Signify

Press Release

July 26, 2024

Signify reports second quarter sales of EUR 1.5 billion, operational profitability of 7.9% and a free cash flow of EUR 51 million

Second quarter 2024[1]

- Installed base of connected light points increased to 136 million in Q2 24
- Released Climate Transition Plan with SBTi-validated net-zero targets
- Sales of EUR 1,483 million; nominal sales decline of -9.8% and CSG of -8.4%
- LED-based sales represented 86% of total sales (Q2 23: 84%)
- Adj. EBITA margin of 7.9% (Q2 23: 8.3%)
- Net income of EUR 63 million (Q2 23: EUR 45 million)
- Free cash flow of EUR 51 million (Q2 23: EUR 88 million)

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

"Our topline for the second quarter was impacted by the accelerated decline in Conventional lighting and continued market softness in Europe for the Professional business and in China. At the same time, we are encouraged by the positive trend in connected lighting, as well as the return to growth for our Consumer business outside of China and our OEM business. While the Adjusted EBITA margin of our Professional business was impacted, our Consumer and OEM businesses showed substantial improvements. Our free cash flow was in line with our expectations, reflecting the anticipated cash outflow from the restructuring program," said Eric Rondolat, CEO of Signify.

"We remain cautious on Professional Europe and on China for the second semester, but expect to see positive traction for Professional in the Americas, as well as the OEM and Consumer businesses. As a result, we maintain our guidance, with 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."

[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 A, Reconciliation of non-IFRS financial measures, of this press release.

Signify

Brighter Lives, Better World 2025

In the second quarter of the year, Signify continued to advance its Brighter Lives, Better World 2025 sustainability program which commits to doubling its positive impact on the environment and society.

Double the pace of the Paris Agreement
Signify is ahead of schedule to achieve its 2025 target to reduce greenhouse gas (GHG) emissions across its full value chain by 40% against a 2019 baseline - double the pace required by the Paris Agreement 1.5 degree scenario.

Double Circular revenues
Circular revenues increased to 35%, up 1% on last quarter and ahead of the 2025 target of 32%. The main contribution came from serviceable luminaires for the professional segment and LED luminaires for the consumer segment.

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 consumer products that support health and well-being, mainly EyeComfort, and professional luminaires that are Dark Sky compliant, reducing the impact on nature.

Double the percentage of women in leadership
The percentage of women in leadership positions increased to 29%, a 1% improvement over last quarter, slightly behind the 2025 target of 34%. Signify continues its efforts to increase representation through focused hiring practices for diversity at all levels, and through retention and engagement activities to reduce attrition.

Climate Transition Plan
In the second quarter, Signify released its Climate Transition Plan, which sets out the company's climate strategy in line with its SBTi-validated 2040 net-zero targets:

- Net-zero GHG emissions across its entire value chain by 2040.
- Absolute reduction of scope 1, 2 and 3 GHG emissions of 50% by 2030, and 90% by 2040, against a 2019 baseline.

Outlook

We remain cautious on Professional Europe and on China for the second semester, but expect to see positive traction for Professional in the Americas, as well as the OEM and Consumer businesses. As a result, we maintain our guidance, with 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

Second quarter 2023	Second quarter 2024	change	*in millions of EUR, except percentages*	Six months 2023	Six months 2024	change
		-8.4%	**Comparable sales growth**			**-9.2%**
		-1.4%	*Currency effects*			*-2.0%*
		0.0%	*Consolidation effects*			*0.1%*
1,644	**1,483**	-9.8%	**Sales**	**3,322**	**2,951**	-11.2%
639	598	-6.3%	Adjusted gross margin	1,298	1,204	-7.3%
38.9%	**40.3%**		**Adj. gross margin (as % of sales)**	**39.1%**	**40.8%**	
-454	-428		Adj. SG&A expenses	-915	-859	
-68	-69		Adj. R&D expenses	-143	-139	
-523	-497	-4.9%	Adj. indirect costs	-1,058	-998	-5.6%
31.8%	**33.5%**		**Adj. indirect costs (as % of sales)**	**31.8%**	**33.8%**	
136	118	-13.2%	Adjusted EBITA	285	240	-15.9%
8.3%	**7.9%**		**Adjusted EBITA margin**	**8.6%**	**8.1%**	
-28	-3		Adjusted items	-95	-43	
108	115	6.5%	EBITA	190	196	3.2%
88	**97**	**10.3%**	**Income from operations (EBIT)**	**149**	**162**	**8.5%**
-31	-21		Net financial income/expense	-61	-37	
-12	-13		Income tax expense	-15	-17	
45	**63**	**40.9%**	**Net income**	**73**	**107**	**46.8%**
88	51		Free cash flow	139	131	
0.32	0.49		Basic EPS (€)	0.52	0.84	
33,181	31,219		Employees (FTE)	33,181	31,219	

Second quarter

Nominal sales decreased by 9.8% to EUR 1,483 million, including a negative currency effect of 1.4%, mainly from CNY depreciation. Comparable sales declined by 8.4%, driven by lower professional lighting sales in Europe and continued softness in China, while the OEM and Consumer businesses continued to show sequential improvements.

