Press Release

October 25, 2024

Signify reports third quarter sales of EUR 1.5 billion, operational profitability of 10.5% and a free cash flow of EUR 119 million

Third quarter 2024[1]

- Signify's installed base of connected light points increased to 139 million in Q3 24
- On track for three Brighter Lives, Better World 2025 sustainability program commitments
- Sales of EUR 1,537 million; nominal sales decline of -6.8% and CSG of -5.2%
- LED-based sales represented 90% of total sales (Q3 23: 85%)
- Adj. EBITA margin of 10.5% (Q3 23: 10.7%)
- Net income of EUR 108 million (Q3 23: EUR 83 million)
- Free cash flow of EUR 119 million (Q3 23: EUR 152 million)

Eindhoven, the Netherlands – Signify (Euronext: LIGHT), the world leader in lighting, today announced the company's third quarter 2024 results.

Eric Rondolat, CEO of Signify, comments:

"As anticipated, our comparable sales growth continues to improve sequentially. Our teams are effectively managing the accelerated decline of our Conventional business and continued slowness in the Chinese market, without which the decline would be limited to -1.3% for the third quarter.

In the Professional business, we saw a recovery in agricultural lighting and continued growth for connected, while our European distribution channel remained weak, particularly in Eastern and Southern Europe. Our Consumer business delivered comparable sales growth of 2.6% excluding China, reflecting the recovery of our business across all other regions. Our OEM business demonstrated two consecutive quarters of growth, driven by a stabilization of inventory levels at our customers.

Despite the shrinking contribution of the Conventional business to EBITA, we have maintained a resilient bottom-line as our cost reduction program delivers the expected benefits. Additionally, we delivered strong free cash flow for the quarter, resulting from our ongoing focus on cash conversion.

We are now very focused on our performance for the fourth quarter and confirm our guidance for an adjusted EBITA margin at the lower end of the 10.0-10.5% range and free cash flow generation of 6-7% of sales for 2024.

As we manage down our Conventional business, we are continuing to invest in connected and specialty lighting. These represent approximately 30% of our business and provide an attractive growth opportunities for our Professional, Consumer and OEM Businesses.

The progress we have driven in the past years uniquely positions us to continue to lead our industry as it enters each new phase of innovation. More than ever, the complementary drivers of innovation and sustainability sit at the heart of everything we do, driving growth opportunities that create long-term value for all our stakeholders."

[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

In the third quarter of the year, Signify continued to progress on its Brighter Lives, Better World 2025 sustainability program commitments that contribute to doubling its positive impact on environment and society.

Double the pace of the Paris Agreement
Signify is ahead of 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 36.7%, up 1.7% over last quarter and surpassing the 2025 target of 32%. The main contribution was from Professional serviceable luminaires in the Americas.

Double Brighter lives revenues
Brighter lives revenues at 31.1%, on track to reach the 2025 target of 32%. This includes a strong contribution from consumer products, mainly EyeComfort that support health and well-being.

Double the percentage of women in leadership
The percentage of women in leadership positions remained at 29.3%, behind the 2025 target of 34%. Signify continues its efforts to increase overall representation through focused hiring practices for diversity across all levels. Focus remains on building strong succession pipelines, and engagement actions to reduce attrition.

Outlook

Signify continues to expect an Adjusted EBITA margin at the lower end of the 10.0-10.5% range and free cash flow generation of 6-7% of sales.

