

ZUMTOBEL Group

H1 2021/22

Half-Year Financial Report (May – October 2021)

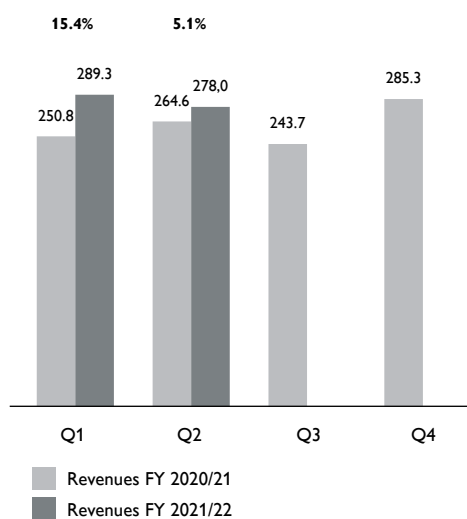


Overview of the First Half-Year 2021/22

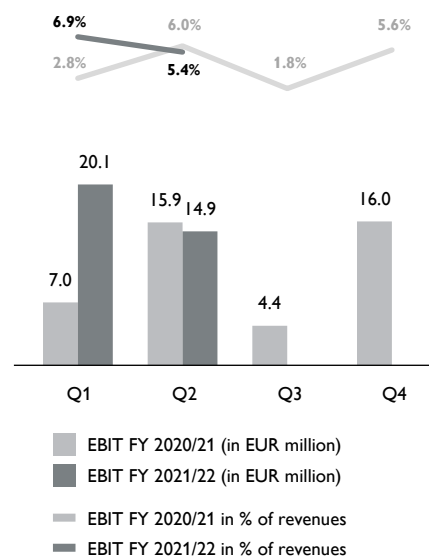
| Key Data in EUR million | Q2 2021/22 | Q2 2020/21 | Change in % | 1 HY 2021/22 | 1 HY 2020/21 | Change in % |
|---|---------------|---------------|----------------|-----------------|-----------------|----------------|
| Revenues | 278.0 | 264.6 | 5.1 | 567.4 | 515.4 | 10.1 |
| EBITDA | 29.4 | 34.6 | (15.0) | 62.9 | 57.5 | 9.4 |
| <i>as a % of revenues</i> | 10.6 | 13.1 | | 11.1 | 11.2 | |
| EBIT | 14.9 | 15.9 | (6.5) | 35.0 | 22.9 | 52.4 |
| <i>as a % of revenues</i> | 5.4 | 6.0 | | 6.2 | 4.5 | |
| Net profit for the period | 9.6 | 10.2 | (6.1) | 23.0 | 13.3 | 72.4 |
| <i>as a % of revenues</i> | 3.4 | 3.9 | | 4.1 | 2.6 | |
| Cash flow from operating results | 29.4 | 34.0 | (13.4) | 63.2 | 57.8 | 9.2 |
| Investments | 8.6 | 8.0 | 7.1 | 17.5 | 16.0 | 9.2 |
| CAPEX | 9.0 | 9.0 | (0.4) | 21.8 | 17.7 | 23.5 |
| | | | | 31 Oct 2021 | 30 April 2021 | Change in % |
| Total assets | | | | 1,014.7 | 977.7 | 3.8 |
| Equity | | | | 331.7 | 308.4 | 7.5 |
| <i>Equity ratio in %</i> | | | | 32.7 | 31.5 | |
| Net debt | | | | 103.7 | 97.3 | 6.5 |
| Headcount incl. contract worker (full-time equivalent) | | | | 5,780 | 5,813 | (0.6) |

Development of business by quarter

Revenues development (in EUR million)



EBIT development



Letter to Shareholders

Dear Shareholders,

Our company remains on a sound course after the first six months of the 2021/22 financial year: The Zumtobel Group has successfully demonstrated clear revenue stabilisation and sound earnings development. However, the lack of semi-conductors and raw materials combined with insufficient transport capacity and corresponding price increases had a negative effect on revenue and earnings growth despite very high order levels in the second quarter. Here, we were able to pass on the higher prices in part to our customers.

Revenues rose by 10% year-on-year to EUR 567.4 million (H1 2020/21: EUR 515.4 million), but we have still not completely reached the level from the first half of the 2019/20 pre-crisis year (EUR 603.8 million). However, our earnings largely reflect this achievement: Operating earnings (EBIT) rose by nearly 52% year-on-year to EUR 35.0 million and nearly matched the pre-crisis level of EUR 36.7 million. Below the line, we have left the 2020/21 crisis year behind us with an increase of 72% in net profit to EUR 23 million.

The second quarter showed us that the situation on the global raw materials market is still challenging. Our synthetics, steel and aluminium product groups were faced with rising prices and substantially longer restocking times, but we were able to deal with this situation reasonably well due to the good, long-standing relationships with our suppliers. In contrast, we are unable to find enough key components like semi-conductors for our high-end drivers – these items cannot be delivered in the quantities we need which, in turn, leads to longer delivery times for our customers. We are working to reduce our dependence on individual suppliers by adapting product development, where possible, to allow for a change in producers or the distribution of orders among a larger circle of companies.

That represents an important step to ensure the better availability of key components for our production. Against this backdrop, we are optimistic – despite the tense situation on the raw materials market – that we will meet our forecast for revenue growth of 4% to 7% and an EBIT margin of 4% to 5% for the full 2021/22 financial year.

My optimism is also based on good news in connection with our sustainability activities: We want to make our processes even more environmentally friendly and gradually move closer to the goal of climate neutrality by 2025. Our current measures were recently recognised with our first gold medal from the EcoVadis sustainability rating agency. The successful optimisation of processes along the value chain places the Zumtobel Group among the top 3% of over 75,000 rated companies and underscores our pioneering role.

Dear Shareholders, as presented in detail at our capital markets day in October, we are targeting annual revenue growth of 4% to 5% for the four financial years from 2021/22 to 2024/25. Our revenues should therefore total more than EUR 1.2 billion in 2024/25. On the earnings side, we expect an EBIT margin of 6% to 8% in 2024/25 based on planned organic growth and further efficiency improvements.

We want to thank you, the shareholders of Zumtobel Group AG, for your confidence.

