sub> emissions assumed use in Europe. The EU average of 0.2307 kg CO<sub>2</sub>e per kilowatt hour of electrical energy was selected as the CO<sub>2</sub> equivalent ([https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-9#tab-googlechartid\\_googlechartid\\_googlechartid\\_googlechartid\\_chart\\_11111](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-9#tab-googlechartid_googlechartid_googlechartid_googlechartid_chart_11111)).

Other emissions Scope 3	Unit	2015/16 <sup>1</sup>	2018/19	2019/20	2020/21	2021/22
<b>Upstream Scope 3 emissions</b>	in Tonnes	N/A	N/A	N/A	N/A	<b>806,250</b>
Purchased goods <sup>2</sup> and services	in Tonnes	N/A	N/A	N/A	N/A	800,000
Operational waste	in Tonnes	N/A	N/A	N/A	N/A	1,250
Commuting by employees	in Tonnes	N/A	N/A	N/A	N/A	5,000
<b>Downstream Scope 3 emissions</b>	in Tonnes	N/A	N/A	N/A	N/A	<b>4,008,500</b>
Downstream transport and distribution	in Tonnes	N/A	N/A	N/A	N/A	8,500
Use of sold products	in Tonnes	N/A	N/A	N/A	N/A	4,000,000
<b>Scope 3 (total)</b>	in Tonnes	N/A	N/A	N/A	N/A	<b>4,814,750</b>

<sup>1</sup>Basis year to assess the development of consumption

<sup>2</sup>Includes input materials for products

#### GHG emissions intensity

#### Sound improvement in the intensity of greenhouse gas emissions

Since actual greenhouse gas emissions are exclusively related to energy consumption and the type of energy used, 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 units. Total emissions cover the greenhouse gas emissions from process and heating energy at the production locations. The recently recorded greenhouse gas emissions from the motor vehicle pool and administrative locations are not included to ensure comparability with the reference year and following years. The intensity of greenhouse gas emissions in the Zumtobel Group improved from 0.401 to 0.165 t per 1,000 units in 2021/22. The intensity in the lighting plants improved from 1.222 to 0.476 t per 1,000 units, for a reduction 61%. The components plants improved by 51% with a reduction of 0.203 to 0.099 t per 1,000 units.

## Reduction of GHG emissions

The Zumtobel Group took a further significant step towards climate neutrality in 2021/22. All European production facilities are now operating exclusively with electricity from renewable energy sources. Since electricity is the most important energy carrier for the Zumtobel Group, the result was an absolute reduction of 10,396 t, or 53%, in greenhouse gas emissions compared with the previous year and 15,152 t compared with the reference year. In comparison with the reference year, the Zumtobel Group cut its CO<sub>2</sub> emissions by 62%. The reduction in greenhouse gas emissions – and the efforts to attain climate neutrality by 2025 – were also supported by the measures described in the section on “renewable energy”.

**Sizeable reduction of greenhouse gas emissions**

## 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

There are no significant quantities of nitrogen oxide, sulphur oxide or other material air emissions in the Zumtobel Group. Legal and governmental requirements are observed by all production locations. All emission measurements are carried out by external specialists, and no unusual measurement results were recorded. The lighting plant in Lemgo prepares an emission report every four years as required by law. The 2020 measurement indicated that CO<sub>2</sub> is the only significant air emission. Nevertheless, the Zumtobel Group will prepare an overall emission report in the coming financial year based on the measurement results from the external specialists and the respective consumption volumes.

### 1.2.7.3 Water and 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 used by the Zumtobel Group, but the responsible and economical use of water is a primary concern. Procedures ensure that wastewater meets municipal requirements before it is discharged into local treatment plants and hold the related indicators clearly below the permissible limits wherever possible. These indicators are monitored and confirmed internally and externally on a regular basis.

**Responsible treatment of the resource water**

## Water as a shared resource

The water used by the Zumtobel Group's production locations comes almost exclusively from local waterworks. Additional ground water is only drawn by the lighting plant in Andelys and comprises 1% of the total water consumption. The production locations use water mostly for sanitary facilities, as drinking water, and for air humidification. In production, water is used primarily in pre-cleaning for the laminating process, air humidification and sprinklers as well as the pre-heating and cooling of machinery. Laminating represents a key production process for 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 lacquering.

## 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 permissible limits. Sewerage systems transport the wastewater to local treatment plants. Water consumption as a per cent of the drawn water is only minimal at the lighting plants in Dornbirn, Niš and Spennymoor and the component plants in Niš, Spennymoor and Shenzhen, and measurement is not possible or too costly. The entire volume of drawn water is therefore classified and compensated as wastewater.

## Water withdrawal

The production locations and the corporate headquarters of the Zumtobel Group drew approximately 65.23 megalitres of water in 2021/22 compared with 67.08 megalitres in the previous year, which represents a 3% decline in the volume of water drawn. The production location in Niš reduced its water withdrawal by 16%. This substantial reduction is, however, attributable to the upgrading of the sprinkler equipment in 2019/20 and the necessary emptying of the sprinkler tanks several times with a resulting increase in water volumes. Moreover, the existing rainwater collection tanks were only used to water the outside green areas. The lighting plant in Spennymoor dealt extensively with the use of water during the past financial year. Pumps were installed to recycle the water in various containers from powder coating aggregates 1 and 2. Monitoring of the water quality with regard to PH-values, micro siemens and the particle count reduced the number of container draining procedures by one-half. The sanitary facilities were also equipped with modern short flush equipment, which reduced the volume of rinsing water by roughly 50%. The absolute water withdrawal was only reduced by 8% in 2021/22, but the period from February 2022 to April 2022 shows a reduction of nearly 50%. That means a significant reduction in the water withdrawal can be expected in the coming financial year.

## Water recycling

The production locations and the corporate headquarters of the Zumtobel Group recycled approximately 63.63 megalitres of water in 2021/22 compared with 65.33 megalitres in the previous year. That represents a 3% decline in water recycling.

## Water consumption

Water consumption at the production locations and the corporate headquarters of the Zumtobel Group totalled approximately 1.6 megalitres in 2021/22 compared with 1.75 megalitres in the previous year. Therefore, water consumption represented 2.5% of the drawn water.

Water	Unit	2015/16 <sup>1</sup>	2018/19	2019/20	2020/21	2021/22
<b>Water withdrawal</b>	in Ml	<b>102.33</b>	<b>91.50</b>	<b>64.18</b>	<b>67.08</b>	<b>65.23</b>
Water from third party sources	in Ml	102.33	90.61	63.31	66.18	64.61
Groundwater	in Ml	0.00	0.89	0.87	0.90	0.63
Surface water	in Ml	0.00	0.00	0.00	0.00	0.00
<b>Water recycling</b>	in Ml	<b>102.33</b>	<b>91.51</b>	<b>64.18</b>	<b>65.33</b>	<b>63.63</b>
<b>Water consumption</b>	in Ml	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.76</b>	<b>1.60</b>

<sup>1</sup>Basis year to assess the development of consumption

#### 1.2.7.4 Waste

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 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 location's 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 developments. 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, laminating, automated production lines and the manual assembly of products are the major production processes which cause most of the waste in the Zumtobel Group. The activities involved in metal processing, plastics processing, laminating, automated production lines result in stamping waste, adjusting nuts and scrap which can generally be recycled. The water used in pre-treatment for the laminating 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. There are also smaller quantities of hazardous waste like waste oil, refrigerants and lubricants from metal processing, residual adhesives from mounting processes, and residual lacquer from lacquering processes. Waste also includes tools, machinery, production lines, raw material, purchased products and finished products which are no longer used.

#### Management of significant waste-related effects

The Zumtobel Group actively pursued issues connected with the circular economy in 2021/22. In addition to the implementation of circular design rules, which apply to all new product developments, a situation analysis was prepared for the existing products and the materials used. This led to various measures in support of the Zumtobel Group's efforts to achieve cradle-to-cradle certification (C2C) for products. Following the successful conclusion of the C2C inspection at the components plant in Niš, C2C certificates will be issued for the first LED modules at the beginning of the 2022/23 financial year. The components plant in Dornbirn and the lighting plant in Spennymoor will also be audited under C2C standards in the coming financial year. The data analysis on the circular economy also included the calculation of the recyclable share of luminaires, which equals 70%. 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 which will have a significant influence on waste volumes in the coming years, the Zumtobel Group has introduced many other continuous improvement measures. For example: The lighting plant in Spennymoor reduced hazardous waste by 44% by optimising the pre-treatment process in the powder coating aggregate. In this process, 66% of the wastewater is recycled for pre-treatment and only 33% is disposed as hazardous waste. The recycling rate at the components plant in Niš was increased to 89% through the better separation of plastic materials. The lighting plant in Dornbirn has developed a comprehensive reporting procedure for scrap, excess material

use, and reworking and integrates this information in the daily production meeting. This and many other activities helped the lighting plant in Dornbirn to reduce the total volume of waste by 23%. At the lighting plant in Lemgo, residual waste is processed in a pre-treatment aggregate to increase the share of recyclable waste. The components plant in Shenzhen eliminated the old tar casting process in April and will now be able to reduce hazardous waste by 1 t in the next financial year.

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 6,183 tonnes of waste from its production processes in 2021/22, which represents a reduction of 9% compared with the previous year (6,792 t). A total of 401 tonnes were classified as hazardous. The increased demand for the components plants led to an absolute increase of 120 t in waste but to a reduction of 5% based on the number of produced/sold products. The lighting plants recorded an absolute reduction of 739 t in waste and a reduction of 14% based on the number of produced/sold products.

Waste	Unit	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Recyclable waste</b>	in Tonnes	<b>6,435</b>	<b>5,799</b>	<b>5,826</b>	<b>5,840</b>	<b>5,213</b>
Preparation for recycling	in Tonnes	N/A	N/A	N/A	N/A	412
Recycling	in Tonnes	N/A	N/A	N/A	N/A	4,722
Other utilisation procedures	in Tonnes	N/A	N/A	N/A	N/A	79
<b>Residual waste</b>	in Tonnes	<b>1,165</b>	<b>994</b>	<b>679</b>	<b>463</b>	<b>569</b>
Other utilisation procedures	in Tonnes	N/A	N/A	N/A	N/A	24
Incineration with energy recovery	in Tonnes	N/A	N/A	N/A	N/A	531
Incineration without energy recovery	in Tonnes	N/A	N/A	N/A	N/A	0
Landfill	in Tonnes	N/A	N/A	N/A	N/A	14
<b>Hazardous waste</b>	in Tonnes	<b>446</b>	<b>390</b>	<b>476</b>	<b>489</b>	<b>401</b>
Preparation for recycling	in Tonnes	N/A	N/A	N/A	N/A	11
Recycling	in Tonnes	N/A	N/A	N/A	N/A	22
Other utilisation procedures	in Tonnes	N/A	N/A	N/A	N/A	274
Incineration with energy recovery	in Tonnes	N/A	N/A	N/A	N/A	87
Incineration without energy recovery	in Tonnes	N/A	N/A	N/A	N/A	7
Landfill	in Tonnes	N/A	N/A	N/A	N/A	0
Total non-hazardous waste diverted from disposal	in Tonnes	N/A	N/A	N/A	N/A	5,237
Total non-hazardous waste directed to disposal	in Tonnes	N/A	N/A	N/A	N/A	545
<b>Non-hazardous waste (total)</b>	in Tonnes	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5,782</b>
Total hazardous waste diverted from disposal	in Tonnes	N/A	N/A	N/A	N/A	307
Total hazardous waste directed to disposal	in Tonnes	N/A	N/A	N/A	N/A	94
<b>Hazardous waste (total)</b>	in Tonnes	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>401</b>
<b>Waste (total)</b>	in Tonnes	<b>8,046</b>	<b>7,184</b>	<b>6,981</b>	<b>6,792</b>	<b>6,183</b>
<b>Recycling rate</b>	in %	<b>80</b>	<b>81</b>	<b>83</b>	<b>86</b>	<b>90</b>

## Waste diverted from disposal/directed to disposal

Detailed records for all categories of diverted and transferred waste were prepared for the first time in 2021/22. Of the total non-hazardous waste, 91% is diverted and 9% transferred, whereby the transferred non-hazardous waste is incinerated with energy recovery. Of the total hazardous waste, 77% is diverted and 23% is transferred, whereby 93% of the transferred hazardous waste is incinerated with energy recovery and the remaining 7% is incinerated without energy recovery.

## Recycling rate

The challenging goal to achieve a recycling rate of 90% was reflected in greater attention to the separation of waste into its constituent parts at all production locations. This goal was met with an improvement in the recycling rate from 86% to 90% and made an important contribution to the protection of essential raw materials.

**Further increase in recycling rate**

### 1.2.7.5 Environmental compliance

Environmental compliance is an integral part of ISO 14001 and ISO 50001 requirements. The determination, observance and evaluation of all binding and voluntary obligations is based on pre-defined processes in the integrated management system. All production locations have a legal database which documents, evaluates and monitors the relevant obligations. New requirements and any related changes are documented and assessed, and the necessary measures to ensure compliance are defined and implemented. External legal consultants and service providers support the production locations in identifying and interpreting the relevant legal obligations and evaluate compliance annually. Compliance with these obligations is also verified by internal audits and specific compliance audits. Environmental compliance is evaluated and confirmed by the local managing directors each year and by the Zumtobel Group's Management Board in its management review.

### Non-compliance with environmental laws and regulations

Internal and external audits on environmental compliance were completed at all relevant production locations, and no deviations were identified. The compliance audit at the lighting plant in Les Andelys was again performed by CNNP, an external partner, to identify the progress made on the defined measures for the last year, to review legal issues, and to confirm legal conformity. An internal compliance audit was carried out at the lighting plant in Dornbirn, an additional 379 legal obligations were reviewed, and periodic inspections of official requirements were completed without any difficulties. A review in May 2022 was postponed due to the Covid-19 situation. At the lighting and components plant in Niš and the lighting plant in Spennymoor, all obligations were reviewed in an internal audit and legal conformity was confirmed. At the components plant in Dornbirn, all legal obligations were reviewed, and all periodic inspections were completed without difficulty. The procedures were then confirmed in external audits by Quality Austria.

There were no internal or external complaints and, consequently, no fines, other sanctions or legal proceedings for non-compliance with environmental protection rules and regulations.

All new legal obligations and changes to existing legal obligations were documented and evaluated. Compliance with the necessary measures was then defined and implementation was started, whereby most of the necessary activities have since been completed.

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.

#### 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. The advancing climate change, for example, represents 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 by 2025, to continuously increase the share of renewable energy, and to make a proactive contribution each year to reducing greenhouse gas emissions.

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 a 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 feel safer and prefer bright, well-lit streets and areas. Lighting is therefore good for people but impairs biodiversity. 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.

#### 1.2.8 Product responsibility

Research and development (R&D) play a very important role in the success and economic sustainability of the Zumtobel Group. This role is reflected through continuous research in new technologies which, when they reach the right stage of maturity, support the development of new products and systems.

**Management  
approach**

**NightTune – a  
contribution to  
protecting  
biodiversity**

**Management  
approach**

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 in knowledge database and generally accessible. Portfolio management covers five levels beginning with the collection of product ideas to the description, selection and decision over the appropriate portfolio items, and transparent presentation of the roadmap. The following product development follows a four-step stage gate process, in which the gates are secured and reviewed after every phase based on specific checklists. The necessary releases, depending on the project classification, are presented to a steering committee and approved by key stakeholders. The product lifecycle 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. These processes, beginning with portfolio management and continuing with product development to the product lifecycle are closely intertwined and coordinated. 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 over the long-term and, above all, to strengthen the Zumtobel and Thorn lighting brands. The dedicated brand and portfolio management for both areas is concentrated on the brand-specific portfolios and, together with product management, 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 development results for compliance with standards and the application fit and accompany both the development phase and lifecycle.

Competitors' products are regularly analysed, concepts are discussed in an early stage with selected customers, and special projects (CPD – Custom Product Development) are realised with leading architects and planners. Rejected installations are examined on site to determine the source of errors, which are then eliminated through a feedback loop.

#### 1.2.8.1 Innovation

##### Commercial property rights and patents

R&D plays 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.

**Strong patent portfolio and technology partnerships**

In 2021/22, the Lighting Segment registered 35 patents (2020/21: 49) and the Components Segment 66 patents (2020/21: 72) which underscore the growing importance of intelligent components. The number of active commercial property rights – currently 9,260, including 4,875 patents – speak for the Zumtobel Group's exceptional innovative strength.

##### 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 covering multiple product families. R&D expenses totalled EUR 67.5 million in 2021/22.

The Zumtobel Group protects its competitive product portfolio by increasingly relying on technology partnerships. Its 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, new control gears and concepts for the operation of 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. The influence 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.

Luminaires as part of the Internet of Things (IoT)

**Demands on  
luminaires – much  
more than just lighting**

R&D in the Zumtobel Group covers the entire value chain through active memberships in associations, committees, consortia and alliances along the entire value chain. The Group provides 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 the increasing interconnectedness, is also integrated in the construction sector.

**Participation 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 many academic partners include institutes like FH Vorarlberg, V-Research, the Fraunhofer Institute for Applied Research, and VRVis (Zentrum für Virtual Reality und Visualisierung), which cooperate with the Zumtobel Group within the framework of numerous national and international research projects. Cooperations are also in place with industrial partners like Nichia, Digital Elektronik, Bartenbach GmbH and zacktrack Lighting Technologies GmbH, which deal with issues like digital twins, simulation and autonomous lighting.

Participation in EU-wide research projects

Cooperation is further developed through various research projects at the EU level. 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 and applications

The Zumtobel Group's commitment to sustainability is closely related to the core business because of the important role played by energy-efficient, intelligently managed lighting technology in reducing worldwide resource consumption. This trend is supported 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.

**Sustainability is closely related to the core business**

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 along 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 represents a purely physical measured quantity and therefore shows the potential for improvement independent of service life of the sold products.

The average year-on-year improvement in energy efficiency has been reported for the past two 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 develop a ratio.

In the 2021/22 financial year, the Zumtobel Group marketed luminaires with an average energy efficiency of 128.0 lm/W; in the previous year, this value equalled 124.2 lm/W. That represents an improvement of 3.1% in energy efficiency compared with the previous period.

**High contribution to reducing electricity consumption**

The COVID-19-related smaller increase in the previous year reflected the increased sale of lower-priced, not very efficient lighting. It was followed not only by an increase in revenue and earnings during 2021/22, but also by a return to the previous trend towards an improvement in energy efficiency. The improvement steps will be smaller in the future because the energy efficiency potential of LEDs is physically limited and 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 depending on the available daylight – and that further reduces the energy consumption of the lighting equipment.

This calculation method also has an expiration date: As part of the Taxonomy Regulation, the European Commission is working on a new guideline that will be based on defined energy efficiency classes for light sources. The future energy efficiency indicator will therefore most likely represent the share of revenue generated by products with very energy-efficient light sources.

#### Environmental product declarations

Environmental product declarations (EPDs) present all relevant environmental effects in a transparent and neutral form. They cover the entire lifecycle from the extraction of the raw materials to production, transport, installation and operation in the building up to the end of the usage phase with recycling and disposal possibilities. Acknowledged environmental indicators include, among others, greenhouse gas effects, the destruction of the ozone layer, over-fertilisation of land, and the acidification of bodies of water.

The Zumtobel Group has issued Type III environmental product declarations in accordance with ISO 14025 and EN 15804 based on lifecycle assessments (LCA) in line with ISO 14040 and ISO 14044 for components and luminaires for more than ten years.

#### **5,000 environmental product declarations issued**

The wide variety of products and the continuous expansion of the product portfolio were reflected in the a priori development of a system for the automated internal generation of EPDs for the products in the Zumtobel, Thorn and Tridonic brands. Nevertheless, all EPDs must meet normative requirements and be verified by the programme operator IBU (Institut für Bauen und Umwelt). A process structure, which is regularly audited by IBU, was established in the company for this purpose. These annual audits review compliance with the norms, the currency of the lifecycle assessment data, and any necessary adjustments to the system. The Zumtobel Group is, as a result, entitled to issue its own environmental product declarations. Since the system was installed, approximately 5,000 EPDs have been prepared and made available to customers free of charge.

EPDs can be used in many different ways. Internally, they flow into development to support the continuous improvement of 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). This system was also recently used to calculate the emissions from purchased goods according to Scope 3 of the Greenhouse Gas (GHG) Protocol.

#### 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. The result has been a growing demand for innovative LED-based lighting solutions with comprehensive controls and 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 includes 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 represented by lighting-as-a-service offering, 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 individual needs.

### 1.2.8.3 Product quality and safety

Comparative measurements and procedural validations are carried out internally and with international testing institutions to maintain and improve the high quality of benchmarks and analysis standards. The Zumtobel Group cooperates with national and international testing institutes that include OVE (Österreichischer Verband für Elektrotechnik), TÜV (Technischer Überwachungsverein), and UL (Underwriters Laboratories). All production facilities in the Zumtobel Group's worldwide network, with the exception of the plant in the USA, have been certified according to the ISO 9001 international standard for quality management systems and ISO 14001 for environmental management systems. The standardised, centrally defined selling processes are also certified. Zumtobel plans to implement ISO 45001 (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. The primary goal is to continuously improve the quality of production and selling processes and, in this way, increase customer satisfaction and confidence in the Group's products.

### Customer health and safety

The health and safety of its customers has high priority for the Zumtobel Group. The effects of various categories of products and services on customers' health and safety is therefore the subject of a continuous process that includes the evaluation of opportunities for improvement.

REACH conformity for 100% of the purchased materials and products is evaluated twice each year. It is accompanied by a continuous RoHS evaluation for newly purchased components (100% raw materials). CE conformity is also evaluated for every luminaire family and includes a risk analysis for health and safety. All luminaires are tested and classified in accordance with protection classes (EN 61140). The Zumtobel Group is investigating 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). The changes involve the emission of UV and blue light as well as the thermal danger for skin.

There were no violations in connection with the effects of products and services on the health and safety of customers in 2021/22. Moreover, there were no violations of legal regulations which would have led to a fine, sanctions or reprimands.

### 1.2.8.4 Circular economy

The issue cluster "product responsibility" and the circular economy as a key issue represent the responsible handling of material resources and a sustainable change in the product development process for the Zumtobel Group. Circular economy aspects will therefore form a focal point of activities in the earliest part of the product development process.

Circular design rules (CDR) were introduced as a tool to ensure full integration in production processes and place the Zumtobel Group in a position to develop products for the upcoming circular economy. 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 developed in this segment is specified and developed 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:

### Introduction of circular design rules

- >> Circular sourcing
- >> Circular design
- >> Circular systems

Circular design rules: an innovation tool to implement the circular economy

Circular design rules create a framework for development teams to examine the aspects of the circular economy directly in the product development process and to train and gradually establish a circular economy mindset. The performance levels – basic, bronze, silver, gold and platinum – whose attainment is tied to various goals, increase motivation while providing a control tool to identify the respective development level of a product. At the same time, the path to the next performance level is shown. The circular design rules break the complexity of circular product development down into partial steps and facilitate their management.

These circular design rules represent an effective innovation tool to gradually establish and improve circularity in all new lighting brand products. They have required mandatory application in all new product developments since 1 May 2021.

Circular sourcing

Optimisation of material content

Together with suppliers, all materials are gradually undergoing a review concerning their RSL (restricted substances list) conformity. The restricted substances list was issued by the Cradle to Cradle Product Innovation Institute and covers a list of materials which are considered hazardous to the environment and health. An RSL conformity audit of the materials included in a product is also one of the first steps on the way to external cradle-to-cradle certification.

Knowledge of the exact content of materials and the identification of potentially critical contents form the basis to improve material quality and information across the entire product lifecycle and create a good starting point for use in the next product generation. An RSL-conformity audit has already been carried out for the Zumtobel Group's main suppliers. Full RSL-conformity is targeted for all materials by 2030.

Increase in the share of recyclable materials in products

The use of good recyclable materials will be successively increased. A first step involved the identification of the recycling capability of the materials used in products, whereby the focus was placed on material properties and the development stage of an infrastructure for the material to be recycled. This information helps the product development teams to include more recyclable material in new products as required by the circular design rules. The share of recyclable materials in the lighting brand products currently equals 70%.

