

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended August 31, 2021.

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

ACUITY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

001-16583

(Commission File Number)

58-2632672

(I.R.S. Employer Identification Number)

1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia 30309-7676
(Address of principal executive offices)

(404) 853-1400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, \$0.01 par value per share	AYI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer
Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Based on the closing price of the Registrant's common stock of \$123.30 as quoted on the New York Stock Exchange on February 28, 2021, the aggregate market value of the voting stock held by nonaffiliates of the registrant was \$4.37 billion.

The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 34,924,594 shares as of October 22, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K
Part II, Item 5; Part III, Items 10, 11, 12, 13, and 14

Incorporated Document
Proxy Statement for 2021 Annual Meeting of Stockholders

ACUITY BRANDS, INC.

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PART I

Item 1. *Business*

Overview

Acuity Brands, Inc. (referred to herein as “we,” “our,” “us,” the “Company,” or similar references) is a market-leading industrial technology company. We use technology to solve problems in spaces and light. Through our two business segments, Acuity Brands Lighting and Lighting Controls (“ABL”) and the Intelligent Spaces Group (“ISG”), we design, manufacture, and bring to market products and services that make the world more brilliant, productive, and connected. We achieve growth through the development of innovative new products and services, including lighting, lighting controls, building management systems, and location-aware applications.

During fiscal 2021, we completed a realignment of our operations and structure to better support our business strategy, which resulted in the generation of two reportable segments: ABL and ISG.

ABL Segment

ABL's portfolio of lighting solutions includes commercial, architectural, and specialty lighting in addition to lighting controls and components that can be combined to create integrated lighting controls systems. We offer devices such as luminaires that predominantly utilize light emitting diode (“LED”) technology designed to optimize energy efficiency and comfort for various indoor and outdoor applications. ABL's portfolio of products includes but is not limited to the following brands: Lithonia Lighting®, Holophane®, Peerless®, Gotham®, Mark Architectural Lighting™, Winona® Lighting, Juno®, Indy™, Aculux™, Healthcare Lighting®, Hydrel®, American Electric Lighting®, Sunoptics®, eldoLED®, nLight®, Sensor Switch®, IOTA®, A-Light™, Cyclone™, Eureka®, Luminaire LED™, Luminis®, Dark to Light®, and RELOC Wiring Solutions.

Principal customers of ABL include electrical distributors, retail home improvement centers, electric utilities, national accounts, digital retailers, lighting showrooms, and energy service companies located in North America and select international markets serving new construction, renovation and retrofit, and maintenance and repair applications. ABL's lighting and lighting controls solutions are sold primarily through a network of independent sales agencies that cover specific geographic areas and market channels, by internal sales representatives, through consumer retail channels, and directly to large corporate accounts. Products are delivered directly from our manufacturing facilities or through a network of distribution centers, regional warehouses, and commercial warehouses using both common carriers and a Company-managed truck fleet. To serve international customers, the sales forces utilize a variety of distribution methods to meet specific individual customer or country requirements.

ABL comprised approximately 95% of consolidated revenues during fiscal 2021, 2020, and 2019.

ISG Segment

ISG delivers products and services that make spaces smarter, safer, and greener. ISG offers building management systems and location-aware applications and sells predominantly to system integrators. Our building management system includes products for controlling heating, ventilation, and air conditioning (“HVAC”), lighting, shades, and building access that deliver end-to-end optimization of those building systems. Atrius™, our intelligent building platform, enhances the occupant experience, improves building system management, and automates labor intensive tasks while delivering operational energy efficiency and cost reductions. Through a connected and converged building system architecture, our platform delivers different applications, allows clients to upgrade over time with natural refresh cycles, and deploys new capability through both software and hardware updates. Customers of ISG primarily include system integrators as well as retail stores, airports, and enterprise campuses throughout North America and select international locations. ISG products and solutions are marketed under numerous brand names, including but not limited to Distech Controls®, Atrius™, and Rockpile Ventures.

ISG comprised approximately 5% of consolidated revenues during fiscal 2021, 2020, and 2019.

Manufacturing and Distribution

We operate 19 manufacturing facilities, including six facilities in the United States, seven facilities in Mexico, two facilities in Europe, and four in Canada. We utilize a blend of internal and outsourced manufacturing processes and capabilities to fulfill a variety of customer needs in the most cost-effective manner. Certain critical processes, such as reflector forming and anodizing, high-end glass production, surface mount circuit board production, and assembly are performed (not exclusively) at Company-operated facilities, offering the ability to differentiate products through superior capabilities. Other components, such as LEDs, certain LED drivers, lamps, sockets, and ballasts

are purchased primarily from third-party vendors. Our investment in our production facilities is focused primarily on improving capabilities, product quality, and manufacturing efficiency as well as environmental, health, and safety compliance. We also utilize contract manufacturing from U.S., Asian, and European sources for certain products. The following table shows the percentage of finished goods manufactured and purchased in fiscal 2021 by significant geographic region.

	Manufactured	Purchased	Total
United States	16 %	8 %	24 %
Mexico	55 %	— %	55 %
Asia	— %	16 %	16 %
Others	5 %	— %	5 %
Total	76 %	24 %	100 %

We operate seven manufacturing facilities in Mexico, some of which are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows us to import raw materials into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years.

Lighting and building technology solutions are delivered directly from manufacturing facilities or through a network of strategically located distribution centers, regional warehouses, and commercial warehouses in North America using both common carriers and a Company-managed truck fleet. For international customers, distribution methods are adapted to meet individual customer or country requirements. During fiscal 2021, net sales initiated outside of the U.S. represented approximately 14% of total net sales. See the *Supplemental Disaggregated Information* footnote of the *Notes to Consolidated Financial Statements* for additional information regarding the geographic distribution of net sales, operating profit, and long-lived assets.

Research and Development

Research and development (“R&D”) is defined as the critical investigation aimed at discovery of new knowledge and the conversion of that knowledge into the design of a new product or significant improvement to an existing product. We invest in the development of new products and solutions as well as the enhancement of existing offerings with a focus on improving the performance-to-cost ratio and energy efficiency. We also develop software applications and capabilities to enhance data analytics offerings. R&D expenses consist of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs, but do not include all new product development costs. For fiscal 2021, 2020, and 2019, R&D expenses totaled \$88.3 million, \$82.0 million, and \$74.7 million, respectively.

Sales and Marketing

Sales

We sell lighting and building technology solutions to customers in the North American market utilizing numerous sales forces, including internal direct salespeople and independent sales agencies, based on the channel and geography served. We also operate separate European sales forces, including independent international sales agencies and system integrators, and an international sales group coordinating export sales outside of North America and Europe.

See the *Segment Information*, *Revenue Recognition*, and *Supplemental Disaggregated Information* footnotes of the *Notes to Consolidated Financial Statements* for more information concerning our sales by segment, type, and geography.

Marketing

We market our product portfolio and service capabilities to customers and/or end users in multiple channels through a broad spectrum of marketing and promotional methods, including direct customer contact, trade shows, on-site training, print and digital advertising in industry publications, product brochures, and other literature, as well as through digital marketing and social media. We operate training and education facilities in several locations

throughout North America and Europe designed to enhance the lighting knowledge of customers and industry professionals.

Industry Overview

Based on industry sources and government information, we estimate that in fiscal 2021 the size of the North American lighting and building technology solutions market we serve (referred to herein as “addressable market”) was over \$20 billion. We estimate that the addressable market increased in the lower single digits as compared with fiscal 2020. The addressable market includes non-portable luminaires as defined by the National Electrical Manufacturers Association; poles for outdoor lighting; emergency lighting fixtures and lighting equipment; daylighting; lighting controls; HVAC controls; and building technology controls, software, and systems. This market estimate is based on a combination of external industry data and internal estimates and excludes portable and vehicular lighting fixtures and certain related lighting components, such as non-integrated lighting ballasts and lamps.

We operate in a highly competitive industry that is affected by a number of general business and economic factors, such as, but not limited to, gross domestic product growth, employment levels, credit availability, interest rates, building costs, freight, construction-related labor availability, building occupancy rates, imports and trade, energy costs, freight costs, and commodity costs, including tariffs. Our market is based on non-residential and residential construction, both new as well as renovation and retrofit activity, which may be impacted by these general economic factors. Precise segmentation of the market by new construction and renovation activity is not available, though internal estimates based on third-party data estimate the size of the markets to be about the same. Non-residential construction spending on commercial, institutional, industrial, and infrastructure projects has a material impact on the demand for our lighting and building technology solutions. Demand for our residential lighting products is highly dependent on economic drivers, such as consumer spending and discretionary income, along with housing construction and home improvement spending.

Our market is influenced by: the development of new lighting technologies, including solid-state lighting, electronic drivers, embedded lighting controls, and more effective optical designs and lamps; federal, state, and local requirements for updated energy codes; incentives by federal, state, and local municipal authorities, as well as utility companies, for using more energy-efficient lighting and building technology solutions; and design strategies and technologies addressing sustainability and facilitating intelligent buildings. We are a leading provider of integrated lighting and building technology solutions based on these technologies and utilize internally developed, licensed, or acquired intellectual property. Solid-state lighting and digital building technology systems can be converged allowing for an optimal local operating system to increase efficiency and reduce costs while also delivering productivity benefits. We expect that the industry’s addressable market is likely to expand due to the benefits and value creation provided by our intelligent building platform services and location-aware and asset tracking applications. New entrants continue to develop capabilities and solutions that are both complementary as well as competitive to those of traditional industry participants.

Competition

We experience competition based on numerous factors, including features and benefits, price, brand name recognition, product quality, product and system design, energy efficiency, customer relationships, and service capabilities. The market for lighting and building technology solutions and services is competitive and continues to evolve through acquisition and consolidation activities. Additionally, the market for artificial intelligence and software solutions is active with a wide range of competitors, from existing large companies to startup organizations. Certain global and more diversified manufacturers may provide a broader product offering utilizing electrical, lighting, and building technology products as well as pricing benefits from the bundling of various offerings. In addition, there are new competitors, including Asian importers, small startup companies, and global electronics, technology, and software companies, offering competing solutions, sometimes deploying different technologies.

Regulations

We are subject to various federal, state, and local laws and regulations that impose increasingly complex, stringent and costly compliance activities. These regulations include but are not limited to, the Clean Water Act; the Safe Harbor data privacy program between the U.S. and European Union; the United States-Mexico-Canada-Free Trade Agreement (“USMCA”); regulations from the Occupational Safety and Health Administration agency (“OSHA”); the European Union’s General Data Protection Regulation; California’s Consumer Privacy Act and Connected Device Privacy Act; the Civil Rights Act of 1964; the U.S. Foreign Corrupt Practices Act (the “FCPA”); and the U.K. Bribery Act.

On an ongoing basis, we allocate resources, including investments in capital and operating costs, to comply with laws and regulations. We do not currently believe that the costs of complying with government regulations have a material impact on our financial condition, results of operations, or cash flows. However, we may be affected by future standards, laws or regulations, including those imposed in response to energy, climate change, product functionality, geopolitical, corporate social responsibility, employee health and safety, privacy, or similar concerns. These standards, laws, or regulations may impact our costs of operation, the sourcing of raw materials, and the manufacture and distribution of our products and may place restrictions and other requirements or impediments on the products and solutions we can sell in certain geographical locations or may impact the willingness of certain investors to own our shares. See *Part I. Item 1a. Risk Factors* for additional information.

Raw Materials

Our production requires raw materials, including certain grades of steel and aluminum, electrical and electronic components, plastics, and other petroleum-based materials and components. We purchase most raw materials and other components on the open market and rely on third parties to provide certain finished goods. While these items are generally available from multiple sources, the cost of products sold may be affected by changes in the market price of materials and tariffs on certain materials, particularly imports from Asia, as well as disruptions in availability of raw materials, components, and sourced finished goods.

We do not currently engage in significant commodity hedging transactions for raw materials, though we have and will continue to commit to purchase certain materials for a period of up to 12 months. We monitor and investigate alternative suppliers and materials based on numerous attributes including quality, service, and price. We currently source raw materials and components from a number of suppliers, but our ongoing efforts to improve the cost effectiveness and availability of our products and services may result in a reduction in the number of our suppliers.

Intellectual Property

We own or have licenses to use various domestic and foreign patents, trademarks, and other intellectual property related to our products, processes, and businesses. These intellectual property rights are important factors for our businesses. We rely on copyright, patent, trade secret, and trademark laws as well as agreements, restrictive covenants, and internal processes and controls to protect these proprietary rights. Despite these protections, unauthorized parties may attempt to infringe on our intellectual property. As of August 31, 2021, we had approximately 2,600 active United States and foreign patents. While patents and patent applications in the aggregate are important to our competitive position, no single patent or patent application is individually material to us.

Seasonality and Cyclicity

Our business exhibits some seasonality, with net sales being affected by weather and seasonal demand on construction and installation programs, particularly during the winter months, as well as the annual budget cycles of major customers. Because of these seasonal factors we historically have experienced our highest sales in the last two quarters of each fiscal year; however, our seasonality has been meaningfully impacted by the COVID-19 pandemic.

Our lighting and building technology solutions are sold to customers in both the new construction as well as renovation and retrofit markets for residential and non-residential applications. The construction market is cyclical in nature and subject to changes in general economic conditions and fiscal policies. Sales volume has a major impact on our profitability. Economic downturns and the potential decline in key construction markets may have a material adverse effect on our net sales, operating income, and financial position.

The COVID-19 Pandemic

The COVID-19 pandemic has resulted in intermittent worldwide government restrictions on the movement of people, goods, and services resulting in increased volatility in and disruptions to global markets. We remain committed to prioritizing the health and well-being of our associates and their families and ensuring that we operate effectively. We have implemented policies to screen associates, contractors, and vendors for COVID-19 symptoms upon entering our manufacturing, distribution, and open-office facilities in the United States, Mexico, and other locations as permitted by law. We have also implemented one-way traffic flows, additional cleaning requirements for common spaces, mandatory face coverings, hand sanitizer stations, socially-distanced workspaces, and self-serve pay stations within our cafeterias to mitigate the spread of the virus. Additionally, we have required certain employees whose job functions can be performed remotely to work primarily from home. See further discussion of the health

and safety of our employees, including our response to the COVID-19 pandemic, below within the *Human Capital* section of this *Item 1. Business*.

The COVID-19 pandemic has had an adverse impact on our results of operations. The pandemic has caused reduced construction and renovation spending as well as a disruption in our supply chain for certain components, both of which negatively impacted our fiscal 2021 sales. In fiscal 2020 we experienced a limited number of temporary facility shutdowns due to government-mandated closures. Although our facilities are now open and new government-mandated restrictions have been gradually lifted, a resurgence in COVID-19 cases may lead to the reimposition of previously lifted business closure requirements, the imposition of new restrictions, or the issuance of new or revised local or national health guidance. We also continue to incur additional health and safety costs including expenditures for personal protection equipment and facility enhancements to maintain proper distancing guidelines issued by the Centers for Disease Control and Prevention. We have taken actions to reduce costs, including the realignment of headcount with current volumes, a limit on all non-essential employee travel, other efforts to decrease discretionary spending, and reductions in our real estate footprint. Additionally, we elected to defer certain employer payroll taxes as allowable under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act) signed into law on March 27, 2020. Half of these deferrals are due in December 2021, and the remaining deferrals are due in December 2022.

Although we have implemented significant measures to mitigate further spread of the virus, our employees, customers, suppliers, and contractors may continue to experience disruptions to business activities due to potential further government-mandated or voluntary shutdowns, general economic conditions, or other negative impacts of the COVID-19 pandemic. We are continuously monitoring the adverse effects of the pandemic and identifying steps to mitigate those effects. As the COVID-19 pandemic is continually evolving, we are uncertain of its ultimate duration and impact. See *Part I, Item 1a. Risk Factors* for further details regarding the potential impacts of the COVID-19 pandemic to our results of operations, financial position, and cash flows.

Human Capital

We employed approximately 13,000 associates at August 31, 2021, of which approximately 4,000 were employed in the United States and approximately 8,500 were employed in Mexico. Our remaining associates were employed in other international locations including Europe, Canada, and the Asia/Pacific region. Union recognition and collective bargaining arrangements in place or in process cover approximately 1,400 and 7,200 associates in the United States and Mexico, respectively. Arrangements related to approximately 600 associates in the United States will expire after the next fiscal year, and arrangements for approximately 6,800 associates in Mexico will expire within the next fiscal year, primarily due to annual negotiations of union contracts. We believe that we have strong relationships with both our unionized and non-unionized associates.

Growth and Development

A key pillar to attract, develop, and retain top talent is our focus on the growth and development of our associates. In fiscal 2021, we began a renewed focus on development through the creation of development plans for associates. We enhanced the Performance Management process to better align associate aspirations, interests, and experiences with the talent needs that enable the business. We have established quarterly check-in discussions between managers and associates to encourage more continuous performance feedback and improvement and to hold leaders accountable for creating an associate development culture. We provide self-learning resources to help associates expand their lighting, controls, and building management technical knowledge through Acuity Academy.

We are currently enhancing our career framework through our Global Career Architecture project. The focus of this project is to enable a culture that more effectively attracts, retains, rewards, and mobilizes talent. We expect this project to underpin many new initiatives in fiscal 2022, including several new development programs and tools aimed at helping both managers and associates respond to the desire to learn and grow.

Compensation and Benefits

We review our compensation and benefit plans annually to ensure that we are providing competitive, contemporary, and inclusive programs so we can attract and retain the best people and support the health and well-being of our associates and their families. Based on this review, we offer a competitive total rewards package to our associates that includes base compensation, bonuses, profit-sharing plans, stock grants, and/or retirement benefits commensurate with an employee's position, skill set, and experience.

Diversity, Equity, and Inclusion

We believe that diversity, equity, and inclusion are important factors in our ongoing success. Our goal is to ensure that all associates feel valued, respected, and accepted for their contributions regardless of their race, sex, religion, ethnicity, age, gender identity, disabilities, national origin, sexual orientation, or other unique characteristics. To promote diversity in the workplace, we have created a diversity, equity, and inclusion council that is responsible for setting our diversity strategy and creating a three-year roadmap of initiatives, many resulting from associate feedback. Our diversity, equity, and inclusion council consists of members of management as well as key human resource process leaders and leaders from our various employee resource groups. We currently have three employee resource groups: Minorities Amplifying Growth, Inclusion, and Community (“MAGIC”); the Women’s Network; and formed in fiscal 2021, People Respecting Identity, Diversity, and Equity (“PRIDE”). These groups are designed to embrace, celebrate, and recognize the power of diversity.

Health and Safety

We strive to ensure our associates have a safe and collaborative work environment. Our management practices promote Environmental, Health & Safety (“EHS”) excellence. To achieve this standard, we have instituted an EHS Management System based on the goals and guidelines of the International Standards of Operation for Environmental Management, International Standards for Occupational Health & Safety Management, and our own guiding principles. These guidelines include identifying and controlling hazardous exposures for the prevention of injuries, preventing pollution, and complying with all relevant legal and other requirements. We use each facility’s Acuity Environmental Safety Scorecard (“AESS”) to provide visibility into the facility’s qualitative and quantitative results, with an emphasis on leading indicators that help avoid violations, accidents, and injuries. A variety of different metrics are averaged to determine a facility’s final score, which is used to rank each facility against other facilities and to find continuous improvement opportunities.

COVID-19 Response

We remain committed to prioritizing the health and well-being of our associates and their families in light of the COVID-19 pandemic. We have implemented policies to screen associates, contractors, and vendors for COVID-19 symptoms upon entering our manufacturing and distribution and open office facilities in the United States, Mexico, and other locations as permitted by law. We continue to follow guidelines issued by the World Health Organization, Centers for Disease Control and Prevention, and local health providers, adapting our policies and procedures quickly in response to continually evolving information, statistics, and best practices. During fiscal 2021, we required remote work for all whose jobs can be performed remotely and canceled significant in-person events or shifted them to virtual. We have expanded paid and unpaid leave policies to cover exposures, self-quarantines, and school closures that may impact our associates. At our manufacturing and distribution facilities, we have staggered and rotated shifts, changed traffic flows to limit interaction, provided additional hand sanitizing stations, installed plastic shields between workstations, and increased spacing at all work areas. We regularly clean work areas and encourage all associates to engage in good handwashing and hygiene practices. We also offer on-site vaccination clinics at several facilities and strongly encourage our associates to get vaccinated.

Environmental Sustainability

We are reducing the environmental impact of our products and solutions, driving efficient use of raw materials, and operating our facilities in an intelligent, environmentally friendly manner. During fiscal 2021, we established an executive-level Environmental, Social, and Governance (“ESG”) council to oversee our sustainability strategy across our business. Among other things, this council assesses risks and opportunities and guides activities related to climate change and other ESG matters. During fiscal 2021, we announced that the Company achieved 100 percent carbon neutrality in operations through a combination of carbon reduction and offsetting measures. We regularly communicate progress as part of our EarthLIGHT sustainability program.

Information Concerning Acuity Brands

Acuity Brands, Inc. was incorporated in 2001 under the laws of the State of Delaware. We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K (and all amendments to these reports) and proxy statements, together with all reports filed pursuant to Section 16 of the Securities Exchange Act of 1934 by our officers, directors, and beneficial owners of 10% or more of our common stock, available free of charge through the “SEC Filings” link within the “Investors” section on our website, located at www.acuitybrands.com, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. Information included on our website is not incorporated by reference into this Annual Report

on Form 10-K. Our reports are also available on the Securities and Exchange Commission's website at www.sec.gov.

Additionally, we have adopted a written Code of Ethics and Business Conduct that applies to all of our directors, officers, and employees, including our principal executive officer and senior financial officers. The Code of Ethics and Business Conduct as well as our Corporate Governance Guidelines are available free of charge through the "Corporate Governance" link on our website. Any amendments to, or waivers of, the Code of Ethics and Business Conduct for our principal executive officer and senior financial officers will be disclosed on our website promptly following the date of such amendment or waiver. Additionally, the charters for our Audit Committee, Compensation Committee, and Governance Committee are available free of charge through the "Corporate Governance" link on our website. The Code of Ethics and Business Conduct, the Corporate Governance Guidelines, and the committee charters are available in print to any of our stockholders that request such document by contacting our Investor Relations department.

Item 1a. Risk Factors

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A variety of risks and uncertainties could cause our actual results to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. See *Cautionary Statement Regarding Forward-Looking Information* included in *Management's Discussion and Analysis of Financial Condition and Results of Operations*. These risks could adversely impact our financial position, results of operations, cash flows, and financial expectations and could cause the market price of our common stock to decrease. Such risks include, without limitation:

Risks Related to Our Strategy

General business, political, and economic conditions, including the strength of the construction market, political events, or other factors may affect demand for our products and services.

We compete based on numerous factors, including features and benefits, brand name recognition, product quality, product and system design, energy efficiency, customer relationships, service capabilities, and price. In addition, we operate in a highly competitive environment that is influenced by a number of general business and economic factors, such as economic vitality, employment levels, credit availability, interest rates, trends in vacancy rates and rent values, energy costs, and commodity costs. Sales of lighting, lighting controls, and building technology solutions depend significantly on the level of activity in new construction and renovation/retrofits. Declines in general economic activity, appropriations, and regulations, including tax and trade policy and other political uncertainties, may negatively impact new construction and renovation projects, which in turn may impact demand for our product and service offerings.

Our business and results have been and may be adversely affected by fluctuations in the cost or availability of raw materials, components, purchased finished goods, or services.

We utilize a variety of raw materials and components in our production process including steel, aluminum, lamps, certain rare earth materials, LEDs, LED drivers, ballasts, wire, electronic components, power supplies, petroleum-based by-products, natural gas, and copper. We also source certain finished goods externally. During fiscal 2021, the COVID-19 pandemic has caused a disruption in our supply chain for certain components and resulted in higher prices for significant commodities, including oil and steel, as well as increased warehousing and container costs, which has negatively impacted our business. Future increases in our costs and/or continued disruptions in the supply or could negatively impact our profitability, as there can be no assurance that future price increases will be successfully passed through to customers. We generally source these goods from a number of suppliers. However, there are a limited number of suppliers for certain components and certain purchased finished goods, which on a limited basis results in sole-source supplier situations.

Suppliers for certain of those items are our competitors that may, for various strategic reasons, choose to cease selling to us. In addition, our ongoing efforts to improve the cost effectiveness of our products and services may result in a reduction in the number of our suppliers, and in turn, increased risk associated with reliance on a single or limited number of suppliers. Furthermore, volatility in certain commodities, such as oil, impacts all suppliers and, therefore, may result in additional price increases from time to time regardless of the number and availability of suppliers. Profitability and volume could be negatively impacted by limitations inherent within the supply chain of certain of these component parts, including competitive, governmental, and legal limitations, natural disasters, and other events that could impact both supply and price. Additionally, we are dependent on certain service providers for key operational functions. While there are a number of suppliers of these services, the cost to change service providers and set up new processes could be significant.

Our results may be adversely affected by our inability to maintain pricing.

Aggressive pricing actions by competitors may affect our ability to achieve desired revenue growth and profitability levels under our current pricing strategies. We may also decide to lower prices to match the competition or for other reasons or to exit unprofitable business. Additionally, we may not be able to increase prices to cover rising costs. Even if we were able to increase prices to cover costs, competitive pricing pressures may not allow us to pass on any more than the cost increases. Alternatively, if costs were to decline, the marketplace may not allow us to hold prices at their current levels.

Our inability to effectively introduce new products and solutions could adversely affect our ability to compete.

Continual introductions of new products and solutions, services, and technologies, enhancement of existing products and services, and effective servicing of customers are key to our competitive strategy. The success of new product and solution introductions depends on a number of factors, including, but not limited to, timely and successful product development, product quality, market acceptance, our ability to manage the risks associated with product life cycles, such as additional inventory obsolescence risk as product life cycles begin to shorten, new products and production capabilities, effective management of purchase commitments and inventory levels to support anticipated product manufacturing and demand, availability of products in appropriate quantities and costs to meet anticipated demand, and risk that new products may have quality or other defects in the early stages of introduction. Accordingly, we cannot fully predict the ultimate effect of new product introductions on our business. Additionally, new products and solutions may not achieve the same profit margins as expected and as compared to our historic products and solutions. Furthermore, other market participants, such as a well-established competitors, could develop alternative platforms for monetizing products, solutions, and services that result in a paradigm shift in our industry, particularly with respect to new and developing technologies.

We may pursue future growth through acquisitions, alliances, or investments, which may not yield anticipated benefits.

We have strengthened our business through acquisitions, alliances, and investments and may continue to do so as opportunities arise in the future. Such investments have been and may be in start-up or development stage entities. We will benefit from such activity only to the extent that we can effectively leverage and integrate the assets or capabilities of the acquired businesses and alliances, including, but not limited to, personnel, technology, and operating processes. Moreover, unanticipated events, negative revisions to valuation assumptions and estimates, diversion of resources and management's attention from other business concerns, and difficulties in attaining synergies, among other factors, could adversely affect our ability to recover initial and subsequent investments, particularly those related to acquired goodwill and intangible assets or non-controlling interests. In addition, such investment transactions may limit our ability to invest in other activities, which could be more profitable or advantageous.

The inability to effectively execute our business strategies could adversely affect our financial condition and results of operations.

Various uncertainties and risks are associated with the implementation of a number of aspects of our global business strategies, including but not limited to, the development, marketing and selling of new products and solutions; new product development; the development, marketing, and selling of lighting, building technology, and software-based solutions; effective integration of acquisitions; and our environmental strategies and climate change commitments. Those uncertainties and risks include, but are not limited to: diversion of management's attention; difficulty in retaining or attracting employees; negative impact on relationships with distributors and customers; obsolescence of current products and slow new product development; inability to effectively participate in opportunities utilizing our digital lighting and building technology systems; additional streamlining efforts; inability to produce certain components with quality, performance, and cost attributes equal to or better than provided by other component manufacturers; and unforeseen difficulties in the implementation of the management operating structure. Problems with strategy execution could offset anticipated benefits, disrupt service to customers, and impact product quality as well as adversely affect our business and reputation. With the addition of new products and solutions, we may encounter new and different competitors that may have more experience with respect to such products and solutions.

We may experience difficulties in streamlining activities, which could impact shipments to customers, product quality, and the realization of expected savings from streamlining actions.

We expect to benefit from our programs to streamline operations, including the consolidation of certain facilities and the reduction of overhead costs. Such benefits will only be realized to the extent that we can effectively leverage assets, personnel, and operating processes in the transition of production between manufacturing facilities. Uncertainty is inherent within the facility consolidation process and unforeseen circumstances could offset the anticipated benefits, disrupt service to customers, and impact product quality.

Risks Related to Our Operations

The COVID-19 pandemic could have a material adverse effect on our ability to operate, results of operations, financial condition, liquidity, and capital investments.

The World Health Organization has declared the COVID-19 outbreak a pandemic, and the virus continues to spread in areas where we operate and sell our products and services. The COVID-19 pandemic and similar issues in the future could have a material adverse effect on our ability to operate, results of operations, financial condition, liquidity, and capital investments. Several public health organizations have recommended, and some governments have implemented, certain measures to slow and limit the transmission of the virus, including shelter in place, social distancing ordinances, and business shutdowns. There is considerable uncertainty regarding the extent to which the COVID-19 outbreak will continue to spread, including the impact of identified and potential new variants, the extent and duration of governmental and other measures implemented to try to slow the spread of the virus, and public response to the pandemic.

The pandemic and such preventive measures, or others required or that we may voluntarily put in place, may have a material adverse effect on our business for an indefinite period of time, such as the potential shut down of certain locations; decreased employee availability; increased claims or other expenses; potential border closures; disruptions to the businesses of our channel partners; and others. We may incur additional costs related to additional testing and screening of our employees, governmental vaccination mandates, and additional safety requirements from organizations such as OSHA. Our suppliers and customers have also faced these and other challenges, which has led to a disruption in our supply chain for certain components, decreased construction and renovation spending and consumer demand for our products and services, rising commodity costs, and increased freight, warehousing, and container costs. These disruptions and challenges may continue for an indefinite period of time and may also materially affect our future access to our sources of liquidity, particularly our cash flows from operations, financial condition, capitalization, and capital investments. Additionally, the effects of COVID-19 on the global economy could adversely affect our ability to access the capital and other financial markets, and if so, we may need to consider alternative sources of funding for some of our operations and for working capital, which may increase our cost of, as well as adversely impact our access to, capital. These uncertain economic conditions may also result in the inability of our customers and other counter-parties to make payments to us, on a timely basis or at all.

Although these disruptions may continue to occur, the long-term economic impact and near-term financial impacts of the COVID-19 pandemic, including but not limited to, possible impairment, restructuring, and other charges, cannot be reliably quantified or estimated at this time due to the uncertainty of future developments.

Technological developments and increased competition could affect our operating profit margins and sales volume.

We compete in an industry and markets where technology and innovation play major roles in the competitive landscape. We are highly engaged in the investigation, development, and implementation of new technologies and services. Securing employee talent, key partnerships, and alliances, including having access to technologies, services, and solutions developed by others, as well as obtaining appropriate patents and the right to utilize patents of other parties all play a significant role in protecting our freedom to operate. Additionally, the continual development of new technologies by existing and new source suppliers — including non-traditional competitors with significant resources — looking for either direct market access or partnerships with competing large manufacturers, coupled with significant associated exclusivity and/or patent activity, could adversely affect our ability to sustain operating profit margins and desirable levels of sales volume.

In addition, there are new competitors, including small startup companies and global electronics, technology, and software companies, offering competing solutions, sometimes deploying different technologies. These competitors may vertically integrate and begin offering total solution packages that directly compete with our offerings. Certain global and more diversified electrical manufacturers as well as certain global technology and building solution providers may be able to obtain a competitive advantage, either through internal development or acquisitions, over us by offering broader and more integrated solutions utilizing electrical, lighting, controls, building automation systems, and data analytics, and small startup companies may offer more localized product sales and support services within individual regions.

We may be unable to sustain significant customer and/or channel partner relationships.

Relationships with customers are directly impacted by our ability to deliver quality products and services. Although no individual customer exceeded 10% of sales during the fiscal 2021, the loss of or a substantial decrease in the

volume of purchases by certain larger customers could harm our business in a meaningful manner. We have relationships with channel partners such as electrical distributors, home improvement retailers, independent sales agencies, system integrators, and value-added resellers. While we maintain positive, and in many cases long-term, relationships with these channel partners, the sudden or unplanned loss of a number of these channel partners or a substantial decrease in the volume of purchases from a major channel partner or a group of channel partners could adversely affect our business.

We could be adversely affected by disruptions to our operations.

The breakdown of equipment or other events, including, but not limited to, labor disputes, strikes, workplace violence, pandemics, climate change, brown outs and other power outages, water scarcity, cyber-attacks, civil disruptions, or catastrophic events such as war or natural disasters, leading to production interruptions in our or one or more of our suppliers' facilities could adversely affect us. Approximately 55% of our finished products are manufactured in Mexico, a country that periodically experiences heightened civil unrest or may experience trade disputes with the U.S., both of which could cause a disruption of the supply of products to or from these facilities. Further, because many of our customers are to varying degrees dependent on planned deliveries from our facilities, those customers that have to reschedule their own production or delay opening a facility due to our missed deliveries as a result of these disruptions could pursue financial claims against us. We may incur costs to correct any of these problems in addition to facing claims from customers. Further, our reputation among actual and potential customers may be harmed and result in a loss of business. While we have developed business continuity plans, including alternative capacity, to support responses to such events or disruptions and maintain insurance policies covering, among other things, physical damage and business interruptions, these policies may not cover all losses. We could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers, and substantial losses in operational capacity.

