



## Press Release

October 27, 2023

### **Signify reports third quarter sales of EUR 1.6 billion, operational profitability of 10.7% and a free cash flow of EUR 152 million**

#### **Third quarter 2023<sup>1</sup>**

- Signify's installed base of connected light points increased from 119 million in Q2 23 to 121 million in Q3 23
- Reached the 2025 target for circular revenues in Brighter Lives, Better World 2025 sustainability program
- Sales of EUR 1,649 million; nominal sales decline of -13.8% and CSG of -7.8%
- LED-based sales represented 85% of total sales (Q3 22: 83%)
- Adj. EBITA margin of 10.7% (Q3 22: 10.4%)
- Net income of EUR 83 million (Q3 22: EUR 112 million)
- Free cash flow of EUR 152 million (Q3 22: EUR 135 million)

**Eindhoven, the Netherlands** – Signify (Euronext: LIGHT), the world leader in lighting, today announced the company's third quarter 2023 results.

“In the third quarter, we continued to recover our gross margin, which is a 2023 priority. Operating margin and free cash flow growth were in line with our expectations. While we see persistent weakness in China, in the connected consumer and LED electronics businesses, we gained market share in the professional segment, driven by strong demand for connected systems and services. We are also pleased to report that we have been able to bring our Conventional Products division back to its historical performance levels,” said Eric Rondolat, CEO of Signify.

“With the visibility we have into the final quarter, we confirm our guidance for the full year. However, we expect macroeconomic external factors to continue to put pressure on our topline in the quarters ahead. We are well positioned by the cost reduction actions that began earlier this year. Further structural measures will be implemented through Q1 2024 to improve our efficiency, speed of execution, and enhance our focus on the growth opportunities presented by the accelerating transition to ultra-efficient LED and connected lighting technologies.”

<sup>1</sup>This press release contains certain non-IFRS financial measures and ratios, such as comparable sales growth, EBITA, adjusted EBITA and free cash flow, and related ratios, which are not recognized measures of financial performance or liquidity under IFRS. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures, see appendix B, Reconciliation of non-IFRS financial measures, of this press release.

## Brighter Lives, Better World 2025

In the third quarter of the year, Signify was on track to deliver on three of its [Brighter Lives, Better World 2025 sustainability program](#) commitments:

### **Double the pace of the Paris Agreement**

Signify is on track to reduce emissions across the entire value chain by 40% against the 2019 baseline - double the pace required by the Paris Agreement. This is driven by Signify's leadership in energy efficient and connected LED lighting solutions, which significantly reduce emissions during the use phase.

### **Double Circular revenues**

Circular revenues increased to 32%, hitting the 2025 target of 32%. The main contribution was from serviceable and upgradeable luminaires, with a strong performance from Cooper this quarter.

### **Double Brighter lives revenues**

Brighter lives revenues increased to 31%, on track to reach the 2025 target of 32%. This was driven by a strong performance from tunable products that support well-being.

### **Double the percentage of women in leadership**

The percentage of women in leadership positions decreased to 29%, slightly off track to reach the 2025 target of 34%. Actions to increase women in leadership positions continue, including focused hiring practices for diversity across all levels, and through retention and engagement actions to reduce attrition.

## Outlook

Signify confirms its guidance for the full year 2023. The company expects an Adjusted EBITA margin of 9.5-10.5% and free cash flow generation at the higher end of the 6-8% range.

## Financial review

Third quarter				Nine months		
2022	2023	change	<i>in millions of EUR, except percentages</i>	2022	2023	change
		<b>-7.8%</b>	<b>Comparable sales growth</b>			<b>-8.5%</b>
		-6.2%	<i>Effects of currency movements</i>			-2.7%
		0.2%	<i>Consolidation and other changes</i>			1.1%
<b>1,912</b>	<b>1,649</b>	-13.8%	<b>Sales</b>	<b>5,536</b>	<b>4,970</b>	-10.2%
713	654	-8.3%	Adjusted gross margin	2,072	1,953	-5.8%
<b>37.3%</b>	<b>39.7%</b>		<b>Adj. gross margin (as % of sales)</b>	<b>37.4%</b>	<b>39.3%</b>	
-471	-431		Adj. SG&A expenses	-1,392	-1,346	
-75	-66		Adj. R&D expenses	-219	-209	
-546	-498	-8.9%	Adj. indirect costs	-1,611	-1,555	-3.5%
<b>28.6%</b>	<b>30.2%</b>		<b>Adj. indirect costs (as % of sales)</b>	<b>29.1%</b>	<b>31.3%</b>	
199	177	-11.3%	Adjusted EBITA	560	461	-17.6%
<b>10.4%</b>	<b>10.7%</b>		<b>Adjusted EBITA margin</b>	<b>10.1%</b>	<b>9.3%</b>	
-6	-26		Adjusted items	118	-121	
193	151	-21.9%	EBITA	678	341	-49.7%
<b>161</b>	<b>131</b>	<b>-18.2%</b>	<b>Income from operations (EBIT)</b>	<b>582</b>	<b>280</b>	<b>-51.8%</b>
-17	-22		Net financial income/expense	-12	-84	
-32	-26		Income tax expense	-123	-41	
<b>112</b>	<b>83</b>	<b>-25.5%</b>	<b>Net income</b>	<b>447</b>	<b>156</b>	<b>-65.1%</b>
135	152		Free cash flow	81	291	
0.86	0.64		Basic EPS (€)	3.52	1.17	
34,273	32,214		Employees (FTE)	34,273	32,214	