Alfred Felder
Chief Executive Officer (CEO)

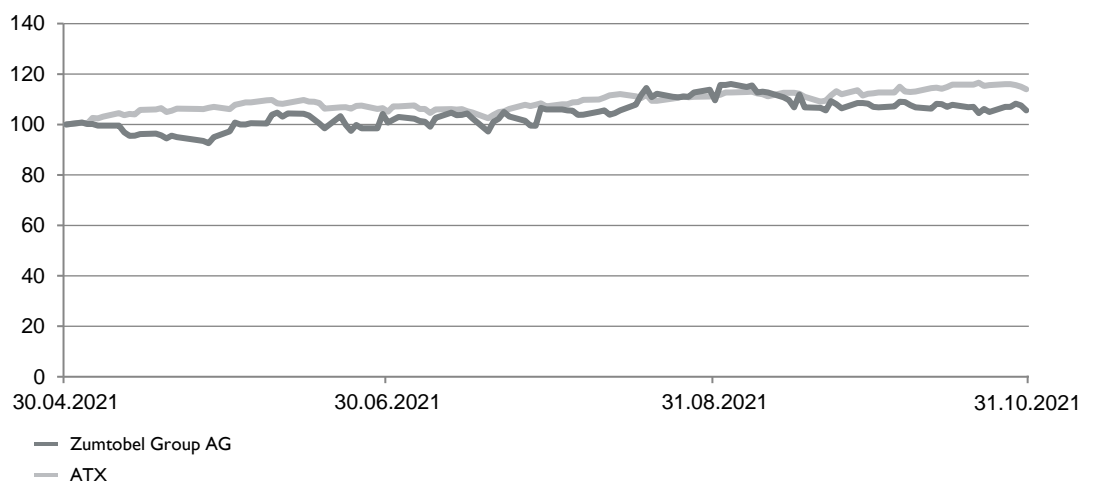


Alfred Felder

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 387 million at the end of October 2021. The shareholder structure has not changed since the end of the 2020/21 financial year: The Zumtobel family continues to hold approximately 37% 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 2021. The average daily turnover on the Vienna Stock Exchange amounted to 60,834 shares in the first half of 2021/22 (double-count, as published by the Vienna Stock Exchange). The company held an unchanged number of 353,343 treasury shares as of 31 October 2021.

Development of the Zumtobel Group Share (in %)



Key Data on the Zumtobel Group Share 1 HY 2021/22

| | | | |
|-------------------------------------|-----------------|---|--------------|
| Closing price at 30.04.2021 | EUR 8,430 | Currency | EUR |
| Closing price at 31.10.2021 | EUR 8,900 | ISIN | AT0000837307 |
| Performance 1 HY 2021/22 | 5.6% | Ticker symbol Vienna Stock Exchange (Xetra) | ZAG |
| Market capitalisation at 31.10.2021 | EUR 387 million | Market segment | ATX Prime |
| Share price - high at 07.09.2021 | EUR 9,900 | Reuters symbol | ZUMV.VI |
| Share price - low at 27.05.2021 | EUR 7,810 | Bloomberg symbol | ZAG AV |
| Ø Turnover per day (shares) | 60,834 | Number of issued shares | 43,500,000 |

Group Management Report

General Economic Environment

The global economic recovery continues, even though the pandemic has not been completely overcome. In its October 2021 outlook, the International Monetary Fund (IMF) again revised its forecast and now expects growth of 5.9% in global output for 2021 (0.1 percentage points lower than projected in the "World Economic Outlook Update" from July 2021)¹. The IMF raised its forecast for the eurozone by 0.4 percentage points to 5.0% but reduced the outlook for the United Kingdom by 0.2 percentage points to 6.8% – whereby both are very important selling markets for the Zumtobel Group. The increased optimism for the eurozone is supported, above all, by Italy and France. The estimates for Germany and Spain were adjusted downward by 0.5 percentage points each. The outlook for the commercial construction industry is positive. The latest EUROCONSTRUCT statistics² from November 2021 point to an increase of 4.3% in construction activity on the Zumtobel Group's European markets during 2021, with particularly positive development expected in Belgium (+12.8%), Italy (+11.0%), Austria (+8.0%) and Great Britain (+7.7%).

The IMF is forecasting an increase of 4.9% in global output for 2022, under the assumption of normalised economic activity. The eurozone, Great Britain and the USA follow this global trend with growth rates of 4.3%, 5.0% and 5.2% respectively. The emerging and developing countries in Asia are expected to see stronger recovery of 6.3% in 2022. Further growth is also projected for the construction industry in most of our relevant markets during 2022.

Significant Events since April 30, 2021

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. The dividends were paid to shareholders on 6 August 2021.

The 45th General Meeting was the final meeting for Chief Financial Officer (CFO) Thomas Tschol. In March, the Zumtobel Group appointed Thomas Erath to the Management Board of the Zumtobel Group as CFO beginning on 1 August 2021. Mr. Erath has since taken over from Thomas Tschol, who left the Management Board as planned on 31 July. Thomas Erath is appointed up to 31 July 2024 and is responsible for finances and all related subject areas.

The Supervisory Board of Zumtobel Group AG extended the contract for the Management Board Chairman and Chief Executive Officer (CEO) Alfred Felder by a further three years to 31 July 2025.

No other significant events occurred after the balance sheet date on 30 April 2021.

Continuation of the global economic recovery

Increase in global output expected in 2022

Dividend of 20 euro cents per share

Thomas Erath new CFO of Zumtobel Group

Alfred Felder re-appointed for a further three years

¹ Source: IMF, World Economic Outlook, October 2021.

² Source: EUROCONSTRUCT, November 2021.

Development of revenues in the first half of 2021/22

- >> Group revenues rise by 10.1% (FX-adjusted: 9.2%) with positive development in the Lighting Segment (6.7%) and a sound increase in the Components Segment (20.6%)
- >> Group EBIT rises significantly to EUR 35.0 million

| Income statement in EUR million | Q2 2021/22 | Q2 2020/21 | Change in % | 1 HY 2021/22 | 1 HY 2020/21 | Change in % |
|------------------------------------|----------------|----------------|----------------|-----------------|-----------------|----------------|
| Revenues Lighting Segment | 208.1 | 204.4 | 1.8 | 420.5 | 394.1 | 6.7 |
| Revenues Components Segment | 83.5 | 72.6 | 15.0 | 175.7 | 145.7 | 20.6 |
| Reconciliation | (13.5) | (12.3) | 9.8 | (28.8) | (24.3) | 18.4 |
| Revenues | 278.0 | 264.6 | 5.1 | 567.4 | 515.4 | 10.1 |
| Cost of goods sold | (189.2) | (178.3) | 6.1 | (378.3) | (349.1) | 8.4 |
| Gross profit | 88.8 | 86.4 | 2.8 | 189.0 | 166.3 | 13.7 |
| <i>as a % of revenues</i> | 31.9 | 32.6 | | 33.3 | 32.3 | |
| SG&A expenses | (73.9) | (70.2) | 5.3 | (154.1) | (141.1) | 9.2 |
| Special effects | 0.0 | (0.3) | | 0.0 | (2.3) | |
| EBIT Lighting Segment | 11.1 | 16.5 | (32.5) | 27.0 | 22.4 | 20.9 |
| <i>as a % of segment revenues</i> | 5.3 | 8.1 | | 6.4 | 5.7 | |
| EBIT Components Segment | 7.7 | 3.4 | >100 | 16.2 | 7.3 | >100 |
| <i>as a % of segment revenues</i> | 9.2 | 4.7 | | 9.2 | 5.0 | |
| Reconciliation | (3.9) | (4.0) | (1.4) | (8.3) | (6.7) | 24.3 |
| EBIT | 14.9 | 15.9 | (6.5) | 35.0 | 22.9 | 52.4 |
| <i>as a % of revenues</i> | 5.4 | 6.0 | | 6.2 | 4.5 | |
| Financial results | (2.6) | (2.8) | 8.3 | (5.5) | (5.9) | 6.1 |
| Profit before tax | 12.3 | 13.1 | (6.1) | 29.5 | 17.1 | 72.4 |
| Income taxes | (2.7) | (2.9) | (6.1) | (6.5) | (3.8) | 72.4 |
| Net profit for the period | 9.6 | 10.2 | (6.1) | 23.0 | 13.3 | 72.4 |
| Earnings per share (in EUR) | 0.22 | 0.24 | (6.1) | 0.53 | 0.31 | 72.4 |

Note: EBITDA (plus depreciation and amortisation) amounted to EUR 62.9 million in the first half of 2021/22.

