Press Release

January 26, 2024

Signify reports full-year sales of EUR 6.7 billion, operational profitability of 10.0% and a free cash flow of 8.7% of sales

Full year 2023[1]

- Signify's installed base of connected light points increased from 114 million at YE 22 to 124 million at YE 23
- On track for three Brighter Lives, Better World 2025 sustainability program commitments
- Sales of EUR 6,704 million; nominal sales decline of -10.8% and CSG of -8.3%
- LED-based sales represented 85% of total sales (FY 22: 83%)
- Adj. EBITA margin of 10.0% (FY 22: 10.1%)
- Net income of EUR 215 million (FY 22: EUR 532 million incl. one-time effects of EUR 184 million)
- Free cash flow of EUR 586 million (FY 22: EUR 445 million), representing 8.7% of sales

Fourth quarter 2023

- Sales of EUR 1,734 million; nominal sales decline of -12.3% and CSG of -7.7%
- Adj. EBITA margin of 12.1% (Q4 22: 10.2%)
- Net income of EUR 59 million (Q4 22: EUR 86 million)
- Free cash flow of EUR 295 million (Q4 22: EUR 364 million)

Dividend

- Proposal to increase its cash dividend to EUR 1.55 per share over 2023 (FY 22: EUR 1.50)

Eindhoven, the Netherlands – Signify (Euronext: LIGHT), the world leader in lighting, today announced the company's fourth quarter and full-year 2023 results.

"In Q4, our gross margin was again strong, confirming our improving operational performance. This brought our adjusted EBITA margin into double digits for the full year. While we continued to face adverse market conditions in some geographies and in the consumer and OEM segments, we have gained share with our professional connected systems. We over-delivered against our free cash flow guidance, with close to EUR 600m in cash, representing 8.7% of sales. We are also proud to have surpassed the circular revenues sustainability target two years ahead of schedule. I would like to thank our employees and partners for their continued hard work and dedication to help us achieve these results," said Eric Rondolat, CEO of Signify.

"While we anticipate challenging conditions will persist through the year ahead, I am confident in our strategy and in our proven ability to adapt. In the past quarter, we introduced a new operating model and measures that will enhance our performance and deliver annualized savings in excess of EUR 200 million. We will continue to protect our gross margin and enhance our focus on costs. We have developed strategic advantages that will help us to gain share and improve profitability while generating a strong free cash flow in 2024."

[1]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

Signify completed the third year of its Brighter Lives, Better World 2025 sustainability program, making continued progress towards doubling its positive impact on the environment and society by the end of 2025. Signify is on track to deliver on three of its 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 33%, up 1% over the third quarter, surpassing the 2025 target of 32%. The main contribution was from serviceable luminaires, with a strong performance from both consumer and professional.

Double Brighter lives revenues
Brighter lives revenues remained at 31%, on track to reach the 2025 target of 32%. This includes a strong contribution from professional luminaires that support the well-being of wildlife.

Double the percentage of women in leadership
The percentage of women in leadership positions remained at 29%, slightly off track versus the 2023 target. Signify continues its actions to increase representation through focused hiring practices for diversity across all levels, and through retention and engagement actions to reduce attrition.

In the fourth quarter, Signify received several external recognitions for its leadership in Sustainability. Signify was included in the DJSI World Index for the 7th consecutive year, was included in the DJSI Europe Index for the 6th time, and achieved the EcoVadis Platinum rating for the 4th consecutive year.

Outlook

For 2024, Signify expects:

- An Adjusted EBITA margin improvement of up to 50 bps, including first benefits from the announced restructuring program
- Free cash flow generation of 6-7% of sales, including an incremental and non-recurring negative impact of around EUR 150 million related to the restructuring program and a reduction of US pension liabilities

Capital allocation

Signify proposes a cash dividend of EUR 1.55 per share for 2023, in line with its policy to pay an increasing annual cash dividend per share year on year. The dividend proposal is subject to approval at the Annual General Meeting of Shareholders (AGM) to be held on May 14, 2024. Further details will be provided in the agenda for the AGM.

In line with its aim to maintain a robust capital structure and an investment grade credit rating, Signify expects to further deleverage its gross debt and reduce its US pension liabilities in 2024.

Signify will continue to invest in organic and inorganic growth opportunities in line with its strategic priorities.