Financial review

Third quarter 2023	Third quarter 2024	change	*in millions of EUR, except percentages*	Nine months 2023	Nine months 2024	change
		-5.2%	**Comparable sales growth**			**-7.9%**
		-1.5%	*Currency effects*			*-1.9%*
		0.0%	*Consolidation effects*			*0.1%*
1,649	**1,537**	-6.8%	**Sales**	**4,970**	**4,488**	-9.7%
654	624	-4.6%	Adjusted gross margin	1,953	1,828	-6.4%
39.7%	**40.6%**		**Adj. gross margin (as % of sales)**	**39.3%**	**40.7%**	
-431	-416		Adj. SG&A expenses	-1,346	-1,275	
-66	-65		Adj. R&D expenses	-209	-204	
-498	-481	-3.4%	Adj. indirect costs	-1,555	-1,479	-4.9%
30.2%	**31.3%**		**Adj. indirect costs (as % of sales)**	**31.3%**	**33.0%**	
177	161	-8.7%	Adjusted EBITA	461	401	-13.1%
10.7%	**10.5%**		**Adjusted EBITA margin**	**9.3%**	**8.9%**	
-26	-8		Adjusted items	-121	-51	
151	153	1.8%	EBITA	341	350	2.6%
131	**137**	**4.3%**	**Income from operations (EBIT)**	**280**	**299**	**6.5%**
-22	-22		Net financial income/expense	-84	-59	
-26	-6		Income tax expense	-41	-23	
83	**108**	**30.3%**	**Net income**	**156**	**215**	**38.0%**
152	119		Free cash flow	291	249	
0.64	0.84		Basic EPS (€)	1.17	1.68	
32,214	30,159		Employees (FTE)	32,214	30,159	

Third quarter
Nominal sales decreased by 6.8% to EUR 1,537 million, including a negative currency effect of 1.5%, caused by a mix of currencies. Comparable sales declined by 5.2%, driven by continued weakness in China and Europe's professional business, which were partly compensated by stronger agriculture lighting sales.

The Adjusted gross margin increased by 90 bps to 40.6%, as continued COGS reductions and positive sales mix more than compensated lower pricing. Adjusted indirect costs as a percentage of sales increased by 110 bps to 31.3%, as indirect costs savings from the restructuring program were offset by the continued topline weakness.

Adjusted EBITA was EUR 161 million. The Adjusted EBITA margin decreased by 20 bps to 10.5%, as gross margin improvements and cost reductions were offset by an under-absorption of fixed costs.

Adjusted items were EUR -8 million, as restructuring costs of EUR -13 million were partly compensated by gains related to balances of prior acquisitions and other incidentals.

Net income increased to EUR 108 million, reflecting a higher income from operations as well as a lower income tax expense, which included a sizeable one-off benefit related to the resolution of tax uncertainties.

The number of employees (FTE) decreased from 32,214 at the end of Q3 23 to 30,159 at the end of Q3 24. The decrease is mostly related to a reduction of factory personnel due to lower production volumes as well as the recently implemented cost restructuring program. In general, the number of FTEs is affected by fluctuations in volume and seasonality.

Professional

Third quarter				Nine months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-4.2%	-4.1%		Comparable sales growth	-4.9%	-6.7%	
1,055	995	-5.6%	Sales	3,159	2,897	-8.3%
111	108	-3.0%	Adjusted EBITA	284	256	-9.9%
10.6%	10.8%		Adjusted EBITA margin	9.0%	8.8%	

Includes Intelligent Lighting Controls since March 1, 2023

Third quarter
Nominal sales decreased by 5.6% to EUR 995 million, including a negative currency effect of -1.5%. Comparable sales declined by 4.1% (Q3 23: -4.2%), as the continued softness in China and parts of Europe was partly compensated by the recovery in agricultural lighting. The Adjusted EBITA margin increased by 20 bps to 10.8%, mainly driven by gross margin management and cost reductions.

Consumer

Third quarter				Nine months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-6.0%	-1.8%		Comparable sales growth	-10.9%	-3.3%	
316	304	-3.8%	Sales	956	900	-5.8%
28	23	-17.8%	Adjusted EBITA	65	75	16.1%
8.8%	7.6%		Adjusted EBITA margin	6.8%	8.4%	

Third quarter
Nominal sales decreased by -3.8% to EUR 304 million, including a negative currency effect of -2%. Comparable sales declined by 1.8% (Q3 23: -6.0%), as positive consumer sales in all regions were more than offset by a strong sales decline in China. The Adjusted EBITA margin decreased by 120 bps to 7.6%, as negative pricing and higher transportation costs were partly compensated by positive sales mix and bill-of-material savings.