The Adjusted gross margin increased by 140 bps to 40.3% driven by effective COGS management and positive sales mix. Adjusted indirect costs as a percentage of sales increased by 170 bps to 33.5%, as the reduction of indirect costs did not keep pace with lower sales volumes.

Adjusted EBITA decreased to EUR 118 million. The Adjusted EBITA margin decreased by 40 bps to 7.9%, as gross margin expansion was offset by an under-absorption of fixed costs.

Restructuring costs were EUR 9 million, acquisition-related charges were EUR 2 million and incidental items had a positive impact of EUR 8 million.

Net income increased to EUR 63 million, mainly driven by lower adjusted items, lower non-cash losses on Virtual Power Purchase Agreements and higher financial income.

The number of employees (FTE) decreased from 33,181 at the end of Q2 23 to 31,219 at the end of Q2 24. The year-on-year decrease is mostly related to a reduction of factory personnel due to lower production volumes and the first effects of the reorganization program. In general, the number of FTEs is affected by fluctuations in volume and seasonality.

Professional

Second quarter				Six months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-4.2%	-8.3%		Comparable sales growth	-5.3%	-8.0%	
1,059	959	-9.5%	Sales	2,105	1,902	-9.6%
89	78	-12.7%	Adjusted EBITA	173	148	-14.4%
8.4%	8.1%		Adjusted EBITA margin	8.2%	7.8%	

Includes Intelligent Lighting Controls since March 1, 2023

Second quarter
Nominal sales decreased by 9.5% to EUR 959 million, including a negative currency effect of 1.1%. Comparable sales declined by 8.3%, mainly due to continued softness in Europe and China, while Agriculture lighting showed sequential improvements. The Adjusted EBITA margin decreased by 30 bps to 8.1%, mainly due to an under-absorption of fixed costs, as negative pricing was compensated by BOM savings and positive sales mix.

Consumer

Second quarter				Six months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-11.1%	-2.4%		Comparable sales growth	-13.1%	-4.1%	
312	297	-4.7%	Sales	639	596	-6.8%
17	21	23.2%	Adjusted EBITA	37	52	41.9%
5.5%	7.1%		Adjusted EBITA margin	5.8%	8.8%	

Second quarter
Nominal sales decreased by 4.7% to EUR 297 million, including a negative currency effect of 2.3%. Comparable sales declined by 2.4%, mainly due to lower sales in China, while the connected offers were back to growth. The Adjusted EBITA margin improved by 160 bps to 7.1%, driven by COGS savings, positive sales mix and a positive currency effect.

OEM

Second quarter				Six months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-28.2%	0.1%		Comparable sales growth	-22.8%	-3.7%	
108	106	-2.5%	Sales	223	208	-6.6%
8	12	47.1%	Adjusted EBITA	19	21	8.7%
7.2%	10.9%		Adjusted EBITA margin	8.5%	9.9%	

Second quarter
Nominal sales decreased by 2.5% to EUR 106 million, including a negative currency effect of 2.7%. Comparable sales grew by 0.1%, as inventory levels of OEM distributors normalized. The Adjusted EBITA margin increased by 370 bps to 10.9%, mainly driven by COGS savings.

Conventional

Second quarter				Six months		
2023	2024	change	*in millions of EUR, unless otherwise indicated*	2023	2024	change
-15.0%	-27.6%		Comparable sales growth	-11.6%	-31.0%	
160	114	-28.3%	Sales	346	234	-32.3%
32	18	-43.5%	Adjusted EBITA	73	39	-46.7%
19.9%	15.7%		Adjusted EBITA margin	21.2%	16.7%	

Second quarter
Nominal sales decreased by 28.3% to EUR 114 million, including a negative currency effect of 0.7%. Comparable sales declined by 27.6%, reflecting the impact of the fluorescent bans in Europe, which became effective in February and August 2023. The Adjusted EBITA margin decreased by 420 bps to 15.7%, reflecting an under-absorption of fixed costs following the accelerated sales decline and one-off charges.