Financial review

Fourth quarter				Twelve months		
2022	2023	change	*in millions of EUR, except percentages*	2022	2023	change
		-7.7%	**Comparable sales growth**			**-8.3%**
		-4.9%	*Effects of currency movements*			*-3.3%*
		0.2%	*Consolidation and other changes*			*0.8%*
1,978	**1,734**	-12.3%	**Sales**	**7,514**	**6,704**	-10.8%
734	707	-3.6%	Adjusted gross margin	2,806	2,660	-5.2%
37.1%	**40.8%**		**Adj. gross margin (as % of sales)**	**37.3%**	**39.7%**	
-485	-445		Adj. SG&A expenses	-1,877	-1,791	
-75	-75		Adj. R&D expenses	-294	-284	
-560	-520	-7.2%	Adj. indirect costs	-2,171	-2,075	-4.4%
28.3%	**30.0%**		**Adj. indirect costs (as % of sales)**	**28.9%**	**31.0%**	
202	209	3.5%	Adjusted EBITA	762	670	-12.0%
10.2%	**12.1%**		**Adjusted EBITA margin**	**10.1%**	**10.0%**	
-36	-101		Adjusted items	82	-221	
166	108	-34.7%	EBITA	844	449	-46.8%
137	**89**	**-35.0%**	**Income from operations (EBIT)**	**718**	**369**	**-48.6%**
-29	-18		Net financial income/expense	-41	-102	
-22	-12		Income tax expense	-145	-53	
86	**59**	**-31.5%**	**Net income**	**532**	**215**	**-59.6%**
364	295		Free cash flow	445	586	
0.67	0.44		Basic EPS (€)	4.18	1.61	
34,619	31,920		Employees (FTE)	34,619	31,920	

Full year
Nominal sales decreased by 10.8% to EUR 6,704 million, including a negative currency effect of 3.3%, mainly due to the depreciation of the USD and CNY, and a positive effect of 0.8% from the consolidation of Fluence, Pierlite and Intelligent Lighting Controls. Comparable sales declined by 8.3%, mainly due to weakness in consumer, OEM and indoor professional lighting. Outdoor professional lighting remained resilient throughout the year.

The Adjusted gross margin improved by 240 bps to 39.7%, mainly due to effective COGS management and positive sales mix. Adjusted indirect costs as a percentage of sales increased by 210 bps to 31.0%, mainly due to an under-absorption of fixed costs.

Adjusted EBITA was EUR 670 million. The Adjusted EBITA margin was 10.0%, broadly in line with 2022, as the gross margin improvement was offset by an under-absorption of fixed costs.

Restructuring costs were EUR 167 million, acquisition-related charges were EUR 14 million and incidental items had a net negative impact of EUR 40 million.

Net income decreased to EUR 215 million, mainly due to lower Adjusted EBITA, higher adjusted items and financial expenses, partly offset by lower income tax expense. Net income in 2022 included a one-time gain on the disposal of non-strategic real estate assets of EUR 184 million.

Fourth quarter
Nominal sales decreased by 12.3% to EUR 1,734 million, including a negative currency effect of 4.9%, mainly due to the depreciation of the US dollar, and a positive effect of 0.2% from acquisitions. Comparable sales declined by 7.7%, due to persistent weakness in most of Signify's end markets.

The Adjusted gross margin increased by 370 bps to 40.8%, mainly driven by effective COGS management and a positive sales mix effect. Adjusted indirect costs as a percentage of sales increased by 170 bps to 30.0%, mainly due to under-absorption of fixed costs.

Adjusted EBITA increased to EUR 209 million. The Adjusted EBITA margin increased by 190 bps to 12.1%, mainly driven by the continued recovery of gross margin.

Restructuring costs were EUR 83 million, reflecting an increase in provisions related to the recently announced structural cost reduction program. In addition, acquisition-related charges were EUR 5 million and incidental items had a net negative impact of EUR 13 million. The incidental items were largely related to a one-day FX loss from the devaluation of the Argentine peso by the Argentinian government.

Net income decreased to EUR 59 million, as higher adjusted EBITA, lower financial expenses and lower income tax expense were offset by the increase in restructuring costs.

The number of employees (FTE) decreased from 34,619 at the end of Q4 22 to 31,920 at the end of Q4 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

Fourth quarter				Twelve months		
2022	2023	change	*in millions of EUR, unless otherwise indicated*	2022	2023	change
		-2.9%	Comparable sales growth			-5.4%
1,105	1,022	-7.5%	Sales	4,231	3,937	-6.9%
107	127	18.2%	Adjusted EBITA	424	422	-0.5%
9.7%	12.4%		Adjusted EBITA margin	10.0%	10.7%	
98	97	-0.4%	EBITA	374	358	-4.2%
70	79	13.3%	Income from operations (EBIT)	256	285	11.2%

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

Full year
Nominal sales decreased by 6.9% to EUR 3,937 million, including a negative currency effect of 3.1% and a positive effect of 1.5% from the consolidation of Fluence, Pierlite and Intelligent Lighting Controls. Comparable sales decreased by 5.4%, against a high base of comparison of 7.8% growth in 2022. The Adjusted EBITA margin increased by 70 bps to 10.7%, mainly driven by gross margin recovery.