### Third quarter

Nominal sales decreased by 13.8% to EUR 1,649 million, including a negative currency effect of 6.2%, mainly from the depreciation of the US dollar, and a positive effect of 0.2% from the consolidation of Intelligent Lighting Controls. Comparable sales declined by 7.8%, driven by persistent weakness in Signify's end markets.

The Adjusted gross margin increased by 240 bps to 39.7%, reflecting effective COGS management and a positive contribution from mix and price. Adjusted indirect costs as a percentage of sales increased by 160 bps to 30.2%, as indirect costs did not keep pace with lower sales.

Adjusted EBITA was EUR 177 million. The Adjusted EBITA margin increased by 30 bps to 10.7%, driven by gross margin improvements. Both Digital Solutions and Conventional Products improved their Adjusted EBITA margins year on year.

Restructuring costs were EUR 27 million, acquisition-related charges were EUR 3 million and incidental items had a net positive impact of EUR 4 million. The incidental items benefited from a release of tax indemnification liabilities.

Net income decreased to EUR 83 million, mainly due to lower income from operations and higher financial expenses, partly offset by lower income tax expense.

The number of employees (FTE) decreased from 34,273 at the end of Q3 22 to 32,214 at the end of Q3 23. The year-on-year decrease is mostly related to a reduction of factory personnel due to lower production volumes. In general, the number of FTEs is affected by fluctuations in volume and seasonality.

## Digital Solutions

Third quarter			in millions of EUR, unless otherwise indicated	Nine months		
2022	2023	change		2022	2023	change
		-4.3%	Comparable sales growth			-6.2%
1,103	990	-10.2%	Sales	3,125	2,915	-6.7%
124	116	-6.3%	Adjusted EBITA	317	295	-6.9%
11.2%	11.7%		Adjusted EBITA margin	10.1%	10.1%	
109	100	-8.9%	EBITA	276	261	-5.5%
79	82	3.6%	Income from operations (EBIT)	186	205	10.4%

Includes Intelligent Lighting Controls since March 1, 2023, Pierlite since April 29, 2022 and Fluence since May 2, 2022

### Third quarter

Nominal sales decreased by 10.2% to EUR 990 million, including a negative currency effect of 6.3% and a positive effect of 0.4% from the consolidation of Intelligent Lighting Controls. Comparable sales declined by 4.3% against a high base of comparison of 12.0% growth in the previous year, as continued strength in professional systems and services was more than offset by softness in indoor professional and horticulture lighting. The Adjusted EBITA margin increased by 50 bps to 11.7%, mainly driven by gross margin recovery.

## Digital Products

Third quarter			in millions of EUR, unless otherwise indicated	Nine months		
2022	2023	change		2022	2023	change
		-10.3%	Comparable sales growth			-10.8%
609	508	-16.6%	Sales	1,808	1,551	-14.2%
64	51	-20.8%	Adjusted EBITA	204	130	-36.3%
10.5%	9.9%		Adjusted EBITA margin	11.3%	8.4%	
64	46	-28.2%	EBITA	192	118	-38.5%
62	45	-28.3%	Income from operations (EBIT)	186	114	-39.1%

### Third quarter

Nominal sales decreased by 16.6% to EUR 508 million, including a negative currency effect of 6.3%. Comparable sales declined by 10.3% (Q3 22: -2.5%), as weakness in consumer connected, the OEM business and Klite persisted. The Adjusted EBITA margin decreased by 60 bps to 9.9%, as an improvement of gross margin was more than offset by an under-absorption of fixed costs.

## Conventional Products

Third quarter				Nine months			
2022	2023	change	<i>in millions of EUR, unless otherwise indicated</i>	2022	2023	change	
		-21.0%	Comparable sales growth			-14.7%	
195	145	-25.7%	Sales	590	491	-16.8%	
28	31	10.9%	Adjusted EBITA	90	105	17.4%	
14.2%	21.2%		Adjusted EBITA margin	15.2%	21.5%		
13	20	55.8%	EBITA	56	41	-26.0%	
13	20	55.8%	Income from operations (EBIT)	56	41	-26.0%	

### Third quarter

Nominal sales decreased by 25.7% to EUR 145 million, including a negative currency effect of 4.7%. Comparable sales declined by 21.0% (Q3 22: -9.5%), as volumes declined in line with expectation. The Adjusted EBITA margin increased by 700 bps to 21.2%, mainly driven by gross margin recovery and cost discipline.