Group revenues rose by 10.1% year-on-year to EUR 567.4 million in H1 2021/22 (H1 2020/21: EUR 515.4 million). The positive foreign exchange effects of EUR 4.7 million compared with the first half of the previous financial year resulted primarily from the revaluation of the British pound and the Chinese yuan. In contrast, the Turkish lira recorded a major devaluation. After an adjustment for foreign exchange effects, revenues increased by 9.2%.

10.1% increase in Group revenue

Revenues in the Lighting Segment increased by 6.7% to EUR 420.5 million in H1 2021/22 (H1 2020/21: EUR 394.1 million). The sound upward trend from the previous quarter was interrupted in Q2 2021/22. Delivery bottlenecks for individual components led to a reduction in revenues, in spite of steady high order levels.

Lighting Segment revenues rise by 6.7%

The Components Segment recorded a solid 20.6% increase in revenues to EUR 175.7 million in H1 2021/22. In addition to the general economic recovery, this positive development was supported by price increases. Segment revenues were only slightly below the pre-crisis level (H1 2019/20).

Components Segment revenues with sound plus of 20.6% over previous year

Revenues in most regions were substantially higher than H1 2020/21, with the exception of the D/A/CH and "Rest of the World" regions. The increase was lower in the D/A/CH region despite good development in Austria because Germany was only slightly above and Switzerland clearly below the previous year. The negative trend in the "Rest of the World" resulted (despite sound development in Chile) primarily from revenue declines of more than 20% versus H1 2020/21 in the USA, United Arab Emirates and Qatar. The revenue development in China, Spain, Mongolia and Hungary also clearly exceeded the pre-crisis level in H1 2021/22. Of special note was the double-digit growth in the core markets of Great Britain and France, which were hard hit by the Covid-19 crisis in the previous year.

| Revenues in EUR million | Q2 2021/22 | Change in % | 1 HY 2021/22 | Change in % | in % of Group |
|-----------------------------|--------------|-------------|--------------|-------------|---------------|
| D/A/CH | 87.6 | (2.4) | 179.0 | 1.1 | 31.5 |
| Northern and Western Europe | 68.4 | 5.2 | 140.4 | 14.4 | 24.7 |
| Southern and Eastern Europe | 73.8 | 10.7 | 155.5 | 21.5 | 27.4 |
| Asia & Pacific | 32.4 | 15.9 | 65.2 | 25.7 | 11.5 |
| Rest of the World | 15.9 | 3.2 | 27.3 | (23.9) | 4.8 |
| Total | 278.0 | 5.1 | 567.4 | 10.1 | 100.0 |

Group EBIT rose from EUR 22.9 million (H1 2020/21) to EUR 35.0 million (H1 2021/22), and the return on sales improved from 4.5% to 6.2%. The most important contribution was made by the increase in revenues, despite substantially higher raw material and incoming freight costs. The reduction in government-supported short-work models was offset, above all, by a decline in depreciation/amortisation, a reduction in guarantee costs and the absence of restructuring expenses. EBIT increased from EUR 22.4 million to EUR 27.0 million in the Lighting Segment and from EUR 7.3 million to EUR 16.2 million in the Components Segment.

Group EBIT rises significantly to EUR 35.0 million

The gross profit margin (after development costs) for the Zumtobel Group improved to 33.3% in the reporting period (H1 2020/21: 32.3%). The cost of goods sold was negatively influenced by a sharp rise in raw material costs and incoming freight charges. Positive effects resulted from the decline in depreciation and amortisation and lower guarantee costs. Development costs rose by EUR 1.3 million to EUR 30.2 million (H1 2020/21: EUR 28.9 million), chiefly due to the expiration of short-time work programmes and the related increase in personnel expenses which were only offset in part by the substantial decline in depreciation and amortisation.

Selling and administrative expenses (incl. research) rose by EUR 13.0 million to EUR –154.1 million in H1 2021/22 (H1 2020/21: EUR –141.1 million). The main driver was the increase in personnel expenses that

followed the expiration of short-time work. Other negative effects included the delayed payment of the research premium and higher customs charges in connection with the Brexit as well as an increase in outgoing freight charges and maintenance costs.

| Financial result in EUR million | Q2 2021/22 | Q2 2020/21 | Change in % | 1 HY 2021/22 | 1 HY 2020/21 | Change in % |
|-------------------------------------|---------------|---------------|----------------|-----------------|-----------------|----------------|
| Interest expense | (1.3) | (1.5) | (11.1) | (2.6) | (3.0) | (12.6) |
| Interest income | 0.1 | 0.1 | 12.9 | 0.2 | 0.1 | 13.5 |
| Net financing costs | (1.3) | (1.4) | (12.3) | (2.5) | (2.9) | 13.9 |
| Other financial income and expenses | (1.6) | (1.7) | 4.7 | (3.2) | (3.2) | 0.7 |
| Result from associated companies | 0.2 | 0.2 | (6.4) | 0.2 | 0.2 | (6.4) |
| Financial results | (2.6) | (2.8) | 8.3 | (5.5) | (5.9) | 6.1 |

Slight year-on-year improvement in financial results

Financial results increased by EUR 0.4 million to EUR –5.5 million due to a reduction in interest payments (H1 2020/21: EUR –5.9 million). Interest expense, which is attributable primarily to current credit agreements and finance leases, totalled EUR –2.5 million (H1 2020/21: EUR –2.9 million). Other financial income and expenses remained unchanged at EUR –3.2 million and include the interest expense on pension obligations and earnings effects from changes in exchange rates.

Net profit of EUR 23.0 million clearly above previous year

Profit before tax totalled EUR 29.5 million for the reporting period (H1 2020/21: EUR 17.1 million), and income taxes equalled EUR –6.5 million (H1 2020/21: EUR –3.8 million). Net profit improved significantly to EUR 23.0 million (H1 2020/21: EUR 13.3 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled EUR 0.53 (H1 2020/21: EUR 0.31).

