

Q1 2023/24

Interim Report (May 2023 – July 2023)

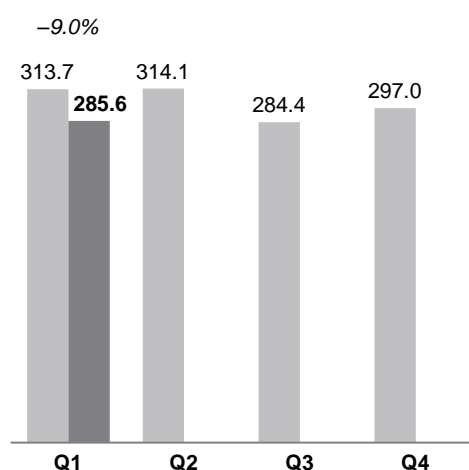


Overview of the First Quarter of 2023/24

| Key Data in EUR million | Q1 2023/24 | Q1 2022/23 | Change in % |
|--|---------------------|----------------------|--------------------|
| Revenues | 285.6 | 313.7 | (9.0) |
| EBITDA | 29.0 | 32.9 | (11.8) |
| <i>as a % of revenues</i> | 10.1 | 10.5 | |
| EBIT | 14.5 | 19.0 | (23.8) |
| <i>as a % of revenues</i> | 5.1 | 6.1 | |
| Net profit/loss for the period | 9.8 | 10.9 | (9.7) |
| <i>as a % of revenues</i> | 3.4 | 3.5 | |
| Cash flow from operating results | 29.2 | 32.8 | (11.1) |
| CAPEX | 8.5 | 16.0 | (46.7) |
| <i>thereof CAPEX excl. IFRS 16</i> | 6.6 | 15.0 | (56.1) |
| | 31 July 2023 | 30 April 2023 | Change in % |
| Total assets | 995.0 | 1,002.4 | (0.7) |
| Equity | 430.2 | 421.7 | 2.0 |
| <i>Equity ratio in %</i> | 43.2 | 42.1 | |
| Net debt | 98.2 | 86.9 | 13.0 |
| Headcount incl. contract worker (full-time equivalent) | 5,451 | 5,503 | (0.9) |

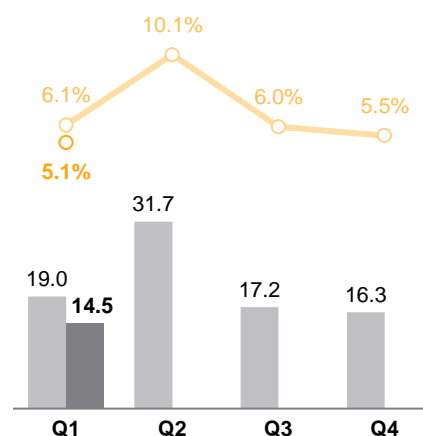
Development of business by quarter

Revenues development (in EUR million)



■ Revenues FY 2022/23
■ Revenues FY 2023/24

EBIT development



○ EBIT FY 2022/23 in % of revenues
○ EBIT FY 2023/24 in % of revenues
■ EBIT FY 2022/23 in EUR million
■ EBIT FY 2023/24 in EUR million

Letter to Shareholders

Dear Shareholders,

Our numbers for the first three months of the current financial year unfortunately do not reflect the sound performance in 2022/23. Revenue was generally stable in the Lighting Segment but fell roughly one-fourth below the very strong previous year in the Components Segment. In total, this led to a decline of 9% in Group revenue to EUR 285.6 million, or 7.6% after an adjustment for foreign exchange effects, in the first quarter of 2023/24.

The sharp drop of over EUR 26 million in Components Segment revenue was unexpected and a consequence of customers' high stock levels. The end of the market weakness in this business is, however, not yet in sight and we have adjusted our revenue guidance accordingly. We now expect a decline in revenue for the Zumtobel Group in the mid-single digit per cent range for the 2023/24 financial year. Our costs are under control, and we therefore expect an EBIT margin of 3% to 6% for the full financial year.