## Other

### Third quarter

'Other' represents amounts not allocated to the operating segments and includes costs related both to central R&D activities to drive innovation, and to Group enabling functions. Adjusted EBITA was EUR -21 million (Q3 22: EUR -17 million) and EBITA was EUR -15 million (Q3 22: EUR 7 million). EBITA included a negative impact from restructuring costs of EUR 3 million and a positive impact from incidental items of EUR 9 million, which was mainly related to a release of tax indemnification liabilities.

## Sales by market

Third quarter				Nine months				
2022	2023	change	CSG	<i>in millions of EUR, except percentages</i>	2022	2023	change	CSG
546	486	-11.0%	-10.0%	Europe	1,605	1,454	-9.4%	-8.9%
772	660	-14.4%	-7.6%	Americas	2,222	1,978	-11.0%	-9.4%
445	375	-15.8%	-4.9%	Rest of the world	1,272	1,140	-10.3%	-4.7%
149	128	-14.3%	-10.3%	Global businesses	438	398	-9.0%	-13.8%
<b>1,912</b>	<b>1,649</b>	<b>-13.8%</b>	<b>-7.8%</b>	<b>Total</b>	<b>5,536</b>	<b>4,970</b>	<b>-10.2%</b>	<b>-8.5%</b>

Americas includes Intelligent Lighting Controls since March 1, 2023. Global businesses include Fluence since May 2, 2022. Rest of the world includes Pierlite since April 29, 2022.

### Third quarter

In Europe, comparable sales declined by 10.0%, as most markets declined except Nordics and Italy. In the Americas, comparable sales declined by 7.6%, as solid growth in Latin America did not manage to offset weakness in the US. In the Rest of the World, comparable sales declined by 4.9%, mainly due to continued weakness across most markets except the Middle East, and as China has yet to recover. Global businesses' comparable sales declined by 10.3%, mainly due to Klite and Fluence.

## Working capital

<i>in millions of EUR, unless otherwise indicated</i>	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023
Inventories	1,696	1,288	1,247
Trade and other receivables	1,265	1,002	1,093
Trade and other payables	-2,054	-1,608	-1,672
Other working capital items	-87	-42	-35
<b>Working capital</b>	<b>820</b>	<b>640</b>	<b>632</b>
As % of LTM* sales	10.9%	8.9%	9.1%

\* LTM: Last Twelve Months

### Third quarter

Compared to June 2023, working capital slightly reduced to EUR 632 million, as lower inventories and higher payables were partly offset by higher receivables and other working capital items. As a percentage of last twelve-month sales, working capital increased by 20 bps to 9.1%.

Compared to September 2022, working capital reduced by EUR 188 million, mainly due a strong reduction in inventories and receivables, partly offset by lower payables. As a percentage of last twelve-month sales, working capital decreased by 180 bps. Including last twelve-month sales pro forma for Fluence and Pierlite, working capital decreased by 160 bps.

## Cash flow analysis

Third quarter		<i>in millions of EUR</i>	Nine months	
2022	2023		2022	2023
161	131	Income from operations (EBIT)	582	280
78	66	Depreciation and amortization	233	205
25	46	Additions to (releases of) provisions	78	159
-56	-53	Utilizations of provisions	-143	-145
-9	28	Changes in working capital	-495	-34
-2	-5	Net interest and financing costs received (paid)	-34	-40
-17	-21	Income taxes paid	-62	-59
-32	-31	Net capex	105	-82
-13	-9	Other	-182	8
<b>135</b>	<b>152</b>	<b>Free cash flow</b>	<b>81</b>	<b>291</b>

The gain related to the disposal of non-strategic real estate assets, included in EBIT, is eliminated in Other. Total cash proceeds from the disposal of these assets are included in Net capex.

### Third quarter

Free cash flow increased to EUR 152 million, as a lower income from operations was compensated by a cash inflow from working capital. Free cash flow also included a restructuring payout of EUR 21 million (Q3 22: EUR 14 million).

## Net debt and total equity

<i>in millions of EUR</i>	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023
Short-term debt	176	755	759
Long-term debt	1,978	1,267	1,270
Gross debt	2,154	2,022	2,029
Cash and cash equivalents	469	584	689
<b>Net debt</b>	<b>1,685</b>	<b>1,439</b>	<b>1,340</b>
<b>Total equity</b>	<b>3,302</b>	<b>2,853</b>	<b>3,084</b>

### Third quarter

Compared with the end of June 2023, the cash position increased by EUR 105 million to EUR 689 million, mainly driven by free cash flow generation. Gross debt remained relatively stable at EUR 2,029 million. As a result of the higher cash position, net debt reduced to EUR 1,340 million. Total equity increased to EUR 3,084 million (Q2 23: EUR 2,853 million), primarily due to currency translation results and net income.

Compared with the end of September 2022, the cash position increased by EUR 220 million, while gross debt reduced by EUR 125 million. As a result, net debt reduced by EUR 345 million year on year. At the end of September 2023, the net debt/EBITDA ratio was 1.9x (Q3 22: 1.5x).