Company operating systems, information systems, or devices may experience a failure, a compromise of security, or a violation of data privacy laws or regulations, which could adversely impact our operations as well as the effectiveness of internal controls over operations and financial reporting.

We are highly dependent on various software and automated systems to record and process operational and financial transactions. We could experience a failure of one or more of these software and automated systems or could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system. We could also experience a compromise of our security due to many reasons, including technical system flaws, clerical, data input or record-keeping errors, or tampering or manipulation of our systems by employees or unauthorized third parties, including viruses, malware, or phishing. Information security risks also exist with respect to the use of portable electronic devices, such as laptops and smartphones, which are particularly vulnerable to loss and theft. We may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond our control (for example, natural disasters, acts of terrorism, cyber attacks, including but not limited to ransomware attacks, epidemics, computer viruses, and electrical/telecommunications outages). All of these risks are also applicable where we rely on outside vendors to provide services, which may operate in a cloud environment. We are dependent on third-party vendors to operate secure and reliable systems which may include data transfers over the internet.

We also provide and maintain technology to enable lighting controls and building technology systems. In addition to the risks noted above, there are other risks associated with these customer offerings. For example, a customer may depend on integral information from, or functionality of, our technology to support that customer's other systems, such that a failure of our technology could impact those systems, including by loss or destruction of data. Likewise, a customer's failure to properly configure, update, segregate, or upgrade its own network and integrations with our technology are outside of our control and could result in a failure in functionality or security of our technology.

Certain of our third-party vendors and we may receive and store personal information in connection with human resources operations, customer offerings, and other aspects of the business. A material network breach in the security of these systems could include the theft of intellectual property, trade secrets, the unauthorized release, gathering, monitoring, misuse, loss, change, or destruction of our or our clients' confidential, proprietary and other information (including personal identifying information of individuals), or otherwise disrupt our or our clients' or other third parties' business operations. To the extent that any disruption or security breach results in a loss or damage to our data, or an inappropriate disclosure of confidential or customer or employee information, it could cause significant damage to our reputation, affect relationships with our customers, employees, and other counterparties, lead to claims against us, which may result in the payment of fines, penalties, and costs, and ultimately harm our business. In addition, we may be required to incur significant costs, or regulatory fines, penalties, or intervention, to protect against damage caused by these disruptions or security breaches in the future.

We are also subject to an increasing number of data privacy and security laws and regulations that impose requirements on us and our technology prior to certain use or transfer, storing, use, processing, disclosure, and protection of data and prior to sale or use of certain technologies. Failure to comply with such laws and regulations could result in the imposition of fines, penalties and other costs. The legal and regulatory data privacy framework is evolving and uncertain. For example, the European Court of Justice's decision in October 2015 to invalidate the Safe Harbor data privacy program between the United States and the implementation of Data Protection Commission v. Facebook Ireland, Schrems (aka Schrems II) as well as the new and proposed privacy and security laws around the world all could disrupt our ability to use or transfer data or sell products and solutions because such activities may not be in compliance with applicable law in certain jurisdictions.

System failures, ineffective system implementation or disruptions, failure to comply with data privacy and security laws or regulations, or the compromise of security with respect to internal or external systems or portable electronic devices could damage our systems or infrastructure, subject us to liability claims, or regulatory fines, penalties, or intervention, harm our reputation, interrupt our operations, disrupt customer operations, and adversely affect our internal control over financial reporting, business, financial condition, results of operations, or cash flows.

Changes in our relationship with employees, changes in U.S. or international employment regulations, an inability to attract and retain talented employees, or a loss of key employees could adversely impact the effectiveness of our operations.

We employed approximately 13,000 people as of August 31, 2021, approximately 9,000 of whom are employed in international locations. As such, we have significant exposure to changes in domestic and foreign laws governing relationships with employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements, and payroll taxes, which likely would have a direct impact on our operating costs. Union recognition and collective bargaining agreements are in place or in process covering approximately 66% of our workforce. Collective bargaining agreements representing approximately 57% of our workforce will expire within one year, primarily due to annual negotiations with unions in Mexico. While we believe that we have good relationships with both our unionized and non-unionized employees, we may become vulnerable to a strike, work stoppage, or other labor action by these employees.

We rely upon the knowledge and experience of employees involved in functions throughout the organization that require technical expertise and knowledge of the industry. An inability to attract and retain such employees could adversely impact our ability to execute key operational functions.

There are inherent risks in our solutions and services businesses.

Risks inherent in the sale of solutions and services include assuming greater responsibility for successfully delivering projects that meet a particular customer specification, including: defining and controlling contract scope and timing, efficiently executing projects, and managing the performance and quality of subcontractors and suppliers. As we expand our service offerings, reliance on the technical infrastructure to provide services to customers will increase. If we fail to appropriately manage and secure the technical infrastructure required, customers could experience service outages or delays in implementation of services. If we are unable to manage and mitigate these risks, we could incur liabilities and other losses.

We may be subject to risk in connection with third-party relationships necessary to operate our business.

We utilize strategic partners and third-party relationships in order to operate and grow our business. For instance, we utilize third parties to contract manufacture certain products, subcontract installation and commissioning, as well as perform certain selling, distribution, and administrative functions. We cannot control the actions or performance, including product quality, of these third parties and therefore, cannot be certain that we or our end-users will be satisfied. Any future actions of or any failure to act by any third party on which our business relies could cause us to incur losses or interruptions in our operations.

We are subject to risks related to operations and suppliers outside the United States.

We have substantial activities outside of the United States, including sourcing of products, materials, components, and contract manufactured finished goods, as well as manufacturing and distribution activities. Our operations, as well as those of key vendors, are therefore subject to regulatory, economic, political, military, and other events in countries where these operations are located. In addition to the risks that are common to both our domestic and international operations, we face risks specifically related to our foreign operations and sourcing activities, including but not limited to: foreign currency fluctuations; unstable political, social, regulatory, economic, financial, and market

conditions; laws that prohibit shipments to certain countries or restricted parties and that prohibit improper payments to government officials such as the Foreign Corrupt Practices Act and the U.K. Bribery Act; potential for privatization and other confiscatory actions; trade restrictions and disruption; shipping delays or disruptions; criminal activities; increases in tariffs and taxes; corruption; and other changes in regulation in international jurisdictions that could result in substantial additional legal or compliance obligations for us.

We source certain components and approximately 16% of our finished goods from Asia, a significant portion of which are subject to import tariffs. These tariffs could increase in future periods resulting in higher costs and/or lower demand. We are seeking to mitigate the impact of Chinese tariffs on our profitability, including a variety of activities such as engaging alternative suppliers that produce products and components whose origin is in countries other than China, insourcing the production of certain products, and raising selling prices. We could be adversely affected to the extent we are unable to mitigate the impacts of the tariffs.

We operate seven manufacturing facilities in Mexico, some of which are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows us to import raw materials into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years. In addition, if our Mexican facilities cease to qualify for Maquiladora status or if the Mexican government adopts additional adverse changes to the program, our manufacturing costs in Mexico would increase.

We are also subject to certain other laws and regulations affecting our international operations, including laws and regulations such as the United States, Mexico, Canada Free Trade Agreement ("USMCA") which, among other things, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. A majority of our sales are subject to USMCA. In addition, the US government has initiated or is considering imposing tariffs on certain foreign goods, including steel and aluminum. Related to this action, certain foreign governments, including China, have instituted or are considering imposing tariffs on certain U.S. goods. We source certain components and approximately 16% of our finished goods from Asia, a significant portion of which are subject to Chinese tariffs. It remains unclear what the U.S. Administration or foreign governments will or will not do with respect to tariffs, the recently enacted USMCA, or other international trade agreements and policies. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to adversely impact demand for our products, costs, customers, suppliers, and/or the US economy or certain sectors thereof and, thus, to adversely impact our business.

The evolution of our products, complexity of our supply chain, and reliance on third-party vendors such as customs brokers and freight vendors, which may not have effective processes and controls to enable us to fully and accurately comply with such requirements, could subject us to liabilities for past, present, or future periods. Such liabilities could adversely impact our business.

We continue to monitor conditions affecting our international locations, including potential changes in income from a strengthening or weakening in foreign exchange rates in relation to the U.S. dollar. Some of these risks, including but not limited to foreign exchange rates, violations of laws, and higher costs associated with changes in regulation, could adversely impact our business.

Risks Related to Legal and Regulatory Matters

Failure to comply with the broad range of standards, laws and regulations in the jurisdictions in which we operate may result in exposure to substantial disruptions, costs and liabilities.

The laws and regulations impacting us impose increasingly complex, stringent, and costly compliance activities, including but not limited to environmental, health, and safety protection standards and permitting, labeling, and other requirements regarding, among other things, electronic and wireless communications, air emissions, wastewater discharges, the use, handling, and disposal of hazardous or toxic materials, remediation of environmental contamination, and working conditions for and compensation of our employees. In addition, permits and environmental controls are required for certain of our operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. Some environmental laws, such as Superfund, the Clean Water Act, and comparable laws in U.S. states and other jurisdictions world-wide, impose joint and several liability for the cost of environmental remediation, natural resource damages, third-party claims, and other expenses, without regard to the fault or the legality of the original conduct, on those persons who contributed to the release of a hazardous substance into the environment. Environmental laws and regulations have generally become stricter in recent years, and federal, state, and local governments domestically and internationally are considering new laws and regulations, including those governing raw material composition, carbon dioxide and

other air emissions, end-of-life product dispositions, and energy efficiency. We may be affected by those or other future standards, laws or regulations, including those imposed in response to energy, climate change, our carbon footprint, product functionality, geopolitical, corporate social responsibility, or similar concerns. These standards, laws, or regulations may impact our costs of operation, the sourcing of raw materials, and the manufacture and distribution of our products and place restrictions and other requirements or impediments on the products and solutions we can sell in certain geographical locations or on the willingness of certain investors to own our shares.

We may develop unexpected legal contingencies or matters that exceed insurance coverage.

We are subject to and in the future may be subject to various claims, including legal claims arising in the normal course of business. Such claims may include without limitation employment claims, product recall, personal injury, network security, data privacy, or property damage claims resulting from the use of our products, services, or solutions, as well as exposure to hazardous materials, contract disputes, or intellectual property disputes. We are insured up to specified limits for certain types of losses with a self-insurance retention per occurrence, including product or professional liability, and cyber liability, including network security and data privacy claims, and are fully self-insured for certain other types of losses, including environmental, product recall, warranties, commercial disputes, and patent infringement. We establish accruals for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the level of insurance coverage we hold and/or the amounts accrued for such claims. In the event of unexpected future developments, it is possible that the ultimate resolutions of such matters could be unfavorable. Our insurance coverage is negotiated on an annual basis, and insurance policies in the future may have coverage exclusions that could cause claim-related costs to rise.

If our products are improperly designed, manufactured, packaged, or labeled, or are otherwise alleged to cause harm or injury, we may need to recall those items, may have increased warranty costs, and could be the target of product liability claims.

We may need to recall products if they are improperly designed, manufactured, packaged, or labeled, and we do not maintain insurance for such recall events. Many of our products and solutions have become more complex in recent years and include more sophisticated and sensitive electronic components. A problem or issue relating to any individual component could have the effect of creating a compounded problem for an integrated solution, which could result in significant costs and losses. We have increasingly manufactured certain of those components and products in our own facilities. We have previously initiated product recalls as a result of potentially faulty components, assembly, installation, design, and packaging of our products. Widespread product recalls could result in significant losses due to the costs of a recall, the destruction of product inventory, penalties, and lost sales due to the unavailability of a product for a period of time. In addition, products we developed that incorporate technologies, such as LED, generally provide for more extensive warranty protection which may result in higher costs if warranty claims on these products are higher than historical amounts. We may also be liable if the use or failure of any of our products cause harm, whether from fire, shock, harmful materials or components, alleged adverse health impacts from exposure to light emitted by our products, or any other personal injury or property damage, and we could suffer losses from a significant product liability judgment against us in excess of our insurance limits. We may not be able to obtain indemnity or reimbursement from our suppliers or other third parties for the warranty costs or liabilities associated with our products. A significant product recall, warranty claim, or product liability case could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our products.

We may not be able to adequately protect our intellectual property and could be the target of intellectual property claims.

We own certain patents, trademarks, copyrights, trade secrets, and other intellectual property. In addition, we continue to file patent applications, when appropriate. We cannot be certain that others have not and will not infringe on our intellectual property rights; however, we seek to establish and protect those rights, which could result in significant legal expenses and adversely affect our financial condition and results of operations.

Over the last several years, we and others in the industry have received an increased number of allegations of patent infringement from competitors and from non-practicing entity patent holders, often coupled with offers to license such patents for our use. Such offers typically relate to various technologies including electronics, power systems, controls, and software, as well as the use of visible light to communicate data, the use of certain wireless networking methods, and the design of specific products. We believe that we do not need or will be able to invalidate or access such patents through licensing, cross-licensing, or other mutually beneficial arrangements, although to the extent we are required but unable to enter into such arrangements on acceptable economic terms, it could adversely impact us.

Risks Related to Financial Matters

The market price and trading volume of our shares may be volatile.

The market price of our common shares could fluctuate significantly for many reasons, including reasons unrelated to our specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by customers, competitors, or suppliers regarding their own performance, as well as general global economic, industry, and political conditions. Our performance could be different than analyst expectations causing a decline in our stock price. To the extent that other large companies within our industry experience declines in share price, our share price may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders could institute securities class action lawsuits against us or otherwise engage in activism, which could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Changes to LIBOR may adversely impact the interest rate paid on some of our loans and consequently, our earnings and cash flows.

The borrowing facilities under our Credit Agreement (defined in the *Debt and Lines of Credit* note within the *Notes to Consolidated Financial Statements*) currently allow us to incur variable debt that is indexed to the London Inter-Bank Offered Rate ("LIBOR") or an alternate base rate plus an applicable margin. On July 27, 2017, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that it will phase out rates for the calculation of LIBOR. As a result of this change, certain LIBOR tenors and currencies will be eliminated by the end of calendar 2021 with all other tenors and currencies of LIBOR eliminated by the end of June 2023. Although there are potential reference rate replacements for LIBOR, it is not possible to predict what rate or rates may become accepted alternatives to LIBOR for certain securities, loans, and liabilities, or the effect of these alternatives on the value of securities whose interest rates are tied to LIBOR. Even though our current Credit Agreement expires prior to the final phase out of LIBOR tenors and currencies, the consequences of the phase out of LIBOR cannot be predicted on any potential cessation, modification, renewal, or new credit agreement we may execute. As a result, our future interest expense may increase, our ability to refinance some or all of our existing indebtedness may be impacted, and our available cash flow may be adversely affected.

Risks related to our defined benefit retirement plans may adversely impact results of operations and cash flows.

Significant changes in actual investment returns on defined benefit plan assets, discount rates, and other factors could adversely affect our comprehensive income and the amount of contributions we are required to make to the defined benefit plans in future periods. As our defined benefit plan assets and liabilities are marked-to-market on an annual basis, large non-cash gains or losses could be recorded in the fourth quarter of each fiscal year. In accordance with United States generally accepted accounting principles, the income or expense for the plans is calculated using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for the defined benefit plans are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to defined benefit funding obligations. Unfavorable changes in these factors could adversely affect our results.

Item 1b. *Unresolved Staff Comments*

None.

Item 2. Properties

Our general corporate offices are located in Atlanta, Georgia. Because of the diverse nature of operations and the large number of individual locations, it is neither practical nor meaningful to describe each of our operating facilities owned or leased. The following listing summarizes the significant facility categories by which reportable segment, Acuity Brands Lighting and Lighting Controls ("ABL") or the Intelligent Spaces Group ("ISG"), the facility primarily benefits as of August 31, 2021:

Nature of Facilities	ABL		ISG		Corporate	Total	
	Owned	Leased	Owned	Leased	Leased	Owned	Leased
Manufacturing facilities	10	7	2	—	—	12	7
Warehouses	—	1	—	—	—	—	1
Distribution centers*	2	7	—	—	—	2	7
Offices	5	10	—	3	1	5	14
Total	17	25	2	3	1	19	29

* The majority of the distribution centers also have certain manufacturing and assembly capabilities.

The following table provides additional geographic information related to our manufacturing facilities as of August 31, 2021:

	United States	Mexico	Europe	Canada	Total
ABL:					
Owned	4	5	1	—	10
Leased	2	2	—	3	7
Total	6	7	1	3	17
ISG:					
Owned	—	—	1	1	2
Total	—	—	1	1	2

We believe that our properties are well maintained and in good operating condition and that our properties are suitable and adequate for our present needs. Initiatives related to enhancing global operations may result in the future consolidation of certain facilities.

Item 3. Legal Proceedings

See the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* for information regarding our legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

Our common stock is listed on the New York Stock Exchange under the symbol "AYI." At October 22, 2021, there were 1,948 stockholders of record. The information required by this item with respect to equity compensation plans is included under the caption *Equity Compensation Plans* in our proxy statement for the annual meeting of stockholders to be held January 5, 2022, which we will file with the Securities and Exchange Commission pursuant to Regulation 14A. The proxy statement is incorporated herein by reference.

Issuer Purchases of Equity Securities

In March 2018, the Board of Directors (the "Board") authorized the repurchase of up to six million shares of our common stock. As of October 22, 2020, 2.2 million shares were available for repurchase under this authorization. On October 23, 2020, the Board authorized the repurchase of an additional 3.8 million shares of our common stock, bringing our total authorization back to six million shares at that time. Under the new increased share repurchase authorization, we may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. No date has been established for the completion of the share repurchase program, and we are not obligated to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate. Repurchases under the program can be discontinued at any time management feels additional repurchases are not warranted.

As of August 31, 2021, the maximum number of shares that may yet be repurchased under the share repurchase program authorized by the Board equaled 3.8 million shares. The following table summarizes share repurchase activity by month for the quarter ended August 31, 2021:

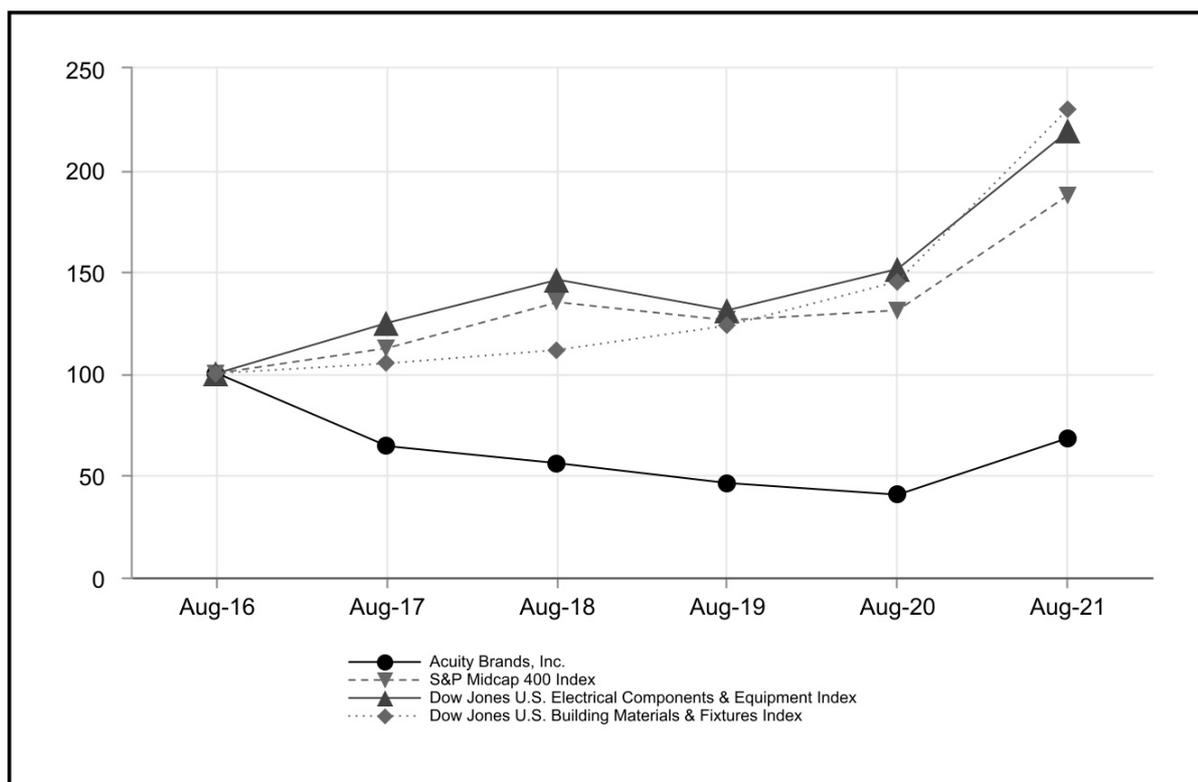
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
6/1/2021 through 6/30/2021	—	\$ —	—	4,399,804
7/1/2021 through 7/31/2021	331,567	\$ 168.88	331,567	4,068,237
8/1/2021 through 8/31/2021	230,013	\$ 180.21	230,013	3,838,224
Total	561,580	\$ 173.80	561,580	3,838,224

Company Stock Performance

The following information in this Annual Report on Form 10-K is not deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and it will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

The following graph compares the cumulative total return to shareholders on our outstanding stock during the five years ended August 31, 2021, with the cumulative total returns of the Standard & Poor’s (“S&P”) Midcap 400 Index, the Dow Jones U.S. Electrical Components & Equipment Index, and the Dow Jones U.S. Building Materials & Fixtures Index. We are a component of both the S&P Midcap 400 Index and the Dow Jones U.S. Building Materials & Fixtures Index. The Dow Jones U.S. Electrical Components & Equipment Index is included in the following graph as the parent companies of several major lighting companies are included in the index.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
 Among Acuity Brands, Inc., the S&P Midcap 400 Index,
 the Dow Jones U.S. Electrical Components & Equipment Index,
 and the Dow Jones U.S. Building Materials & Fixtures Index



*Assumes \$100 invested on August 31, 2016 in stock or index, including reinvestment of dividends.

	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Aug-21
Acuity Brands, Inc.	\$ 100	\$ 64	\$ 56	\$ 46	\$ 40	\$ 68
S&P Midcap 400 Index	100	112	135	126	131	187
Dow Jones U.S. Electrical Components & Equipment Index	100	125	146	131	151	219
Dow Jones U.S. Building Materials & Fixtures Index	100	105	111	123	145	230

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands, Inc. (referred to herein as "we," "our," "us," the "Company," or similar references) and its subsidiaries for the years ended August 31, 2021, 2020, and 2019 ("fiscal 2021," "fiscal 2020," and "fiscal 2019," respectively). The following discussion should be read in conjunction with the *Consolidated Financial Statements and Notes to Consolidated Financial Statements* included within this report.

Overview

Company

We are a market-leading industrial technology company. Through our two business segments, Acuity Brands Lighting and Lighting Controls ("ABL") and the Intelligent Spaces Group ("ISG") we design, manufacture, and bring to market products and services that make the world more brilliant, productive, and connected. We achieve growth through the development of innovative new products and services, including lighting, lighting controls, building management systems, and location-aware applications.

We achieve customer-focused efficiencies that allow us to increase market share and deliver superior returns. We look to aggressively deploy capital to grow the business and to enter attractive new verticals.

Capital Resources and Liquidity

We have numerous sources of capital, including cash on hand and cash flows generated from operations as well as various sources of financing. Our ability to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to meet our capital allocation priorities, which are to reinvest in our organic growth, make strategic acquisitions and investments, pay dividends, and repurchase shares. Sufficient cash flow generation is also critical to fund our operations in the short and long-term, to make required contributions to our employee benefit plans, and to maintain compliance with covenants contained in our financing agreements. We believe that we will be able to meet our liquidity needs over the next 12 months based on our cash on hand, current projections of cash flows from operations, and borrowing availability under financing arrangements. Additionally, we believe that our cash flows from operations and sources of funding, including, but not limited to, future borrowings and borrowing capacity, will sufficiently support our long-term liquidity needs. In the event of a sustained market deterioration, we may need additional capital, which would require us to evaluate available alternatives and take appropriate actions.

Cash

Our cash position at August 31, 2021 was \$491.3 million, a decrease of \$69.4 million from August 31, 2020. Cash generated from operating activities, cash on-hand, and additional long-term debt borrowings were used during the current year to fund our capital allocation priorities as discussed below.

We generated \$408.7 million of cash flows from operating activities during fiscal 2021 compared with \$504.8 million in the prior-year period, a decrease of \$96.1 million, due primarily to increased operating working capital requirements to support the improvement in year-over-year sales as well as higher payments for income taxes, partially offset by payroll tax deferrals under the Coronavirus Aid, Relief, and Economic Security Act of 2020 and lower interest payments on long-term borrowings due to timing.

Our significant contractual cash requirements as of August 31, 2021 include principal and interest on long-term debt as well as payments for operating lease liabilities. Our obligations related to these items are outlined in the *Debt and Lines of Credit* and *Leases* footnotes of the *Notes to Consolidated Financial Statements* within this Form 10-K. Additionally, we incur purchase obligations in the ordinary course of business that are enforceable and legally binding. Contractual purchase obligations for years subsequent to August 31, 2021 include \$451.1 million in fiscal 2022. Contractual purchase obligations beyond fiscal 2022 are not significant.

Financing Arrangements

During fiscal 2021, we received proceeds of \$493.8 million through debt issuances and repaid \$401.1 million of previously outstanding long-term debt, resulting in net proceeds of \$92.7 million. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* for discussion of our various financing arrangements, including the terms of our \$400.0 million five-year unsecured revolving credit facility (“Revolving Credit Facility”) as well as the \$500.0 million aggregate principal amount of 2.150% senior unsecured notes due December 15, 2030 (the “Unsecured Notes”). At August 31, 2021, our outstanding debt balance was \$494.3 million compared to our cash position of \$491.3 million. We were in compliance with all financial covenants under our financing arrangements as of August 31, 2021.

At August 31, 2021, we had additional borrowing capacity under the revolving credit facility of \$395.9 million under the most restrictive covenant in effect at the time, which represents the full amount of the facility less the outstanding letters of credit of \$4.1 million issued under the facility. As of August 31, 2021, our cash on hand combined with the additional borrowing capacity under the revolving credit facility totaled approximately \$0.9 billion.

The Unsecured Notes were issued by Acuity Brands Lighting, Inc., a wholly-owned subsidiary of Acuity Brands, Inc. The Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands, Inc. and ABL IP Holding LLC, a wholly-owned subsidiary of Acuity Brands, Inc. The following tables present summarized financial information for Acuity Brands, Inc., Acuity Brands Lighting, Inc., and ABL IP Holding LLC on a combined basis after the elimination of all intercompany balances and transactions between the combined group as well as any investments in non-guarantors as of the dates and during the period presented (in millions):

Summarized Balance Sheet Information	August 31, 2021		August 31, 2020	
Current assets	\$	1,172.0	\$	1,152.6
Current assets due from non-guarantor affiliates		213.4		183.3
Non-current assets		1,391.7		1,416.0
Current liabilities		595.1		530.2
Non-current liabilities		815.7		723.8

Summarized Income Statement Information	Year Ended August 31, 2021	
Net sales	\$	2,900.0
Gross profit		1,244.8
Net income		301.7

Capital Allocation Priorities

Effective capital allocation is a key driver of stockholder value. Our capital allocation priorities are to invest in our business for growth, to invest in mergers and acquisitions, to maintain our dividend, and to make share repurchases.

Organic Growth Investments

We invested \$43.8 million and \$54.9 million in fiscal 2021 and 2020, respectively, in property, plant, and equipment, primarily related to investments in tooling, new and enhanced information technology capabilities, equipment, and facility enhancements. We currently expect to invest approximately 1.5% of net sales on capital expenditures during fiscal 2022.

Strategic Acquisitions and Investments

We seek opportunities to strategically expand and enhance our portfolio of solutions. We invested in acquisitions of businesses, net of cash acquired, of \$75.3 million and \$303.0 million in fiscal 2021 and 2020, respectively. These acquisitions primarily included the following transactions:

- On July 1, 2021, using cash on hand, we acquired certain assets and liabilities of ams OSRAM's North American Digital Systems (“OSRAM DS”) business. This acquisition is intended to enhance our light emitting diode (“LED”) driver and controls technology portfolio and accelerate our innovation, expand our access to market through a more fulsome OEM product offering, and give us more control over our supply chain.

- On May 18, 2021, using cash on hand, we acquired all of the equity interests of Rockpile Ventures, an accelerator of edge artificial intelligence startups. Rockpile Ventures helps early-stage artificial intelligence companies drive co-engineering and co-selling partnerships with major cloud ecosystems, enabling faster adoption from proof-of-concept trials to market scale.
- On September 17, 2019, using cash on hand and borrowings under available existing credit arrangements at that time, we acquired all of the equity interests of The Luminaires Group ("TLG"), a leading provider of specification-grade luminaires for commercial, institutional, hospitality, and municipal markets, all of which complement our dynamic lighting portfolio. TLG's indoor and outdoor lighting fixtures are marketed to architects, landscape architects, interior designers, and engineers through five niche lighting brands: A-light™, Cyclone™, Eureka®, Luminaire LED™, and Luminis®.
- On November 25, 2019, using cash on hand, we acquired all of the equity interests of LocusLabs, Inc ("LocusLabs"). The LocusLabs software platform supports navigation applications used on mobile devices, web browsers, and digital displays in airports, event centers, multi-floor office buildings, and campuses.

Please refer to the *Acquisitions* footnote of the *Notes to Consolidated Financial Statements* for more information.

Dividends

We paid dividends on our common stock of \$19.1 million (\$0.52 per share) in fiscal 2021 and \$20.8 million (\$0.52 per share) in fiscal 2020, indicating a quarterly dividend rate of \$0.13 per share. All decisions regarding the declaration and payment of dividends are at the discretion of the Board of Directors (the "Board") and are evaluated regularly in light of our financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

Share Repurchases

During fiscal 2021, we repurchased 3.8 million shares of our outstanding common stock for \$434.9 million. As of August 31, 2021, the maximum number of shares that may yet be repurchased under the share repurchase program authorized by the Board equaled 3.8 million shares. We expect to repurchase shares on an opportunistic basis subject to various factors including stock price, Company performance, market conditions, and other possible uses of cash.

The COVID-19 Pandemic

The COVID-19 pandemic has resulted in intermittent worldwide government restrictions on the movement of people, goods, and services resulting in increased volatility in and disruptions to global markets. We remain committed to prioritizing the health and well-being of our associates and their families and ensuring that we operate effectively. We have implemented policies to screen associates, contractors, and vendors for COVID-19 symptoms upon entering our manufacturing, distribution, and open-office facilities in the United States, Mexico, and other locations as permitted by law. We have also implemented one-way traffic flows, additional cleaning requirements for common spaces, mandatory face coverings, hand sanitizer stations, socially-distanced workspaces, and self-serve pay stations within our cafeterias to mitigate the spread of the virus. Additionally, we have required certain employees whose job functions can be performed remotely to work primarily from home.

The COVID-19 pandemic has had an adverse impact on our results of operations. The pandemic has caused reduced construction and renovation spending as well as a disruption in our supply chain for certain components, both of which negatively impacted our fiscal 2021 sales. In fiscal 2020 we experienced a limited number of temporary facility shutdowns due to government-mandated closures. Although our facilities are open and government-mandated restrictions have been gradually lifted, a resurgence in COVID-19 cases may lead to the reimposition of previously lifted business closure requirements, the imposition of new restrictions, or the issuance of new or revised local or national health guidance. We also continue to incur additional health and safety costs including expenditures for personal protection equipment and facility enhancements to maintain proper distancing guidelines issued by the Centers for Disease Control and Prevention. We have taken actions to reduce costs, including the realignment of headcount with current volumes, a limit on all non-essential employee travel, other efforts to decrease discretionary spending, and reductions in our real estate footprint. Additionally, we elected to defer certain employer payroll taxes as allowable under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act) signed into law on March 27, 2020. Half of these deferrals are due in December 2021, and the remaining deferrals are due in December 2022.

Although we have implemented significant measures to mitigate further spread of the virus, our employees, customers, suppliers, and contractors may continue to experience disruptions to business activities due to potential

further government-mandated or voluntary shutdowns, general economic conditions, or other negative impacts of the COVID-19 pandemic. We are continuously monitoring the adverse effects of the pandemic and identifying steps to mitigate those effects. As the COVID-19 pandemic is continually evolving, we are uncertain of its ultimate duration and impact. See *Part I, Item 1a. Risk Factors* for further details regarding the potential impacts of COVID-19 to our results of operations, financial position, and cash flows.

Results of Operations

The following is a discussion of our results of operations in fiscal 2021 compared to fiscal 2020. A discussion of our fiscal 2020 results of operations compared to fiscal 2019 can be found within *Part II, Item 7. Management's Discussion and Analysis* within our fiscal 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 23, 2020.