EBIT margin over 5% in the first quarter

The substantial decline in revenue combined with personnel costs increased by collective agreements also had an effect on our operating results: EBIT in the Lighting Segment increased slightly but operating profit at the Group level fell from EUR 19 million in the previous quarter to EUR 14.5 million. Considering these developments, the EBIT margin of 5.1% for the first quarter can be seen as very respectable. In the Lighting Segment, we are continuing to benefit from high electricity prices because customers are investing in more energy efficient lighting solutions. These investments lead to savings of 50% to 70% in energy costs, depending on the product and application.

In this context, I would also like to mention our progress and goals in the area of sustainability. Our company joined the Science Based Targets initiative (SBTi) this past spring. This membership commits us to the goals of the Paris Climate Agreement – together with over 4,000 participating companies across the world. The Zumtobel Group has set a goal to reduce CO₂ emissions along the entire value chain – which is a big step for us because we are also accepting responsibility for emissions beyond our own production. The reduction of both upstream and downstream emissions is now an integral part of our sustainability goals.

Dear Shareholders, as you certainly know, we paid a dividend of EUR 0.40 per share in August. That represents the fourth year in succession that the Zumtobel Group has shared its success with its shareholders and increased the dividend from year to year.

It will, without a doubt, be difficult to continue our recent success history in the current operating environment. However, we remain a very profitable company that allows its shareholders to share in its success. That is what we stand for and work towards.

Alfred Felder
Chief Executive Officer (CEO)



Group Management Report

Development of revenues in the first quarter of 2023/24

- >> Group revenues decline by 9.0% (FX-adjusted: -7.6%)
- >> Lighting Segment slightly below previous year (-1.0%)
- >> Substantial reduction in Components Segment (-25.4%)
- >> Group EBIT falls to EUR 14.5 million

| Income statement in EUR million | Q1 2023/24 | Q1 2022/23 | Change in % |
|---------------------------------------|----------------|----------------|---------------|
| Revenues Lighting Segment | 224.1 | 226.5 | (1.0) |
| Revenues Components Segment | 77.0 | 103.2 | (25.4) |
| Reconciliation | (15.5) | (16.0) | (2.8) |
| Revenues | 285.6 | 313.7 | (9.0) |
| Cost of goods sold | (183.0) | (208.6) | (12.3) |
| Gross profit | 102.5 | 105.0 | (2.4) |
| <i>as a % of revenues</i> | 35.9 | 33.5 | |
| SG&A expenses | (88.0) | (86.0) | 2.3 |
| EBIT Lighting Segment | 17.3 | 16.7 | 3.6 |
| <i>as a % of segment revenues</i> | 7.7 | 7.4 | |
| EBIT Components Segment | 2.2 | 7.6 | (70.9) |
| <i>as a % of segment revenues</i> | 2.9 | 7.4 | |
| Reconciliation | (5.0) | (5.3) | (5.4) |
| EBIT | 14.5 | 19.0 | (23.8) |
| <i>as a % of revenues</i> | 5.1 | 6.1 | |
| Financial results | (3.5) | (5.1) | 31.4 |
| Profit before tax | 11.0 | 13.9 | (21.0) |
| Income taxes | (1.2) | (3.1) | (61.0) |
| Net profit/loss for the period | 9.8 | 10.9 | (9.7) |
| Earnings per share (in EUR) | 0.23 | 0.25 | (9.7) |

For information: EBITDA (EBIT plus depreciation and amortisation) totalled EUR 29.0 million in Q1 2023/24.

Group revenues declined by 9.0% to EUR 285.6 million in Q1 2023/24 (Q1 2022/23: EUR 313.7 million), primarily due to lower volumes and unfavourable foreign exchange developments. The strong Swiss franc revaluation was contrasted by a substantial devaluation of the Turkish lira and the Chinese yuan. After an adjustment for foreign exchange effects, revenues declined by 7.6%.