Fourth quarter
Nominal sales decreased by 7.5% to EUR 1,022 million, including a negative currency effect of 5.1% and a positive effect of 0.4% from the consolidation of Intelligent Lighting Controls. Comparable sales decreased by 2.9%, 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 270 bps to 12.4%, mainly driven by gross margin recovery.

Digital Products

Fourth quarter				Twelve months		
2022	2023	change	*in millions of EUR, unless otherwise indicated*	2022	2023	change
		-9.4%	Comparable sales growth			-10.5%
661	566	-14.3%	Sales	2,469	2,117	-14.2%
93	75	-19.1%	Adjusted EBITA	297	205	-30.9%
14.1%	13.3%		Adjusted EBITA margin	12.0%	9.7%	
80	58	-27.8%	EBITA	272	176	-35.4%
78	56	-28.3%	Income from operations (EBIT)	265	170	-35.9%

Full year
Nominal sales decreased by 14.2% to EUR 2,117 million, including a negative currency effect of 3.8%. Comparable sales decreased by 10.5% as growth in LED lamps and luminaires was more than offset by weakness in the consumer connected and OEM businesses. The Adjusted EBITA margin decreased by 230 bps to 9.7%, mainly due to an under-absorption of fixed costs.

Fourth quarter
Nominal sales decreased by 14.3% to EUR 566 million, including a negative currency effect of 4.9%. Comparable sales declined by 9.4% due to continued weakness in consumer and OEM, while consumer connected improved sequentially. The Adjusted EBITA margin decreased by 80 bps to 13.3%, mainly as a result of under-absorption of fixed costs, partly offset by a positive sales mix effect.

Conventional Products

Fourth quarter				Twelve months		
2022	2023	change	*in millions of EUR, unless otherwise indicated*	2022	2023	change
		-29.6%	Comparable sales growth			-18.4%
203	136	-33.0%	Sales	793	627	-20.9%
26	23	-9.9%	Adjusted EBITA	116	129	11.2%
12.9%	17.3%		Adjusted EBITA margin	14.6%	20.6%	
4	21	373.9%	EBITA	60	62	2.7%
4	21	374.2%	Income from operations (EBIT)	60	62	2.8%

Full year
Nominal sales decreased by 20.9% to EUR 627 million, including a negative currency effect of 2.5%. Comparable sales decreased by 18.4%. The Adjusted EBITA margin increased by 600 bps to 20.6%, driven by gross margin recovery and cost discipline.

Fourth quarter
Nominal sales decreased by 33.0% to EUR 136 million, including a negative currency effect of 3.4%. Comparable sales decreased by 29.6% as the structural decline of the business was exacerbated by the fluorescent bans in Europe, which came into effect in February and August. The Adjusted EBITA margin increased by 440 bps to 17.3%, mainly driven by gross margin recovery.

Other

Full year
'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 -86 million (2022: EUR -75 million) and EBITA was EUR -147 million (2022: EUR 138 million). In 2023, EBITA included restructuring costs of EUR 59 million, and a negative impact from incidental items and acquisition-related charges of EUR 1 million. In 2022, EBITA included a one-time gain of EUR 184 million related to the disposal of non-strategic real estate assets in Q2 22.

Fourth quarter
Adjusted EBITA was EUR -17 million (Q4 22: EUR -25 million) and EBITA was EUR -67 million (Q4 22: EUR -16 million). EBITA included a negative impact from restructuring costs and acquisition-related charges of EUR 50 million.

Sales by market

Fourth quarter					Twelve months			
2022	2023	change	CSG	*in millions of EUR, except percentages*	2022	2023	change	CSG
625	570	-8.8%	-8.2%	Europe	2,230	2,023	-9.3%	-8.7%
756	654	-13.4%	-7.3%	Americas	2,978	2,633	-11.6%	-8.9%
438	382	-12.9%	-4.7%	Rest of the world	1,709	1,522	-11.0%	-4.7%
159	128	-19.5%	-16.3%	Global businesses	597	526	-11.8%	-14.4%
1,978	**1,734**	**-12.3%**	**-7.7%**	**Total**	**7,514**	**6,704**	**-10.8%**	**-8.3%**

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.