The following table sets forth information comparing the components of net income for the year ended August 31, 2021 with the year ended August 31, 2020 (in millions except per share data):

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2021	2020		
Net sales	\$ 3,461.0	\$ 3,326.3	\$ 134.7	4.0 %
Cost of products sold	1,986.0	1,923.9	62.1	3.2 %
Gross profit	1,475.0	1,402.4	72.6	5.2 %
<i>Percent of net sales</i>	42.6 %	42.2 %	40 bps	
Selling, distribution, and administrative expenses	1,044.1	1,028.5	15.6	1.5 %
Special charges	3.3	20.0	(16.7)	NM
Operating profit	427.6	353.9	73.7	20.8 %
<i>Percent of net sales</i>	12.4 %	10.6 %	180 bps	
Other expense:				
Interest expense, net	23.2	23.3	(0.1)	(0.4)%
Miscellaneous expense, net	8.2	5.9	2.3	NM
Total other expense	31.4	29.2	2.2	7.5 %
Income before income taxes	396.2	324.7	71.5	22.0 %
<i>Percent of net sales</i>	11.4 %	9.8 %	160 bps	
Income tax expense	89.9	76.4	13.5	17.7 %
<i>Effective tax rate</i>	22.7 %	23.5 %		
Net income	\$ 306.3	\$ 248.3	\$ 58.0	23.4 %
Diluted earnings per share	\$ 8.38	\$ 6.27	\$ 2.11	33.7 %
NM - not meaningful				

Net sales increased \$134.7 million, or 4.0%, to \$3.46 billion for the year ended August 31, 2021 compared with \$3.33 billion reported for the year ended August 31, 2020. For the year ended August 31, 2021, we reported net income of \$306.3 million compared with \$248.3 million for the year ended August 31, 2020, an increase of \$58.0 million, or 23.4%. For fiscal 2021, diluted earnings per share increased 33.7% to \$8.38 from \$6.27 for the prior-year period.

The following table reconciles certain U.S. generally accepted accounting principles ("U.S. GAAP") financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of our results of operations, which exclude the impact of acquisition-related items, amortization of acquired intangible assets, share-based payment expense, special charges associated primarily with continued efforts to streamline the organization, and impairments of investments in unconsolidated affiliates. Although the impacts of these items have been recognized in prior periods and could recur in future periods, management typically excludes these items during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted selling, distribution, and administrative ("SD&A") expenses and adjusted SD&A expenses as a percent of net sales, adjusted operating profit and margin, adjusted other expense, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of our current financial performance. Specifically, we believe these non-U.S. GAAP measures provide greater comparability and

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enhanced visibility into our results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

(In millions, except per share data)

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2021	2020		
Gross profit	\$ 1,475.0	\$ 1,402.4	\$ 72.6	5.2 %
<i>Percent of net sales</i>		42.6 %	42.2 %	
Add-back: Acquisition-related items ⁽¹⁾	—	1.2	40	bps
Adjusted gross profit	\$ 1,475.0	\$ 1,403.6	\$ 71.4	5.1 %
<i>Percent of net sales</i>		42.6 %	42.2 %	40 bps
Selling, distribution, and administrative expenses	\$ 1,044.1	\$ 1,028.5	\$ 15.6	1.5 %
<i>Percent of net sales</i>		30.2 %	30.9 %	(70) bps
Less: Amortization of acquired intangible assets	(40.7)	(41.7)		
Less: Share-based payment expense	(32.5)	(38.2)		
Less: Acquisition-related items ⁽¹⁾	(2.2)	(1.3)		
Adjusted selling, distribution, and administrative expenses	\$ 968.7	\$ 947.3	\$ 21.4	2.3 %
<i>Percent of net sales</i>		28.0 %	28.5 %	(50) bps
Operating profit	\$ 427.6	\$ 353.9	\$ 73.7	20.8 %
<i>Percent of net sales</i>		12.4 %	10.6 %	180 bps
Add-back: Amortization of acquired intangible assets	40.7	41.7		
Add-back: Share-based payment expense	32.5	38.2		
Add-back: Acquisition-related items ⁽¹⁾	2.2	2.5		
Add-back: Special charges	3.3	20.0		
Adjusted operating profit	\$ 506.3	\$ 456.3	\$ 50.0	11.0 %
<i>Percent of net sales</i>		14.6 %	13.7 %	90 bps
Other expense	\$ 31.4	\$ 29.2	\$ 2.2	7.5 %
Less: Impairments of investments	(6.0)	—		
Adjusted other expense	\$ 25.4	\$ 29.2	\$ (3.8)	(13.0)%
Net income	\$ 306.3	\$ 248.3	\$ 58.0	23.4 %
Add-back: Amortization of acquired intangible assets	40.7	41.7		
Add-back: Share-based payment expense	32.5	38.2		
Add-back: Acquisition-related items ⁽¹⁾	2.2	2.5		
Add-back: Special charges	3.3	20.0		
Add-back: Impairments of investments	6.0	—		
Total pre-tax adjustments to net income	84.7	102.4		
Income tax effect	(19.3)	(23.4)		
Adjusted net income	\$ 371.7	\$ 327.3	\$ 44.4	13.6 %
Diluted earnings per share	\$ 8.38	\$ 6.27	\$ 2.11	33.7 %
Adjusted diluted earnings per share	\$ 10.17	\$ 8.27	\$ 1.90	23.0 %

⁽¹⁾ Acquisition-related items include profit in inventory and professional fees.

Net Sales

Net sales of \$3.46 billion for the year ended August 31, 2021 increased by \$134.7 million, or 4.0%, compared with the prior-year period. This increase was driven by improved sales performance in the second half of fiscal 2021. Sales in our ABL segment of \$3.29 billion increased \$106.4 million, or 3.3%, compared to the prior year. Within our ABL segment, sales through the independent sales network and direct sales network increased 5% and 9%, respectively, due primarily to these channels continuing to benefit from improved service levels and an improving economy. However, corporate accounts sales for fiscal 2021 were 12% lower year over year due to fewer nonessential renovations from large retailers in the first half of the fiscal year, and retail sales declined 17% due primarily to a customer inventory rebalancing in fiscal 2021. Sales within our ISG segment increased 21% to \$190.0 million due primarily to strong demand for building and HVAC controls. Changes in foreign currency rates and revenues from acquired companies did not have a meaningful impact on net sales for fiscal 2021.

Gross Profit

Gross profit for fiscal 2021 increased \$72.6 million, or 5.2%, to \$1.48 billion compared with \$1.40 billion for the prior year due. The increase in gross profit and margin was due primarily to increased sales as well as product and productivity improvements, partially offset by higher component and freight costs.

Operating Profit

SD&A expenses of \$1.04 billion for the year ended August 31, 2021 increased \$15.6 million, or 1.5%, compared with the prior year. The increase in SD&A expense was due primarily to higher outbound freight to support the increase in sales as well as increased employee-related costs, partially offset by lower travel expense and sales and marketing costs due to cost control and travel restrictions that have continued since the start of the COVID-19 pandemic. Additionally, share-based payment expense decreased in fiscal 2021 due to the discontinuation of certain retirement provisions in the equity incentive program that resulted in the acceleration of share-based payment expense for fiscal 2020 grants.

Compared with the prior-year period, SD&A expenses as a percent of net sales decreased 70 basis points to 30.2% for fiscal 2021 from 30.9% in fiscal 2020. Adjusted SD&A expenses were \$968.7 million, or 28.0% of net sales, in fiscal 2021 compared to \$947.3 million, or 28.5% of net sales, in the year-ago period.

During the year ended August 31, 2021, we recognized pre-tax special charges of \$3.3 million compared with pre-tax special charges of \$20.0 million recorded during the year ended August 31, 2020. Further details regarding our special charges are included in the *Special Charges* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for fiscal 2021 was \$427.6 million compared with \$353.9 million reported for the prior-year period, an increase of \$73.7 million, or 20.8%. Operating profit margin increased 180 basis points to 12.4% for fiscal 2021 compared with 10.6% for fiscal 2020. The increase in operating profit margin reflects favorable gross profit margin, a decline in special charges, and our ability to leverage our operating costs.

Adjusted operating profit increased \$50.0 million, or 11.0%, to \$506.3 million compared with \$456.3 million for fiscal 2020. Adjusted operating profit margin was 14.6% and 13.7% for fiscal 2021 and 2020, respectively.

Other Expense

Other expense consists of net interest expense and net miscellaneous expense, which includes non-service related components of net periodic pension cost, gains and losses associated with foreign currency-related transactions, and non-operating gains and losses.

Interest expense, net, was \$23.2 million and \$23.3 million for the years ended August 31, 2021 and 2020, respectively.

We reported net miscellaneous expense of \$8.2 million in fiscal 2021 compared with \$5.9 million in fiscal 2020. During fiscal 2021, we recorded impairment charges totaling \$6.0 million for certain unconsolidated equity investments. Further details regarding the impairment charges are included in the *Fair Value Measurements* footnote of the *Notes to Consolidated Financial Statements*.

Income Taxes and Net Income

Our effective income tax rate was 22.7% and 23.5% for the years ended August 31, 2021 and 2020, respectively. The change in our effective income tax rate year over year is due primarily to the impacts of discrete items. Further details regarding income taxes are included in the *Income Taxes* footnote of the *Notes to Consolidated Financial*

Statements. We estimate that our effective tax rate for fiscal 2022 will be approximately 23% before any discrete items, assuming the rates in our taxing jurisdictions remain generally consistent throughout the year.

Net income for fiscal 2021 increased \$58.0 million, or 23.4%, to \$306.3 million from \$248.3 million reported for the prior year. The increase in net income resulted primarily from an increase in operating profit compared to the prior-year period partially offset by higher income tax expense related to the increase in profit. Adjusted net income for fiscal 2021 increased 13.6% to \$371.7 million compared with \$327.3 million in the year-ago period.

Diluted earnings per share for fiscal 2021 was \$8.38 compared with \$6.27 for the prior-year period, an increase of \$2.11, or 33.7%. This increase reflects higher net income as well as lower outstanding diluted shares. Adjusted diluted earnings per share for fiscal 2021 was \$10.17 compared with \$8.27 for the prior-year period, an increase of \$1.90, or 23.0%.

Segment Results

The following tables set forth information comparing the operating results of our segments, ABL and ISG, for the year ended August 31, 2021 with the year ended August 31, 2020 (in millions). We have recast historical information to conform to the current segment structure.

ABL	Year Ended August 31,		Increase (Decrease)	Percent Change
	2021	2020		
Net sales	\$ 3,287.3	\$ 3,180.9	\$ 106.4	3.3 %
Operating profit	\$ 476.2	\$ 425.8	\$ 50.4	11.8 %
Add-back: Amortization of acquired intangible assets	27.9	27.4		
Add-back: Share-based payment expense	11.0	13.4		
Add-back: Acquisition-related items ⁽¹⁾	—	1.2		
Adjusted operating profit	\$ 515.1	\$ 467.8	\$ 47.3	10.1 %
Operating profit margin	14.5 %	13.4 %	110 bps	
Adjusted operating profit margin	15.7 %	14.7 %	100 bps	

⁽¹⁾ Acquisition-related items include profit in inventory.

ABL net sales for the year ended August 31, 2021 increased 3.3% compared with the prior-year period due primarily to improvements within the independent sales network and direct sales network channels as our go-to-market activities leveraged improvements in the construction market and wider economy. These gains were partially offset by lower sales in the retail channel due to a customer inventory rebalancing and in the corporate accounts channel due to fewer nonessential renovations from large retailers in the first half of the fiscal year. Operating profit for ABL was \$476.2 million (14.5% of ABL net sales) for the year ended August 31, 2021 compared to \$425.8 million (13.4% of ABL net sales) in the prior-year period, an increase of \$50.4 million. The increase in operating profit was due primarily to higher sales as well as product and productivity improvements, partially offset by higher component, freight, and operating costs. The operating profit margin increase year over year reflects higher sales as well as our ability to successfully leverage our operating costs. Adjusted operating profit for ABL increased \$47.3 million to \$515.1 million for the year ended August 31, 2021 compared with the prior year period.

ISG	Year Ended August 31,		Increase (Decrease)	Percent Change
	2021	2020		
Net sales	\$ 190.0	\$ 157.0	\$ 33.0	21.0 %
Operating profit (loss)	\$ 9.9	\$ (3.9)	\$ 13.8	NM
Add-back: Amortization of acquired intangible assets	12.8	14.3		
Add-back: Share-based payment expense	2.9	4.5		
Adjusted operating profit	\$ 25.6	\$ 14.9	\$ 10.7	71.8 %
Operating profit (loss) margin	5.2 %	(2.5)%	770 bps	
Adjusted operating profit margin	13.5 %	9.5 %	400 bps	

ISG net sales for the year ended August 31, 2021 increased 21.0% compared with the prior-year period driven primarily by strong demand for building and HVAC controls. ISG operating profit was \$9.9 million for the year ended

August 31, 2021 compared with a \$3.9 million operating loss in the prior-year period, an increase of \$13.8 million. This increase was due primarily to higher sales, partially offset by increased employee costs. Adjusted operating profit for ISG increased \$10.7 million to \$25.6 million for the year ended August 31, 2021 compared with the prior-year period.

Outlook

We expect the challenging global supply chain environment to continue into fiscal 2022. We currently expect ABL to grow net sales in the high single digits for the full year of 2022 and ISG to deliver net sales growth in the mid-teens. Additionally, we expect a 42% plus annualized gross profit margin for the full year of 2022, and we believe that we can continue to leverage our operating costs as we increase net sales.

Accounting Standards Adopted in Fiscal 2021 and Accounting Standards Yet to Be Adopted

See the *New Accounting Pronouncements* footnote of the *Notes to Consolidated Financial Statements* for information on recently adopted and upcoming standards.

Critical Accounting Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in our *Consolidated Financial Statements*, which have been prepared in accordance with U.S. GAAP. As discussed in the *Description of Business and Basis of Presentation* footnote of the *Notes to Consolidated Financial Statements*, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as reported amounts of revenue and expense during the reporting period. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates and judgments on our substantial historical experience and/or other relevant factors, such as projections of future performance, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. We discuss the development of accounting estimates with our Audit Committee of the Board of Directors on a recurring basis. See the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for a summary of our accounting policies.

We believe the following accounting topics represent our critical accounting estimates.

Revenue Recognition

We recognize revenue when we transfer control of goods and services to our customers. Revenue is measured as the amount of consideration we expect to receive in exchange for goods and services. In the period of revenue recognition, we estimate and record provisions for certain rebates, sales incentives, product returns, and discounts to customers, in most instances, as reductions of revenue. We also maintain one-time or on-going marketing and trade-promotion programs with certain customers that require us to estimate and accrue the expected costs of such programs. Generally, these items are estimated based on customer agreements, historical trends, and expected demand. For sales with multiple deliverables, significant judgment may be required to determine which performance obligations are distinct and should be accounted for separately. We allocate the expected consideration to be collected to each distinct performance obligation based on its standalone selling price. Standalone selling price is generally estimated using a cost plus margin valuation when no observable input is available.

Actual results could differ from estimates, which would require adjustments to recorded amounts. Please refer to the *Revenue Recognition* footnote of the *Notes to Consolidated Financial Statements* for additional information regarding estimates related to revenue recognition.

Inventories

Inventories include materials, direct labor, in-bound freight, customs, duties, tariffs, and related manufacturing overhead and are stated at the lower of cost (on a first-in, first-out or average-cost basis) and net realizable value. We review inventory quantities on hand and record a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand, market conditions, or technology could render certain inventory obsolete and thus could have a material adverse impact on our operating results in the period the change occurs.

Goodwill and Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets consist of trade names acquired through multiple acquisitions that are expected to generate cash flows indefinitely. Significant estimates and assumptions were used to both identify and determine the initial fair value of these acquired intangible assets, often with the assistance of third-party valuation specialists. These assumptions include, but are not limited to, estimated future net sales and profitability, customer attrition rates, royalty rates, and discount rates. Goodwill is calculated as the residual value of an acquisition's purchase price less the value of the identifiable net assets and is thus dependent on the appropriate identification and valuation of the net assets obtained in an acquisition.

We also review goodwill and indefinite-lived intangible assets for impairment on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that would more likely than not indicate that the fair value of the goodwill or an indefinite-lived asset is below its carrying value. An impairment loss for goodwill or an indefinite-lived intangible asset would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or another appropriate fair value method. The evaluation of goodwill and indefinite-lived intangibles for impairment requires management to use significant judgments and estimates in accordance with U.S. GAAP including, but not limited to, economic, industry, and Company-specific qualitative factors, projected future net sales, operating results, and cash flows.

Although we currently believe that the estimates used in the evaluation of goodwill and indefinite-lived intangibles are reasonable, differences between actual and expected net sales, operating results, and cash flows and/or changes in the discount rates or theoretical royalty rates used could cause these assets to be deemed impaired. If this occurs, we are required to record a non-cash charge to earnings for the write-down in the value of such assets. Such charges could have a material adverse effect on our results of operations and financial position but not our cash flows from operations.

Goodwill

We perform our goodwill impairment analysis at the reporting unit level using a combination of discounted future cash flows and relevant market multiples. Our discounted cash flow analyses required significant assumptions about discount rates, short and long-term growth rates, and future profitability. We utilized estimated discount rates ranging from 9.0% to 12.0% as of June 1, 2021, based on the Capital Asset Pricing Model, which considers the risk-free interest rate, beta, market risk premium, and size premium to determine an appropriate discount rate for a reporting unit. Short-term growth rates were based on management's forecasted financial results, which consider key business drivers such as specific revenue growth initiatives, market share changes, growth in our addressable market, and general economic factors such as macroeconomic conditions, credit availability, and interest rates. Short-term growth rates used in the fiscal 2021 impairment analysis reflected additional estimation uncertainty as a result of the COVID-19 pandemic. We calculated the discounted cash flows attributable to our reporting units for a 10-year discrete period with a terminal value and compared this calculation to the discounted cash flows generated over a 40-year period to corroborate the reasonableness of assumptions used. The long-term growth rate used in determining terminal value was estimated at 3.5% and was primarily based on our understanding of projections for expected long-term growth in our addressable market and historical long-term performance.

We corroborate the values determined from our discounted cash flow models using a relevant market multiple, generally published earnings and/or revenue multiples. We also reconcile the sum of the fair values for each reporting unit to our market capitalization at the testing date, including consideration of a control premium.

Any reasonably likely change in the assumptions used in these analyses, including revenue growth rates, the discount rates, long-term growth rates, or relevant multiples would not cause the carrying value of any reporting unit to exceed its estimated fair value as determined under the goodwill impairment analysis. See the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for further details.

Indefinite-Lived Intangible Assets

Our indefinite-lived intangible assets consist of 13 trade names with an aggregate carrying value of \$174.8 million at August 31, 2021. We utilized significant assumptions to estimate the fair value of these indefinite-lived trade names using a fair value model based on discounted future cash flows ("fair value model") in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* ("ASC 820"). Future cash flows associated with each of our indefinite-lived trade names are calculated by multiplying a theoretical royalty rate a willing third party would pay for use of the particular trade name by estimated future net sales attributable to the relevant trade name. The present values of the resulting after-tax cash flows is our current estimate of the fair value of each trade name.

This fair value model requires us to make several significant assumptions, including specific estimated future net sales (including short and long-term growth rates), the royalty rate, and the discount rate for each trade name.

Future net sales and short-term growth rates are estimated for each particular trade name based on management's financial forecasts, which consider key business drivers, such as specific revenue growth initiatives, market share changes, expected growth in our addressable market, and general economic factors, such as macroeconomic conditions, credit availability, and interest rates. Short-term growth rates used in the fiscal 2021 impairment analysis reflected additional estimation uncertainty as a result of the COVID-19 pandemic. The long-term growth rate used in determining terminal value was estimated at 3.5% and was based primarily on our understanding of projections for expected long-term growth for our addressable market and historical long-term performance. The theoretical royalty rate is estimated primarily using management's assumptions regarding the amount a willing third party would pay to use the particular trade name and is compared with market information for similar intellectual property within and outside of the industry. If future operating results are unfavorable compared with forecasted amounts, we may be required to reduce the theoretical royalty rate used in the fair value model, which would result in lower expected future after-tax cash flows in the fair value model. We utilized a range of estimated discount rates between 9% and 12% as of June 1, 2021, based on the Capital Asset Pricing Model, which considers the current risk-free interest rate, beta, market risk premium, and size premium appropriate for each intangible.

During fiscal 2021, we performed an evaluation of the fair values of our indefinite-lived trade names. Our expected revenues were based on our fiscal 2022 projections and recent third-party lighting, controls, and building technology solutions market growth estimates for fiscal 2023 through 2025 as of June 1, 2021. We also included revenue growth estimates based on current initiatives expected to help improve performance. During fiscal 2021, estimated theoretical royalty rates ranged between 1% and 3%. The impairment analyses of our indefinite-lived intangible assets indicated that their fair values exceeded their carrying values; therefore, no impairments were recorded for fiscal 2021. Any reasonably likely change in the assumptions used in the analyses for our trade names, including revenue growth rates, royalty rates, and discount rates, would not be material to our financial condition or results of operations. See the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for further details.

Share-based Payment Expense

We recognize compensation cost for share-based payment transactions in the financial statements under the provisions of ASC Topic 718, *Compensation — Stock Compensation* ("ASC 718"). Restricted stock awards, performance stock awards, and director stock units representing certain deferrals into the Director Deferred Compensation Plan are valued based on the fair value of our common stock on the grant date. We review the values of our performance awards on a frequent and recurring basis and adjust those values based on the probability that the related performance metric will be satisfied. We utilize the Black-Scholes model in deriving the fair value estimates of our stock option awards that only have a service requirement, and we utilize the Monte Carlo simulation model to determine grant date fair value estimates of stock options also subject to a market condition.

Additionally, we estimate forfeitures of all share-based awards at the time of grant, which are revised in subsequent periods if actual forfeitures differ from initial estimates. Forfeitures are estimated based on historical experience. If factors change causing different assumptions to be made in future periods, estimated compensation expense may differ significantly from that recorded in the current period.

We generally recognize compensation cost for share-based payment transactions on a straight-line basis over an award's requisite service period as defined by ASC 718. In certain circumstances, such as when a performance award is subject to graded vesting, we apply the accelerated attribution method to recognize compensation cost related to our share-based payment awards.

See the *Share-based Payments* footnote of the *Notes to Consolidated Financial Statements* for further information on these awards, including assumptions used in estimating the fair value of our awards.

Product Warranty and Recall Costs

Our products generally have a standard warranty term of five years. We accrue for the estimated amount of future warranty costs when the related revenue is recognized. Estimated future warranty costs are primarily based on historical experience of identified warranty claims. We are fully self-insured for product warranty costs. Historical warranty costs have been within expectations. Although we expect that historical activity will continue to be the best indicator of future warranty costs, there can be no assurance that future warranty costs will not exceed historical amounts. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. If actual future

warranty or recall costs exceed recorded amounts, additional accruals may be required, which could have a material adverse impact on our results of operations and cash flow.

We also sell certain service-type warranties that extend coverages for products beyond their base warranties. We account for service-type warranties as distinct performance obligations, allocate an appropriate amount of transaction price to these transactions, and recognize revenue for these contracts ratably over the life of the additional warranty period. We allocate transaction price to our service-type warranties largely based on expectations of cost plus margin based on our estimate of future claims. These estimates are subject to a higher level of estimation uncertainty than other estimates, as we have less experience in costs in the extended warranty period. Claims related to service-type warranties are expensed as incurred.

Cautionary Statement Regarding Forward-Looking Statements and Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as “expects,” “believes,” “intends,” “anticipates,” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company's behalf, may from time to time make forward-looking statements in reports and other documents we file with the U.S. Securities and Exchange Commission or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) our projections regarding financial performance, including our expected margins and ability to leverage operating costs, liquidity, capital structure, capital expenditures, investments, share repurchases, and dividends; (b) external and internal forecasts projecting the North American lighting and building management solutions market growth rate and growth in our addressable market; (c) expectations about the impact of any changes in demand, including improvements in our end markets, as well as volatility, challenges, competition, and uncertainty in general economic conditions; (d) expectations about volatility in raw material costs, freight costs, and component and labor availability; (e) our ability to execute and realize benefits from initiatives related to streamlining our operations and integrating recent acquisitions, realize synergies from acquisitions, capitalize on growth opportunities with the intention of becoming a larger, more dynamic company, and introduce innovative products and services; (f) our estimate of our fiscal 2022 effective income tax rate, results of operations, cash flows, and capital spending; (g) our estimate of future amortization expense; (h) our ability to achieve our long-term financial goals and measures; (i) the impact of changes in the political landscape and related policy changes, including monetary, regulatory, and trade policies; (j) our expectations about the resolution of securities class action and other regulatory matters; (k) our expectations of the impact of the ongoing COVID-19 pandemic; (l) our human capital initiatives in fiscal 2022, and (m) our ability to reduce our carbon output and seize market opportunities related to sustainability. You are cautioned not to place undue reliance on any forward looking statements, which speak only as of the date of this annual report. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. Our forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the organization and management's present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors that have affected us as a company. Also, additional risks that could cause our actual results to differ materially from those expressed in our forward-looking statements are discussed in *Part I, Item 1a. Risk Factors* of this Annual Report on Form 10-K, and are specifically incorporated herein by reference.

The industry and market data contained in this report are based either on management's own estimates or, where indicated, independent industry publications, reports by governmental agencies, or market research firms or other published independent sources and, in each case, are believed by our management to be reasonable estimates. However, industry and market data are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey of market shares. We have not independently verified market and industry data from third-party sources.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

General

We are exposed to worldwide market risks that may impact our *Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows, and Consolidated Statements of Stockholders' Equity* due primarily to changing interest and foreign exchange rates. We do not currently engage in significant commodity hedging transactions for raw materials. The following discussion provides additional information regarding our market risks.

Interest Rates

Interest rate fluctuations expose variable-rate debt of the organization to changes in interest expense and cash flows. Our long-term debt as of August 31, 2020 consisted primarily of variable-rate obligations, whereas as of August 31, 2021, our long-term debt consisted of fixed-rate senior unsecured notes. A fluctuation in interest rates would not affect interest expense or cash flows related to the Company's fixed-rate debt. However, a 10% increase in market interest rates at August 31, 2021 would have decreased the estimated fair value of our senior unsecured notes by approximately \$9.2 million. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* contained in this Form 10-K for additional information.

Foreign Exchange Rates

The majority of our net sales, expense, and capital purchases are transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation exists due to our operations in Mexico and Canada, where a significant portion of products sold are produced or sourced from the United States, and, to a lesser extent, in Europe. Based on fiscal 2021 performance, a hypothetical decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would negatively impact operating profit by approximately \$13 million, while a hypothetical appreciation of 10% in the value of the Canadian dollar in relation to the U.S. dollar would favorably impact operating profit by approximately \$16 million. In addition to products and services sold in Mexico, a significant portion of the goods sold in the United States are manufactured in Mexico. A hypothetical 10% decrease in the value of the Mexican peso in relation to the U.S. dollar would favorably impact operating profit by approximately \$12 million, while a hypothetical increase of 10% in the value of the Mexican peso in relation to the U.S. dollar would negatively impact operating profits by approximately \$14 million. The individual impacts to the operating profit of hypothetical currency fluctuations in the Canadian dollar and Mexican peso have been calculated in isolation from any potential responses to address such exchange rate changes in our foreign markets.

Our exposure to foreign currency risk related to our operations in Europe is immaterial and has been excluded from this analysis.

Item 8. Financial Statements and Supplementary Data

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**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
ACUITY BRANDS, INC.**

The management of Acuity Brands, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of August 31, 2021. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management believes that, as of August 31, 2021, the Company's internal control over financial reporting is effective.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired businesses of Rockpile Ventures and ams OSRAM's North American Digital Systems, (collectively, the "2021 Acquisitions"), which are included in the Company's consolidated financial statements as of August 31, 2021 and for the period from the respective acquisition dates through August 31, 2021. As of August 31, 2021, the 2021 Acquisitions constituted less than 4% of the Company's consolidated assets and stockholders' equity. For the year ended August 31, 2021, the 2021 Acquisitions constituted less than 1% of both the Company's net sales and pre-tax income.

The Company's independent registered public accounting firm has issued an audit report on their audit of the Company's internal control over financial reporting. This report dated October 27, 2021 is included within this Form 10-K.

/s/ NEIL M. ASHE

Neil M. Ashe
Chairman, President and
Chief Executive Officer

/s/ KAREN J. HOLCOM

Karen J. Holcom
Senior Vice President and
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Acuity Brands, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Acuity Brands, Inc. (the Company) as of August 31, 2021 and 2020, the related consolidated statements of comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended August 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated October 27, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Indefinite-Lived Trade Names

Description of the Matter At August 31, 2021, the Company's indefinite-lived intangible assets consisted of thirteen trade names with an aggregate carrying value of approximately \$174.8 million. As explained in Note 2 to the consolidated financial statements, the Company tests indefinite-lived trade names for impairment on an annual basis or more frequently if an event occurs or circumstances change that would more likely than not indicate that the fair value of the indefinite-lived trade name is below its carrying amount. If the carrying amount exceeds the estimated fair value, an impairment loss would be recorded in the amount equal to the excess.

Auditing the Company's impairment tests for indefinite-lived trade names was especially complex due to the judgmental nature of the significant assumptions used in the determination of estimated fair values for trade names. The Company estimates the fair values of trade names using a fair value model based on discounted future cash flows. Significant assumptions used to estimate the value of the trade names included estimated future net sales (including short- and long-term growth rates), discount rates and royalty rates, all of which are forward-looking and could be affected by economic, industry and company-specific qualitative factors. Short-term growth rates reflect increased estimation uncertainty as a result of the COVID-19 pandemic.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's annual impairment process. This included testing controls over management's review of the discounted cash flow model, including the significant assumptions described above.

