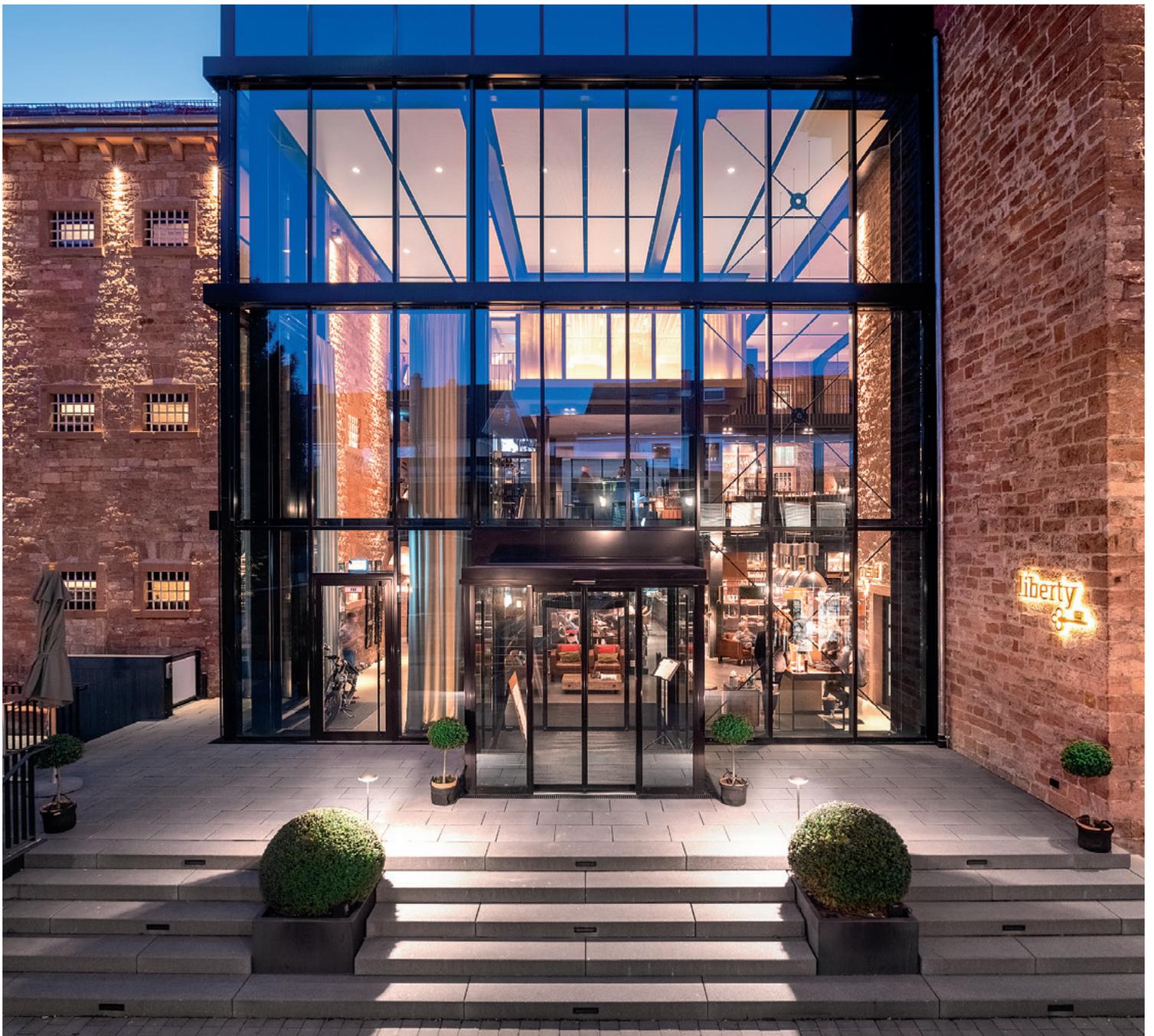


ZUMTOBEL Group

H1 2020/21

Half-Year Financial Report (May - October 2020)

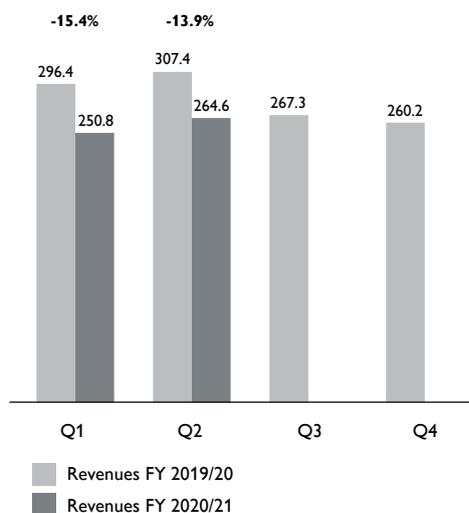


Overview of the First Half-Year 2020/21

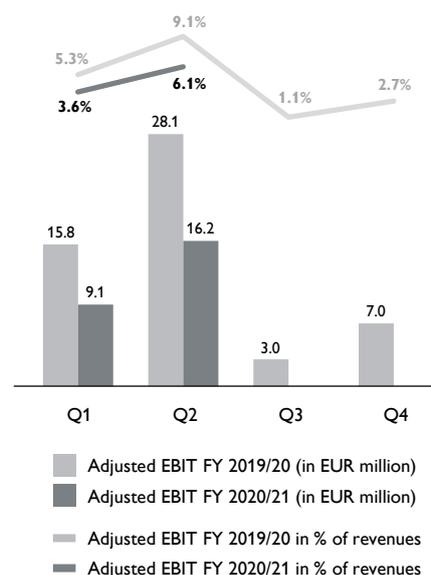
Key Data in EUR million	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %
Revenues	264.6	307.4	(13.9)	515.4	603.8	(14.6)
EBITDA	33.1	37.4	(11.4)	57.5	68.2	(15.8)
as a % of revenues	12.5	12.2		11.2	11.3	
Adjusted EBIT	16.2	28.1	(42.4)	25.3	43.9	(42.4)
as a % of revenues	6.1	9.1		4.9	7.3	
EBIT	15.9	21.2	(25.1)	22.9	36.7	(37.4)
as a % of revenues	6.0	6.9		4.5	6.1	
Net profit for the period	10.2	13.8	(26.1)	13.3	24.7	(46.0)
as a % of revenues	3.9	4.5		2.6	4.1	
Cash flow from operating results	34.0	37.4	(9.3)	57.8	68.3	(15.3)
Investments	8.0	14.2	(43.7)	16.0	24.6	(34.9)
				31 Oct 2020	30 April 2020	Change in %
Total assets				969.1	994.8	(2.6)
Equity				275.3	280.7	(1.9)
Equity ratio in %				28.4	28.2	
Net debt				145.9	165.7	(11.9)
Headcount incl. contract worker (full-time equivalent)				5,786	6,039	(4.2)

Development of business by quarter

Revenues (in EUR million)



Adjusted EBIT



Letter to Shareholders

Dear Shareholders,

The current financial year for the Zumtobel Group has been, and will continue to be, clearly influenced by the Covid-19 pandemic, which has confronted the global economy with a wide range of previously unknown challenges. We reacted quickly to this exceptional situation and, in recent months, have systematically adapted our business activities to meet the changing demand on our various markets. Revenue development gained momentum during the second quarter (August to October 2020) due to the easing of restrictions on business life throughout Europe, but this positive trend has been subdued by the renewed increase in corona cases.

Revenues recorded by the Zumtobel Group fell by 14.6% year-on-year to EUR 515.4 million in the first six months of 2020/21, or by 13.9% after an adjustment for foreign exchange effects. Despite this decline, we successfully generated a profit in the first half-year: Adjusted Group EBIT totalled EUR 25.3 million and the return on sales reached 4.9%. Net profit amounted to EUR 13.3 million, supported by our effective crisis and cost management – in no way an easy task in times like these! Not least due to our strong focus on expenses, free cash flow equalled at EUR 35.0 million and was even slightly higher than the first quarter of the previous year.

This development is a direct result of our efforts to strengthen the positioning of the Zumtobel Group over the past years. We are now using the knowledge gained from the current situation to adjust our corporate strategy so we can identify and utilise new opportunities for growth and emerge stronger from the crisis.

Successful opening of the new Light Forum

Apart from comments on these challenging times, the Zumtobel Group can also report on a very rewarding event: The digital opening of our new, 4,000 square metre Light Forum at our corporate headquarters in Dornbirn took place on 19 November – with over 6,000 participants “live” in attendance. The Light Forum creates a unique setting to present wide-ranging light experiences for our customers, partners and the general public. It shows the full range of our brands and also demonstrates our potential as an international corporate group – for visitors on site, just as clearly as a digital experience over the Internet. This revival of an old industrial building at our founding location also underscores our commitment to our regional roots.

Economic development still difficult to predict

The current development of the Covid-19 pandemic with the recent sharp rise in infections and resulting lockdowns makes it impossible to issue a concrete forecast on the development of revenues and earnings for the full 2020/21 financial year. We therefore hope you will understand that we will not issue any guidance for the 2020/21 financial year, also after the announcement of these half-year results. Our efforts, together with all our employees, are directed to resuming our sound pre-crisis development as quickly as possible and – at this point – I would like to thank the many men and women who work for the Zumtobel Group for their untiring commitment.