Cash flow

| Cash Flow Statement in EUR million | Q2 2021/22 | Q2 2020/21 | Change in % | 1 HY 2021/22 | 1 HY 2020/21 | Change in % |
|--|---------------|---------------|----------------|-----------------|-----------------|----------------|
| Cash flow from operating results | 29.4 | 34.0 | (13.4) | 63.2 | 57.8 | 9.2 |
| Change in working capital | (1.2) | 11.0 | <-100 | (23.5) | (13.5) | (73.5) |
| Change in other operating items | (9.8) | 2.3 | <-100 | (14.1) | 9.4 | <-100 |
| Income taxes paid | (2.0) | (2.2) | 9.0 | (2.0) | (3.1) | 34.4 |
| Cash flow from operating activities | 16.4 | 45.0 | (63.7) | 23.5 | 50.6 | (53.5) |
| Cash flow from investing activities | (8.2) | (7.6) | (8.0) | (16.8) | (15.6) | (8.0) |
| FREE CASH FLOW | 15.9 | 37.4 | (57.6) | 6.7 | 35.0 | (80.8) |
| Cash flow from financing activities | (9.5) | (24.8) | 61.6 | 0.9 | (31.0) | >100 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 6.3 | 12.7 | (49.9) | 7.6 | 4.1 | 87.9 |

Cash flow from operating results rose by EUR 5.4 million from EUR 57.8 million in H1 2020/21 to EUR 63.2 million. The increase was supported primarily by a EUR 12.4 million improvement in profitability that was partly offset by a EUR 5.8 million decline in depreciation and amortisation.

Working capital below previous year

Working capital totalled EUR 177.4 million as of 31 October 2021 and was EUR 2.5 million below the level on 31 October 2020 (EUR 180.0 million). As a per cent of rolling 12-month revenues, working capital declined from 17.3% in the previous year to 16.2%. The year-on-year change resulted primarily from a price- and volume-related increase of EUR 28.7 million in inventories as well as a contrary effect of EUR 26.6 million from an increase in trade payables.

Cash outflows for changes in other operating positions amounted to EUR –14.1million (H1 2020/21: cash inflows of EUR 9.4 million). The most important factors included a reduction of EUR 5.9 million in restructuring provisions, EUR 3.5 million in employee-related provisions and EUR 1.7 million in guarantee provisions as well as a decline of EUR 3.2 million in employee vacation accounts. Cash flow from operating activities therefore declined from EUR 50.6 million to EUR 23.5 million in H1 2021/22.

Cash flow from investing activities totalled EUR –16.8 million (H1 2020/21: EUR –15.6 million), and investments amounted to EUR 17.5 million (H1 2020/21: EUR 16.0 million). Included here are capitalised development costs of EUR 5.5 million (H1 2020/21: EUR 6.3 million). Free cash flow fell to EUR 6.7 million (H1 2020/21: EUR 35.0 million), chiefly due to the cash outflows for working capital and other operating positions. Cash flow from financing activities totalled EUR 0.9 million (H1 2020/21: EUR –31.0 million) and was influenced, above all, by the increased use of the consortium credit agreement as well as the payment of dividends.

**Free cash flow at
EUR 6.7 million**

Asset position

| Balance sheet data in EUR million | 31 Oct 2021 | 30 April 2021 |
|--|-------------|---------------|
| Total assets | 1,014.7 | 977.7 |
| Net debt | 103.7 | 97.3 |
| <i>Debt coverage ratio</i> | <i>0.86</i> | <i>0.85</i> |
| Equity | 331.7 | 308.4 |
| <i>Equity ratio in %</i> | <i>32.7</i> | <i>31.5</i> |
| <i>Gearing in %</i> | <i>31.3</i> | <i>31.6</i> |
| Investments | 17.5 | 38.1 |
| Working capital | 177.4 | 152.5 |
| <i>As a % of rolling 12 month revenues</i> | <i>16.2</i> | <i>14.6</i> |

The balance sheet structure has remained nearly unchanged since 30 April 2021. The equity ratio equalled 32.7% as of 31 October 2021. Net debt rose by EUR 6.4 million over the level on 30 April 2021 to EUR 103.7 million. The balance sheet total reflected, above all, an increase of EUR 37.0 million in inventories and trade receivables. The increase of EUR 27.5 million in inventories resulted primarily from the sharp rise in raw material prices and the build-up of raw material and merchandise inventories to maintain delivery capability. A number of projects cannot be completed at the present time due to delays in the required deliveries for individual product groups, and this has led to a higher balance of work in process and finished goods in certain product groups. The increase of EUR 11.6 million 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 balances at the end of the 2020/21 financial year.

**Solid balance sheet
structure**

Major risks and uncertainties during the second half-year 2021/22

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.

**Risk management for
early identification of
opportunities and
risks**

The first half-year brought a presumably unprecedented supply crisis on procurement markets, largely as a result of the Covid-19 pandemic. Production output was unable to meet the rapidly rising demand as a direct consequence of the pandemic. This situation was complicated, among others, by the above-average demand for electronic components like semiconductors, e.g. for e-mobility, which resulted from the

**Review of the first
half-year**

sustainability-driven technology transformation. The resulting massive excess demand covers nearly the entire procurement portfolio and ranges from raw materials like steel, copper and aluminium to technologically more complex product groups like LEDs and control devices for luminaires which also include a large number of semiconductors.

The crisis is reflected in different effects and consequences. A number of merchandise groups, e.g. synthetic materials, steel and aluminium products, are affected by significant price increases and substantially longer re-order times. Numerous procurement areas, e.g. semi-conductors, have also been faced with unprecedented allocation since the end of 2019 due to insufficient production capacity which, in turn, has limited volume deliveries to industrial segments, regions and customers.

The semiconductor components from individual producers are not directly interchangeable without modification in most cases and require adaptations to the hardware design – however, alternative suppliers can be substituted for the most critical parts. The supply situation will, consequently, improve substantially during the second half-year. Small volumes are also infrequently purchased on the spot market at higher prices. Cross-functional allocation teams create the necessary transparency over availability, evaluate emerging opportunities and risks, and ensure that necessary measures – like design adaptations – are implemented on a timely basis. The tense worldwide transport situation with its restricted capacity and rising prices also represented a challenge for the Zumtobel Group in the first half-year and led, among others, to higher transport costs.

Outlook on the second half-year

The industrial sector in our core markets has largely overcome the Covid-19 crisis and, according to current forecasts, should see strong growth this year and, presumably, also next year. However, the latest Covid-19 wave will slow the catch-up process in certain sectors. Other major risk factors include the lack of sufficient semi-conductors, rapidly rising raw material prices for key materials like steel, copper and aluminium as well as the increased costs and limitations on transport capacity. The serious reduction in delivery capacity is slowing the recovery of the entire lighting industry. From the current point of view, this development will continue into the 2022 calendar year. Additional risks come from the shifts in major application areas like industry, office or the retail trade that will lead, on the one side, to different growth rates and, on the other side, to changes in the product mix. One example is the expansion of warehouse space that has resulted from the growth of e-commerce in the retail sector. This trend is contrasted by a general reduction in retail space and the decline in office space as a result of the increased use of home office options. The long-expected consolidation trend in the lighting industry will continue.

Reference to 2020/21 annual financial report

Additional information on the potential risks and opportunities facing the Zumtobel Group is provided in the 2020/21 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 for the 2021/22 financial year

- >> Revenue growth of 4% to 7%
- >> EBIT margin of 4% to 5%
- >> Continuing uncertainty over limited availability and rising raw material prices and transport costs

The situation on the global raw materials market remained challenging for producing companies like the Zumtobel Group in Q2 2021/22. Capacity was severely limited and prices rose sharply, but we were able to pass on the higher prices in part to our customers.