## Other information

Appendix A – Selection of financial statements

Appendix B – Reconciliation of non-IFRS financial measures

Appendix C – Financial Glossary

### Conference call and audio webcast

Eric Rondolat (CEO) and Javier van Engelen (CFO) will host a conference call for analysts and institutional investors at 9:00 a.m. CET to discuss the third quarter 2023 results. A live audio webcast of the conference call will be available via the [Investor Relations website](#).

### Financial calendar 2024

January 26, 2024                      Fourth quarter and full-year results 2023

February 27, 2024                    Annual Report 2023

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### About Signify

[Signify](#) (Euronext: LIGHT) is the world leader in lighting for professionals and consumers and lighting for the Internet of Things. Our [Philips](#) products, [Interact](#) connected lighting systems and data-enabled services, deliver business value and transform life in homes, buildings and public spaces. In 2022, we had sales of EUR 7.5 billion, approximately 35,000 employees and a presence in over 70 countries. We unlock the extraordinary potential of light for brighter lives and a better world. We [achieved](#) carbon neutrality in our operations in 2020, have [been](#) in the [Dow Jones Sustainability World Index](#) since our IPO for six consecutive years and were named [Industry Leader](#) in [2017](#), [2018](#) and [2019](#). News from Signify is located at the [Newsroom](#), [Twitter](#), [LinkedIn](#) and [Instagram](#). Information for investors can be found on the [Investor Relations](#) page.



## Important Information

### **Forward-Looking Statements and Risks & Uncertainties**

This document and the related oral presentation contain, and responses to questions following the presentation may contain, forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Signify N.V. (the “Company”, and together with its subsidiaries, the “Group”), including statements regarding strategy, estimates of sales growth and future operational results.

By their nature, these statements involve risks and uncertainties facing the Company and its Group companies, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties. Such risks, uncertainties and other important factors include but are not limited to: adverse economic and political developments, in particular the impacts of the Russia-Ukraine conflict, the conflict in the Middle East, the energy crisis in Europe, the expected recovery trajectory of China post COVID, component shortages, cost inflation, rapid technological change, competition in the general lighting market, development of lighting systems and services, successful implementation of business transformation programs, impact of acquisitions and other transactions, reputational and adverse effects on business due to activities in Environment, Health & Safety, compliance risks, ability to attract and retain talented personnel, adverse currency effects, pension liabilities, and exposure to international tax laws.

Additional risks currently not known to the Group or that the Group has not considered material as of the date of this document could also prove to be important and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group or could cause the forward-looking events discussed in this document not to occur. The Group undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

### **Market and Industry Information**

All references to market share, market data, industry statistics and industry forecasts in this document consist of estimates compiled by industry professionals, competitors, organizations or analysts, of publicly available information or of the Group’s own assessment of its sales and markets. Rankings are based on sales unless otherwise stated.

### **Non-IFRS Financial Measures**

Certain parts of this document contain non-IFRS financial measures and ratios, such as comparable sales growth, adjusted gross margin, EBITA, adjusted EBITA, free cash flow, and other related ratios, which are not recognized measures of financial performance or liquidity under IFRS. The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the Group’s business and operations and, accordingly, they have not been audited nor reviewed. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis and these measures and ratios may not be comparable to measures used by other companies under the same or similar names. A reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures is contained in this document. For further information on non-IFRS financial measures, see “Chapter 18 Reconciliation of non-IFRS measures” in the Annual Report 2022.

### **Presentation**

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up to totals provided. All reported data are unaudited. Unless otherwise indicated, financial information has been prepared in accordance with the accounting policies as stated in the Annual Report 2022 and the Semi-Annual Report 2023.

### **Market Abuse Regulation**

This press release contains information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

## Appendix A – Financial statement information

### A. Condensed consolidated statement of income

*In millions of EUR unless otherwise stated*

	Third quarter		January to September	
	2022	2023	2022	2023
Sales	1,912	1,649	5,536	4,970
Cost of sales	(1,214)	(1,014)	(3,510)	(3,097)
<b>Gross margin</b>	<b>698</b>	<b>634</b>	<b>2,026</b>	<b>1,873</b>
Selling, general and administrative expenses	(477)	(443)	(1,426)	(1,379)
Research and development expenses	(75)	(70)	(219)	(216)
Other business income	26	10	215	20
Other business expenses	(11)	—	(13)	(19)
<b>Income from operations</b>	<b>161</b>	<b>131</b>	<b>582</b>	<b>280</b>
Financial income	3	7	41	18
Financial expenses	(20)	(29)	(54)	(102)
Results relating to investments in associates	—	—	—	—
<b>Income before taxes</b>	<b>144</b>	<b>109</b>	<b>569</b>	<b>197</b>
Income tax expense	(32)	(26)	(123)	(41)
<b>Net income</b>	<b>112</b>	<b>83</b>	<b>447</b>	<b>156</b>
<b>Attribution of net income for the period:</b>				
Net income (loss) attributable to shareholders of Signify N.V.	107	81	439	147
Net income (loss) attributable to non-controlling interests	4	2	7	9

Amounts may not add up due to rounding.