9.0% decrease in Group revenues

In the Lighting Segment, revenues were marginally lower (–1.0%) at EUR 224.1 million in Q1 2023/24 (Q1 2022/23: EUR 226.5 million). Lower sales volumes and negative foreign exchange effects were largely offset by efficient price management and volume growth in higher margin markets.

Lighting Segment revenues decline by 1.0%

The Components Segment recorded a sharp drop of 25.4% in revenues to EUR 77.0 million in Q1 2023/24 (Q1 2022/23: EUR 103.2 million). The determining factors were reserved demand due to customers' high stock levels and a related increase in price competition.

Components Segment revenues fall by 25.4%

In the D/A/CH region, the strongest revenue growth was recorded in Switzerland. Revenues increased over the good previous year in Austria but declined in Germany. Apart from sound development in the Benelux countries, revenues were weaker in the Northern and Western Europe region. Revenues in the Southern and Eastern Europe region were lower year-on-year, with a particularly high decline in Spain – from a very high previous year –, Italy and France. The strongest declines were recorded in the Asia & Pacific region, led by China and Australia. Revenues in the America & MEA region were slightly below the previous year.

| Revenues in EUR million | Q1 2023/24 | Change in % | in % of Group |
|-----------------------------|--------------|--------------|---------------|
| D/A/CH | 105.0 | 5.2 | 36.8 |
| Northern and Western Europe | 68.6 | (11.0) | 24.0 |
| Southern and Eastern Europe | 76.0 | (12.2) | 26.6 |
| Asia & Pacific | 22.2 | (37.9) | 7.8 |
| Americas & MEA | 13.7 | (5.4) | 4.8 |
| Total | 285.6 | (9.0) | 100.0 |

The cost of goods sold was favourably influenced by a reduction in material and transport costs as well as a reduction in inventory write-downs. Negative factors included an increase in personnel and guarantee costs. Development costs declined by EUR 0.7 million to EUR 16.2 million in Q1 2023/24 (Q1 2022/23: EUR 16.9 million), chiefly due to an increase in capitalisations and a reduction in license fees. The gross profit margin rose to 35.9% (Q1 2022/23: 33.5%) despite the decline in revenues, above all due to revenue growth in higher margin regions.

Selling and administrative expenses (incl. research) rose by EUR 2.0 million to EUR –88.0 million (Q1 2022/23: EUR –86.0 million). The main drivers were the personnel cost increases which resulted from collective agreements and bonuses, which were contrasted by savings in transport, consulting and marketing costs.

Group EBIT fell from EUR 19.0 million in Q1 2022/23 to EUR 14.5 million in Q1 2023/24, and the EBIT margin equalled 5.1% (Q1 2022/23: 6.1%). Consequently, the revenue decline and above-mentioned personnel cost increases were only offset in part.

Group EBIT falls to EUR 14.5 million

EBIT in the Lighting Segment rose from EUR 16.7 million in Q1 2022/23 to EUR 17.3 million in Q1 2023/24. The moderate revenue decline and fixed cost increases were more than offset by volume growth in higher margin markets. The challenging market situation led to a drop in EBIT in the Components Segment from EUR 7.6 million to EUR 2.2 million in Q1 2023/24 despite an improvement in the gross profit margin that resulted primarily from favourable USD effects.

| Financial result in EUR million | Q1 2023/24 | Q1 2022/23 | Change in % |
|--|--------------|--------------|-----------------|
| Interest expense | (2.6) | (1.2) | <-100 |
| Interest income | 0.2 | 0.1 | 34.6 |
| Net financing costs | (2.4) | (1.1) | <-100 |
| Other financial income and expenses | (1.1) | (4.1) | (73.4) |
| Result and impairment from associated companies | 0.0 | 0.0 | |
| Financial results | (3.5) | (5.1) | 31.4 |

Financial results above previous year

Financial results rose by EUR 1.6 million to EUR –3.5 million (Q1 2022/23: EUR –5.1 million). Interest expense, which consisted chiefly of the interest expense for current credit agreements and finance leases, amounted to EUR –2.4 million (Q1 2022/23: EUR –1.1 million). Other financial income and expenses totalled EUR –1.1 million and included, in particular, the interest expense on pension obligations as well as the earnings effects from exchange rate changes and the measurement of hedges.