OEM

Third quarter				Nine months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-22.8%	0.2%		Comparable sales growth	-22.8%	-2.3%	
128	126	-1.6%	Sales	351	334	-4.8%
16	19	22.1%	Adjusted EBITA	34	40	14.8%
12.2%	15.2%		Adjusted EBITA margin	9.8%	11.9%	

Third quarter
Nominal sales decreased by 1.6% to EUR 126 million, including a negative currency effect of -1.8%. Comparable sales increased by 0.2% (Q3 23: -22.8%), driven by the continued stabilization of distributor inventory levels. The Adjusted EBITA margin increased by 300 bps to 15.2%, mainly driven by one-off effects, gross margin expansion and cost reductions.

Conventional

Third quarter				Nine months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-21.0%	-29.4%		Comparable sales growth	-14.7%	-30.5%	
145	102	-29.9%	Sales	491	336	-31.6%
30	20	-35.4%	Adjusted EBITA	104	59	-43.4%
20.9%	19.3%		Adjusted EBITA margin	21.1%	17.5%	

Third quarter
Nominal sales decreased by -29.9% to EUR 102 million, including a negative currency effect of -0.6%. Comparable sales decreased by 29.4% (Q3 23: -21.0%), as sales remained weak in Europe following the EU fluorescent bans. The Adjusted EBITA margin decreased by 160 bps to 19.3%.

Other

Third quarter
'Other' represents amounts not allocated to the businesses and mainly includes costs related to ventures, exploratory research and audits. Adjusted EBITA was EUR -8 million (Q3 23: EUR -9 million).

Working capital

in millions of EUR, unless otherwise indicated	Sep 30, 2023	Jun 30, 2024	Sep 30, 2024
Inventories	1,247	1,074	1,089
Trade and other receivables [1]	1,093	959	979
Trade and other payables	-1,672	-1,500	-1,548
Other working capital items[2]	-35	-30	-41
Working capital	**632**	**502**	**480**
As % of LTM sales [3]	9.1%	7.9%	7.7%

[1] As at September 30, 2024 and June 30 2024,Trade and other receivables exclude USD 50 million and USD 49 million, respectively, of insurance receivables for which a legal provision is recognized for the same amount.
[2] As at June 30, 2024, Other working capital items exclude EUR 25 million of dividend-related payable.
[3] LTM: Last Twelve Months

Third quarter
Compared to June 2024, working capital reduced to EUR 480 million, as higher payables and other working capital items were partly offset by slightly higher inventories and receivables. As a percentage of last twelve-month sales, working capital decreased by 20 bps to 7.7%.

Compared to September 2023, working capital reduced by EUR 152 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 140 bps.

Cash flow analysis

Third quarter			Nine months	
2023	2024	*in millions of EUR*	2023	2024
131	137	Income from operations (EBIT)	280	299
66	60	Depreciation and amortization	205	192
46	31	Additions to (releases of) provisions	159	101
-53	-61	Utilizations of provisions	-145	-191
28	-15	Changes in working capital	-34	-29
-5	-9	Net interest and financing costs received (paid)	-40	-40
-21	-5	Income taxes paid	-59	-38
-31	-17	Net capex	-82	-60
-9	-4	Other	8	15
152	**119**	**Free cash flow**	**291**	**249**

Third quarter
Free cash flow decreased to EUR 119 million, mainly due to a higher cash outflow from working capital partly offset by lower income taxes paid. Free cash flow also included a restructuring payout of EUR 32 million (Q3 23: EUR 21 million).

Net debt and total equity

in millions of EUR	Sep 30, 2023	Jun 30, 2024	Sep 30, 2024
Short-term debt	759	574	567
Long-term debt	1,270	1,158	1,141
Gross debt	2,029	1,732	1,708
Cash and cash equivalents	689	567	612
Net debt	**1,340**	**1,165**	**1,096**
Total equity	**3,084**	**2,965**	**2,903**

Third quarter
Compared with the end of June 2024, the cash position increased by EUR 45 million to EUR 612 million, mainly driven by free cash flow generation. Gross debt slightly decreased to EUR 1,708 million. As a result, net debt reduced to EUR 1,096 million. Total equity decreased to EUR 2,903 million (Q2 24: EUR 2,965 million), primarily due to currency translation results offset partly by net income.