## B. Condensed consolidated statement of comprehensive income

In millions of EUR

	Third quarter		January to September	
	2022	2023	2022	2023
<b>Net income (loss)</b>	<b>112</b>	<b>83</b>	<b>447</b>	<b>156</b>
Pensions and other post-employment plans:				
Remeasurements	—	(1)	(5)	(1)
Income tax effect on remeasurements	—	—	—	—
<b>Total of items that will not be reclassified to profit or loss</b>	<b>—</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>
Currency translation differences:				
Net current period change, before tax	291	138	540	38
Income tax effect	—	—	—	—
Net investment hedge				
Net current period change, before tax	—	(4)	(10)	(4)
Income tax effect	—	—	—	—
Cash flow hedges:				
Net current period change, before tax	(35)	10	(66)	21
Income tax effect	9	(3)	16	(5)
<b>Total of items that are or may be reclassified to profit or loss</b>	<b>265</b>	<b>141</b>	<b>481</b>	<b>50</b>
<b>Other comprehensive income (loss)</b>	<b>265</b>	<b>140</b>	<b>476</b>	<b>49</b>
<b>Total comprehensive income (loss)</b>	<b>377</b>	<b>223</b>	<b>923</b>	<b>205</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Shareholders of Signify N.V.	365	216	900	197
Non-controlling interests	12	7	22	8

Amounts may not add up due to rounding.

## C. Condensed consolidated statement of financial position

In millions of EUR

	December 31, 2022	September 30, 2023
<b>Non-current assets</b>		
Property, plant and equipment	699	662
Goodwill	2,861	2,885
Intangible assets, other than goodwill	700	676
Investments in associates	12	13
Financial assets	165	94
Deferred tax assets	418	414
Other assets	40	41
<b>Total non-current assets</b>	<b>4,895</b>	<b>4,785</b>
<b>Current assets</b>		
Inventories	1,361	1,247
Other assets	161	158
Derivative financial assets	34	29
Income tax receivable	56	64
Trade and other receivables	1,102	1,093
Cash and cash equivalents	677	689
Assets classified as held for sale	1	1
<b>Total current assets</b>	<b>3,391</b>	<b>3,281</b>
<b>Total assets</b>	<b>8,286</b>	<b>8,066</b>
<b>Equity</b>		
Shareholders' equity	2,920	2,940
Non-controlling interests	145	144
<b>Total equity</b>	<b>3,065</b>	<b>3,084</b>
<b>Non-current liabilities</b>		
Debt	1,950	1,270
Post-employment benefits	327	319
Provisions	283	274
Deferred tax liabilities	25	25
Income tax payable	111	91
Other liabilities	160	159
<b>Total non-current liabilities</b>	<b>2,855</b>	<b>2,138</b>
<b>Current liabilities</b>		
Debt, including bank overdrafts	83	759
Derivative financial liabilities	42	30
Income tax payable	21	37
Trade and other payables	1,859	1,672
Provisions	168	153
Other liabilities	194	193
<b>Total current liabilities</b>	<b>2,367</b>	<b>2,845</b>
<b>Total liabilities and total equity</b>	<b>8,286</b>	<b>8,066</b>

Amounts may not add up due to rounding.

## D. Condensed consolidated statement of cash flows

In millions of EUR

	Third quarter		January to September	
	2022	2023	2022	2023
<b>Cash flows from operating activities</b>				
Net income (loss)	112	83	447	156
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	162	161	277	496
• Depreciation, amortization and impairment of non-financial assets	78	66	233	205
• Result on sale of assets	9	—	(180)	8
• Net interest expense on debt, borrowings and other liabilities	10	12	29	33
• Income tax expense	32	26	123	41
• Additions to (releases of) provisions	22	39	66	142
• Additions to (releases of) post-employment benefits	3	6	12	17
• Other items	7	11	(6)	51
Changes in working capital:	(9)	28	(495)	(34)
• Changes in trade and other receivables	(29)	(73)	28	(2)
• Changes in inventories	11	61	(98)	110
• Changes in trade and other payables	(57)	29	(466)	(161)
• Changes in other current assets and liabilities	65	11	41	20
Changes in other non-current assets and liabilities	(23)	(10)	(13)	—
Utilizations of provisions	(43)	(41)	(116)	(116)
Utilizations of post-employment benefits	(12)	(13)	(27)	(30)
Net interest and financing costs received (paid)	(2)	(5)	(34)	(40)
Income taxes paid	(17)	(21)	(62)	(59)
<b>Net cash provided by (used for) operating activities</b>	<b>167</b>	<b>183</b>	<b>(24)</b>	<b>374</b>
<b>Cash flows from investing activities</b>				
Net capital expenditures:	(32)	(31)	105	(82)
• Additions of intangible assets	(15)	(17)	(41)	(48)
• Capital expenditures on property, plant and equipment	(19)	(14)	(51)	(40)
• Proceeds from disposal of property, plant and equipment	2	—	197	6
Net proceeds from (cash used for) derivatives and other financial assets	(16)	(1)	(22)	9
Purchases of businesses, net of cash acquired	—	(2)	(297)	(16)
<b>Net cash provided by (used for) investing activities</b>	<b>(48)</b>	<b>(33)</b>	<b>(214)</b>	<b>(89)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(5)	(30)	(188)	(198)
Proceeds from issuance of debt	76	2	217	11
Repayment of debt	(131)	(18)	(172)	(64)
Purchase of treasury shares	(13)	(7)	(48)	(7)
<b>Net cash provided by (used for) financing activities</b>	<b>(72)</b>	<b>(53)</b>	<b>(191)</b>	<b>(259)</b>
<b>Net cash flows</b>	<b>46</b>	<b>97</b>	<b>(429)</b>	<b>26</b>
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	18	8	49	(13)
Cash and cash equivalents and bank overdrafts at the beginning of the period <sup>1</sup>	403	583	847	676
<b>Cash and cash equivalents and bank overdrafts at the end of the period <sup>2</sup></b>	<b>467</b>	<b>688</b>	<b>467</b>	<b>688</b>