Alfred Felder
Chief Executive Officer (CEO)

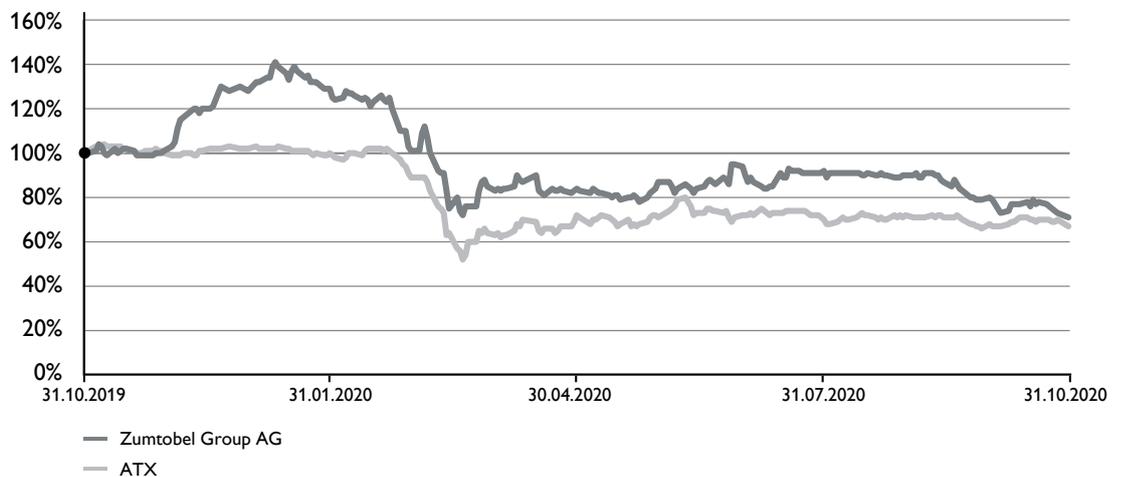


Alfred Felder

The Zumtobel Group Share

Based on an unchanged number of 43,5 million common shares outstanding, the market capitalisation of Zumtobel Group AG totalled EUR 209 million at the end of October 2020. The shareholder structure has not changed since the end of the 2019/20 financial year. The Zumtobel family continues to hold approximately 37.0% of the voting rights and has remained the stable core shareholder of Zumtobel Group AG since the IPO. Most of the remaining shares are held by institutional investors, none of whom exceeded the 4% reporting threshold as of 31 October 2020. The average daily turnover on the Vienna Stock Exchange amounted to 55,213 shares in the first half of 2020/21 (double-count, as published by the Vienna Stock Exchange). The company held an unchanged number of 353,343 treasury shares as of 31 October 2020.

Development of the Zumtobel Group Share



Key Data on the Zumtobel Group Share FY 2020/21

Closing price at 30.04.2020	EUR 5.910	Currency	EUR
Closing price at 31.10.2020	EUR 4.800	ISIN	AT0000837307
Performance FY 2020/21	(18.8)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 31.10.2020	EUR 209 Mio	Market segment	ATX Prime
Share price - high at 26.06.2020	EUR 6.790	Reuters symbol	ZUMV.VI
Share price - low at 28.10.2020	EUR 4.640	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	55,213	Number of issued shares	43,500,000

Group Management Report

General Economic Environment

The global outbreak of the Covid-19 virus has been a determining factor for the global economy in 2020 and a potential recovery is still connected with substantial uncertainty – above all, due to the recent peak in infections and reinstatement of restrictive measures. In its October 2020 outlook, the International Monetary Fund (IMF) again adjusted its forecast and now expects a decline of 4.4% in global output for 2020¹. A substantial decline in the gross domestic product is projected, above all, for the United Kingdom (-9.8%) and the eurozone (-8.3%) – two important markets for the Zumtobel Group. In Great Britain, economic forecasts reflect the negative effects of the Covid-19 pandemic as well as the upcoming BREXIT. Two key countries in the eurozone, Italy and France, have been particularly hard hit by the crisis and are faced with declines of 10.6% und 9.8%. The forecast for Germany is also not very optimistic (-6.0%). The situation for the commercial construction industry remains very challenging: The latest Euroconstruct data² from November 2020 point to a decline of roughly 9% in construction output for the Zumtobel Group's European markets in 2020. Great Britain is also strongly affected here with a minus of nearly 17%. The IMF is projecting a decline of 4.3% in economic output for the USA, while China is benefitting from rapid recovery and can expect growth of 1.9%.

Covid-19 drives global economy into a recession

The IMF is forecasting an improvement in the global economy during 2021. Under the assumption of normalised economic activity and government support in the form of monetary and fiscal policy measures, growth is expected to reach 5.2%. The eurozone and Great Britain should follow the global trend with an increase of 5.2% and 5.9%, respectively, while the USA is projected to face slightly weaker growth of 3.1%. The emerging and developing countries in Asia – driven by China – should see a substantially stronger upturn of 8.0% in 2021.

Worldwide recovery expected in 2021

Significant Events since 30 April 2020

A virtual Extraordinary General Meeting was held on 18 May 2020, whereby the agenda included the election of new members to the Supervisory Board. Two long-standing members of the Supervisory Board, Jürg Zumtobel, previously chairman, and Fritz Zumtobel, resigned as of this meeting. The new elected Supervisory Board members are Georg Pachta-Reyhofen and Thorsten Staake, both with a term of office extending to the general meeting that will vote on the release from liability for the 2023/24 financial year. Karin Zumtobel-Chammah was appointed chairwoman of the Supervisory Board.

Extraordinary general meeting: changes on the Supervisory Board

The 44th General Meeting on 24 July 2020 approved the payment of a dividend of 10 euro cents per share for the 2019/20 financial year. The dividend was transferred to shareholders on 31 July 2020.

Dividend for 2019/20: 10 euro cents

No other significant events occurred after the balance sheet date on 30 April 2020.

¹ Source: IMF forecast, World Economic Outlook, October 2020

² Source: 90th Euroconstruct conference, November 2020

Development of revenues in the first half of 2020/21

- >> Group revenues decline by 14.6% (FX-adjusted minus 13.9%)
- >> Lighting Segment revenues, FX-adjusted clearly below previous year (minus 13.4%)
- >> Even stronger revenue decline in Components Segment (FX-adjusted minus 16.3%)

FX-adjusted decline of 13.9% in Group revenues

In the first half of the 2020/21 financial year (1 May 2020 to 31 October 2020), Group revenues fell by 14.6% to EUR 515.4 million due to the reduction in market activity which resulted from the Covid-19 crisis (H1 2019/20: EUR 603.8 million). Negative currency translation effects of EUR 4.4 million resulted primarily from the devaluation of the Turkish lira, British pound and Chinese yuan against the euro, but were partly offset by the appreciation of the Swiss franc and Swedish krona. After an adjustment for these effects, revenues declined by 13.9%.

Distribution of regional revenues

Revenues in EUR million	Q2 2020/21	Change in %	1 HY 2020/21	Change in %	in % of Group
D/A/CH	89.8	(11.6)	177.0	(8.9)	34.3
Northern and Western Europe	65.0	(18.7)	122.7	(20.5)	23.8
Southern and Eastern Europe	66.6	(9.5)	128.0	(16.9)	24.8
Asia & Pacific	27.9	(6.0)	51.9	(13.5)	10.1
Rest of the World	15.4	(32.0)	35.8	(12.7)	7.0
Total	264.6	(13.9)	515.4	(14.6)	100.0

Revenue gap to previous year closed since the start of the crisis

The second quarter of this financial year brought a positive trend in revenues compared with the first quarter, but the improvement faded towards the end of October. Revenues for the first six months of 2020/21 were lower than the previous year in all regions. The D/A/CH region, the strongest market for the Zumtobel Group, recorded a decline of 8.9% (FX-adjusted minus 10.0%) to EUR 177.0 million. Revenues in Switzerland and Austria were only slightly lower despite the crisis, but the reduction in Germany was more substantial. In the Northern and Western Europe region, revenues fell by 20.5% to EUR 122.7 million. The decline was most visible on the markets in Great Britain, Norway, Belgium and Sweden. Revenues in Southern and Eastern Europe were 16.9% lower (FX-adjusted minus 15.0%) at EUR 128.0 million. The Zumtobel Group also recorded lower revenues in the core markets of France and Italy. The Asia & Pacific region reported a 13.5% drop in revenues to EUR 51.9 million (FX-adjusted minus 11.7%). Revenues generated in the other regions ("Rest of the World") fell by 12.7% to EUR 35.8 million, whereby the US market was only slightly below the previous year despite the strong effects of the Covid-19 crisis.

Business development by segment

Revenues in EUR million	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %	FX adjusted in %
Lighting Segment	204.4	234.2	(12.7)	394.1	456.7	(13.7)	(13.4)
Components Segment	72.6	88.0	(17.5)	145.7	177.3	(17.8)	(16.3)
Reconciliation	(12.3)	(14.8)	(16.5)	(24.3)	(30.2)	(19.4)	
Zumtobel Group	264.6	307.4	(13.9)	515.4	603.8	(14.6)	(13.9)

Lighting Segment-revenues: FX-adjusted decline of 13.4%

Revenue development in the Lighting Segment has followed a positive trend since the beginning of the Covid-19 crisis, but the gap to the previous year remained in the double-digit percentage range. The revenue declines were particularly visible in Great Britain, Germany, France and Eastern Europe. Positive factors included slightly weaker price erosion compared with the previous year. In this operating environment, the Lighting Segment recorded a 13.7% decrease in revenues to EUR 394.1 million

(H1 2019/20: EUR 456.7 million). After an adjustment for negative foreign exchange effects, which were only offset in part by a strong positive foreign exchange effect from the Swiss franc, revenues fell by 13.4% year-on-year.

In the Components Segment, revenues declined by 17.8% in the first half of 2020/21. The beginning of the crisis in the fourth quarter of 2019/20 was reflected in increased inventory purchases by customers in reaction to supply chains disrupted by the Covid-19 pandemic and a subsequent positive effect on segment revenues. This was followed by a negative effect on Q1 revenues for the current financial year. Declines were especially strong on the markets in France, Great Britain and China. Revenue development was also negatively influenced by the devaluation of the Turkish lira. After an adjustment for foreign exchange effects, revenues declined by 16.3%. A positive factor for the development of revenues was the reduction in price pressure due to the increasing maturity of products.

**Components Segment
revenues: year-on-year
decline**

Development of earnings in the first half of 2020/21

- >> Adjusted Group EBIT positive at EUR 25.3 million despite Covid-19 crisis
- >> Cost savings and government measures to cushion the Covid-19 crisis were unable to completely offset the revenue decline, but protected satisfactory earnings
- >> SG&A expenses reduced by EUR 21.4 million versus H1 2019/20

Income statement in EUR million	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %
Revenues	264.6	307.4	(13.9)	515.4	603.8	(14.6)
Cost of goods sold	(178.3)	(199.6)	(10.7)	(349.1)	(397.5)	(12.2)
Gross profit	86.4	107.9	(19.9)	166.3	206.4	(19.4)
as a % of revenues	32.6	35.1		32.3	34.2	
SG&A expenses	(70.2)	(79.8)	(12.1)	(141.1)	(162.5)	(13.2)
Adjusted EBIT	16.2	28.1	(42.4)	25.3	43.9	(42.4)
as a % of revenues	6.1	9.1		4.9	7.3	
Special effects	(0.3)	(6.8)	96.1	(2.3)	(7.2)	67.9
EBIT	15.9	21.2	(25.1)	22.9	36.7	(37.4)
as a % of revenues	6.0	6.9		4.5	6.1	
Financial results	(2.8)	(3.7)	23.6	(5.9)	(5.5)	(5.6)
Profit before tax	13.1	17.5	(25.4)	17.1	31.1	(45.1)
Income taxes	(2.9)	(3.7)	(22.9)	(3.8)	(6.4)	(41.5)
Net profit for the period	10.2	13.8	(26.1)	13.3	24.7	(46.0)
Earnings per share (in EUR)	0.24	0.32	(26.1)	0.31	0.57	(46.0)

¹ Excluding special effects; following the correction of a system setting in the internal calculation logic, the prior year amounts for the various types of expenses were adjusted, with no effect on profit or loss, in accordance with IAS 8. Additional information is provided under the notes to the income statement in the section on expenses.