CDR cover the recycled source materials in purchased commodities

The share of recycled materials in the products will also be gradually increased. Together with suppliers, the share of recycle in the purchased materials was identified. This information makes it possible to estimate the final share during the product development process. A number of suppliers have confirmed a recycle share of up to 45% for aluminium and up to 30% for steel. Plans call for all new product developments to have a recycle share of 50% in total by 2028.

## Circular design

Design for 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 consequent 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;
- >> the product can be disassembled 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 includes several value cascades for products in technical cycles in which 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 with collaboration partners.

The focus is on the following cycles:

- >> Maintenance & upgrade
- >> Remanufacturing
- >> High-value recycling

#### Maintenance & upgrade

The following issues are essential to extend the use of materials in previously installed luminaires:

- >> How can the usage phase of previously installed products be extended to reduce the use of material resources and thereby reduce the related CO<sub>2</sub> emissions and environmental impact?
- >> How can customers be offered solutions for state-of-the-art lighting technology and optimal lighting quality with low energy consumption and good service technology despite the continued use of older products made by the Zumtobel Group?
- >> How can LED solutions be offered for older luminaires in view of the prohibition on fluorescent lamps that takes effect in 2023?

Plans include the expansion by 2025 of available refurbishment kits to cover additional product families – especially the product families affected by the prohibition on fluorescent lamps that takes effect in 2023.

#### Remanufacturing

The following issues are essential to reasonably implement the recycling process for used luminaires:

- >> How can used products be reprocessed?
- >> For which products is reprocessing economical?
- >> What infrastructure and network partners are needed to implement product reprocessing?
- >> What does a corresponding remanufacturing process look like in detail, and what opportunities and risks should be considered?

Various pilot projects are investigating these issues and building corresponding networks to evaluate the possibilities for product offerings within the circular economy value creation cycle.

Plans call for the availability of an active remanufacturing option for 10% of the product families by 2030.

#### High-value recycling

The following issues are essential to ensure high-quality material recycling:

- >> How can the materials in products be directed to closed, regionally focused cycles?
- >> What partners can recycle specific materials?
- >> How can high flexibility against fluctuating material prices be achieved and material shortages or delivery delays be prevented?

Plans call for the development of an infrastructure with suitable partners to significantly increase the share of materials that can flow from old into new products.

#### Sustainable packaging

Easily recyclable materials will be used for product packaging in the future. The recycling capability of the material as well as the available infrastructure will be decisive to maximise 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 can 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 in 2021/22, and a packaging guideline focused on the principle "reduce, recycle & reuse" is scheduled for issue in the coming financial year. The goal is to increase the share of recyclable packaging materials and, at the same time, reduce packaging waste.

#### Cradle to cradle

The cradle to cradle concept has had a significant influence on the development of the circular design rules for the lighting brands. Many aspects of the circular design rules which address product development and product management reflect elements of the cradle to cradle concept.

**The Zumtobel Group  
is committed to  
cradle to cradle**

This includes:

- >> Material health -> Circular sourcing
- >> Material reutilisation -> Circular systems
- >> Design for disassembly -> Circular design

Zumtobel Lighting's first cradle-to-cradle certified product will be launched in spring 2023.

The Component Segment successfully implemented its first C2C project in 2021/22, which followed a feasibility study with EPEA Schweiz, a C2C consulting firm. The results flowed into a pilot project: Together with two customers, the material health of seven drivers and one LED module was examined. The first C2C project was then initiated on this basis.

The project is currently in the final stages after only half a year: The programme managers expect the launch of the first C2C-certified electronic component – an LED module – at the beginning of the 2022/23 financial year. Only several months later, the first C2C-certified drivers will be introduced to the market.

## 1.2.9 GRI Content Index

### Application

This report by the Zumtobel Group covers the period from 1 May 2021 to 30 April 2022 and is in agreement with the GRI standards.

GRI	Standard	Page(s)	Omissions, explanations
<b>General Standards</b>			
GRI 1	Foundation (2021)		
GRI 2	General Disclosures (2021)		
<b>1. Die Organisation und ihre Berichtspraktiken</b>			
GRI 2-01	Organisational details	14, Service: 236	
GRI 2-02	Entities included in the organisation's sustainability reporting	Consolidated Financial Statements: 192-193	
GRI 2-03	Reporting period, frequency and contact point	1, Service: 236	
GRI 2-04	Restatements of information	77-78, 79, 80, 81, 82	If there is a required adjustment to the previous year's report, a reference is made to the information provided.
GRI 2-05	External assurance	Auditor's Report: 196-206	
<b>2. Activities and workers</b>			
GRI 2-06	Activities, value chain and other business relationships	14-17	
GRI 2-07	Employees	65-68	
GRI 2-08	Workers who are not employees	65-68	
<b>3. Governance</b>			
GRI 2-09	Governance structure and composition	Corporate Governance Report: 211	
GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance Report: 210-211, 223-224	
GRI 2-11	Chair of the highest governance body	Corporate Governance Report: 214	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	35	
GRI 2-13	Delegation of responsibility for managing impacts	35	
GRI 2-14	Role of the highest governance body in sustainability reporting	35	
GRI 2-15	Conflicts of interest	48-49, 50	
GRI 2-16	Communication of critical concerns to the highest governance body, incl. grievance management	48-49	
GRI 2-17	Collective knowledge of the highest governance body, its skills and experience with sustainable development	35	
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: 223-224	
GRI 2-19	Remuneration policies	69-70, Remuneration Report: 4-8	
GRI 2-20	Process to determine remuneration	69-70, Remuneration Report: 9-10	
GRI 2-21	Annual total compensation ratio (compensation of the CEO in relation to the median total compensation of a full-time employee)	Remuneration Report: 15	

GRI	Standard	Page(s)	Omissions, explanations
<b>4. Strategy, policies and practices for responsible management</b>			
GRI 2-22	Statement on sustainable development strategy	19, 35	
GRI 2-23	Policy commitments for responsible conduct, incl. respect for human rights	38-39, 51, 58, 70	
GRI 2-24	Embedding policy commitments for responsible conduct in activities and business relationships	38-39, 58	
GRI 2-25	Commitment to accept responsibility for own impacts, mechanisms for seeking advice and raising concerns, incl. grievance management	48-49	
GRI 2-26	Dealing with concerns over responsible business conduct, incl. whistleblowing mechanisms	48-49	
GRI 2-27	Compliance with laws and regulations	47-52, 51, 62, 72, 87-88	
GRI 2-28	Associations and advocacy organisations in which the organisation plays an important role	40, 90	
<b>5. Stakeholder engagement</b>			
GRI 2-29	Approach to stakeholder engagement	35-37	
GRI 2-30	Collective bargaining agreements / tariff contracts and working and employment conditions for employees not covered	62	
<b>GRI 3</b>	<b>Material Topics (2021)</b>		
GRI 3-01	Process to determine material topics	36-37	
GRI 3-02	List of material topics	37	
<b>Specific standards</b>			
<b>GRI 201</b>	<b>Economic performance (2016)</b>		
GRI 3-03	Management of material topics (2021)	44	
GRI 201-01	Direct economic value generated and distributed	44	
GRI 201-02	Financial implications and other risks and opportunities due to climate change	41-42, 116-122	
GRI 201-03	Defined benefit plan obligations and other retirement plans	121, 161-162	
GRI 201-04	Financial assistance received from government	60, 104, 146, 157, 171	In the past business year, there was still some short-time work and related subsidies, as well as research funding.
<b>GRI 205</b>	<b>Anti-corruption (2016)</b>		
GRI 3-03	Management of material topics (2021)	50-51	
GRI 205-01	Operations assessed for risks related to corruption	50	
GRI 205-02	Communication and training about anti-corruption policies and procedures	48	
GRI 205-03	Confirmed incidents of corruption and actions taken	50-51, 48-49	
<b>GRI 206</b>	<b>Anti-competitive behaviour (2016)</b>		
GRI 3-03	Management of material topics (2021)	51	
GRI 206-01	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	51, 48-49	
<b>GRI 301</b>	<b>Materials (2016)</b>		
GRI 3-03	Management of material topics (2021)	52-53, 93-95	
GRI 301-01	Materials used by weight or volume	56	
GRI 301-02	Recycled input materials used (secondary raw materials)	56, 94-95	
GRI 301-03	Reclaimed products and their packaging materials	95-97	

GRI	Standard	Page(s)	Omissions, explanations
<b>GRI 302</b>	<b>Energy (2016)</b>		
GRI 3-03	Management of material topics (2021)	74-76, 77	
GRI 302-01	Energy consumption within the organization	77-78	
GRI 302-02	Energy consumption outside of the organization	78	
GRI 302-03	Energy intensity	78-79	
GRI 302-04	Reduction of energy consumption	79	
GRI 302-05	Reductions in energy requirements of products and services	79	
<b>GRI 305</b>	<b>Emissions</b>		
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GRI 305-01	Direct (Scope 1) GHG emissions	80-81	
GRI 305-02	Energy indirect (Scope 2) GHG emissions	80-81	
GRI 305-03	Other indirect (Scope 3) GHG emissions	81-82	
GRI 305-04	GHG emissions intensity	82	
GRI 305-05	Reduction of GHG emissions	83	
GRI 305-06	Emissions of ozone-depleting substances (ODS)	83	The Zumtobel Group does not produce, import or exports any ozone-depleting substances
GRI 305-07	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	83	
<b>GRI 307</b>	<b>Environmental compliance</b>		
GRI 3-03	Management of material topics (2021)	87, 74-75	
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GRI 403-02	Hazard identification, risk assessment, and incident investigation	71-72	
GRI 403-03	Occupational health services	72-73	
GRI 403-04	Worker participation, consultation, and communication on occupational health and safety	71-73	
GRI 403-05	Worker training on occupational health and safety	72	
GRI 403-06	Promotion of worker health	71	
GRI 403-07	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	71-72	
GRI 403-08	Workers covered by an occupational health and safety management system	71-73	
GRI 403-09	Work-related injuries	73	
GRI 403-10	Work-related ill health	71-73	Work-related illnesses are currently not recorded in the Zumtobel Group for data protection reasons. The collection and anonymisation of data on work-related illnesses is currently in review.
<b>GRI 406</b>	<b>Non-discrimination</b>		
GRI 3-03	Management of material topics (2021)	47-48, 58	
GRI 406-01	Incidents of discrimination and corrective actions taken	48-50	
<b>GRI 408</b>	<b>Child labour (2016)</b>		
GRI 3-03	Management of material topics (2021)	47-48, 58	
GRI 408-01	Operations and suppliers with significant risk for incidents of child labour	48-50	

GRI	Standard	Page(s)	Omissions, explanations
<b>GRI 409</b>	<b>Forced or compulsory labour (2016)</b>		
GRI 3-03	Management of material topics (2021)	51, 58, 70-71	
GRI 409-01	Operations and suppliers with significant risk for incidents of forced or compulsory labour	51, 70-71	
<b>GRI 412</b>	<b>Human Rights Compliance Audit (2016)</b>		
GRI 3-03	Management of material topics (2021)	51, 58, 70-71	
GRI 412-01	Sites where a human rights audit or human rights impact assessment has been conducted	70	
GRI 412-02	Training for employees on human rights policies and procedures	70	
GRI 412-03	Significant investment agreements and contracts that contain human rights clauses or have been screened for human rights aspects	70	
<b>GRI 414</b>	<b>Social assessment of suppliers (2016)</b>		
GRI 3-03	Management of material topics (2021)	52-53, 58	
GRI 414-01	New suppliers screened against social criteria	52-53, 57-58	
GRI 414-02	Negative social impacts in the supply chain and measures taken	57-58	
<b>GRI 416</b>	<b>Customer health and safety (2016)</b>		
GRI 3-03	Management of material topics (2021)	88-89, 93	
GRI 416-01	Assessing the health and safety impacts of different categories of products and services	93	
GRI 416-02	Violations related to the health and safety impacts of products and services	93, 48-49	

## 1.3 Review of Business Performance

### 1.3.1 The economic environment

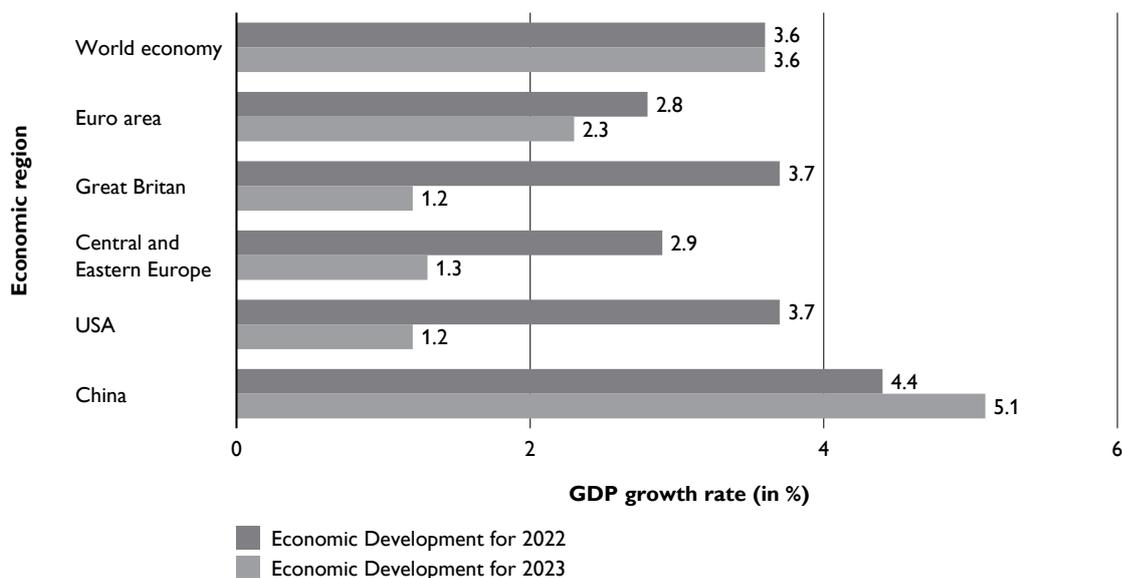
**Global economy stressed by Ukraine crisis and Covid-19 pandemic**

The dramatic economic downturn caused by the Covid-19 pandemic in 2020 was followed by strong recovery in 2021. It was weakened, however, by rising inflation, a raw material shortage and related sharp increase in material prices, and interruptions in global supply chains. The global economy was further strained during the first months of 2022 by the outbreak of the war in Ukraine together with an explosion in energy costs and the ongoing challenges created by the pandemic. The development of events in Ukraine are uncertain. Current assumptions indicate that the conflict will remain limited to Ukraine, the energy sector will not be affected by new sanctions against Russia, and the economic effects of the Covid-19 pandemic will generally subside during 2022.

**Downward revision of economic forecasts for 2022 and 2023**

The latest World Economic Outlook (April 2022) by the International Monetary Fund (IMF) includes a substantial downward revision to the economic forecasts for 2022 and 2023. Global growth is now expected to equal 3.6% in 2022, compared with an estimate of 4.4% in January. The forecast for 2023 was also reduced by 0.2 percentage points to 3.6%. Europe has been particularly hard hit by the Ukraine crisis – on the one hand, due to its geographical proximity to Ukraine and Russia and, on the other hand, due to the huge dependence on Russian oil and gas. The eurozone is only expected to generate growth of 2.8% in 2022, for a forecast that is clearly lower than before the outbreak of the Ukraine crisis. The emerging countries in Europe are even more heavily affected and can expect to see a recession in 2022 with a decline of 2.9%, compared with the positive January estimate of 3.5% growth. In the D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, growth is projected to range from 2.1% to 2.6% in 2022, which also represents a substantial reduction compared with the January forecast. The economy in Great Britain is expected to grow by 3.7%, for a decline of one percentage point since the outbreak of the war in Ukraine. The forecasts for the Zumtobel Group's other European markets, e.g. France, Italy, Spain and Northern Europe, have also been notably reduced, but sound economic growth is still expected in 2022 and 2023. This also applies to the USA and China – the forecasts were reduced but – from the current point of view – there are still no signs of recession.

**Economic Development Outlook for 2022 and 2023**



### 1.3.2 The development of 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. Earnings (based on EBIT) reflect the development of revenues and are also subject to seasonal fluctuations, which is illustrated by the significantly lower results in the second half of the year.

### Seasonality of the business

#### Revenues

- >> Group revenues rise by 9.9% (FX-adjusted: plus 8,8%)
- >> Lighting Segment revenues 6.4% over previous year (FX-adjusted: plus 4.8%)
- >> Increase of 19.9% in Components Segment revenues (FX-adjusted: plus 19.9%)

Income statement in EUR million	2021/22	2020/21	Change in %
Revenues Lighting Segment	844.7	794.1	6.4
Revenues Components Segment	363.0	302.8	19.9
Reconciliation	(59.4)	(52.5)	13.1
<b>Revenues</b>	<b>1,148.3</b>	<b>1,044.5</b>	<b>9.9</b>
<b>Cost of goods sold</b>	<b>(767.4)</b>	<b>(707.1)</b>	<b>8.5</b>
<b>Gross profit</b>	<b>381.0</b>	<b>337.4</b>	<b>12.9</b>
<i>as a % of revenues</i>	33.2	32.3	
<b>SG&amp;A expenses</b>	<b>(320.2)</b>	<b>(291.9)</b>	<b>9.7</b>
<b>Special effects</b>	<b>0.0</b>	<b>(2.1)</b>	
EBIT Lighting Segment	45.2	33.2	36.0
<i>as a % of segment revenues</i>	5.3	4.2	
EBIT Components Segment	36.4	24.9	45.9
<i>as a % of segment revenues</i>	10.0	8.2	
Reconciliation	(20.8)	(14.8)	40.7
<b>EBIT</b>	<b>60.8</b>	<b>43.4</b>	<b>40.1</b>
<i>as a % of revenues</i>	5.3	4.2	
<b>Financial results</b>	<b>(13.2)</b>	<b>(9.3)</b>	<b>(42.2)</b>
<b>Profit before tax</b>	<b>47.5</b>	<b>34.0</b>	<b>39.6</b>
<b>Income taxes</b>	<b>(1.7)</b>	<b>11.6</b>	<b>&lt;(100)</b>
<b>Net profit for the year</b>	<b>45.8</b>	<b>45.6</b>	<b>0.3</b>
<b>Earnings per share (in EUR)</b>	<b>1.06</b>	<b>1.06</b>	<b>0.3</b>

Note: EBITDA (EBIT plus depreciation and amortisation) totalled EUR 120.2 million in 2021/22 (2020/21: EUR 114.9 million).

**Group revenues rise by 9.9%**

The Zumtobel Group recorded an increase of 9.9% in revenues to EUR 1,148.3 million in 2021/22 (2020/21: EUR 1,044.5 million), in part due to the general recovery of the economic environment that followed the subsiding of the Covid-19 crisis and in spite of delivery capabilities that were limited by material shortages. Positive foreign exchange effects of EUR 12.1 million resulted primarily from the revaluation of the British pound, Chinese yuan and Swiss franc. The Turkish lira, in contrast, was negatively affected by a strong devaluation. After an adjustment for these foreign exchange effects, the increase in revenues equalled 8.8%.

**Lighting Segment revenues above previous year**

Revenues in the Lighting Segment rose by 6.4% to EUR 844.7 million in 2021/22 (2020/21: EUR 794.1 million), primarily based on higher sales volumes. Other positive factors included price increases and foreign exchange effects. After an adjustment for foreign exchange effects, revenues were 4.8% higher year-on-year.

**Components Segment revenues clearly exceed previous year**

In the Components Segment, revenues were 19.9% higher at EUR 363.0 million in 2021/22 (2020/21: EUR 302.8 million). The general economic recovery and an above-average increase in orders owing to the material shortage led to above-average growth in sales volumes. Price increases also had a positive effect in the components business.

Regional development of business

Revenues in EUR million	2021/22	Change in %	in % of Group
D/A/CH	362.2	4.2	31.5
Northern and Western Europe	291.7	13.6	25.4
Southern and Eastern Europe	311.6	16.8	27.1
Asia & Pacific	123.0	13.6	10.7
Rest of the World	59.9	(8.0)	5.2
<b>Total</b>	<b>1,148.3</b>	<b>9.9</b>	<b>100.0</b>

**Sound revenue growth in nearly all regions**

Revenues in the D/A/CH region, the largest market in the Zumtobel Group, rose by 4.2% to EUR 362.2 million in 2021/22. The increase was lower than the other regions because of the growth generated by Switzerland and Austria in the previous year despite the Covid-19 crisis. Revenues in the Northern and Western Europe region were 13.6% higher at EUR 291.7 million. Great Britain recorded a substantial improvement in revenues after the sharp drop caused by Covid-19. The other countries in the Northern and Western Europe region remained only slightly below the previous year. Revenues in the Southern and Eastern Europe region rose by 16.8% to EUR 311.6 million, supported by particularly strong growth in France, Spain and Italy. The Asia & Pacific region recorded an increase of 13.6% to EUR 123.0 million, with the largest contributions provided by China and Hong Kong. Revenues in the countries assigned to the "Rest of the World" fell by 8.0% to EUR 59.9 million, whereby the strongest declines were reported by Qatar and the United Arab Emirates.

**Earnings**

**Group EBIT rises to EUR 60.8 million**

Group EBIT rose to EUR 60.8 million in 2021/22 (2020/21: EUR 43.4 million), and the return on sales increased from 4.2% to 5.3%. The largest contributions were made by the growth in revenues and a decline in depreciation/amortisation as well as lower guarantee expenses and efficiency improvements in direct labour costs. Negative factors included the sharp rise in raw material, transport and energy expenses as well as the nearly complete absence of government-supported short-time work models and higher consulting

fees. EBIT rose from EUR 33.2 million to EUR 45.2 million in the Lighting Segment and from EUR 24.9 million to EUR 36.4 million in the Components Segment.

The gross profit margin (after development costs) for the Zumtobel Group rose to 33.2% in 2021/22 (2020/21: 32.3%). The cost of goods sold was negatively influenced by a sharp rise in raw material, transport and energy costs. Positive effects resulted from the decline in depreciation/amortisation, a reduction in guarantee costs, and efficiency improvements in direct labour costs. Development costs included in the cost of goods sold increased by EUR 1.6 million to EUR 63.4 million (2020/21: EUR 61.8 million) due to an increase in personnel costs after the expiration of short-time work programmes and a reduction in operational working capital. A positive effect was provided by the substantial decline in amortisation.

**Increase in development costs**

Selling expenses (incl. research) were 7.8% higher at EUR –282.9 million in 2021/22 (2020/21: EUR –262.6 million). The largest increases were recorded in personnel costs after the expiration of short-time work programmes. Transport costs and travel expenses were also substantially higher, as were customs duties due to the Brexit. Administrative expenses rose by 10.7% to EUR –43.1 million (2020/21: EUR –38.9 million) due to an increase in personnel costs and depreciation/amortisation. Other operating income fell to EUR 5.8 million (2020/21: EUR 9.6 million), chiefly due to a decline in license income and higher miscellaneous costs.

**Substantial increase in selling and administrative expenses**

## Financial results

Financial results fell by EUR 3.9 million to EUR –13.2 million in 2021/22, above all as the result of negative foreign exchange effects (2020/21: EUR –9.3 million). Interest expense, which is primarily attributable to current credit agreements and finance leases, totalled EUR –5.0 million (2020/21: EUR –5.5 million). Other financial income and expenses amounted to EUR –7.8 million (2020/21: EUR –3.8 million). This position comprises the interest costs for pension obligations and the earnings effects from exchange rate fluctuations, whereby the major factor involved negative foreign exchange effects of EUR –5.4 million.

**Financial results below previous year**

Financial result in EUR million	2021/22	2020/21	Change in %
Interest expense	(5.3)	(5.8)	(9.1)
Interest income	0.3	0.3	11.2
Net financing costs	(5.0)	(5.5)	10.1
Other financial income and expenses	(7.8)	(3.8)	<(100)
Result from associated companies	(0.4)	0.1	<(100)
Financial results	(13.2)	(9.3)	(42.2)

Profit before tax rose to EUR 47.5 million in 2021/22 (2020/21: EUR 34.0 million). The reported tax expense of EUR –1.7 million (2020/21: tax income of EUR 11.6 million) includes current tax expense of EUR –5.3 million and income of EUR 3.6 million from deferred taxes. Additional information is provided in the notes to the consolidated financial statements. Net income increased to EUR 45.8 million (2020/21: EUR 45.6 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled EUR 1.06 (2020/21: EUR 1.06).