Compared with the end of September 2023, the cash position decreased by EUR 77 million, while gross debt reduced by EUR 321 million. As a result, net debt reduced by EUR 244 million year on year. At the end of September 2024, the net debt/EBITDA ratio was 1.7x (Q3 23: 1.9x).

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 Željko Kosanović (CFO) will host a conference call for analysts and institutional investors at 9:00 a.m. CET to discuss the third quarter 2024 results. A live audio webcast of the conference call will be available via the Investor Relations website.

Financial calendar 2025

January 24, 2025	Fourth quarter and full-year results 2024
February 25, 2025	Annual Report 2024

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About Signify
Signify (Euronext: LIGHT) is the world leader in lighting for professionals and 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 recovery trajectory of the Chinese economy, 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 19 Reconciliation of non-IFRS measures” in the Annual Report 2023.

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 2023 and the Semi-Annual Report 2024.

Change in reportable segments
Effective Q1 2024, Signify reports against four businesses with vertically integrated P&Ls, adapted from the previous three divisions as follows:

- The **Professional** business will offer LED lamps, luminaires, connected lighting systems and services to customers in the professional segment.

- The **Consumer** business will offer LED lamps, luminaires, and connected products, including Philips Hue and WiZ, to customers in the consumer segment.
- The **OEM** business will offer lighting components to the industry.
- The **Conventional** business will offer special lighting, digital projection, and lamp electronics.

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	
	2023	**2024**	**2023**	**2024**
Sales	1,649	1,537	4,970	4,488
Cost of sales	(1,014)	(918)	(3,097)	(2,699)
Gross margin	**634**	**619**	**1,873**	**1,789**
Selling, general and administrative expenses	(443)	(422)	(1,379)	(1,298)
Research and development expenses	(70)	(66)	(216)	(205)
Other business income	10	7	20	16
Other business expenses	—	(1)	(19)	(3)
Income from operations	**131**	**137**	**280**	**299**
Financial income	7	7	18	33
Financial expenses	(29)	(29)	(102)	(92)
Results relating to investments in associates	—	(1)	—	(1)
Income before taxes	**109**	**114**	**197**	**239**
Income tax expense	(26)	(6)	(41)	(23)
Net income	**83**	**108**	**156**	**215**
Attribution of net income for the period:				
Net income (loss) attributable to shareholders of Signify N.V.	81	106	147	212
Net income (loss) attributable to non-controlling interests	2	2	9	3

Amounts may not add up due to rounding.

B. Condensed consolidated statement of comprehensive income

in millions of EUR

	Third quarter		January to September	
	2023	2024	2023	2024
Net income (loss)	**83**	**108**	**156**	**215**
Pensions and other post-employment plans:				
Remeasurements	(1)	(1)	(1)	3
Income tax effect on remeasurements	—	—	—	(1)
Total of items that will not be reclassified to profit or loss	**(1)**	**(1)**	**(1)**	**2**
Currency translation differences:				
Net current period change, before tax	138	(161)	38	(55)
Income tax effect	—	—	—	—
Net investment hedge				
Net current period change, before tax	(4)	—	(4)	—
Income tax effect	—	—	—	—
Cash flow hedges:				
Net current period change, before tax	10	—	21	3
Income tax effect	(3)	—	(5)	(1)
Total of items that are or may be reclassified to profit or loss	**141**	**(161)**	**50**	**(53)**
Other comprehensive income (loss)	**140**	**(162)**	**49**	**(51)**
Total comprehensive income (loss)	**223**	**(54)**	**205**	**164**
Total comprehensive income (loss) attributable to:				
Shareholders of Signify N.V.	216	(53)	197	161
Non-controlling interests	7	—	8	3

Amounts may not add up due to rounding.