Note: EBITDA (plus depreciation and amortisation) amounted to EUR 57.5 million in the first half of 2020/21.

Group EBIT adjusted for special effects fell to EUR 25.3 million in the first half of 2020/21 (H1 2019/20: EUR 43.9 million), and the return on sales dropped from 7.3% to 4.9%. The reduction of fixed costs made an important contribution to earnings – for example, SG&A expenses were cut by EUR 21.4 million year-on-year during the reporting period, and lower procurement prices for raw materials, in particular, led to a decrease in the materials cost component. Adjusted EBIT declined from EUR 39.9 million to EUR 24.7 million in the Lighting Segment and from EUR 13.4 million to EUR 7.3 million in the Components Segment.

**Adjusted Group EBIT
falls to EUR 25.3 million**

Increase in development costs

The gross profit margin (excluding special effects and after development costs) for the Zumtobel Group declined to 32.3% in the first half of 2020/21 (H1 2019/20: 34.2%). Development costs included in the cost of goods sold rose by EUR 1.6 million to EUR 28.9 million (H1 2019/20: 27.2 million).

Substantial reduction in selling and administrative costs

Reductions in personnel, marketing, travel and transport expenses led to a decline of EUR 18.8 million in selling costs to EUR 127.2 million (H1 2019/20: EUR 146.1 million). Administrative expenses fell by EUR 1.7 million to EUR 19.5 million (H1 2019/20: EUR 21.2 million) due to a decrease in personnel costs. Other operating income, excluding special effects, consisted primarily of license income from the LED business and amounts receivable from government grants and totalled EUR 5.7 million (H1 2019/20: EUR 4.8 million).

Negative special effects of EUR 2.3 million

Negative special effects of EUR 2.3 million were recorded in the first half of 2020/21 (H1 2019/20: EUR 7.2 million). These effects were related primarily to costs for the termination of production at the accd plant in Barrowford, Great Britain and relocation to the Spennymoor plant as well as the restructuring of back office activities in Nantes and the release of a provision related to the restructuring of the Europhane investment.

Financial result in EUR million	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %
Interest expense	(1.5)	(2.0)	(26.0)	(3.0)	(4.0)	(24.4)
Interest income	0.1	0.1	(7.9)	0.1	0.2	(10.1)
Net financing costs	(1.4)	(1.9)	26.7	(2.9)	(3.8)	25.0
Other financial income and expenses	(1.7)	(1.8)	7.7	(3.2)	(1.7)	85.6
Result from companies accounted for at-equity	0.2	0.0	>100	0.2	0.0	>100
Financial results	(2.8)	(3.7)	23.6	(5.9)	(5.5)	(5.6)

Financial results below previous year

Financial results declined by EUR 0.3 million to minus EUR 5.9 million in the first half of 2020/21 (H1 2019/20: minus EUR 5.5 million). Interest expense, which is attributable primarily to the current credit agreement and finance leases, totalled minus EUR 2.9 million (H1 2019/20: minus EUR 3.8 million). Other financial income and expenses amounted to minus EUR 3.2 million (H1 2019/20: minus EUR 1.7 million). The fluctuations in the fair value measurement of financial instruments reflect the high volatility on the foreign exchange market, above all in connection with the Swiss franc, Turkish lira, British pound and US dollar.

Profit before tax amounted to EUR 17.1 million in the first half of 2020/21 (H1 2019/20: EUR 31.1 million), and income taxes equalled EUR 3.8 million (H1 2019/20: EUR 6.4 million). Net profit declined to EUR 13.3 million (H1 2019/20: EUR 24.7 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled plus EUR 0.31 (H1 2019/20: plus EUR 0.57).

Cash flow and asset position

Cash flow from operating results fell from EUR 68.3 million in the first half of the previous year to EUR 57.8 million due to the negative effects of the Covid-19 on profitability.

The crisis hindered the further substantial optimisation of working capital. As of 31 October 2020, working capital totalled EUR 180.0 million and was EUR 1.5 million below the level on 31 October 2019. Cash flow from operating activities declined from EUR 58.4 million to EUR 50.6 million.

Cash flow from investing activities amounted to EUR 16.0 million and was significantly lower than the first half of the previous year (H1 2019/20: EUR 24.6 million). Included here are investments of EUR 9.1 million (H1 2019/20: EUR 15.6 million) in Austria. Free cash flow improved slightly to plus EUR 35.0 million (H1 2019/20: EUR 34.4 million) based on the reduction in cash flow from investing activities and despite the decline in cash flow from operating activities.

Additional details on the cash flow statement are provided in the notes to the condensed consolidated interim financial statements under "Notes to the cash flow statement".

Balance sheet data in EUR million	31 Oct 2020	30 April 2020
Total assets	969.1	994.8
Net debt	145.9	165.7
Debt coverage ratio	1.52	1.55
Equity	275.3	280.7
Equity ratio in %	28.4	28.2
Gearing in %	53.0	59.0
Investments	16.0	57.9
Working capital	180.0	169.2
As a % of rolling 12 month revenues	17.3	15.0

The balance sheet structure has remained nearly unchanged since 30 April 2020. The equity ratio equalled 28.4% as of 31 October 2020. Net debt declined by EUR 19.7 million to EUR 145.9 million, and gearing – the ratio of net debt to equity – therefore improved from 59.0% to 53.0%.

Related Party Transactions

Information on business relationships with related companies and persons can be found in the notes to the consolidated interim financial statements of Zumtobel Group AG (see the section on "Related Party Transactions").

Working capital slightly below previous year

Free cash flow at plus EUR 35.0 million

Solid balance sheet structure

Major risks and uncertainties during the second half-year 2020/21

Risk management for early identification of opportunities and risks

The Zumtobel Group believes an effective risk management system is an important factor for maintaining and expanding its competitive position. 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 prompt implementation of suitable measures to deal with changes in the operating environment.

Risks arising from economic developments and competitive risks

The most important risk factor is the forecasted economic growth – together with the repeated downward revisions – in our core markets, which has a direct impact on the professional construction industry and its development. Private residential construction is still active, but construction in the industrial and administrative sectors is weakening. The decline has become noticeable, and recovery has been delayed by the massive onset of a second corona wave which has led to the renewed restriction of economic activity (second lockdown). The limitations on sales (customers cannot be visited at all or only on a limited basis at the present time) will also lead to declines in the second half-year and thereafter. In some markets, this development has been amplified by an uncertain political environment (BREXIT, new elections and/or difficulties in forming governments and coalitions in several countries). The decline in sales volumes further increases the surplus capacity on the market which, in turn, can create downward pressure on prices and margins. All these developments can have a negative effect on the sales volumes recorded by the Zumtobel Group and lead to the postponement or cancellation of projects.

Risks arising from restructuring

Any necessary measures to bring structural costs and capacity in line with a more difficult market environment or the strategic reorientation of the Zumtobel Group could lead to additional restructuring costs and thereby have a negative effect on earnings. In particular, this involves the reintegration of the French plant in Les Andelys and the relocation of production from the English plant in Barrowford to Spennymoor. The new production plant for lighting and components in Niš (Serbia), which was opened in September 2018, not only brings opportunities, but also short-term risks. The adjustment of plant capacity and the shift of products to other locations lead to temporary production and/or logistics inefficiencies and can subsequently result in delivery problems.

Market acceptance of new products

Differentiation from the competition can strengthen a company's market position and protect appropriate margins. In both the lighting and components businesses, the Zumtobel Group must regularly defend its strong technology position in the industry and adapt new developments to meet the changing requirements of various applications. This challenge is met with a steady focus on innovation and close cooperation between development, marketing, product management and sales. With the cross-segment function "Services & Solutions" (formerly Zumtobel Group Services), the Zumtobel Group has further strengthened its position as a service-oriented company. Innovative turnkey solutions for products, systems and services are a key driver for future growth.

Raw material and delivery risk

The prices for steel, copper, aluminium and plastic granulate have started to increase after months of downward trends. Tensions on the electronics market have also eased but certain product families (semiconductor processors) are only available on an allocation basis due to an increase in demand, above all from Asia. Here we are confronted with extremely long delivery times and close communications with the relevant suppliers are essential. The impact of Covid-19 on suppliers and their availability is minimal at the present time but remains under monitoring, above all due to the rising number of infections and possible shutdowns in individual regions.

Low liquidity risk

In order to protect the ability to meet its payment 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 can also access extensive working capital credits to offset seasonal liquidity fluctuations arising from business activities. The Zumtobel Group had short-term, unsecured lines of credit totalling EUR 63.0 million at its disposal as of 31 October 2020 (31 October

2019: EUR 63.7 million). An important source of financing for the Zumtobel Group is the consortium credit agreement concluded on 1 December 2015 with six banks, which has a term ending in November 2022 and a current maximum line of EUR 200 million. The amount drawn by the Zumtobel Group under this credit agreement totalled EUR 25 million as of 31 October 2020 (31 October 2019: EUR 20 million). The consortium credit agreement includes a clause covering an increase of up to EUR 200 million. In addition, the Zumtobel Group concluded two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB), which call for bullet repayment and have terms ending in September 2024, respectively in February 2025; both credits were fully drawn as of 31 October 2020. Additional funds totalling EUR 39.9 million are available from the programme "Covid-19 Sonder-KRR" created by Oesterreichische Kontrollbank (end of term: 31 March 2022). The consortium credit agreement and the credit agreements with the European Investment Bank (EIB) include a change of control clause which would take effect if there were an absolute change in voting rights. The consortium credit agreement, the EIB contracts and the Covid-19 special KRRs require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). A deterioration in these financial indicators could lead to a gradual increase in the credit margin for the consortium credit agreement and the special KRRs, while failure to comply with the covenants could cause the lenders to call existing loans. These financial covenants were met in full as of 31 October 2020 with a debt coverage ratio of 1.52 (30 April 2020: 1.55) and an equity ratio of 28.4% (30 April 2019 28.2%).