**Net profit totals EUR 45.8 million**

## Cash flow, financial and asset position

Cash Flow Statement in EUR million	2021/22	2020/21	Change in %
Cash flow from operating results	122.7	115.7	6.1
Change in working capital	(54.9)	14.9	<(100)
Change in other operating items	(5.5)	17.7	<(100)
Income taxes paid	(4.8)	(7.6)	36.4
<b>Cash flow from operating activities</b>	<b>57.6</b>	<b>140.7</b>	<b>(59.0)</b>
<b>Cash flow from investing activities</b>	<b>(41.7)</b>	<b>(40.7)</b>	<b>(2.6)</b>
<b>FREE CASH FLOW</b>	<b>15.9</b>	<b>100.0</b>	<b>(84.1)</b>
<b>Cash flow from financing activities</b>	<b>(30.8)</b>	<b>(103.4)</b>	<b>70.2</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(14.9)</b>	<b>(3.4)</b>	<b>&lt;(100)</b>

Cash flow from operating results increased from EUR 115.7 million in the previous year to EUR 122.7 million, primarily based on the improvement in profitability.

### Negative development of working capital

Working capital totalled EUR 211.3 million as of 30 April 2022 and was EUR 58.9 million higher than on 30 April 2021. This increase is attributable, above all, to the crisis on global procurement markets and the related EUR 54.8 million inventory build-up. As a per cent of rolling 12-month revenues, working capital rose from 14.6% to 18.4%. The receivables sold through factoring agreements totalled EUR 77.8 million (2020/21: EUR 69.7 million). The change in other operating positions amounted to EUR –5.5 million (2020/21: EUR 17.7 million). The cash outflows reported under this position resulted chiefly from the release and use of restructuring provisions. Cash flow from operating activities declined from EUR 140.7 million to EUR 57.6 million in 2021/22.

### Increase in investment activity

Investments in non-current assets were substantially higher than the previous year at EUR 45.3 million in 2021/22 (2020/21: EUR 38.1 million). These expenditures consisted mainly of tools for new products, expansion and maintenance investments as well as capitalised research and development costs of EUR 10.3 million (2020/21: EUR 12.5 million). Included here are investments of EUR 26.6 million (2020/21: EUR 22.2 million) in Dornbirn and EUR 4.0 million (2020/21: EUR 5.0 million) in the lighting and components plant in Serbia (including capitalised development costs). The cash flow effects reported under "changes in non-current and current financial assets" resulted chiefly from financial claims for insurance reimbursement. The decline in cash flow from operating activities and the increase in investments were reflected in a reduction of free cash flow to EUR 15.9 million in 2021/22 (2020/21: EUR 100.0 million).

Cash flow from financing activities was adjusted to exclude the non-cash additions from lease liabilities. This position includes cash outflows of EUR 13.6 million (2020/21: EUR 14.8 million) for the payment of lease liabilities and EUR 5.4 million (2020/21: EUR 5.7 million) for interest payments. No funds were drawn from the consortium credit agreement as of 30 April 2022. Dividends totalling EUR 8.6 million were paid to the shareholders of the Zumtobel Group in 2021/22 (2020/21: EUR 4.3 million).

### Secure liquidity

In order to protect its ability to meet its payment obligations at any time, the Zumtobel Group maintains liquidity reserves that generally take the form of demand deposits with banks and can be used to service 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 2026 and a maximum line which currently equals EUR 125 million. As of 30 April 2022 and at the end of the previous financial year, no funds were drawn under this credit agreement. In addition, the Zumtobel Group concluded two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB). The related contracts call for bullet repayment and have terms ending in September 2024, respectively February 2025; both credit lines were fully drawn as of 30 April 2022. These major financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate is no longer the largest shareholder group or falls below a certain threshold, and 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 2022 with a debt coverage ratio of 0.79 (2020/21: 0.77) and an equity ratio of 38.1% (2020/21: 32.7%). 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 can also access unsecured working capital credit lines totalling EUR 58.2 million (2020/21: EUR 62.9 million) to manage short-term liquidity fluctuations. The interest rates are dependent on local market conditions and reflect the prevailing situation in the respective countries.

Balance sheet data in EUR million	30 April 2022	30 April 2021
Total assets	1,005.4	943.3
Net debt	95.1	88.5
<i>Debt coverage ratio</i>	0.79	0.77
Equity	382.8	308.4
<i>Equity ratio in %</i>	38.1	32.7
<i>Gearing in %</i>	24.8	28.7
Investments	45.3	38.1
Working capital	211.3	152.5
<i>As a % of rolling 12 month revenues</i>	18.4	14.6

The balance sheet total rose to EUR 1,005.4 million as of 30 April 2022 (2020/21: EUR 943.3 million), primarily due to a higher balance of inventories and trade receivables. As a result, the equity ratio increased from 32.7% as of 30 April 2021 to 38.1% on 30 April 2022. The EUR 6.6 million increase in net liabilities to EUR 95.1 million as of 30 April 2022 resulted chiefly from an increase in borrowings. Gearing – the ratio of net debt to equity – fell from 28.7% to 24.8%.

### 1.3.3 Significant events since 30 April 2021

In March 2021, the Zumtobel Group announced the appointment of Thomas Erath to the Management Board of the Zumtobel Group as CFO beginning on 1 August 2021. He is appointed for a term extending to 31 July 2024 and is responsible for finances and all related subject areas.

The 45th General Meeting on 30 July 2021 approved the distribution of a 20 euro cents dividend per share for the 2020/21 financial year. After an adjustment for a special effect resulting from deferred taxes, the dividend represents approximately 30% of net profit.

**Improvement in  
balance sheet  
structure**

**Thomas Erath  
appointed new CFO**

**Dividend of EUR 0.20  
per share**

**Alfred Felder  
confirmed as CEO**

On 8 October 2021, the Supervisory Board of the Zumtobel Group announced the extension of the contract for the Management Board Chairman and Chief Executive Officer (CEO) Alfred Felder by a further three years to 31 July 2025.

**Management presents  
goals up to 2025**

The Management Board of the Zumtobel Group held a virtual capital markets day on 12 October 2021 to explain the corporate strategy in detail and to present medium-term planning up to 2025.

**Lon-term financing  
secured**

On 15 December 2021, the Zumtobel Group concluded a new consortium credit agreement and thereby prematurely refinanced the contract that would have expired in November 2022. The new consortium credit agreement has a five-year term plus two one-year extension options (5+1+1 rule) and a maximum line of EUR 125 million. It also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances

No other significant events occurred during the reporting year.

## 1.4 Internal Control System and Risk Management

### 1.4.1 Internal control system

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.

**ICS structure and focus**

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).

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 responsibility**

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 monitoring**

The central elements of the ICS in the Zumtobel Group are:

- >> The code of conduct, which is supplemented by specific rules (e.g. for invitations)
- >> The anonymous whistle-blower system
- >> Corporate policies and procedures
- >> Clearly defined organisational structures, job specifications and the formal delegation of duties and responsibilities according to the individual functional requirements
- >> Regular comparison of the actual situation (e.g. cost centre reports) with expected results (e.g. budget)
- >> Training programmes for employees

**ICS elements**

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:

**ICS for financial reporting**

- >> Written definition of processes and documentation
- >> Approval and release rules which are integrated in the respective processes
- >> Accounting and valuation principles (Finance Group Manual)
- >> Uniform closing checklists (applicable throughout the Group)

The ICS elements are updated and expanded as required based on a risk-oriented approach.

## 1.4.2 Risk management

### Risk policy approaches

#### Systematic approach for the early identification of opportunities and risks

The Zumtobel Group realises that an effective opportunity and risk management system – as well as an internal control system – represents an important factor for 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 (see section 1.4.1).

#### Risk management based on recognised best practice and standards

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.

#### Central role of reporting

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.

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 development of the economy is the most important risk factor. The previously very positive outlook has been significantly weakened by the war in Ukraine, which is expected to have an impact on the construction industry and, in turn, on the lighting business. Moreover, the Covid-19 crisis is still not over and not all regions have returned to the pre-corona level. Uncertainty has been fuelled by the sharp rise in energy prices and the prices for relevant raw materials like steel, copper and aluminium as well as the short supply and higher cost of transport capacity, primarily from Asia, and shortage of semiconductors. The excess capacity on the market creates doubts as to whether these substantially higher costs can be passed on in full through the adjustment of market prices. It is reasonable to assume that these aforementioned shortages, cost increases and supply difficulties could drive inflation even more strongly in the future. As a result, it can be assumed that higher wage and salary settlements will lead to further cost increases. Shifts in major application areas – for example, industry, office and sales – are leading to very different growth rates but also to changes in the product mix. The long-awaited consolidation in the lighting industry could accelerate.

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.

#### **Restructuring risks**

The Covid-19 crisis has triggered a massive increase in the pace of digitalisation in many areas. In the lighting sector, this has been reflected in a growing demand for system solutions that integrate lighting with other 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.

#### **Technology risks**

#### **Business risks**

Access to many customer groups during the past financial year was frequently restricted by the wide range of national lockdown measures and resulted in the increased use of modern communication techniques. Personal contacts and face2face meetings, among others to physically present new products, were only possible to a limited extent. This led to delays in the development of offers and, subsequently, to a catch-up effect with an increase in both order intake and stocks. Consolidation on the customer side will further increase the bargaining power of larger customers.

#### **Access to global decision-making networks**

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.

#### **Market acceptance of 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 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 investments in Serbia represent another form of political risk. In the event of a new "cold war" with a clear separation between the western and eastern spheres of influence, it is not clear which side the current Serbian government would choose. This situation is exacerbated by political tensions throughout the country and the danger of a significant economic downturn due to the high dependence on Russia. The emergence of new "pacts" would also increase the political risk associated with business in China. Products produced in China and imported to Europe could be negatively affected by higher customs duties or other measures. Moreover, Great Britain's exit from the EU is widening the differences in the legal framework between the UK and the European Community – a situation which could lead to future product adjustments and a resulting increase in complexity for these two diverging markets.

#### **Political risks**

**Risks in human  
resources  
management**

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.

**Procurement risks**

On the procurement market, numerous industries are currently confronted with an unprecedented shortage of goods that has been reflected in steadily rising prices and the allocation and/or unavailability of components. The Covid-19 pandemic and the resulting direct or indirect shifts in supply and demand as well as the technological transformation and the structural changes caused by this crisis (e.g. e-mobility, digitalisation – among others, through the increased requirements for home office and e-learning) are generally responsible for this development. The uncertainty in many markets caused by the war in Ukraine and the massive rise in energy and transport costs has been responsible for added price increases and supply bottlenecks for various materials needed for production.

Delivery times, above all for electronic components (and here, especially, semiconductors), have risen to a level that makes reasonable planning nearly impossible for an industry that is closely linked to the short-term project business. The procurement situation for many basic materials or product groups that are manufactured directly from raw materials, e.g. copper cables, strip steel, aluminium die-cast elements or extruded sections, is extremely stressed for the above-mentioned reasons. Costs have, in part, more than doubled during the past two years – and there is currently no end to this trend in sight.

Extensive and regular communications with suppliers in all procurement areas are an elementary requirement to ensure the availability of supplies as best as possible in these difficult times. The sustainability and long-term nature of supplier relationships, mutual trust, and the early identification and joint solution of potential problems is – in addition to other procurement actions – the most important instrument to optimise the price and availability of components.

**IT risks**

The Group uses state-of-the-art hardware and software and has concluded appropriate 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. 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.

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 also works closely with the insurance department to identify other risks that can be insured and arranges for appropriate coverage.

#### Asset 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.

#### Inventory valuation risks

The Zumtobel Group's inventories rose significantly compared to previous years and in relation to revenues. This increase resulted on the one hand from the significant rise in material prices and manufacturing costs, and on the other hand also from longer supply chains and availability problems with some components. Due to supply delays for some of these components, the delivery of entire projects is also delayed. This also results in an increase in inventory.

Due to increased supply times, there is also a risk that customers will cancel their orders. This leads to increased devaluation risks for customised products. Standard products can be used in other projects and are therefore subject to a lower devaluation risk. The Zumtobel Group's sales department maintains close contact with customers, which helps to reduce this risk. The Group's information systems were significantly optimised and expanded to improve internal and external communications.

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.

#### Product liability risks

#### 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 a 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 the 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

### Financing risk

In order to protect its ability to meet financial obligations at all times, the Zumtobel Group maintains liquidity reserves that generally take the form of demand deposits with banks and can be used to service 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.

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 2026 and a maximum line which currently equals EUR 125 million. As of 30 April 2022 and 30 April 2021, no funds were drawn under this credit agreement. In addition, the Zumtobel Group concluded two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB). The related contracts call for bullet repayment and have terms ending in September 2024, respectively February 2025; the 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 2022 with a debt coverage ratio of 0.79 (2020/21: 0.77) and an equity ratio of 38.1% (2020/21: 32.7%). 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 58.2 million (2020/21: EUR 62.9 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

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 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.

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.

#### **Pension obligation risks**

#### **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.

Increased precipitation and rising temperatures are connected with low, potentially long-term physical risks, while the possible increase in the frequency and intensity of extreme weather events represents an acute physical risk over the medium-term. In order to prevent damage to assets, the interruption of procurement processes and production stops, measures have been taken at all locations to minimise the potential effects, and the procedures to manage these risks were compiled in an emergency response plan.

#### **Physical risks**

In general, the assessment of the physical risks at all locations indicates that the Zumtobel Group is less affected by climate change.

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 analysis of the management system, and the related assessments were followed by the implementation of appropriate measures. Goals were formulated to reduce emissions, and significant measures were initiated and implemented to achieve climate neutrality.

#### **Transition risks**

Potential technological risks include the substitution of products by more environmentally friendly alternatives. 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.

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

**No recognisable risks that could endanger the continued existence of the Group**

The war in Ukraine and the consequences of the ongoing Covid-19 pandemic have had a very significant direct and indirect impact on the global economy. These events not only have an effect on the Zumtobel Group's selling markets, but also on its production and materials procurement. The medium- and longer-term effects are impossible to identify at the present time but are not classified as representing an inherent danger for the continued existence of the Zumtobel Group.

An overall assessment of the above risks and opportunities shows a concentration of market risks, which reflects the Group's dependence 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, is operates in future-proof and promising business areas.

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 2022/23

The war in Ukraine and the ongoing challenges created by the Covid-19 pandemic have had a visible impact on the global economy. The latest World Economic Outlook (April 2022) by the International Monetary Fund (IMF) includes a substantial downward revision to the economic forecasts for 2022 and 2023. Global growth is now expected to equal 3.6% in 2022, compared with an estimate of 4.4% in January. The forecast for 2023 was also reduced by 0.2 percentage points to 3.6%. Europe has been particularly hard hit by the Ukraine crisis – on the one hand, due to its geographical proximity to Ukraine and Russia and, on the other hand, due to the huge dependence on Russian oil and gas. The eurozone is only expected to generate growth of 2.8% in 2022, for a forecast that is clearly more reserved than before the outbreak of the Ukraine crisis. In Germany, Austria and Switzerland, which represent key market regions for the Zumtobel Group, growth is estimated at only 2.1% to 2.6% for 2022. The economy in Great Britain is expected to grow by 3.7%, compared with a forecast of 4.7% before the outbreak of the war in Ukraine. Forecasts for the Zumtobel Group's other important European markets, e.g. France, Italy, Spain and Northern Europe, have also been notably reduced, but growth is still expected in 2022 and 2023. This also applies to the USA and China – the forecasts were reduced but – from the current point of view – there are still no signs of recession.

The future course of events in Ukraine, rising costs for raw materials, transport and energy as well as the availability of semiconductors for the control electronics in luminaires will have a significant influence on the development of the global economy and, in turn, on the development of the Zumtobel Group. The further economic effects of the Covid-19 pandemic are also impossible to predict in detail at the present time. Consistent reorientation in recent years gives the Zumtobel Group a strong position and the capability to master these challenges. Against this backdrop and with reference to the above uncertainties, the Management Board of the Zumtobel Group expects an increase of 3% to 6% in revenues and an EBIT margin of 4% to 5% for the 2022/23 financial year.

**Reduction in  
economic forecasts  
for 2022/23**

**Outlook for 2022/23:  
3-6% revenue growth  
and 4-5% EBIT margin**

## 1.6 Additional Information

### 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 2022. As of 30 April 2022, 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 (4,405,752 shares), ASTERIX private foundation (200,752 shares), GENVALOR private foundation (2,126,413 shares), Hektor private foundation (1,342,340 shares), ORION private foundation (2,165,752 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 (4,700,000 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 35.77% of the company's share capital as of 30 April 2022.

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 2026 and a maximum line which currently equals EUR 125 million. As of 30 April 2022 and 30 April 2021, no funds were drawn under this credit agreement. In addition, the Zumtobel Group concluded two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB). The related contracts call for bullet repayment and have terms ending in September 2024, respectively February 2025; the 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 2022 with a debt coverage ratio of 0.79 (2020/21: 0.77) and an equity ratio of 38.1% (2020/21: 32.7%). 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 contract of one Executive Board member contains a change-of-control clause that also applies in the event of an accepted public takeover bid. Accordingly, the Executive Board member is entitled to terminate his Executive Board contract unilaterally subject to a notice period of three months.

10. The most important elements of the risk management system and the internal control system are described in management report under "Risk Management and the Internal Control System".

#### 1.6.2 Significant events after the balance sheet date

No significant events occurred after the balance sheet date on 30 April 2022 which would have led to a change in the asset, financial or earnings position of Zumtobel Group AG.

Dornbirn, 15 June 2022

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)



## 2. Consolidated Financial Statements

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## 2. Consolidated Financial Statements

### 2.1 Consolidated Income Statement

in TEUR	Notes	2021/22	2020/21
Revenues	2.6.5.1	1,148,317	1,044,452
Cost of goods sold	2.6.5.2	(767,359)	(707,082)
<b>Gross profit</b>		<b>380,958</b>	<b>337,370</b>
Selling expenses	2.6.5.2	(282,933)	(262,582)
Administrative expenses	2.6.5.2	(43,068)	(38,922)
Other operating income	2.6.5.3	6,547	16,660
Other operating expenses	2.6.5.3	(753)	(9,175)
<b>Operating profit</b>		<b>60,751</b>	<b>43,351</b>
Interest expense	2.6.5.4	(5,267)	(5,795)
Interest income	2.6.5.4	301	271
Other financial income and expenses	2.6.5.5	(7,820)	(3,836)
Result from associated companies	2.6.7.4	(446)	56
<b>Financial results</b>		<b>(13,232)</b>	<b>(9,304)</b>
<b>Profit before tax</b>		<b>47,519</b>	<b>34,047</b>
Income taxes	2.6.5.6	(1,745)	11,597
<b>Net profit for the year</b>		<b>45,774</b>	<b>45,644</b>
<i>thereof due to non-controlling interests</i>	2.6.7.5	217	740
<i>thereof due to shareholders of the parent company</i>		45,557	44,904
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>2.6.5.7</b>		
Earnings per share (diluted and basic)		1.06	1.06

## 2.2 Consolidated Statement of Comprehensive Income

in TEUR	Notes	2021/22	2020/21
<b>Net profit for the year</b>		<b>45,774</b>	<b>45,644</b>
Actuarial gain/loss	2.6.6.3	26,824	(8,046)
Deferred taxes due to actuarial gain/loss	2.6.6.5	(3,462)	(1,071)
<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>		<b>23,362</b>	<b>(9,117)</b>
Currency differences	2.6.6.1	9,921	(2,353)
Currency differences associates	2.6.6.1	590	(153)
Currency differences arising from loans	2.6.6.2	4,827	(357)
Deferred taxes due to loans	2.6.6.5	(399)	92
Hedge accounting	2.6.6.4	0	63
Deferred taxes due to hedge accounting	2.6.6.5	0	(303)
<b>Total of items that will be reclassified ("recycled") subsequently to the income statement</b>		<b>14,939</b>	<b>(3,011)</b>
<b>Subtotal other comprehensive income</b>		<b>38,301</b>	<b>(12,128)</b>
<i>thereof due to non-controlling interests</i>	2.6.7.5	209	(273)
<i>thereof due to shareholders of the parent company</i>		38,092	(11,855)
<b>Total comprehensive income</b>		<b>84,075</b>	<b>33,516</b>
<i>thereof due to non-controlling interests</i>		426	467
<i>thereof due to shareholders of the parent company</i>		83,649	33,049

## 2.3 Consolidated Balance Sheet

in TEUR	Notes	30 Apr 2022	30 April 2021 restated
Goodwill	2.6.7.1	195,357	190,191
Other intangible assets	2.6.7.2	37,817	41,379
Property, plant and equipment <sup>1</sup>	2.6.7.3	255,905	262,488
Shares in associated companies	2.6.7.4	4,079	3,935
Financial assets	2.6.7.6	5,297	4,559
Other assets	2.6.7.7	3,633	3,322
Deferred taxes	2.6.7.8	38,707	37,360
<b>Non-current assets</b>		<b>540,795</b>	<b>543,234</b>
Inventories	2.6.7.9	213,118	158,321
Trade receivables <sup>1</sup>	2.6.7.10	153,737	137,054
Financial assets	2.6.7.6	3,728	2,222
Other assets	2.6.7.7	33,592	37,270
Liquid funds	2.6.7.11	60,461	65,205
<b>Current assets</b>		<b>464,636</b>	<b>400,072</b>
<b>ASSETS</b>		<b>1,005,431</b>	<b>943,306</b>
Share capital	2.6.9.1	108,750	108,750
Additional paid-in capital	2.6.9.2	335,316	335,316
Reserves	2.6.9.3	(62,717)	(137,737)
Capital attributed to shareholders of the parent company		381,349	306,329
Capital attributed to non-controlling interests	2.6.7.5	1,452	2,087
<b>Equity</b>	<b>2.6.9</b>	<b>382,801</b>	<b>308,416</b>
Provisions for pensions	2.6.7.12	55,595	82,477
Provisions for termination benefits	2.6.7.12	40,048	49,093
Provisions for other employee benefits	2.6.7.12	9,016	10,702
Other provisions <sup>1</sup>	2.6.7.15	22,869	16,238
Borrowings <sup>1</sup>	2.6.7.16	123,300	128,274
Other liabilities <sup>1</sup>	2.6.7.19	18,101	13,370
Deferred taxes	2.6.7.8	1,847	459
<b>Non-current liabilities</b>		<b>270,776</b>	<b>300,613</b>
Provisions for taxes		19,305	21,120
Other provisions	2.6.7.15	24,333	35,923
Borrowings	2.6.7.16	34,455	27,401
Trade payables		120,275	117,772
Other liabilities <sup>1</sup>	2.6.7.19	153,486	132,061
<b>Current liabilities</b>		<b>351,854</b>	<b>334,277</b>
<b>EQUITY AND LIABILITIES</b>		<b>1,005,431</b>	<b>943,306</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8; see note 2.6.3.