C. Condensed consolidated statement of financial position

In millions of EUR

	December 31, 2023	September 30, 2024
Non-current assets		
Property, plant and equipment	633	571
Goodwill	2,755	2,732
Intangible assets, other than goodwill	641	589
Investments in associates	12	11
Financial assets	91	38
Deferred tax assets	402	385
Other assets	32	26
Total non-current assets	**4,566**	**4,352**
Current assets		
Inventories	1,050	1,089
Other assets	147	155
Derivative financial assets	14	7
Income tax receivable	54	69
Trade and other receivables	1,012	1,024
Cash and cash equivalents	1,158	612
Assets classified as held for sale	—	1
Total current assets	**3,438**	**2,957**
Total assets	**8,004**	**7,310**
Equity		
Shareholders' equity	2,817	2,798
Non-controlling interests	129	105
Total equity	**2,947**	**2,903**
Non-current liabilities		
Debt	1,192	1,141
Post-employment benefits	322	300
Provisions	263	189
Deferred tax liabilities	20	18
Income tax payable	79	67
Other liabilities	154	148
Total non-current liabilities	**2,030**	**1,863**
Current liabilities		
Debt, including bank overdrafts	1,038	567
Derivative financial liabilities	17	5
Income tax payable	20	24
Trade and other payables	1,539	1,548
Provisions	206	201
Other liabilities	206	198
Total current liabilities	**3,027**	**2,544**
Total liabilities and total equity	**8,004**	**7,310**

Amounts may not add up due to rounding.

D. Condensed consolidated statement of cash flows

In millions of EUR

	Third quarter		January to September	
	2023	**2024**	**2023**	**2024**
Cash flows from operating activities				
Net income (loss)	83	108	156	215
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	161	119	496	394
• Depreciation, amortization and impairment of non-financial assets	66	60	205	192
• Net gain on sale of assets	—	(2)	8	(2)
• Net interest expense on debt, borrowings and other liabilities	12	12	33	29
• Income tax expense	26	6	41	23
• Additions to (releases of) provisions	39	26	142	89
• Additions to (releases of) post-employment benefits	6	6	17	12
• Other items	11	12	51	50
Changes in working capital:	28	(15)	(34)	(29)
• Changes in trade and other receivables	(73)	(44)	(2)	17
• Changes in inventories	61	(42)	110	(53)
• Changes in trade and other payables	29	78	(161)	41
• Changes in other current assets and liabilities	11	(7)	20	(33)
Changes in other non-current assets and liabilities	(10)	(3)	—	(2)
Utilizations of provisions	(41)	(54)	(116)	(166)
Utilizations of post-employment benefits	(13)	(7)	(30)	(25)
Net interest and financing costs received (paid)	(5)	(9)	(40)	(40)
Income taxes paid	(21)	(5)	(59)	(38)
Net cash provided by (used for) operating activities	**183**	**136**	**374**	**309**
Cash flows from investing activities				
Net capital expenditures:	(31)	(17)	(82)	(60)
• Additions of intangible assets	(17)	(11)	(48)	(33)
• Capital expenditures on property, plant and equipment	(14)	(13)	(40)	(37)
• Proceeds from disposal of property, plant and equipment	—	7	6	10
Net proceeds from (cash used for) derivatives and other financial assets	(1)	(9)	9	(9)
Purchases of businesses, net of cash acquired	(2)	—	(16)	—
Net cash provided by (used for) investing activities	**(33)**	**(26)**	**(89)**	**(68)**
Cash flows from financing activities				
Dividend paid	(30)	(37)	(198)	(203)
Proceeds from issuance of debt	2	6	11	185
Repayment of debt	(18)	(17)	(64)	(730)
Capital reduction to minority shareholders	—	—	—	(12)
Purchase of treasury shares	(7)	—	(7)	(14)
Net cash provided by (used for) financing activities	**(53)**	**(47)**	**(259)**	**(774)**
Net cash flows	**97**	**62**	**26**	**(534)**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	8	(16)	(13)	(13)
Cash and cash equivalents and bank overdrafts at the beginning of the period [1]	583	566	676	1,158
Cash and cash equivalents and bank overdrafts at the end of the period [2]	**688**	**612**	**688**	**612**

[1] For Q3 2024 and Q3 2023, included bank overdrafts of EUR 1 million and EUR 0 million, respectively. For January to September of 2024 and 2023, included bank overdrafts of EUR 0 million and EUR 1 million, respectively.