Year-on-year decline in net profit to EUR 9.8 million

Profit before tax totalled EUR 11.0 million (Q1 2022/23: EUR 13.9 million), and income taxes equalled EUR –1.2 million (Q1 2022/23: EUR –3.1 million). Net profit for the reporting period fell to EUR 9.8 million (Q1 2022/23: EUR 10.9 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) declined to EUR 0.23 (Q1 2022/23: EUR 0.25).

Cash flow

| Cash Flow Statement in EUR million | Q1 2023/24 | Q1 2022/23 | Change in % |
|--|--------------|---------------|-----------------|
| Cash flow from operating results | 29.2 | 32.8 | (11.1) |
| Change in working capital | (15.3) | (18.7) | 18.2 |
| Change in other operating items | (13.1) | (14.2) | 7.4 |
| Income taxes paid | (1.2) | (1.3) | 8.7 |
| Cash flow from operating activities | (0.5) | (1.4) | 64.9 |
| Cash flow from investing activities | (6.2) | (14.4) | 57.0 |
| FREE CASH FLOW | (6.7) | (15.8) | 57.8 |
| Cash flow from financing activities | 5.1 | 24.1 | (78.6) |
| CHANGE IN CASH AND CASH EQUIVALENTS | (1.5) | 8.3 | <-100 |

Cash flow from operating results fell slightly by EUR 3.7 million year-on-year from EUR 32.8 million to EUR 29.2 million, chiefly due to the decline in revenues in the Components Segment.

Cash outflows from the changes in other operating positions amounted to EUR –13.1 million (Q1 2022/23: EUR –14.2 million) and resulted mainly from bonus and holiday allowance payments. Cash flow from operating activities totalled EUR –0.5 million in Q1 2023/24 (Q1 2022/23: EUR –1.4 million).

Cash flow from investing activities totalled EUR –6.2 million in the reporting period (Q1 2022/23: EUR –14.4 million). In addition to investments in property, plant and equipment, this position also includes cash outflows of EUR 2.3 million (Q1 2022/23: EUR 1.8 million) for capitalised development costs.

Free cash flow equalled EUR –6.7 million in Q1 2023/24 (Q1 2022/23: EUR –15.8 million).

**Free cash flow at
EUR –6.7 million**

Cash flow from financing activities declined to EUR 5.1 million (Q1 2022/23: EUR 24.1 million), chiefly due to the reduced use of the consortium credit agreement.

Asset position

| Balance sheet data in EUR million | 31 July 2023 | 30 April 2023 |
|--|--------------|---------------|
| Total assets | 995.0 | 1,002.4 |
| Net debt | 98.2 | 86.9 |
| <i>Debt coverage ratio</i> | <i>0.72</i> | <i>0.62</i> |
| Equity | 430.2 | 421.7 |
| <i>Equity ratio in %</i> | <i>43.2</i> | <i>42.1</i> |
| <i>Gearing in %</i> | <i>22.8</i> | <i>20.6</i> |
| CAPEX | 8.5 | 69.4 |
| <i>thereof CAPEX excl. IFRS 16</i> | <i>6.6</i> | <i>54.5</i> |
| Working capital | 247.7 | 231.7 |
| <i>As a % of rolling 12 month revenues</i> | <i>21.0</i> | <i>19.2</i> |

The balance sheet total of the Zumtobel Group equalled EUR 995.0 million as of 31 July 2023 and remained nearly unchanged in comparison with the balance sheet date on 30 April 2023 (EUR 1,002.4 million).