## 2.4 Consolidated Cash Flow Statement

in TEUR	Notes	2021/22	2020/21
Profit before tax	2.1	47,519	34,047
Depreciation and amortisation	2.6.5.2	55,106	64,822
Impairment of property, plant and equipment and intangible assets	2.6.5.2	4,357	6,761
Gain/loss on the disposal of property, plant and equipment and intangible assets		1,569	990
Other non-cash financial results	2.6.5.5	7,820	3,836
Interest income/ Interest expense	2.6.5.4	4,966	5,524
Share of profit or loss in associated companies	2.6.7.4	446	(56)
Changes in the scope of consolidation		964	(225)
<b>Cash flow from operating results</b>		<b>122,747</b>	<b>115,699</b>
Inventories		(50,716)	11,721
Trade receivables		14,433	(19,905)
Trade payables		(627)	2,915
Prepayments received		(17,945)	20,154
<b>Change in working capital</b>		<b>(54,855)</b>	<b>14,885</b>
Non-current provisions		(6,183)	8,394
Current provisions		(12,121)	(14,736)
Other assets		2,265	12,811
Other liabilities		10,587	11,197
<b>Change in other operating items</b>		<b>(5,452)</b>	<b>17,666</b>
<b>Income taxes paid</b>		<b>(4,816)</b>	<b>(7,571)</b>
<b>Cash flow from operating activities</b>		<b>57,624</b>	<b>140,679</b>
Cash inflows from the disposal of property, plant and equipment and other intangible assets		3,417	485
Cash outflows for the purchase of property, plant and equipment and other intangible assets		(45,331)	(38,135)
Change in non-current and current financial assets		(127)	(3,304)
Interest received		300	274
<b>Cash flow from investing activities</b>		<b>(41,741)</b>	<b>(40,680)</b>
<b>FREE CASH FLOW</b>		<b>15,883</b>	<b>99,999</b>
Cash proceeds from non-current and current borrowings	2.6.8.2	22,533	1,781
Cash repayments of non-current and current borrowings	2.6.8.2	(38,168)	(94,018)
Dividend paid to shareholders of the parent	2.6.9.4	(8,629)	(4,315)
Dividend paid to non-controlling interests	2.6.7.5	(1,067)	(1,135)
Interest paid		(5,428)	(5,673)
<b>Cash flow from financing activities</b>		<b>(30,759)</b>	<b>(103,360)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(14,876)</b>	<b>(3,361)</b>
Cash and cash equivalents at the beginning of the period	2.6.8.1	54,818	59,739
Cash and cash equivalents at the end of the period	2.6.8.1	41,418	54,818
Effects of exchange rate changes on cash and cash equivalents		1,476	(1,560)
<b>Change absolute</b>		<b>(14,876)</b>	<b>(3,361)</b>

## 2.5 Consolidated Statement of Changes in Equity

### 2021/22 Financial Year

in TEUR	Notes	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
<b>30 April 2021</b>		<b>108,750</b>	<b>335,316</b>	<b>29,355</b>	<b>(40,268)</b>	<b>0</b>	<b>(126,824)</b>	<b>306,329</b>	<b>2,087</b>	<b>308,416</b>
+/- Net profit for the year	2.1	0	0	45,557	0	0	0	45,557	217	45,774
+/- Other comprehensive income	2.2	0	0	0	14,730	0	23,362	38,092	209	38,301
<b>+/- Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>45,557</b>	<b>14,730</b>	<b>0</b>	<b>23,362</b>	<b>83,649</b>	<b>426</b>	<b>84,075</b>
+/- Dividends	2.6.9.4	0	0	(8,629)	0	0	0	(8,629)	(1,061)	(9,690)
<b>30 April 2022</b>		<b>108,750</b>	<b>335,316</b>	<b>66,283</b>	<b>(25,538)</b>	<b>0</b>	<b>(103,462)</b>	<b>381,349</b>	<b>1,452</b>	<b>382,801</b>

### 2020/21 Financial Year

in TEUR	Notes	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
<b>30 April 2020</b>		<b>108,750</b>	<b>335,316</b>	<b>(10,909)</b>	<b>(37,770)</b>	<b>240</b>	<b>(117,707)</b>	<b>277,920</b>	<b>2,762</b>	<b>280,682</b>
+/- Net profit for the year	2.1	0	0	44,904	0	0	0	44,904	740	45,644
+/- Other comprehensive income	2.2	0	0	0	(2,498)	(240)	(9,117)	(11,855)	(273)	(12,128)
<b>+/- Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>44,904</b>	<b>(2,498)</b>	<b>(240)</b>	<b>(9,117)</b>	<b>33,049</b>	<b>467</b>	<b>33,516</b>
+/- Changes in the scope of consolidation		0	0	(325)	0	0	0	(325)	0	(325)
+/- Dividends	2.6.9.4	0	0	(4,315)	0	0	0	(4,315)	(1,142)	(5,457)
<b>30 April 2021</b>		<b>108,750</b>	<b>335,316</b>	<b>29,355</b>	<b>(40,268)</b>	<b>0</b>	<b>(126,824)</b>	<b>306,329</b>	<b>2,087</b>	<b>308,416</b>

## 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 2021/22 financial year.

The Management Board of Zumtobel Group AG released the consolidated financial statements for distribution to the Supervisory Board on 15 June 2022. 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 29 June 2022 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 2021 to 30 April 2022. 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 2021/22 include 88 (2020/21: 91) 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 was included in the consolidation at equity (2020/21: one). Nine companies (2020/21: nine) were not included in the consolidation because their influence 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		Total
	full	at equity	
<b>30 April 2021</b>	<b>91</b>	<b>1</b>	<b>92</b>
Liquidated during reporting year	(3)	0	(3)
<b>30 April 2022</b>	<b>88</b>	<b>1</b>	<b>89</b>

Zumtobel LED Illuminazione Holding srl, Italy, was liquidated in March 2022 and deconsolidated with no effect on earnings.

acdc LED Holdings Limited, Great Britain, and acdc Limited, Great Britain, were deconsolidated in October 2021 following the transfer of control to the liquidator. The deconsolidation results of TEUR 949 from the reclassification to the income statement of currency translation differences previously recorded under equity 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. In accordance with this method, the subsidiary’s identifiable assets, liabilities and contingent liabilities are recognised at fair value 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 any 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 using 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:		Closing rate: Balance Sheet	
	Income Statement			
	30 April 2022	30 April 2021	30 April 2022	30 April 2021
AUD	1.5662	1.6116	1.4699	1.5581
CHF	1.0613	1.0806	1.0229	1.0998
USD	1.1534	1.1760	1.0540	1.2082
SEK	10.2493	10.2943	10.2958	10.1640
NOK	10.0534	10.5694	9.7525	9.9533
GBP	0.8482	0.8917	0.8391	0.8686

## 2.6.3 Restatement of Prior Year Data in accordance with IAS 8

### 2.6.3.1 IFRS 16 – Term correction for reasonably certain extension and cancellation options

The estimates for the exercise of extension and cancellation options for several building leases recorded in accordance with IFRS 16 in the previous year did not sufficiently reflect the reasonably certain contractual possibility of unilateral cancellation or a negative response to an extension by the lessor. For the involved contracts, terms were assumed which could not be unilaterally enforced by the Zumtobel Group. Consequently, the rights of use and corresponding lease liabilities were too high. These rights of use and corresponding lease liabilities were therefore restated (IAS 8.41). The effects of the restatement on the consolidated balance sheet are shown in the following table.

in TEUR	30 April 2021 before restatement	Restatement	30 April 2021 after restatement
Rights of use to land & buildings	46,270	(8,840)	37,430
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>271,328</b>	<b>(8,840)</b>	<b>262,488</b>
<b>ASSETS</b>	<b>977,687</b>	<b>(8,840)</b>	<b>968,847</b>
<b>EQUITY</b>	<b>308,416</b>	<b>0</b>	<b>308,416</b>
Non-current lease liabilities	51,356	(8,840)	42,516
<b>NON-CURRENT LIABILITIES</b>	<b>309,453</b>	<b>(8,840)</b>	<b>300,613</b>
<b>LIABILITIES</b>	<b>669,271</b>	<b>(8,840)</b>	<b>660,431</b>
Equity ratio in %	31.5%	0.3%	31.8%

### 2.6.3.2 IFRS 15 – Obligations from extended guarantee commitments

Extended guarantee commitments in Great Britain were accounted for as “assurance type” commitments in previous years and, consequently, provisions for guarantee extensions were recognised. Due to the materiality of the services to be provided by the Zumtobel Group over the guarantee period, these items should be treated as “service type” commitments and therefore represent separate performance obligations as defined in IFRS 15. Contract liabilities must therefore be recognised for these obligations as part of revenue accruals. The presentation of the related obligations was therefore reclassified from non-current provisions to non-current contract liabilities (IAS 8.41). The effects of the restatement on the consolidated balance sheet are shown in the following table. Differences arising from the valuation of the guarantee provisions at the experience-based settlement amount and the allocated transaction price based on the five-step model defined by IFRS 15 were not included because they are immaterial for the consolidated financial statements. The respective contract liabilities will be realised in revenue after the end of the extended guarantee period in accordance with the estimated use of the performance obligation.

in TEUR	30 April 2021 before restatement	Restatement	30 April 2021 after restatement
Non-current extended guarantee commitments and individual damage incidents	26,229	(11,007)	15,222
<b>OTHER PROVISIONS</b>	<b>27,245</b>	<b>(11,007)</b>	<b>16,238</b>
Contract liabilities	0	11,007	11,007
<b>OTHER LIABILITIES</b>	<b>2,363</b>	<b>11,007</b>	<b>13,370</b>
<b>NON-CURRENT LIABILITIES</b>	<b>309,453</b>	<b>11,007</b>	<b>320,460</b>

### 2.6.3.3 IFRS 15 – Offsetting of pre-payments received and trade receivables

Pre-payments received for not yet finally accepted luminaire projects were reported by the Swiss company under miscellaneous current liabilities in previous years. However, these payments should be recorded as compensation for the related trade receivables due to the contractually provided services. For the 2020/21 financial year, incoming payments of TEUR 25,541 recorded under miscellaneous liabilities were offset against trade receivables and the trade receivables were derecognised retroactively. The restatement resulted in an equal reduction of the balance sheet total.

## 2.6.4 Accounting and Valuation Methods

### 2.6.4.1 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 2021/22:

Standard/Interpretation	Mandatory application in financial years beginning on or after
IFRS 16 Change: Covid-19-related rental concessions	1 April 2021
IFRS 4 Change: Postponement of IFRS 9	1 January 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Change: Reform of reference interest rates (Phase 2)	1 January 2021

The changes to IFRS 16 concerning Covid-19-related rental concessions create an exemption for lessees from the requirement to assess whether rental concessions granted in reaction to the Covid-19 pandemic represent a lease modification. This exemption was applied in connection with the granting of rent-free months, primarily for building leases.

In connection with the reform of reference interest rates (Phase 2), potential changes in the cash flows from a EUR/CHF cross-currency interest rate swap were analysed. An agreement with the counterparty was reached for the CHF-denominated side in December 2021 over the conversion from the CHF-Libor to SARON as the new reference interest rate beginning with the interest rate period that follows 31 March 2022. This conversion does not result in any material ineffectiveness for the hedge because variable interest rates were agreed for both EUR and CHF. The results of foreign currency conversion on the hedged investment are recorded under equity and reported on the statement of comprehensive income.

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 2021/22:

Standard/Interpretation		Mandatory application in financial years beginning on or after
IAS 16	Change: Proceeds before intended use	1 January 2022
IAS 37	Change: Onerous contracts – costs for fulfilling a contract	1 January 2022
IFRS 3	Change: Reference to the Conceptual Framework	1 January 2022
IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual improvements to IFRS (Cycle 2018–2020)	1 January 2022
IAS 1	Change in presentation and change in the disclosure of accounting policies	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IFRS 17	Insurance contracts, incl. changes to IFRS 17	1 January 2023
IAS 1	Changes in the IAS 1 classification of liabilities as current and non-current	1 January 2023
IAS 12	Deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences	1 January 2023
IFRS 4	Change: Postponement of IFRS 9	1 January 2023

The Group is currently evaluating the possible effects of the above changes on its consolidated financial statements. To date, no material effects are expected.

#### 2.6.4.2 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 2.6.4.3 “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 Group is based on the following rates:

Straight-line depreciation	Depreciation rate per year
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:

Straight-line amortisation	Depreciation rate per year
Buildings	4,7 - 50%
Other tangible assets	20,0 - 33,3%

### Leases

The accounting method applied to leases is explained in note 2.6.7.17.

### Trade receivables

Trade receivables are initially recognised at the amount of the unconditional consideration. A receivable with a significant financing component is 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 2.6.7.10 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 principal, 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 (0.8 – 1.27). The expenses arising from valuation allowances to trade receivables are included under selling expenses (see note 2.6.11.2).

#### Probability of default per risk class in %

Debtor risk class 1	0.10%
Debtor risk class 2	0.25%
Debtor risk class 3	0.63%
Debtor risk class 4	1.94%
Debtor risk class 5	9.80%
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 2.6.11).

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. There were no material effects on reporting. 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 2.6.11. 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 hedge for the interest rate swap that ended on 30 June 2021 was released in the previous financial year as of 30 April 2021, and the negative fair value was reclassified from the reserve under equity to expenses.

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, cancelled or 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 time to completion 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 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 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 tax expense for the current period 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 2.6.7.19).

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 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. The subsidies for short-time work in connection with the Covid-19 pandemic, which are recorded as a reduction of expenses, are explained in note 2.6.5.2.

### 2.6.4.3 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 also 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 impairment. 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" 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: 7.48%, Germany: 6.94%, Great Britain: 8.35%).

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 high cost of materials, transport and energy represented the major economic challenge for the company on the valuation date. Neither the supply chains nor major sales activities were affected by the Russia/Ukraine conflict. However, scenarios with varying assumptions were used due to the high forecast uncertainty connected with energy, transport and material costs. The following basis point deviations (bp) were calculated as the difference between the individual element's share of revenue during the past financial year and in the forecast period.

Three scenarios were prepared for the "CGU Lighting":

- >> Under the baseline scenario (weighting: 60%), cost increases of 28 bp for materials and 23 bp for energy were simulated. The assumption for transport costs was reduced by 57 bp due to the optimisation of volumes and the reduction of express deliveries.
- >> The best case scenario (20%) involves a simulated cost reduction of 23 bp for materials and 60 bp for transport as well as an assumed increase of 21 bp for energy costs. In total, the costs could either be reduced or more than offset by an increase in selling prices.
- >> The worst case scenario (20%) includes cost increases of 167 bp for materials and 45 bp for energy. In contrast, a reduction of 32 bp in transport costs was planned. This scenario reflects a total cost increase of 1.8 bp, but under the assumption that it cannot be passed on to the market.

The baseline scenario for the "CGU Components" (weighting: 60%) assumes reduction of 40 bp in material costs. In contrast, the worst case scenario (40%) includes an increase of 164 bp. These weightings reflect management's estimates.

The baseline scenarios for the segments include the following assumptions:

Non-observable input factors	2021/22	2020/21
<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	9.08%	8.37%
<b>CGU Components</b>		
Pre-tax discount rate	9.22%	9.56%

- >> 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 by management.
- >> Pre-tax discount rate: Represents the specific risks for the respective CGU and the countries in which it is active.

Additional information on the impairment testing of goodwill is provided in note 2.6.7.1.

- >> 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.

>> Uncertainties connected with the Ukraine conflict

On 24 February 2022, the Russian Federation invaded the Ukrainian Republic. The economic sanctions previously imposed by the West against the Russian Federation were, as a result, expanded to include further restrictions. 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 impact of the conflict between Russia and Ukraine represents a value-adjusting event and is therefore reflected in these consolidated financial statements.

>> Uncertainties connected with the effects of the fight against the Covid-19 pandemic on global supply chains

The fight against the Covid-19 pandemic, especially in the Peoples Republic of China, led to a further series of lockdowns in the 2021/22 financial year and, in turn, to interruptions in global supply chains. The result was an increase in transport prices and limitations in the availability of materials. These uncertainties also represent a value-adjusting event and are reflected in these consolidated financial statements.

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.

## 2.6.5 Notes to the Consolidated Income Statement

### 2.6.5.1 Revenues

Revenues include an adjustment of TEUR 43,859 (2020/21: TEUR 39,145) for sales deductions (primarily customer discounts). Gross revenues totalled TEUR 1,192,176 (2020/21: TEUR 1,083,597).

in TEUR	2021/22		2020/21	
luminaires	817,498	71%	772,033	74%
components	303,667	26%	250,358	24%
services	27,152	3%	22,061	2%
<b>Revenues</b>	<b>1,148,317</b>	<b>100%</b>	<b>1,044,452</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	2021/22		2020/21	
Indoor luminaires & components	965,756	84%	874,212	84%
Outdoor luminaires & components	182,561	16%	170,240	16%
<b>Revenues</b>	<b>1,148,317</b>	<b>100%</b>	<b>1,044,452</b>	<b>100%</b>

Information on the distribution of revenues by segment and region is provided in note 2.6.13. Information on the contract liabilities arising from contracts with customers is included in the disclosures on other liabilities (see note 2.6.7.19). The discounts, bonuses and rebates included in the net total of contract liabilities for 2020/21 were recorded under revenues in 2021/22. Revenues for 2021/22 do not include any contract liabilities from the granting of extended guarantees.

### 2.6.5.2 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:

#### 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>
<b>Other income</b>	<b>3,518</b>	<b>2,939</b>	<b>284</b>	<b>6,547</b>	<b>13,288</b>
<b>Total</b>	<b>(767,359)</b>	<b>(282,933)</b>	<b>(43,068)</b>	<b>5,794</b>	<b>(1,087,566)</b>

## 2020/21 Financial Year

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(448,179)	(4,140)	(56)	0	(452,375)
Personnel expenses	(168,238)	(153,949)	(28,542)	(6,652)	(357,381)
Depreciation	(50,342)	(17,754)	(964)	(2,523)	(71,583)
Other expenses	(61,565)	(82,745)	(10,469)	0	(154,779)
Own work capitalised	12,884	5	(21)	0	12,868
Internal charges	4,715	(5,301)	586	0	0
<b>Total expenses</b>	<b>(710,726)</b>	<b>(263,884)</b>	<b>(39,466)</b>	<b>(9,175)</b>	<b>(1,023,251)</b>
<b>Other income</b>	<b>3,644</b>	<b>1,302</b>	<b>544</b>	<b>16,660</b>	<b>22,150</b>
<b>Total</b>	<b>(707,082)</b>	<b>(262,582)</b>	<b>(38,922)</b>	<b>7,485</b>	<b>(1,001,101)</b>

The cost of materials includes TEUR 32,734 (2020/21:TEUR 24,984) of third party services.

Other income includes government grants of TEUR 6,388 (2020/21: TEUR 5,061), which were provided primarily for research activities. Of this total, TEUR 4,848 (2020/21:TEUR 4,898) are reported under other operating results.

The cost of goods sold includes development costs of TEUR 63,405 (2020/21:TEUR 61,776). Development costs capitalised during the reporting year equalled TEUR 10,323 (2020/21:TEUR 12,492), and the related scheduled amortisation and impairment losses recognised to these capitalised development costs amounted to TEUR 10,205 (2020/21:TEUR 17,808).

Selling expenses include research costs of TEUR 4,138 (2020/21:TEUR 3,011).

The subsidies of TEUR 810 (2020/21:TEUR 10,992) received by the primarily for short-time work during the Covid-19 pandemic, are included as a reduction of TEUR 700 (2020/21:TEUR 5,927) to the cost of goods sold and TEUR 110 (2020/21:TEUR 5,065) to selling and administrative expenses and other costs.

PwC Wirtschaftsprüfung GmbH performed or arranged to perform the following services for Zumtobel Group AG in 2021/22:

In TEUR	2021/22	2020/21
<b>Total fees</b>	<b>485</b>	<b>513</b>
<i>thereof audit and related activities</i>	456	470
<i>thereof other services</i>	29	43

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 1,104 (2020/21:TEUR 1,264).

Production, selling and administrative expenses include the following personnel costs:

in TEUR	2021/22	2020/21
Wages	(50,609)	(52,417)
Salaries	(235,342)	(218,391)
Expenses for termination benefits	(3,849)	(4,038)
Expenses for pensions	(4,182)	(4,428)
Expenses for legally required social security and payroll-related duties and mandatory contributions	(58,058)	(58,023)
Other employee benefits	(8,242)	(7,435)
Contract workers	(5,178)	(6,051)
Expenses from restructuring	0	(6,598)
<b>Personnel expenses</b>	<b>(365,460)</b>	<b>(357,381)</b>

### 2.6.5.3 Other operating results

in TEUR	2021/22	2020/21
Government grants	4,848	4,898
License revenues	1,144	2,485
Other income	555	2,267
Income from release of provisions	0	7,009
<b>Other operating income</b>	<b>6,547</b>	<b>16,660</b>
Impairment loss to non-current assets	0	(2,524)
Restructuring	0	(6,598)
Other expenses	(753)	(53)
<b>Other operating expenses</b>	<b>(753)</b>	<b>(9,175)</b>

As in the prior year, the government grants received in 2021/22 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.

### 2.6.5.4 Interest income and expenses

Interest expense includes interest and fees for the current consortium credit agreement as well as the interest component of the finance lease for the plant in Great Britain (TEUR 1,451; 2020/21:TEUR 1,468) and the interest component of lease liabilities capitalised in accordance with IFRS 16 (TEUR 1,736; 2020/21:TEUR 1,789).

#### 2.6.5.5 Other financial income and expenses

in TEUR	2021/22	2020/21
Interest component as per IAS 19 less income on plan assets	(2,929)	(2,464)
Foreign exchange gains and losses	(5,359)	(2,094)
Market valuation of financial instruments	468	383
Losses on sale/Impairment	0	339
<b>Total</b>	<b>(7,820)</b>	<b>(3,836)</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.

#### 2.6.5.6 Income taxes

The classification of income taxes between current and deferred taxes is as follows:

in TEUR	2021/22	2020/21
Current taxes	(5,300)	(4,585)
<i>thereof current year</i>	(4,946)	(4,567)
<i>thereof prior years</i>	(354)	(18)
Deferred taxes	3,555	16,182
<b>Income taxes</b>	<b>(1,745)</b>	<b>11,597</b>

The actual tax rate represents a weighted average of all companies included in the consolidation range and amounted to  $-3.67\%$  in 2021/22 (2020/21:  $-34.06\%$ ). The deferred tax income resulted primarily from the initial recognition of deferred taxes on loss carryforwards at Thorn Lighting Ltd. Details are provided under note 2.6.7.8.

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	2021/22	2020/21
Profit before tax	47,519	34,047
Theoretical tax income/expense resulting from application of 25% domestic tax rate	(11,880)	(8,512)
<b>Difference between calculated/actual tax expense</b>	<b>10,135</b>	<b>20,109</b>
Non-deductible expenses	(2,156)	(2,966)
Foreign tax rates	1,365	1,938
Adjustments to valuation discounts for deferred taxes	(7,461)	54,753
Tax-free income	1,479	1,493
Effects from changes in loss carryforwards	11,692	(31,880)
Other items	5,217	(3,229)
<b>Total tax expense</b>	<b>(1,745)</b>	<b>11,597</b>

Deferred taxes of TEUR 12,559 (2020/21: TEUR 14,875) 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 1,230 (2020/21: TEUR 0).

The effects reported under the “adjustments to valuation discounts for deferred taxes” resulted chiefly from the non-recognition of deferred taxes on the ongoing loss recorded by ZG Lighting France SAS and from the initial recognition of deferred taxes on loss carryforwards recorded by Thorn Lighting Ltd.

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.

#### 2.6.5.7 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 on the separate financial statements of Zumtobel Group AG, which are prepared in accordance with Austrian corporate law.

### 2.6.6 Notes to the Consolidated Statement of Comprehensive Income

#### 2.6.6.1 Foreign exchange differences

Foreign exchange differences of TEUR 10,511 (2020/21: TEUR –2,506) 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 3,876 (2020/21: TEUR –1,321) 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 5,166 (2020/21: TEUR –1,319) of currency-related adjustments to goodwill. The currency reserve under equity contains a foreign exchange-related effect of TEUR 209 (2020/21: TEUR –273) from non-controlling interests and foreign exchange effects of TEUR 590 (2020/21: TEUR –153) from investments in associates. Also included here are foreign exchange differences of TEUR –294 (2020/21: TEUR 560) from a 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 2021/22 financial year equalled TEUR 964 (2020/21: TEUR 0) and resulted from the deconsolidation of acdc LED Holdings Limited and acdc Limited.

#### 2.6.6.2 Foreign exchange differences arising from loans

The foreign exchange differences from loans are the result of long-term loans granted in GBP, USD 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.

#### 2.6.6.3 Actuarial gain/loss

The actuarial gains recognised in 2021/22 totalled TEUR 26,824 (2020/21: loss of TEUR –8,046) and include gains of TEUR 23,898 (2020/21: loss of TEUR –7,152) for pension plans which consist primarily of the following: gains of TEUR 16,269 (2020/21: loss of TEUR –12,662) in Great Britain, TEUR 3,013 (2020/21: loss of TEUR –191) in Germany, and TEUR 4,414 (2020/21: gain of TEUR 5,658) in Switzerland.