The lack of sufficient key components like semi-conductors for high-end drivers was clearly felt because these items could not be delivered in the required quantities. The company was also confronted with rising transport costs. From the current point of view, these trends will continue during the 2022 calendar year.

The corona crisis is still not over, which means a certain degree of uncertainty over the development of the global economy will continue in the coming months.

The Management Board of the Zumtobel Group remains optimistic despite this tense situation and confirms its guidance for the 2021/22 financial year with an increase of 4% to 7% in revenues and an EBIT margin of 4% to 5%.

Guidance confirmed:
4–7% increase in
revenues and 4–5%
EBIT growth

Dornbirn, 7 December 2021

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Condensed Consolidated Interim Financial Statements
as of 31 October 2021

Consolidated Income Statement

| in TEUR | Q2 2021/22 | Q2 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 |
|--|----------------|----------------|-----------------|-----------------|
| Revenues | 278,040 | 264,638 | 567,365 | 515,438 |
| Cost of goods sold | (189,232) | (178,276) | (378,316) | (349,116) |
| Gross profit | 88,808 | 86,362 | 189,049 | 166,322 |
| Selling expenses | (64,944) | (64,723) | (134,229) | (127,247) |
| Administrative expenses | (10,265) | (10,100) | (21,610) | (19,471) |
| Other operating income | 1,361 | 4,638 | 1,835 | 5,664 |
| Other operating expenses | (81) | (263) | (81) | (2,322) |
| Operating profit | 14,879 | 15,914 | 34,964 | 22,946 |
| Interest expense | (1,332) | (1,498) | (2,627) | (3,006) |
| Interest income | 79 | 70 | 156 | 138 |
| Other financial income and expenses | (1,578) | (1,655) | (3,248) | (3,224) |
| Result from associated companies | 224 | 239 | 224 | 239 |
| Financial results | (2,607) | (2,844) | (5,495) | (5,853) |
| Profit before tax | 12,272 | 13,070 | 29,469 | 17,093 |
| Income taxes | (2,700) | (2,876) | (6,483) | (3,761) |
| Net profit for the period | 9,572 | 10,194 | 22,986 | 13,332 |
| <i>thereof due to non-controlling interests</i> | 202 | 266 | 182 | 445 |
| <i>thereof due to shareholders of the parent company</i> | 9,370 | 9,928 | 22,804 | 12,887 |
| 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) | 0.22 | 0.24 | 0.53 | 0.31 |

Consolidated Statement of Comprehensive Income

| in TEUR | Q2 2021/22 | Q2 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 |
|---|---------------|-----------------|-----------------|-----------------|
| Net profit for the period | 9,572 | 10,194 | 22,986 | 13,332 |
| Actuarial gain/loss | 2,618 | (13,659) | 6,440 | (13,659) |
| Deferred taxes due to actuarial gain/loss | 0 | 1,168 | 0 | 1,168 |
| Total of items that will not be reclassified ("recycled") subsequently to the income statement | 2,618 | (12,491) | 6,440 | (12,491) |
| Currency differences | 1,815 | 1,865 | 102 | 2,204 |
| Currency differences associates | 144 | 288 | 144 | 288 |
| Currency differences arising from loans | 1,066 | (130) | 3,283 | (4,447) |
| Hedge accounting | 0 | 14 | 0 | 27 |
| Total of items that will be reclassified ("recycled") subsequently to the income statement | 3,025 | 2,037 | 3,529 | (1,928) |
| Subtotal other comprehensive income | 5,643 | (10,454) | 9,969 | (14,419) |
| <i>thereof due to non-controlling interests</i> | 47 | 46 | 80 | (190) |
| <i>thereof due to shareholders of the parent company</i> | 5,596 | (10,500) | 9,889 | (14,229) |
| Total comprehensive income | 15,215 | (260) | 32,955 | (1,087) |
| <i>thereof due to non-controlling interests</i> | 251 | 313 | 262 | 255 |
| <i>thereof due to shareholders of the parent company</i> | 14,964 | (573) | 32,693 | (1,342) |

Consolidated Balance Sheet

| in TEUR | 31 Oct 2021 | 30 April 2021 |
|--|------------------|----------------|
| Goodwill | 192,644 | 190,191 |
| Other intangible assets | 40,626 | 41,379 |
| Property, plant and equipment | 264,430 | 271,328 |
| Shares in associated companies | 4,302 | 3,935 |
| Financial assets | 4,589 | 4,559 |
| Other assets | 3,176 | 3,322 |
| Deferred taxes | 33,672 | 37,360 |
| Non-current assets | 543,439 | 552,074 |
| Inventories | 185,851 | 158,321 |
| Trade receivables | 174,226 | 162,595 |
| Financial assets | 2,792 | 2,222 |
| Other assets | 35,206 | 37,270 |
| Liquid funds | 73,176 | 65,205 |
| Current assets | 471,251 | 425,613 |
| ASSETS | 1,014,690 | 977,687 |
| Share capital | 108,750 | 108,750 |
| Additional paid-in capital | 335,316 | 335,316 |
| Reserves | (136,477) | (182,641) |
| Net profit for the period | 22,804 | 44,904 |
| Capital attributed to shareholders of the parent company | 330,393 | 306,329 |
| Capital attributed to non-controlling interests | 1,288 | 2,087 |
| Equity | 331,681 | 308,416 |
| Provisions for pensions | 77,022 | 82,477 |
| Provisions for termination benefits | 47,641 | 49,093 |
| Provisions for other employee benefits | 10,498 | 10,702 |
| Other provisions | 28,111 | 27,245 |
| Borrowings | 154,232 | 137,114 |
| Other liabilities | 2,873 | 2,363 |
| Deferred taxes | 477 | 459 |
| Non-current liabilities | 320,854 | 309,453 |
| Provisions for taxes | 20,112 | 21,120 |
| Other provisions | 28,151 | 35,923 |
| Borrowings | 24,633 | 27,401 |
| Trade payables | 118,824 | 117,772 |
| Other liabilities | 170,435 | 157,602 |
| Current liabilities | 362,155 | 359,818 |
| EQUITY AND LIABILITIES | 1,014,690 | 977,687 |