[2] Included bank overdrafts of EUR 0 million and EUR 1 million as at September 30, 2024 and 2023, 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 effects	Nominal growth
2024 vs 2023				
Professional	(4.1)	(1.5)	—	(5.6)
Consumer	(1.8)	(2.0)	—	(3.8)
OEM	0.2	(1.8)	—	(1.6)
Conventional	(29.4)	(0.6)	—	(29.9)
Signify	**(5.2)**	**(1.5)**	**—**	**(6.8)**

	Third quarter			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2023 vs 2022				
Professional	(4.2)	(6.2)	0.4	(10.0)
Consumer	(6.0)	(7.0)	—	(13.0)
OEM	(22.8)	(5.4)	—	(28.1)
Conventional	(21.0)	(4.7)	—	(25.7)
Signify	**(7.8)**	**(6.2)**	**0.2**	**(13.8)**

	January to September			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2024 vs 2023				
Professional	(6.7)	(1.7)	0.1	(8.3)
Consumer	(3.3)	(2.5)	—	(5.8)
OEM	(2.3)	(2.5)	—	(4.8)
Conventional	(30.5)	(1.1)	—	(31.6)
Signify	**(7.9)**	**(1.9)**	**0.1**	**(9.7)**

	January to September			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2023 vs 2022				
Professional	(4.9)	(2.4)	1.8	(5.5)
Consumer	(10.9)	(3.7)	—	(14.5)
OEM	(22.8)	(3.3)	0.1	(26.0)
Conventional	(14.7)	(2.1)	—	(16.8)
Signify	**(8.5)**	**(2.7)**	**1.1**	**(10.2)**

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

	Signify	Professional	Consumer	OEM	Conventional	Other
Third quarter 2024						
Adjusted EBITA	161	108	23	19	20	(8)
Restructuring	(13)					
Acquisition-related charges	4					
Incidental items	1					
EBITA	**153**					
Amortization [1]	(16)					
Income from operations (or EBIT)	**137**					
Third quarter 2023						
Adjusted EBITA	177	111	28	16	30	(9)
Restructuring	(27)					
Acquisition-related charges	(3)					
Incidental items	4					
EBITA	**151**					
Amortization [1]	(19)					
Income from operations (or EBIT)	**131**					

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

	Signify	Professional	Consumer	OEM	Conventional	Other
January to September 2024						
Adjusted EBITA	401	256	75	40	59	(28)
Restructuring	(44)					
Acquisition-related charges	—					
Incidental items	(6)					
EBITA	**350**					
Amortization [1]	(51)					
Income from operations (or EBIT)	**299**					
January to September 2023						
Adjusted EBITA	461	284	65	34	104	(25)
Restructuring	(84)					
Acquisition-related charges	(9)					
Incidental items	(27)					
EBITA	**341**					
Amortization [1]	(61)					
Income from operations (or EBIT)	**280**					

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

Amounts may not add up due to rounding.