#### 2.6.6.4 Hedge accounting

The amount of TEUR 63 reported under hedge accounting in the previous year resulted from a change in the market value of the derivatives which qualify for hedge accounting and were concluded to hedge the interest rate risks from long-term, variable interest EUR loans. The hedge was terminated as of 30 April 2021 and the fair value changes are no longer reported under comprehensive income but to profit or loss.

#### 2.6.6.5 Deferred taxes

The deferred taxes of TEUR –3,862 reported on the statement of comprehensive income in 2021/22 (2020/21: TEUR –1,282) include TEUR –3,462 (2020/21: TEUR –1,071) 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 0 (2020/21: TEUR –303) from the hedge accounting reserve and TEUR –399 (2020/21: TEUR 92) from the reserve for foreign exchange differences from loans (IAS 21 reserve).

### 2.6.7 Notes to the Consolidated Balance Sheet

#### 2.6.7.1 Goodwill

in TEUR	Lighting Segment	Components Segment	Total
30 April 2020	189,513	1,997	191,510
30 April 2021	188,158	2,033	190,191
30 April 2022	193,324	2,033	195,357

#### Recoverable amount

The recoverable amount of the “CGU Lighting” exceeded the carrying amount by EUR 156.8 million (2020/21: EUR 258.4 million). The comparable amount for the “CGU Components” was EUR 212.3 million (2020/21: EUR 134.5 million).

#### Effect of possible changes in material assumptions

An increase in the pre-tax WACC from 9.1% to 11.1% (FY 2021/22), from 8.4% to 11.8% (FY 2020/21), or a reduction of 22.2% in cash flow during FY 2021/22 (FY 2020/21: 33.6%) 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 9.2% to 21.0% (FY 2021/22), from 9.6% to 18.1% (FY 2020/21), or a reduction of 58.6% in cash flow in FY 2021/22 (FY 2020/21: 54.3%) 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 5,166 to goodwill in 2021/22 (2020/21: TEUR –1,319) 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.

## 2.6.7.2 Other intangible assets

### 2021/22 Financial Year

in TEUR	Patents, licenses and similar items	Development and similar costs	Total
<b>Acquisition costs</b>			
<b>30 April 2021</b>	<b>56,108</b>	<b>213,840</b>	<b>269,948</b>
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
<b>30 April 2022</b>	<b>55,237</b>	<b>222,041</b>	<b>277,278</b>
<b>Accumulated amortisation</b>			
<b>30 April 2021</b>	<b>(49,169)</b>	<b>(179,400)</b>	<b>(228,569)</b>
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
<b>30 April 2022</b>	<b>(50,725)</b>	<b>(188,736)</b>	<b>(239,461)</b>
<b>Net carrying amount 30 April 2021</b>	<b>6,939</b>	<b>34,440</b>	<b>41,379</b>
<b>Net carrying amount 30 April 2022</b>	<b>4,512</b>	<b>33,305</b>	<b>37,817</b>

### 2020/21 Financial Year

in TEUR	Patents, licenses and similar items	Development and similar costs	Total
<b>Acquisition costs</b>			
<b>30 April 2020</b>	<b>55,943</b>	<b>202,250</b>	<b>258,193</b>
Foreign currency translation	(49)	(224)	(273)
Additions	842	12,836	13,678
Disposals	(2,176)	(1,451)	(3,627)
Transfers	1,548	429	1,977
<b>30 April 2021</b>	<b>56,108</b>	<b>213,840</b>	<b>269,948</b>
<b>Accumulated amortisation</b>			
<b>30 April 2020</b>	<b>(48,841)</b>	<b>(162,658)</b>	<b>(211,499)</b>
Foreign currency translation	18	211	229
Scheduled depreciation	(2,619)	(13,958)	(16,577)
Impairment	0	(3,880)	(3,880)
Disposals	2,273	988	3,261
Transfers	0	(103)	(103)
<b>30 April 2021</b>	<b>(49,169)</b>	<b>(179,400)</b>	<b>(228,569)</b>
<b>Net carrying amount 30 April 2020</b>	<b>7,102</b>	<b>39,592</b>	<b>46,694</b>
<b>Net carrying amount 30 April 2021</b>	<b>6,939</b>	<b>34,440</b>	<b>41,379</b>

### 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 10,323 (2020/21:TEUR 12,492). Most of these additions involve product developments in the lighting and lighting components areas, whereby TEUR 8,009 were not yet available for use as of 30 April 2022 (2020/21:TEUR 10,154).

### 2.6.7.3 Property, plant and equipment

#### 2021/22 Financial Year

in TEUR	Land & buildings	Plant & machinery	Other equipment	Construction in progress	Total
<b>Acquisition costs</b>					
<b>30 April 2021 <sup>1</sup></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 <sup>1</sup></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>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

No items of property, plant or equipment were pledged as security for loans under the current credit agreements. Note 2.6.7.17 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 395 (2020/21:TEUR 12,299) for the purchase of property, plant and equipment. These obligations are classified as follows: land and buildings at TEUR 0 (2020/21:TEUR 14), plant and machinery at TEUR 0 (2020/21:TEUR 5,011) and other non-current assets at TEUR 395 (2020/21:TEUR 7,274).

Land and buildings include undeveloped land with a net carrying amount of TEUR 6,297 (2020/21:TEUR 6,297).

Construction in progress and prepayments made are classified as follows: land and buildings at TEUR 747 (2020/21:TEUR 509), plant and machinery at TEUR 16,425 (2020/21:TEUR 11,745) and other non-current assets at TEUR 1,755 (2020/21:TEUR 1,450).

## 2020/21 Financial Year

in TEUR	Land & buildings restated	Plant & machinery	Other equipment	Construction in progress	Total
<b>Acquisition costs</b>					
<b>30 April 2020</b>	<b>313,617</b>	<b>331,041</b>	<b>121,852</b>	<b>14,451</b>	<b>780,960</b>
Foreign currency translation	(782)	(658)	(485)	(41)	(1,967)
Additions <sup>1</sup>	9,007	5,722	6,733	15,571	37,033
Disposals	(6,371)	(16,761)	(5,628)	(66)	(28,825)
Transfers	1,598	11,239	1,398	(16,211)	(1,976)
<b>30 April 2021 <sup>1</sup></b>	<b>317,069</b>	<b>330,583</b>	<b>123,869</b>	<b>13,704</b>	<b>785,225</b>
<b>Accumulated amortisation</b>					
<b>30 April 2020</b>	<b>(146,465)</b>	<b>(260,503)</b>	<b>(89,432)</b>	<b>0</b>	<b>(496,399)</b>
Foreign currency translation	494	501	483	0	1,478
Scheduled depreciation	(18,285)	(17,647)	(12,314)	0	(48,246)
Impairment	0	(2,881)	0	0	(2,881)
Disposals	2,067	16,078	5,064	0	23,208
Transfers	0	103	0	0	103
<b>30 April 2021</b>	<b>(162,188)</b>	<b>(264,349)</b>	<b>(96,200)</b>	<b>0</b>	<b>(522,737)</b>
<b>Net carrying amount 30 April 2020</b>	<b>167,153</b>	<b>70,538</b>	<b>32,419</b>	<b>14,451</b>	<b>284,561</b>
<b>Net carrying amount 30 April 2021 <sup>1</sup></b>	<b>154,881</b>	<b>66,234</b>	<b>27,669</b>	<b>13,704</b>	<b>262,488</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

### 2.6.7.4 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 2022. The company is active in the development and production of lighting and electronics in customer-specific small series.

Key data on Inventron AG is shown in the following table:

in TEUR	2021/22	2020/21
<b>Assets</b>	<b>9,494</b>	<b>9,862</b>
Non-current assets	5,475	5,646
Current assets	4,019	4,216
<b>Liabilities</b>	<b>995</b>	<b>1,664</b>
Non-current liabilities	232	707
Current liabilities	763	957
<b>Equity</b>	<b>8,499</b>	<b>8,198</b>
thereof group share	4,079	3,935
<b>Revenues</b>	<b>7,262</b>	<b>11,777</b>
<b>Net profit for the year</b>	<b>(928)</b>	<b>118</b>
thereof group share	(446)	56

The earnings contribution and balance sheet total of the associated companies is immaterial for the Zumtobel Group. Therefore, a detailed classification of the proportional values is not provided.

Development of the carrying amount of the investment:

Inventron AG	
in TEUR	
<b>30 April 2020</b>	<b>4,032</b>
Net profit for the year	56
Other Comprehensive Income	(153)
<b>30 April 2021</b>	<b>3,935</b>
Net profit for the year	(446)
Other Comprehensive Income	590
<b>30 April 2022</b>	<b>4,079</b>

Detailed information on receivables and liabilities due from/to associated companies is provided in note 2.6.16.

#### 2.6.7.5 Non-controlling interests

The following companies have non-controlling interests:

Company	Country	Operating Segment	30 April 2022	30 April 2021
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.

The following tables present summarised financial information on the subsidiaries with non-controlling interests. This information represents the balances before intragroup eliminations:

	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
	30 April 2022			30 April 2021		
<b>Balance Sheet</b>						
in TEUR						
Non-current assets	260	83	343	365	113	478
Current assets	3,769	2,516	6,285	4,150	3,274	7,424
<b>Assets</b>	<b>4,029</b>	<b>2,599</b>	<b>6,628</b>	<b>4,515</b>	<b>3,387</b>	<b>7,902</b>
Non-current liabilities	155	45	200	240	83	323
Current liabilities	2,281	923	3,204	2,030	926	2,956
Equity	1,593	1,631	3,224	2,245	2,378	4,623
<i>thereof due to non-controlling interests</i>	637	815	1,452	899	1,188	2,087
<b>Equity and Liabilities</b>	<b>4,029</b>	<b>2,599</b>	<b>6,628</b>	<b>4,515</b>	<b>3,387</b>	<b>7,902</b>
Dividends	(1,174)	(1,183)	(2,357)	(1,841)	(812)	(2,653)

	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
<b>Statement of Comprehensive Income</b>						
<b>in TEUR</b>	<b>2021/22</b>			<b>2020/21</b>		
Revenues	5,361	3,246	8,607	6,783	6,230	13,013
Net profit for the year	289	205	494	808	833	1,641
<i>thereof due to non-controlling interests</i>	116	101	217	323	417	740
Subtotal other comprehensive income	233	231	464	(353)	(262)	(615)
<i>thereof due to non-controlling interests</i>	94	115	209	(142)	(131)	(273)
Total comprehensive income of non-controlling interests	210	216	426	181	286	467
Dividends paid to non-controlling interests	(470)	(591)	(1,061)	(736)	(406)	(1,142)

	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
<b>Cash Flow Statement</b>						
<b>in TEUR</b>	<b>2021/22</b>			<b>2020/21</b>		
Cash flow from operating activities	12,713	1,306	14,019	2,884	2,124	5,009
Cash flow from investing activities	(16)	(1)	(17)	(4)	0	(4)
Cash flow from financing activities	(13,183)	(2,035)	(15,218)	(2,049)	(887)	(2,935)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(486)</b>	<b>(730)</b>	<b>(1,216)</b>	<b>831</b>	<b>1,238</b>	<b>2,069</b>

#### 2.6.7.6 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 4,220; 2020/21: TEUR 3,433).

Current financial assets consist mainly of positive market values from hedged positions in the form of foreign exchange derivatives (TEUR 1,548; 2020/21: TEUR 245) and also include receivables of (TEUR 2,175; 2020/21: TEUR 1,962) due from credit institutions from an ongoing factoring agreement.

Detailed information is presented in note 2.6.11.1.

#### 2.6.7.7 Other assets

Other non-current and current assets are classified as follows:

in TEUR	30 April 2022	30 April 2021
Coverage capital for Group life insurance	2,198	2,621
Other	1,435	701
<b>Other non-current assets</b>	<b>3,633</b>	<b>3,322</b>
Prepaid expenses and deferred charges	8,291	9,725
Amounts due from tax authorities	11,425	19,199
Prepayments made	2,984	2,770
Other	10,892	5,576
<b>Other current assets</b>	<b>33,592</b>	<b>37,270</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 consist chiefly of receivables arising from value added tax.

The main components of the position "other" are as follows: accrued research receivables of TEUR 5,340 (2020/21: TEUR 218), receivables of TEUR 479 (2020/21: TEUR 1,031) from partial retirement in Germany, claims of TEUR 816 (2020/21: TEUR 670) to government institutions in connection with the Covid-19 pandemic, and receivables of TEUR 588 (2020/21: TEUR 0) due from employees in Austria from the provision of company bicycles.

## 2.6.7.8 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 2022			30 April 2021		
	Assets	Liabilities	Recognised through profit/loss	Assets	Liabilities	Recognised through profit/loss
Other intangible assets	3,016	7,423	983	3,038	8,446	1,358
Property, plant and equipment	2,281	4,830	2,343	1,986	6,737	(172)
Financial assets	0	1,231	1,246	0	2,332	25,741
Inventories	4,063	64	1,073	2,806	29	10
Trade receivables	296	638	(171)	399	551	347
Other receivables	593	1,968	1,303	120	2,546	1,043
Non-current provisions	17,169	244	(877)	19,653	0	(225)
Other provisions	1,620	677	(2,157)	5,233	700	1,493
Trade payables	2,483	141	619	1,709	12	(752)
Loss carryforwards	167,952	0	(807)	170,863	0	(12,661)
<b>Deferred tax credits or liabilities</b>	<b>199,473</b>	<b>17,216</b>		<b>205,807</b>	<b>21,353</b>	
Adjustments to valuation discounts for deferred taxes	(145,397)			(147,553)		
Offset of tax credits and liabilities due from/to the same taxation authority	(15,369)	(15,369)		(20,894)	(20,894)	
<b>Deferred taxes</b>	<b>38,707</b>	<b>1,847</b>		<b>37,360</b>	<b>459</b>	
<b>Deferred tax income/expense</b>			<b>3,555</b>			<b>16,182</b>

Deferred taxes were not capitalised on loss carryforwards and other temporary differences of TEUR 581,586 (2020/21:TEUR 521,332) because their utilisation is not sufficiently certain. Tax loss carryforwards of TEUR 9,429 (2020/21:TEUR 21,989) 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 difference between the book value for tax purposes and IFRS equity equal TEUR 23,478 (2020/21:TEUR 17,936). 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.

Details on the deferred taxes recorded under other comprehensive income in 2021/22 are provided in note 2.6.6.5.

### 2.6.7.9 Inventories

The following table shows the gross value and impairment losses related to the various components of inventories:

in TEUR	30 April 2022	30 April 2021
<b>Raw materials</b>	<b>78,274</b>	<b>59,526</b>
<i>Gross value</i>	96,815	73,341
<i>Impairment loss</i>	(18,541)	(13,815)
<b>Work in process</b>	<b>3,176</b>	<b>1,941</b>
<b>Semi-finished goods</b>	<b>10,836</b>	<b>7,452</b>
<i>Gross value</i>	11,535	8,162
<i>Impairment loss</i>	(699)	(710)
<b>Merchandise</b>	<b>37,561</b>	<b>24,374</b>
<i>Gross value</i>	41,859	27,400
<i>Impairment loss</i>	(4,298)	(3,026)
<b>Finished goods</b>	<b>83,271</b>	<b>65,028</b>
<i>Gross value</i>	92,716	76,422
<i>Impairment loss</i>	(9,445)	(11,394)
<b>Inventories</b>	<b>213,118</b>	<b>158,321</b>

The changes in the valuation adjustments to inventories totalled TEUR –4,037 in 2021/22 (2020/21: TEUR 8,799).

### 2.6.7.10 Trade receivables

in TEUR	30 April 2022	30 April 2021 restated
<b>Trade receivables gross <sup>1</sup></b>	<b>161,754</b>	<b>145,999</b>
Valuation adjustments to receivables	(8,017)	(8,945)
<b>Trade receivables <sup>1</sup></b>	<b>153,737</b>	<b>137,054</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Details on valuation adjustments are provided in note 2.6.12.1. Additional information on the restatement of prior year data according to IAS 8.41 is provided in note 2.6.3.

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 2022	30 April 2021 restated
<b>Trade receivables gross before factoring <sup>1</sup></b>	<b>239,571</b>	<b>215,743</b>
<b>Continuing involvement</b>		
Book value continuing involvement	2,175	1,962
Book value associated liability	2,175	1,962

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

The receivables sold through a factoring agreement, which had not been settled by the customers as of the balance sheet date, totalled TEUR 77,817 (2020/21: TEUR 69,744). Expenses of TEUR 806 (2020/21: TEUR 635) were recognised in connection with the factoring agreement.

#### 2.6.7.11 Cash and cash equivalents

Cash and cash equivalents consist of deposits at banks, cash on hand and checks. Of the total bank deposits, TEUR 137 (2020/21: TEUR 346) 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.

#### 2.6.7.12 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	Post-employment benefits					
	Pensions		Termination benefits		Other	
in TEUR	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<b>Beginning balance, net liability</b>	<b>82,477</b>	<b>78,299</b>	<b>49,093</b>	<b>49,189</b>	<b>10,702</b>	<b>10,524</b>
Foreign currency translation & reclassification	2,209	(438)	0	0	77	82
Changes recognised through profit or loss	2,765	3,020	1,466	1,271	(662)	1,177
<i>thereof service cost</i>	1,717	1,845	1,128	1,459	702	1,110
<i>thereof past service cost</i>	(1,270)	(771)	0	0	0	0
<i>thereof plan reductions and settlements</i>	0	0	(200)	(654)	0	0
<i>thereof interest expense</i>	4,742	3,757	538	466	73	53
<i>thereof expected income from plan assets</i>	(2,424)	(1,811)	0	0	0	0
<i>thereof actuarial gain/loss</i>	0	0	0	0	(1,437)	14
Actuarial gain/loss recognised to other comprehensive income	(23,898)	7,152	(6,876)	1,213	0	0
<i>thereof demographic adjustments</i>	313	(1,991)	(751)	0	0	0
<i>thereof financial adjustments</i>	(38,709)	13,705	(6,528)	1,140	0	0
<i>thereof experience-related adjustments</i>	14,498	(4,562)	403	73	0	0
Payments	(7,958)	(5,556)	(3,635)	(2,580)	(1,101)	(1,082)
<i>thereof to salaried employees</i>	(7,958)	(5,556)	(3,635)	(2,580)	(1,101)	(1,082)
<b>Ending 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>

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)	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Germany	2.5%	1.1%	-	-	2.5%	2.5%	2.0%	1.5%	1)	1)
Great Britain	3.1%	1.9%	3.1%	1.9%	-	-	3.6%	3.1%	65/65	65/65
Switzerland	1.6%	0.4%	1.6%	0.4%	1.5%	1.3%	-	-	64/65	64/65
Sweden	2.8%	0.5%	-	-	-	-	3.0%	1.8%	65/65	65/65
Austria	2.5% - 2.8%	1.2%	-	-	2.5%	2.5%	-	-	2)	2)
France	2.3%	0.7%	-	-	2.5%	2.5%	-	-	3)	3)
Italy	2.6%	1.1%	-	-	1.5%	1.5%	-	-	67/67	67/67
Serbia	4.5%	4.5%	-	-	7.0%	5.5%	-	-	4)	4)

The parameters also include mortality and invalidity rates which are based on country-specific tables. The parameter for Switzerland was converted from “Generationentafeln BVG2015” to “Generationentafeln BVG2020” in 2020/21.

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 a provision.

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 in 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 pension fund provider was replaced on 1 January 2020.

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 496 in 2021/22 (2020/21: TEUR 233), and the payments will total TEUR 326 in 2022/23. The asset coverage calculated in accordance with Swedish law equalled 179% (2020/21: 160%) 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 2022	30 April 2021
Obligations not financed through funds	22,948	27,363
Obligations financed through funds	250,886	271,986
<b>Present value of defined benefit obligation (DBO)</b>	<b>273,834</b>	<b>299,349</b>
Fair value of plan assets	(218,239)	(216,872)
<b>Net liability as per balance sheet</b>	<b>55,595</b>	<b>82,477</b>

The provision for pensions is classified by country as follows:

in TEUR	30 April 2022	30 April 2021
Germany	21,556	25,612
Great Britain	29,941	47,844
Switzerland	2,706	7,270
Other	1,392	1,751
<b>Net liability as per balance sheet</b>	<b>55,595</b>	<b>82,477</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	2021/22		2020/21	
	DBO	Plan assets	DBO	Plan assets
<b>30 April 2021</b>	<b>299,349</b>	<b>216,872</b>	<b>294,166</b>	<b>215,867</b>
Foreign currency translation	11,152	8,943	(1,601)	(1,163)
Service cost	1,717	0	1,845	0
Past service cost	(1,270)	0	(771)	0
Interest expense / income	4,742	2,424	3,757	1,811
Actuarial gain/loss recognised to other comprehensive income	(33,157)	(9,259)	11,470	4,318
<i>thereof demographic adjustments</i>	313	0	(1,991)	0
<i>thereof financial adjustments</i>	(38,709)	0	13,705	0
<i>thereof experience-related adjustments</i>	5,238	(9,259)	(244)	4,318
Payments	(8,699)	(741)	(9,517)	(3,961)
<b>30 April 2022</b>	<b>273,834</b>	<b>218,239</b>	<b>299,349</b>	<b>216,872</b>

The actual payments from the pension plans totalled TEUR 8,699 in 2021/22 (2020/21: TEUR 9,517).

Plan assets comprised the following as of 30 April 2022:

in TEUR	30 April 2022	thereof quoted on an active market
Liquid funds	19,915	18,104
Equity instruments	53,733	38,448
Debt instruments	61,547	58,453
Real estate	20,261	11,563
Assets held by insurance companies	10,550	0
Other	52,232	50,394
<b>Plan assets</b>	<b>218,239</b>	<b>176,963</b>

The plan assets generated income of TEUR –6,836 in 2021/22 (2020/21: TEUR 6,129).

The development of the present value of pension obligations and plan assets is shown in the following table:

in TEUR	30 April 2022	30 April 2021
Present value	273,834	299,349
Plan assets	(218,239)	(216,872)
<b>Deficit</b>	<b>55,595</b>	<b>82,477</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 2022	30 April 2021
Austria	35,457	43,558
France	2,550	3,566
Italy	2,041	1,969
<b>termination benefits obligation</b>	<b>40,048</b>	<b>49,093</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 2020</b>	<b>105,055</b>	<b>12,652</b>	<b>117,707</b>
Actuarial gain/loss	7,152	1,213	8,365
Foreign currency translation	(319)	0	(319)
Deferred taxes	1,331	(260)	1,071
<b>30 April 2021</b>	<b>113,219</b>	<b>13,605</b>	<b>126,824</b>
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>

Deferred taxes of TEUR 3,462 (2020/21: TEUR 1,071) were recognised in other comprehensive income during 2021/22. Deferred taxes were not recognised for IAS 19 differences in Great Britain because their utilisation is not sufficiently certain.

The actuarial gains of TEUR 26,824 recognised in 2021/22 (2020/21: loss of TEUR –8,046) include gains of TEUR 23,898 (2020/21: loss of TEUR –7,152) on pension plans which consist primarily of the following: gains of TEUR 16,269 (2020/21: loss of TEUR –12,662) in Great Britain and TEUR 3,013 (2020/21: loss of TEUR – 191) in Germany as well as TEUR 4,414 (2020/21: gain of TEUR 5,658) in Switzerland.

## Sensitivity analysis

Effects on the DBO as of 30 April 2022:

	Discount rate		Salary trend		Pension trend	
	0.5%	(0.5)%	0.5%	(0.5)%	0.5%	(0.5)%
Pension plans	(18,382)	21,080	179	(186)	14,739	(12,409)
<i>thereof UK</i>	(14,734)	16,911	0	0	11,987	(11,269)
Termination benefits	(2,031)	2,176	2,021	(1,909)	0	0

Effects on the DBO as of 30 April 2021:

	Discount rate		Salary trend		Pension trend	
	0.5%	(0.5)%	0.5%	(0.5)%	0.5%	(0.5)%
Pension plans	(22,613)	25,636	234	(245)	18,213	(17,655)
<i>thereof UK</i>	(18,050)	20,386	0	0	14,826	(16,203)
Termination benefits	(2,775)	3,017	2,798	(2,605)	0	0

### Weighted average term of the obligation in years

	30 April 2022	30 April 2021
Pension plans	12	14
Termination benefits	12	13

The contributions to pension plans are expected to total TEUR 5,268 in 2022/23, and the expected termination benefits amount to TEUR 1,323.