The two loans of EUR 40 million each with terms ending in September 2024 and February 2025, respectively, as well as the EUR 25 million currently outstanding under the consortium credit agreement and the special KRRs of EUR 39.9 million carry variable interest rates (EURIBOR money market interest rates; the latter at the programme-specific OeKB variable interest rate). In order to reduce the related interest rate risk, the Zumtobel Group has concluded EUR-interest rate swaps with various banks for a current effective nominal volume of EUR 20 million. These instruments have a term ending in June 2021 and exchange the variable interest payments on the financing into fixed interest payments and limit the interest rate to a maximum of 0.3%.

Interest rate risk

The foreign exchange markets are characterised by high uncertainty and volatility. The earnings recorded by the Zumtobel Group are exposed to foreign exchange risk, in particular from transaction effects – i.e. when local companies buy and/or sell their products in a currency other than their local currency. Intragroup dividends or loans can also be paid and received in a currency other than the local currency. Translation risk – i.e. when foreign company financial statements are converted into the Group currency (euro) for consolidation – is of lesser importance for the Zumtobel Group and is not hedged. Transaction risk is generally hedged with forward exchange contracts that have a term of up to one year and, in selected cases, by options. The Group's main currencies are the EUR, CHF, USD (as well as the Asian currencies that are pegged to the USD), GBP and AUD. Foreign exchange exposure is based on general forecast assumptions and not on specific contracts and, for this reason, the requirements for hedge accounting are usually not met. Currently available information indicates that negative transaction effects from exchange rate fluctuations can also be expected in the second half of 2020/21.

Foreign exchange risk

The risks arising from regress claims and the 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 is experiencing a trend towards longer warranty periods, above all for road lighting projects, which leads to higher guarantee costs and/or provisions for warranties.

Product liability risks

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 estimating the term of capitalised rights of use from leases and valuing non-financial assets, deferred tax assets, inventories, receivables, the provisions for pensions, severance payments and service anniversary bonuses, and the provisions for guarantees and warranties. The major balance sheet risks for the Zumtobel Group are related to goodwill, the valuation of capitalised development costs and inventories, and the valuation of the pension fund in Great Britain.

Additional information on the potential risks and opportunities facing the Zumtobel Group is provided in the 2019/20 annual financial report. 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.

Outlook

- >> 2020/21 financial year as a year of trial
- >> Economic development still difficult to predict
- >> No guidance for 2020/21 at the present time

The Management Board of the Zumtobel Group sees the 2020/21 financial year as a year of trial where the primary objective is to successfully manage the effects of the Covid-19 pandemic. Activities will also focus on setting a strategic course that will allow the company to emerge stronger from this global crisis and support the identification and utilisation of growth opportunities. The current development of the Covid-19 pandemic with the recent sharp rise in infections and resulting lockdowns makes it impossible to issue a concrete forecast on the development of revenues and earnings for the full 2020/21 financial year and subsequent periods at the present time. The Management Board of the Zumtobel Group has therefore decided not to issue any guidance for the 2020/21 financial year, also after the announcement of half-year results.

Dornbirn, 1 December 2020

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Tschol
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Condensed Consolidated Interim Financial Statements
as of 31 October 2020

Consolidated Income Statement

in TEUR	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %
Revenues	264,638	307,445	(13.9)	515,438	603,836	(14.6)
Cost of goods sold ¹	(178,276)	(207,475)	(14.1)	(349,116)	(405,357)	(13.9)
<i>thereof special effects</i>	0	(7,900)		0	(7,900)	
Gross profit¹	86,362	99,970	(13.6)	166,322	198,479	(16.2)
<i>as a % of revenues</i>	32.6	32.5		32.3	32.9	
Selling expenses ¹	(64,723)	(72,471)	(10.7)	(127,247)	(146,084)	(12.9)
Administrative expenses ¹	(10,100)	(10,448)	(3.3)	(19,471)	(21,189)	(8.1)
Other operating income	4,638	5,283	(12.2)	5,664	7,204	(21.4)
<i>thereof special effects</i>	0	2,096		0	2,414	
Other operating expenses	(263)	(1,086)	(75.8)	(2,322)	(1,750)	32.7
<i>thereof special effects</i>	(263)	(1,012)	(74.0)	(2,322)	(1,743)	33.3
Operating profit	15,914	21,248	(25.1)	22,946	36,660	(37.4)
<i>as a % of revenues</i>	6.0	6.9		4.5	6.1	
Interest expense	(1,498)	(2,024)	(26.0)	(3,006)	(3,978)	(24.4)
Interest income	70	76	(7.9)	138	153	(10.1)
Other financial income and expenses	(1,655)	(1,793)	(7.7)	(3,224)	(1,737)	85.6
Result from companies accounted for at-equity	239	17	>100	239	17	>100
Financial results	(2,844)	(3,724)	23.6	(5,853)	(5,545)	(5.6)
<i>as a % of revenues</i>	(1.1)	(1.2)		(1.1)	(0.9)	
Profit before tax	13,070	17,524	(25.4)	17,093	31,115	(45.1)
Income taxes	(2,876)	(3,729)	(22.9)	(3,761)	(6,434)	(41.5)
Net profit for the period	10,194	13,795	(26.1)	13,332	24,681	(46.0)
<i>as a % of revenues</i>	3.9	4.5		2.6	4.1	
<i>thereof due to non-controlling interests</i>	266	193	38.0	445	186	>100
<i>thereof due to shareholders of the parent company</i>	9,928	13,602	(27.0)	12,887	24,495	(47.4)
Average number of shares outstanding – basic (in 1.000 pcs.)	43,147	43,147		43,147	43,147	
Average number of shares outstanding – diluted (in 1.000 pcs.)	43,147	43,147		43,147	43,147	
Earnings per share (in EUR)						
Earnings per share (diluted and basic)	0.24	0.32		0.31	0.57	

¹ Following the correction of a system setting in the internal calculation logic, the prior year amounts for the various types of expenses were adjusted, with no effect on profit or loss, in accordance with IAS 8. Additional information is provided under the notes to the income statement in the section on expenses.

Consolidated Statement of Comprehensive Income

in TEUR	Q2 2020/21	Q2 2019/20	Change in %	1 HY 2020/21	1 HY 2019/20	Change in %
Net profit for the period	10,194	13,795	(26.1)	13,332	24,681	(46.0)
Actuarial loss	(13,659)	(10,155)	(34.5)	(13,659)	(10,155)	34.5
Deferred taxes due to actuarial loss	1,168	2,031	(42.5)	1,168	2,031	(42.5)
Total of items that will not be reclassified ("recycled") subsequently to the income statement	(12,491)	(8,124)	(53.8)	(12,491)	(8,124)	53.8
Currency differences	2,176	(8,485)	>100	2,346	(704)	>100
Currency differences arising from loans	(153)	6,749	<(100)	(4,301)	(50)	<(100)
Hedge accounting	14	17	(17.6)	27	112	(75.9)
Deferred taxes due to hedge accounting	0	(4)		0	(28)	
Total of items that will be reclassified ("recycled") subsequently to the income statement	2,037	(1,723)	>100	(1,928)	(670)	<(100)
Subtotal other comprehensive income	(10,454)	(9,847)	6.2	(14,419)	(8,794)	(64.0)
<i>thereof due to non-controlling interests</i>	46	3	>100	(190)	13	<(100)
<i>thereof due to shareholders of the parent company</i>	(10,500)	(9,850)	6.6	(14,229)	(8,807)	(61.6)
Total comprehensive income	(260)	3,948	<(100)	(1,087)	15,887	<(100)
<i>thereof due to non-controlling interests</i>	313	196	59.5	255	199	28.2
<i>thereof due to shareholders of the parent company</i>	(573)	3,752	<(100)	(1,342)	15,688	<(100)

Consolidated Balance Sheet

in TEUR	31 Oct 2020	in %	30 April 2020	in %
Goodwill	189,581	19.6	191,510	19.3
Other intangible assets	43,083	4.4	46,694	4.7
Property, plant and equipment	268,314	27.7	284,561	28.6
Financial assets accounted for at equity	4,558	0.5	4,029	0.4
Financial assets	1,404	0.1	1,410	0.1
Other assets	3,576	0.4	3,915	0.4
Deferred taxes	23,154	2.4	23,461	2.4
Non-current assets	533,670	55.1	555,580	55.9
Inventories	157,126	16.2	170,931	17.1
Trade receivables	157,686	16.3	145,876	14.7
Financial assets	624	0.1	1,307	0.1
Other assets	48,856	5.0	49,258	5.0
Liquid funds	71,088	7.3	71,838	7.2
Current assets	435,380	44.9	439,210	44.1
ASSETS	969,050	100.0	994,790	100.0
Share capital	108,750	11.2	108,750	10.9
Additional paid-in capital	335,316	34.6	335,316	33.8
reserves	(184,690)	(19.1)	(179,563)	(18.1)
Net profit for the period	12,887	1.3	13,417	1.3
Capital attributed to shareholders of the parent company	272,263	28.0	277,920	27.9
Capital attributed to non-controlling interests	3,017	0.4	2,762	0.3
Equity	275,280	28.4	280,682	28.2
Provisions for pensions	87,682	9.0	78,299	7.9
Provisions for severance compensation	51,443	5.3	49,189	4.9
Provisions for other employee benefits	11,094	1.1	10,524	1.1
Other provisions	21,565	2.2	12,484	1.3
Borrowings	191,951	19.8	208,597	21.0
Other liabilities	1,719	0.2	1,447	0.1
Deferred taxes	1,765	0.2	1,766	0.2
Non-current liabilities	367,219	37.8	362,306	36.5
Provisions for taxes	21,683	2.2	22,165	2.2
Other provisions	43,232	4.5	50,765	5.1
Borrowings	25,084	2.6	28,907	2.9
Trade payables	92,184	9.5	115,612	11.6
Other liabilities	144,368	15.0	134,353	13.5
Current liabilities	326,551	33.8	351,802	35.3
EQUITY AND LIABILITIES	969,050	100.0	994,790	100.0