Consolidated Cash Flow Statement

| in TEUR | 1 HY 2021/22 | 1 HY 2020/21 |
|---|-----------------|-----------------|
| Profit before tax | 29,469 | 17,093 |
| Depreciation and amortisation | 27,286 | 33,050 |
| Impairment of property, plant and equipment and intangible assets | 643 | 1,489 |
| Gain/loss on the disposal of property, plant and equipment and intangible assets | 273 | 363 |
| Other non-cash financial results | 3,248 | 3,224 |
| Interest income/ Interest expense | 2,471 | 2,868 |
| Share of profit or loss in associated companies | (224) | (239) |
| Cash flow from operating results | 63,166 | 57,848 |
| Inventories | (25,965) | 11,576 |
| Trade receivables | (9,202) | (14,187) |
| Trade payables | (296) | (22,128) |
| Prepayments received | 11,990 | 11,209 |
| Change in working capital | (23,473) | (13,530) |
| Non-current provisions | (3,398) | 8,083 |
| Current provisions | (8,025) | (7,199) |
| Other assets | 1,390 | 16 |
| Other liabilities | (4,093) | 8,480 |
| Change in other operating items | (14,126) | 9,380 |
| Income taxes paid | (2,043) | (3,113) |
| Cash flow from operating activities | 23,524 | 50,585 |
| Cash inflows from the disposal of property, plant and equipment and other intangible assets | 109 | 509 |
| Cash outflows for the purchase of property, plant and equipment and other intangible assets | (17,534) | (16,050) |
| Change in non-current and current financial assets | 468 | (151) |
| Interest received | 156 | 140 |
| Cash flow from investing activities | (16,801) | (15,552) |
| FREE CASH FLOW | 6,723 | 35,033 |
| Cash proceeds from non-current and current borrowings | 20,000 | 39,900 |
| Cash repayments of non-current and current borrowings | (6,824) | (63,629) |
| Dividend paid to shareholders of the parent | (8,629) | (4,315) |
| Dividend paid to non-controlling interests | (1,061) | 0 |
| Interest paid | (2,560) | (2,919) |
| Cash flow from financing activities | 926 | (30,963) |
| CHANGE IN CASH AND CASH EQUIVALENTS | 7,649 | 4,070 |
| Cash and cash equivalents at the beginning of the period | 54,818 | 59,739 |
| Cash and cash equivalents at the end of the period | 63,361 | 62,274 |
| Effects of exchange rate changes on cash and cash equivalents | 894 | (1,535) |
| Change absolute | 7,649 | 4,070 |

Consolidated Statement of Changes in Equity

1st Half-Year 2021/22

| 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 2021 | 108,750 | 335,316 | 29,355 | (40,268) | 0 | (126,824) | 306,329 | 2,087 | 308,416 |
| +/- Net profit for the period | 0 | 0 | 22,804 | 0 | 0 | 0 | 22,804 | 182 | 22,986 |
| +/- Other comprehensive income | 0 | 0 | 0 | 3,449 | 0 | 6,440 | 9,889 | 80 | 9,969 |
| +/- Total comprehensive income | 0 | 0 | 22,804 | 3,449 | 0 | 6,440 | 32,693 | 262 | 32,955 |
| +/- Dividends | 0 | 0 | (8,629) | 0 | 0 | 0 | (8,629) | (1,061) | (9,690) |
| 31 October 2021 | 108,750 | 335,316 | 43,530 | (36,819) | 0 | (120,384) | 330,393 | 1,288 | 331,681 |

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 |

The balance sheet position "reserves" comprises other reserves, excluding net profit for the period which is reported separately, as well as the currency reserve, the reserve for hedge accounting and the IAS 19 reserve.

Condensed Notes

Accounting and Valuation Methods

The condensed consolidated interim financial statements for the period from 1 May 2021 to 31 October 2021 were prepared in accordance with the principles of Financial Reporting Standards, Interim Financial Reporting (IAS 34). The Zumtobel Group elected to use the option permitted by IAS 34 and provide condensed notes.

The condensed consolidated interim financial statements as of 31 October 2021 were prepared in accordance with 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 2021 reflect the methods applied in preparing the consolidated financial statements as of 30 April 2021, with the exception of the IFRSs which required mandatory application after 1 January 2021. A detailed description of these methods is provided in the consolidated financial statements for 2020/21 under note 2.6.4 "Accounting and Valuation Methods". In addition, the effects of the new standards are described more closely under the "effects of new and revised standards and interpretations". The consolidated financial statements for 2020/21 are also available online under <https://z.lighting/en/group/investor-relations/>.

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.

Effects of Covid-19

Revenues and EBIT increased substantially year-on-year but were unable to completely reach the 2019/20 pre-crisis level. In the first half of 2021/22, the Zumtobel Group was confronted with an unprecedented supply crisis on the procurement markets as a result of the Covid-19 pandemic. Production output was unable to meet the rising demand as a direct consequence of the pandemic. The situation was complicated, among others, by the above-average demand for electronic components like semiconductors, e.g. for e-mobility, which resulted from the sustainability-driven technology transformation. The resulting excess demand covers nearly the entire procurement portfolio and ranges from raw materials like steel, copper and aluminium to technologically more complex product groups like LEDs and control devices for luminaires which also include a large number of semiconductors.

The crisis is reflected in different effects and consequences. A number of merchandise groups, e.g. synthetic materials, steel and aluminium products, affected by significant price increases and substantially longer re-order times. Numerous procurement areas, e.g. semi-conductors, have also been faced with unprecedented allocation since the end of 2019 due to insufficient production capacity which, in turn, has resulted in limited volume deliveries to industrial segments, regions and customers.

The semiconductor components from individual producers are not directly interchangeable without modification in most cases and require adaptations to the hardware design – however, alternative suppliers can be substituted for the most critical parts.

The tense worldwide transport situation with its restricted capacity and rising prices also represented a challenge for the Zumtobel Group in the first half-year and led, among others, to higher transport costs.

Other significant events in the first half of 2021/22

Thomas Erath took over the function of Chief Financial Officer (CFO) on the Management Board of Zumtobel Group AG as of 1 August 2021. He is appointed up to 31 July 2024.

In a meeting on 9 August 2021, the Supervisory Board of Zumtobel Group AG extended the contract for the Management Board Chairman and Chief Executive Officer (CEO) Alfred Felder by a further three years to 31 July 2025.

The General Meeting approved the payment of a 20 euro cents dividend per share for the 2020/21 financial year. Dividends totalling TEUR 8,629 (previous year: TEUR 4,315) were distributed to shareholders on 6 August 2021.

The provisions for pensions and severance compensation obligations declined by TEUR 6,440 in the first half of 2021/22 due to an increase in interest and inflation levels in Great Britain.

Foreign Currency Translation

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

| 1 EUR equals | Average exchange rate: Income Statement | | Closing rate: Balance Sheet | |
|--------------|---|-----------------|-----------------------------|---------------|
| | 31 October 2021 | 31 October 2020 | 31 October 2021 | 30 April 2021 |
| AUD | 1.5879 | 1.6425 | 1.5455 | 1.5581 |
| CHF | 1.0847 | 1.0719 | 1.0611 | 1.0998 |
| USD | 1.1857 | 1.1520 | 1.1645 | 1.2082 |
| SEK | 10.1529 | 10.4241 | 9.9368 | 10.1640 |
| NOK | 10.1802 | 10.7702 | 9.7495 | 9.9533 |
| GBP | 0.8557 | 0.9017 | 0.8449 | 0.8686 |

Scope of Consolidation

The condensed consolidated interim financial statements include all major Austrian and foreign companies that are controlled by Zumtobel Group AG. There were no changes in the scope of consolidation during the first half of the 2021/22 financial year; 91 companies were included through full consolidation and one company was included at equity.

Selected Notes to the Consolidated Income Statement

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

Revenues

Revenues include an adjustment of TEUR 23,288 (H1 2020/21: 18,920) for sales deductions (primarily customer discounts). Gross revenues total TEUR 590,653 (H1 2020/21 TEUR 534,357).