### Other long-term employee benefits

These obligations totalled TEUR 9,016 (2020/21:TEUR 10,702) and consisted mainly of the following provisions: TEUR 6,905 (2020/21:TEUR 8,117) for service anniversary bonuses in Austria, TEUR 560 (2020/21:TEUR 877) for partial retirement in Germany, TEUR 864 (2020/21:TEUR 884) for special leave in Australia, and TEUR 687 (2020/21:TEUR 824) for legally required profit sharing and bonus payments for long-standing service in France.

#### 2.6.7.13 Defined contribution obligations

Defined contributions of TEUR 6,269 to various pension plans were made by various Group companies in 2021/22 (2020/21:TEUR 4,356). This amount also includes payments made in Austria based on the amended termination benefits regulations ("Abfertigung neu").

#### 2.6.7.14 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 incentives:

- 1) Short-Term Incentive Scheme (STI)
- 2) Long-Term Incentive Scheme (LTI)

The 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 three, respectively five years, whereby the pay-out of the individual tranches is based on a performance evaluation on the respective distribution date.

The performance evaluation for the allocation of variable remuneration in the respective distribution years is based on two performance indicators: adjusted EBIT and free cash flow. The targets for these performance indicators are based on the budget forecast and set at the beginning of each financial year.

The evaluation of the accrued LTI tranches from earlier years 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. The current tranche of the long-term component from the LTI commitment had been earned in full as of 30 April 2022, and a provision was therefore recognised at the full amount of the obligation. The provisions for share-based remuneration with cash settlement totalled TEUR 4,343 (2020/21:TEUR 2,477), and the respective amount recognised under personnel expenses in 2021/22 amounted to TEUR 1,974 (2020/21:TEUR 861).

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.

## 2.6.7.15 Other provisions

### 2021/22 Financial Year

in TEUR	Guarantees restated	Restructuring	Legal proceedings	Onerous contracts	Other	Total
<b>30 April 2021 <sup>1</sup></b>	<b>32,453</b>	<b>10,079</b>	<b>1,137</b>	<b>188</b>	<b>8,304</b>	<b>52,161</b>
Addition	12,904	93	82	143	8,164	21,385
Utilisation	(13,536)	(6,764)	(965)	(97)	(5,113)	(26,474)
Reversal	(895)	(880)	(20)	0	614	(1,181)
Transfer	0	0	0	75	(75)	0
Foreign currency translation	1,017	126	(3)	8	162	1,311
<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>
<i>thereof current</i>	<i>10,158</i>	<i>2,655</i>	<i>232</i>	<i>316</i>	<i>10,972</i>	<i>24,333</i>
<i>thereof non-current</i>	<i>21,784</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,085</i>	<i>22,869</i>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

**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** is comprised chiefly of settlements due to sales representatives.

#### Provisions for guarantees

The provisions for guarantees are classified into separate provisions of TEUR 7,872 (2020/21: TEUR 13,365) for individual cases as well as experience-based provisions of TEUR 2,286 (2020/21: TEUR 3,867) 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 21,784 (2020/21: TEUR 15,221) were recognised for long-term, extended guarantee commitments and individual damage cases connected with road lighting projects in Great Britain. Additional information on the restatement of the prior year data is provided in note 2.6.3.2.

#### Provisions for restructuring

These provisions resulted from the restructuring measures connected with the plant reorganisation which were still in progress as of 30 April 2022.

#### 2.6.7.16 Financial liabilities

in TEUR	30 April 2022	30 April 2021 restated
Loans from financial institutions	2,573	1,964
Lease liability	12,486	13,190
Loans from public authorities	0	2,206
Loans from other third parties	490	0
Working capital credits	18,906	10,041
<b>Current borrowings</b>	<b>34,455</b>	<b>27,401</b>
Loans from financial institutions	80,000	80,000
Lease liability <sup>1</sup>	37,024	42,506
Loans from public authorities	6,276	5,768
<b>Non-current borrowings</b>	<b>123,300</b>	<b>128,274</b>
<b>Borrowings</b>	<b>157,755</b>	<b>155,675</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in November 2026 and a maximum line which currently equals EUR 125 million. No funds were drawn under this credit agreement as of 30 April 2022 or 30 April 2021. In addition, the Zumtobel Group concluded two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB). The related contracts call for bullet repayment and have terms ending in September 2024, respectively February 2025. Both were fully drawn as of 30 April 2022. 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 investment fell below a specified threshold and require compliance with 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 2022 with a debt coverage ratio of 0.79 (2020/21: 0.85) and an equity ratio of 38.1% (2020/21: 32.7%). 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.

#### 2.6.7.17 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 five 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 payments:

- >> 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.

The Group has ten interest rates at its disposal for use in establishing the incremental borrowing rate. These interest rates are based on the Group's five major currencies, each with two 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 four years. This covers the majority of the leasing contracts, which primarily involve motor vehicles with a term of 36 to 48 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 over four years.

The Group's risk premium is based on the credit spread and the country-specific risk premium for Austria, 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 a potential increase in variable lease payments arising from a change 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 useful life of the asset 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.

Development of the rights of use in 2021/22:

in TEUR	Land & buildings restated	Other equipment	Right-of-use assets
<b>30 April 2021 <sup>1</sup></b>	<b>37,431</b>	<b>6,964</b>	<b>44,395</b>
Additions	2,874	2,853	5,727
Scheduled depreciation	(9,137)	(4,236)	(13,373)
Other movements	1,774	93	1,867
<b>30 April 2022</b>	<b>32,942</b>	<b>5,674</b>	<b>38,616</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Development of lease liabilities in 2021/22:

in TEUR	2021/22	2020/21 restated
<b>Beginning balance <sup>1</sup></b>	<b>55,696</b>	<b>53,689</b>
Additions	16,969	4,887
Repayments	(13,619)	(14,787)
Other movements	(9,537)	11,907
<b>Ending balance</b>	<b>49,509</b>	<b>55,696</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Other movements include the changes in lease liabilities arising from modifications, premature cancellations and currency translation differences.

Future lease payments to third parties:

2021/22 Financial Year

in TEUR	Minimum lease payments			Total Liability
	Future payments			
	< 1 year	1 - 5 years	> 5 years	
Total minimum lease payments	17,026	29,417	11,029	57,472
Less: finance charge = Interest expense	2,190	2,774	2,999	7,963
<b>Present value of net minimum lease payments</b>	<b>14,836</b>	<b>26,643</b>	<b>8,030</b>	<b>49,509</b>

2020/21 Financial Year

in TEUR	Minimum lease payments			Total Liability restated
	Future payments restated			
	< 1 year	1 - 5 years	> 5 years	
Total minimum lease payments	15,142	35,722	17,162	68,026
Less: finance charge = Interest expense	2,970	5,432	3,928	12,330
<b>Present value of net minimum lease payments <sup>1</sup></b>	<b>12,172</b>	<b>30,290</b>	<b>13,234</b>	<b>55,696</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Expenses totalling TEUR 5,583 were incurred in 2021/22 (2020/21:TEUR 3,570) for licences/software leasing, short-term leases, low-value leases and service components. The interest expense arising from leases amounted to TEUR 3,187 (2020/21: TEUR 3,257). Lease payments totalled TEUR 19,442 (2020/21:TEUR 18,740), 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 14,300 as of 30 April 2022 (2020/21:TEUR 14,872). The year-on-year change in the net present value of the minimum lease payments resulted chiefly from a repayment of TEUR 1,096 (2020/21:TEUR 969) and from foreign exchange translation effects.

#### 2.6.7.18 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 1,040 (2020/21:TEUR 747) was received in 2021/22. Of this total, TEUR 208 (2020/21:TEUR 255) represent income from sub-letting capitalised rights of use as defined in IFRS 16.

#### 2.6.7.19 Other liabilities

The components of other current liabilities are as follows:

in TEUR	30 April 2022	30 April 2021 restated
Vacations, comp. in free time, special payments to employees	58,422	51,518
Amounts due to employees	6,687	6,687
Miscellaneous taxes	18,201	18,410
Social security	5,800	5,565
Prepayments received <sup>1</sup>	17,322	6,018
Customer bonuses, discounts and rebates	17,952	19,134
Accrued interest	40	27
Deferred income	12,530	8,818
Derivatives (hedge accounting)	4,361	3,848
Derivatives held for trading	879	265
Customs	2,351	3,652
Other liabilities	8,941	8,121
<b>Other current liabilities</b>	<b>153,486</b>	<b>132,061</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Other liabilities consist primarily of accruals for expenses and customers' credit balances that do not represent financial instruments.

The prepayments received, rebates, bonuses and discounts are related to contract liabilities arising from contracts with customers. The Zumtobel Group received government grants totalling TEUR 7,564 for the new plant in Serbia. These grants will be reported under deferred income until the grand conditions are met in full. Deferred income also includes research subsidies and investment bonuses received by the Zumtobel Group.

Other non-current liabilities increased from TEUR 13,370 to TEUR 18,101. Included here are contract liabilities of TEUR 14,407 (2020/21:TEUR 11,007 – for additional information, see note 2.6.3. "Restatement of Prior Year Data in accordance with IAS 8") for non-current extended guarantee commitments. This position also includes obligations arising from commitments from the employee incentive programme.

### 2.6.8 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 change 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 115,699 in the previous year to TEUR 122,747, above all due to the improvement in profitability.

Working capital totalled TEUR 211,305 on 30 April 2022 and was TEUR 58,853 higher than on 30 April 2021. This increase resulted, above all, from the crisis on global procurement markets, which led to an increase of TEUR 54,797 in inventories. As a per cent of rolling 12-month revenues, working capital rose from 14.6% in the previous year to 18.4%. The receivables sold through factoring agreements amounted to TEUR 77,817 as of 30 April 2022 (2020/21:TEUR 69,744). The change in other operating positions equalled TEUR –5,452 (2020/21:TEUR 17,666). The cash outflows reported under this position resulted chiefly from the release and use of restructuring provisions. Cash flow from operating activities declined from TEUR 140,679 to TEUR 57,624 in 2021/22.

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 significantly year-on-year to TEUR 45,331 in 2021/22 (2020/21:TEUR 38,135) and included investments of TEUR 26,582 (2020/21:TEUR 22,242) in Dornbirn and investments (including capitalised development costs) of TEUR 3,993 (2020/21:TEUR 4,996) in the lighting and components plant in Serbia. The cash flow effects reported under the "changes in non-current and current financial assets" resulted chiefly from the change in financial claims for insurance compensation. The decline in cash flow from operating activities and the increase in investment activity were reflected in a reduction in free cash flow to TEUR 15,883 (2020/21:TEUR 99,999).

Cash flow from financing activities was adjusted by the non-cash additions from lease liabilities. This position includes cash outflows of TEUR 13,617 (2020/21:TEUR 14,787) for principal payments on lease liabilities and TEUR 5,428 (2020/21:TEUR 5,673) of interest paid on lease liabilities. Dividends of TEUR 8,629 were distributed to shareholders during the 2021/22 financial year (2020/21:TEUR 4,315).

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.

#### 2.6.8.1 Reconciliation to cash and cash equivalents

in TEUR	30 April 2022	30 April 2021
Liquid funds	60,461	65,205
Not available for disposal	(137)	(346)
Overdrafts	(18,906)	(10,041)
<b>Cash and cash equivalents</b>	<b>41,418</b>	<b>54,818</b>

Cash and cash equivalents do not include funds that are subject to restrictions on disposal.

#### 2.6.8.2 Reconciliation to financial liabilities

in TEUR	Loans received (non-current and current)	Overdrafts	Total	Lease liability restated	Total Borrowings restated
<b>30 April 2021 <sup>1</sup></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)
Changes in the scope of consolidation			0	0	0
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>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

in TEUR	Loans received (non-current and current)	Overdrafts	Total	Lease liability restated	Total Borrowings restated
<b>30 April 2020</b>	<b>174,975</b>	<b>(11,606)</b>	<b>163,369</b>	<b>62,529</b>	<b>225,898</b>
Cash proceeds from non-current and current borrowings			1,781	0	1,781
Cash repayments of non-current and current borrowings			(79,232)	(14,786)	(94,018)
Changes in the scope of consolidation			0	16	16
Effect of changes in foreign exchange rates			3,802	21	3,823
Other changes <sup>1</sup>			218	7,916	16,975
<b>30 April 2021 <sup>1</sup></b>	<b>99,979</b>	<b>(10,041)</b>	<b>89,938</b>	<b>55,696</b>	<b>145,634</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

## 2.6.9 Notes to the Consolidated Statement of Changes in Equity

### 2.6.9.1 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 2022 (2020/21: 43,146,657). The company holds 353,343 treasury shares (2020/21: 353,343).

### 2.6.9.2 Additional paid-in capital

Additional paid-in capital includes the appropriated and non-appropriated capital of Zumtobel Group AG. This item also includes transactions in treasury shares.

### 2.6.9.3 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, USD 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 2.6.6.1 and 2.6.6.2) 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. The hedge was terminated as of 30 April 2021 and the fair value changes are no longer reported under comprehensive income but on the income statement.

### IAS 19 reserve

Additional information on the IAS 19 reserve is provided in note 2.6.7.12.

#### 2.6.9.4 Dividend

The general meeting on 30 July 2021 approved a dividend payment of 20 euro cents per share for the 2020/21 financial year. Accordingly, a total of TEUR 8,629 was distributed on 6 August 2021 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 2021/22 financial year was positive at TEUR 45,774. 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 29 July 2022, to distribute a dividend of 35 euro cents per share for the 2021/22 financial year.

### 2.6.10 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 2.6.7.16.

### 2.6.11 Information on Financial Instruments

#### 2.6.11.1 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.

## 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				
<i>Negative market values of derivatives held for trading</i>	879	879	-	879		879	
<i>Negative market values of derivatives (hedge accounting)</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>				

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.

In the Zumtobel Group, the calculation of fair value is based primarily on input factors which, for the most part, are 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 1,548, 2020/21: TEUR 245; negative market values: TEUR –5,240, 2020/21: TEUR –4,113). 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 amount 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. There were no major year-on-year changes in the composition of these financial instruments. Dividends of TEUR 27 were received during the 2021/22 financial year (2020/21: TEUR 0).

## 2020/21 Financial Year

### Assets

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost <sup>1</sup>				
Non-current financial assets	4,559	576	3,983				
<i>Securities and similar rights</i>	576	576	-	576			576
<i>Loans originated and other receivables</i>	3,983	-	3,983				
Current financial assets	2,222	245	1,977				
<i>Securities and similar rights</i>	1,962	-	1,962				
<i>Loans originated and other receivables</i>	15	-	15				
<i>Positive market values of derivatives held for trading</i>	245	245	-	245		245	
Trade receivables <sup>1</sup>	137,054	1,962	135,092	1,962			1,962
Liquid funds	65,205	-	65,205				
<b>Total</b>	<b>209,040</b>	<b>2,783</b>	<b>206,257</b>				

### Liabilities

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost <sup>1</sup>				
Non-current borrowings <sup>1</sup>	128,274	-	128,274				
<i>Loans received</i>	85,768	-	85,768	97,076			
<i>Lease liability <sup>1</sup></i>	42,506	-	42,506				
Current borrowings	27,401	-	27,401				
<i>Loans received</i>	4,170	-	4,170				
<i>Working capital credits</i>	10,041		10,041				
<i>Lease liability</i>	13,190	-	13,190				
Trade payables	117,772	-	117,772				
Other current liabilities	4,140	4,113	27				
<i>Negative market values of derivatives held for trading</i>	265	265	-	265		265	
<i>Negative market values of derivatives (hedge accounting)</i>	3,848	3,848		3,848		3,848	
<i>Other</i>	27	-	27				
<b>Total</b>	<b>277,587</b>	<b>4,113</b>	<b>273,474</b>				

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

## 2.6.11.2 Income / expense on financial instruments (IFRS 9 categories)

in TEUR	2021/22	2020/21
<b>Net gains or net losses</b>	<b>(4,891)</b>	<b>(1,372)</b>
<i>Financial instruments measured at amortised cost</i>	(5,359)	(2,094)
<i>Financial instruments at fair value through P&amp;L</i>	1,206	429
<i>Net investment hedge – ineffective portion of changes in fair value</i>	(219)	418
<i>Realised losses from the hedge of a net investment</i>	(519)	(464)
<i>Losses on sale/impairment</i>	0	339
<b>Interest expense</b>	<b>(5,267)</b>	<b>(5,795)</b>
<i>Interest expense for financial assets measured at amortised cost</i>	(5,267)	(5,795)
<i>Interest expense hedge accounting</i>	0	0
<b>Interest income</b>	<b>301</b>	<b>271</b>
<i>Interest income at amortised cost</i>	301	271
<b>Valuation adjustments to trade receivables</b>	<b>689</b>	<b>1,053</b>

Other financial income and expenses (TEUR –7,820; 2020/21: TEUR –3,836) include the net income or expense from these instruments (TEUR –4,891; 2020/21: TEUR –1,372) as well as the interest component as defined in IAS 19 “Employee Benefits” after the deduction of income on plan assets (TEUR –2,929; 2020/21: TEUR –2,464).

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.

## 2.6.12 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.

### 2.6.12.1 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, totalled 0.10% of Group revenues in 2021/22 (2020/21: 0.22%). In 2021/22, 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 receivable as of 30 April 2022. 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	2021/22	2020/21
<b>Beginning balance</b>	<b>8,945</b>	<b>10,908</b>
Foreign currency translation	177	(146)
Addition	1,165	1,784
Utilisation	(729)	(1,017)
Reversal	(1,541)	(2,584)
<b>Ending balance</b>	<b>8,017</b>	<b>8,945</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>161,754</b>
<i>thereof Trade receivables not valued in risk-class-model</i>	<i>(36,043)</i>
<i>thereof Trade receivable valuation base</i>	<i>125,711</i>

Probability of default per risk class in %		Basis for impairment	Impairment
Debtor risk class 1	0.10%	9,350	(4)
Debtor risk class 2	0.25%	22,905	(25)
Debtor risk class 3	0.63%	43,247	(129)
Debtor risk class 4	1.94%	38,761	(492)
Debtor risk class 5	9.80%	5,932	(429)
Debtor risk class 6	15.00%	5,516	(510)
<b>Total</b>		<b>125,711</b>	<b>(1,589)</b>
Country-specific factor	0,8 - 1,27		51
<b>Total</b>			<b>(1,538)</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.
- >> Trade receivables due from the public sector which are not subject to any material default risk.

The nominal value of trade receivables includes TEUR 6,479 (2020/21: TEUR 7,408) 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 223,223 as of 30 April 2022 (2020/21: TEUR 209,040). This amount consists primarily of trade receivables and liquid funds (also see note 2.6.11.1).

### 2.6.12.2 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 any time, 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.

As of 30 April 2022, liquidity was secured by the consortium credit agreement and two other variable interest credit agreements (see note 2.6.7.16). Other sources of liquidity include TEUR 58,210 (2020/21: TEUR 62,881) 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 2022 will result in the following payments.

#### 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>

### 30 April 2021

in TEUR	Carrying amount restated	Total	Contractual cash flow		
			< 1 year	1 - 5 years	> 5 years
Borrowings <sup>1</sup>	155,676	165,342	27,070	121,110	17,162
Loans from financial institutions	81,964	81,413	291	81,122	0
Loans from public authorities	7,974	5,862	1,596	4,266	0
Lease liability <sup>1</sup>	55,696	68,026	15,142	35,722	17,162
Working capital credits	10,041	10,041	10,041	0	0
Trade payables	117,772	117,772	117,772	0	0
Other liabilities	4,140	3,133	254	2,879	0
Derivatives held for trading	265	197	197	0	0
thereof outflows of forward exchange contracts		53,570	53,570	0	0
thereof inflows of forward exchange contracts		53,388	53,388	0	0
thereof cash outflows from interest rate hedges		15	15	0	0
Derivatives (hedge accounting)	3,848	2,909	30	2,879	0
Other financial instruments	27	27	27	0	0
<b>Liquidity risk <sup>1</sup></b>	<b>277,587</b>	<b>286,247</b>	<b>145,096</b>	<b>123,989</b>	<b>17,162</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

The future cash flows from derivatives with a positive market value are as follows:

### 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
thereof inflows of forward exchange contracts		78,838	78,838	0	0

### 30 April 2021

in TEUR	Carrying amount	Total	Contractual cash flow		
			< 1 year	1 - 5 years	> 5 years
Financial assets	245	268	268	0	0
Derivatives held for trading	245	268	268	0	0
thereof outflows of forward exchange contracts		60,701	60,701	0	0
thereof inflows of forward exchange contracts		60,969	60,969	0	0

No securities were pledged as collateral.

#### 2.6.12.3 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. Potential changes in the cash flows from this EUR/CHF cross-currency interest rate swap were analysed in view of the IFRS reform of reference interest rates: The EURIBOR will continue to represent the reference interest rate for the euro-based side. An agreement was reached with the counterparty for the CHF-denominated side in December 2021 to convert from CHF-Libor to SARON as the new reference interest rate, with initial application for the interest rate period beginning on 31 March 2022. This adjustment will not lead to any material ineffectiveness for the hedge because variable interest payments were agreed for both the EUR and CHF. 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 two bilateral long-term loans (TEUR 40,000 each), which have terms ending in September 2024, respectively February 2025, carry variable interest rates (EURIBOR money market interest rate plus a fixed interest margin). The Zumtobel Group has benefited to date from the negative money market interest rates. For other financing instruments (consortium credit agreement and factoring agreement), the base interest rate in each case is the "money market interest rate, floored at zero" (i.e. 0% as the lower limit for the base interest rate) plus an interest rate margin. 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, whereby reference is made to the ongoing historically low level of money market interest rates.

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 1,000 local currency 30 April 2022	Fair value in TEUR 2021/22	Fair value in TEUR 2020/21
CHF	15,228	(4,361)	(3,848)
<b>Negative market values of hedging instrument (hedge accounting)</b>		<b>(4,361)</b>	<b>(3,848)</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 2022	30 April 2021
Borrowings	(58,850)	(65,634)
<b>Fixed rate instruments</b>	<b>(58,850)</b>	<b>(65,634)</b>
Financial assets	9,025	6,781
Liquid funds	60,461	65,205
Borrowings	(98,905)	(90,041)
<b>Variable rate instruments</b>	<b>(29,419)</b>	<b>(18,055)</b>
<b>Total</b>	<b>(88,269)</b>	<b>(83,689)</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 237 (2020/21: TEUR 179) in interest income or interest expense on the income statement. Since fixed-interest financial liabilities are carried at amortised cost, an increase or a decrease in the interest rate would not lead to any valuation effects on the income statement or in 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, USD, 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 2022 (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 2022 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.

in TEUR	EUR decrease of 10%		EUR increase of 10%	
	Profit or loss	Equity	Profit or loss	Equity
EUR – GBP	(4,212)	(5,268)	4,212	5,268
EUR – USD	2,208	(569)	(2,208)	569
EUR – RSD	(1,106)	(1,400)	1,106	1,400
EUR – AUD	996	(272)	(996)	272
EUR – HKD	4	(79)	(4)	79

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%	
		Profit or loss	Equity	Profit or loss	Equity
EUR – USD	957	1,133	(1,030)		
EUR – CHF	(320)	(4,719)	4,290		
EUR – GBP	162	(1,509)	1,372		
EUR – AUD	(96)	(967)	879		
EUR – SEK	9	(189)	172		

#### 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.

## 2.6.13 Segment reporting

### 2.6.13.1 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 which is covered by the acdc brand. 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 assets allocated to the two segments include property, plant and equipment that can be directly assigned as well as intangible assets and working capital (excluding accrued interest, tax receivables and tax liabilities).

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 –446 (2020/21: TEUR 56) for the Lighting Segment. The remaining financial results and taxes are not allocated to a specific segment.