To test the fair values of the Company's indefinite-lived trade names, our audit procedures included, among others, evaluating the Company's use of the discounted cash flow model, the completeness and accuracy of the underlying data and the significant assumptions described above. We compared the significant assumptions to current industry, market and economic trends, including the impact of the COVID-19 pandemic, the Company's historical results and other relevant factors. We involved our valuation specialists to assist in evaluating the Company's discount rates and royalty rates. In addition, we considered the accuracy of the Company's historical projections of net sales compared to actual net sales. We also performed a sensitivity analysis to evaluate the potential change in the fair values of the trade names resulting from changes in the significant assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia
October 27, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Acuity Brands, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Acuity Brands, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 31, 2021, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired businesses of Rockpile Ventures and ams Osram's North American Digital Systems (collectively, the 2021 Acquisitions), which are included in the 2021 consolidated financial statements of the Company and constituted less than 4% of total assets and stockholders' equity as of August 31, 2021 and less than 1% of net sales and pre-tax income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the 2021 Acquisitions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2021 and 2020, the related consolidated statements of comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended August 31, 2021, and the related notes and our report dated October 27, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia
October 27, 2021

ACUITY BRANDS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	August 31,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 491.3	\$ 560.7
Accounts receivable, less reserve for doubtful accounts of \$1.2 and \$2.6, respectively	571.8	500.3
Inventories	398.7	320.1
Prepayments and other current assets	82.5	58.6
Total current assets	1,544.3	1,439.7
Property, plant, and equipment, net	269.1	270.5
Operating lease right-of-use assets	58.0	63.4
Goodwill	1,094.7	1,080.0
Intangible assets, net	573.2	605.9
Deferred income taxes	1.9	2.7
Other long-term assets	33.9	29.5
Total assets	<u>\$ 3,575.1</u>	<u>\$ 3,491.7</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 391.5	\$ 326.5
Current maturities of debt	—	24.3
Current operating lease liabilities	15.9	17.2
Accrued compensation	95.3	89.0
Other accrued liabilities	189.5	160.6
Total current liabilities	692.2	617.6
Long-term debt	494.3	376.8
Long-term operating lease liabilities	46.7	56.8
Accrued pension liabilities	60.2	91.6
Deferred income taxes	101.0	94.9
Other long-term liabilities	136.2	126.5
Total liabilities	1,530.6	1,364.2
Commitments and contingencies (see <i>Commitments and Contingencies</i> footnote)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized; 54,018,978 and 53,885,165 issued, respectively	0.5	0.5
Paid-in capital	995.6	963.6
Retained earnings	2,810.3	2,523.3
Accumulated other comprehensive loss	(98.2)	(132.7)
Treasury stock, at cost — 18,826,611 and 15,012,449 shares, respectively	(1,663.7)	(1,227.2)
Total stockholders' equity	2,044.5	2,127.5
Total liabilities and stockholders' equity	<u>\$ 3,575.1</u>	<u>\$ 3,491.7</u>

The accompanying *Notes to Consolidated Financial Statements* are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions, except per-share data)

	Year Ended August 31,		
	2021	2020	2019
Net sales	\$ 3,461.0	\$ 3,326.3	\$ 3,672.7
Cost of products sold	1,986.0	1,923.9	2,193.0
Gross profit	1,475.0	1,402.4	1,479.7
Selling, distribution, and administrative expenses	1,044.1	1,028.5	1,015.0
Special charges	3.3	20.0	1.8
Operating profit	427.6	353.9	462.9
Other expense:			
Interest expense, net	23.2	23.3	33.3
Miscellaneous expense, net	8.2	5.9	4.7
Total other expense	31.4	29.2	38.0
Income before income taxes	396.2	324.7	424.9
Income tax expense	89.9	76.4	94.5
Net income	\$ 306.3	\$ 248.3	\$ 330.4
Earnings per share:			
Basic earnings per share	\$ 8.44	\$ 6.29	\$ 8.32
Basic weighted average number of shares outstanding	36.3	39.5	39.7
Diluted earnings per share	\$ 8.38	\$ 6.27	\$ 8.29
Diluted weighted average number of shares outstanding	36.6	39.6	39.8
Dividends declared per share	\$ 0.52	\$ 0.52	\$ 0.52
Comprehensive income:			
Net income	\$ 306.3	\$ 248.3	\$ 330.4
Other comprehensive income (loss) items:			
Foreign currency translation adjustments	13.3	11.9	(11.5)
Defined benefit plans, net of tax	21.2	6.8	(25.1)
Other comprehensive income (loss) items, net of tax	34.5	18.7	(36.6)
Comprehensive income	\$ 340.8	\$ 267.0	\$ 293.8

The accompanying *Notes to Consolidated Financial Statements* are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended August 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income	\$ 306.3	\$ 248.3	\$ 330.4
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	100.1	101.1	88.3
Share-based payment expense	32.5	38.2	29.2
(Gain) loss on the sale or disposal of property, plant, and equipment	(0.1)	0.3	0.9
Asset impairments	6.0	8.8	—
Deferred income taxes	(2.7)	(6.7)	9.3
Changes in operating assets and liabilities, net of acquisitions			
Accounts receivable	(68.7)	74.5	97.7
Inventories	(35.5)	38.0	70.8
Prepayments and other current assets	(18.2)	12.9	(34.0)
Accounts payable	65.5	(19.6)	(111.5)
Other	23.5	9.0	13.6
Net cash provided by operating activities	<u>408.7</u>	<u>504.8</u>	<u>494.7</u>
Cash flows from investing activities:			
Purchases of property, plant, and equipment	(43.8)	(54.9)	(53.0)
Proceeds from sale of property, plant, and equipment	4.7	0.2	—
Acquisitions of businesses, net of cash acquired	(75.3)	(303.0)	(2.9)
Other investing activities	(3.5)	(2.1)	2.9
Net cash used for investing activities	<u>(117.9)</u>	<u>(359.8)</u>	<u>(53.0)</u>
Cash flows from financing activities:			
Issuances of long-term debt	493.8	400.0	86.5
Repayments of long-term debt	(401.1)	(355.7)	(86.9)
Repurchases of common stock	(434.9)	(69.3)	(81.6)
Proceeds from stock option exercises and other	3.2	0.9	0.6
Payments of taxes withheld on net settlement of equity awards	(4.5)	(5.4)	(6.0)
Dividends paid	(19.1)	(20.8)	(20.8)
Net cash used for financing activities	<u>(362.6)</u>	<u>(50.3)</u>	<u>(108.2)</u>
Effect of exchange rate changes on cash and cash equivalents	2.4	5.0	(1.6)
Net change in cash and cash equivalents	(69.4)	99.7	331.9
Cash and cash equivalents at beginning of year	560.7	461.0	129.1
Cash and cash equivalents at end of year	<u>\$ 491.3</u>	<u>\$ 560.7</u>	<u>\$ 461.0</u>
Supplemental cash flow information:			
Income taxes paid	\$ 86.4	\$ 64.6	\$ 92.9
Interest paid	\$ 22.2	\$ 29.8	\$ 35.6

The accompanying *Notes to Consolidated Financial Statements* are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock Outstanding		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss Items	Treasury Stock, at cost	Total
	Shares	Amount					
Balance, August 31, 2018	40.0	\$ 0.5	\$ 906.3	\$ 1,999.2	\$ (114.8)	\$ (1,074.4)	\$ 1,716.8
Net income	—	—	—	330.4	—	—	330.4
Other comprehensive loss	—	—	—	—	(36.6)	—	(36.6)
Share-based payment amortization, issuances, and cancellations	0.2	—	23.1	—	—	—	23.1
Employee stock purchase plan issuances	—	—	0.6	—	—	—	0.6
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(20.8)	—	—	(20.8)
Repurchases of common stock	(0.7)	—	—	—	—	(81.6)	(81.6)
ASC 606 adjustments	—	—	—	(13.0)	—	—	(13.0)
Balance, August 31, 2019	39.5	0.5	930.0	2,295.8	(151.4)	(1,156.0)	1,918.9
Net income	—	—	—	248.3	—	—	248.3
Other comprehensive income	—	—	—	—	18.7	—	18.7
Share-based payment amortization, issuances, and cancellations	0.1	—	32.7	—	—	—	32.7
Employee stock purchase plan issuances	—	—	0.8	—	—	—	0.8
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(20.8)	—	—	(20.8)
Stock options exercised	—	—	0.1	—	—	—	0.1
Repurchases of common stock	(0.7)	—	—	—	—	(71.2)	(71.2)
Balance, August 31, 2020	38.9	0.5	963.6	2,523.3	(132.7)	(1,227.2)	2,127.5
Net income	—	—	—	306.3	—	—	306.3
Other comprehensive income	—	—	—	—	34.5	—	34.5
Share-based payment amortization, issuances, and cancellations	0.1	—	28.8	—	—	—	28.8
Employee stock purchase plan issuances	—	—	1.0	—	—	—	1.0
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(19.1)	—	—	(19.1)
Stock options exercised	—	—	2.2	—	—	—	2.2
Repurchases of common stock	(3.8)	—	—	—	—	(436.5)	(436.5)
Cumulative effect of adoption of ASC 326	—	—	—	(0.2)	—	—	(0.2)
Balance, August 31, 2021	35.2	\$ 0.5	\$ 995.6	\$ 2,810.3	\$ (98.2)	\$ (1,663.7)	\$ 2,044.5

The accompanying *Notes to Consolidated Financial Statements* are an integral part of these statements.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of Business and Basis of Presentation

Acuity Brands, Inc. (referred to herein as “we,” “our,” “us,” the “Company,” or similar references) was incorporated in 2001 under the laws of the State of Delaware. We are a market-leading industrial technology company. Through our two business segments, Acuity Brands Lighting and Lighting Controls (“ABL”) and the Intelligent Spaces Group (“ISG”) we design, manufacture, and bring to market products and services that make the world more brilliant, productive, and connected. We achieve growth through the development of innovative new products and services, including building management systems, lighting, lighting controls, and location-aware applications.

ABL Segment

ABL's portfolio of lighting solutions includes commercial, architectural, and specialty lighting in addition to lighting controls and components that can be combined to create integrated lighting controls systems. We offer devices such as luminaires that predominantly utilize light emitting diode (“LED”) technology designed to optimize energy efficiency and comfort for various indoor and outdoor applications. ABL's portfolio of products includes but is not limited to the following brands: Lithonia Lighting®, Holophane®, Peerless®, Gotham®, Mark Architectural Lighting™, Winona® Lighting, Juno®, Indy™, Aculux™, Healthcare Lighting®, Hydrel®, American Electric Lighting®, Sunoptics®, eldoLED®, nLight®, Sensor Switch®, IOTA®, A-Light™, Cyclone™, Eureka®, Luminaire LED™, Luminis®, Dark to Light®, and RELOC Wiring Solutions.

Principal customers of ABL include electrical distributors, retail home improvement centers, electric utilities, national accounts, digital retailers, lighting showrooms, and energy service companies located in North America and select international markets serving new construction, renovation and retrofit, and maintenance and repair applications. ABL's lighting and lighting controls solutions are sold primarily through a network of independent sales agencies that cover specific geographic areas and market channels, by internal sales representatives, through consumer retail channels, and directly to large corporate accounts. Products are delivered directly from our manufacturing facilities or through a network of distribution centers, regional warehouses, and commercial warehouses using both common carriers and a company-managed truck fleet. To serve international customers, the sales forces utilize a variety of distribution methods to meet specific individual customer or country requirements.

ABL comprised approximately 95% of consolidated revenues during fiscal 2021, 2020, and 2019.

ISG Segment

ISG offers building management systems and location-aware applications and sells predominantly to system integrators. Our building management system includes products for controlling heating, ventilation, and air conditioning (“HVAC”), lighting, shades, and building access that deliver end-to-end optimization of those building systems. Atrius™, our intelligent building platform, enhances the occupant experience, improves building system management, and automates labor intensive tasks while delivering operational energy efficiency and cost reductions. Through a connected and converged building system architecture, our platform delivers different applications, allows clients to upgrade over time with natural refresh cycles, and deploys new capability through both software and hardware updates. Customers of ISG primarily include system integrators as well as retail stores, airports, and enterprise campuses throughout North America and select international locations. ISG products and solutions are marketed under numerous brand names, including but not limited to Distech Controls®, Atrius™, and Rockpile Ventures.

ISG comprised approximately 5% of consolidated revenues during fiscal 2021, 2020, and 2019.

We have prepared the *Consolidated Financial Statements* in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) to present the financial position, results of operations, and cash flows of Acuity Brands, Inc. and its wholly-owned subsidiaries.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 — Significant Accounting Policies***Principles of Consolidation***

The *Consolidated Financial Statements* include the accounts of Acuity Brands, Inc. and its wholly-owned subsidiaries after elimination of intercompany transactions and accounts.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Refer to the *Revenue Recognition* footnote of the *Notes to Consolidated Financial Statements* for information related to our revenue recognition accounting policies.

Cash and Cash Equivalents

Cash in excess of daily requirements is invested in time deposits and marketable securities and is included in the accompanying balance sheets at fair value. We consider time deposits and marketable securities with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

We record accounts receivable at net realizable value. This value includes a reserve for doubtful accounts to reflect our estimate of expected credit losses over the contractual term of our receivables. Our estimation of current expected credit losses reflects our considerations of historical write-offs, an analysis of past due accounts based on the contractual terms of the receivables, and the economic status of customers, if known. We additionally consider the impact of general economic conditions, including construction spending, unemployment rates, and macroeconomic growth, on our customers' future ability to meet their obligations. We believe that the allowance is sufficient to cover uncollectible amounts; however, there can be no assurance that unanticipated future business conditions of customers will not have a negative impact on our results of operations.

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables, which are typically unsecured, are generally limited due to the wide variety of customers and markets using our lighting, lighting controls, building management systems, and location-aware applications as well as their dispersion across many different geographic areas. No customer accounted for 10% of receivables at August 31, 2021; however, one customer accounted for approximately 10% of receivables at August 31, 2020 and 2019. No single customer accounted for more than 10% of net sales in fiscal 2021, 2020, or 2019.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation. No material reclassifications occurred during the current period.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventories

Inventories include materials, direct labor, inbound freight, customs, duties, tariffs, and related manufacturing overhead, are stated at the lower of cost (on a first-in, first-out or average cost basis) and net realizable value, and consist of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Raw materials, supplies, and work in process ⁽¹⁾	\$ 209.5	\$ 170.3
Finished goods	227.2	199.1
Inventories excluding reserves	436.7	369.4
Less: Reserves	(38.0)	(49.3)
Total inventories	\$ 398.7	\$ 320.1

⁽¹⁾ Due to the immaterial amount of estimated work in process and the short lead times for the conversion of raw materials to finished goods, we do not believe the segregation of raw materials and work in process is meaningful information.

We review inventory quantities on hand and record a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand or market conditions could render certain inventory obsolete and could have a material adverse impact on our operating results in the period the change occurs. The following table summarizes the changes in our inventory reserves for the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Beginning balance	\$ 49.3	\$ 22.3	\$ 36.8
Additions to reserve	21.4	36.3	10.7
Disposals of reserved inventory	(32.7)	(11.1)	(25.1)
Foreign currency translation adjustments	—	1.8	(0.1)
Ending balance	\$ 38.0	\$ 49.3	\$ 22.3

Assets Held for Sale

We classify assets as held for sale when a plan for disposal is developed and approved, the asset is available for immediate sale, an active program to locate a buyer at a price reasonable in relation to current fair value is initiated, and transfer of the asset is expected to be completed within one year. We cease the depreciation and amortization of the assets when all of these criteria have been met. We classified as held for sale one building with a total carrying value of \$6.6 million and three buildings with a total carrying value of \$4.1 million within *Prepayments and other current assets* on the *Consolidated Balance Sheets* as of August 31, 2021 and 2020, respectively. At each balance sheet date, we concluded the fair value less costs to sell exceeded the carrying value of each of these assets.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Goodwill and Other Intangibles

The changes in the carrying amount of goodwill during the periods presented by segment are summarized as follows (in millions):

	ABL	ISG	Total
Balance as of August 31, 2019	\$ 907.2	\$ 60.1	\$ 967.3
Additions from acquired businesses	142.1	5.7	147.8
Adjustments to provisional amounts from acquired businesses	(41.9)	0.4	(41.5)
Foreign currency translation adjustments	5.2	1.2	6.4
Balance as of August 31, 2020	1,012.6	67.4	1,080.0
Additions from acquired businesses	6.9	3.1	10.0
Foreign currency translation adjustments	2.7	2.0	4.7
Balance as of August 31, 2021	\$ 1,022.2	\$ 72.5	\$ 1,094.7

Summarized information for our acquired intangible assets is as follows as of the dates presented (in millions except amortization periods):

	Weighted Average Amortization Period in Years	August 31,			
		2021		2020	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets:					
Patents and patented technology	11	\$ 164.6	\$ (104.4)	\$ 163.6	\$ (89.5)
Trademarks and trade names	24	27.2	(17.1)	27.2	(15.8)
Distribution network	28	61.8	(45.0)	61.8	(42.8)
Customer relationships	20	429.2	(117.9)	421.4	(94.3)
Total definite-lived intangible assets	19	\$ 682.8	\$ (284.4)	\$ 674.0	\$ (242.4)
Indefinite-lived trade names		\$ 174.8		\$ 174.3	

Through multiple acquisitions, we acquired definite-lived intangible assets consisting primarily of customer relationships, patented technology, distribution networks, and trademarks and trade names associated with specific products, which are amortized over their estimated useful lives. Indefinite-lived intangible assets consist of trade names that are expected to generate cash flows indefinitely. Significant estimates and assumptions were used to determine the initial fair value of these acquired intangible assets, including estimated future short-term and long-term net sales and profitability, customer attrition rates, royalty rates, and discount rates. Certain of our intangible assets are attributable to foreign operations and are impacted by currency translation due to movements in foreign currency rates year over year.

We recorded amortization expense of \$40.7 million, \$41.7 million, and \$30.8 million related to acquired intangible assets during fiscal 2021, 2020, and 2019, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$41.2 million in fiscal 2022, \$40.5 million in fiscal 2023, \$40.0 million in fiscal 2024, \$31.9 million in fiscal 2025, and \$29.1 million in fiscal 2026.

We test goodwill and indefinite-lived intangible assets for impairment on an annual basis or more frequently as facts and circumstances change, as required by Accounting Standards Codification ("ASC") Topic 350, *Intangibles — Goodwill and Other* ("ASC 350"). ASC 350 allows for an optional qualitative analysis for goodwill to determine the likelihood of impairment. If the qualitative review results in a more likely than not probability of impairment, a quantitative analysis is required. The qualitative step may be bypassed entirely in favor of a quantitative test. The quantitative analysis identifies impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair values can be determined based on a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. If

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the fair value of a reporting unit exceeds its carrying value, goodwill is not considered impaired. Conversely, if the carrying value of a reporting unit exceeds its fair value, an impairment charge for the difference would be recorded.

In fiscal 2021 and 2020, we used a quantitative analysis to calculate the fair value of our reporting units using a combination of discounted future cash flows and relevant market multiples. In fiscal 2019, we used a qualitative fair value analysis to determine the likelihood of goodwill impairment. The analysis for goodwill did not result in an impairment charge during fiscal 2021, 2020, or 2019.

The impairment test for indefinite-lived trade names consists of comparing the fair value of a trade name with its carrying value. If the carrying amount exceeds the estimated fair value, an impairment loss would be recorded in the amount of the excess. We estimate the fair value of indefinite-lived trade names using a fair value model based on discounted future cash flows. Significant assumptions, including estimated future net sales, royalty rates, and discount rates, are used in the determination of estimated fair value for indefinite-lived trade names. The impairment analyses of our indefinite-lived intangible assets indicated that their fair values exceeded their carrying values for fiscal 2021, and thus no impairment charges were recorded during that year. Any reasonably likely change in the assumptions used in the analyses for our trade names would not be material to our financial condition or results of operations.

Based on the results of the indefinite-lived intangible asset analyses for fiscal 2020, we recorded an impairment charge of \$1.4 million for one trade name in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* related to our ABL segment. The impairment analyses of the other 12 indefinite-lived intangible assets indicated that their fair values exceeded their carrying values. Based on the results of the indefinite-lived intangible asset analyses performed in fiscal 2019, we concluded that our analyses supported the indefinite-lived trade names' values; therefore, no impairment charges were recorded.

Short-term growth rates used in the fiscal 2021 and 2020 impairment analyses reflected additional estimation uncertainty as a result of the COVID-19 pandemic.

Other Long-Term Assets

Other long-term assets consist of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Deferred contract costs ⁽¹⁾	\$ 12.9	\$ 12.3
Investments in debt and equity securities	5.3	6.0
Pensions plans in which plan assets exceed benefit obligation	13.0	—
Tax credits ⁽²⁾	—	8.6
Other ⁽³⁾	2.7	2.6
Total other long-term assets	<u>\$ 33.9</u>	<u>\$ 29.5</u>

⁽¹⁾ Amount includes costs incurred whose economic benefit will be realized greater than one year from August 31, 2021.

⁽²⁾ Amount represents research and development tax credit receivables related to certain amended prior year tax returns.

⁽³⁾ Included within this category are company-owned life insurance investments. We maintain life insurance policies on 62 former employees primarily to satisfy obligations under certain deferred compensation plans. These company-owned life insurance policies are presented net of loans that are secured by these policies. This program is frozen, and no new policies were issued in the three-year period ended August 31, 2021.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other Current Liabilities

Other current liabilities consist of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Customer incentive programs ⁽¹⁾	\$ 33.9	\$ 27.7
Refunds to customers ⁽¹⁾	28.1	31.0
Current deferred revenues ⁽¹⁾	7.7	5.4
Sales commissions	28.9	26.5
Freight costs	17.6	11.7
Warranty and recall costs ⁽²⁾	16.8	13.8
Tax-related items ⁽³⁾	11.7	12.7
Interest on long-term debt ⁽⁴⁾	2.4	1.0
Other	42.4	30.8
Total other current liabilities	\$ 189.5	\$ 160.6

⁽¹⁾ Refer to the *Revenue Recognition* footnote of the *Notes to Consolidated Financial Statements* for additional information.

⁽²⁾ Refer to the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* for additional information.

⁽³⁾ Includes accruals for income, property, sales and use, and value added taxes.

⁽⁴⁾ Refer to the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* for additional information.

Other Long-Term Liabilities

Other long-term liabilities consist of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Deferred compensation and postretirement benefits other than pensions ⁽¹⁾	\$ 43.1	\$ 42.7
Deferred revenues ⁽²⁾	56.7	53.6
Unrecognized tax position liabilities, including interest ⁽³⁾	19.7	18.9
Self-insurance liabilities ⁽⁴⁾	3.9	6.5
Product warranty and recall costs ⁽⁴⁾	3.5	2.3
Other	9.3	2.5
Total other long-term liabilities	\$ 136.2	\$ 126.5

⁽¹⁾ We maintain several non-qualified retirement plans for the benefit of eligible employees, primarily deferred compensation plans. The deferred compensation plans provide for elective deferrals of an eligible employee's compensation and, in some cases, matching contributions by the organization. In addition, one plan provides an automatic contribution of 3% of an eligible employee's compensation. We maintain life insurance policies on certain former officers and other key employees as a means of satisfying a portion of these obligations.

⁽²⁾ Refer to the *Revenue Recognition* footnote of the *Notes to Consolidated Financial Statements* for additional information.

⁽³⁾ Refer to the *Income Taxes* footnote of the *Notes to Consolidated Financial Statements* for additional information.

⁽⁴⁾ Refer to the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* for additional information.

Shipping and Handling Fees and Costs

We include shipping and handling fees billed to customers in *Net sales* in the *Consolidated Statements of Comprehensive Income*. Shipping and handling costs associated with inbound freight and freight between manufacturing facilities and distribution centers are generally recorded in *Cost of products sold* in the *Consolidated Statements of Comprehensive Income*. Other shipping and handling costs are included in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* and totaled \$132.0 million, \$121.9 million, and \$138.4 million in fiscal 2021, 2020, and 2019, respectively.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Share-based Payments

We recognize compensation cost relating to share-based payment transactions in the financial statements based on the estimated grant date fair value of the equity instrument issued. We account for stock options, restricted stock, performance stock units, and director stock units representing certain deferrals into the Nonemployee Director Deferred Compensation Plan (the "Director Plan") or the Supplemental Deferred Savings Plan ("SDSP") (both of which are discussed further in the *Share-based Payments* footnote) based on the grant-date fair value estimated under the current provisions of ASC Topic 718, *Compensation — Stock Compensation* ("ASC 718").

Share-based payment expense includes expense related to restricted stock, performance stock units, options issued, and stock units deferred into the Director Plan. We recorded \$32.5 million, \$38.2 million, and \$29.2 million of share-based payment expense for the years ended August 31, 2021, 2020, and 2019, respectively. The total income tax benefit recognized for share-based payment expense was \$6.5 million, \$6.6 million, and \$6.5 million for the years ended August 31, 2021, 2020, and 2019, respectively. We generally recognize compensation cost for share-based payment transactions on a straight-line basis over an award's requisite service period as defined by ASC 718. In certain circumstances, such as when a performance award is subject to graded vesting, we apply the accelerated attribution method to recognize compensation cost related to our share-based payment awards.

We have recorded share-based payment expense, net of estimated forfeitures, in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income*. Excess tax benefits and/or expense related to share-based payment awards are reported within *Income tax expense* on the *Consolidated Statements of Comprehensive Income*. We recognized net excess tax expense related to share-based payment cost of \$0.5 million, \$1.4 million, and \$1.6 million for the years ended August 31, 2021, 2020, and 2019, respectively.

See the *Share-based Payments* footnote of the *Notes to Consolidated Financial Statements* for more information.

Property, Plant, and Equipment

Property, plant, and equipment is initially recorded at cost and depreciated principally on a straight-line basis using estimated useful lives of plant and equipment (3 to 40 years for buildings and related improvements and 2 to 15 years for machinery and equipment) for financial reporting purposes. Accelerated depreciation methods are used for income tax purposes. Leasehold improvements are amortized over the shorter of the life of the lease or the estimated useful life of the improvement. Depreciation expense amounted to \$59.4 million, \$59.4 million, and \$57.5 million during fiscal 2021, 2020, and 2019, respectively. The balance in property, plant, and equipment consisted of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Land	\$ 22.4	\$ 22.2
Buildings and leasehold improvements	198.0	192.2
Machinery and equipment	624.9	588.4
Total property, plant, and equipment, at cost	845.3	802.8
Less: Accumulated depreciation and amortization	(576.2)	(532.3)
Property, plant, and equipment, net	\$ 269.1	\$ 270.5

Research and Development

Research and development ("R&D") expense, which is expensed as incurred, consists of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs. R&D does not include all new product development costs and is included in *Selling, distribution, and administrative expenses* in our *Consolidated*

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statements of Comprehensive Income. R&D expense amounted to \$88.3 million, \$82.0 million, and \$74.7 million during fiscal 2021, 2020, and 2019, respectively.

Advertising

Advertising costs are expensed as incurred and are included within *Selling, distribution, and administrative expenses* in our *Consolidated Statements of Comprehensive Income*. These costs totaled \$15.9 million, \$15.1 million, and \$18.5 million during fiscal 2021, 2020, and 2019, respectively.

Interest Expense, Net

Interest expense, net, is comprised primarily of interest expense on long-term debt and line of credit borrowings, partially offset by interest income earned on cash and cash equivalents.

The following table summarizes the components of *Interest expense, net* during the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Interest expense	\$ 24.2	\$ 26.4	\$ 36.4
Interest income	(1.0)	(3.1)	(3.1)
Interest expense, net	\$ 23.2	\$ 23.3	\$ 33.3

Miscellaneous Expense, Net

Miscellaneous expense, net, is comprised primarily of non-service related components of net periodic pension cost, gains and losses associated with foreign currency-related transactions, and non-operating gains and losses. Amounts relating to foreign currency transactions consisted of net expense of \$1.3 million in fiscal 2021, net expense of \$5.9 million in fiscal 2020, and net gains of \$0.6 million in fiscal 2019.

Income Taxes

We are taxed at statutory corporate rates after adjusting income reported for financial statement purposes for certain items that are treated differently for income tax purposes. Deferred income tax expenses or benefits result from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities. Refer to the *Income Taxes* footnote of the *Notes to Consolidated Financial Statements* for additional information.

Foreign Currency Translation

The functional currency for foreign operations is generally the local currency where the foreign operations are domiciled. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet dates and for revenue and expense accounts using a weighted average exchange rate each month during the year. The gains or losses resulting from the balance sheet translation are included in *Foreign currency translation adjustments* in the *Consolidated Statements of Comprehensive Income* and are excluded from net income.

Comprehensive Income

Comprehensive income represents a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners. Other comprehensive income (loss) includes foreign currency translation and pension adjustments.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the changes in each component of accumulated other comprehensive loss net of tax during the periods presented (in millions):

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Balance as of August 31, 2019	\$ (65.4)	\$ (86.0)	\$ (151.4)
Other comprehensive income (loss) before reclassifications	11.9	(0.6)	11.3
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	—	7.4	7.4
Net current period other comprehensive income	11.9	6.8	18.7
Balance as of August 31, 2020	(53.5)	(79.2)	(132.7)
Other comprehensive income before reclassifications	13.3	13.9	27.2
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	—	7.3	7.3
Net current period other comprehensive income	13.3	21.2	34.5
Balance as of August 31, 2021	\$ (40.2)	\$ (58.0)	\$ (98.2)

⁽¹⁾ The before tax amounts of the defined benefit pension plan items are included in net periodic pension cost. See the *Pension and Defined Contribution Plans* footnote for additional details.

The following table presents the tax expense or benefit allocated to each component of other comprehensive income (loss) during the periods presented (in millions):

	Year Ended August 31,								
	2021			2020			2019		
	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount
Foreign currency translation adjustments	\$ 13.3	\$ —	\$ 13.3	\$ 11.9	\$ —	\$ 11.9	\$ (11.5)	\$ —	\$ (11.5)
Defined benefit pension plans:									
Tax adjustments	—	(3.2)	(3.2)	—	—	—	—	—	—
Actuarial gains (losses)	17.5	(3.6)	13.9	(0.7)	0.1	(0.6)	(40.8)	9.7	(31.1)
Amortization of defined benefit pension items:									
Prior service cost	2.9	(0.6)	2.3	4.0	(0.9)	3.1	3.5	(0.9)	2.6
Actuarial losses	5.5	(1.2)	4.3	5.6	(1.3)	4.3	4.1	(1.0)	3.1
Settlement losses	3.9	—	3.9	—	—	—	0.4	(0.1)	0.3
Total defined benefit plans, net	29.8	(8.6)	21.2	8.9	(2.1)	6.8	(32.8)	7.7	(25.1)
Other comprehensive income (loss)	\$ 43.1	\$ (8.6)	\$ 34.5	\$ 20.8	\$ (2.1)	\$ 18.7	\$ (44.3)	\$ 7.7	\$ (36.6)

ACUITY BRANDS, INC
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Note 3 — New Accounting Pronouncements***Accounting Standards Adopted in Fiscal 2021******ASC Topic 326 — Credit Losses (“ASC 326”)***

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which requires an entity to assess impairment of its financial instruments based on the entity’s estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance. These standards have been collectively codified within ASC 326. The provisions of ASC 326 are effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2019. We adopted the provisions of ASC 326 as of September 1, 2020, the beginning of fiscal 2021, and applied these changes through an immaterial cumulative-effect adjustment of \$0.2 million to retained earnings as of the date of adoption. Our estimation of current expected credit losses reflects our considerations of the impact of general economic conditions, including construction spending, unemployment rates, the effects of the COVID-19 pandemic, and macroeconomic growth, on our customers’ ability to meet their obligations.

ASU 2018-15 — Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract (“ASU 2018-15”)

In August 2018, the FASB issued ASU 2018-15, which requires customers to apply internal-use software guidance to determine the implementation costs that are able to be capitalized. Capitalized implementation costs are required to be amortized over the term of the arrangement, beginning when the cloud computing arrangement is ready for its intended use. ASU 2018-15 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2019. We adopted ASU 2018-15 as of September 1, 2020 on a prospective basis. This standard did not have a material effect on our financial condition, results of operations, or cash flows.

Accounting Standards Yet to Be Adopted***ASU 2019-12, Simplifying the Accounting for Income Taxes (“ASU 2019-12”)***

In December 2019, the FASB issued ASU 2019-12, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC Topic 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, or our fiscal 2022. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We do not expect the provisions of ASU 2019-12 to have a material impact on our financial condition, results of operations, and cash flows.

All other newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

Note 4 — Acquisitions

The following discussion relates to acquisitions completed during fiscal 2021, 2020, and 2019.

Fiscal 2021 Acquisitions***ams OSRAM’s North American Digital Systems Business***

On July 1, 2021, using cash on hand, we acquired certain assets and liabilities of ams OSRAM’s North American Digital Systems business (“OSRAM DS”). This acquisition is intended to enhance our LED driver and controls technology portfolio and accelerate our innovation, expand our access to market through a more fulsome original equipment manufacturer (“OEM”) product offering, and give us more control over our supply chain.

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Rockpile Ventures

On May 18, 2021, using cash on hand, we acquired all of the equity interests of Rockpile Ventures, an accelerator of edge artificial intelligence (“AI”) startups. Rockpile Ventures helps early-stage artificial intelligence companies drive co-engineering and co-selling partnerships with major cloud ecosystems, enabling faster adoption from proof-of-concept trials to market scale.

Accounting for Fiscal 2021 Acquisitions

We accounted for the acquisitions of Rockpile Ventures and OSRAM DS in accordance with ASC Topic 805, *Business Combinations* (“ASC 805”). Acquired assets and liabilities were recorded at their estimated acquisition-date fair values, and acquisition-related costs were expensed as incurred. The aggregate purchase price of these acquisitions reflects preliminary goodwill of \$10.0 million and definite-lived customer-based intangible assets of \$6.1 million, which have a preliminary useful life of approximately 11 years. Goodwill recognized from these acquisitions is comprised primarily of expected synergies from obtaining more control over our supply chain and technology, combining the operations of the acquired business with our operations, and acquiring the associated trained workforce. As of August 31, 2021, goodwill from these acquisitions totaling \$6.9 million is expected to be tax deductible. Amounts recognized for these acquisitions are deemed to be provisional until disclosed otherwise, as we continue to gather information related to the identification and valuation of acquired assets and liabilities, including but not limited to, acquired interests in technology startups, tax-related items, final net working capital purchase adjustments, if any, and the residual impacts on the valuation of intangible assets.

Fiscal 2020 and 2019 Acquisitions

The Luminaires Group

On September 17, 2019, using cash on hand and borrowings under available existing credit arrangements at that time, we acquired all of the equity interests of The Luminaires Group (“TLG”), a leading provider of specification-grade luminaires for commercial, institutional, hospitality, and municipal markets, all of which complement our dynamic lighting portfolio. TLG’s indoor and outdoor lighting fixtures are marketed to architects, landscape architects, interior designers, and engineers through five niche lighting brands: A-light™, Cyclone™, Eureka®, Luminaire LED™, and Luminis®.

LocusLabs, Inc.

On November 25, 2019, using cash on hand, we acquired all of the equity interests of LocusLabs, Inc (“LocusLabs”). The LocusLabs software platform supports navigation applications used on mobile devices, web browsers, and digital displays in airports, event centers, multi-floor office buildings, and campuses.

WhiteOptics, LLC

On June 20, 2019, using cash on hand, we acquired all of the equity interests of WhiteOptics, LLC (“WhiteOptics”). WhiteOptics manufactures advanced optical components used to reflect, diffuse, and control light for LED lighting used in commercial and institutional applications. The operating results of WhiteOptics have been included in our consolidated financial statements since the date of acquisition.

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Accounting for Fiscal 2020 and Fiscal 2019 Acquisitions

The TLG and LocusLabs acquisitions are referred to herein collectively as the “2020 Acquisitions.” We finalized the acquisition accounting for the 2020 Acquisitions during the first quarter of fiscal 2021. There were no material changes to our financial statements as a result of the finalization of the acquisition accounting for the 2020 Acquisitions. The aggregate purchase price of the 2020 Acquisitions reflects total goodwill and identified intangible assets of approximately \$107.6 million and \$180.6 million, respectively. Identified intangible assets consist of indefinite-lived marketing-related intangibles as well as definite-lived customer-based and technology-based assets, which have a weighted average useful life of approximately 16 years. Goodwill recognized from these acquisitions is comprised primarily of expected benefits related to complementing and expanding our solutions portfolio, including dynamic lighting and software, as well as the trained workforce acquired with these businesses and expected synergies from combining the operations of the acquired businesses with our operations. Goodwill from these acquisitions totaling \$77.7 million is tax deductible.

We finalized the acquisition accounting for WhiteOptics in fiscal 2020 in accordance with ASC 805. There were no material changes to our financial statements as a result of the finalization of the acquisition accounting.

Note 5 — Fair Value Measurements

We determine fair value measurements based on the assumptions a market participant would use in pricing an asset or liability. ASC Topic 820, *Fair Value Measurement* (“ASC 820”), establishes a three level hierarchy that distinguishes between market participant assumptions based on (i) unadjusted quoted prices for identical assets or liabilities in an active market (Level 1), (ii) quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability (Level 2), and (iii) prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (Level 3).

We utilize valuation methodologies to determine the fair values of our financial assets and liabilities in conformity with the concepts of “exit price” and the fair value hierarchy as prescribed in ASC 820. All valuation methods and assumptions are validated at least quarterly to ensure the accuracy and relevance of the fair values. There were no material changes to the valuation methods or assumptions used to determine fair values during the current period. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence.

We use quoted market prices to determine the fair value of Level 1 assets and liabilities. Our cash and cash equivalents (Level 1), which are required to be carried at fair value and measured on a recurring basis, were \$491.3 million and \$560.7 million as of August 31, 2021 and 2020, respectively.