Full year
In 2023, most markets were impacted by softness in the consumer segment, the OEM business and indoor professional lighting. Outdoor professional lighting showed resilience. In Europe, comparable sales declined by 8.7%, as most markets declined. In the Americas, comparable sales declined by 8.9%, mainly due to the United States, partly offset by strong growth in Latin America. In the Rest of the World, comparable sales declined by 4.7%, due to weakness across most markets. Global businesses' comparable sales declined by 14.4%, mainly due to Klite and Fluence.

Fourth quarter
In Europe, comparable sales declined by 8.2%, due to softness in most markets. In the Americas, comparable sales declined by 7.3%, as solid growth in Latin America and Canada was not able to offset weakness in the United States. In the Rest of the World, comparable sales declined by 4.7%, due to persistent weakness in most markets. Global businesses' comparable sales declined by 16.3%, mainly due to Fluence.

Working capital

in millions of EUR, unless otherwise indicated	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023
Inventories	1,361	1,247	1,050
Trade and other receivables	1,102	1,093	1,012
Trade and other payables	-1,859	-1,672	-1,539
Other working capital items	-41	-35	-62
Working capital	**564**	**632**	**461**
As % of LTM* sales	7.5%	9.1%	6.9%

[*] LTM: last twelve months

Fourth quarter
Compared to September 2023, working capital decreased by EUR 171 million to EUR 461 million, mainly driven by a further reduction of inventories, lower receivables and other working capital items, partly offset by lower payables. As a percentage of last twelve-month sales, working capital decreased by 220 bps to 6.9%.

Compared to December 2022, working capital decreased by EUR 103 million, mainly due to lower inventories, lower receivables and other working capital items, partly offset by lower payables. As a percentage of last twelve-month sales, working capital decreased by 60 bps. Including last twelve-month sales pro forma for Fluence and Pierlite, working capital decreased by 50 bps.

Cash flow analysis

Fourth quarter			Twelve months	
2022	2023	*in millions of EUR*	2022	2023
137	89	Income from operations (EBIT)	718	369
86	69	Depreciation and amortization	318	274
41	107	Additions to (releases of) provisions	120	266
-56	-46	Utilizations of provisions	-199	-192
247	121	Changes in working capital	-248	87
-5	-1	Net interest and financing costs received (paid)	-39	-41
-36	-23	Income taxes paid	-99	-81
-36	-28	Net capex	69	-110
-14	8	Other	-197	15
364	**295**	**Free cash flow**	**445**	**586**

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.

Full year
Free cash flow increased to EUR 586 million, mainly driven by lower inventories, which benefited from shorter lead times, and lower receivables. Last year's free cash flow benefited from cash proceeds from the disposal of non-strategic real estate assets. Free cash flow included a restructuring payout of EUR 69 million (2022: EUR 54 million).

	Twelve months	
In millions of EUR	2022	2023
Digital Solutions	321	458
Digital Products	170	291
Conventional Products	56	99
Other*	-101	-263
Signify free cash flow	**445**	**586**

** Non-allocated free cash flow items (e.g. tax, interest and central functions).*

In 2023, Digital Solutions and Digital Products continued to generate the majority of Signify's free cash flow, contributing 88% of Signify's free cash flow excluding 'Other' (2022: 90%). In 2022, 'Other' free cash flow included the Q2 22 proceeds from the disposal of non-strategic real estate assets.

Fourth quarter
Free cash flow decreased to EUR 295 million, mainly due to a lower inflow from working capital, as Q4 last year benefited from a stronger reduction of inventories. Free cash flow included a restructuring payout of EUR 16 million (Q4 22: 11 million).

Net debt and total equity

in millions of EUR	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023
Short-term debt	83	759	1,038
Long-term debt	1,950	1,270	1,192
Gross debt	2,033	2,029	2,230
Cash and cash equivalents	677	689	1,158
Net debt	**1,356**	**1,340**	**1,071**
Total equity	**3,065**	**3,084**	**2,947**

Fourth quarter
Compared with the end of September 2023, the cash position increased by EUR 469 million to EUR 1,158 million, mainly driven by free cash flow generation and financial proceeds from debt issuance. In Q4, Signify issued long-term debt to refinance part of the debt that will mature in 2024. As a result, gross debt increased by EUR 201 million to EUR 2,230 million. As a result of the higher cash position, net debt reduced to EUR 1,071 million. Total equity decreased to EUR 2,947 million (Q3 23: EUR 3,084 million), primarily due to currency translation results.