<sup>1</sup> For Q3 2023 and Q3 2022, included bank overdrafts of EUR 0 million and EUR 4 million, respectively. For January to September of 2023 and 2022, included bank overdrafts of EUR 1 million and EUR 4 million, respectively.

<sup>2</sup> Included bank overdrafts of EUR 1 million and EUR 2 million as at September 30, 2023 and 2022, respectively.

Amounts may not add up due to rounding.

## Appendix B - Reconciliation of non-IFRS financial measures

### Sales growth composition per business in %

	Third quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
<b>2023 vs 2022</b>				
Digital Solutions	(4.3)	(6.3)	0.4	(10.2)
Digital Products	(10.3)	(6.3)	—	(16.6)
Conventional Products	(21.0)	(4.7)	—	(25.7)
<b>Total</b>	<b>(7.8)</b>	<b>(6.2)</b>	<b>0.2</b>	<b>(13.8)</b>

	January to September			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
<b>2023 vs 2022</b>				
Digital Solutions	(6.2)	(2.4)	1.9	(6.7)
Digital Products	(10.8)	(3.4)	—	(14.2)
Conventional Products	(14.7)	(2.1)	—	(16.8)
<b>Total</b>	<b>(8.5)</b>	<b>(2.7)</b>	<b>1.1</b>	<b>(10.2)</b>

### Sales growth composition per market in %

	Third quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
<b>2023 vs 2022</b>				
Europe	(10.0)	(1.0)	—	(11.0)
Americas	(7.6)	(7.3)	0.5	(14.4)
Rest of the world	(4.9)	(11.1)	0.2	(15.8)
Global businesses	(10.3)	(4.0)	—	(14.3)
<b>Total</b>	<b>(7.8)</b>	<b>(6.2)</b>	<b>0.2</b>	<b>(13.8)</b>

	January to September			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
<b>2023 vs 2022</b>				
Europe	(8.9)	(0.6)	0.1	(9.4)
Americas	(9.4)	(2.0)	0.4	(11.0)
Rest of the world	(4.7)	(7.4)	1.8	(10.3)
Global businesses	(13.8)	(0.9)	5.6	(9.0)
<b>Total</b>	<b>(8.5)</b>	<b>(2.7)</b>	<b>1.1</b>	<b>(10.2)</b>

### Adjusted EBITA to Income from operations (or EBIT) in millions of EUR

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
<b>Third quarter 2023</b>					
Adjusted EBITA	177	116	51	31	(21)
Restructuring	(27)	(9)	(5)	(11)	(3)
Acquisition-related charges	(3)	(3)	—	—	—
Incidental items	4	(5)	—	—	9
<b>EBITA</b>	<b>151</b>	<b>100</b>	<b>46</b>	<b>20</b>	<b>(15)</b>
Amortization <sup>1</sup>	(19)	(18)	(1)	—	—
<b>Income from operations (or EBIT)</b>	<b>131</b>	<b>82</b>	<b>45</b>	<b>20</b>	<b>(15)</b>

#### Third quarter 2022

Adjusted EBITA	199	124	64	28	(17)
Restructuring	(6)	(2)	—	(3)	(1)
Acquisition-related charges	(10)	(10)	—	—	—
Incidental items	10	(2)	1	(12)	24
<b>EBITA</b>	<b>193</b>	<b>109</b>	<b>64</b>	<b>13</b>	<b>7</b>
Amortization <sup>1</sup>	(32)	(30)	(2)	—	—
<b>Income from operations (or EBIT)</b>	<b>161</b>	<b>79</b>	<b>62</b>	<b>13</b>	<b>7</b>

<sup>1</sup> Amortization and impairments of acquisition related intangible assets and goodwill.