**Solid balance sheet
structure**

Working capital totalled EUR 247.7 million as of 31 July 2023 and was EUR 16.0 million higher than on 30 April 2023 (EUR 231.7 million). As a per cent of rolling 12-month revenues, working capital rose from 19.2% on 30 April 2023 to 21.0%. The main driver compared with the previous year was related to the settlement of trade payables.

The equity ratio improved to 43.2% as of 31 July 2023 (30 April 2023: 42.1%). Equity rose by EUR 8.5 million from von EUR 421.7 million on 30 April 2023 to EUR 430.2 million. Net liabilities increased to EUR 98.2 million as of 31 July 2023 (30 April 2023: EUR 86.9 million). The balance sheet structure of the Zumtobel Group remains stable and strong.

Outlook for the 2023/24 financial year

- >> Adjustment of revenue guidance: revenue decline in the mid-single digit per cent range (previous guidance: revenue growth of 1% to 4%)
- >> EBIT margin of 3% to 6% confirmed

Contrary to the previous outlook, demand in the substantially more short-term Components Segment failed to develop the expected momentum. This weakness was a direct result of customers' continuing high stock levels. Due to the lack of dynamics in the components business and the tense economic climate, the Management Board of the Zumtobel Group now expects a revenue decline in the mid-single digit per cent range for the 2023/24 financial year (previous guidance: revenue growth of 1% to 4%). The expected EBIT margin of 3% to 6% for the 2023/24 financial year is confirmed – provided there is no further deterioration in the economic environment.

Dornbirn, 6 September 2023

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Marcus Frantz
Chief Digital Transformation Officer (CDTO)

Condensed Consolidated Interim Financial Statements
as of 31 July 2023

Zumtobel Group AG has adjusted the scope of the interim reports due to the changed requirements of the “Prime Market Rules“ of the Vienna Stock Exchange for first and third quarter interim reporting. Financial information presented in the interim report for the first quarter of 2023/24 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Zumtobel Group AG for the 2022/23 financial year.

Consolidated Income Statement

| in TEUR | Q1 2023/24 | Q1 2022/23 |
|--|----------------|----------------|
| Revenues | 285,553 | 313,663 |
| Cost of goods sold | (183,043) | (208,630) |
| Gross profit | 102,510 | 105,033 |
| Selling expenses | (75,670) | (74,977) |
| Administrative expenses | (11,930) | (11,253) |
| Other operating income | 193 | 358 |
| Other operating expenses | (597) | (124) |
| Operating profit | 14,506 | 19,037 |
| Interest expense | (2,592) | (1,171) |
| Interest income | 159 | 118 |
| Other financial income and expenses | (1,082) | (4,070) |
| Financial results | (3,515) | (5,123) |
| Profit before tax | 10,991 | 13,914 |
| Income taxes | (1,195) | (3,061) |
| Net profit for the period | 9,796 | 10,853 |
| <i>thereof due to non-controlling interests</i> | (147) | (5) |
| <i>thereof due to shareholders of the parent company</i> | 9,943 | 10,858 |
| Average number of shares outstanding – basic (in 1,000 pcs.) | 43,147 | 43,147 |
| Average number of shares outstanding – diluted (in 1,000 pcs.) | 43,147 | 43,147 |
| Earnings per share (in EUR) | | |
| Earnings per share (diluted and basic) | 0.23 | 0.25 |