Third quarter 2024 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items [1]	Adjusted
Third quarter 2024					
Sales	1,537	—	—	—	1,537
Cost of sales	(918)	5	(1)	1	(913)
Gross margin	**619**	**5**	**(1)**	**1**	**624**
Selling, general and administrative expenses	(422)	7	—	(1)	(416)
Research and development expenses	(66)	1	—	—	(65)
Indirect costs	**(488)**	**8**	**—**	**(1)**	**(481)**
Other business income	7	—	(3)	(1)	3
Other business expenses	(1)	—	—	—	(1)
Income from operations	**137**	**13**	**(4)**	**(1)**	**145**
Amortization	(16)	—	—	—	(16)
Income from operations excluding amortization (EBITA)	**153**	**13**	**(4)**	**(1)**	**161**
Third quarter 2023					
Sales	1,649	—	—	—	1,649
Cost of sales	(1,014)	13	1	6	(994)
Gross margin	**634**	**13**	**1**	**6**	**654**
Selling, general and administrative expenses	(443)	10	2	(1)	(431)
Research and development expenses	(70)	4	—	—	(66)
Indirect costs	**(514)**	**14**	**2**	**(1)**	**(498)**
Other business income	10	—	—	(10)	—
Other business expenses	—	—	—	—	—
Income from operations	**131**	**27**	**3**	**(4)**	**157**
Amortization	(19)	—	—	—	(19)
Income from operations excluding amortization (EBITA)	**151**	**27**	**3**	**(4)**	**177**

[1] Q3 2024: Incidental items are non-recurring by nature and relate to other items with an effect of EUR 1 million gain.
Q3 2023: Incidental items are non-recurring by nature and relate to the incidental warranty costs (EUR 5 million, in 'Professional'), gain from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 10 million, in 'Other') and other items with en effect of EUR 1 million loss.

Amounts may not add up due to rounding.

January to September 2024 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items [1]	Adjusted
January to September 2024					
Sales	4,488	—	—	—	4,488
Cost of sales	(2,699)	27	—	11	(2,660)
Gross margin	**1,789**	**27**	**—**	**11**	**1,828**
Selling, general and administrative expenses	(1,298)	15	3	4	(1,275)
Research and development expenses	(205)	2	—	—	(204)
Indirect costs	**(1,503)**	**17**	**3**	**4**	**(1,479)**
Impairment of goodwill	—	—	—	—	—
Other business income	16	—	(3)	(9)	4
Other business expenses	(3)	—	—	—	(3)
Income from operations	**299**	**44**	**—**	**6**	**350**
Amortization	(51)	—	—	—	(51)
Income from operations excluding amortization (EBITA)	**350**	**44**	**—**	**6**	**401**
January to September 2023					
Sales	4,970	—	—	—	4,970
Cost of sales	(3,097)	53	3	24	(3,018)
Gross margin	**1,873**	**53**	**3**	**24**	**1,953**
Selling, general and administrative expenses	(1,379)	24	8	1	(1,346)
Research and development expenses	(216)	7	—	—	(209)
Indirect costs	**(1,595)**	**31**	**8**	**1**	**(1,555)**
Impairment of goodwill	—	—	—	—	—
Other business income	20	—	(2)	(11)	7
Other business expenses	(19)	—	1	14	(3)
Income from operations	**280**	**84**	**9**	**27**	**401**
Amortization	(61)	—	—	—	(61)
Income from operations excluding amortization (EBITA)	**341**	**84**	**9**	**27**	**461**

[1] Q1 2024 - Q3 2024: Incidental items are non-recurring by nature and relate to the one - day FX loss from the devaluation of the Egyptian Pound by the Egyptian government (EUR 10 million, mainly in 'Professional'), environmental provision for inactive sites and the discounting effect of long-term provisions (EUR 6 million, mainly in 'Other'), gain from the movements in the indemnification positions with Koninklijke Philips N.V. originating from separation (EUR 9 million, in 'Other') and other items with an effect of EUR 1 million gain.
Q1 2023 - Q3 2023: Incidental items are non-recurring by nature and relate to results on real estate transactions (EUR 13 million, in 'Other'), environmental provision for inactive sites and discounting effect of long-term provisions (EUR 15 million, mainly in Conventional), operations in Russia and Ukraine (EUR 3 million loss, in Professional and Conventional), incidental warranty costs (EUR 5 million, in 'Professional'), gains from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 10 million, in "Other") and other items with an effect of EUR 1 million loss.

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 items.

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.

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.

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.

Consolidation effects
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.

Currency effects
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 items
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 (excluding insurance receivables for which a legal provision is recognized for the same amount), 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).