Consolidated Cash Flow Statement

in TEUR	1 HY 2020/21	1 HY 2019/20
Profit before tax	17,093	31,115
Depreciation and amortisation	33,050	31,571
Impairment of property, plant and equipment and intangible assets	1,489	0
Gain/loss on the disposal of property, plant and equipment and intangible assets	363	148
Other non-cash financial results	3,224	1,737
Interest income/ Interest expense	2,868	3,825
Share of profit or loss in companies accounted for at equity	(239)	(17)
Changes in the scope of consolidation	0	(113)
Cash flow from operating results	57,848	68,266
Inventories	11,576	6,861
Trade receivables	(14,187)	(7,751)
Trade payables	(22,128)	(10,050)
Prepayments received	11,209	3,009
Change in working capital	(13,530)	(7,931)
Non-current provisions	8,083	(1,187)
Current provisions	(7,199)	(1,512)
Other assets	16	(8,957)
Other liabilities	8,480	11,165
Change in other operating items	9,380	(491)
Income taxes paid	(3,113)	(1,485)
Cash flow from operating activities	50,585	58,359
Cash inflows from the disposal of property, plant and equipment and other intangible assets	509	454
Cash outflows for the purchase of property, plant and equipment and other intangible assets	(16,050)	(24,636)
Change in non-current and current financial assets	(151)	16
Interest received	140	157
Cash flow from investing activities	(15,552)	(24,009)
FREE CASH FLOW	35,033	34,350
Cash proceeds from non-current and current borrowings	39,900	0
Cash repayments of non-current and current borrowings	(63,629)	(13,495)
Dividend paid to shareholders of the parent	(4,315)	0
Interest paid	(2,919)	(3,918)
Cash flow from financing activities	(30,963)	(17,413)
CHANGE IN CASH AND CASH EQUIVALENTS	4,070	16,937
Cash and cash equivalents at the beginning of the period	59,739	19,605
Cash and cash equivalents at the end of the period	62,274	36,240
Effects of exchange rate changes on cash and cash equivalents	(1,535)	(302)
Change absolute	4,070	16,937

Consolidated Statement of Changes in Equity

1st Half-Year 2020/21

in TEUR	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			
30 April 2020	108,750	335,316	(10,909)	(37,770)	240	(117,707)	277,920	2,762	280,682
+/- Net profit for the period	0	0	12,887	0	0	0	12,887	445	13,332
+/- Other comprehensive income	0	0	0	(1,765)	27	(12,491)	(14,229)	(190)	(14,419)
+/- Total comprehensive income	0	0	12,887	(1,765)	27	(12,491)	(1,342)	255	(1,087)
+/- Dividends	0	0	(4,315)	0	0	0	(4,315)	0	(4,315)
31 October 2020	108,750	335,316	(2,337)	(39,535)	267	(130,198)	272,263	3,017	275,280

1st Half-Year 2019/20

in TEUR	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			
30 April 2019	108,750	335,316	(24,141)	(38,020)	(260)	(120,533)	261,112	1,666	262,778
+/- Net profit for the period	0	0	24,495	0	0	0	24,495	186	24,681
+/- Other comprehensive income	0	0	0	(767)	84	(8,124)	(8,807)	13	(8,794)
+/- Total comprehensive income	0	0	24,495	(767)	84	(8,124)	15,688	199	15,887
+/- Dividends	0	0	0	0	0	0	0	0	0
31 October 2019	108,750	335,316	354	(38,787)	(176)	(128,657)	276,800	1,865	278,665

The balance sheet position "reserves" comprises other reserves as well as the currency reserve, the reserve for hedge accounting, the reserve for stock options and the IAS 19 reserve for "employee benefits".

Condensed Notes

Accounting and Valuation Methods

The condensed consolidated interim financial statements for the reporting period from 1 May 2020 to 31 October 2020 were prepared in accordance with the principles set forth in International Financial Reporting Standards (IAS 34, Interim Financial Reporting). The company has elected to make use of the option set forth in IAS 34 and provide selected explanatory notes.

The condensed consolidated interim financial statements as of 31 October 2020 were prepared in accordance with the International Financial Reporting Standards and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applied in the European Union (EU), which were in effect on the balance sheet date.

The accounting and valuation methods applied as of 31 October 2020 reflect the methods applied in preparing the consolidated financial statements as of 30 April 2020, with the exception of the IFRSs which required mandatory application after 1 January 2020.

In order to improve the transparency and explanatory power of the condensed consolidated interim financial statements, certain items were combined on the balance sheet, the income statement and the statement of comprehensive income 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 reporting packages of the companies included in the condensed consolidated interim financial statements were prepared on the basis of uniform accounting and valuation principles.

The preparation of consolidated interim financial statements in accordance with IFRS requires the use of judgments, estimates and assumptions by management, which have an influence on the amount and reporting of recognised assets and liabilities, income and expenses, and the disclosures on contingent liabilities in the condensed consolidated interim financial report.

These judgments, estimates and assumptions are connected with increased uncertainty due to the current unforeseeable consequences of the Covid-19 pandemic. The actual values may differ from these judgments, assumptions and estimates, and changes can have a material influence on the condensed consolidated interim financial statements. Updates to the judgments, assumptions and estimates include all available information on the expected development of the economy and on government-initiated measures.

Effects of Covid-19

The WHO designated the global outbreak of the Covid-19 respiratory disease as a pandemic on 11 March 2020. Measures to combat the pandemic were implemented by governments throughout the world beginning at the end of February 2020. In this connection, among other things restrictions were imposed on the freedom of movement and the freedom of assembly, and companies and schools were provisionally closed.

Development of revenues and earnings

Group revenues fell by 14.6% year-on-year to TEUR 515,438 in the first half of 2020/21 due to the reduction in market activity which resulted from the Covid-19 crisis (H1 2019/20: TEUR 603,836). The Components Segment was negatively affected by the sharp drop in global demand and revenues subsequently fell by 17.8%. The revenue decline in the Lighting Segment equalled 13.7%. The decrease in Group revenues was offset in part by year-on-year savings of TEUR 18,837 in selling costs and TEUR 1,718 in administrative costs, with an important contribution made by the reduction of personnel expenses. Operating profit declined by TEUR 13,714 from TEUR 36,660 to TEUR 22,946. Inventories were adjusted to reflect the Covid-19 crisis conditions through active stock optimisation and reduced by TEUR 13,805. Trade payables declined by TEUR 23,428.

Goodwill and other intangible assets

As a reaction to the Covid-19 pandemic, a qualitative assessment of goodwill was carried out with updated forecasts for various earnings scenarios to verify the recoverable amount. The forecast assumptions were modified to reflect expectations for the development of revenues and the related adjustments to production capacity. The planned cost structure and government grants were also revised, and working capital and CAPEX planning were adjusted accordingly. The assessment did not provide any indications that the goodwill could be impaired.

Based on the current medium-term forecast weighted by the applied scenarios and a WACC of 6.89%, the headroom for "CGU Lighting" equals EUR 162 million (30 April 2020: EUR 175 million). An increase in the WACC to 7.5% with no changes in the medium-term forecast would reduce the headroom by EUR 66 million to EUR 96 million. A forecast variance of 10% with a constant WACC would result in a similar reduction of EUR 95 million. The headroom for the "CGU Components" equalled EUR 29 million (30 April 2020: EUR 66 million) based on an applied WACC of 7.84%. An increase in the WACC to 8.4% based on a constant medium-term forecast would reduce the headroom by EUR 14 million to EUR 15 million. A negative forecast variance of 10% based on a constant WACC would result in a reduction of EUR 13 million.

Impairment tests were also carried out on individual assets based on updated product-related earnings forecasts. Impairment losses were recognised to individual products for which follow-up products were already under development due to the reduced amortisation time. Capitalised development costs totalling TEUR 1,489 were subsequently written off.

Credit risks

The Zumtobel Group has implemented an impairment model for the calculation of a simplified expected credit loss for trade receivables. It involves the evaluation of individual customer default risks based on actual payment behaviour towards the Group, current credit reports and credit insurance in a six-level risk class model. A default probability is assigned to each risk class in an impairment matrix. Continuous adjustment to external input factors allows the model to react to Covid-19 related changes in risk. No increase in expected receivables defaults was observed during the reporting period.

Refinancing

The drawdown from the line provided by the consortium credit agreement was reduced by TEUR 50,000 and refinanced, above all, by borrowings of TEUR 39,900 from a KRR Covid-19 special line with a variable term ending on 31 March 2022.

Investment subsidies

The Investment Subsidy Act ("Investitionsprämien-gesetz", InvPrG) was introduced in reaction to the Covid-19 pandemic. It is intended to support investments in depreciable assets and strengthen Austria as an industrial location. The subsidy is a non-refundable grant which generally equals 7% of the acquisition cost. For new investments in the areas of digitalisation, greening and health/life science, the grant increases to 14%. Applications for the subsidy can be filed for investments started after 1 August 2020 and before 1 March 2021. The Zumtobel Group intends to submit an application with the responsible institution (Austria Wirtschaftsservice GmbH) for all investments which are eligible for support.

Rent concessions

In individual cases, the Zumtobel Group was granted rent concessions in connection with the negative economic effects arising from the Covid-19 crisis. These rent concessions were not accounted for as contract modifications but recognised to profit or loss when the change met the requirements of IFRS 16. The granted concessions were immaterial in scope.

Short-time work, reduction of accumulated holiday and overtime

The Zumtobel Group accelerated the reduction of accumulated holiday and overtime in reaction to the effects of Covid-19 on business development. National short-time work options were also used where possible and practicable. In Austria, most of the workforce has been on short-time schedules since March 2020. Personnel expenses for the first half year were reduced from TEUR 190,656 to TEUR 167,780. The subsidy applications in Austria from the short-time work model amounted to TEUR 6,787.

Other significant events in the first half of 2021/20

The two long-standing members of the Supervisory Board, Jürg Zumtobel, previously chairman, and Fritz Zumtobel, resigned as of 18 May 2020. The newly elected Supervisory Board members are Georg Pachta-Reyhofen and Thorsten Staake. Karin Zumtobel-Chammah was appointed chairwoman of the Supervisory Board.

The General Meeting approved the payment of a dividend of 10 euro cents per share for the 2019/20 financial year. The dividend was transferred to shareholders on 31 July 2020.

The provisions for pensions and severance compensation obligations rose by TEUR 13,960 in the first half of 2020/21, primarily due to a decline in interest rates in Switzerland, Germany and Austria and to lower interest rates and higher inflation in Great Britain.