Disclosures of fair value information about financial instruments, for which it is practicable to estimate that value, are required each reporting period in addition to any financial instruments carried at fair value on a recurring basis as prescribed by ASC Topic 825, *Financial Instruments* (“ASC 825”). In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

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The carrying values and estimated fair values of certain financial instruments as of the dates presented were as follows (in millions):

	August 31, 2021		August 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Investments in debt and equity securities	\$ 5.3	\$ 5.3	\$ 6.0	\$ 6.0
Liabilities:				
Senior unsecured public notes, net of unamortized discount and deferred costs	\$ 494.3	\$ 496.5	\$ —	\$ —
Borrowings under Term Loan Facility	—	—	395.0	395.0
Industrial revenue bond	—	—	4.0	4.0
Bank loans	—	—	2.1	2.3

We hold one convertible debt security investment with a carrying value of \$4.0 million that is scheduled to mature in September 2023. At August 31, 2021, the fair value for this instrument approximated its cost based on the contractual terms of the arrangement as well as prevailing market interest rates for debt of similar terms and maturity (Level 2).

We hold equity investments in unconsolidated affiliates without readily determinable fair value. These strategic investments represent less than a 20% ownership interest in each of the privately-held affiliates, and we do not maintain power over or control of the entities. We have elected the practical expedient in ASC Topic 321, *Investments—Equity Securities*, to measure these investments at cost less any impairment adjusted for observable price changes, if any. Based on these considerations, we estimate that the historical cost less impairments of the acquired shares represents the fair value of the investments as of August 31, 2021. During the first quarter of fiscal 2021, we recorded an impairment charge for one of these investments for \$4.0 million as a recapitalization of the underlying company diluted our holding value. We additionally recorded an impairment charge of \$2.0 million during the fourth quarter of fiscal 2021 for another investment due to a deterioration in the financial condition and long-term prospects of the underlying company. These impairments are reflected in *Miscellaneous expense, net* for the year ended August 31, 2021 within our *Consolidated Statements of Comprehensive Income*.

Our senior unsecured public notes are carried at the outstanding balance, net of unamortized bond discount and deferred costs, as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2). See *Debt and Lines of Credit* footnote for further details on our long-term borrowings.

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value to us. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating our management of liquidity and other risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

Note 6 — Leases

We lease property and equipment under operating lease arrangements, most of which relate to distribution centers and manufacturing facilities in the U.S., Mexico, and Canada. We include both the contractual term as well as any renewal option that we are reasonably certain to exercise in the determination of our lease terms. For leases with a term of greater than 12 months, we value lease liabilities as the present value of the lease payments over the related term. Related assets are equal to the calculated lease liabilities adjusted for incentives and other items as prescribed by ASC Topic 842, *Leases* ("ASC 842"). We apply the short-term lease exception to leases with a term of 12 months or less and exclude such leases from our *Consolidated Balance Sheets*. Payments related to these short-term leases are expensed on a straight-line basis over the lease term and reflected as a component of lease cost within our *Consolidated Statements of Comprehensive Income*. Lease payments generally consist of fixed amounts, and variable amounts based on a market rate or an index are not material to our consolidated lease cost. We have elected to use the practical expedient present in ASC 842 to not separate lease and non-lease

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components for all significant underlying asset classes and instead account for them together as a single lease component in the measurement of our lease liabilities.

Generally, the rate implicit in our leases is not readily determinable. Therefore, we discount future lease payments using our estimated incremental borrowing rate at lease commencement. We determine this rate based on a credit-adjusted risk-free rate, which approximates a secured rate over the lease term. The weighted average discount rate for operating leases was 2% as of August 31, 2021 and 2020.

The following table presents the future undiscounted payments due on our operating lease liabilities as well as a reconciliation of those payments to our operating lease liabilities recorded as of the date presented (in millions):

Fiscal year	August 31, 2021
2022	\$ 16.8
2023	14.3
2024	11.1
2025	9.4
2026	5.5
Thereafter	8.1
Total undiscounted lease payments	65.2
Less: Discount due to interest	(2.6)
Present value of lease liabilities	\$ 62.6

The weighted average remaining lease term for our operating leases was five years as of August 31, 2021.

Lease cost is recorded within *Cost of products sold or Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* based on the primary use of the related right of use ("ROU") asset. The components of total lease cost were as follows during the periods presented (in millions):

	Year Ended August 31,	
	2021	2020
Operating lease cost	\$ 18.3	\$ 18.1
Variable lease cost	2.0	2.3
Short-term lease cost	2.2	2.8
Total lease cost	\$ 22.5	\$ 23.2

Prior to the adoption of ASC 842, we recognized rent expense of \$22.6 million during the year ended August 31, 2019.

Cash paid for operating lease liabilities during the year ended August 31, 2021 and 2020 was \$26.2 million and \$18.7 million, respectively. ROU assets obtained in exchange for lease liabilities, including those obtained from recent acquisitions, during the year ended August 31, 2021 and 2020 were \$12.9 million and \$27.2 million, respectively.

We do not have material leases that have not yet commenced as of August 31, 2021 that create significant rights and obligations.

We have subleased certain properties. Lease income from these subleases is recognized in the *Consolidated Statements of Comprehensive Income* as it is earned and is not material to our consolidated results of operations. We do not have any other significant transactions in which we are the lessor.

During fiscal 2020, we committed to plans to vacate certain leased properties, which indicated that it was more likely than not that the fair value of the related ROU assets were below their carrying values. We assessed the recoverability of these assets using an undiscounted cash flow model and concluded that the carrying values of the assets were not fully recoverable. We recorded impairment charges of \$7.4 million related to these assets using a

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discounted cash flow model to estimate their fair values. The recoverability and impairment tests required significant assumptions including estimated future cash flows, the identification of assets within each asset group, and the determination of appropriate discount rates. No impairments were recorded for leases in fiscal 2021 or fiscal 2019.

Note 7 — Debt and Lines of Credit

Debt

Our debt is carried at the outstanding balance net of any related unamortized discounts and deferred costs and consisted of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Senior unsecured public notes due December 2030, principal	\$ 500.0	\$ —
Senior unsecured public notes due December 2030, unamortized discount and deferred costs	(5.7)	—
Borrowings under Term Loan Facility	—	395.0
Industrial revenue bond due June 2021	—	4.0
Bank loans	—	2.1
Total debt	<u>\$ 494.3</u>	<u>\$ 401.1</u>

Our next scheduled future principal payment of long-term debt is \$500.0 million due upon the maturity of the senior unsecured notes in December 2030.

Long-term Debt

On November 10, 2020, Acuity Brands Lighting, Inc. issued \$500.0 million aggregate principal amount of 2.150% senior unsecured notes due December 15, 2030 (the "Unsecured Notes"). The Unsecured Notes bear interest at a rate of 2.150% per annum and were issued at a price equal to 99.737% of their face value. Interest on the Unsecured Notes is paid semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2021. The Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands, Inc. and ABL IP Holding LLC, a wholly-owned subsidiary of Acuity Brands, Inc. Additionally, we recorded \$4.8 million of deferred issuance costs related to the Unsecured Notes as a direct deduction from the face amount of the Unsecured Notes. These issuance costs are amortized over the 10-year term of the Unsecured Notes. As of August 31, 2021, the balance of the Unsecured Notes net of unamortized discount and deferred issuance costs was \$494.3 million.

Additionally, we had \$4.0 million of tax-exempt industrial revenue bonds and \$2.1 million under fixed-rate bank loans outstanding as of August 31, 2020. We repaid the industrial revenue bonds at maturity on June 1, 2021, and we repaid the bank loans in the second quarter of fiscal 2021, prior to their maturity date.

Lines of Credit

On June 29, 2018, we entered into a credit agreement ("Credit Agreement") with a syndicate of banks that provides us with a \$400.0 million five-year unsecured revolving credit facility ("Revolving Credit Facility") and provided us with a \$400.0 million Term Loan Facility. We had \$395.0 million in borrowings outstanding under the Term Loan Facility as of August 31, 2020, which we fully repaid during the first quarter of fiscal 2021 using the proceeds from the Unsecured Notes. The Credit Agreement allows for no future borrowings under the Term Loan Facility. The Credit Agreement expires in June 2023.

Generally, amounts outstanding under the Revolving Credit Facility allow for borrowings to bear interest at either the Eurocurrency Rate or the base rate at our option, plus an applicable margin. Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the LIBOR for the applicable currency plus an applicable margin. The Eurocurrency applicable margin is based on our leverage ratio, as defined in the Credit Agreement, with such margin ranging from 1.000% to 1.375%. Base rate advances bear interest at an alternate base rate plus an applicable margin. The base rate applicable margin is based on our leverage ratio, as defined in the Credit Agreement, with such margin ranging from 0.000% to 0.375%.

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We are required to pay certain fees in connection with the Credit Agreement, including administrative service fees and annual facility fees. The annual facility fee is payable quarterly, in arrears, and is determined by our leverage ratio as defined in the Credit Agreement. The facility fee ranges from 0.125% to 0.250% of the aggregate \$400.0 million remaining commitment of the lenders under the Credit Agreement. The Credit Agreement contains financial covenants, including a minimum interest expense coverage ratio ("Minimum Interest Expense Coverage Ratio") and a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to earnings before interest, tax, depreciation, and amortization ("EBITDA"), as such terms are defined in the Credit Agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Credit Agreement generally allows for a Minimum Interest Expense Coverage Ratio of 2.50 and a Maximum Leverage Ratio of 3.50, subject to certain conditions, as such terms are defined in the Credit Agreement.

We were in compliance with all financial covenants under the Credit Agreement as of August 31, 2021. As of August 31, 2021, we had outstanding letters of credit totaling \$4.1 million, primarily for securing collateral requirements under our casualty insurance programs. At August 31, 2021, we had additional borrowing capacity under the Credit Agreement of \$395.9 million under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less the outstanding letters of credit of \$4.1 million issued under the Revolving Credit Facility.

None of our existing debt instruments include provisions that would require an acceleration of repayments based solely on changes in our credit ratings.

Note 8 — Commitments and Contingencies

Self-Insurance

Our policy is to self-insure up to certain limits traditional risks, including workers' compensation, comprehensive general liability, and auto liability. Our self-insured retention for each claim involving workers' compensation, comprehensive general liability (including product liability claims), and auto liability is limited per occurrence of such claims. A provision for claims under this self-insured program, based on our estimate of the aggregate liability for claims incurred, is revised and recorded annually. The estimate is derived from both internal and external sources including, but not limited to, our independent actuary. We are also self-insured up to certain limits for certain other insurable risks, primarily physical loss to property and business interruptions resulting from such loss lasting two days or more in duration. Insurance coverage is maintained for catastrophic property and casualty exposures, as well as those risks required to be insured by law or contract. We are fully self-insured for certain other types of liabilities, including environmental, product recall, warranty, and patent infringement. The actuarial estimates are subject to uncertainty from various sources including, among others, changes in claim reporting patterns, claim settlement patterns, actual claims, judicial decisions, legislation, and economic conditions. Although we believe that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect our self-insurance obligations, future expense, and cash flow.

We are also self-insured for the majority of our medical benefit plans up to certain limits. We estimate our aggregate liability for claims incurred by applying a lag factor to our historical claims and administrative cost experience. The appropriateness of our lag factor is evaluated annually and revised as necessary.

Leases

We lease certain of our buildings and equipment under noncancellable lease agreements. Please refer to the *Leases* footnote of the *Notes to Consolidated Financial Statements* for additional information.

Collective Bargaining Agreements

Approximately 66% of our total work force is covered by collective bargaining agreements. Collective bargaining agreements representing approximately 57% of our work force will expire within one year, primarily due to annual negotiations of union contracts in Mexico.

Securities Class Action

On October 5, 2021, the parties to the shareholder class action litigation previously disclosed (and further described below) executed a term sheet for settlement of the litigation, subject to documentation of the settlement and

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approval of the District Court after notice to class members. If the settlement is approved, we expect that the agreed-upon settlement payment of \$15.8 million will be funded entirely by applicable Directors and Officers liability insurance. As such, we do not anticipate a significant net loss or cash outflow as a result of the settlement of this matter.

The case was originally filed on January 3, 2018, in the United States District Court for the District of Delaware against the Company and certain of our officers on behalf of all persons who purchased or otherwise acquired our stock between June 29, 2016 and April 3, 2017. On February 20, 2018, a different shareholder filed a second class action complaint in the same venue against the same parties on behalf of all persons who purchased or otherwise acquired our stock between October 15, 2015 and April 3, 2017. The cases were transferred on April 30, 2018, to the United States District Court for the Northern District of Georgia and subsequently were consolidated as *In re Acuity Brands, Inc. Securities Litigation*, Civil Action No. 1:18-cv-02140-MHC (N.D. Ga.). On October 5, 2018, the court-appointed lead plaintiff filed a consolidated amended class action complaint (the "Consolidated Complaint"), which supersedes the initial complaints. The Consolidated Complaint is brought on behalf of all persons who purchased our common stock between October 7, 2015 and April 3, 2017 and alleges that we and certain of our former officers/executives violated the federal securities laws by making false or misleading statements and/or omitting to disclose material adverse facts that (i) concealed known trends negatively impacting sales of our products and (ii) overstated our ability to achieve profitable sales growth. The plaintiffs seek unspecified monetary damages, costs, and attorneys' fees. We dispute the allegations in the complaints. We filed a motion to dismiss the Consolidated Complaint. On August 12, 2019, the court entered an order granting our motion to dismiss in part and dismissing all claims based on 42 of the 47 statements challenged in the Consolidated Complaint but also denying the motion in part and allowing claims based on five challenged statements to proceed to discovery. The Eleventh Circuit Court of Appeals granted the Company permission to file an interlocutory appeal of the District Court's class certification order, and the briefing of that appeal has been completed. On October 7, 2021, the Eleventh Circuit Court of Appeals entered an order holding the appeal from the class certification order in abeyance pending a decision from the District Court concerning approval of the proposed settlement.

Shareholder Derivative Complaint

On October 1, 2021, certain alleged shareholders of the Company filed a putative derivative complaint in the United States District Court for the Northern District of Georgia asserting claims against three of the individuals named as defendants in the above securities action for breach of fiduciary duty and certain other claims arising out of the alleged facts and circumstances upon which the claims in the above securities class action are based (the "Derivative Complaint"). The Company is named as a nominal defendant, and the plaintiffs seek on behalf of the Company unspecified damages from the individual defendants and other relief. Prior to filing the Derivative Complaint, the derivative plaintiffs sent letters to the Company's Board of Directors (the "Board") demanding that the Company investigate and pursue substantially the same claims against the individual defendants that are asserted in the Derivative Complaint. The Company's Board formed a demand evaluation committee consisting of independent directors to investigate these matters and make a recommendation to the Board regarding the best interests of the Company in connection therewith. The committee's work is ongoing.

Estimating an amount or range of possible losses or gains resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key evidential and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or gains or a range of possible losses or gains resulting from the matters described above.

Litigation

We are subject to various other legal claims arising in the normal course of business, including patent infringement, employment matters, and product liability claims. Based on information currently available, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on our financial condition, results of operations, or cash flows. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on our financial condition, results of operations, or cash flows in future periods. We establish estimated liabilities for legal claims when associated costs become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts accrued for such claims. However, we cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or

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lower than the accrued amounts.

Environmental Matters

Our operations are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, we invest capital and incur operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. We are not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect. The cost of responding to future changes may be substantial. We establish accruals for known environmental claims when the associated costs become probable and can be reasonably estimated. The actual cost of environmental issues may be substantially higher than that accrued due to difficulty in estimating such costs.

Guarantees and Indemnities

We are a party to contracts entered into in the normal course of business in which it is common for us to agree to indemnify third parties for certain liabilities that may arise out of or relate to the subject matter of the contract. In most cases, we cannot estimate the potential amount of future payments under these indemnities until events arise that would result in a liability under the indemnities.

Product Warranty and Recall Costs

Our products generally have a standard warranty term of five years that assure our products comply with agreed upon specifications. We record an accrual for the estimated amount of future warranty costs when the related revenue is recognized. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. Estimated future warranty and recall costs are primarily based on historical experience of identified warranty and recall claims. However, there can be no assurance that future warranty or recall costs will not exceed historical amounts or that new technology products may not generate unexpected costs. If actual future warranty or recall costs exceed historical amounts, additional increases in the accrual may be required, which could have a material adverse impact on our results of operations and cash flows.

Estimated liabilities for product warranty and recall costs are included in *Other accrued liabilities* or *Other long-term liabilities* on the *Consolidated Balance Sheets* based upon when we expect to settle the incurred warranty. The following table summarizes changes in the estimated liabilities for product warranty and recall costs during the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Beginning balance	\$ 16.1	\$ 11.5	\$ 27.3
Warranty and recall costs	32.3	32.0	18.7
Payments and other deductions	(28.4)	(27.5)	(19.7)
Acquired warranty and recall liabilities	0.3	0.1	—
ASC 606 adjustments ⁽¹⁾	—	—	(14.8)
Ending balance	<u>\$ 20.3</u>	<u>\$ 16.1</u>	<u>\$ 11.5</u>

⁽¹⁾ Certain service-type warranties accounted for as contingent liabilities prior to the adoption of ASC 606 (defined below) are now reflected as contract liabilities effective September 1, 2018.

Note 9 — Segment Information

During the third quarter of fiscal 2021, we completed a realignment of our operations and structure to better support our business strategy. As a result, beginning in the third quarter of fiscal 2021, we now report our financial results of operations in two reportable segments, ABL and ISG, consistent with how our chief operating decision maker

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currently evaluates operating results, assesses performance, and allocates resources within the Company. We have recast historical information to conform to the current segment structure.

The accounting policies of our reportable segments are the same as those described in the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* within our Form 10-K. Corporate expenses that are primarily administrative in function and benefit the Company on an entity-wide basis are not allocated to our segments. These include expenses related to governance, policy setting, compliance, and certain other shared services functions. Additionally, we do not allocate net interest expense, miscellaneous expense, special charges, or assets to our segments. Accordingly, this information is not used by the chief operating decision maker to make operating decisions and assess performance and is therefore excluded from our disclosures.

The following table presents financial information by operating segment for the periods presented (in millions):

	ABL	ISG	Corporate	Eliminations ⁽¹⁾	Total
Year Ended August 31, 2021:					
Net sales	\$ 3,287.3	\$ 190.0	\$ —	\$ (16.3)	\$ 3,461.0
Operating profit (loss)	476.2	9.9	(58.5)	—	427.6
Depreciation and amortization	84.3	14.7	1.1	—	100.1
Year Ended August 31, 2020:					
Net sales	\$ 3,180.9	\$ 157.0	\$ —	\$ (11.6)	\$ 3,326.3
Operating profit (loss)	425.8	(3.9)	(68.0)	—	353.9
Depreciation and amortization	83.7	16.3	1.1	—	101.1
Year Ended August 31, 2019:					
Net sales	\$ 3,548.4	\$ 137.5	\$ —	\$ (13.2)	\$ 3,672.7
Operating profit (loss)	510.2	(18.1)	(29.2)	—	462.9
Depreciation and amortization	72.6	14.6	1.1	—	88.3

⁽¹⁾ This column represents intersegment sales. Profit on these sales eliminates within gross profit on a consolidated basis.

The following table reconciles operating profit by segment to income before income taxes (in millions):

	Year Ended August 31,		
	2021	2020	2019
Operating profit - ABL	\$ 476.2	\$ 425.8	\$ 510.2
Operating profit (loss) - ISG	9.9	(3.9)	(18.1)
Unallocated corporate amounts	(58.5)	(68.0)	(29.2)
Operating profit	427.6	353.9	462.9
Interest expense, net	23.2	23.3	33.3
Miscellaneous expense, net	8.2	5.9	4.7
Income before income taxes	\$ 396.2	\$ 324.7	\$ 424.9

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Note 10 — Revenue Recognition

We recognize revenue when we transfer control of goods and services to our customers. Revenue is measured as the amount of consideration we expect to receive in exchange for goods and services and is recognized net of rebates, sales incentives, product returns, and discounts to customers. We allocate the expected consideration to be collected to each distinct performance obligation identified in a sale based on its standalone selling price. Sales and use taxes collected on behalf of governmental authorities are excluded from revenues.

Payment is generally due and received within 60 days from the point of sale or prior to the transfer of control of certain goods and services. No payment terms extend beyond one year, and we apply the practical expedient within ASC Topic 606 — *Revenue from Contracts with Customers* (“ASC 606”) to conclude that no significant financing terms exist within our contracts with customers. Allowances for cash discounts to customers are estimated using the expected value method based on historical experience and are recorded as a reduction to sales.

Our standard terms and conditions of sale allow for the return of certain products within four months of the date of shipment. We also provide for limited product return rights to certain distributors and other customers, primarily for slow moving or damaged items subject to certain defined criteria. The limited product return rights generally allow customers to return resalable products purchased within a specified time period and subject to certain limitations, including, at times, when accompanied by a replacement order of equal or greater value. At the time revenue is recognized, we record a refund liability for the expected value of future returns primarily based on historical experience, specific notification of pending returns, or contractual terms with the respective customers. Although historical product returns generally have been within expectations, there can be no assurance that future product returns will not exceed historical amounts. A significant increase in product returns could have a material adverse impact on our operating results in future periods.

Refund liabilities recorded under ASC 606 related to rights of return, cash discounts, and other miscellaneous credits to customers were \$28.1 million and \$31.0 million as of August 31, 2021 and August 31, 2020, respectively, and are reflected within *Other accrued liabilities* on the *Consolidated Balance Sheets*. Additionally, we record right of return assets for products expected to be returned to our distribution centers, which are included within *Prepayments and other current assets* on the *Consolidated Balance Sheets*. Such assets totaled \$6.4 million and \$10.3 million as of August 31, 2021 and 2020, respectively.

We also maintain one-time and ongoing promotions with our customers, which may include rebate, sales incentive, marketing, and trade-promotion programs with certain customers that require us to estimate and accrue the expected costs of such programs. These arrangements may include volume rebate incentives, cooperative marketing programs, merchandising of our products, introductory marketing funds for new products, and other trade-promotion activities conducted by the customer. Costs associated with these programs are generally estimated based on the most likely amount expected to be settled based on the context of the individual contract and are reflected within the *Consolidated Statements of Comprehensive Income* in accordance with ASC 606, which in most instances requires such costs to be recorded as reductions of revenue. Amounts due to our customers associated with these programs totaled \$33.9 million and \$27.7 million as of August 31, 2021 and 2020, respectively, and are reflected within *Other accrued liabilities* on the *Consolidated Balance Sheets*.

Costs to obtain and fulfill contracts, such as sales commissions, are generally short-term in nature and are expensed as incurred.

Nature of Goods and Services*Products*

Substantially all of the revenues for the periods presented were generated from short-term contracts with our customers to deliver only tangible goods such as luminaires, lighting controls, and controls for various building systems. We record revenue from these contracts when the customer obtains control of those goods. For sales designated free on board shipping point, control is transferred and revenue is recognized at the time of shipment. For sales designated free on board destination, customers take control and revenue is recognized when a product is delivered to the customer’s delivery site.

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Professional Services

We collect fees associated with training, installation, and technical support services, primarily related to the set up of our lighting and building technology solutions. We recognize revenue for these one-time services at the time the service is performed. We also sell certain service-type warranties that extend coverages for products beyond their base warranties. We account for service-type warranties as distinct performance obligations and recognize revenue for these contracts ratably over the life of the additional warranty period. We allocate transaction price to our service-type warranties largely based on expectations of cost plus margin based on our estimate of future claims. These estimates are subject to a higher level of estimation uncertainty than other estimates, as we have less experience in costs in the extended warranty period. Claims related to service-type warranties are expensed as incurred.

Software

Software sales include licenses for software, data usage fees, and software as a service arrangements, which generally extend for one year or less. We recognize revenue for software based on the contractual rights provided to a customer, which typically results in the recognition of revenue ratably over the contractual service period.

Shipping and Handling Activities

We account for all shipping and handling activities as activities to fulfill the promise to transfer products to our customers. As such, we do not consider shipping and handling activities to be separate performance obligations, and we expense these costs as incurred.

Contracts with Multiple Performance Obligations

A small portion of our revenue was derived from the combination of any or all of our products, professional services, and software licenses. Significant judgment may be required to determine which performance obligations are distinct and should be accounted for separately. We allocate the expected consideration to be collected to each distinct performance obligation based on its standalone selling price. Standalone selling price is generally determined using a cost plus margin valuation when no observable input is available. The amount of consideration allocated to each performance obligation is recognized as revenue in accordance with the timing for products, professional services, and software as described above.

Contract Balances

Our rights related to collections from customers are unconditional and are reflected within *Accounts receivable* on the *Consolidated Balance Sheets*. We do not have any other significant contract assets. Contract liabilities arise when we receive cash or an unconditional right to collect cash prior to the transfer of control of goods or services.

The amount of transaction price from contracts with customers allocated to our contract liabilities consist of the following as of the dates presented (in millions):

	August 31,	
	2021	2020
Current deferred revenues	\$ 7.7	\$ 5.4
Non-current deferred revenues	56.7	53.6

Current deferred revenues primarily consist of software licenses as well as professional service and service-type warranty fees collected prior to performing the related service and are included within *Other current liabilities* on the *Consolidated Balance Sheets*. These services are expected to be performed within one year. Revenue earned from beginning contract balances during the year ended August 31, 2021 approximated the current deferred revenue balance at August 31, 2020.

Non-current deferred revenues primarily consist of long-term service-type warranties, which are typically recognized ratably as revenue between five and ten years from the date of sale, and are included within *Other long-term liabilities* on the *Consolidated Balance Sheets*.

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Unsatisfied performance obligations that do not represent contract liabilities are expected to be satisfied within one year from August 31, 2021 and consist primarily of orders for physical goods that have not yet been shipped.

Disaggregated Revenues

Our ABL segment's lighting and lighting controls are sold primarily through independent sales agents who cover specific geographic areas and market channels, by internal sales representatives, through consumer retail channels, and directly to large corporate accounts. ISG sells predominantly to system integrators. The following table shows revenue from contracts with customers by sales channel and reconciles to our segment information for the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
ABL:			
Independent sales network	\$ 2,400.5	\$ 2,284.3	\$ 2,397.6
Direct sales network	358.1	329.0	383.3
Retail sales	181.5	218.3	273.0
Corporate accounts	168.7	191.8	312.8
Other	178.5	157.5	181.7
Total ABL	3,287.3	3,180.9	3,548.4
ISG	190.0	157.0	137.5
Eliminations	(16.3)	(11.6)	(13.2)
Total	\$ 3,461.0	\$ 3,326.3	\$ 3,672.7

Note 11 — Share-based Payments

Omnibus Stock Compensation Incentive and Directors' Equity Plans

In January 2018, our stockholders approved the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Compensation Incentive Plan (the "Stock Incentive Plan"), which, among other things, resulted in an aggregate of 2.7 million of shares authorized for issuance pursuant to the Stock Incentive Plan. The Compensation Committee of the Board of Directors (the "Compensation Committee") is authorized to issue awards consisting of incentive and non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance stock awards, performance stock units, stock bonus awards, and cash-based awards to eligible employees, non-employee directors, and outside consultants.

Shares available for grant under the Stock Incentive Plan, including those previously issued and outstanding prior to the amendment, were approximately 0.3 million, 0.7 million, and 1.4 million at August 31, 2021, 2020, and 2019, respectively. Any shares subject to an award under the Stock Incentive Plan that are forfeited, canceled, expired, or settled for cash will be available for future grant under the Stock Incentive Plan.

Restricted stock awards, performance stock awards, and director stock units representing certain deferrals into the Director Deferred Compensation Plan are valued based on the fair value of our common stock on the grant date. We review the values of our performance awards on a frequent and recurring basis and adjust those values based on the probability that the related performance metric will be satisfied. We utilize the Black-Scholes model in deriving the fair value estimates of our stock option awards that only have a service requirement, and we utilize the Monte Carlo simulation model to determine grant date fair value estimates of stock options also subject to a market condition.

Effective for certain restricted stock and performance stock grants awarded in fiscal 2020, the Compensation Committee reinstated a policy that provides for the continued vesting of stock awards following retirement for all eligible participants who have attained age 60 and have at least ten years of service with the Company. We deem the requisite service period for these awards for a participant to be the shorter of either the award's stated vesting period or the time from grant until the participant satisfies the age and service criteria. The Compensation Committee discontinued this policy effective for restricted stock and performance stock grants awarded in October 2020 and thereafter.

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Effective for performance stock unit grants awarded in fiscal 2021, the Compensation Committee approved an amendment to replace the retirement provision that states if a person who receives a performance stock unit award has five years of service, a portion of the award becomes non-forfeitable on each anniversary date of the grant.

We generally recognize compensation cost for share-based payment transactions on a straight-line basis over an award's requisite service period as defined by ASC 718. In certain circumstances, such as when a performance award is subject to graded vesting, we apply the accelerated attribution method to recognize compensation cost related to our share-based payment awards.

Compensation expense recognized related to the awards under the current and prior equity incentive plans during the periods presented is summarized as follows (in millions):

	Year Ended August 31,		
	2021	2020	2019
Restricted stock awards and units	\$ 15.1	\$ 24.6	\$ 25.1
Stock options	9.2	4.9	2.7
Performance stock units	6.8	7.3	—
Director stock units	1.4	1.4	1.4
Total share-based payment expense	<u>\$ 32.5</u>	<u>\$ 38.2</u>	<u>\$ 29.2</u>

Restricted Stock

As of August 31, 2021, we had approximately 0.4 million shares outstanding of restricted stock to officers, directors, and other key employees under the Stock Incentive Plan, including restricted stock units. The grants vest primarily over a four-year period and are valued at the closing stock price on the date of the grant.

Activity related to restricted stock awards during the periods presented was as follows (in millions, except per share data):

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at August 31, 2018	0.4	\$ 186.63
Granted	0.2	\$ 120.73
Vested	(0.2)	\$ 184.60
Forfeited*	—	\$ 159.88
Outstanding at August 31, 2019	0.4	\$ 156.32
Granted	0.2	\$ 122.10
Vested	(0.1)	\$ 171.92
Forfeited	(0.1)	\$ 135.43
Outstanding at August 31, 2020	0.4	\$ 134.68
Granted	0.2	\$ 108.79
Vested	(0.1)	\$ 150.44
Forfeited	(0.1)	\$ 116.33
Outstanding at August 31, 2021	<u>0.4</u>	<u>\$ 116.77</u>

* Represents amounts of less than 0.1 million.

As of August 31, 2021, there was \$28.1 million of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted-average period of 1.8 years. The total fair value of stock vested during the years ended August 31, 2021, 2020, and 2019 was approximately \$19.5 million, \$22.8 million, and \$26.9 million, respectively.

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Stock Options

As of August 31, 2021, we had approximately 1.2 million options outstanding to officers and other key employees under the Stock Incentive Plan. Of these options, 0.8 million vest and become exercisable over a three-year period (the "Service Options"). The remaining 0.4 million vest and become exercisable over a four-year period and are also subject to a market condition (the "Market Options"). Options issued under the Stock Incentive Plan are generally granted with an exercise price equal to the fair market value of our stock on the date of grant, but never less than the fair market value on the grant date, and expire 10 years from the date of grant.

The fair value of each Service Option was estimated on the date of grant using the Black-Scholes model, and the fair value of each Market Option was estimated on the date of grant using the Monte Carlo simulation model. The dividend yield was calculated based on annual dividends paid and the trailing 12-month average closing stock price at the time of grant. Expected volatility was based on historical volatility of our stock, calculated using the most recent time period equal to the expected life of the options. The risk-free interest rate was based on the U.S. Treasury yield for a term equal to the expected life of the options at the time of grant for the Service Options and equal to the contractual term for the Market Options. We used historical exercise behavior data of similar employee groups to determine the expected life of the Service Options. The expected life of the Market Options is based on projected exercise dates resulting from the Monte Carlo simulation for each award tranche. All inputs noted above are estimates made at the time of grant. All inputs into the Black-Scholes model and the Monte Carlo simulation are estimates made at the time of grant. Actual realized value of each option grant could materially differ from these estimates, without impact to future reported net income.

The following weighted average assumptions were used to estimate the fair value of the stock options granted in the fiscal years presented:

	Market Options		Service Options	
	2021	2020	2020	2019
Dividend yield	0.5%	0.4%	0.4%	0.4%
Expected volatility	36.5%	33.7%	33.7%	32.8%
Risk-free interest rate	0.7%	1.5%	1.3%	3.0%
Expected life of options	8 years	7 years	5 years	4 years
Weighted-average fair value of options	\$40.45	\$44.74	\$34.22	\$34.06

There were no Market Options granted in fiscal 2019. There were no Service Options granted during the fiscal year ended August 31, 2021.

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Stock option activity during the periods presented was as follows:

	Outstanding		Exercisable	
	Number of Options (in millions)	Weighted Average Exercise Price	Number of Options (in millions)	Weighted Average Exercise Price
Outstanding at August 31, 2018	0.3	\$ 154.69	0.2	\$ 134.13
Granted	0.1 *	\$ 116.40		
Outstanding at August 31, 2019	0.4	\$ 146.70	0.3	\$ 147.51
Granted	0.5	\$ 121.87		
Exercised	— *	\$ 116.36		
Outstanding at August 31, 2020	0.9	\$ 133.19	0.4	\$ 151.07
Granted	0.3	\$ 108.96		
Exercised	— *	\$ 108.58		
Outstanding at August 31, 2021	1.2	\$ 127.98	0.5	\$ 142.36
Range of option exercise prices:				
\$40.01 - \$100.00 (average life - 1.1 years)	0.1	\$ 62.54	0.1	\$ 62.54
\$100.01 - \$160.00 (average life - 7.9 years)	1.0	\$ 119.18	0.3	\$ 125.13
\$160.01 - \$210.00 (average life - 4.2 years)	0.1	\$ 207.80	0.1	\$ 207.80
\$210.01 - \$239.76 (average life - 5.1 years)	— *	\$ 239.76	0.1 *	\$ 239.76

* Represents amounts of less than 0.1 million.