Compared with the end of December 2022, the cash position increased by EUR 481 million, while gross debt increased by EUR 197 million. As a result, net debt decreased by EUR 285 million. At the end of December 2023, the net debt/EBITDA ratio was 1.7x (Q4 22: 1.3x).

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 fourth quarter and full-year 2023 results. A live audio webcast of the conference call will be available via the Investor Relations website.

Financial calendar

February 27, 2024	Annual Report 2023
April 26, 2024	First quarter results 2024
May 14, 2024	Annual General Meeting
May 16, 2024	Ex-dividend date
May 17, 2024	Dividend record date
June 3, 2024	Dividend payment date
July 26, 2024	Second quarter and half-year results 2024
October 25, 2024	Third quarter results 2024

For further information, please contact:
Signify Investor Relations
Thelke Gerdes
Tel: +31 6 1801 7131
E-mail: thelke.gerdes@signify.com

Signify Corporate Communications
Tom Lodge
Tel: +31 6 5252 5416
E-mail: tom.lodge@signify.com

About Signify
Signify (Euronext: LIGHT) is the world leader in lighting for professionals, consumers and the Internet of Things. Our Philips products, Interact systems and data-enabled services, deliver business value and transform life in homes, buildings and public spaces. In 2023, we had sales of EUR 6.7 billion, approximately 32,000 employees and a presence in over 70 countries. We unlock the extraordinary potential of light for brighter lives and a better world. We have been in the Dow Jones Sustainability World Index since our IPO for seven consecutive years and have achieved the EcoVadis Platinum rating for four consecutive years, placing Signify in the top one percent of companies assessed. News from Signify can be found in the Newsroom, on X, LinkedIn and Instagram. Information for investors is located 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

	Fourth quarter		January to December	
	2022	**2023**	**2022**	**2023**
Sales	1,978	1,734	7,514	6,704
Cost of sales	(1,271)	(1,048)	(4,781)	(4,146)
Gross margin	**707**	**686**	**2,732**	**2,558**
Selling, general and administrative expenses	(501)	(503)	(1,927)	(1,882)
Research and development expenses	(76)	(93)	(295)	(308)
Impairment of goodwill	–	–	–	–
Other business income	12	3	227	24
Other business expenses	(5)	(4)	(19)	(23)
Income from operations	**137**	**89**	**718**	**369**
Financial income	6	14	47	32
Financial expenses	(34)	(32)	(88)	(134)
Results relating to investments in associates	–	–	–	–
Income before taxes	**108**	**71**	**678**	**268**
Income tax expense	(22)	(12)	(145)	(53)
Net income	**86**	**59**	**532**	**215**
Attribution of net income for the period:				
Net income (loss) attributable to shareholders of Signify N.V.	84	56	523	203
Net income (loss) attributable to non-controlling interests	2	3	9	12
Earnings per ordinary share attributable to shareholders				
Weighted average number of ordinary shares outstanding used for calculation (in thousands):				
Basic	125,233	126,313	125,004	125,951
Diluted	127,221	127,262	127,597	127,338
Net income attributable to shareholders per ordinary share in EUR:				
Basic	0.67	0.44	4.18	1.61
Diluted	0.66	0.44	4.10	1.59

Amounts may not add up due to rounding.

B. Condensed consolidated statement of comprehensive income

In millions of EUR

	Fourth quarter		January to December	
	2022	**2023**	**2022**	**2023**
Net income (loss)	**86**	**59**	**532**	**215**
Pensions and other post-employment plans:				
Remeasurements	21	(13)	15	(14)
Income tax effect on remeasurements	(5)	2	(5)	2
Total of items that will not be reclassified to profit or loss	**16**	**(11)**	**11**	**(12)**
Currency translation differences:				
Net current period change, before tax	(381)	(181)	159	(143)
Income tax effect	–	–	–	–
Net investment hedge				
Net current period change, before tax	–	2	(10)	(3)
Income tax effect	–	1	–	1
Cash flow hedges:				
Net current period change, before tax	42	4	(24)	25
Income tax effect	(10)	(1)	6	(6)
Total of items that are or may be reclassified to profit or loss	**(349)**	**(176)**	**132**	**(126)**
Other comprehensive income (loss)	**(333)**	**(187)**	**143**	**(138)**
Total comprehensive income (loss)	**(247)**	**(128)**	**675**	**77**
Total comprehensive income (loss) attributable to:				
Shareholders of Signify N.V.	(238)	(125)	663	71
Non-controlling interests	(10)	(2)	12	6

Amounts may not add up due to rounding.