Effects of new and revised standards and interpretations

The following standards and interpretations were adopted by the European Union and require mandatory application as of the last balance sheet date:

Standards and Interpretations		Mandatory application in financial years beginning on or after
Various	Changes in the Framework Concept	1 January 2020
IFRS 3	Changes to IFRS 3 Definition of a business	1 January 2020
IAS 1 / IAS 8	Changes to IAS 1 / IAS 8 Definition of materiality	1 January 2020
IFRS 9 / IAS 39 / IFRS 7	Change: Interest Rate Benchmark Reform	1 January 2020

Premature application of Changes to IFRS 16 – Covid-19-related rent concessions

The changes to IFRS 16 permit lessees, under certain conditions, to waive an assessment of whether a rent concession granted in connection with the Covid-19 pandemic represents a contract modification. Election of the exemption allows the lessee to account for the rent concession as if it were not a contract modification. The possibility of premature application was applied.

Other changes

The effects of the changes in the new standards and interpretations were analysed and have no material influence on these consolidated interim financial statements.

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 2020/21:

Standards and Interpretations		Mandatory application in financial years beginning on or after
Changes to IFRS 4	Postponement of IFRS 9	1 June 2021
Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	1 January 2021
Changes to IFRS 3	Update to references, introduction of an exception to recognition principles, inclusion in the standard text of an express prohibition for the recognition of contingent receivables	1 January 2022
Changes to IFRS 16	Changes to IAS 16: Recognition of selling proceeds during the production/construction of an item of property, plant and equipment	1 January 2022
Changes to IFRS 37	Determination of the "costs of fulfilling a contract"	1 January 2022
IAS 1	Change: Presentation of Financial Statements	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Various	Changes to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Still open

Uncertainties connected with the BREXIT

The Zumtobel Group installed an internal task force to address the ongoing uncertainty and current developments connected with the BREXIT decision. Preparations for the “no-deal” scenario which is now expected as of 31 December 2020 include internal measures such as the expansion of logistics and customs-processing capacity, increase of raw material stocks, the adjustment of business structures and protection for the continued operation of accounting and controlling systems.

Foreign Currency Translation

The most important currencies for the conversion of the subsidiaries' financial statements into EUR are listed in the following table:

	Average exchange rate: Income Statement		Closing rate: Balance Sheet	
	31 October 2020	31 October 2019	31 October 2020	30 April 2020
1 EUR equals				
AUD	1.6425	1.6214	1.6563	1.6598
CHF	1.0719	1.1051	1.0698	1.0558
USD	1.1520	1.1143	1.1698	1.0876
SEK	10.4241	10.6941	10.3650	10.6639
NOK	10.7702	9.8695	11.0940	11.1840
GBP	0.9017	0.8905	0.9021	0.8691

Scope of consolidation

The condensed consolidated interim financial statements include all major Austrian and foreign companies that are controlled by Zumtobel Group AG. The changes in the scope of consolidation during the interim financial period are shown below:

	Consolidation Method		Total
	full	at equity	
30 April 2020	90	1	91
31 October 2020	90	1	91

There were no changes in the scope of consolidation during the first half of 2020/21.

Notes to the Consolidated Income Statement

The following comments explain the major changes to individual items in relation to the comparable prior year period.

Seasonality

Sales volumes are generally higher during the first two quarters than in the second half-year for seasonal reasons; in particular, the third quarter falls significantly below the average. This distribution reflects the Group's dependency on developments in the construction industry as well as the seasonal distribution of business in this sector.

Revenues

Revenues include an adjustment of TEUR 18,920 (H1 2019/20: TEUR 21,366) for sales deductions. Gross revenues total TEUR 534,357 (H1 2019/20: TEUR 625,202).

Revenues recorded by the Zumtobel Group resulted from the sale of lighting, components and services. Sales of lighting and components are recognised at a point in time. In contrast, the sale of services is recognised over time when the service component is material in scope.

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:

1st Half-Year 2020/21

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(225,865)	(2,063)	(5)	0	(227,933)
Personnel expenses	(79,319)	(74,796)	(13,665)	0	(167,780)
Depreciation	(25,481)	(8,577)	(481)	0	(34,539)
Other expenses	(28,142)	(39,762)	(5,722)	(2,322)	(75,948)
Own work capitalised	6,334	5	0	0	6,339
Internal charges	2,267	(2,543)	276	0	0
Total expenses	(350,206)	(127,736)	(19,597)	(2,322)	(499,861)
Other income	1,090	489	126	5,664	7,369
Total	(349,116)	(127,247)	(19,471)	3,342	(492,492)

1st Half-Year 2019/20

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(274,885)	(2,134)	(41)	0	(277,060)
Personnel expenses	(91,033)	(84,171)	(14,901)	(551)	(190,656)
Depreciation	(22,221)	(8,835)	(515)	0	(31,571)
Other expenses	(30,675)	(48,916)	(6,247)	(1,199)	(87,037)
Own work capitalised	8,843	243	23	0	9,109
Internal charges ¹	2,918	(3,143)	226	0	0
Total expenses	(407,053)	(146,956)	(21,455)	(1,750)	(577,214)
Other income	1,696	872	266	7,204	10,038
Total	(405,357)	(146,084)	(21,189)	5,454	(567,176)

¹ The presentation of the various types of expenses were adjusted, with no effect on profit or loss, following the correction of a system setting in the internal calculation logic, in accordance with IAS 8.

A correction in the internal settlement process led to the adjustment of the presentation of the types of expenses for the first half of 2019/20. The cost of goods sold (TEUR 5,774) and selling costs (TEUR 479) were reduced, and administrative costs were increased (TEUR 6,253). These adjustments resulted from the correction of an incorrect system setting for the charge-out of central costs to the operating companies.

Personnel expenses fell from TEUR 190,656 to TEUR 167,780 primarily due to the Covid-19-related reduction of accumulated holiday and overtime as well as the utilisation of national short-time work programmes.

The cost of goods sold includes development costs of TEUR 28,863 (H1 2019/20: TEUR 28,643). The cost of materials in the first half of the previous year included a special effect of TEUR 7,900 for a warranty provision in Great Britain.

Development costs of TEUR 6,269 were capitalised during the reporting period (H1 2019/20: TEUR 8,529). The amortisation of capitalised development costs amounted to TEUR 7,445 (H1 2019/20: TEUR 6,068). In addition, impairment losses totalling TEUR 1,489 (H1 2019/20: TEUR 0) were recognised to development costs.

Other Operating Results

in TEUR	Q2 2020/21	Q2 2019/20	1 HY 2020/21	1 HY 2019/20
Government grants	3,808	2,386	3,821	2,398
License revenues	388	176	711	1,412
Gains on sale	0	0	0	325
Changes in the scope of consolidation	0	2,171	0	2,096
Other income	442	551	1,132	973
Other operating income	4,638	5,283	5,664	7,204
Impairment charges to non-current assets	0	(58)	0	(58)
Restructuring	(263)	(1,028)	(2,322)	(1,692)
Other operating expenses	(263)	(1,086)	(2,322)	(1,750)

As in the previous year, government grants for the first half of 2020/21 represent subsidies recognised directly to income. License income for the reporting period comprises income from the LED business, similar to the first half of the previous year.

The special effects are classified as follows:

in TEUR	Q2 2020/21	Q2 2019/20	1 HY 2020/21	1 HY 2019/20
Expenses related to Les Andelys (FR) facility buyback	(218)	0	(287)	0
Restructuring accdc	35	0	(1,675)	0
Warranty case outdoor luminaires (UK)	0	(7,900)	0	(7,900)
Restructuring other facilities	(43)	(558)	(175)	(1,229)
Reorganisation management and sales	(37)	(453)	(185)	(514)
Deconsolidation effects	0	115	0	126
Lighting Segment	(263)	(8,796)	(2,322)	(9,517)
Restructuring facility Jennersdorf (AT)	0	0	0	318
Components Segment	0	0	0	318
Deconsolidation effects	0	11	0	0
Lucky Buy - First time consolidation LED FMT GmbH (formerly Lexedis Lighting GmbH)	0	1,970	0	1,970
Central Functions	0	1,981	0	1,970
Total	(263)	(6,815)	(2,322)	(7,229)

The effects reported here are classified as special effects in accordance with IAS 1.98. Thereof TEUR 0 (H1 2019/20: TEUR –7,900) are included in the cost of materials and TEUR –2,322 (H1 2019/20: TEUR 671) in other operating income and expenses.

Interest Expense

Interest expense consists primarily of interest on the current credit agreement and interest expense from finance lease.

Other Financial Income and Expenses

in TEUR	Q2 2020/21	Q2 2019/20	1 HY 2020/21	1 HY 2019/20
Interest component as per IAS 19 less income on plan assets	(897)	(1,222)	(1,493)	(1,961)
Foreign exchange gains and losses	(2,442)	794	(1,889)	959
Market valuation of financial instruments	1,684	(1,365)	158	(735)
Total	(1,655)	(1,793)	(3,224)	(1,737)

Foreign exchange gains and losses include realised and unrealised foreign exchange gains and losses from receivables and liabilities as well as realised foreign exchange gains and losses from currency futures.

The position "market valuation of financial instruments" shows the results from the measurement of currency futures at the applicable market prices as of the balance sheet date.

Income Taxes

The classification of income taxes into current and deferred taxes is shown in the following table:

in TEUR	Q2 2020/21	Q2 2019/20	1 HY 2020/21	1 HY 2019/20
Current taxes	(461)	(1,022)	(2,387)	(1,955)
<i>thereof current year</i>	(464)	(907)	(2,289)	(1,840)
<i>thereof prior years</i>	3	(115)	(98)	(115)
Deferred taxes	(2,415)	(2,707)	(1,374)	(4,479)
Income taxes	(2,876)	(3,729)	(3,761)	(6,434)

Earnings per Share

Basic earnings per share are calculated by dividing net profit for the period by the weighted average number of shares outstanding as of the balance sheet date for these interim financial statements (43,146,657 shares).

Notes to the Consolidated Statement of Comprehensive Income

Actuarial Losses

The reported actuarial losses totalling TEUR –13,956 (H1 2019/20: TEUR –10,155) resulted from revaluation effects in the Group's pension and severance compensation obligations. These effects are related primarily to the decline in interest rates in Switzerland, Germany and Austria as well as lower interest rates and higher inflation in Great Britain during the first half of 2020/21.