The total intrinsic value of options exercised was \$1.2 million during the year ended August 31, 2021 and de minimis during the year ended August 31, 2020. There were no options exercised during fiscal 2019. As of August 31, 2021, the total intrinsic value of options outstanding was \$70.9 million, the total intrinsic value of options expected to vest was \$42.8 million, and the total intrinsic value of options exercisable was \$27.4 million. As of August 31, 2021, there was \$17.0 million of total unrecognized compensation cost related to unvested options. This cost is expected to be recognized over a weighted-average period of approximately 2.2 years.

Performance Stock Units

Beginning in fiscal 2020, the Board approved grants of performance stock units to certain executives and key employees. These grants vest primarily over a three-year period and are valued at the closing stock price at the date of grant. The actual number of performance stock units earned for these awards will be determined at the end of the related performance period based on the level of achievement of established performance thresholds. We recognize compensation expense for these grants proportionately over the requisite service period for each employee when it becomes probable that the performance metric will be satisfied. For performance stock units subject to graded vesting, we apply the accelerated attribution method for expense recognition. As of August 31, 2021, we had approximately 0.1 million performance stock units outstanding.

As of August 31, 2021 there was \$3.8 million of total unrecognized compensation cost related to unvested performance stock units. This cost is expected to be recognized over a weighted-average period of approximately 1.5 years.

Employee Deferred Stock Units

We previously allowed employees to defer a portion of restricted stock awards granted in fiscal 2003 and fiscal 2004 into the SDSP as stock units. The stock units are payable in shares of stock at the time of distribution from the SDSP. As of August 31, 2021, approximately 7,000 fully vested stock units remain deferred, but undistributed, under the Stock Incentive Plan. There was no compensation expense related to these stock units during fiscal years 2021, 2020, and 2019.

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Director Deferred Stock Units

Total shares available for issuance under the Director Plan were approximately 0.3 million, 0.3 million, and 0.4 million at August 31, 2021, 2020, and 2019, respectively. As of August 31, 2021, approximately 0.1 million stock units were deferred but undistributed under the Director Plan.

Employee Stock Purchase Plan

Employees are able to purchase, through payroll deduction, common stock at a 5% discount on a monthly basis. There were 1.5 million shares of our common stock reserved for purchase under the plan, of which approximately 1.0 million shares remain available as of August 31, 2021. Employees may participate at their discretion.

Note 12 — Pension and Defined Contribution Plans**Company-sponsored Pension Plans**

We have several pension plans, both qualified and non-qualified, covering certain hourly and salaried employees. Benefits paid under these plans are based generally on employees' years of service and/or compensation during the final years of employment. We historically have made at least the minimum annual contributions to the plans to the extent indicated by actuarial valuations and statutory requirements. Plan assets are invested primarily in equity and fixed income securities. Current period net actuarial gains in our projected benefit obligation primarily reflect an increase in the discount rate from our prior year valuation, partially offset by settlement losses during the year ended August 31, 2021.

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The following tables reflect the status of our domestic (U.S.-based) and international pension plans as of the dates presented (in millions):

	Domestic Plans		International Plans	
	August 31,		August 31,	
	2021	2020	2021	2020
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 249.6	\$ 239.2	\$ 49.2	\$ 44.6
Service cost	4.6	4.3	0.3	0.3
Interest cost	5.3	6.4	0.9	0.9
Actuarial (gains) losses	(5.2)	8.5	1.7	0.7
Benefits paid	(29.6)	(8.8)	(1.3)	(1.4)
Other	—	—	1.8	4.1
Benefit obligation at end of year	<u>224.7</u>	<u>249.6</u>	<u>52.6</u>	<u>49.2</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	167.1	151.5	35.1	30.7
Actual return on plan assets	21.7	19.0	5.3	1.9
Employer contributions	23.4	5.4	2.1	0.8
Benefits paid	(29.6)	(8.8)	(1.3)	(1.4)
Other	—	—	1.0	3.1
Fair value of plan assets at end of year	<u>182.6</u>	<u>167.1</u>	<u>42.2</u>	<u>35.1</u>
Funded status at the end of year	<u>\$ (42.1)</u>	<u>\$ (82.5)</u>	<u>\$ (10.4)</u>	<u>\$ (14.1)</u>
Amounts recognized in the consolidated balance sheets consist of:				
Non-current assets	\$ 13.0	\$ —	\$ —	\$ —
Current liabilities	(5.2)	(5.0)	(0.1)	—
Non-current liabilities	(49.9)	(77.5)	(10.3)	(14.1)
Net amount recognized in consolidated balance sheets	<u>\$ (42.1)</u>	<u>\$ (82.5)</u>	<u>\$ (10.4)</u>	<u>\$ (14.1)</u>
Accumulated benefit obligation	<u>\$ 223.8</u>	<u>\$ 249.1</u>	<u>\$ 51.7</u>	<u>\$ 49.2</u>
Pre-tax amounts in accumulated other comprehensive loss:				
Prior service cost	\$ (5.6)	\$ (8.4)	\$ (0.1)	\$ —
Net actuarial loss	(55.2)	(79.2)	(11.3)	(13.5)
Amounts in accumulated other comprehensive loss	<u>\$ (60.8)</u>	<u>\$ (87.6)</u>	<u>\$ (11.4)</u>	<u>\$ (13.5)</u>
Pensions plans in which benefit obligation exceeds plan assets:				
Projected benefit obligation	\$ 81.7	\$ 249.6	\$ 52.6	\$ 49.2
Accumulated benefit obligation	80.8	249.1	51.7	49.2
Plan assets	26.6	167.1	42.2	35.1
Pensions plans in which plan assets exceed benefit obligation:				
Projected benefit obligation	\$ 143.0	\$ —	\$ —	\$ —
Accumulated benefit obligation	143.0	—	—	—
Plan assets	156.0	—	—	—

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Service cost of net periodic pension cost is allocated between *Cost of products sold* and *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* based on the function of the employee's services. All other components of net periodic pension cost are included within *Miscellaneous expense, net* in the *Consolidated Statements of Comprehensive Income*. We utilize a corridor approach to amortize cumulative unrecognized actuarial gains or losses over either the average expected future service of active participants or average life expectancy of plan participants based on each plan's composition. The corridor is determined as the greater of the excess of 10% of plan assets or the projected benefit obligation at each valuation date. Amounts related to prior service cost are amortized over the average remaining expected future service period for active participants in each plan.

Net periodic pension cost during the periods presented included the following components before tax (in millions):

	Domestic Plans			International Plans		
	2021	2020	2019	2021	2020	2019
Service cost	\$ 4.6	\$ 4.3	\$ 2.9	\$ 0.3	\$ 0.3	\$ 0.2
Interest cost	5.3	6.4	7.7	0.9	0.9	1.3
Expected return on plan assets	(11.0)	(10.4)	(10.5)	(2.3)	(2.0)	(1.9)
Amortization of prior service cost	2.9	4.0	3.5	—	—	—
Settlement	3.9	—	0.4	—	—	—
Recognized actuarial loss	4.1	4.2	2.7	1.4	1.4	1.4
Net periodic pension cost	<u>\$ 9.8</u>	<u>\$ 8.5</u>	<u>\$ 6.7</u>	<u>\$ 0.3</u>	<u>\$ 0.6</u>	<u>\$ 1.0</u>

Weighted average assumptions used in computing the benefit obligation are as follows:

	Domestic Plans		International Plans	
	2021	2020	2021	2020
Discount rate	2.4 %	2.2 %	1.9 %	1.9 %
Rate of compensation increase	5.0 %	5.0 %	3.4 %	3.0 %

Weighted average assumptions used in computing net periodic pension cost are as follows:

	Domestic Plans			International Plans		
	2021	2020	2019	2021	2020	2019
Discount rate	2.2 %	2.8 %	3.9 %	1.9 %	2.0 %	2.9 %
Expected return on plan assets	6.8 %	7.0 %	7.3 %	6.5 %	6.5 %	6.5 %
Rate of compensation increase	5.0 %	5.0 %	5.5 %	3.4 %	3.0 %	3.1 %

It is our policy to adjust, on an annual basis, the discount rate used to determine the projected benefit obligation to approximate rates on high-quality, long-term obligations based on our estimated benefit payments available as of the measurement date. We use published yield curves to assist in the development of our discount rates. We estimate that a 100 basis point increase in the discount rate would reduce net periodic pension cost approximately \$0.9 million for the domestic plans and \$0.6 million for the international plans. The expected return on plan assets is derived primarily from a periodic study of long-term historical rates of return on the various asset classes included in our targeted pension plan asset allocation as well as future expectations. We estimate that each 100 basis point reduction in the expected return on plan assets would result in additional net periodic pension cost of \$1.7 million and \$0.4 million for domestic plans and international plans, respectively. We also evaluate the rate of compensation increase annually and adjust if necessary.

Our investment objective for domestic plan assets is to earn a rate of return sufficient to exceed the long-term growth of the plans' liabilities without subjecting plan assets to undue risk. The plan assets are invested primarily in high quality debt and equity securities. We conduct a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific allocation percentages are assigned to each asset category with minimum and maximum ranges established for each. The assets are then managed within these ranges. At August 31, 2021, the U.S. targeted asset allocation was 40% equity securities, 55% fixed income

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securities, and 5% real estate securities. Our investment objective for the international plan assets is also to add value by exceeding the long-term growth of the plans' liabilities. At August 31, 2021, the international asset target allocation approximated 16% equity securities, 20% fixed income securities, and 64% multi-strategy investments.

Our pension plan asset allocation by asset category as of the dates presented is as follows:

	% of Plan Assets			
	Domestic Plans		International Plans	
	2021	2020	2021	2020
Equity securities	41.2 %	58.2 %	16.1 %	76.9 %
Fixed income securities	54.3 %	37.3 %	20.1 %	13.7 %
Multi-strategy investments	— %	— %	63.8 %	9.4 %
Real estate	4.5 %	4.5 %	— %	— %
Total	100.0 %	100.0 %	100.0 %	100.0 %

Our pension plan assets are stated at fair value based on quoted market prices in an active market, quoted redemption values, or estimates based on reasonable assumptions as of the most recent measurement period. See the *Fair Value Measurements* footnote for a description of the fair value guidance. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence. Certain pension assets valued at net asset value ("NAV") per share as a practical expedient are excluded from the fair value hierarchy. Investments in pension plan assets are described in further detail below.

Short-term Fixed Income Investments

Short-term investments consist of money market funds, which are valued at the daily closing price as reported by the relevant fund (Level 1).

Mutual Funds

Mutual funds held by the domestic plans are open-end mutual funds that are registered with the Securities and Exchange Commission ("SEC") and seek to either replicate or outperform a related index. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the domestic plans are deemed to be actively traded (Level 1).

Collective Trust

The collective trust seeks to outperform the overall small-cap stock market and is comprised of small-cap equity securities with quoted prices in active markets for identical investments. The value of this fund is calculated on each business day based on its daily net asset value; however, the collective trust is not deemed to be actively traded (Level 2).

Fixed Income Investments

The fixed income fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities and is valued using the NAV of units of a management investment company's trust. The NAV, as provided by the fund's trustee, is used as a practical expedient to estimate fair value. As such, these funds are excluded from the fair value hierarchy. The NAV is based on the fair value of the underlying investments held by the fund less the fund's liabilities.

Real Estate Fund

The real estate fund invests primarily in commercial real estate and includes mortgage loans that are backed by the associated property's investment objective. The fund seeks real estate returns, risk, and liquidity appropriate to a core fund. The fund also seeks to provide current income with the potential for long-term capital appreciation. This investment is valued based on the NAV per share, without further adjustment. The NAV, as provided by the fund's trustee, is used as a practical expedient to estimate fair value and is therefore excluded from the fair value

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

hierarchy. NAV is based on the fair value of the underlying investments. Investors may request to redeem all or any portion of their shares on a quarterly basis. Each investor must provide a written redemption request at least sixty days prior to the end of the quarter for which the request is to be effective. If insufficient funds are available to honor all redemption requests at any point in time, available funds will be allocated pro-rata based on the total number of shares held by each investor. All decisions regarding whether to honor redemption requests are made by the fund's board of directors.

The following tables present the fair value of the domestic pension plan assets by major category as of the dates presented (in millions):

	Fair Value as of August 31, 2021	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Mutual funds:				
Domestic large cap equity fund	\$ 38.9	\$ 38.9	\$ —	\$ —
Foreign equity fund	23.1	23.1	—	—
Collective trust: Domestic small cap equities	13.3	—	13.3	—
Short-term fixed income investments	6.9	6.9	—	—
Total assets in the fair value hierarchy	<u>82.2</u>			
Assets calculated at net asset value:				
Fixed-income investments	92.3			
Real estate fund	8.1			
Total assets at net asset value	<u>100.4</u>			
Total assets at fair value	<u>\$ 182.6</u>			

	Fair Value as of August 31, 2020	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Mutual funds:				
Domestic large cap equity fund	\$ 55.6	\$ 55.6	\$ —	\$ —
Foreign equity fund	26.0	26.0	—	—
Collective trust: Domestic small cap equities	15.7	—	15.7	—
Short-term fixed income investments	5.2	5.2	—	—
Total assets in the fair value hierarchy	<u>102.5</u>			
Assets calculated at net asset value:				
Fixed-income investments	57.0			
Real estate fund	7.6			
Total assets at net asset value	<u>64.6</u>			
Total assets at fair value	<u>\$ 167.1</u>			

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

International Plan Investments

The international plans' assets consist primarily of funds invested in equity securities, multi-strategy investments, and fixed income investments. These securities are calculated using the values of the underlying holdings (i.e. significant observable inputs) but do not have quoted prices in active markets (Level 2). The short-term fixed income investments represents cash and cash equivalents held by the funds at fiscal year end (Level 1). The following tables present the fair value of the international pension plan assets by major category as of the dates presented (in millions):

	Fair Value as of August 31, 2021	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Equity securities	\$ 6.8	\$ —	\$ 6.8	\$ —
Short-term fixed income investments	1.0	1.0	—	—
Multi-strategy investments	26.9	—	26.9	—
Fixed-income investments	7.5	—	7.5	—
Total assets at fair value	<u>\$ 42.2</u>			

	Fair Value as of August 31, 2020	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Equity securities	\$ 27.0	\$ —	\$ 27.0	\$ —
Short-term fixed income investments	0.3	0.3	—	—
Multi-strategy investments	3.3	—	3.3	—
Fixed-income investments	4.5	—	4.5	—
Total assets at fair value	<u>\$ 35.1</u>			

We do not expect to contribute to the domestic qualified plans in fiscal 2022 based on the funded status of the plans as well as current legal minimum funding requirements. We expect to contribute approximately \$1.5 million during fiscal 2022 to our international defined benefit plans. These amounts are based on the total contributions required during fiscal 2022 to satisfy current legal minimum funding requirements for qualified plans and estimated benefit payments for non-qualified plans.

Benefit payments are made primarily from funded benefit plan trusts. Benefit payments are expected to be paid as follows during the years ending August 31 (in millions):

	Domestic Plans	International Plans
2022	\$ 13.2	\$ 1.2
2023	11.9	1.3
2024	12.0	1.3
2025	12.9	1.4
2026	14.8	1.4
2027-2031	65.0	8.4

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Multi-employer Pension Plans

We contribute to two multi-employer defined benefit pension plans under the terms of collective-bargaining agreements that cover certain of our union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be shared by the remaining participating employers.
- If a participating employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Our contributions to these plans were \$0.6 million for the years ended August 31, 2021 and 2020, and \$0.5 million for the year ended August 31, 2019.

Defined Contribution Plans

We have defined contribution plans to which both employees and we make contributions. Employer matching amounts are allocated in accordance with the participants' investment elections for elective deferrals and totaled \$8.4 million, \$8.2 million, and \$8.1 million for the years ended August 31, 2021, 2020, and 2019, respectively. At August 31, 2021, assets of the domestic defined contribution plans included shares of our common stock with a market value of approximately \$8.9 million, which represented approximately 1.8% of the total fair market value of the assets in our domestic defined contribution plans.

Note 13 — Special Charges

During the year ended August 31, 2021, we recognized pre-tax special charges of \$3.3 million. These charges consisted primarily of charges for relocation costs and adjustments related to severance costs associated with the previously announced transfer of activities from planned facility closures as well as other streamlining activities.

The details of the special charges during the periods presented are summarized as follows (in millions):

	Year Ended August 31,		
	2021	2020	2019
Severance and employee-related costs	\$ 1.7	\$ 9.3	\$ (0.5)
ROU lease asset impairment charges	—	7.4	—
Relocation and other restructuring costs	1.6	3.3	2.3
Total special charges	<u>\$ 3.3</u>	<u>\$ 20.0</u>	<u>\$ 1.8</u>

As of August 31, 2021, remaining accruals were \$1.7 million and are included in *Accrued compensation* in the *Consolidated Balance Sheets*. The changes in the accruals related to these programs during the period presented are summarized as follows (in millions):

	Year Ended
	August 31, 2021
Balance as of August 31, 2020	\$ 3.0
Severance costs	1.7
Relocation and other restructuring costs	1.6
Payments made during the period	(4.6)
Balance as of August 31, 2021	<u>\$ 1.7</u>

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Note 14 — Common Stock and Related Matters**Common Stock**

Changes in common stock during the periods presented were as follows (amounts and shares in millions):

	Common Stock	
	Shares	Amount (At par)
Balance at August 31, 2018	53.7	\$ 0.5
Issuance of restricted stock grants, net of cancellations	0.1	—
Balance at August 31, 2019	53.8	0.5
Issuance of restricted stock grants, net of cancellations	0.1	—
Stock options exercised	— *	—
Balance at August 31, 2020	53.9	0.5
Issuance of restricted stock grants, net of cancellations	0.1	—
Stock options exercised	— *	—
Balance at August 31, 2021	54.0	\$ 0.5

* Represents shares of less than 0.1 million.

As of August 31, 2021 and 2020, we had 18.8 million and 15.0 million of repurchased shares recorded as treasury stock at an original repurchase cost of \$1.66 billion and \$1.23 billion, respectively.

During fiscal 2021, we repurchased 3.8 million shares of our outstanding common stock. As of August 31, 2021, the maximum number of shares that may yet be repurchased under the share repurchase program authorized by the Board equaled 3.8 million shares. We expect to repurchase shares on an opportunistic basis subject to various factors including stock price, Company performance, market conditions, and other possible capital allocation priorities.

Preferred Stock

We have 50 million shares of preferred stock authorized. No shares of preferred stock were issued in fiscal 2021 or 2020, and no shares of preferred stock are outstanding.

Earnings per Share

Basic earnings per share for the periods presented is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding for these periods. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised, unvested share-based payment awards were vested, and other distributions related to deferred stock agreements were incurred. The dilutive effects of share-based payment awards subject to market and/or performance conditions that were not met during the period are excluded from the computation of diluted earnings per share.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table calculates basic earnings per common share and diluted earnings per common share during the periods presented (in millions, except per share data):

	Year Ended August 31,		
	2021	2020	2019
Net income	\$ 306.3	\$ 248.3	\$ 330.4
Basic weighted average shares outstanding	36.3	39.5	39.7
Common stock equivalents	0.3	0.1	0.1
Diluted weighted average shares outstanding	36.6	39.6	39.8
Basic earnings per share	\$ 8.44	\$ 6.29	\$ 8.32
Diluted earnings per share	\$ 8.38	\$ 6.27	\$ 8.29

The following table presents stock options, restricted stock awards, and performance stock units that were excluded from the diluted earnings per share calculation for the periods presented as the effect of inclusion would have been antidilutive (in millions):

	Year Ended August 31,		
	2021	2020	2019
Stock options	0.8	0.6	0.3
Restricted stock awards	— *	0.2	0.2
Performance stock units	—	— *	—

* Represents shares of less than 0.1 million.

Note 15 — Income Taxes

We account for income taxes using the asset and liability approach as prescribed by ASC Topic 740, *Income Taxes* ("ASC 740"). This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Using the enacted tax rates in effect for the year in which the differences are expected to reverse, deferred tax liabilities and assets are determined based on the differences between the financial reporting and the tax basis of an asset or liability.

The provision for income taxes consists of the following components during the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Provision for current federal taxes	\$ 65.4	\$ 54.6	\$ 60.3
Provision for current state taxes	12.8	12.5	14.7
Provision for current foreign taxes	14.4	16.0	10.2
(Benefit) provision for deferred taxes	(2.7)	(6.7)	9.3
Total provision for income taxes	\$ 89.9	\$ 76.4	\$ 94.5

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles the provision at the federal statutory rate to the total provision for income taxes during the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Federal income tax computed at statutory rate	\$ 83.2	\$ 68.2	\$ 89.2
State income tax, net of federal income tax benefit	10.7	9.7	12.2
Foreign permanent differences and rate differential	2.4	2.4	2.1
Discrete income tax benefits of the U.S. Tax Cuts and Jobs Act	—	—	(2.2)
Research and development tax credits	(7.6)	(7.1)	(18.1)
Unrecognized tax benefits	0.7	1.8	12.2
Other, net	0.5	1.4	(0.9)
Total provision for income taxes	<u>\$ 89.9</u>	<u>\$ 76.4</u>	<u>\$ 94.5</u>

Components of the net deferred income tax liabilities as of the dates presented include (in millions):

	August 31,	
	2021	2020
Deferred income tax liabilities:		
Depreciation	\$ (19.0)	\$ (23.3)
Goodwill and intangibles	(155.2)	(153.1)
Operating lease right of use asset	(14.3)	(15.6)
Other liabilities	(8.2)	(5.3)
Total deferred income tax liabilities	<u>(196.7)</u>	<u>(197.3)</u>
Deferred income tax assets:		
Self-insurance	1.8	2.1
Pension	9.9	22.2
Deferred compensation	21.3	22.2
Net operating losses	5.4	5.6
Other accruals not yet deductible	41.3	32.0
Operating lease liabilities	15.4	18.2
Other assets	12.0	9.3
Total deferred income tax assets	<u>107.1</u>	<u>111.6</u>
Valuation allowance	(9.5)	(6.5)
Net deferred income tax liabilities	<u>\$ (99.1)</u>	<u>\$ (92.2)</u>

As of August 31, 2021, the estimated undistributed earnings from foreign subsidiaries was \$165.1 million. We have recorded a deferred income tax liability of \$3.3 million for certain foreign withholding taxes and U.S. state taxes related to foreign earnings for which we do not assert indefinite reinvestment. With respect to unremitted earnings and original investments in foreign subsidiaries where we are continuing to assert indefinite reinvestment, any future remittances could be subject to additional foreign withholding taxes, U.S. state taxes, and certain tax impacts relating to foreign currency exchange effects. It is not practicable to estimate the amount of any unrecognized tax effects on these reinvested earnings and original investments in foreign subsidiaries. We account for the tax on Global Intangible Low-Taxed Income ("GILTI") as a period cost and, therefore, do not record deferred taxes related to GILTI on our foreign subsidiaries.

At August 31, 2021, we had state tax credit carryforwards of approximately \$1.5 million, which will expire beginning in 2022. At August 31, 2021, we had federal net operating loss carryforwards of \$28.7 million that expire beginning in 2029, state net operating loss carryforwards of \$30.1 million that began expiring in 2022, and foreign net operating loss carryforwards of \$3.4 million that expire beginning in 2026.

ACUITY BRANDS, INC
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The gross amount of unrecognized tax benefits as of August 31, 2021 and 2020 totaled \$17.7 million and \$17.2 million, respectively, which includes \$17.1 million and \$16.7 million, respectively, of net unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. We recognize potential interest and penalties related to unrecognized tax benefits as a component of income tax expense; such accrued interest and penalties are not material. With few exceptions, we are no longer subject to United States federal, state, and local income tax examinations for years ended before 2015 or for foreign income tax examinations before 2014. We do not anticipate unrecognized tax benefits will significantly increase or decrease within the next twelve months.

The following table reconciles the change in the unrecognized income tax benefit (reported in *Other long-term liabilities* on the *Consolidated Balance Sheets*) during the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Unrecognized tax benefits balance at beginning of year	\$ 17.2	\$ 16.6	\$ 4.4
Additions based on tax positions related to the current year	5.2	2.3	2.0
Additions for tax positions of prior years	0.1	—	10.9
Reductions for tax positions of prior years	(0.1)	(0.4)	—
Reductions due to settlements	(4.6)	(1.2)	—
Reductions due to lapse of statute of limitations	(0.1)	(0.1)	(0.7)
Unrecognized tax benefits balance at end of year	<u>\$ 17.7</u>	<u>\$ 17.2</u>	<u>\$ 16.6</u>

Total accrued interest was \$2.0 million, \$1.7 million, and \$1.0 million as of August 31, 2021, 2020, and 2019, respectively. There were no accruals related to income tax penalties during fiscal 2021. Interest, net of tax benefits, and penalties are included in *Income tax expense* within the *Consolidated Statements of Comprehensive Income*. The classification of interest and penalties did not change during the current fiscal year. We are routinely under audit from various tax jurisdictions. We do not currently anticipate material audit assessments.

ACUITY BRANDS, INC
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Note 16 — Supplemental Disaggregated Information

Sales of lighting, lighting controls, and building technology solutions, excluding services, accounted for approximately 99% of total consolidated net sales in fiscal 2021, 2020, and 2019. Our geographic distribution of net sales, operating profit, income before provision for income taxes, and long-lived assets is summarized in the following table during and as of the periods presented (in millions):

	Year Ended August 31,		
	2021	2020	2019
Net sales⁽¹⁾:			
Domestic ⁽²⁾	\$ 2,982.4	\$ 2,925.0	\$ 3,277.4
International	478.6	401.3	395.3
Total	<u>\$ 3,461.0</u>	<u>\$ 3,326.3</u>	<u>\$ 3,672.7</u>
Operating profit:			
Domestic ⁽²⁾	\$ 369.9	\$ 300.6	\$ 419.3
International	57.7	53.3	43.6
Total	<u>\$ 427.6</u>	<u>\$ 353.9</u>	<u>\$ 462.9</u>
Income before income taxes:			
Domestic ⁽²⁾	\$ 343.7	\$ 274.2	\$ 386.4
International	52.5	50.5	38.5
Total	<u>\$ 396.2</u>	<u>\$ 324.7</u>	<u>\$ 424.9</u>
Long-lived assets⁽³⁾:			
Domestic ⁽²⁾	\$ 284.4	\$ 298.6	\$ 246.9
International	76.6	64.8	48.1
Total	<u>\$ 361.0</u>	<u>\$ 363.4</u>	<u>\$ 295.0</u>

⁽¹⁾ Net sales are attributed to each country based on the selling location.

⁽²⁾ Domestic amounts include amounts for U.S. based operations.

⁽³⁾ Long-lived assets include net property, plant, and equipment, operating lease right-of-use assets, and other long-term assets as reflected in the *Consolidated Balance Sheets*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9a. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to reasonably ensure that information required to be disclosed in the reports filed or submitted by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission (the "SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably ensure that information required to be disclosed by us in the reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As required by SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of August 31, 2021. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of our disclosure controls and procedures are effective at a reasonable assurance level as of August 31, 2021. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including our control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

During the year ended August 31, 2021, we completed our acquisitions of Rockpile Ventures and ams OSRAM's North American Digital Systems business ("OSRAM DS"), collectively the ("2021 Acquisitions"). SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. Accordingly, management has not assessed the 2021 Acquisitions' internal control over financial reporting as of August 31, 2021. Excluding the acquisitions, there have been no changes in our internal control over financial reporting that occurred during our most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We began integrating the 2021 Acquisitions into our existing control procedures from their respective dates of acquisition. We do not anticipate the integration of the acquired companies to result in changes that would materially affect our internal control over financial reporting.

Management's annual report on our internal control over financial reporting and the independent registered public accounting firm's attestation report are included in our 2021 Financial Statements in Item 8 of this Annual Report on Form 10-K, under the headings, *Management's Report on Internal Control over Financial Reporting* and *Report of Independent Registered Public Accounting Firm* as it relates to Internal Control Over Financial Reporting, respectively, and are incorporated herein by reference.

Item 9b. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item, with respect to directors and corporate governance, will be included under the caption *Item 1 — Election of Directors* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to executive officers, will be included under the caption *Executive Officers* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to the code of ethics, will be included under the captions *Governance Policies and Procedures* and *Contacting the Board of Directors* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included under the captions *Compensation of Directors, Director Information, Board and Committees, Compensation Committee Interlocks and Insider Participation, Report of the Compensation and Management Development Committee, Compensation Discussion and Analysis, Fiscal 2021 Summary Compensation Table, Fiscal 2021 Grants of Plan-Based Awards, Outstanding Equity Awards at Fiscal 2021 Year-End, Option Exercises and Stock Vested in Fiscal 2021, Pension Benefits in Fiscal 2021, CEO Pay Ratio, Fiscal 2021 Non-Qualified Deferred Compensation, Employment Arrangements, Potential Payments upon Termination, and Equity Compensation Plans* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included under the captions *Beneficial Ownership of the Company's Securities and Equity Compensation Plans* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included under the caption *Certain Relationships and Related Party Transactions* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included under the captions *Audit Fees and Other Fees, Preapproval Policies and Procedures, and Report of the Audit Committee* of our proxy statement for the annual meeting of stockholders to be held January 5, 2022, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(1)	Management's Report on Internal Control over Financial Reporting	32
	Reports of Independent Registered Public Accounting Firm	33
	Consolidated Balance Sheets as of August 31, 2021 and 2020	37
	Consolidated Statements of Comprehensive Income for the years ended August 31, 2021, 2020, and 2019	38
	Consolidated Statements of Cash Flows for the years ended August 31, 2021, 2020, and 2019	39
	Consolidated Statements of Stockholders' Equity for the years ended August 31, 2021, 2020, and 2019	40
	Notes to Consolidated Financial Statements	41
(2)	Financial Statement Schedules:	
	Any of Schedules I through V not listed above have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto	
(3)	Exhibits filed with this report (begins on next page):	
	Copies of exhibits will be furnished to stockholders upon request at a nominal fee. Requests should be sent to Acuity Brands, Inc., Investor Relations Department, 1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia 30309-7676	

INDEX TO EXHIBITS

EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(b) Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(c) Certificate of Amendment to the Restated Certificate of Incorporation of Acuity Brands, Inc., dated as of January 6, 2017.	Reference is made to Exhibit 3(c) of registrant's Form 10-Q as filed with the Commission on January 9, 2017, which is incorporated herein by reference.
	(d) Certificate of Amendment to the Restated Certificate of Incorporation of Acuity Brands, Inc., dated as of January 7, 2021.	Reference is made to Exhibit 3(d) of registrant's Form 10-Q as filed with the Commission on January 7, 2021, which is incorporated herein by reference.
	(e) Amended and Restated Bylaws of Acuity Brands, Inc., dated as of January 7, 2021.	Reference is made to Exhibit 3(e) of registrant's Form 10-Q as filed with the Commission on January 7, 2021, which is incorporated herein by reference.
EXHIBIT 4	(a) Form of Certificate representing Acuity Brands, Inc. Common Stock.	Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Description of Securities.	Filed with the Commission as part of this Form 10-K.
	(c) Indenture, dated as of November 10, 2020, between Acuity Brands Lighting, Inc. and U.S. Bank National Association, as trustee.	Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on November 10, 2020, which is incorporated herein by reference.
	(d) First Supplemental Indenture, dated as of November 10, 2020, among Acuity Brands Lighting, Inc., Acuity Brands, Inc. and ABL IP Holding, LLC, and U.S. Bank National Association, as trustee.	Reference is made to Exhibit 4.2 of registrant's Form 8-K as filed with the Commission on November 10, 2020, which is incorporated herein by reference.
	(e) Officer's Certificate, dated as of November 10, 2020, pursuant to Sections 3.01 and 3.03 of the Indenture, dated November 10, 2020, setting forth the terms of the 2.150% Senior Notes due 2030, the 2.150% Senior Notes due 2030.	Reference is made to Exhibit 4.3 of registrant's Form 8-K as filed with the Commission on November 10, 2020, which is incorporated herein by reference.
	(f) Form of 2.150% Senior Notes due 2030 (included in Exhibit 4.3).	Reference is made to Exhibit 4.3 of registrant's Form 8-K as filed with the Commission on November 10, 2020, which is incorporated herein by reference.
EXHIBIT 10(i)	(1) Five-Year Credit Agreement dated June 29, 2018.	Reference is made to Exhibit 10.1 of registrant's Form 10-Q as filed with the Commission on July 3, 2018, which is incorporated herein by reference.
	(2) Amendment No. 1 dated as of April 22, 2019 to Five-Year Credit Agreement dated June 29, 2018.	Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on April 24, 2019, which is incorporated herein by reference.
EXHIBIT 10(iii)A	Management Contracts and Compensatory Arrangements: (1) Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan.	Reference is made to Exhibit 10.6 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.