C. Condensed consolidated statement of financial position

In millions of EUR

	2022	2023
Non-current assets		
Property, plant and equipment	699	633
Goodwill	2,861	2,755
Intangible assets, other than goodwill	700	641
Investments in associates	12	12
Financial assets	165	91
Deferred tax assets	418	402
Other assets	40	32
Total non-current assets	**4,895**	**4,566**
Current assets		
Inventories	1,361	1,050
Financial assets	–	2
Other assets	161	147
Derivative financial assets	34	14
Income tax receivable	56	54
Trade and other receivables	1,102	1,012
Cash and cash equivalents	677	1,158
Assets classified as held for sale	1	–
Total current assets	**3,391**	**3,438**
Total assets	**8,286**	**8,004**
Equity		
Shareholders' equity	2,920	2,817
Non-controlling interests	145	129
Total equity	**3,065**	**2,947**
Non-current liabilities		
Debt	1,950	1,192
Post-employment benefits	327	322
Provisions	283	263
Deferred tax liabilities	25	20
Income tax payable	111	79
Other liabilities	160	154
Total non-current liabilities	**2,855**	**2,030**
Current liabilities		
Debt, including bank overdrafts	83	1,038
Derivative financial liabilities	42	17
Income tax payable	21	20
Trade and other payables	1,859	1,539
Provisions	168	206
Other liabilities	194	206
Liabilities from assets classified as held for sale	–	–
Total current liabilities	**2,367**	**3,027**
Total liabilities and total equity	**8,286**	**8,004**

Amounts may not add up due to rounding.

D. Condensed consolidated statement of cash flows

In millions of EUR

	Fourth quarter		January to December	
	2022	**2023**	**2022**	**2023**
Cash flows from operating activities				
Net income (loss)	86	59	532	215
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	175	209	451	705
• Depreciation, amortization and impairment of non-financial assets	86	69	318	274
• Impairment (reversal) of goodwill, other non-current financial assets and investments in associates	–	–	–	–
• Result on sale of assets	(2)	(1)	(182)	6
• Net interest expense on debt, borrowings and other liabilities	12	10	41	43
• Income tax expense	22	12	145	53
• Additions to (releases of) provisions	43	101	110	243
• Additions to (releases of) post-employment benefits	(2)	6	10	23
• Other items	15	14	9	64
Changes in working capital:	247	121	(248)	87
• Changes in trade and other receivables	101	52	130	50
• Changes in inventories	224	157	126	267
• Changes in trade and other payables	(90)	(110)	(555)	(272)
• Changes in other current assets and liabilities	11	22	52	42
Changes in other non-current assets and liabilities	(11)	3	(24)	3
Utilizations of provisions	(41)	(38)	(157)	(153)
Utilizations of post-employment benefits	(15)	(8)	(41)	(38)
Net interest and financing costs received (paid)	(5)	(1)	(39)	(41)
Income taxes paid	(36)	(23)	(99)	(81)
Net cash provided by (used for) operating activities	**400**	**323**	**376**	**696**
Cash flows from investing activities				
Net capital expenditures:	(36)	(28)	69	(110)
• Additions of intangible assets	(21)	(19)	(62)	(67)
• Capital expenditures on property, plant and equipment	(19)	(11)	(70)	(51)
• Proceeds from disposal of property, plant and equipment	4	2	201	8
Net proceeds from (cash used for) derivatives and other financial assets	(7)	(2)	(29)	7
Purchases of businesses, net of cash acquired	–	3	(297)	(13)
Proceeds from sale of businesses, net of cash disposed of	–	–	–	–
Net cash provided by (used for) investing activities	**(43)**	**(26)**	**(256)**	**(115)**
Cash flows from financing activities				
Dividend paid	–	(12)	(188)	(210)
Proceeds from issuance of debt	1	222	217	233
Repayment of debt	(104)	(18)	(276)	(83)
Purchase of treasury shares	–	–	(48)	(7)
Net cash provided by (used for) financing activities	**(103)**	**192**	**(295)**	**(67)**
Net cash flows	**254**	**488**	**(175)**	**514**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	(46)	(18)	3	(31)
Cash and cash equivalents and bank overdrafts at the beginning of the period [1]	467	688	847	676
Cash and cash equivalents and bank overdrafts at the end of the period [2]	**676**	**1,158**	**676**	**1,158**

1 For Q4 2023 and Q4 2022, included bank overdrafts of EUR 1 million and EUR 2 million, respectively. For January to December of 2023 and 2022, included bank overdrafts of EUR 1 million and EUR 4 million, respectively.