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 2020/22

| in TEUR | Cost of goods sold | Selling expenses | Administrative expenses | Other operating results | Total |
|-----------------------|--------------------|------------------|-------------------------|-------------------------|------------------|
| Cost of materials | (258,763) | (3,623) | (14) | 0 | (262,400) |
| Personnel expenses | (82,726) | (81,473) | (16,227) | (81) | (180,507) |
| Depreciation | (19,163) | (7,493) | (1,273) | 0 | (27,929) |
| Other expenses | (24,927) | (39,962) | (8,796) | 0 | (73,685) |
| Own work capitalised | 6,494 | 2 | 62 | 0 | 6,558 |
| Internal charges | (887) | (3,655) | 4,543 | 0 | 0 |
| Total expenses | (379,973) | (136,204) | (21,705) | (81) | (537,963) |
| Other income | 1,657 | 1,975 | 95 | 1,835 | 5,562 |
| Total | (378,316) | (134,229) | (21,610) | 1,754 | (532,401) |

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) |

Personnel expenses rose from TEUR 167,780 in the first half of 2020/21 to TEUR 180,507, chiefly due to the Covid-19-related reduction of accumulated holiday and overtime as well as the utilisation of national short-time work programmes in the previous financial year:

The cost of goods sold includes development costs of TEUR 30,158 (H1 2020/21: TEUR 28,863).

Other Financial Income and Expenses

| in TEUR | Q2 2021/22 | Q2 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 |
|---|----------------|----------------|----------------|----------------|
| Interest component as per IAS 19 less income on plan assets | (718) | (897) | (1,431) | (1,493) |
| Foreign exchange gains and losses | (879) | (2,442) | (1,936) | (1,889) |
| Market valuation of financial instruments | 19 | 1,684 | 119 | 158 |
| Total | (1,578) | (1,655) | (3,248) | (3,224) |

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.

Selected Notes to the Consolidated Statement of Comprehensive Income

Actuarial Gain/Loss

The reported actuarial gains of TEUR 6,440 (H1 2020/21: losses of TEUR –13,659) resulted from revaluation effects in the Group's pension and severance compensation obligations. These effects are related primarily to the increase in interest and inflation rates in Great Britain during the first half of 2021/22.

Currency Differences

This position consists of translation effects from the conversion of subsidiaries' financial statements (TEUR –2,035; H1 2020/21: TEUR 4,275) and effects resulting from foreign currency-related adjustments to goodwill following the application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") (TEUR 2,453; H1 2020/21: TEUR –1,929). This position also includes currency differences resulting from an interest rate hedge (net investment hedge, TEUR –172; H1 2020/21: TEUR 146).

Currency Differences arising from Loans

The currency differences arising from loans (TEUR 3,283; H1 2020/21: TEUR –4,447) result from long-term intragroup loans in SEK, GBP and USD, which are classified as net investments in a foreign operation and must therefore be reported under comprehensive income.

Selected Notes to the Consolidated Balance Sheet

The following comments refer to major changes in individual items compared to the balance sheet date on 30 April 2021.

Goodwill

The application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") led to foreign currency-based adjustments of TEUR 2,453 to goodwill in the first half of 2021/22 (H1 2020/21: TEUR –1,929) 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 following table shows the various components of inventories:

| in TEUR | 31 October 2021 | 30 April 2021 |
|---------------------|--------------------|----------------|
| Raw materials | 73,076 | 59,526 |
| Work in process | 2,358 | 1,941 |
| Semi-finished goods | 10,056 | 7,452 |
| Merchandise | 33,753 | 24,374 |
| Finished goods | 66,608 | 65,028 |
| Inventories | 185,851 | 158,321 |

The increase of TEUR 27,530 in inventories resulted primarily from the sharp rise in raw material prices and from the build-up of raw material and merchandise inventories to maintain delivery capability. A number of projects cannot be completed at the present time due to delays in the required deliveries for individual product groups, and this has led to a higher balance of work in process and finished goods in certain product groups.

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 balances at the end of the 2020/21 financial year.

Current Financial Assets

Current financial assets include receivables due from financial institutions from a continuing involvement in a factoring agreement (31 October 2021: TEUR 1,987; 30 April 2021: TEUR 1,962).

Non-current Financial Liabilities

The increase in non-current financial liabilities is primarily attributable to the draw-down of TEUR 20,000 from the consortium credit agreement which was used to cover the higher financing requirements for the inventory build-up.

Current provisions

The decline in other current provisions resulted primarily from a reduction in restructuring provisions in Great Britain (combination of locations), France (protection procedure and restructuring of the plant in Les Andelys) and Germany (reorganisation of sales).

Current financial liabilities

The reduction in current financial liabilities resulted, above all, from a decline of TEUR 1,722 in current lease liabilities and a decline of TEUR 1,068 in the use of government credits.

Other Current Liabilities

The increase of TEUR 12,833 in other current liabilities resulted from a higher balance of prepayments received.

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 2021

Assets

| in TEUR | Carrying amount | Accounting at | | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
| | | fair value | amortized cost | | | | |
| Non-current financial assets | 4,589 | 576 | 4,013 | | | | |
| <i>Securities and similar rights</i> | 576 | 576 | - | 576 | | | 576 |
| <i>Loans originated and other receivables</i> | 4,013 | - | 4,013 | | | | |
| Current financial assets | 2,792 | 801 | 1,991 | | | | |
| <i>Securities and similar rights</i> | 1,987 | - | 1,987 | | | | |
| <i>Loans originated and other receivables</i> | 4 | - | 4 | | | | |
| <i>Positive market values of derivatives held for trading</i> | 801 | 801 | - | 801 | | 801 | |
| Trade receivables | 174,226 | 1,987 | 172,239 | | | | |
| Liquid funds | 73,176 | - | 73,176 | | | | |
| Total | 254,783 | 3,364 | 251,419 | | | | |

Liabilities

| in TEUR | Carrying amount | Accounting at | | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
| | | fair value | amortized cost | | | | |
| Non-current borrowings | 154,232 | - | 154,232 | | | | |
| <i>Loans received</i> | 105,306 | - | 105,306 | 106,518 | | | |
| <i>Lease liability</i> | 48,926 | - | 48,926 | | | | |
| Current borrowings | 24,633 | - | 24,633 | | | | |
| <i>Loans received</i> | 3,488 | - | 3,488 | | | | |
| <i>Working capital credits</i> | 9,677 | - | 9,677 | | | | |
| <i>Lease liability</i> | 11,468 | - | 11,468 | | | | |
| Trade payables | 118,824 | - | 118,824 | | | | |
| Other current liabilities | 4,748 | 4,721 | 27 | | | | |
| <i>Negative market values of derivatives held for trading</i> | 574 | 574 | - | 574 | | 574 | |
| <i>Negative market values of derivatives (hedge accounting)</i> | 4,147 | 4,147 | - | 4,147 | | 4,147 | |
| <i>Other</i> | 27 | - | 27 | | | | |
| Total | 302,437 | 4,721 | 297,716 | | | | |

30 April 2021

Assets

| in TEUR | Carrying amount | Accounting at | | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
| | | fair value | amortized cost | | | | |
| 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 | 162,595 | 1,962 | 160,633 | | | | |
| Liquid funds | 65,205 | - | 65,205 | | | | |
| Total | 234,581 | 2,783 | 231,798 | | | | |

Liabilities

| in TEUR | Carrying amount | Accounting at | | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|---------------|----------------|------------|---------|---------|---------|
| | | fair value | amortized cost | | | | |
| Non-current borrowings | 137,114 | - | 137,114 | | | | |
| <i>Loans received</i> | 85,768 | - | 85,768 | 88,236 | | | |
| <i>Lease liability</i> | 51,346 | - | 51,346 | | | | |
| 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 | | | | |
| Total | 286,427 | 4,113 | 282,314 | | | | |

Selected 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.