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
<b>January to September 2023</b>					
Adjusted EBITA	461	295	130	105	(69)
Restructuring	(84)	(16)	(11)	(48)	(8)
Acquisition-related charges	(9)	(9)	—	—	—
Incidental items	(27)	(9)	—	(16)	(2)
<b>EBITA</b>	<b>341</b>	<b>261</b>	<b>118</b>	<b>41</b>	<b>(79)</b>
Amortization <sup>1</sup>	(61)	(56)	(4)	—	(1)
<b>Income from operations (or EBIT)</b>	<b>280</b>	<b>205</b>	<b>114</b>	<b>41</b>	<b>(80)</b>

#### January to September 2022

Adjusted EBITA	560	317	204	90	(51)
Restructuring	(17)	(6)	(1)	(8)	(2)
Acquisition-related charges	(22)	(22)	—	—	—
Incidental items	158	(13)	(11)	(25)	207
<b>EBITA</b>	<b>678</b>	<b>276</b>	<b>192</b>	<b>56</b>	<b>154</b>
Amortization <sup>1</sup>	(97)	(90)	(6)	—	(1)
<b>Income from operations (or EBIT)</b>	<b>582</b>	<b>186</b>	<b>186</b>	<b>56</b>	<b>154</b>

<sup>1</sup> Amortization and impairments of acquisition related intangible assets and goodwill.

Amounts may not add up due to rounding.

### Third quarter 2023 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items <sup>1</sup>	Adjusted
<b>Third quarter 2023</b>					
Sales	1,649	—	—	—	1,649
Cost of sales	(1,014)	13	1	6	(994)
<b>Gross margin</b>	<b>634</b>	<b>13</b>	<b>1</b>	<b>6</b>	<b>654</b>
Selling, general and administrative expenses	(443)	10	2	(1)	(431)
Research and development expenses	(70)	4	—	—	(66)
<b>Indirect costs</b>	<b>(514)</b>	<b>14</b>	<b>2</b>	<b>(1)</b>	<b>(498)</b>
Other business income	10	—	—	(10)	—
Other business expenses	—	—	—	—	—
<b>Income from operations</b>	<b>131</b>	<b>27</b>	<b>3</b>	<b>(4)</b>	<b>157</b>
Amortization	(19)	—	—	—	(19)
<b>Income from operations excluding amortization (EBITA)</b>	<b>151</b>	<b>27</b>	<b>3</b>	<b>(4)</b>	<b>177</b>
<b>Third quarter 2022</b>					
Sales	1,912	—	—	—	1,912
Cost of sales	(1,214)	6	4	5	(1,198)
<b>Gross margin</b>	<b>698</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>713</b>
Selling, general and administrative expenses	(477)	—	6	—	(471)
Research and development expenses	(75)	—	—	—	(75)
<b>Indirect costs</b>	<b>(552)</b>	<b>—</b>	<b>6</b>	<b>—</b>	<b>(546)</b>
Other business income	26	—	(1)	(24)	1
Other business expenses	(11)	—	—	9	(1)
<b>Income from operations</b>	<b>161</b>	<b>6</b>	<b>10</b>	<b>(10)</b>	<b>167</b>
Amortization	(32)	—	—	—	(32)
<b>Income from operations excluding amortization (EBITA)</b>	<b>193</b>	<b>6</b>	<b>10</b>	<b>(10)</b>	<b>199</b>

<sup>1</sup> Incidental items are non-recurring by nature and relate to impairment and other non-cash charges related to operations in Russia and Ukraine, separation, transformation, results on real estate transactions, legal cases, incidental warranty costs, environmental provision for inactive sites, and discounting effect of long-term provisions.

Amounts may not add up due to rounding.



## January to September 2023 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items <sup>1</sup>	Adjusted
<b>January to September 2023</b>					
Sales	4,970	—	—	—	4,970
Cost of sales	(3,097)	53	3	24	(3,018)
<b>Gross margin</b>	<b>1,873</b>	<b>53</b>	<b>3</b>	<b>24</b>	<b>1,953</b>
Selling, general and administrative expenses	(1,379)	24	8	1	(1,346)
Research and development expenses	(216)	7	—	—	(209)
<b>Indirect costs</b>	<b>(1,595)</b>	<b>31</b>	<b>8</b>	<b>1</b>	<b>(1,555)</b>
Impairment of goodwill	—	—	—	—	—
Other business income	20	—	(2)	(11)	7
Other business expenses	(19)	—	1	14	(3)
<b>Income from operations</b>	<b>280</b>	<b>84</b>	<b>9</b>	<b>27</b>	<b>401</b>
Amortization	(61)	—	—	—	(61)
<b>Income from operations excluding amortization (EBITA)</b>	<b>341</b>	<b>84</b>	<b>9</b>	<b>27</b>	<b>461</b>