- (2) [Amendment No. 1 to Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan, dated December 20, 2001.](#) Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on January 14, 2002, which is incorporated herein by reference.
- (3) [Amendment No. 1 to Stock Option Agreement for Nonemployee Director dated October 25, 2006.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on October 27, 2006, which is incorporated herein by reference.
- (4) [Amendment No. 2 to Acuity Brands, Inc. 2001 Non-employee Directors' Stock Option Plan.](#) Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 4, 2007, which is incorporated herein by reference.
- (5) [Amendment No. 3 to Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plans.](#) Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
- (6) [Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10.14 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (7) [Amendment No. 1 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
- (8) [Amendment No. 2 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(8) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
- (9) [Amendment No. 3 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(36) of the registrant's Form 10-K as filed with the Commission on October 29, 2004, which is incorporated by reference.
- (10) [Amendment No. 4 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 99.2 of registrant's Form 8-K filed with the Commission on July 6, 2006, which is incorporated herein by reference.
- (11) [Amendment No. 5 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(6) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
- (12) [Amended and Restated Acuity Brands, Inc., 2005 Supplemental Deferred Savings Plan, effective as of January 1, 2010.](#) Reference is made to Exhibit 10 (c) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
- (13) [Amended and Restated Acuity Brands, Inc. 2005 Supplemental Deferred Savings Plan, effective as of July 1, 2019.](#) Reference is made to Exhibit 10(b) of the registrant's Form 10-Q as filed with the Commission on July 2, 2019, which is incorporated herein by reference.
- (14) [First Amendment to the Acuity Brands, Inc. 2005 Supplemental Deferred Savings Plan](#) Filed with the Commission as part of this Form 10-K.
- (15) [Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan as Amended and Restated Effective June 29, 2006.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on July 6, 2006, which is incorporated herein by reference.
- (16) [Amendment No. 2 to Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan.](#) Reference is made to Exhibit 10(iii)A(86) of the registrant's Form 10-K as filed with the Commission on October 27, 2008, which is incorporated herein by reference.

- (17) [Amended and Restated Acuity Brands Inc. 2011 Nonemployee Director Deferred Compensation Plan, effective as of December 1, 2012.](#) Reference is made to Exhibit 10(iii)A(68) of the registrant's Form 10-K as filed with the Commission on October 26, 2012, which is incorporated herein by reference.
- (18) [Acuity Brands, Inc. Compensation for Non-Employee Directors.](#) Reference is made to Exhibit 10(c) of the registrant's Form 10-Q as filed with the Commission on January 9, 2019, which is incorporated herein by reference.
- (19) [Acuity Brands, Inc. Senior Management Benefit Plan.](#) Reference is made to Exhibit 10.16 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (20) [Amendment No. 1 to Acuity Brands, Inc. Senior Management Benefit Plan.](#) Reference is made to Exhibit 10(iii)A(5) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
- (21) [Acuity Brands, Inc. Executive Benefits Trust.](#) Reference is made to Exhibit 10.18 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (22) [Acuity Brands, Inc. Supplemental Retirement Plan for Executives.](#) Reference is made to Exhibit 10.19 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (23) [Amendment No. 1 to Acuity Brands, Inc. Supplemental Retirement Plan for Executives.](#) Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated by reference.
- (24) [Acuity Brands, Inc. Benefits Protection Trust.](#) Reference is made to Exhibit 10.21 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (25) [Form of Acuity Brands, Inc., Letter regarding Bonuses.](#) Reference is made to Exhibit 10.25 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (26) [Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, Effective As of January 1, 2003, As Amended and Restated Effective As of June 26, 2015.](#) Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on July 1, 2015, which is incorporated by reference.
- (27) [Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, As Amended and Restated Effective As of July 1, 2019.](#) Reference is made to Exhibit 10(c) of the registrant's Form 10-Q as filed with the Commission on July 2, 2019, which is incorporated herein by reference.
- (28) [Amendment No. 1 to Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan.](#) Reference is made to Exhibit 10(a) of registrant's Form 10-Q as filed with the Commission on January 7, 2020, which is incorporated herein by reference.
- (29) [Unforeseeable Emergency Distribution Amendment to the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan dated July 12, 2018.](#) Reference is made to Exhibit 10(iii)A(24) of the registrant's Form 10-K as filed with the Commission on October 25, 2018, which is incorporated herein by reference.
- (30) [Form of Amended and Restated Change in Control Agreement entered into as of April 21, 2006.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
- (31) [Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(4) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.

- (32) [Employment Letter between Acuity Brands, Inc. and Vernon J. Nagel, dated June 29, 2004.](#) Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
- (33) [Amended and Restated Severance Agreement, entered into as of January 20, 2004, by and between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(III)A(2) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
- (34) [Amendment dated April 21, 2006 to the Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 99.3 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
- (35) [Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on April 4, 2007, which is incorporated herein by reference.
- (36) [Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(78) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (37) [Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (38) [Amendment No. 5 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(a) of the registrant's Form 10-Q as filed with the Commission on April 3, 2019, which is incorporated herein by reference.
- (39) [Premium-Priced Nonqualified Stock Option Agreement for Executive Officers between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(III)A(5) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
- (40) [Employment Letter between Acuity Brands, Inc. and Neil M. Ashe, dated January 9, 2020](#) Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on January 9, 2020, which is incorporated herein by reference.
- (41) [Form of Nonqualified Stock Option Award Agreement \(options subject only to time-based conditions\).](#) Reference is made to Exhibit 10.2 of registrant's Form 8-K as filed with the Commission on January 9, 2020, which is incorporated herein by reference.
- (42) [Form of Nonqualified Stock Option Award Agreement \(options subject to time-based and share price performance conditions\).](#) Reference is made to Exhibit 10.3 of registrant's Form 8-K as filed with the Commission on January 9, 2020, which is incorporated herein by reference.
- (43) [Form of Severance Agreement between Acuity Brands, Inc. and Neil M. Ashe](#) Reference is made to Exhibit 10.4 of registrant's Form 8-K as filed with the Commission on January 9, 2020, which is incorporated herein by reference.
- (44) [Form of Change in Control Agreement between Acuity Brands, Inc. and Neil M. Ashe](#) Reference is made to Exhibit 10.5 of registrant's Form 8-K as filed with the Commission on January 9, 2020, which is incorporated herein by reference.
- (45) [Form of Incentive Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 10(III)A(3) of the registrant's Form 10-Q filed with the Commission on January 6, 2005 incorporated by reference.
- (46) [Form of Nonqualified Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 10(III)A(4) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.

- (47) [Acuity Brands, Inc. Matching Gift Program.](#) Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on April 4, 2005, which is incorporated by reference.
- (48) [Employment Letter dated November 16, 2005 between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10.1 of registrant's Form 8-K filed with the Commission on November 18, 2005, which is incorporated herein by reference.
- (49) [Amendment No. 1 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(81) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (50) [Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10 (f) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
- (51) [Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(4) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (52) [Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(46) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
- (53) [Amendment No. 5 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(43) of the registrant's Form 10-K as filed with the Commission on October 27, 2015, which is incorporated herein by reference.
- (54) [Amendment No. 6 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(44) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
- (55) [Amendment No. 7 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(45) of the registrant's Form 10-K as filed with the Commission on October 26, 2017, which is incorporated herein by reference.
- (56) [Amendment No. 8 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(a) of the registrant's Form 10-Q as filed with the Commission on January 9, 2019, which is incorporated herein by reference.
- (57) [Amendment No. 9 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(b) of the registrant's Form 10-Q as filed with the Commission on April 3, 2019, which is incorporated herein by reference.
- (58) [Acuity Brands Lighting, Inc. Severance Agreement, entered into as of March 28, 2018, by and between Acuity Brands Lighting, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(iii)A(51) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
- (59) [Amendment No. 1 to Acuity Brands Lighting, Inc. Severance Agreement between Acuity Brands Lighting, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(iii)A(52) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
- (60) [Amendment No. 2 to Acuity Brands Lighting, Inc. Severance Agreement between Acuity Brands Lighting, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(iii)A(53) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
- (61) [Amendment No. 3 to Acuity Brands Lighting, Inc. Severance Agreement between Acuity Brands Lighting, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(a) of registrant's Form 10-Q as filed with the Commission on January 7, 2020, which is incorporated herein by reference.

- (62) [Change in Control Agreement, entered into as of March 28, 2018, by and between Acuity Brands, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(iii)A(54) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
- (63) [Amendment No.1 to Acuity Brands, Inc. Change in Control Agreement between Acuity Brands, Inc. and Karen J. Holcom.](#) Reference is made to Exhibit 10(iii)A(55) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
- (64) [Form of Nonqualified Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on December 2, 2005, which is incorporated herein by reference.
- (65) [Amended and Restated Acuity Brands, Inc. Long-Term Incentive Plan.](#) Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 16, 2007, which is incorporated herein by reference.
- (66) [Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2008 Plan Rules for Executive Officers.](#) Reference is made to Exhibit 99.1 of the registrant's Form 8-K as filed with the Commission on January 4, 2008, which is incorporated herein by reference.
- (67) [Form of Nonqualified Stock Option Agreement for Key Employees effective October 24, 2008.](#) Reference is made to Exhibit 10 (i) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
- (68) [Form of Nonqualified Stock Option Agreement for Executive Officers of Acuity Brands, Inc. effective October 24, 2008.](#) Reference is made to Exhibit 10 (j) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
- (69) [Amended and Restated Change in Control Agreement.](#) Reference is made to Exhibit 10(iii)A(84) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (70) [Employment Letter between Acuity Brands, Inc. and Laurent J. Vernerey dated September 6, 2017.](#) Reference is made to Exhibit 10(iii)A(61) of the registrant's Form 10-K as filed with the Commission on October 25, 2018, which is incorporated herein by reference.
- (71) [Severance Agreement by and between Acuity Brands, Inc. and Laurent J. Vernerey dated January 5, 2018.](#) Reference is made to Exhibit 10(iii)A(62) of the registrant's Form 10-K as filed with the Commission on October 25, 2018, which is incorporated herein by reference.
- (72) [Amendment No. 1 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Laurent J. Vernerey.](#) Reference is made to Exhibit 10(b) of the registrant's Form 10-Q as filed with the Commission on January 9, 2019, which is incorporated herein by reference.
- (73) [Change in Control Agreement dated January 5, 2018 by and between Acuity Brands, Inc. and Laurent J. Vernerey.](#) Reference is made to Exhibit 10(iii)A(63) of the registrant's Form 10-K as filed with the Commission on October 25, 2018, which is incorporated herein by reference.
- (74) [Change in Control Agreement dated March 28, 2018, by and between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(81) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (75) [Amendment No. 1 to Acuity Brands, Inc. Change in Control Agreement between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(82) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (76) [Severance Agreement dated March 28, 2020, by and between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(83) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.

- (77) [Amendment No. 1 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(84) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (78) [Amendment No. 2 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(85) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (79) [Amendment No. 3 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Barry R. Goldman.](#) Reference is made to Exhibit 10(iii)A(86) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (80) [Amendment No. 4 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Barry R. Goldman.](#) Filed with the Commission as part of this Form 10-K.
- (81) [Change in Control Agreement dated March 2, 2020, by and between Acuity Brands, Inc. and Dianne S. Mills.](#) Reference is made to Exhibit 10(iii)A(87) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (82) [Severance Agreement dated March 2, 2020, by and between Acuity Brands, Inc. and Dianne S. Mills.](#) Reference is made to Exhibit 10(iii)A(88) of the registrant's Form 10-K as filed with the Commission on October 23, 2020, which is incorporated herein by reference.
- (83) [Amendment No. 1 to Acuity Brands, Inc. Severance Agreement between Acuity Brands, Inc. and Dianne S. Mills.](#) Filed with the Commission as part of this Form 10-K.
- (84) [Form of Indemnification Agreement.](#) Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on February 9, 2010, which is incorporated herein by reference.
- (85) [Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan.](#) Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
- (86) [Acuity Brands, Inc. 2012 Management Cash Incentive Plan.](#) Reference is made to Exhibit B of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
- (87) [Form of Stock Notification and Award Agreement for restricted stock, effective October 24, 2013.](#) Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 29, 2013, which is incorporated herein by reference.
- (88) [Form of Stock Notification and Award Agreement for stock options, effective October 24, 2013.](#) Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (89) [Form of Stock Notification and Award Agreement for restricted stock, effective October 27, 2014.](#) Reference is made to Exhibit 10(iii)A(65) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
- (90) [Form of Stock Notification and Award Agreement for stock options, effective October 27, 2014.](#) Reference is made to Exhibit 10(iii)A(66) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
- (91) [Form of Stock Notification and Award Agreement for stock options, effective April 1, 2016.](#) Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 6, 2016, which is incorporated herein by reference.

(92)	Form of Restricted Stock Award Agreement for U.S. Grantees.	Reference is made to Exhibit 10(iii)A(70) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(93)	Form of Restricted Stock Unit Award Agreement for Non-U.S. Grantees.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 26, 2017, which is incorporated herein by reference.
(94)	Form of Nonqualified Stock Option Award Agreement.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(95)	Form of Nonqualified Stock Option Award Agreement for Named Executive Officers.	Reference is made to Exhibit 10(iii)A(73) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(96)	Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan.	Reference is made to Annex A of the registrant's Proxy Statement as filed with the Commission on November 21, 2017, which is incorporated herein by reference.
(97)	Acuity Brands, Inc. 2017 Management Cash Incentive Plan.	Reference is made to Annex B of the registrant's Proxy Statement as filed with the Commission on November 21, 2017, which is incorporated herein by reference.
(98)	Form of Restricted Stock Award Agreement for U.S. Employees.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
(99)	Form of Restricted Stock Unit Notification and Award Agreement for Non-U.S. Grantees.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
(100)	Form of Restricted Stock Award Agreement for Directors.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
(101)	Acuity Brands, Inc. Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan Global Performance Unit Notification and Award Agreement.	Reference is made to Exhibit 10(iii)A(93) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
(102)	Acuity Brands, Inc. Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan Global Performance Unit Notification and Award Agreement.	Reference is made to Exhibit 10(c) of registrant's Form 10-Q as filed with the Commission on January 7, 2020, which is incorporated herein by reference.
(103)	Acuity Brands, Inc. Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan Global Restricted Stock Unit Notification and Award Agreement.	Reference is made to Exhibit 10(iii)A(94) of the registrant's Form 10-K as filed with the Commission on October 29, 2019, which is incorporated herein by reference.
(104)	Acuity Brands, Inc. Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan Global Restricted Stock Unit Notification and Award Agreement.	Reference is made to Exhibit 10(d) of registrant's Form 10-Q as filed with the Commission on January 7, 2020, which is incorporated herein by reference.
EXHIBIT 21	List of Subsidiaries.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 22	List of Guarantors and Subsidiary Issuers of Guaranteed Securities.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 23	Consent of Independent Registered Public Accounting Firm.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 24	Powers of Attorney.	Filed with the Commission as part of this Form 10-K.

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EXHIBIT 31	(a)	Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-K.
	(b)	Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 32	(a)	Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-K.
	(b)	Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 101	.INS	XBRL Instance Document	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
	.SCH	XBRL Taxonomy Extension Schema Document.	Filed with the Commission as part of this Form 10-K.
	.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed with the Commission as part of this Form 10-K.
	.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed with the Commission as part of this Form 10-K.
	.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed with the Commission as part of this Form 10-K.
	.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed with the Commission as part of this Form 10-K.

Item 16. *Form 10-K Summary*

None.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of October 27, 2021, Acuity Brands, Inc. has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934 (the "Act"): (1) our common stock; and (2) the 2.150% Notes due 2030.

Description of Common Stock

The following summary of certain terms of the common stock of Acuity Brands, Inc. (as used in this section, "we," "our," "us," "Acuity," the "Company," or other such similar references) describes material provisions of, but does not purport to be complete and is subject to, and qualified in its entirety by, our Restated Certificate of Incorporation (as amended, the "Certificate of Incorporation"), our Amended and Restated Bylaws (the "Bylaws"), the forms of which are included as exhibits to the Annual Report on Form 10-K of which this Exhibit 4(d) is also included, as well as the relevant portions of the Delaware General Corporation Law ("DGCL").

Authorized Capital Stock

Under our Articles of Incorporation, the total number of shares of all classes of stock that we have the authority to issue is 550,000,000, of which 500,000,000 are shares of common stock, par value \$.01 per share, and 50,000,000 are shares of preferred stock, par value \$.01 per share. Our outstanding shares are fully paid and non-assessable. Holders of shares of our common stock do not have subscription, redemption, or conversion rights. There are no sinking fund provisions applicable to our common stock.

Voting Rights

The holders of our common stock are entitled to one vote for each share on all matters voted on by stockholders, and the holders of such shares will possess all voting power, except as otherwise required by law or provided in any resolution adopted by our Board of Directors (the "Board") with respect to any series of preferred stock of Acuity. There are no cumulative voting rights. Accordingly, the holders of a majority of the common stock voting for the election of directors in an uncontested election can elect all of the directors, if they choose to do so, subject to any rights of the holders of preferred stock to elect directors.

Dividend Rights

Subject to any preferential or other rights of any outstanding series of preferred stock of Acuity that may be designated by the Board, the holders of the common stock are entitled to receive ratably any dividends as may be declared from time to time by the Board from funds available.

Liquidation Rights

Subject to any preferential or other rights of any outstanding series of preferred stock of Acuity that may be designated by the Board, upon liquidation, holders of our common stock are entitled to receive pro rata all assets of Acuity available for distribution to such holders.

No Preemptive Rights

No holder of any stock of Acuity of any class have any preemptive right to subscribe to any securities of Acuity of any kind or class.

Transfer Agent and Registrar

The Transfer Agent and Registrar for Acuity is Computershare Trust Company N.A.

Preferred Stock

The Board is authorized without further stockholder approval (except as may be required by applicable law or New York Stock Exchange regulations) to provide for the issuance of shares of preferred stock, in one or more series, and to fix for each such series such voting powers, designations, preferences and relative, participating, optional and other special rights, and such qualifications, limitations or restrictions, as are stated in the resolution adopted by the Board providing for the issuance of such series and as are permitted by the DGCL. The terms and rights of any such series may include:

- the designation of the series;
- the number of shares of the series, which number the Board may thereafter, except where otherwise provided in the applicable certificate of designation, increase or decrease, but not below the number of shares thereof then outstanding;
- any dividend rights;
- any liquidation preferences;
- any redemption rights;
- any sinking fund terms;
- any conversion rights;
- any voting rights; and
- any other relative rights, preferences and limitations of such series.

Should the Board elect to exercise this authority, the rights and privileges of holders of shares of the Company's common stock could be made subject to the rights and privileges of any such series of preferred stock. Presently, Acuity has no plans to issue any preferred stock.

Certain Anti-takeover Provisions of Acuity's Certificate of Incorporation, Bylaws and Delaware Law

Our Certificate of Incorporation, Bylaws, and the DGCL contain certain provisions that could delay or make more difficult an acquisition of control of Acuity not approved by the Board, whether by means of a tender offer, open market purchases, a proxy contest, or otherwise. These provisions, which are summarized below, could have the effect of discouraging third parties from making proposals involving an acquisition or change of control of Acuity, although such a proposal, if made, might be considered desirable by a majority of Acuity's stockholders.

Election and Removal of Directors. Our Certificate of Incorporation provides that directors may be removed only for cause and then only by the affirmative vote of the holders of 80% or more of the shares then entitled to vote at an election of directors. Furthermore, any vacancy on the Board, however occurring, including a vacancy resulting from an increase in the size of the Board (other than vacancies and newly created directorships which the holders of any class or classes of stock are expressly entitled by the Certificate of Incorporation to fill), may only be filled by the affirmative vote of a majority of our directors then in office, even if less than a quorum, or by the sole remaining director (and not by stockholders). This system of electing and removing directors generally makes it more difficult for stockholders to replace a majority of our directors.

Stockholder Action, Advance Notification of Stockholder Nominations, and Proposals. Our Certificate of Incorporation provides that stockholder action may be taken only at an annual or special meeting of stockholders and that stockholders may not act by written consent. Our Certificate of Incorporation and Bylaws provide that special meetings of stockholders may be called only by resolution adopted by the whole Board. Stockholders are not permitted to call a special meeting or to require the Board to call a special meeting of stockholders.

Our Bylaws establish advance notice procedures for stockholder proposals to be brought before any annual or special meeting of stockholders and for nominations by stockholders of candidates for election as directors at an annual meeting or a special meeting at which directors are to be elected. Subject to any other applicable requirements, these procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days or more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders. The notice must contain certain information specified in our Bylaws.

These provisions could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Authorized but Unissued Capital Stock. The authorized but unissued shares of our common stock and preferred stock will be available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger, or otherwise. For example, if in the due exercise of its fiduciary

obligations, the Board were to determine that a takeover proposal is not in the best interests of us or our stockholders, the Board could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group.

Amendment to Certificate of Incorporation and Bylaws. The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our Bylaws may be amended or repealed by a majority vote of the Board or, in addition to any other vote otherwise required by law, the holders of at least 80% of the voting power of all of the then outstanding shares of the capital stock entitled to vote generally in the election of directors, voting together as a single class.

Additionally, the approval by holders of at least 80% of the voting power of all of the then outstanding shares of the capital stock entitled to vote on such matter, voting together as a single class, is required to amend or repeal or to adopt any provision inconsistent with Article V, Article VII, Article VIII, Article X or Article XI of our Certificate of Incorporation. These provisions may have the effect of deferring, delaying, or discouraging the removal of any anti-takeover defenses provided for in our Certificate of Incorporation and our Bylaws.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise.

Delaware Takeover Statute. We are subject to the provisions of Section 203 of the DGCL and have adopted additional provisions in our Certificate of Incorporation for the approval, adoption, or authorization of business combinations. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge, exchange, mortgage or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges, or other financial benefits provided by or through the corporation.

In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Pursuant to our Certificate of Incorporation, a "business combination" with an "interested person" requires the affirmative vote or consent of the holders of a majority of the shares of stock entitled to vote in elections of directors, which are not beneficially owned, directly or indirectly, by such interested person. This voting requirement will not be applicable if certain conditions described in our Bylaws are met with respect to a particular business combination.

Our Certificate of Incorporation defines a "business combination" as (a) any merger or consolidation of Acuity or any of its subsidiaries with or into any interested person (regardless of the identity of the surviving corporation); (b) any sale, lease, or other disposition of all or any substantial part of the assets of Acuity or any of its subsidiaries to any interested person for cash or securities or both; or (c) any issuance or delivery of securities of Acuity or any of its subsidiaries (which the beneficial owner shall have the right to vote, or to vote upon exercise, conversion, or by contract) to an interested person in consideration for or in exchange of any securities or other property (including cash).

An “interested person” is defined in our Certificate of Incorporation as any person who beneficially owns, directly or indirectly, 5% or more of the shares of stock of Acuity entitled to vote in elections of directors at the relevant record date.

Limitations of Liability and Indemnification Matters

Our Bylaws limit the liability of our directors to the fullest extent permitted by applicable law and provide that we will indemnify them to the fullest extent permitted by such law. We have also entered into indemnification agreements with our current directors and executive officers and expect to enter into a similar agreement with any new director or executive officer.

Description of Notes

The following description of the terms of the 2.150% Notes due 2030 (the “notes”) does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual terms and provisions of the notes and the Indenture (as defined below). The Indenture is filed as an exhibit to our most recent Annual Report on Form 10-K with the United States Securities and Exchange Commission, and incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the notes or the Indenture, as applicable. As used in this section, the terms “we,” “our,” “us” and “Company” refer solely to Acuity Brands Lighting, Inc. (and not to its parent or subsidiaries or affiliates) and any person that succeeds thereto, and is substituted therefor, under the terms of the Indenture. This description does not restate the Indenture in its entirety. We urge you to read the Indenture for additional information.

General

The notes and the guarantees were issued under an indenture dated November 10, 2020 between Acuity Brands Lighting, Inc. (the “Company”) and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by the first supplemental indenture among the Company, the Guarantors and the Trustee, and an officer’s certificate of certain authorized officers of the Company setting forth the final terms of the notes (together, the “Indenture”).

The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

The Company issued the notes in fully registered form in minimum denominations of \$2,000 and multiples of \$1,000 in excess thereof. The Trustee will initially act as registrar, transfer agent and paying agent for the notes. The notes may be presented for registration of transfer and exchange at the offices of the Trustee. The Company may change the registrar and any transfer agent or paying agent without notice to the Holders. The Company will pay principal (and premium, if any) on the notes at the Trustee’s corporate office in Atlanta, Georgia.

Guarantees

The notes are fully and unconditionally guaranteed by Acuity Parent and ABL IP Holding. The guarantees are senior unsecured obligations of the Guarantors and rank equal with the Guarantors’ senior unsecured debt from time to time outstanding, unless the Guarantors are required by the covenant described under “—Certain Covenants—Limitations on Liens” below to secure the guarantees. The aggregate amount of obligations guaranteed will be reduced to the extent necessary to prevent violation of, or becoming voidable under, applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting creditors generally.

The guarantee of ABL IP Holding will be released:

- (1) in connection with any sale, assignment, exchange, transfer, conveyance or other disposition of all or substantially all of the properties or assets of ABL IP Holding (including by way of merger, consolidation, amalgamation or otherwise) to a Person that is not (either before or after giving effect to such transaction) the Acuity Parent or a Subsidiary of Acuity Parent;
- (2) in connection with any sale, assignment, exchange, transfer, conveyance or other disposition of Capital Stock of ABL IP Holding by way of merger, consolidation, amalgamation or otherwise after which the applicable Guarantor is no longer a Subsidiary of the Acuity Parent; or
- (3) upon defeasance or satisfaction and discharge of the Indenture as provided below under the caption “—Satisfaction, Discharge and Defeasance”.

Principal, Maturity and Interest

The Company issued \$500,000,000 aggregate principal amount of the notes. The notes will mature on December 15, 2030. Interest on the notes accrues at the rate of 2.150% per year. Interest on the notes will be payable semi-annually in arrears on each June 15 and December 15, to the persons who are registered Holders at the close of business on June 1 and December 1, whether or not a business day, immediately preceding the applicable interest payment date.

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the issue date. If any interest payment date, Redemption Date (as defined below), repurchase date or maturity date falls on a day that is not a business day, payment of interest, principal and premium, if any, with respect to such notes will be made on the next business day with the same force and effect as if made on the due date and no interest on such payment will accrue from and after such due date. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

The Company will pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue payments of the principal, repurchase price and redemption price of the notes from time to time on demand at the rate then borne by the notes offered hereby; and the Company will pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue installments of interest, if any (without regard to any applicable grace periods) on the notes offered hereby from time to time on demand at the same rate to the extent lawful.

Further Issues

The Company may from time to time without notice to, or the consent of, any Holder, create and issue additional notes under the Indenture, equal in rank to the notes offered hereby in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes, or except for the first payment of interest following the issue date of such additional notes) so that the additional notes may be consolidated and form a single series with the notes offered hereby and have the same terms as to status, redemption and otherwise as the notes offered hereby.

Listing

The notes are not listed on any securities exchange.

Ranking

The notes are the Company's senior unsecured obligations and:

- rank equally with all of the Company's existing and future senior unsecured indebtedness;
- rank senior to all of the Company's future subordinated indebtedness;
- are effectively subordinated to any existing and future secured indebtedness of the Company to the extent of the collateral securing such indebtedness; and
- are structurally subordinated to indebtedness of Acuity Parent's subsidiaries (other than the Company and ABL IP Holding).

The guarantees are senior unsecured obligations of Acuity Parent and ABL IP Holding and:

- rank equally with all of the Guarantors' existing and future senior unsecured indebtedness;
- rank senior to all of the Guarantors' future subordinated indebtedness; and
- are effectively subordinated to any future secured indebtedness of the Guarantors to the extent of the collateral securing such indebtedness.

Optional Redemption

Prior to September 15, 2030 (the "Par Call Date") (which is three months prior to the maturity date of the notes), the notes are redeemable, in whole or in part, at the Company's option, at any time or from time to time prior to maturity on at least 10 days', but not more than 60 days', prior notice mailed or electronically delivered to the registered address of each Holder (the "Redemption Date"). The redemption price will be equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; and

- the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the Redemption Date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined below) plus 25 basis points,

plus, in each case, accrued interest thereon to, but excluding, the Redemption Date.

In addition, on or after the Par Call Date, we have the right to redeem the notes, at our option, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

For purposes of the optional redemption provisions of the notes, the following terms are applicable:

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed (assuming that such notes matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes (assuming that such notes matured on the Par Call Date).

“Comparable Treasury Price” means, with respect to any Redemption Date, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date after excluding the highest and lowest of such Reference Treasury Dealer Quotations, (2) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations or (3) if only one Reference Treasury Dealer Quotation is received, such quotation.

“Independent Investment Banker” means one of the Reference Treasury Dealers, appointed by us. “Reference Treasury Dealer” means BofA Securities, Inc. and J.P. Morgan Securities LLC and their respective affiliates, and their respective successors and up to two other nationally recognized investment banking firms that are a primary U.S. government securities dealer in the City of New York (a “Primary Treasury Dealer”) as selected by us. If any of the foregoing or their affiliates shall cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third business day preceding such Redemption Date.

“Remaining Scheduled Payments” means, with respect to each note to be redeemed, the remaining scheduled payments of principal of and interest on the note that would be due after the related Redemption Date (calculated as if such notes matured on the Par Call Date) but for the redemption. If that Redemption Date is not an interest payment date with respect to a note, the amount of the next succeeding scheduled interest payment on the note will be reduced by the amount of interest accrued on the note to the Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolation (on a day count basis) of the interpolated Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

On and after any Redemption Date, interest will cease to accrue on the notes or any portion of the notes called for redemption, unless the Company defaults in the payment of the redemption price and accrued interest. On or before any Redemption Date, the Company will deposit with a paying agent or the Trustee money sufficient to pay the redemption price of, and accrued interest on, the notes to be redeemed on that date.

Selection and Notice of Redemption

In the event that the Company chooses to redeem less than all of the notes, selection of the notes for redemption will be made on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No notes of a principal amount of \$2,000 or less shall be redeemed in part. Notice of redemption will be mailed or electronically delivered at least 10 but not more than 60 days before such redemption date to each Holder of notes to be redeemed. Notice of any redemption of notes may, at our discretion, be given subject to one or more conditions precedent, including, but not limited to, completion of a corporate transaction that is pending (such as an equity or equity-linked offering, an incurrence of indebtedness or an acquisition or other strategic transaction involving a change of control in us or another entity). If such redemption is so subject to satisfaction of one or more

conditions precedent, such notice shall describe each such condition, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or otherwise waived on or prior to the business day immediately preceding the relevant redemption date.

We shall notify holders of any such rescission as soon as practicable after we determine that such conditions precedent will not be able to be satisfied or we are not able or willing to waive such conditions precedent.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original note. On and after any Redemption Date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the paying agent or the Trustee funds in satisfaction of the applicable redemption price.

Offer to Repurchase Upon Change of Control Triggering Event

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its right to redeem the notes as described above, the Company is required to make an offer to repurchase all or, at the Holder's option, any part (equal to \$2,000 or any multiple of \$1,000 in excess thereof), of each Holder's notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in the notes. In the Change of Control Offer, the Company will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of repurchase (the "Change of Control Payment").

Within 30 days following any Change of Control Triggering Event, the Company is required to mail or electronically deliver a notice to Holders, with a copy to the Trustee, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or electronically delivered (the "Change of Control Payment Date"), pursuant to the procedures required by the notes and described in such notice. The Company must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the notes as a result of a Change of Control Triggering Event.

On the Change of Control Payment Date, the Company is required, to the extent lawful, to:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the Trustee the notes properly accepted together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being repurchased by it.

The paying agent is required to promptly mail or deliver, to each Holder who properly tendered notes, the repurchase price for such notes, and the Trustee will be required to promptly authenticate and mail or deliver (or cause to be transferred by book-entry) to each such Holder a new note equal in principal amount to any unredeemed portion of the notes surrendered, if any; provided that each new note will be in a principal amount of \$2,000 or a multiple of \$1,000 in excess thereof.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (i) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all notes properly tendered and not withdrawn under its offer or (ii) a notice of redemption relating to the redemption of all of the notes has been given pursuant to the Indenture as described above under the caption "—Optional Redemption" and, in the event that such redemption is subject to one or more conditions precedent, such conditions have been satisfied or waived. In the event that such third party terminates or defaults its offer, the Company will be required to make a Change of Control Offer treating the date of such termination or default as though it were the date of the Change of Control Triggering Event. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Change of Control Offer provisions of the notes, the Company

will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the notes by virtue of any such conflict.

For purposes of the repurchase provisions of the notes, the following terms are applicable:

“Change of Control” means the occurrence of any one of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation, arrangement or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Acuity Parent and its subsidiaries, taken as a whole, to one or more persons, other than to Acuity Parent or one of its subsidiaries; (2) the Company becomes aware of the consummation of any transaction including, without limitation, any merger, amalgamation, arrangement or consolidation the result of which is that any person becomes the beneficial owner, directly or indirectly, of more than 50% of Acuity Parent’s Voting Stock (as defined below); (3) Acuity Parent consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, Acuity Parent, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Acuity Parent or of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of Acuity Parent’s Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person immediately after giving effect to such transaction; or (4) the adoption of a plan relating to Acuity Parent’s liquidation or dissolution. For the purposes of this definition, “person” and “beneficial owner” have the meanings used in Section 13(d) of the Exchange Act.

“Change of Control Triggering Event” means the notes cease to be rated Investment Grade by both Rating Agencies on any date during the period (the “Trigger Period”) commencing on the first public announcement of the Change of Control and ending 60 days following consummation of such Change of Control, which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change; provided that if a Rating Agency making such a reduction in rating publicly announces or confirms or informs the Trustee in writing at the Company’s request that the reduction was not the result, in whole or in part, of any event or circumstance comprised of, or in respect of, the Change of Control (whether or not the applicable Change of Control has occurred at such time) no Change of Control Triggering Event shall be deemed to have occurred. Unless at least one Rating Agency is providing a rating for the notes at the commencement of any Trigger Period, the notes will be deemed to have ceased to be rated Investment Grade during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

“Investment Grade” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s or BBB- (or the equivalent) by S&P and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by us.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Rating Agencies” means (1) each of Moody’s and S&P; and (2) if any of the Rating Agencies ceases to provide rating services to issuers or investors, and no Change of Control Triggering Event has occurred or is occurring, a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act that is selected by Acuity Parent (as certified by a resolution of its board of directors) as a replacement for Moody’s or S&P, or both of them, as the case may be.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Voting Stock” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of “Change of Control” includes a clause relating to the sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the assets of Acuity Parent and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the term “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require us to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Acuity Parent and its subsidiaries taken as a whole to another person may be uncertain in some circumstances.