Depreciation for the 2021/22 financial year includes TEUR –4,359 of impairment losses (2020/21: TEUR –6,761) which are allocated as follows: TEUR –1,094 (2020/21: TEUR –3,868) to the Components Segment, TEUR –773 (2020/21: TEUR –2,893) to the Lighting Segment, and TEUR –2,490 (2020/21: TEUR 0) 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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<b>Net revenues</b>	<b>844,650</b>	<b>794,094</b>	<b>363,026</b>	<b>302,825</b>	<b>(59,359)</b>	<b>(52,467)</b>	<b>1,148,317</b>	<b>1,044,452</b>
External revenues	843,508	793,170	304,809	251,173	0	109	1,148,317	1,044,452
Inter-company revenues	1,142	924	58,217	51,652	(59,360)	(52,576)	0	0
<b>Gross profit</b>	<b>293,509</b>	<b>271,029</b>	<b>81,752</b>	<b>59,424</b>	<b>5,697</b>	<b>6,917</b>	<b>380,958</b>	<b>337,370</b>
<b>Operating profit</b>	<b>45,160</b>	<b>33,199</b>	<b>36,404</b>	<b>24,945</b>	<b>(20,813)</b>	<b>(14,793)</b>	<b>60,751</b>	<b>43,351</b>
<b>Investments</b>	<b>27,927</b>	<b>21,106</b>	<b>12,739</b>	<b>13,815</b>	<b>4,665</b>	<b>3,213</b>	<b>45,331</b>	<b>38,135</b>
<b>Depreciation</b>	<b>(38,893)</b>	<b>(45,542)</b>	<b>(13,178)</b>	<b>(21,091)</b>	<b>(7,392)</b>	<b>(4,950)</b>	<b>(59,463)</b>	<b>(71,583)</b>

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	30 April 2022	30 April 2021 restated	30 April 2022	30 April 2021 restated	30 April 2022	30 April 2021	30 April 2022	30 April 2021 restated
Assets <sup>1</sup>	663,729	625,506	194,344	152,590	147,358	165,211	1,005,431	943,306

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Headcount (full-time equivalent)	Lighting Segment		Components Segment		Reconciliation		Group	
	30 April 2022	30 April 2021	30 April 2022	30 April 2021	30 April 2022	30 April 2021	30 April 2022	30 April 2021
	3,759	3,857	1,869	1,808	154	148	5,782	5,813

The above headcount includes 222 (2020/21: 184) contract workers employed by the Zumtobel Group.

The reconciliation column comprises the following:

in TEUR	2021/22	2020/21
Group parent companies	(20,363)	(18,367)
Group entries	(450)	3,574
Operating profit	(20,813)	(14,793)

The Group parent companies represent companies that provide administrative or financing services for the entire Group and cannot be allocated to a specific segment. The reconciliation to operating profit includes Group entries for the elimination of interim profits in current and non-current assets.

in TEUR	30 April 2022	30 April 2021
Assets used by more than one segment	127,431	134,565
Group parent companies	44,990	46,049
Group entries	(25,063)	(15,403)
<b>Assets</b>	<b>147,358</b>	<b>165,211</b>

No individual external customer is responsible for more than 10% of total revenues.

### 2.6.13.2 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	External revenues		Assets	
	2021/22	2020/21	30 April 2022	30 April 2021 restated
D/A/CH <sup>1</sup>	362,156	347,556	425,093	385,070
<i>thereof Austria</i> <sup>1</sup>	70,448	92,102	359,435	321,601
Northern and Western Europe <sup>1</sup>	291,703	256,800	163,166	148,686
Southern and Eastern Europe <sup>1</sup>	311,580	266,725	106,383	92,937
Asia & Pacific <sup>1</sup>	123,019	108,307	87,959	64,794
Rest of the World <sup>1</sup>	59,859	65,063	23,482	18,419
Reconciliation			199,348	233,400
<b>Total</b> <sup>1</sup>	<b>1,148,317</b>	<b>1,044,452</b>	<b>1,005,431</b>	<b>943,306</b>

<sup>1</sup> Restatement of prior year data in accordance with IAS 8, see note 2.6.3

Reconciliation of regions:

in TEUR	30 April 2022	30 April 2021
Assets used by more than one segment	194,730	228,677
Group entries	4,618	4,723
<b>Assets</b>	<b>199,348</b>	<b>233,400</b>

### 2.6.14 Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 24,170 (30 April 2021: TEUR 14,965) for various liabilities. The year-on-year increase resulted primarily from the granting of an advance payment guarantee for a lighting project in Germany.

### 2.6.15 Subsequent Events

No material events occurred after the balance sheet date on 30 April 2022.

### 2.6.16 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 relatives. No revenues were generated from the sale of goods to members of management in key positions. The members of the Supervisory Board received remuneration totalling TEUR 660 in 2021/22. 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 473 in 2021/22. Transactions with unconsolidated companies generated revenues of TEUR 453. Moreover, the Zumtobel Group holds receivables of TEUR 189 due from unconsolidated companies. There were no transactions with owners during the 2021/22 financial year.

The Group has concluded supply and delivery agreements with associated companies (also see note 2.6.7.4) which reflect third party conditions. Revenues from the sale of materials and services to associated companies totalled TEUR 463 in 2021/22 (2020/21: TEUR 3,370), and the expenses for products purchased from associated companies equalled TEUR 1,171 (2020/21: TEUR 76). Capital goods with a value of TEUR 1,420 were purchased from associated companies in 2021/22 (2020/21: 0). Trade receivables due from associated companies amounted to TEUR 13 as of 30 April 2022 (2020/21: TEUR 32) and trade payables equalled TEUR 183 (2020/21: TEUR 158). No trade receivables due from associated companies were derecognised because of failed collection or classified as uncollectible in 2021/22. A loan of TEUR 490 was granted to an associated company in 2021/22.

No financial liabilities were due to associated companies as of 30 April 2022 or 30 April 2021.

Remuneration for the corporate bodies of Zumtobel Group AG

in TEUR	2021/22	2020/21
<b>Total remuneration for the Management Board</b>	<b>3,484</b>	<b>2,750</b>
<i>thereof fixed component</i>	1,719	1,430
<i>thereof short-term variable component</i>	432	331
<i>thereof long-term variable component</i>	1,333	989
<b>in TEUR</b>	<b>2021/22</b>	<b>2020/21</b>
<b>Alfred Felder (as of 1 April 2016)</b>	<b>1,625</b>	<b>1,254</b>
<i>thereof fixed component</i>	650	604
<i>thereof short-term variable component</i>	195	130
<i>thereof long-term variable component</i>	780	520
<b>Bernhard Motzko (as of 1 February 2018)</b>	<b>1,046</b>	<b>786</b>
<i>thereof fixed component</i>	520	436
<i>thereof short-term variable component</i>	158	105
<i>thereof long-term variable component</i>	368	245
<b>Thomas Tschol (as of 1 April 2018)*</b>	<b>286</b>	<b>710</b>
<i>thereof fixed component</i>	286	390
<i>thereof short-term variable component</i>	0	96
<i>thereof long-term variable component</i>	0	224
* Remuneration is provided as part of a management service agreement		
<b>Thomas Erath (as of 1 August 2021)</b>	<b>527</b>	<b>0</b>
<i>thereof fixed component</i>	263	0
<i>thereof short-term variable component</i>	79	0
<i>thereof long-term variable component</i>	185	0

The remuneration received by the Supervisory Board of Zumtobel Group AG is shown in the following table:

in TEUR	2021/22	2020/21
<b>Total Supervisory Board remuneration</b>	<b>660</b>	<b>610</b>
<i>thereof fixed remuneration</i>	420	420
<i>thereof variable remuneration</i>	240	190

## 2.6.17 Information on Employees and Corporate Bodies

### 2.6.17.1 Personnel structure

	30 Apr 2022		30 April 2021	
	Average	Balance sheet date	Average	Balance sheet date
Production	2,880	2,861	2,868	2,860
R&D	544	538	555	563
Sales	1,712	1,714	1,771	1,733
Administration	461	447	467	473
Miscellaneous	197	222	166	184
<b>Total</b>	<b>5,793</b>	<b>5,782</b>	<b>5,826</b>	<b>5,813</b>

The above number of employees also includes the contract workers employed by the Zumtobel Group.

### 2.6.17.2 Corporate bodies

The following persons served as members of the Supervisory Board in 2021/22:

Name	Function	Initially appointed/ delegated in	Term ends in	Service time to date
Karin Zumtobel-Chammah	Chairwoman	2019	2023	3 years
Georg Pachta-Reyhofen	1st Vice-Chairman	2020	2024	2 years
Volkhard Hofmann	2nd Vice-Chairman	2017	2022	5 years
Christian Beer	Member	2020	2022	2 years
Eva Kienle	Member	2019	2023	3 years
Thorsten Staake	Member	2020	2024	2 years
Dietmar Dünser	Delegated by the Employees' Council	2015		7 years
Richard Apnar	Delegated by the Employees' Council	2012		10 years
Isabel Kreilhuber	Delegated by the Employees' Council	2021		1 year

The following persons served as members of the Management Board in 2021/22:

Name	Function	Initially appointed on	Term ends on	Service time to date
Alfred Felder	CEO (Chief Executive Officer)	1 April 2016	31 July 2025	6 years
Bernard Motzko	COO (Chief Operating Officer)	1 February 2018	30 April 2024	4 years
Thomas Tschol	CFO (Chief Financial Officer)	1 April 2018	31 July 2021	3 years
Thomas Erath	CFO (Chief Financial Officer)	1 August 2021	31 July 2024	< 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	R Lux Immobilien Linie SRL	Romania	100	full	31 December	RON
65	Zumtobel Lighting Romania SRL	Romania	100	full	30 April	RON
66	ZG Lighting Russia	Russia	100	full	31 December	RUB
67	ZG Lighting Singapore Pte Limited	Singapore	100	full	30 April	SGD
68	Tridonic (S.E.A.) Pte Ltd.	Singapore	100	full	30 April	SGD
69	ZG Lighting Slovakia s.r.o.	Slovakia	100	full	30 April	EUR
70	ZG Lighting d.o.o.	Slovenia	100	full	30 April	EUR
71	ZG Lighting SRB d.o.o.	Serbia	100	full	30 April	RSD
72	Tridonic SRB d.o.o.	Serbia	100	full	30 April	RSD
73	Tridonic SA (Proprietary) Limited	South Africa	100	full	30 April	ZAR
74	TRIDONIC Korea LLC	South Korea	100	full	30 April	WON
75	ZG Lighting Iberia S.L.	Spain	100	full	30 April	EUR
76	Tridonic Iberia SL	Spain	100	full	30 April	EUR
77	ZG Lighting Nordic AB	Sweden	100	full	30 April	SEK
78	Thorn Lighting Nordic AB	Sweden	100	full	30 April	SEK
79	TLG Sweden Holdings AB	Sweden	100	full	30 April	SEK
80	Tridonic AG	Switzerland	100	full	30 April	CHF
81	Zumtobel Licht AG	Switzerland	100	full	30 April	CHF
82	Inventron AG	Switzerland	48	equity	30 April	CHF
83	ZG Lighting (Thailand) Ltd	Thailand	100	full	30 April	THB
84	Tridonic Aydinlatma Ticaret Limited Sirketi	Turkey	100	full	30 April	TRY
85	Thorn Gulf LCC	UAE	49	full	31 December	AED
86	Tridonic (ME) FZE	UAE	100	full	30 April	AED
87	Tridonic Inc., US	USA	100	full	30 April	USD
88	Lemgo Realty Corp.	USA	100	full	30 April	USD
89	Zumtobel Lighting Inc.	USA	100	full	30 April	USD

The following companies were not in the scope of consolidation in 2021/22:

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 companies were deconsolidated in 2021/22:

1	Zumtobel LED Illuminazione Holding srl	Italy	100	full	30 April	EUR
2	acdc LED Holdings Limited	Great Britain	100	full	30 April	GBP
3	acdc LED Limited	Great Britain	100	full	30 April	GBP

## **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, 15 June 2022

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

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 2022, 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 2022, 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 195,357k, thus representing 20% of the Group's total assets. EUR 193,324k 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 the ongoing raw materials crisis as well as the increasing cost of energy and transport on the business activities in the segment 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 the ongoing raw materials crisis as well as the increase in cost of 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 2.6.7.1 in the notes to the consolidated financial statements.

## 2. Provisions for warranties

- Description

In the Company's consolidated financial statements as at 30 April 2022, provisions for warranties in the amount of EUR 32 million are reported under the balance sheet items "Other provisions" pertaining to "Non-current liabilities" and "Current liabilities", respectively. Provisions are set up for individual claims the Group is already aware of as well as for as of yet uncertain claims relating to the Group's liability for products sold that are free of defects. In doing so, the Management Board makes assumptions as regards future claims. Recognition and measurement is based on claims the Group is already aware of, past experience and relevant technical specifications of the products sold. Due to the estimation uncertainties arising from this situation and the significant amount of these items, this was considered a key audit matter in the course of our audit.

- Audit approach and key observations

Based on the knowledge that estimated amounts give rise to an increased risk of accounting errors and that the measurement decisions made by management directly and substantially affect the Group's result, we evaluated the appropriateness of the reported amounts using, among others, the calculation bases made available to us. As regards the recognition and measurement of the provisions, we assessed, among others, the existing contracts, cost estimates, manufacturer's specifications as well as the historical sales figures and warranty claims determined. Additionally, we verified the calculation method for provisions and assessed the timing expected by the Management Board for potential utilization of the provisions and the discounting performed. In doing so, we were able to determine that the estimates and assumptions made by management have been sufficiently documented and substantiated to justify the recognition and measurement of the significant amount of provisions for warranties.

- Reference to related disclosures

The Company's disclosures on provisions for warranties are included in section 2.6.7.15 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 30 July 2021. We were appointed by the Supervisory Board on 28 November 2021. We have audited the Company since 30 April 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  
15 June 2022

PwC Wirtschaftsprüfung GmbH  
signed:  
Peter Pessenlehner  
Austrian Certified Public Accountant

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 report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## **Independent Limited Assurance Report on the Consolidated Non-financial Statement pursuant to Section 267a UGB**

(Translation)

We performed a limited assurance engagement of the consolidated non-financial statement pursuant to section 267a UGB (Austrian Company Code) (hereinafter the "consolidated non-financial statement") of Zumtobel Group AG, Dornbirn (the "Group") for the financial year 2021/22.

### **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.

### **Responsibility of Management and the Supervisory Board**

Management is responsible for the preparation of the consolidated non-financial statement 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.

Management's responsibility includes the selection and application of appropriate methods to prepare the consolidated non-financial reporting (in particular the selection of key issues) as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a consolidated non-financial statement that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for examining the consolidated non-financial statement.

### **Auditor's Responsibility**

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained as to whether anything 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 legal requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to KFS/PG 13 "Other assurance engagements", KFS/PE28 "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.

Our report is issued based on the engagement agreed upon with you and is governed by the General Conditions of Contract (AAB 2018), issued by the Austrian Chamber of Tax Advisers and Auditors (<https://www.ksw.orat/desktopdefault.aspx/tabid-209/>), which also apply towards third parties. 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, in particular, the following:

- >> Evaluating the overall presentation of the disclosures and non-financial information
- >> Critical assessment of the Company's analysis of materiality considering the concerns of external stakeholders by interviewing the responsible employees and inspecting relevant documents
- >> Obtaining an overview of the policies pursued by the Company, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial statement by interviewing the Company's management and inspecting internal guidelines, procedural instructions and management systems in connection with non-financial matters/disclosures
- >> Obtaining an 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
- >> Critical appraisal of the disclosures in accordance with the requirements of the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852)
- >> Examining the consolidated non-financial statement regarding its completeness 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

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
- >> Examining the correct transfer of data and references from the (consolidated) financial statements to the non-financial reporting; 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, neither 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.

### Restriction of Use

Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by other third parties. Therefore, no claims of other third parties can be derived from it.

Vienna  
15 June 2022

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner  
Austrian Certified Public Accountant

signed



## **3. Corporate Governance**

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## 3. Consolidated Corporate Governance Report 2021/22

The Austrian Corporate Governance Code (ACGC) represents a regulatory framework for the management and monitoring of Austrian stock corporations. The foundation of the code 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. The Austrian Corporate Governance Code takes effect through the voluntary commitment of companies to comply with its rules for good governance, in the respective version. The version of the code applicable to the 2021/22 financial year was published in January 2021 and is available under *corporate-governance.at*.

### 3.1 Commitment to the Austrian Corporate Governance Code

As a listed international company, the Zumtobel Group is committed, without limitation, to compliance with the guidelines defined by the Austrian Corporate Governance Code. It views the code as an essential requirement for responsible management that is focused on the sustainable, long-term creation of value and high transparency towards all stakeholders. 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 ACGC in full during the 2021/22 financial year.

#### 3.1.2 External evaluation of compliance with the Corporate Governance Code

The Corporate Governance Code (C-Rule 62) requires the evaluation of compliance with the C-Rules (Comply or Explain) on a regular basis – at least every three years – by an external institution. This review was last carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, in connection with the audit of the financial statements for the 2019/20 financial year. Based on the results of and evidence gained from this evaluation, the statement of compliance included in the company's corporate governance report for the 2019/20 financial year accurately represents, in all material aspects, the implementation of and compliance with the relevant rules of the ACGC. 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>. The next external evaluation will cover the consolidated corporate governance report for the 2022/23 financial year.

#### 3.1.3 Compliance management at Zumtobel Group AG

The compliance management system is the subject of continuous development to protect the 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 must be protected as such. 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 ensure 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 of the Zumtobel Group AG met their obligations with the greatest diligence during the 2021/22 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

The Management Board of Zumtobel Group AG consisted of three persons during the 2021/22 financial year. The members of the Management Board are appointed by the Supervisory Board for a maximal term of five years, whereby reappointment is permitted.

### 3.2.1 Composition of the Management Board of Zumtobel Group AG as of 30 April 2022:

Name	Alfred Felder Chief Executive Officer (CEO)	Bernard Motzko Chief Operating Officer (COO)	Thomas Erath Chief Financial Officer (CFO)
Born in	1963	1962	1971
Gender	Male	Male	Male
Nationality	Italy	Germany	Austria
Date of initial appointment	1 April 2016	1 February 2018	1 August 2021
End of current term	31 July 2025	30 April 2024	31 July 2024
Education	Electrical engineering	Industrial & mechanical engineering	Economics and business
Responsibilities as per distribution of business plan dated 24 June 2021	<ul style="list-style-type: none"> <li>- Corporate strategy, M&amp;A, business processes</li> <li>- Business divisions</li> <li>- Sales</li> <li>- Marketing &amp; communications, product marketing</li> <li>- Human resources</li> <li>- Technology &amp; development</li> <li>- Investor relations</li> </ul>	<ul style="list-style-type: none"> <li>- Plants (operations)</li> <li>- Supply chain &amp; logistics</li> <li>- Quality</li> <li>- IT</li> <li>- Procurement</li> </ul>	<ul style="list-style-type: none"> <li>- Accounting &amp; taxes</li> <li>- Finance &amp; controlling</li> <li>- Treasury</li> <li>- Risk management</li> <li>- Compliance and internal audit</li> <li>- Insurance</li> <li>- Facility management</li> <li>- Legal</li> </ul>
Supervisory board positions in other domestic and foreign (listed) companies	None	Schwering & Hasse Elektrodraht GmbH, member of the Advisory Board	None

#### Alfred Felder – CEO



Alfred Felder studied electrical engineering at the Vienna University of Technology, where he also received his doctorate. He joined the Siemens Group in 1990 where he held various research and development functions in Germany and, starting in 1995, was the technology manager for Siemens' Infineon subsidiary in Japan. In 2003 he transferred to OSRAM, a former Siemens subsidiary, where he was responsible for various management functions in the areas of optoelectronic semiconductors and general lighting in the USA and China. His last position was the worldwide head of sales for OSRAM's general lighting business. From November 2012 up to his appointment to the Management Board as COO in 2016, Mr. Felder served as the managing director of the Tridonic components subsidiary. Alfred Felder has been CEO of the Zumtobel Group since 2018.

#### Bernard Motzko – COO



Bernard Motzko studied mechanical engineering and business management at Paderborn University, where he received his doctorate in 1994. After holding various positions in production, Bernard Motzko joined the former Siemens Nixdorf (now Diebold-Nixdorf) in 1997, a manufacturer of cash register systems, kiosk systems and automatic teller machines. He was initially responsible for the plant in Paderborn and assumed global responsibility for the production and supply chain in 2003. His primary focus was on the introduction of standardised processes and methods as well as the optimisation of the production network through the development of plants in Brazil and China.

#### Thomas Erath – CFO



Thomas Erath completed business management studies at the Vienna University of Economics and Business in 1997 and is a chartered accountant and tax advisor. His professional career started with Arthur Andersen Wirtschaftsprüfungs-GmbH in Vienna. This native of the Austrian province of Vorarlberg joined the Zumtobel Group in 2001, where he held various management positions over a period of 12 years. With experience as a CFO in the textile and automobile branch and with Tridonic GmbH, he re-joined the Zumtobel Group in May 2018. As CFO and vice-president in finance & controlling, he was responsible for all related subject areas in the Components Segment. Mr. Erath also served as interim CEO of the Components Segment for one year.

#### Thomas Tschol – CFO (up to 31 July 2021)

Thomas Tschol was appointed to the Management Board as Chief Financial Officer (CFO) on 1 April 2018. His term of office expired on 31 July 2021, and he left the Zumtobel Group on that date. He held no supervisory board positions in other domestic or foreign (listed) companies (as of July 2021).

### **3.2.2 Working procedures of the Management Board**

The Management Board of the Zumtobel Group, respectively the individual board members, act in accordance with legal regulations, the articles of association, and the rules of procedure defined by the Supervisory Board, which together define the framework for cooperation between the board members. The collaborative handling of strategic and operating issues and the continuous exchange of information form the basis for the work of the Management Board. Coordination between the board members takes place at the Management Board meetings, which are held twice each month, and through the informal exchange of information. Moreover, there is a continuous exchange of information on relevant activities and events with the responsible managers. Communication duties that have a material effect on the company's image with stakeholders are carried out under the Management Board's comprehensive and independent responsibility. The Management Board supplies the Supervisory Board with regular, timely and comprehensive information on all relevant issues involving the Zumtobel Group's business development, including the risk position and risk management, and on important issues involving individual subsidiaries. This standardised reporting obligation also applies to the Supervisory Board's committees. Irrespective of this collective responsibility, each Management Board member is responsible for specific areas of the business.

### **3.3 The Supervisory Board**

The members of the Supervisory Board are elected by the annual general meeting. In accordance with C-Rule 59 of the Austrian Corporate Governance Code, the participation of employees on the Supervisory Board and its committees represents a legally regulated part of the Austrian corporate governance system. 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.

### 3.3.1 Composition of the Supervisory Board

As of 30 April 2022, the Supervisory Board of Zumtobel Group AG included six members elected by the annual general meeting and three members delegated by the Employees Council.

Name	Karin Zumtobel-Chammah	Georg Pachta-Reyhofen	Volkhard Hofmann
<b>Shareholder representatives</b>			
Born in	1963	1955	1952
Gender	Female	Male	Male
Nationality	Austria	Austria	Germany
Function	Chairwoman	First Vice-Chairman	Second Vice-Chairman
Date of initial appointment	26 July 2019	18 May 2020	21 July 2017
End of current term	2023	2024	2022
Education	Business management	Engineering	Business management
Supervisory board positions in other domestic and foreign (listed) companies	None	SAG Motion GmbH, vice-chairman of the supervisory board; Benteler International AG, vice-chairman of the supervisory board; Bridgestone SA/NV, member of the supervisory board	SMP AG Strategy Consulting, vice-chairman of the supervisory board

Name	Eva Kienle	Thorsten Staake	Christian Beer
<b>Shareholder representatives</b>			
Born in	1967	1978	1961
Gender	Female	Male	Male
Nationality	Germany	Germany	Austria
Function	Member	Member	Member
Date of initial appointment	26 July 2019	18 May 2020	24 July 2020
End of current term	2023	2024	2022
Education	Business management	Information systems & technology management	Engineering
Supervisory board positions in other domestic and foreign (listed) companies	None	Hoval AG, member of the administrative board; Ben Energy AG, member of the administrative board; Amphiro AG, member of the administrative board	Pester Pac Automation, member of the advisory board

Name	Dietmar Dünser	Richard Apnar	Isabel Kreilhuber
<b>Employee representatives</b>			
Born in	1966	1974	1977
Gender	Male	Male	Female
Nationality	Austria	Austria	Austria
Function	Delegated by the Employees' Council	Delegated by the Employees' Council	Delegated by the Employees' Council
Date of initial appointment	24 July 2015	26 June 2012	1 April 2021
End of current term	n/a	n/a	n/a
Education	Telecommunications & electronics	Plastics technology	Business management
Supervisory board positions in other domestic and foreign (listed) companies	None	None	None

## Supervisory Board | Shareholder Representatives

### Karin Zumtobel-Chammah



Karin Zumtobel-Chammah has been chairwoman of the Supervisory Board of Zumtobel Group AG since 18 May 2020. She was previously a member of this corporate body. Her term of office extends up to the annual general meeting for the 2022/23 financial year.