Currency Differences

This position consists of translation effects from the conversion of subsidiaries' financial statements totalling TEUR 4,275 (H1 2019/20: TEUR –1,121) as well as the effects of foreign currency-related adjustments to goodwill following the application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") totalling TEUR –1,929 (H1 2019/20: TEUR 417).

Currency Differences arising from Loans

These currency differences totalling TEUR –4,447 (H1 2019/20: TEUR 252) result primarily from long-term SEK, GBP and USD intercompany loans that qualify for classification as a net investment in a foreign operation and must therefore be reported under comprehensive income. This position also includes currency differences totalling TEUR 146 (H1 2019/20: TEUR –302) resulting from an interest rate hedge (net investment hedge).

Deferred Taxes

Deferred taxes of TEUR 1,168 were recognised in other comprehensive income during the first half of 2020/21 (H1 2019/20: TEUR 2,003) and result primarily with TEUR 1,168 (H1 2019/20: TEUR 2,031) from the provisions for pensions and severance compensation due to actuarial losses in accordance with IAS 19 "Employee Benefits". Deferred tax assets were not recorded for the actuarial losses attributable to a pension plan in a British Group company because the related amounts are immaterial.

Notes to the Balance Sheet

The following comments refer to major changes in individual items compared to the balance sheet date on 30 April 2020.

Goodwill

The application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") led to foreign currency-based adjustments of TEUR –1,929 to goodwill in the first half of 2020/21 (H1 2019/20: TEUR 417) which were not recognised through profit or loss. These foreign exchange effects are allocated to assets in the Lighting Segment for segment reporting.

Inventories

The decline in inventories of TEUR 13,805 resulted, above all, from the active Group-wide adjustment of stocks in reaction to the Covid-19 crisis.

Trade Receivables

The increase in trade receivables is primarily attributable to the higher volume of business in the first half-year compared with the negative effects of the first Covid-19 lockdown on stocks at the end of the 2019/20 financial year.

Non-current Provisions

The increase in the provisions for pensions, severance compensation and other employee-related provisions is based primarily on revaluation effects of TEUR 13,960 from the IAS 19 obligations. These effects resulted primarily from the decline in interest rates in Switzerland, Germany and Austria as well as lower interest rates and higher inflation in Great Britain during the first half of 2020/21. The increase in other non-current provisions is related to higher warranty provisions of TEUR 9,068 which were reclassified from current provisions due to a change in the estimate for the claim period.

Non-current Financial Liabilities

The decline in non-current financial liabilities was based on a TEUR 50,000 reduction in the use of the consortium credit agreement, which was refinanced primarily by increased borrowings of TEUR 39,900 from a KRR Covid19 special line with a variable term up to 31 March 2022.

Current Financial Liabilities

The reduction in current financial liabilities resulted, above all, from a decline of TEUR 3,253 in short-term bank liabilities and TEUR 1,213 in current lease liabilities. A contrary effect resulted from an increase of TEUR 750 in the use of government credits.

Trade Payables

The decline in trade payables of TEUR 23,428 resulted chiefly from a reduction of purchasing volume and an active inventory management.

Other Current Liabilities

The increase in other current liabilities of TEUR 10,015 is chiefly attributable to an increase in tax liabilities of TEUR 4,947 due to extended payment terms and an increase in prepayments received of TEUR 10,696.

Determination of Fair Value

The determination of fair value is based on a three-level hierarchy that reflects the valuation certainty.

- Level 1: Listed prices on active markets for identical instruments
- Level 2: Valuation based on input factors that can be monitored on the market
- Level 3: Valuation based on input factors that cannot be monitored on the market

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels on the fair value hierarchy. It does not include any information on the fair value of financial assets or financial that are not carried at fair value when the carrying amount represents an approximation of fair value.

31 October 2020

Assets

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current financial assets	1,404	576	828				
<i>Securities and similar rights</i>	576	576	-	576			576
<i>Loans originated and other receivables</i>	828	-	828				
Current financial assets	624	597	27				
<i>Loans originated and other receivables</i>	27	-	27				
<i>Positive market values of derivatives held for trading</i>	597	597	-	597		597	
Trade receivables	157,686	-	157,686				
Liquid funds	71,088	-	71,088				
Total	230,802	1,173	229,629				

Liabilities

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current borrowings	191,951	-	191,951				
<i>Loans received</i>	149,513	-	149,513	151,569			
<i>Lease liability</i>	42,438	-	42,438				
Current borrowings	25,084	-	25,084				
<i>Loans received</i>	3,666	-	3,666				
<i>Working capital credits</i>	8,354		8,354				
<i>Lease liability</i>	13,064	-	13,064				
Trade payables	92,184	-	92,184				
Other current liabilities	5,208	5,147	61				
<i>Negative market values of derivatives held for trading</i>	533	533	-	533		533	
<i>Negative market values of derivatives (hedge accounting)</i>	4,614	4,614		4,614		4,614	
<i>Other</i>	61	-	61				
Total	314,427	5,147	309,280				

30 April 2020

Assets

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current financial assets	1,410	576	834				
<i>Securities and similar rights</i>	576	576	-	576			576
<i>Loans originated and other receivables</i>	834	-	834				
Current financial assets	1,307	1,280	27				-
<i>Loans originated and other receivables</i>	27	-	27				
<i>Positive market values of derivatives held for trading</i>	1,280	1,280	-	1,280		1,280	
Trade receivables	145,876	-	145,876				
Liquid funds	71,838	-	71,838				
Total	220,431	1,856	218,575				

Liabilities

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current borrowings	208,597	-	208,597				
<i>Loans received</i>	160,344	-	160,344	162,718			
<i>Lease liability</i>	48,253	-	48,253				
Current borrowings	28,907	-	28,907				
<i>Loans received</i>	3,025	-	3,025				
<i>Working capital credits</i>	11,606		11,606				
<i>Lease liability</i>	14,276	-	14,276				
Trade payables	115,612	-	115,612				
Other current liabilities	6,205	6,160	45				
<i>Negative market values of derivatives held for trading</i>	1,263	1,263	-	1,263		1,263	
<i>Negative market values of derivatives (hedge accounting)</i>	4,897	4,897		4,897		4,897	
<i>Other</i>	45	-	45				
Total	359,321	6,160	353,161				

Various balance sheet positions also include assets and liabilities that do not represent financial instruments as defined in IAS 32 "Financial Instruments – Presentation" (Non-FI). Included here, for example, are prepaid expenses, deferred charges, suppliers with debit balances and social security or tax payments.

In Zumtobel Group AG, the calculation of fair value is based primarily on input factors that can be monitored on the market (Level 2). The fair value of forward exchange contracts is determined by calculating the present value of the related cash flows based on the observable market interest rate curves for the respective currency and the 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 input factors that can be monitored on the market. These valuations reflect the Level 2 criteria. The financial instruments classified under Level 2 represent the derivatives included under financial assets and financial liabilities. The risks arising from the non-fulfilment of financial assets and liabilities are reflected in discounts, in cases where these risks are material.

The consolidated interim financial statements of Zumtobel Group AG as of 31 October 2020 also include an insignificant scope of financial instruments whose valuation is not based on listed prices or input factors that can be monitored on the market (Level 3). These items consist primarily of minor shareholdings in various companies. There have been no significant changes in these shareholdings since 30 April 2020, and no profit distributions were received on these investments during the reporting period.

These consolidated interim financial statements do not include any financial instruments whose valuation is based on listed prices on active markets (Level 1).

Notes to the Consolidated Cash Flow Statement

Cash flow is determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows are translated at the applicable average monthly exchange rate and then aggregated, while the balance sheet positions are translated at the exchange rate in effect on the respective closing date. This procedure leads to currency translation differences, above all in individual positions under cash flow from operating activities, and therefore to material differences compared with the respective balance sheet positions. Cash flow from operating results declined from TEUR 68,266 in the first half of the previous year to TEUR 57,848, above all due to the negative effects of the Covid-19 crisis on profitability.

Working capital declined by TEUR 1,545 year-on-year to TEUR 179,968 as of 31 October 2020. Inventories were reduced through active stock management, and trade receivables declined due to the lower volume of business. The receivables sold on the basis of a factoring agreement totalled TEUR 62,445 as of 31 October 2020 (H1 2019/20: TEUR 78,973). Prepayments received were higher than the previous year at the end of the reporting period. In contrast, trade payables declined significantly. As a per cent of rolling 12-month revenues, working capital declined from 15.5% to 17.3%. Cash outflows for changes in other operating positions totalled TEUR 9,380 (H1 2019/20: minus TEUR 491) and were related, above all, to the use of current provisions. Cash flow from operating activities declined from TEUR 58,359 to TEUR 50,585 during the first half of 2020/21.

Cash flow from investing activities consists mainly of investments in various production facilities and also includes investments in tools for new products, expansion projects and capitalised development costs (TEUR 6,269). The volume of investments was lower in year-on-year comparison at TEUR 16,050 in the first half of 2020/21 (H1 2019/20: TEUR 24,636). This amount includes investments of TEUR 9,149 in Austria (H1 2019/20: TEUR 15,610). Free cash flow improved to plus TEUR 35,033 (H1 2019/20: TEUR 34,193) due to the reduction in cash flow from investing activities and despite the decline in cash flow from operating activities.

Cash flow from financing activities consists chiefly of TEUR 7,412 (H1 2019/20: TEUR 8,339) for the repayment of lease liabilities. The draw-down from the financing line provided by the consortium credit agreement was reduced by TEUR 50,000 and refinanced mainly by TEUR 39,900 from a KRR Covid-19 special line with a variable term up to 31 March 2022. The dividend of 10 euro cents per share for the 2019/20 financial year (TEUR 4,315), which was approved by the annual general meeting on 24 July 2020, was distributed to shareholders on 31 July 2020.

Transition to Cash and Cash Equivalents

in TEUR	31 October 2020	30 April 2020
Liquid funds	71,088	71,838
Not available for disposal	(460)	(494)
Overdrafts	(8,354)	(11,605)
Cash and cash equivalents	62,274	59,739

Notes to the Consolidated Statement of Changes in Equity

Dividend

The annual general meeting on 24 July 2020 approved the payment of a dividend of 10 euro cents per share for the 2019/20 financial year. Based on the 43,146,657 shares outstanding as of 31 July 2020 (43,500,000 shares less 353,343 treasury shares), TEUR 4,315 were distributed to shareholders.