Mandatory Redemption; Open Market Purchases

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the notes. We may at any time and from time to time purchase notes in the open market or otherwise.

Certain Covenants

The Indenture contains, among others, the following covenants:

Limitations on Liens

Acuity Parent will not, and will not permit any Restricted Subsidiary to, issue, incur, create, assume or guarantee any Indebtedness secured by a Lien upon a Principal Property or upon any Capital Stock or Indebtedness of any Restricted Subsidiary without in any such case effectively providing, concurrently with the issuance, incurrence, creation, assumption or guaranty of any such secured Indebtedness, or the grant of such Lien, that the notes shall be secured equally and ratably with (or, at the option of Acuity Parent, prior to) such secured Indebtedness. The foregoing restriction, however, will not apply to any of the following:

- (1) Liens existing on the Issue Date or provided for under the terms of agreements existing on the Issue Date;
- (2) Liens on property or assets of a person existing at the time it becomes a Subsidiary, securing Indebtedness of such person; provided such Indebtedness was not incurred in connection with such person or entity becoming a Subsidiary and such Liens do not extend to any property or assets other than those of the person becoming a Subsidiary;
- (3) Liens on property or assets of a person existing at the time such person is merged into or consolidated with Acuity Parent or any Restricted Subsidiary, or at the time of a sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of a person to Acuity Parent or any Restricted Subsidiary; provided that such Lien was not incurred in anticipation of the merger, amalgamation, arrangement, consolidation, sale, lease, transfer, conveyance, other disposition or other such transaction by which such person was merged into or consolidated with Acuity Parent or any Restricted Subsidiary;
- (4) Liens on property or assets securing (1) all or any portion of the cost of acquiring, constructing, altering, developing, expanding, improving or repairing any property or assets, real or personal, or improvements used or to be used in connection with the property of Acuity Parent or any Restricted Subsidiary or (2) Indebtedness incurred by Acuity Parent or any Restricted Subsidiary to provide funds for the activities set forth in clause (1) above.
- (5) Liens in favor of Acuity Parent or one or more Restricted Subsidiaries;
- (6) Liens on any property or assets securing (1) Indebtedness incurred in connection with the construction, installation or financing of pollution control or abatement facilities or other form of industrial revenue bond financing or (2) Indebtedness issued or guaranteed by the United States or any State thereof or any department, agency or instrumentality of either;
- (7) Liens for taxes, assessments or government charges or levies not yet due or that are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on Acuity Parent's or any Restricted Subsidiary's books to the extent required by generally accepted accounting principles;
- (8) Lien arising out of consignment or similar arrangements for the sale by Acuity Parent or any Restricted Subsidiaries of goods through third parties in the ordinary course of business;
- (9) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (10) Liens imposed by law, such as landlord's, wage earners', carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business of Acuity Parent or any Restricted Subsidiary that are not more than 60 days past due or that are being contested in good faith by appropriate proceedings;
- (11) Liens to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

- (12) Liens arising under the Employee Retirement Income Security Act of 1974, as amended from time to time, including any rules or regulations promulgated thereunder to secure current service pension liabilities as they are incurred under the provisions of the benefit plans of Acuity Parent and its Restricted Subsidiaries;
- (13) (i) Liens in favor of a trustee with respect to any pension, retirement, deferred compensation, 401(k), or other benefit plan of the Acuity Parent or any Restricted Subsidiary; (ii) Liens arising out of pledges, deposits or statutory trusts in connection with workers' compensation, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation or (iii) Liens incurred in the ordinary course of business securing liability for reimbursement or indemnification obligations of insurance carriers providing property, casualty or liability insurance to Acuity Parent or any Restricted Subsidiary in respect of such obligations.;
- (14) utility easements, building restrictions, zoning restrictions, rights-of-way and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and that do not in any material way affect the marketability of the same or interfere with the use thereof in the ordinary course of business of Acuity Parent or any Restricted Subsidiary;
- (15) Liens arising under operating agreements or similar agreements entered into in the ordinary course of business in respect of obligations that are not yet due or that are being contested in good faith by appropriate proceedings;
- (16) Liens on personal property (excluding the Capital Stock of any Restricted Subsidiary) securing Indebtedness of Acuity Parent or any Restricted Subsidiary, other than Indebtedness that matures more than 12 months after its creation, incurred in the ordinary course of business;
- (17) Liens that secure a judgment or other court-ordered award or settlement as to which the Acuity Parent or any Restricted Subsidiary has not exhausted its appellate rights;
- (18) Liens to secure Hedging Obligations;
- (19) Liens to secure any extension, renewal, refinancing or refunding (or successive extensions, renewals, refinancings or refundings), in whole or in part, of any Indebtedness secured by Liens referred to above, so long as such Lien is limited to all or part of substantially the same property that secured the Lien extended, renewed or replaced, and the amount of Indebtedness secured is not increased (other than by the amount equal to any costs and expenses (including any premium, fees or penalties) incurred in connection with any extension, renewal, refinancing or refunding); and
- (20) Liens in favor of the trustee for amounts payable to the trustee under the Indenture.

Notwithstanding the restrictions in the preceding paragraph, Acuity Parent and the Restricted Subsidiaries are permitted to incur Indebtedness, secured by Liens otherwise prohibited by this covenant, which, together with the value of Attributable Debt outstanding pursuant to the second paragraph of the "—Limitation on Sale and Lease-Back Transactions" covenant below, do not exceed 15% of Consolidated Net Tangible Assets measured at the date of incurrence of the Lien.

Limitation on Sale and Lease-Back Transactions

Acuity Parent will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Lease- Back Transaction with respect to any Principal Property, other than any such Sale and Lease-Back Transaction involving a lease for a term of not more than three years or any such Sale and Lease-Back Transaction between Acuity Parent and one of the Restricted Subsidiaries or between the Restricted Subsidiaries, unless:

- (1) Acuity Parent or such Restricted Subsidiary would be entitled to incur Indebtedness secured by a Lien on the Principal Property involved in such Sale and Lease-Back Transaction at least equal in amount to the Attributable Debt with respect to such Sale and Lease-Back Transaction, without equally and ratably securing the notes, pursuant to the "—Limitation on Liens" covenant above; or
- (2) the proceeds of such Sale and Lease-Back Transaction are at least equal to the fair market value of the affected Principal Property (as determined in good faith by Acuity Parent's board of directors) and Acuity Parent or such Restricted Subsidiary applies an amount equal to the net proceeds of such Sale and Lease-Back Transaction within 12 months of such Sale and Lease-Back Transaction to any (or a combination) of:
 - (a) the prepayment or retirement of the notes;

- (b) the prepayment, retirement or defeasance (other than any mandatory retirement, mandatory prepayment or sinking fund payment or by payment at maturity) of other Indebtedness of Acuity Parent or of one of the Restricted Subsidiaries (other than Indebtedness that is subordinated to the notes or Indebtedness owed to Acuity Parent or one of the Restricted Subsidiaries) that matures more than 12 months after its creation; or
- (c) the acquisition, construction, alteration, development, expansion, improvement or repair of other property used or to be used in the ordinary course of business of Acuity Parent or a Restricted Subsidiary; provided, that for purposes of this clause (c), any amounts expended to acquire, construct, alter, develop, expand, improve or repair such other property during the six months preceding such Sale and Lease-Back Transaction may also be applied as a credit against the net proceeds from the Sale and Lease-Back Transaction.

Notwithstanding the restrictions in the preceding paragraph, Acuity Parent and the Restricted Subsidiaries are permitted to enter into Sale and Lease-Back Transactions otherwise prohibited by this covenant, which, together with all Indebtedness outstanding pursuant to the second paragraph of the "—Limitation on Liens" covenant above, do not exceed 15% of Consolidated Net Tangible Assets measured at the closing date of the Sale and Lease-Back Transaction.

Limitation on Mergers and Other Transactions

The Company may not merge into or consolidate with or sell, lease, transfer, convey or otherwise dispose of its properties and assets substantially as an entirety to any person or persons unless:

- (1) the successor entity is a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia;
- (2) the successor corporation assumes by supplemental indenture all of the obligations of the Company under the Indenture;
- (3) immediately after giving effect to the transaction, no event of default will have occurred and be continuing; and
- (4) an officer's certificate is delivered to the Trustee to the effect that the conditions set forth above have been satisfied and an opinion of counsel has been delivered to the Trustee to the effect that the first condition set forth above has been satisfied.

Acuity Parent may not merge into or consolidate with or sell, lease, transfer, convey or otherwise dispose its properties substantially as an entirety to any person or persons unless:

- (1) the successor entity is a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia;
- (2) the successor corporation assumes by supplemental indenture all of Acuity Parent's obligations under the Indenture, including as guarantor;
- (3) immediately after giving effect to the transaction, no event of default will have occurred and be continuing; and
- (4) an officer's certificate is delivered to the Trustee to the effect that the conditions set forth above have been satisfied and an opinion of counsel has been delivered to the Trustee to the effect that the first condition set forth above has been satisfied.

The restrictions above shall not be applicable to:

- the merger, amalgamation, arrangement or consolidation of the Company or Acuity Parent with an affiliate of Acuity Parent if Acuity Parent's board of directors determines in good faith that the purpose of such transaction is principally to change the state of incorporation or convert the form of organization to another form; or
- the merger of the Company or Acuity Parent with or into a single direct or indirect wholly owned subsidiary of Acuity Parent pursuant to Section 251(g) (or any successor provision) of the Delaware General Corporation Law.

In the case of any such merger, amalgamation, arrangement, consolidation, sale, transfer, conveyance or other disposition, but not a lease, in a transaction in which there is a successor entity, the successor entity will succeed to,

and be substituted for, the Company or Acuity Parent, as the case may be, under the Indenture and, subject to the terms of the Indenture, the Company or Acuity Parent, as the case may be, will be released from its obligations under the Indenture. Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company or a limited partnership, or an allocation of assets to a series of a limited liability company or a limited partnership (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company or a limited partnership shall constitute a separate person hereunder (and each division of any limited liability company or any limited partnership that is a Subsidiary, joint venture or any other like term shall also constitute such a person or entity).

Events of Default

The following are "Events of Default" with respect to the notes:

- (1) the failure to pay interest on the notes when the same becomes due and payable, and the Default continues for a period of 30 days;
- (2) the failure to pay the principal (or premium, if any) of the notes, when such principal (or premium, if any) becomes due and payable, at maturity, upon acceleration, upon redemption or otherwise;
- (3) a Default in the observance or performance of any other covenant or agreement contained in the Indenture, and the Default continues for a period of 90 days after the Company receives written notice specifying the Default (and demanding that such Default be remedied) from the Trustee or the Holders holding at least 25% of the outstanding principal amount of the notes;
- (4) failure to pay at maturity, or upon acceleration of, any Indebtedness of Acuity Parent, the Company and/ or any Significant Subsidiary of Acuity Parent at any one time in an amount in excess of \$50.0 million, if the Indebtedness is not discharged or the acceleration is not annulled within 90 days after written notice to the Company by the Trustee or the Holders holding at least 25% in principal amount of the outstanding notes;
- (5) except as permitted by the Indenture, any guarantee of the notes is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor denies or disaffirms its obligations under its guarantee of the notes; or
- (6) certain events of bankruptcy or insolvency affecting Acuity Parent, the Company or any Significant Subsidiary of Acuity Parent.

If an Event of Default (other than an Event of Default specified in clause (5) above), shall occur and be continuing, the Trustee or the Holders holding at least 25% of the principal amount of the notes may declare the principal of and accrued interest on the notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that it is a "notice of acceleration," and the same shall become immediately due and payable.

Notwithstanding the foregoing, if an Event of Default specified in clause (5) above occurs and is continuing, then all unpaid principal of and premium, if any, and accrued and unpaid interest on the notes shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Indenture provides that, at any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the Holders holding a majority in principal amount of the notes may rescind and cancel such declaration and its consequences if:

- (1) the rescission would not conflict with any judgment or decree;
- (2) all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- (4) the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereto. Holders holding a majority in principal amount of the notes may waive any existing Default or Event of Default and its consequences, except a Default in the payment of the principal of or interest on the notes.

Holders may not enforce the Indenture except as provided in the Indenture and under the Trust Indenture Act. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders. No Holder shall have any right to institute any proceeding with respect to any remedy available under the Indenture unless such Holder or Holders have offered to the Trustee indemnity satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders holding a majority in the principal amount of the notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. Nothing herein shall impair the right of a Holder to institute suit for the enforcement of any payment on or with respect to the notes.

The Company will be required to provide an officer's certificate to the Trustee promptly upon any such officer obtaining knowledge of any Default or Event of Default (provided that such officers shall provide such certification at least annually whether or not they know of any Default or Event of Default) that has occurred and, if applicable, describe such Default or Event of Default and the status thereof.

No Personal Liability of Directors, Officers, Employees, Incorporator and Stockholders

No director, officer, employee, incorporator, agent, stockholder, member or affiliate of Acuity Parent or any of its Subsidiaries, as such, shall have any liability for any obligations of Acuity Parent or any of its Subsidiaries under the notes, the guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder, by accepting a note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the notes.

Certain Definitions

The following is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the definition of all terms used herein for which no definition is provided.

"Attributable Debt" means, with respect to a Sale and Lease-Back Transaction with respect to any Principal Property, at the time of determination, the present value of the total net amount of rent (for the avoidance of doubt, "net amount of rent" excludes amounts required to be paid on account of maintenance and repairs, reconstruction insurance, taxes, assessments, water rates and similar charges and contingent rates, such as those based on net sales) required to be paid under such lease during the remaining term thereof (including any period for which such lease has been extended), discounted at the rate of interest set forth or implicit in the terms of such lease (or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the notes then outstanding under the Indenture) compounded semi-annually. In the case of any lease that is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of (x) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be so terminated) or (y) the net amount determined assuming no such termination.

"Capital Stock" means:

- (1) with respect to any person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of common stock and preferred stock of such person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and
- (2) with respect to any person that is not a corporation, any and all partnership, membership or other equity interests of such person, and all options, warrants or other rights to purchase or acquire any of the foregoing.

"Consolidated Net Tangible Assets" means, as of any date on which Acuity Parent or a Restricted Subsidiary effects a transaction requiring such Consolidated Net Tangible Assets to be measured hereunder, the aggregate amount of assets (less applicable reserves) after deducting therefrom: (1) all current liabilities, except for current maturities of long-term debt and obligations under capital leases; and (2) intangible assets (including goodwill), to the extent included in said aggregate amount of assets, all as set forth on the most recent consolidated balance sheet of

Acuity Parent and its subsidiaries and computed in accordance with generally accepted accounting principles in the United States of America applied on a consistent basis.

“Default” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“Hedging Obligations” means:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk;
- (3) other agreements or arrangements designed to protect against fluctuations in currency exchange rates or commodity prices; and
- (4) other agreements or arrangements designed to protect against fluctuations in equity prices.

“Indebtedness” means with respect to any person, without duplication:

- (1) all obligations of such person for borrowed money; and
- (2) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments.

“Issue Date” means the date of original issuance of the notes but not any additional debt securities.

“Lien” means any lien, mortgage, deed of trust, hypothecation, pledge, security interest, charge or encumbrance of any kind.

“Principal Property” means any manufacturing plant or facility located within the United States of America (other than its territories or possessions) owned by Acuity Parent or any Restricted Subsidiary which in the good faith opinion of Acuity Parent’s board of directors, is of material importance to the total business conducted by Acuity Parent and the Restricted Subsidiaries as a whole.

“Restricted Subsidiary” means any Subsidiary of Acuity Parent (1) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States of America (not including its territories and possessions) and (2) that owns a Principal Property; provided that the term “Restricted Subsidiary” will not include any Subsidiary that is principally engaged in financing the operations of Acuity Parent, or its Subsidiaries, or both, outside of the United States of America.

“Sale and Lease-Back Transaction” means any arrangement with any person providing for the leasing by us of any Principal Property, whether now owned or hereafter acquired, which Principal Property has been or is to be sold or transferred by us to such person.

“Significant Subsidiaries” means any Subsidiary that is a “significant subsidiary” within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act.

“Subsidiary” means any corporation, limited liability company, limited partnership or other similar type of business entity in which Acuity Parent and/or one or more of its Subsidiaries together own more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors or similar governing body of such corporation, limited liability company, limited partnership or other similar type of business entity, directly or indirectly.

Modification of the Indenture

From time to time, the Company, the Guarantors and the Trustee, without the consent of the Holders, may amend the Indenture and the terms of the notes for certain specified purposes, including:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- (4) to evidence and provide for the acceptance of appointment by a successor Trustee;

- (5) to conform the terms of the Indenture, the notes and/or the guarantees to any provision or other description of the notes or guarantees, as the case may be, contained in this prospectus supplement;
- (6) to provide for the assumption by a successor corporation, partnership, trust or limited liability company of the Company's or the Guarantors' obligations under the Indenture and the notes, in each case in compliance with the provisions thereof;
- (7) to provide for the issuance of any additional notes under the Indenture;
- (8) to comply with the rules of any applicable securities depository;
- (9) to make any change that would provide any additional rights or benefits to the Holders (including to secure the notes, add guarantees with respect thereto, transfer any property to or with the Trustee, add to the Company's covenants for the benefit of the Holders, add any additional events of default for the notes, or surrender any right or power conferred upon the Company or the Guarantors) or that does not adversely affect the legal rights hereunder of any Holder in any material respect;
- (10) change or eliminate any restrictions on the payment of principal or premium, if any, on notes in registered form; provided that any such action shall not adversely affect the interests of the Holders in any material respect; or
- (11) supplement any provision of the Indenture as shall be necessary to permit or facilitate the defeasance and discharge of the notes in accordance with the Indenture; provided that such action shall not adversely affect the interests of any of the Holders in any material respect.

In formulating its opinion on such matters, the Trustee will be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an opinion of counsel. Other modifications and amendments of the Indenture may be made with the consent of the Holders holding a majority in principal amount of all then outstanding notes, except that, without the consent of each Holder, no amendment may:

- (1) reduce the principal amount of outstanding notes whose Holders must consent to an amendment;
- (2) reduce the rate of, change or have the effect of changing the time for payment of interest, including defaulted interest, on the notes;
- (3) reduce the principal of, change or have the effect of changing the fixed maturity of the notes, or change the date on which the notes may be subject to redemption or repurchase or reduce the redemption price or repurchase price therefor;
- (4) make the notes payable in currency other than that stated in the notes or change the place of payment of the notes from that stated in the notes or in the Indenture;
- (5) make any change in provisions of the Indenture protecting the right of each Holder to receive payment of principal of and interest on the notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders holding a majority in principal amount of the notes to waive Defaults or Events of Default;
- (6) make any change to or modify in any manner adverse to the Holders the terms and conditions of the obligations of the Guarantors under the guarantees;
- (7) make any change to or modify the ranking of the notes that would adversely affect the Holders; or
- (8) make any change in these amendment and waiver provisions.

Satisfaction, Discharge and Defeasance

The Company and the Guarantors may terminate their obligations under the Indenture, when:

- (1) either:
 - (a) all the notes that have been authenticated and delivered have been delivered to the Trustee for cancellation; or
 - (b) all the notes issued that have not been delivered to the Trustee for cancellation have become due and payable or will become due and payable at their stated maturity within one year ("discharge") or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by such Trustee in the Company's name and at the Company's

expense, and the Company has deposited or caused to be deposited with the Trustee sufficient funds to pay and discharge the entire Indebtedness on the notes to pay principal (and premium, if any), interest and any additional amounts;

- (2) the Company has paid or caused to be paid all other sums then due and payable under the Indenture; and
- (3) the Company has delivered to the Trustee an officer's certificate or an opinion of counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

The Company and the Guarantors may elect to have their obligations under the Indenture discharged with respect to the outstanding notes ("legal defeasance"). Legal defeasance means that the Company will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding notes and to have satisfied all of its obligations under the notes and the Indenture, except for:

- (1) the rights of holders of the notes to receive principal (and premium, if any), interest, if any, on the notes and any additional amounts when due;
- (2) the Company's obligations with respect to the notes concerning the issuance of temporary notes; registration and transfer of notes; replacement of mutilated, destroyed, lost or stolen notes; compensation of the Trustee from time to time for its services rendered under the Indenture; maintenance of an office or agency for payment; and holding in trust sums sufficient for the payment of additional amounts, if any;
- (3) the rights, powers, trusts, duties and immunities of the Trustee; and
- (4) the legal defeasance provisions of the Indenture.

In addition, the Company and the Guarantors may elect to have their obligations released with respect to certain covenants in the Indenture ("covenant defeasance"). Any failure to comply with these obligations will not constitute an Event of Default with respect to the notes. In the event covenant defeasance occurs, certain events (not including non-payment, bankruptcy and insolvency events) described under "— Events of Default" will no longer constitute an event of default.

In order to exercise either legal defeasance or covenant defeasance with respect to outstanding notes:

- (1) the Company or the Guarantors must irrevocably have deposited or caused to be deposited with the Trustee as trust funds for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to the benefit of the Holders:
 - (a) money in dollars or in such foreign currency in which the notes are payable in at stated maturity;
 - (b) non-callable U.S. government obligations; or
 - (c) a combination of money and non-callable U.S. government obligations,

in each case sufficient without reinvestment, in the written opinion of a nationally recognized firm of independent public accountants to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of (and premium, if any) and interest on the outstanding notes on the day on which such payments are due and payable in accordance with the terms of the Indenture and of the notes. Before such deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of any notes at a future date in accordance with any redemption provisions contained in any supplemental indenture relating to such notes, which shall be given effect in applying the foregoing;

- (2) in the case of legal defeasance, the Company has delivered to the Trustee an opinion of counsel to the effect that (i) the Company shall have received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of the Indenture there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;
- (3) in the case of covenant defeasance, the Company has delivered to the Trustee an opinion of counsel to the effect that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to the same federal income tax as would be the case if the covenant defeasance had not occurred;

- (4) no Event of Default or event with which notice of lapse of time or both would become an Event of Default with respect to the notes has occurred and is continuing at the time of such deposit;
- (5) such legal defeasance or covenant defeasance will not cause the Trustee to have a conflicting interest for the purposes of the Trust Indenture Act with respect to any of the Company's or the Guarantors' securities;
- (6) such legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company or the Guarantors are a party, or by which the Company or the Guarantors are bound;
- (7) such legal defeasance or covenant defeasance will not cause any securities listed on any registered national stock exchange under the Exchange Act to be delisted;
- (8) such legal defeasance or covenant defeasance will be effected in compliance with any additional terms, conditions or limitations which may be imposed on the Company or the Guarantors in connection therewith; and
- (9) the Company has delivered to the Trustee an officer's certificate and an opinion of counsel stating that all conditions precedent with respect to such legal defeasance or covenant defeasance have been complied with.

Governing law

The Indenture provides that it, the Notes and the guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Trustee

U.S. Bank National Association is the Trustee under the Indenture, with its corporate trust office at Global Corporate Trust Services, 1349 W. Peachtree St. NW, Ste. 1050, Atlanta, GA 30309.

**AMENDMENT NO. 4
TO
ACUITY BRANDS, INC.
SEVERANCE AGREEMENT**

THIS AMENDMENT made and entered into as of October 25, 2021, by and between ACUITY BRANDS, INC. (the “Company”) and Barry R. Goldman (“Executive”);

WITNESSETH

WHEREAS, the Company and Executive entered into a Severance Agreement, dated as of March 28, 2019 (“Severance Agreement”) and amended as of May 28, 2019, August 20, 2019 and October 24, 2019, providing for the payment of certain compensation and benefits to Executive if Executive’s employment is terminated under certain circumstances; and

WHEREAS, the parties now desire to amend the Severance Agreement in the manner hereinafter provided;

NOW, THEREFORE, the Severance Agreement is hereby amended, as follows:

1. Section 4.2 is hereby amended by deleting “75%” from clause (i) and substituting “100%” in lieu thereof.
2. This Amendment to the Severance Agreement shall be effective as of the date of this Amendment. Except as hereby modified, the Severance Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date(s) written below.

COMPANY

EXECUTIVE

/s/ BARRY R. GOLDMAN

Barry R. Goldman

ACUITY BRANDS, INC.

By: /s/ NEIL M. ASHE

NEIL M. ASHE

Chairman, President and
Chief Executive Officer

**AMENDMENT NO. 1
TO
SEVERANCE AGREEMENT**

THIS AMENDMENT made and entered into as of October 25, 2021, by and between ACUITY BRANDS, INC. (the “Company”) and Dianne S. Mills (“Executive”);

WITNESSETH

WHEREAS, the Company and Executive entered into a Severance Agreement, dated as of March 2, 2020 (the “Severance Agreement”), providing for the payment of certain compensation and benefits to Executive if Executive’s employment is terminated under certain circumstances; and

WHEREAS, the parties now desire to amend the Severance Agreement in the manner hereinafter provided;

NOW, THEREFORE, the Severance Agreement is hereby amended, as follows:

1. Section 4.2 is hereby amended by deleting “75%” from clause (i) and substituting “100%” in lieu thereof.
 2. This Amendment to the Severance Agreement shall be effective as of the date of this Amendment. Except as hereby modified, the Severance Agreement shall remain in full force and effect.
- IN WITNESS WHEREOF, the parties have executed this Amendment on the date(s) written below.

EXECUTIVE

/s/ DIANNE S. MILLS
DIANNE S. MILLS

COMPANY

ACUITY BRANDS, INC.

By: /s/ NEIL M. ASHE
NEIL M. ASHE
Chairman, President and
Chief Executive Officer

**List of Subsidiaries
Acuity Brands, Inc.
As of August 31, 2021**

Subsidiary or Affiliate	Principal Location	State or Other Jurisdiction of Incorporation or Organization
A to Z Manufacturing LLC	Tucson, Arizona	Arizona
AB BMS C.V.	Cayman Islands	Netherlands
AB Netherlands Holdings LLC	Atlanta, Georgia	Delaware
ABL IP Holding LLC	Atlanta, Georgia	Georgia
Acuity Aviation LLC	Atlanta, Georgia	Georgia
Acuity Brands BMS B.V.	Amsterdam, the Netherlands	Netherlands
Acuity Brands Insurance (Bermuda) Ltd.	Hamilton, Bermuda	Bermuda
Acuity Brands Lighting, Inc.	Atlanta, Georgia	Delaware
Acuity Brands Lighting Canada, Inc.	Markham, Ontario	Canada
Acuity Brands Lighting (Hong Kong) Ltd.	Hong Kong	Hong Kong
Acuity Brands Lighting de Mexico, S. de R.L. de C.V.	Monterrey, Nuevo Leon	Mexico
Acuity Brands Netherlands B.V.	Eindhoven, the Netherlands	Netherlands
Acuity Brands Services, Inc.	Atlanta, Georgia	Delaware
Acuity Brands Technology Services, Inc.	Atlanta, Georgia	Delaware
Acuity Mexico Holdings, LLC	Atlanta, Georgia	Delaware
Acuity Brands Mexico Holdings II LLC	Atlanta, Georgia	Delaware
Acuity Trading (Shanghai) Co. Ltd.	Shanghai, China	Shanghai
Amerillum, LLC	Atlanta, Georgia	California
Arizona (Tianjin) Electronics Trade Co., Ltd	Tianjin, Peoples Republic of China	Peoples Republic of China
Arizona Trading Company Ltd	Hong Kong	Hong Kong
Castlight de Mexico, S.A. de C.V.	Matamoros, Tamaulipas	Mexico
Distech Controls Inc.	Brossard, Quebec, Canada	British Columbia, Canada
Distech Controls Facility Solutions Inc.	Ottawa, Ontario, Canada	Ontario, Canada
Distech Controls Energy Services (Canada) Inc.	Brossard, Quebec, Canada	Quebec, Canada
Distech Controls SAS	Brindas, France	France
Distech Controls USA Inc.	Atlanta, Georgia	Delaware
Distech Controls Energy Services, Inc.	Atlanta, Georgia	Texas
eldoLAB Holding B.V.	Eindhoven, the Netherlands	Netherlands
eldoLED B.V.	Eindhoven, the Netherlands	Netherlands
EXY Poland sp. z o.o.	Warsaw, Poland	Poland
Holophane S.A. de C.V.	Monterrey, Nuevo Leon	Mexico
Holophane Europe Ltd.	Milton Keynes, England	United Kingdom
Holophane Lighting Ltd.	Milton Keynes, England	United Kingdom
HSA Acquisition Company, LLC	Atlanta, Georgia	Ohio
ID Limited	Douglas, Isle of Man	Isle of Man
Luminaire LED, LLC	Atlanta, Georgia	Delaware
Luxfab Ltd	Milton Keynes, England	United Kingdom
Rockpile Ventures, Inc.	Seattle, Washington	Delaware
The Luminaires Group Inc.	Montreal, Quebec, Canada	Quebec, Canada
The Luminaires Group U.S.A., LLC	Atlanta, Georgia	Delaware

List of Guarantors and Subsidiary Issuers of Guaranteed Securities

Acuity Brands Lighting, Inc., a Delaware corporation, is the issuer of the 2.150% Notes due 2030, that are fully and unconditionally guaranteed by Acuity Brands, Inc. (the "Company") and the following subsidiary of the Company.

Subsidiary Name	State or Country of Incorporation or Formation
ABL IP Holding LLC	Georgia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-249656) of Acuity Brands, Inc., Acuity Brands Lighting, Inc., and ABL IP Holding LLC,
- (2) Registration Statement (Form S-8 No. 333-74242) pertaining to the Acuity Brands, Inc. 401(k) Plan, Acuity Lighting Group, Inc. 401(k) Profit Sharing Retirement Plan for Salaried Employees, Acuity Lighting Group, Inc. 401(k) Plan for Hourly Employees, Holophane Division of Acuity Lighting Group 401(k) Plan for Hourly Employees, and Holophane Division of Acuity Lighting Group 401(k) Plan for Hourly Employees Covered by a Collective Bargaining Agreement,
- (3) Registration Statement (Form S-8 No. 333-74246) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan, Acuity Brands, Inc. Employee Stock Purchase Plan, and Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan,
- (4) Registration Statement (Form S-8 No. 333-123999) pertaining to the Acuity Brands, Inc. 401(k) Plan,
- (5) Registration Statement (Form S-8 No. 333-126521) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan (as amended and restated),
- (6) Registration Statement (Form S-8 No. 333-138384) pertaining to the Acuity Brands, Inc. 2005 Supplemental Deferred Savings Plan, and Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan (as amended and restated),
- (7) Registration Statement (Form S-8 No. 333-152134) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan (as amended and restated),
- (8) Registration Statement (Form S-8 No. 333-179243) pertaining to the Acuity Brands, Inc. 2011 Nonemployee Director Deferred Compensation Plan,
- (9) Registration Statement (Form S-8 No. 333-185971) pertaining to the Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan, and
- (10) Registration Statement (Form S-8 No. 333-222510) pertaining to the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan;

of our reports dated October 27, 2021, with respect to the consolidated financial statements of Acuity Brands, Inc. and the effectiveness of internal control over financial reporting of Acuity Brands, Inc. included in this Annual Report (Form 10-K) of Acuity Brands, Inc. for the year ended August 31, 2021.

/s/ Ernst & Young LLP
Atlanta, Georgia
October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ W. Patrick Battle
W. Patrick Battle

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Mark J. Sachleben _____
Mark J. Sachleben

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ G. Douglas Dillard, Jr
G. Douglas Dillard, Jr

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ James H. Hance, Jr.
James H. Hance, Jr.

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Maya Leibman
Maya Leibman

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Laura G. O'Shaughnessy _____
Laura G. O'Shaughnessy

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Dominic J. Pileggi _____
Dominic J. Pileggi

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Ray M. Robinson
Ray M. Robinson

Dated: October 27, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Neil M. Ashe and Karen J. Holcom, and each of them individually, his or her true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for the undersigned in his or her name, place, and stead in his or her capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended August 31, 2021, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Mary A. Winston
Mary A. Winston

Dated: October 27, 2021

I, Neil M. Ashe, certify that:

1. I have reviewed this annual report on Form 10-K of Acuity Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2021

/s/ Neil M. Ashe

Neil M. Ashe

Chairman, President and Chief Executive Officer

[A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act has been provided to Acuity Brands, Inc., and will be retained by Acuity Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.]

I, Karen J. Holcom, certify that:

1. I have reviewed this annual report on Form 10-K of Acuity Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2021

/s/ Karen J. Holcom

Karen J. Holcom

Senior Vice President and Chief Financial Officer

[A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act has been provided to Acuity Brands, Inc., and will be retained by Acuity Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.]

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Annual Report on Form 10-K of Acuity Brands, Inc. (the "Corporation") for the year ended August 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman, President and Chief Executive Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Neil M. Ashe

Neil M. Ashe

Chairman, President and Chief Executive Officer

October 27, 2021

[A signed original of this written statement required by Section 906 has been provided to Acuity Brands, Inc., and will be retained by Acuity Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.]

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Annual Report on Form 10-K of Acuity Brands, Inc. (the "Corporation") for the year ended August 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Senior Vice President and Chief Financial Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Karen J. Holcom

Karen J. Holcom

Senior Vice President and Chief Financial Officer

October 27, 2021

[A signed original of this written statement required by Section 906 has been provided to Acuity Brands, Inc., and will be retained by Acuity Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.]