**Education and career:** 1986 Conclusion of MBA studies at the University of Fribourg. 1987–1991 Bank in Liechtenstein – member of the financial research team, overseas stay in the USA. 1992–1996 Credit Suisse First Boston – Vice-president capital markets. 1996–1998 Zumtobel AG, Dornbirn – Vice-president for finance. 1998–2004 Zumtobel AG, Dornbirn – Head of corporate development. 2004–2007 Zumtobel Lighting Ltd., New York – showroom manager. 2008–2014 Thorn Lighting, UK – field marketing manager. 2014–2016 Zumtobel Lighting Ltd, GB – A & D network marketing manager. 2016–2019 Zumtobel Group – Head of the art and culture department.

### Georg Pachta-Reyhofen



Georg Pachta-Reyhofen has been a member of the Supervisory Board of Zumtobel Group AG and its vice-chairman since 18 May 2020. His term of office extends up to the annual general meeting for the 2023/24 financial year.

**Education and career:** 1981 Conclusion of studies in mechanical and process engineering at the Vienna University of Technology. 1985 Doctorate in engineering science received from the Vienna University of Technology. 1981–1986 University assistant in the institute for combustion engines at the Vienna University of Technology. 1986–2006 Various management positions and member of the management board responsible for technology and procurement at MAN Nutzfahrzeuge AG. 2006–2015 Member of the management board of MAN SE, Germany. During this period, Mr. Pachta-Reyhofen served, among others, as chairman of the management board of MAN Diesel SE, MAN Truck & Bus AG and CEO of the management board of MAN SE, Germany as an independent consultant. He has accompanied technology companies, among others, through the current transformation process since 2018.

### Volkhard Hofmann



Volkhard Hofmann has been a member of the Supervisory Board of Zumtobel Group AG since 21 July 2017 and second vice-chairman since 18 May 2020. His term of office extends until the annual general meeting for the 2021/22 financial year

**Education and career:** 1977 Conclusion of studies in business and economics at Cologne University. 1981 Receipt of doctorate from Cologne University. 1982–2012 Various international management positions and partner of the Boston Consulting Group. Since 2013, Mr. Hofmann has supported numerous companies in Germany and Europe with the implementation of growth strategies and other strategic issues as a consultant or member of the supervisory Board or other similar corporate bodies.

## Eva Kienle



Eva Kienle has been a member of the Supervisory Board of Zumtobel Group AG since 26 July 2019. Her term of office extends up to the annual general meeting for the 2022/23 financial year.

**Education and career:** 1988–1992 Studies in business management at the ESB Business School in Reutlingen, receipt of graduate degree. 1992–2000 Various management positions in audit, finance and controlling with the Unilever Group in Hamburg, Bremen and Switzerland. 2000–2003 Managing director of a global shared services company in Bremen. 2004–2005 Head of finance for Wal-Mart Germany. 2005–2009 CFO of LR Health & Beauty Systems, responsible for finance, IT, human resources and legal. 2010–2012 CFO of amedes Holding AG. Since 2013 with KWS Saat SE & Co. KGaA, CFO, member of the management board. Eva Kienle is responsible for finance, controlling, global services, legal, IT, governance, compliance and risk management.

## Thorsten Staake



Thorsten Staake has been a member of the Supervisory Board of Zumtobel Group AG since 18 May 2020. His term of office extends up to the annual general meeting for the 2023/24 financial year.

**Education and career:** 1998–2003 Studies at the Technical University in Darmstadt, graduation in electrical and information technology. 2001-2002 Master of Science in electrical and computer technology from Worcester Polytechnic Institute (WPI), USA. 2004–2007 Doctorate in business management from the University of St. Gallen (Dr. oec. HSG). 2006–2007 Guest student in the auto-ID lab at Massachusetts Institute of Technology (MIT), USA. 2007–2013 Co-director of the Bits-to-Energy-Labors at the chair for information management at ETH Zurich. Thorsten Staake has been a professor at Bamberg University, Germany, since 2013, where he holds the chair for business informatics and energy efficient systems.

### Christian Beer



Christian Beer has been a member of the Supervisory Board of Zumtobel Group AG since 24 July 2020. His term of office extends up to the annual general meeting for the 2021/22 financial year.

**Education and career:** 1976–1981 Studies and graduation from technical college in Bregenz, Austria. 1981–1988 Grass GmbH, head of testing and development of foreign subsidiaries in South Africa, Turkey and the USA. 1988 Founding of Heron Sondermaschinenbau, original core business: development and production of assembly machinery. 1995–2020 Founder of Robotunits GmbH with branches in the USA, Great Britain, Australia and Italy, Heron CNC Technik GmbH, Vecon GmbH, Servus Intralogistics GmbH and SAFEDI Distance Control. Christian Beer has been the managing partner of the Heron Group since 1988.

### Supervisory Board | Delegated by the Employees' Council

#### Dietmar Dünser



Dietmar Dünser was delegated to the Supervisory Board of Zumtobel Group AG by the Employees' Council for Salaried Employees on 24 July 2015.

**Education and career:** 1985 Completion of technical college studies in telecommunications and electronics. 1985–1986 Military service in Austria. 1986 Joined the Zumtobel Group in electronics development. Further positions: marketing and product management, technical sales, complaints processing and equipment validation. Quality and risk management engineer at Zumtobel Lighting GmbH. 1997–2002 career-integrated, master studies in export and international management at the Management Center Innsbruck (MCI), receipt of master's degree in economics and management.

Mr. Dünser joined the Employees' Council in 1999 and has been an active member since 2005. Since April 2014 Chairman of the Employees' Council of Zumtobel Group AG, Zumtobel Pool GmbH, Zumtobel Insurance Management GmbH, ZG Lighting Austria GmbH, ZG Lighting CEE GmbH and Zumtobel Lighting GmbH.

## Richard Apnar



Richard Apnar was delegated to the Supervisory Board of Zumtobel Group AG by the Employees' Council for Wage Employees on 26 June 2012.

**Education and career:** 1990–1993 Apprenticeship as a plastics technician with Zumtobel Lighting GmbH. After successfully completing his examinations as a plastics technician in 1993, he worked in production up to 2008. In 2008 he transferred to the Zumtobel Group's supply chain organisation. Since September 2012, Mr. Apnar has served as the chairman of the Employees' Council for Wage Employees at Zumtobel Lighting GmbH.

## Isabel Kreilhuber



Isabel Kreilhuber was delegated to the Supervisory Board of Zumtobel Group AG as of 1 April 2021 by the Employees Council of Tridonic GmbH & Co. KG.

**Education and career:** 2000–2006 Tridonic GmbH & Co KG, Dornbirn, internal sales, provincial sales support. 2001-2005 Career-integrated studies in international management at Vorarlberg Technical College, Dornbirn, Austria, graduation with master's degree. 2006–2016 Process engineer in Tridonic's global supply chain organisation. Since September 2016, head of global planning for Tridonic GmbH & Co. KG.

### 3.3.2 Working procedures of the Supervisory Board

The Supervisory Board oversees the Management Board and provides support for the direction and development of the company, above all on issues of fundamental importance and strategic orientation. At regular intervals, it receives reports from the Management Board on the strategy followed by the various areas of business, corporate planning and revenue development, profitability, the sustainable development of business and the position of the company as well as the internal control system, risk management and compliance issues.

The Supervisory Board met in five plenary sessions during 2021/22: four scheduled meetings and one extraordinary meeting. Only the chairwoman and one employee representative were physically present at the extraordinary meeting, while the other members participated via video connection.

The following key issues were discussed together with the Management Board at the Supervisory Board meetings in 2021/22 :

- >> Presentation and approval of the consolidated and separate financial statements as of 30 April 2021
- >> 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 approving the remuneration report and design of a remuneration policy for the Management and Supervisory Boards
- >> Change in the distribution of responsibilities for the Management Board of Zumtobel Group AG
- >> Definition of targets for the Management Board's variable remuneration components
- >> Change in the rules of procedure to establish a Digitalisation Committee
- >> Approval of the audit assignment
- >> Resolution approving the appointment of a fourth member of the Management Board as Chief Digital Officer
- >> Resolution approving the appointment of Thomas Erath as CFO of the company
- >> Election of the supervisory board members of the direct subsidiaries
- >> Appointment of managing directors of subsidiaries
- >> Evaluation, discussion and approval of the budget for the 2022/23 financial year
- >> Resolution approving business relations with Supervisory Board member Christian Beer
- >> Efficiency and improvement opportunities for the Supervisory Board
- >> Current development of business
- >> Effects of the challenging economic environment in connection with Covid-19 and the difficult situation on the procurement markets
- >> Risk management and the internal control system
- >> Sustainability focal points
- >> Strategic orientation of the Zumtobel Group in the coming years

Participation in the meetings of the Supervisory Board and its committees in 2021/22:

Attendance in the 2021/22 financial year	SB	AC	CMB	SC	DC
<b>Shareholder representatives</b>					
Karin Zumtobel-Chammah	5/5	4/4	3/3	2/2	-
Georg Pachta-Reyhofen	5/5	4/4	3/3	2/2	-
Volkhard Hofmann	5/5	4/4	3/3	2/2	1/1
Eva Kienle	5/5	4/4	-	-	1/1
Thorsten Staake	5/5	-	-	2/2	1/1
Christian Beer	5/5	-	3/3	-	1/1
<b>Employee representatives</b>					
Dietmar Dünser	5/5	4/4	-	2/2	-
Richard Apnar	5/5	-	-	-	1/1
Isabel Kreilhuber	5/5	4/4	-	2/2	1/1

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 member require approval and were submitted to the Supervisory Board of Zumtobel Group AG in 2021/22 in accordance with the Austrian Stock Corporation Act and the Austrian Corporate Governance Code (Rule 49):

The tender for a new construction project by Heron Innovations Factory GmbH, Dornbirn, which is attributable to the economic ownership of Supervisory Board member Christian Beer, led to the conclusion of a contract with Zumtobel Lighting GmbH. This contract covers the delivery of floor lamps and has a volume of TEUR 105.

Based on an existing contract with Servus Intralogistics GmbH, Dornbirn, which is attributable to the economic ownership of Supervisory Board member Christian Beer, an agreement was concluded over the expansion of the current Servus small component logistics system to enable connection with incoming goods receipt and production logistics and also included the conclusion of a related support and maintenance contract. The investment volume totals approximately TEUR 930. 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. One such transaction was reported to the company in 2021/22. 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 L-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 also 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 ACGC 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 comes into 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 2021/22 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 24 June 2021. 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 performance of its advising and control functions. 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 2021/22, in part together with representatives of the auditor. All members were present at all meetings.

The meeting on 24 June 2021 concentrated on the consolidated and separate financial statements for the 2020/21 financial year. The auditor of these financial statements and company staff supplied 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 2021/22 financial year was approved and passed on to the Supervisory Board.

The other issues handled by the Audit Committee included, among others:

- >> Recommendations for the appointment of an auditor
- >> Audit and non-audit services by the auditor in 2020/21
- >> Auditor's approach and focal points in 2021/22
- >> Risk management incl. key issues and strategic risks
- >> Approval of internal audit's review schedule for 2022 and audit reports
- >> Acceptance of the interim financial reports and the half-year report for 2021/22
- >> Feedback on Capital Markets Day
- >> Current business development
- >> Effects of the challenging economic environment and the difficult situation on the procurement markets
- >> Risk position Russia/Ukraine
- >> 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. It corresponds to the remuneration committee required by Rule 43 of the Corporate Governance Code and fulfils the duties required of a nominating committee under Rule 41. As such, it also prepares recommendations for the appointments to the Management Board and deals with issues related to succession planning. These recommendations are submitted to the Supervisory Board after the qualifications and experience of suitable candidates have been compared against a pre-defined profile. The Supervisory Board is responsible for the final decision on the selection of a Management Board member.

The Committee for Management Board Matters held three meetings in 2021/22, which involved discussions or follow-up work on the key issues listed below:

- >> Review of the performance of the Management Board members, also in view of upcoming contract extensions, and appropriate feedback to the full Supervisory Board
- >> Extension to 31 July 2025 of the Management Board appointment of Alfred Felder as Chief Executive Officer of Zumtobel Group AG
- >> Nomination process in advance of the appointment of a Chief Financial Officer (CFO) for Zumtobel Group AG
- >> Continuing search and evaluation of potential candidates for the new Management Board position of Chief Digital Transformation Officer (CDO)
- >> Submission of recommendations for suitable candidates to the full Supervisory Board
- >> Definition of targets for the variable and short-term and long-term remuneration components for the Management Board members and key employees

In addition, the Committee for Management Board Matters served as a sounding board for the Management Board on various issues during the 2021/22 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 2021/22 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 year included the evaluation of options for the corporate strategy and the expansion of the Zumtobel Group's FOCUSED strategy to underscore the increased concentration on sustainability and the digitalisation of business processes. Additional information can be found 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 Supervisory Board approved the establishment of a "Committee for Digital Issues" in its meeting on 24 June 2021, and the Digitalisation Committee was subsequently constituted at that meeting. This committee serves as a sounding board for the Management Board on issues related to the digital transformation and, in close cooperation with the Strategy Committee, with the related digital strategy for the Zumtobel Group. The first meeting on 29 November 2021 focused, in particular, on the ongoing digitalisation initiatives in the individual corporate areas and a digitalisation cockpit was installed for the regular monitoring of ongoing projects.

### 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 roughly 78 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 50 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. Personal skills, experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

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. 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 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. This commitment to professional inclusion was reflected in the "New Perspectives" award for Zumtobel Group AG.

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. The work-life balance is supported by increasing flexibility in the design of work. The Zumtobel Group follows the recommendations of the Austrian Equal Opportunity Act which, in general, require a focus on diversity in the staffing of management positions and, above all, appropriate distribution with regard to gender, age and expertise. The Supervisory Board of Zumtobel Group AG currently includes three women and six men, for a roughly 30% share of women. 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 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. The share of women in key management positions equalled 21.5% in 2021/22 and, compared with the previous financial year (18.5%), represents an increase of nearly 16%. The share of women in the Group's workforce increased slightly over the previous year (35.7%) to 36% in 2021/22.

The Zumtobel Group has implemented various measures to support women. Following are a few examples:

- >> Personal skills, qualifications and experience 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.
- >> In 2021/22, 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.

### **3.5 Diversity on the Supervisory and Management Boards**

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 and Supervisory Boards 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 Code of Corporate Governance. These regulations define different requirements for the composition of Management and Supervisory Boards. The relevant aspects for the diverse composition of the Management Board are a balanced educational and professional background, internationality and the duration of a constant composition.

### 3.5.2 Management Board

The qualification profile for the Management Board is designed to ensure the appointment of personalities who complement each other with their different professional backgrounds and life experience. The Management Board, as a whole, should have a maximum of experience and technical qualifications to successfully manage the Zumtobel Group and generate optimal results. This diverse qualification profile also represents the basis for new appointments.

The selection of candidates for a Management Board position is based on their technical qualifications for the respective area of responsibility, their managerial qualities and previous performance as well as their knowledge of the company.

The Supervisory Board incorporates the following aspects in its decisions:

- >> The Management Board, in its entirety, should have international and long-standing management experience in development, production, sales and finance.
- >> 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.
- >> At least two members of the Management Board should have a technical education and/or many years of technical working experience.
- >> 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.
- >> With regard to age-related resignations from the Management Board, the Supervisory Board targets an age limit of 65 years. Diversity with regard to age is, however, a factor to be incorporated in the composition of the Management Board.

In addition to many years of experience in the Group, the Management Board members bring extensive knowledge and experience from different, in part also international activities outside the Zumtobel Group. The current composition of the three-member Management Board meets these goals, with the exception of the targeted share of women.

### 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 likability 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 2022 and the preparation of this corporate governance report.

Dornbirn, 15 June 2022

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)

# Report by the Supervisory Board of Zumtobel Group AG for the 2021/22 Financial Year

Dear Shareholders,

Signs of economic recovery were visible in 2021, but were curbed by rising inflation, delivery shortages and higher raw material costs. The effects of the Covid-19 pandemic on the economy are still clearly felt two years after the outbreak. We were also witness to an increase in geopolitical tensions, which unfortunately peaked with the start of the war in Ukraine during the first quarter of 2022. In spite of these challenging conditions, 2021/22 was a very successful financial year for our company. Management and our entire workforce again demonstrated their capability for unusual performance in unusual times. The company continued its positive development from the previous year with increase of 9.9% in revenues to EUR 1,148.3 million – and thereby exceeded revenues from the pre-corona year in 2019/20. Group EBIT (EUR 60.8 million) and Group net income (EUR 45.8 million) for the 2021/22 financial year topped both the previous year and pre-corona levels. 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 2021/22 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. During the periods between the scheduled meetings, the Management Board supplied the Supervisory Board with regular reports on important individual subjects. The chairman of the Management Board and the chairwoman of the Supervisory Board also held a number of 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 2022: 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 2021/22 financial year, in four scheduled meetings and one extraordinary session. All members attended all meetings, in part through acoustical and optical participation via communications software.

Key priorities for all meetings of the Supervisory Board in 2021/22 were the ongoing economic effects of the worldwide Covid-19 pandemic, which included supply bottlenecks and the related negative impact on production and price increases, as well as digitalisation and sustainability. In addition to measures to minimise the general risk for the company and identify opportunities, the latest events in Ukraine and their potential impact on the Zumtobel Group were also discussed.

The Supervisory Board meeting on 24 June 2021 included a detailed evaluation of the separate financial statements of Zumtobel Group AG and the related consolidated financial statements. 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. Status reports were provided on the development of business and individual projects, and elections were held for the executive bodies of subsidiaries (Zumtobel Lighting GmbH, Tridonic GmbH). The contract for Thomas Erath, who succeeded Thomas Tschol as managing director of Zumtobel Lighting GmbH and other subsidiaries, was approved and the distribution of business responsibilities was adjusted accordingly. A new committee – the Committee for Digital Affairs – was established to reflect the strategic importance of digitalisation. It includes Thorsten Staake as chairman and Christian Beer as vice-chairman as well as Eva Kienle and Volkhard Hofmann as shareholder representatives and will meet twice each year. 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.

A circular resolution on 29 July 2021 approved the appointment of a fourth member to the Management Board of Zumtobel Group AG in the function of chief digital officer and asked the Committee for Management Board Matters to begin the search for a suitable candidate.

The Supervisory Board meeting on 8 October 2021 approved the extension of Alfred Felder as chief executive officer of the Zumtobel Group AG to 31 July 2025. The agenda for this meeting also covered the report on the first quarter of 2021/22, the Forecast 4+8 with status reports on individual projects, and the development of business in both segments. In addition to the presentation of planned new developments for the indoor product portfolio and lighting management of the future, the issue of sustainability and the company's related strategy were discussed in detail.

The extraordinary Supervisory Board meeting on 3 November 2021 was called to discuss potential acquisition opportunities and to define the next steps together with possible strategic measures in this connection.

A circular resolution on 15 December 2021 approved the conclusion of a new consortium credit agreement. It has a term ending in December 2026 and maximum line which currently equals EUR 125 million.

The agenda for the Supervisory Board meeting on 21 January 2022 covered administrative resolutions as well as an update on financial data from December 2021. The development of business and outlook for the Components Segment and the lighting brands was discussed and the outdoor product portfolio and individual projects were presented.

Based on a circular resolution, Ovidiu-Radu Petreaca was appointed to become the fourth managing director of Zumtobel Lighting GmbH with responsibility as chief sales officer (CSO) for the lighting brands as of 27 January 2022.

The budget for the 2022/23 financial year and medium-term planning for the 2023/24, 2024/25 and 2025/26 financial years were accepted through a circular resolution on 25 March 2022 and at the Supervisory Board meeting on 22 April 2022. A capital increase, changes in executive appointments for the Group, and the main criteria for sustainability reporting were also discussed.

## Audit Committee

The Audit Committee of the Zumtobel Group met four times in 2021/22, in part together with representatives of the auditor. All members were present at all meetings.

The meeting on 24 June 2021 concentrated on the consolidated and separate financial statements for 2020/21. 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 and data protection, internal control system, internal audit and current process risks) were discussed and accepted. A recommendation for the appointment of a new auditor for the 2021/22 financial year was approved and passed on to the Supervisory Board.

In the meeting on 29 November 2021, the Audit Committee dealt with the six-month financial statements as of 31 October 2021, 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 2021/22 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 2021 and February 2022, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year as well as the updated risk position and the new auditor's extensive findings from the initial audit. 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 2021.

## Committee for Management Board Matters

The members of the Committee for Management Board Matters held numerous meetings and telephone conferences during the 2021/22 financial year, which involved discussions and follow-up assessments of key topics. The most important issues handled during the reporting year included the following: the revision of the remuneration policy for the Management Board of Zumtobel Group AG, the extension of Alfred Felder's appointment as Chief Executive Officer of Zumtobel Group AG to 31 July 2025, and the search for a suitable candidate for the position of Chief Digital Officer as a fourth member of the Management Board of Zumtobel Group AG.

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 first meeting of the newly created Committee for Digital Affairs was held on 29 November 2021. The most important topics discussed included the role and objectives of the newly created position of Chief Digital Officer at the level of the Executive Board and the status of the recruitment process as well as the digital transformation programme already launched by Zumtobel Group AG. The committee dealt in detail with digitisation projects in the areas of sales and production, as well as initiatives to develop digital tools that will enable Zumtobel customers to integrate products more easily and quickly. The committee members and the management paid particular attention to the targets of customer orientation, efficiency and agility as well as the alignment of corporate and digital strategy.

### 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 the Strategy Committee in 2021/22 included the evaluation of options for the growth strategy "Tridonic 2025" and the discussion of new business models as growth drivers, cooperation and growth opportunities in the Lighting Segment, and the re-positioning of sales in the country cluster. The strategy underlying the Global Production Footprint 2025 was broken down into three key factors: climate neutrality for the Zumtobel Group by 2025, cost-efficient production close to the customer, and high flexibility as added value for the customer. The THORN brand will also be upgraded and strengthened.

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 2021/22 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and given unqualified opinions. After an extensive review and discussion of the separate financial statements of Zumtobel Group AG with the auditor at meetings of the Audit Committee and the Supervisory Board, which provided no grounds for reservation, the Supervisory Board stated its agreement with the management reports for the company and the Group pursuant to § 96 (1) of the Austrian Stock Corporation Act and approved the separate financial statements of Zumtobel Group AG. These financial statements are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board also approved the consolidated financial statements as well as the consolidated corporate governance report which was reviewed by the Audit Committee.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their strong personal commitment during the past financial year.

We would also like to thank the shareholders of Zumtobel Group AG for their confidence.

For the Supervisory Board

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board

Dornbirn, 29 June 2022

## 4. Service

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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	= EBIT as a percentage of personnel expenses
Net debt	= Non-current borrowings + current borrowings – liquid funds – current financial receivables from associated companies – receivables from credit institutions from a continuing involvement based on the factoring agreement
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables – trade payables – prepayments received - customer bonuses, discounts and rebates

## Service

Zumtobel Group AG

1 May 2021 to 30 April 2022

## Financial Calendar

Record Date for the Annual General Meeting	19 July 2022
46th Annual General Meeting of Zumtobel Group AG	29 July 2022
Ex-Dividend Day	02 August 2022
Record Date Dividend	03 August 2022
Dividend Payout Day	05 August 2022
Interim Report Q1 2022/23 (1 May 2022 - 31 July 2022)	06 September 2022
Half-Year Financial Report 2022/23 (1 May 2022 - 31 October 2022)	07 December 2022
Interim Report Q1-Q3 2022/23 (1 May 2022 - 31 January 2023)	08 March 2023

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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 annual financial 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. 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. The Zumtobel Group does not plan to update these forward-looking statements. This annual financial report is also presented in English, but only the German text is binding.