2 Included bank overdrafts of EUR 0 million and EUR 1 million as at December 31, 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 %

	Fourth quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2023 vs 2022				
Digital Solutions	(2.9)	(5.1)	0.4	(7.5)
Digital Products	(9.4)	(4.9)	–	(14.3)
Conventional Products	(29.6)	(3.4)	–	(33.0)
Signify	**(7.7)**	**(4.9)**	**0.2**	**(12.3)**

	January to December			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2023 vs 2022				
Digital Solutions	(5.4)	(3.1)	1.5	(6.9)
Digital Products	(10.5)	(3.8)	–	(14.2)
Conventional Products	(18.4)	(2.5)	–	(20.9)
Signify	**(8.3)**	**(3.3)**	**0.8**	**(10.8)**

Sales growth composition per market in %

	Fourth quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2023 vs 2022				
Europe	(8.2)	(0.6)	–	(8.8)
Americas	(7.3)	(6.7)	0.6	(13.4)
Rest of the world	(4.7)	(8.1)	–	(12.9)
Global businesses	(16.3)	(3.2)	–	(19.5)
Signify	**(7.7)**	**(4.9)**	**0.2**	**(12.3)**

	January to December			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2023 vs 2022				
Europe	(8.7)	(0.6)	–	(9.3)
Americas	(8.9)	(3.2)	0.5	(11.6)
Rest of the world	(4.7)	(7.6)	1.3	(11.0)
Global businesses	(14.4)	(1.5)	4.1	(11.8)
Signify	**(8.3)**	**(3.3)**	**0.8**	**(10.8)**

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

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
Fourth quarter 2023					
Adjusted EBITA	209	127	75	23	(17)
Restructuring	(83)	(16)	(14)	(2)	(51)
Acquisition-related charges	(5)	(5)	–	–	1
Incidental items	(13)	(8)	(4)	(1)	–
EBITA	**108**	**97**	**58**	**21**	**(67)**
Amortization [1]	(20)	(18)	(2)	–	–
Income from operations (or EBIT)	**89**	**79**	**56**	**21**	**(67)**
Fourth quarter 2022					
Adjusted EBITA	202	107	93	26	(25)
Restructuring	(47)	(10)	(10)	(25)	(2)
Acquisition-related charges	(4)	(4)	–	–	–
Incidental items	15	5	(3)	4	10
EBITA	**166**	**98**	**80**	**4**	**(16)**
Amortization [1]	(29)	(28)	(2)	–	–
Income from operations (or EBIT)	**137**	**70**	**78**	**4**	**(16)**

[1] Amortization and impairments of acquisition related intangible assets and goodwill.

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
January to December 2023					
Adjusted EBITA	670	422	205	129	(86)
Restructuring	(167)	(32)	(25)	(51)	(59)
Acquisition-related charges	(14)	(15)	–	–	1
Incidental items	(40)	(17)	(4)	(16)	(2)
EBITA	**449**	**358**	**176**	**62**	**(147)**
Amortization [1]	(80)	(74)	(6)	–	(1)
Income from operations (or EBIT)	**369**	**285**	**170**	**62**	**(147)**
January to December 2022					
Adjusted EBITA	762	424	297	116	(75)
Restructuring	(64)	(15)	(11)	(34)	(4)
Acquisition-related charges	(27)	(27)	–	–	–
Incidental items	173	(8)	(14)	(22)	217
EBITA	**844**	**374**	**272**	**60**	**138**
Amortization [1]	(126)	(118)	(7)	–	(1)
Income from operations (or EBIT)	**718**	**256**	**265**	**60**	**137**

[1] Amortization and impairments of acquisition related intangible assets and goodwill.

Amounts may not add up due to rounding.