Transition to Cash and Cash Equivalents

| in TEUR | 31 October 2021 | 30 April 2021 |
|----------------------------------|-----------------|---------------|
| Liquid funds | 73,176 | 65,205 |
| Not available for disposal | (138) | (346) |
| Overdrafts | (9,677) | (10,041) |
| Cash and cash equivalents | 63,361 | 54,818 |

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 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 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 2021/22

| in TEUR | Lighting Segment | | Components Segment | | Reconciliation | | Group | |
|-------------------------|------------------|-----------------|--------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | Q2 2021/22 | Q2 2020/21 | Q2 2021/22 | Q2 2020/21 | Q2 2021/22 | Q2 2020/21 | Q2 2021/22 | Q2 2020/21 |
| Net revenues | 208,064 | 204,368 | 83,509 | 72,592 | (13,533) | (12,322) | 278,040 | 264,638 |
| External revenues | 207,846 | 204,127 | 70,194 | 60,411 | 0 | 100 | 278,040 | 264,638 |
| Inter-company revenues | 218 | 241 | 13,315 | 12,181 | (13,533) | (12,422) | 0 | 0 |
| Gross profit | 69,654 | 73,481 | 17,349 | 11,343 | 1,805 | 1,539 | 88,808 | 86,362 |
| Operating profit | 11,114 | 16,456 | 7,685 | 3,432 | (3,920) | (3,974) | 14,879 | 15,914 |
| Investments | 5,470 | 4,468 | 2,430 | 3,000 | 686 | 546 | 8,586 | 8,015 |
| Depreciation | (10,282) | (10,880) | (3,000) | (6,646) | (1,238) | (1,181) | (14,520) | (18,707) |

1st Half Year 2021/22

| in TEUR | Lighting Segment | | Components Segment | | Reconciliation | | Group | |
|-------------------------|------------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1 HY 2021/22 | 1 HY 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 |
| Net revenues | 420,506 | 394,066 | 175,683 | 145,712 | (28,824) | (24,340) | 567,365 | 515,438 |
| External revenues | 419,940 | 393,619 | 147,425 | 121,719 | 0 | 100 | 567,365 | 515,438 |
| Inter-company revenues | 566 | 447 | 28,258 | 23,993 | (28,824) | (24,440) | 0 | 0 |
| Gross profit | 147,406 | 137,446 | 37,991 | 25,047 | 3,652 | 3,829 | 189,049 | 166,322 |
| Operating profit | 27,046 | 22,380 | 16,238 | 7,260 | (8,321) | (6,694) | 34,964 | 22,946 |
| Investments | 10,395 | 9,357 | 5,330 | 5,407 | 1,809 | 1,286 | 17,534 | 16,050 |
| Depreciation | (19,287) | (21,641) | (6,116) | (10,487) | (2,526) | (2,411) | (27,929) | (34,539) |

| in TEUR | Lighting Segment | | Components Segment | | Reconciliation | | Group | |
|---------------|------------------|----------------|--------------------|----------------|-----------------|----------------|------------------|----------------|
| | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 |
| Assets | 679,830 | 656,676 | 169,643 | 155,799 | 165,217 | 165,211 | 1,014,690 | 977,687 |

| Headcount (full-time equivalent) | Lighting Segment | | Components Segment | | Reconciliation | | Group | |
|----------------------------------|------------------|---------------|--------------------|---------------|-----------------|---------------|-----------------|---------------|
| | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 | 31 October 2021 | 30 April 2021 |
| | 3,819 | 3,857 | 1,803 | 1,808 | 158 | 148 | 5,780 | 5,813 |

The number of employees reported in the above table includes 210 (H1 2020/21: 128) 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 2021/22 | Q2 2020/21 | 1 HY 2021/22 | 1 HY 2020/21 |
|-------------------------|----------------|----------------|----------------|----------------|
| Group parent companies | (3,644) | (3,929) | (8,330) | (6,764) |
| Group entries | (276) | (46) | 9 | 70 |
| Operating profit | (3,920) | (3,975) | (8,321) | (6,694) |

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 2021 | 30 April 2021 |
|--------------------------------------|--------------------|------------------|
| Assets used by more than one segment | 140,089 | 134,565 |
| Group parent companies | 43,288 | 46,049 |
| Group entries | (18,160) | (15,403) |
| Assets | 165,217 | 165,211 |

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. There were no material supply or service relationships with related parties or persons in the first half of 2021/22.

Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 26,990 (30 April 2021: TEUR 14,965) for various purposes. The increase resulted primarily from a prepayment guarantee provided for a lighting project in Germany.

Subsequent Events

No significant events occurred after the interim balance sheet date on 31 October 2021.

Dornbirn, 7 December 2021

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
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, 7 December 2021

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Service

General Information

The use of automatic data processing equipment can lead to rounding differences.

Financial Terms

| | |
|---------------------|---|
| CAPEX | Capital expenditure |
| Debt coverage ratio | = Net debt divided by EBITDA |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes, depreciation and amortisation |
| Equity ratio | = Equity as a percentage of assets |
| Gearing | = Net debt as a percentage of equity |
| Labour productivity | = Adjusted EBIT as a percentage of personnel expenses |
| Net debt | = Non-current borrowings + current borrowings – liquid funds – 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 |

Financial Calendar

| | |
|---|-------------------|
| Interim Report Q1-Q3 2021/22 (May 1, 2021 - January 31, 2022) | 08 March 2022 |
| Annual Results 2021/22 (1 May 2021 - 30 April 2022) | 01 July 2022 |
| Record Date for the Annual General Meeting | 19 July 2022 |
| 46th Annual General Meeting | 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 quarterly report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are normally characterised by expressions like "preview", "outlook", "believe", "expect", "estimate", "intend", "plan", "goal", "evaluation", "can/could", "become" or similar terms or can be interpreted as a statement on future developments because of the context. The statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. They are also based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Risks may also arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. Neither the Zumtobel Group nor any persons involved in the preparation of this quarterly report accepts any liability whatsoever for the correctness and completeness of the statements on future developments contained in this report. The Zumtobel Group does not plan to update these forward-looking statements. The quarterly report is also presented in English, but only the German text is binding. This quarterly report does not represent a recommendation or invitation to buy or sell securities issued by the Zumtobel Group.