Segment Reporting

The Zumtobel Group comprises two operating segments, which also form the basis for the corporation's management: the Lighting Segment and the Components Segment. The Lighting Segment covers the Indoor, Outdoor und Zumtobel Group Services business areas and markets lighting solutions, interior and exterior lighting as well as electronic-digital lighting and room management systems. The Components Segment includes the Tridonic business, which develops, produces and markets electronic lighting components and LED lighting components. The transfer of goods and services between the two divisions is based on ordinary market conditions.

Segment reporting is 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 individual 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 the assets and 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.

2nd Quarter 2020/21

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	Q2 2020/21	Q2 2019/20	Q2 2018/19	Q2 2020/21	Q2 2019/20	Q2 2018/19	Q2 2020/21	Q2 2019/20	Q2 2018/19	Q2 2020/21	Q2 2019/20	Q2 2018/19
Net revenues	204,368	234,187	230,505	72,592	88,012	86,601	(12,322)	(14,754)	(15,094)	264,638	307,445	302,013
External revenues	204,127	234,130	228,760	60,411	73,021	73,250	100	294	3	264,638	307,445	302,012
Inter-company revenues	241	57	1,746	12,181	14,700	13,351	(12,422)	(14,757)	(15,097)	0	0	0
Adjusted EBIT	16,719	26,352	11,235	3,432	6,965	7,805	(3,974)	(5,252)	(4,251)	16,177	28,064	14,789
Special effects	(263)	(8,796)	(2,206)	0	0	(213)	0	1,981	(476)	(263)	(6,815)	(2,895)
Operating profit	16,456	17,556	9,029	3,432	6,965	7,593	(3,974)	(3,273)	(4,727)	15,914	21,248	11,894
Investments	4,468	7,522	8,931	3,000	4,011	7,783	546	2,736	1,130	8,015	14,269	17,845
Depreciation	(10,880)	(10,980)	(9,742)	(6,646)	(3,645)	(3,055)	(1,181)	(1,506)	(1,098)	(18,707)	(16,131)	(13,895)

1st Half Year 2020/21

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	1 HY 2020/21	1 HY 2019/20	1 HY 2018/19	1 HY 2020/21	1 HY 2019/20	1 HY 2018/19	1 HY 2020/21	1 HY 2019/20	1 HY 2018/19	1 HY 2020/21	1 HY 2019/20	1 HY 2018/19
Net revenues	394,066	456,742	449,998	145,712	177,283	175,957	(24,340)	(30,188)	(30,832)	515,438	603,836	595,122
External revenues	393,619	456,635	448,127	121,719	146,904	146,981	100	297	15	515,438	603,836	595,121
Inter-company revenues	447	106	1,871	23,993	30,087	28,976	(24,440)	(30,193)	(30,847)	0	0	0
Adjusted EBIT	24,702	39,888	19,382	7,260	13,374	15,889	(6,694)	(9,374)	(10,490)	25,268	43,889	24,781
Special effects	(2,322)	(9,517)	(4,791)	0	318	(407)	0	1,970	(435)	(2,322)	(7,229)	(5,632)
Operating profit	22,380	30,371	14,591	7,260	13,692	15,481	(6,694)	(7,403)	(10,925)	22,946	36,660	19,148
Investments	9,357	11,701	18,663	5,407	8,128	12,409	1,286	4,807	2,238	16,050	24,636	33,309
Depreciation	(21,641)	(21,781)	(17,766)	(10,487)	(6,988)	(6,163)	(2,411)	(2,803)	(2,053)	(34,539)	(31,571)	(25,982)

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019
Assets	658,453	669,659	634,848	170,544	182,673	182,295	140,053	142,458	103,767	969,050	994,790	920,910

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019	31 October 2020	30 April 2020	30 April 2019
Headcount (full-time equivalent)	3,977	3,962	3,933	1,745	1,932	1,778	149	144	167	5,871	6,039	5,878

The number of employees reported in the above table includes 128 (H1 2019/20: 232) temporary employees working in the Zumtobel Group.

The elimination of inter-segment revenues is shown in the reconciliation column.

The reconciliation column comprises the following:

in TEUR	Q2 2020/21	Q2 2019/20	1 HY 2020/21	1 HY 2019/20
Group parent companies	(3,929)	(3,959)	(6,764)	(8,324)
Group entries	(46)	686	70	921
Operating profit	(3,975)	(3,273)	(6,694)	(7,403)

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	31 October 2020	30 April 2020
Assets used by more than one segment	122,869	123,274
Group parent companies	47,045	49,162
Group entries	(29,862)	(29,977)
Assets	140,052	142,458

All revenues generated by sales to individual external customer represent, in each case, less than 10% of total revenues.

Related Party Transactions

All business transactions with related persons are based on normal market terms. Closely related persons are persons who hold key positions with Zumtobel Group AG (active members of the Management Board and Supervisory Board of Zumtobel Group AG) as well as their close family members. No consulting services were provided by management in key positions and no goods or services were sold to management in key positions during the first half of 2020/21. Remuneration totalling TEUR 238 (H1 2019/20: TEUR 307) was paid to management in key positions. There are no liabilities to management in key positions (H1 2019/20: TEUR 7). No advances or loans were granted to management in key positions. The members of management in key positions hold positions in other companies which result in control or significant influence over the financial and business policies of these companies. Transactions totalling TEUR 439 were carried out with these companies during the reporting period (H1 2019/20: TEUR 384). As of 31 October 2020, the Group held liabilities of TEUR 9 due from these companies (H1 2019/20: TEUR 45). There were no transactions with owners.

The Group has concluded supply and delivery agreements with associated companies which reflect third party conditions. Revenues from the provision of materials and services to associated companies totalled TEUR 754 (H1 2019/20: TEUR 66). Expenses for products purchased from associated companies and unconsolidated companies amounted to TEUR 2,153 in the first half of 2020/21 (H1 2019/20: TEUR 1,145). Trade receivables due from associated companies and unconsolidated companies totalled TEUR 1,119 (30 April 2020: TEUR 331) and trade payables equalled TEUR 129 (30 April 2020: TEUR 1). No receivables due from associated companies or unconsolidated companies were classified as uncollectible in the first half of 2020/21.

Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 16,250 (30 April 2020: TEUR 13,871) for various purposes.

Subsequent Events

No significant events occurred after the interim financial statements date on 31 October 2020.

Dornbirn, 1 December 2020

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Tschol
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Statement by the Management Board in accordance with § 125 (1) of the Austrian Stock Corporation Act

We hereby confirm to the best of our knowledge that these condensed consolidated interim 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 for the first half-year gives a true and fair view of the major events occurring during the first six months of the financial year and their effects on the condensed consolidated interim financial statements as well as the principal risks and uncertainties faced by the group during the remaining six months of the financial year and the transactions with related companies and persons which require disclosure.

Dornbirn, 1 December 2020

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Tschol
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

We draw attention to the fact that the English translation of this review report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Zumtobel Group AG, Dornbirn, as at 31 October 2020. The condensed consolidated interim financial statements comprise the consolidated balance sheet as at 31 October 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the period from 1 May to 31 October 2020, and the condensed notes to the consolidated interim financial statements that summarize the significant accounting and include other disclosures.

The Company's management is responsible for the preparation of these condensed consolidated interim financial statements in accordance with IFRSs as adopted by the EU on "Interim Financial Reporting".

Our responsibility is to provide a review summary on these condensed consolidated interim financial statements based on our review.

Scope of the review

We have performed the review in accordance with the legal provisions applicable in Austria and the relevant expert opinions and standards, in particular KFS/PG 11 "Guidelines for the review of financial statements". The review of interim financial statements includes interviews, primarily with persons responsible for finance and accounting, and analytical assessments and other surveys. A review is significantly less in scope than an audit and requires less evidence, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review summary

Based on our review, no matters have come to our attention that cause us to presume that the accompanying condensed consolidated interim financial statements were not – in all material aspects – prepared in compliance with the IFRSs as adopted by the EU on "Interim Financial Reporting".

Statement on the half-year management report for the Group and on the statement by management pursuant to Section 125 Austrian Stock Exchange Act 2018 (BörseG 2018)

We have read the half-year management report for the Group and evaluated as to whether it does not contain any apparent inconsistencies with the condensed consolidated interim financial statements. Based on our evaluation, the half-year management report for the Group does not contain any apparent inconsistencies with the condensed consolidated interim financial statements.

The half-year financial report contains the statement by management as set forth under Section 125 (1) No. 3 BörseG 2018.

Vienna, 1 December 2020

PwC Wirtschaftsprüfung GmbH

signed:

Peter Pessenlehner

Austrian Certified Public Accountant

Disclosure, publication and duplication of the condensed consolidated interim financial statements together with the review report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version reviewed by us is not permitted. Reference to our review may not be made without prior written permission from us.

Service

Financial Terms

Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
CAPEX	Capital expenditure
Debt coverage ratio	= Net debt divided by EBITDA (of the last twelve months)
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
Net debt	= Non-current borrowings + current borrowings - liquid funds - current financial receivables from associated companies
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables - trade payables - prepayments received

Financial Calendar

Interim Report Q1-Q3 2020/21 (1 May 2020 - 31 January 2021)	02 March 2021
Annual Results 2020/21	30 June 2021
Record Date for the Annual General Meeting	20 July 2021
45th Annual General Meeting of Zumtobel Group AG	30 July 2021
Ex-Dividend Day	03 August 2021
Record Date Dividend	04 August 2021
Dividend Payout Day	06 August 2021
Interim Report Q1 2021/22 (1 May 2021 - 31 July 2021)	07 September 2021
Half-Year Financial Report 2021/22 (1 May 2021 - 31 October 2021)	07 December 2021
Interim Report Q1-Q3 2021/22 (1 May 2021 - 31 January 2022)	08 March 2022

Contact Information

Investor Relations

Emanuel Hagspiel
Senior Director Investor Relations
Telephone +43 (0)5572 509-1125
E-Mail emanuel.hagspiel@zumtobelgroup.com

Press / Corporate Communication

Maresa Hoffmann
Head of Group Communications & Public Affairs
Telephon +43 (0)5572 509-575
E-Mail mariatheresa.hoffmann@zumtobelgroup.com

Financial Reports

Our financial reports are available in English and German for download under: www.z.lighting/group.

More Information

on Zumtobel Group AG and our brands can be found on the Internet under:

www.z.lighting/group
www.zumtobel.com
www.thornlighting.com
www.tridonic.com
www.acdclighting.co.uk

Imprint

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Disclaimer

This 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. These 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. Moreover, they are 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. Other risks may 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 financial report is also presented in English, but only the German text is binding.