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

	Reported	Restructuring [2]	Acquisition-related charges	Incidental items [1]	Adjusted
Fourth quarter 2023					
Sales	1,734	–	–	–	1,734
Cost of sales	(1,048)	9	1	12	(1,026)
Gross margin	**686**	**9**	**1**	**12**	**707**
Selling, general and administrative expenses	(503)	57	3	(1)	(445)
Research and development expenses	(93)	18	–	–	(75)
Indirect costs	**(596)**	**74**	**3**	**(1)**	**(520)**
Impairment of goodwill	–	–	–	–	–
Other business income	3	–	–	–	3
Other business expenses	(4)	–	1	2	(2)
Income from operations	**89**	**83**	**5**	**13**	**189**
Amortization	(20)	–	–	–	(20)
Income from operations excluding amortization (EBITA)	**108**	**83**	**5**	**13**	**209**
Fourth quarter 2022					
Sales	1,978	–	–	–	1,978
Cost of sales	(1,271)	29	(2)	–	(1,244)
Gross margin	**707**	**29**	**(2)**	**–**	**734**
Selling, general and administrative expenses	(501)	17	4	(5)	(485)
Research and development expenses	(76)	1	–	–	(75)
Indirect costs	**(577)**	**18**	**4**	**(5)**	**(560)**
Impairment of goodwill	–	–	–	–	–
Other business income	12	–		(10)	2
Other business expenses	(5)	–	2	–	(3)
Income from operations	**137**	**47**	**4**	**(15)**	**172**
Amortization	(29)	–	–	–	(29)
Income from operations excluding amortization (EBITA)	**166**	**47**	**4**	**(15)**	**202**

[1] Incidental items are non-recurring items by nature and are related to impairment and other non-cash charges/gains related to operations in Russia and Ukraine, a one day FX loss from the devaluation of the Argentine peso by the Argentinian government, separation costs, transformation costs, real estate gains/loss, legal cases, incidental warranty costs, environmental provisions for inactive sites and the discounting effect of long-term provisions.

[2] Restructuring costs were EUR 83 million for Q4 2023. These consisted of EUR 77 million of employee termination benefits and EUR 6 million of other costs related to restructuring programs.
Restructuring costs were EUR 47 million for Q4 2022. These mainly consisted of EUR 20 million of employee termination benefits, EUR 10 million of impairment of property, plant and equipment, and EUR 14 million of inventory write-downs related to restructuring programs.

Amounts may not add up due to rounding.

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

	Reported	Restruc- turing [2]	Acquisition- related charges	Incidental items [1]	Adjusted
January to December 2023					
Sales	6,704	–	–	–	6,704
Cost of sales	(4,146)	62	3	36	(4,044)
Gross margin	**2,558**	**62**	**3**	**36**	**2,660**
Selling, general and administrative expenses	(1,882)	81	11	(1)	(1,791)
Research and development expenses	(308)	24	–	–	(284)
Indirect costs	**(2,191)**	**105**	**11**	**(1)**	**(2,075)**
Impairment of goodwill	–	–	–	–	–
Other business income	24	–	(2)	(11)	10
Other business expenses	(23)	–	2	16	(5)
Income from operations	**369**	**167**	**14**	**40**	**590**
Amortization	(80)	–	–	–	(80)
Income from operations excluding amortization (EBITA)	**449**	**167**	**14**	**40**	**670**
January to December 2022					
Sales	7,514	–	–	–	7,514
Cost of sales	(4,781)	43	6	25	(4,708)
Gross margin	**2,732**	**43**	**6**	**25**	**2,806**
Selling, general and administrative expenses	(1,927)	21	18	11	(1,877)
Research and development expenses	(295)	–	–	–	(294)
Indirect costs	**(2,222)**	**21**	**19**	**11**	**(2,171)**
Impairment of goodwill	–	–	–	–	–
Other business income	227	–	(1)	(218)	8
Other business expenses	(19)	–	3	10	(6)
Income from operations	**718**	**64**	**27**	**(173)**	**636**
Amortization	(126)	–	–	–	(126)
Income from operations excluding amortization (EBITA)	**844**	**64**	**27**	**(173)**	**762**

1 Incidental items are non-recurring items by nature and are related to impairment and other non-cash charges/gains related to operations in Russia and Ukraine, a one day FX loss from the devaluation of the Argentine peso by the Argentinian government, separation costs, transformation costs, real estate gains/loss, legal cases, incidental warranty costs, environmental provisions for inactive sites and the discounting effect of long-term provisions.

2 Restructuring costs were EUR 167 million for the year ended December 31, 2023. These consisted of EUR 150 million of employee termination benefits and EUR 18 million of other costs related to restructuring programs.
Restructuring costs were EUR 64 million for the year ended December 31, 2022. These mainly consisted of EUR 27 million of employee termination benefits, EUR 12 million of impairment of property, plant and equipment, and EUR 16 million of inventory write-downs related to restructuring programs.

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). 'Operational profitability' also refers to this metric.

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).