Consolidated Balance Sheet

| in TEUR | 31 July 2023 | 30 April 2023 |
|--|----------------|------------------|
| Goodwill | 194,152 | 193,026 |
| Other intangible assets | 49,768 | 50,350 |
| Property, plant and equipment | 245,619 | 250,512 |
| Financial assets | 5,455 | 5,336 |
| Other assets | 4,238 | 3,535 |
| Deferred taxes | 38,560 | 38,297 |
| Non-current assets | 537,792 | 541,056 |
| Inventories | 198,370 | 194,414 |
| Trade receivables | 164,829 | 169,743 |
| Financial assets | 1,942 | 2,083 |
| Other assets | 37,904 | 36,171 |
| Liquid funds | 54,206 | 58,918 |
| Current assets | 457,251 | 461,329 |
| ASSETS | 995,043 | 1,002,385 |
| Share capital | 108,750 | 108,750 |
| Additional paid-in capital | 335,316 | 335,316 |
| Reserves | (15,055) | (23,715) |
| Capital attributed to shareholders of the parent company | 429,011 | 420,351 |
| Capital attributed to non-controlling interests | 1,223 | 1,374 |
| Equity | 430,234 | 421,725 |
| Provisions for pensions | 53,360 | 52,610 |
| Provisions for termination benefits | 36,376 | 36,626 |
| Provisions for other employee benefits | 8,264 | 8,125 |
| Other provisions | 20,534 | 20,159 |
| Borrowings | 119,881 | 111,038 |
| Other liabilities | 17,648 | 17,861 |
| Deferred taxes | 2,948 | 2,929 |
| Non-current liabilities | 259,011 | 249,348 |
| Provisions for taxes | 17,587 | 17,275 |
| Other provisions | 20,673 | 22,934 |
| Borrowings | 34,017 | 36,436 |
| Trade payables | 87,025 | 96,577 |
| Other liabilities | 146,496 | 158,090 |
| Current liabilities | 305,798 | 331,312 |
| EQUITY AND LIABILITIES | 995,043 | 1,002,385 |

Consolidated Cash Flow Statement

| in TEUR | Q1 2023/24 | Q1 2022/23 |
|---|-----------------|-----------------|
| Profit before tax | 10,991 | 13,914 |
| Depreciation and amortisation | 14,456 | 13,816 |
| Gain/loss on the disposal of property, plant and equipment and intangible assets | 221 | (10) |
| Other non-cash financial results | 1,082 | 4,070 |
| Interest income/ Interest expense | 2,433 | 1,053 |
| Cash flow from operating results | 29,183 | 32,843 |
| Inventories | (4,228) | (5,228) |
| Trade receivables | 5,721 | 7,317 |
| Trade payables | (9,766) | (16,334) |
| Prepayments received | (7,053) | (4,497) |
| Change in working capital | (15,326) | (18,742) |
| Non-current provisions | (1,614) | (1,412) |
| Current provisions | (2,271) | (2,807) |
| Other assets | (2,296) | (5,871) |
| Other liabilities | (6,945) | (4,088) |
| Change in other operating items | (13,126) | (14,178) |
| Income taxes paid | (1,231) | (1,349) |
| Cash flow from operating activities | (500) | (1,426) |
| Cash inflows from the disposal of property, plant and equipment and other intangible assets | 18 | 192 |
| Cash outflows for the purchase of property, plant and equipment and other intangible assets | (6,567) | (14,971) |
| Change in non-current and current financial assets | 225 | 304 |
| Interest received | 158 | 119 |
| Cash flow from investing activities | (6,166) | (14,356) |
| FREE CASH FLOW | (6,666) | (15,782) |
| Cash proceeds from non-current and current borrowings | 10,000 | 30,000 |
| Cash repayments of non-current and current borrowings | (3,019) | (4,883) |
| Interest paid | (1,843) | (1,058) |
| Cash flow from financing activities | 5,138 | 24,059 |
| CHANGE IN CASH AND CASH EQUIVALENTS | (1,528) | 8,277 |
| Cash and cash equivalents at the beginning of the period | 36,483 | 41,418 |
| Cash and cash equivalents at the end of the period | 33,376 | 49,667 |
| Effects of exchange rate changes on cash and cash equivalents | (1,579) | (28) |
| Change absolute | (1,528) | 8,277 |

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

Half-Year Financial Report 2023/24 (1 May 2023 – 31 October 2023) 07 December 2023
Interim Report Q1–Q3 2023/24 (1 May 2023 – 31 January 2024) 07 March 2024

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More Information

on Zumtobel Group AG and our brands can be found on the Internet under: <https://z.lighting/>

Imprint

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