## January to September 2022

Sales	5,536	—	—	—	5,536
Cost of sales	(3,510)	14	8	24	(3,464)
<b>Gross margin</b>	<b>2,026</b>	<b>14</b>	<b>8</b>	<b>24</b>	<b>2,072</b>
Selling, general and administrative expenses	(1,426)	4	14	16	(1,392)
Research and development expenses	(219)	(1)	—	—	(219)
<b>Indirect costs</b>	<b>(1,645)</b>	<b>3</b>	<b>14</b>	<b>16</b>	<b>(1,611)</b>
Impairment of goodwill	—	—	—	—	—
Other business income	215	—	(1)	(208)	6
Other business expenses	(13)	—	—	10	(3)
<b>Income from operations</b>	<b>582</b>	<b>17</b>	<b>22</b>	<b>(158)</b>	<b>464</b>
Amortization	(97)	—	—	—	(97)
<b>Income from operations excluding amortization (EBITA)</b>	<b>678</b>	<b>17</b>	<b>22</b>	<b>(158)</b>	<b>560</b>

<sup>1</sup> Incidental items are non-recurring by nature and relate to impairment and other non-cash charges related to operations in Russia and Ukraine, separation, transformation, results on real estate transactions, legal cases, incidental warranty costs, environmental provision for inactive sites, and discounting effect of long-term provisions.

Amounts may not add up due to rounding.

## Appendix C – Financial glossary

### **Acquisition-related charges**

Costs that are directly triggered by the acquisition of a company, such as transaction costs, purchase accounting related costs and integration-related expenses.

### **Adjusted EBITA**

EBITA excluding restructuring costs, acquisition-related charges, and other incidental charges.

### **Adjusted EBITA margin**

Adjusted EBITA divided by sales to third parties (excluding intersegment).

### **Adjusted gross margin**

Gross margin, excluding restructuring costs, acquisition-related charges, and other incidental items attributable to cost of sales.

### **Adjusted indirect costs**

Indirect costs, excluding restructuring costs, acquisition-related charges, and other incidental items attributable to indirect costs.

### **Adjusted R&D expenses**

Research and development expenses, excluding restructuring costs, acquisition-related charges, and other incidental items attributable to research and development expenses.

### **Adjusted SG&A expenses**

Selling, general and administrative expenses, excluding restructuring costs, acquisition-related charges, and other incidental items attributable to selling, general and administrative expenses.

### **Brighter lives revenues**

Percentage of total revenues coming from all products, systems and services contributing to Food availability, Safety & security, or Health & well-being.

### **Changes in scope**

Consolidation effects related to acquisitions.

### **Circular revenues**

Percentage of total revenues coming from products, systems and services designed for a circular economy, categorized as serviceable luminaires (incl. 3D-printing), circular components, intelligent systems, or circular services.

### **Comparable sales growth (CSG)**

The period-on-period growth in sales excluding the effects of currency movements and changes in consolidation and other changes.

### **EBIT**

Income from operations.

### **EBITA**

Income from operations excluding amortization and impairment of acquisition-related intangible assets and goodwill.

### **EBITDA**

Income from operations excluding depreciation, amortization, and impairment of non-financial assets.

### **Effects of changes in consolidation and other changes**

In the event a business is acquired (or divested), the impact of the consolidation (or de-consolidation) on the Group's figures is included (or excluded) in the calculation of the comparable sales growth figures. Other changes include regulatory changes and changes originating from new accounting standards.

### **Effects of currency movements**

Calculated by translating the foreign currency financials of the previous period and the current period into euros at the same average exchange rates.

### **Employees**

Employees of Signify at the end of the period, expressed on a full-time equivalent (FTE) basis.

### **Free cash flow**

Net cash provided by operating activities minus net capital expenditures. Free cash flow includes interest paid and income taxes paid.

### **Gross margin**

Sales minus cost of sales.

### **Incidental charges**

Any item with an income statement impact (loss or gain) that is deemed to be both significant and not part of normal business activity. Other incidental items may extend over several quarters within the same financial year.

### **Indirect costs**

The sum of selling, general and administrative expenses and R&D expenses.

### **Net capital expenditures**

Additions of intangible assets, capital expenditures on property, plant and equipment and proceeds from disposal of property, plant and equipment.

### **Net debt**

Short-term debt, long-term debt minus cash and cash equivalents.

**Net leverage ratio**

The ratio of consolidated reported net debt to consolidated reported EBITDA for the purpose of calculating the financial covenant.

**R&D expenses**

Research and development expenses.

**Restructuring costs**

The estimated costs of initiated reorganizations which have been approved by the company, and generally involve the realignment of certain parts of the organization. Restructuring costs include costs for employee termination benefits for affected employees and other costs directly attributable to the restructuring, such as impairment of assets and inventories.

**SG&A expenses**

Selling, general and administrative expenses.

**Working capital**

The sum of inventories, trade and other receivables, other current assets, derivative financial assets minus the sum of trade and other payables, derivative financial liabilities and other current liabilities (excluding dividend-related payables).