Other

Second quarter
'Other' represents amounts not allocated to the businesses and mainly includes costs related to ventures, exploratory research and audits. Adjusted EBITA was EUR -11 million, in line with last year (Q2 23: EUR -10 million).

Working capital

in millions of EUR, unless otherwise indicated	Jun 30, 2023	Mar 31, 2024	Jun 30, 2024
Inventories	1,288	1,064	1,074
Trade and other receivables [1]	1,002	937	959
Trade and other payables	-1,608	-1,486	-1,500
Other working capital items [2]	-42	-42	-30
Working capital	**640**	**473**	**502**
As % of LTM[3] sales	8.9%	7.3%	7.9%

[1] *As at June 30, 2024 and 2023, Trade and other receivables exclude USD 49 million and USD 48 million, respectively, of insurance receivables for which a legal provision is recognized for the same amount.*
[2] *As at June 30, 2024 and 2023, Other working capital items exclude EUR 25 million and EUR 26 million of dividend-related payable, respectively.*
[3] *LTM: Last Twelve Months*

Second quarter
Working capital increased from EUR 473 million at the end of March 2024 to EUR 502 million at the end of June 2024. The increase is mainly driven by higher receivables, higher inventories and lower other working capital items, partly offset by higher payables. As a percentage of last twelve-month sales, working capital increased by 60 bps to 7.9%.

Compared with June 2023, working capital decreased by EUR 138 million. This decrease is mainly driven by lower inventories, which benefited from shorter lead times, and lower receivables, partly offset by lower payables and lower other working capital items. As a percentage of last-twelve month sales, working capital decreased by 100 bps.

Cash flow analysis

Second quarter 2023	Second quarter 2024	*in millions of EUR*	Six months 2023	Six months 2024
88	97	Income from operations (EBIT)	149	162
67	64	Depreciation and amortization	139	132
36	30	Additions to (releases of) provisions	113	70
-41	-64	Utilizations of provisions	-92	-130
-9	-15	Changes in working capital	-62	-14
-32	-28	Net interest and financing costs received (paid)	-35	-31
-15	-16	Income taxes paid	-38	-34
-21	-20	Net capex	-51	-42
13	2	Other	17	19
88	**51**	**Free cash flow**	**139**	**131**

Second quarter
Free cash flow decreased to EUR 51 million, mainly due to a higher restructuring payout and a higher cash outflow from working capital, partly offset by a higher income from operations. Free cash flow included a restructuring payout of EUR 39 million (Q2 23: EUR 12 million).

Net debt and total equity

in millions of EUR	Jun 30, 2023	Mar 31, 2024	Jun 30, 2024
Short-term debt	755	1,247	574
Long-term debt	1,267	1,158	1,158
Gross debt	2,022	2,406	1,732
Cash and cash equivalents	584	1,403	567
Net debt	**1,439**	**1,003**	**1,165**
Total equity	**2,853**	**3,090**	**2,965**

Second quarter
Compared with the end of March 2024, the cash position decreased by EUR 836 million to EUR 567 million, mainly due to the repayment of debt and the dividend payment, partly offset by positive free cash flow. Following the repayment of debt, the gross debt position decreased to EUR 1,732 million. As a result, net debt increased by EUR 162 million to EUR 1,165 million. Total equity decreased to EUR 2,965 million (Q1 24: EUR 3,090 million), primarily due to dividend distribution, partly offset by net income and currency translation results.

Compared with the end of June 2023, the cash position decreased by EUR 17 million, while the gross debt position decreased by EUR 290 million. As a result, the net debt decreased by EUR 274 million year on year. At the end of June 2024, the net debt/EBITDA ratio was 1.8x (Q2 23: 1.9x).

Other information

Appendix A – Reconciliation of non-IFRS financial measures
Appendix B – 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 second quarter 2024 results. A live audio webcast of the conference call will be available via the Investor Relations website.

Financial calendar

October 25, 2024	Third quarter results 2024

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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 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. Above-mentioned risks are also applicable to the second half of 2024. The Group will continue to monitor how these topics develop.

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, and 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.

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

Unaudited condensed consolidated interim financial statements

For the six-month period ended June 30, 2024

Index to the unaudited condensed consolidated interim financial statements

Semi-annual report

Introduction

The semi-annual report for the six-month period ended June 30, 2024 of Signify N.V. (the ‘Company’) consists of the semi-annual condensed consolidated interim financial statements, the semi-annual management report and the responsibility statement by the Company’s Board of Management.

The main risks and uncertainties for the second half of 2024 are addressed in the first part of the press release - please refer to the section ‘Important Information’.

The information in this semi-annual report is unaudited. The semi-annual condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s Consolidated financial statements for the year ended December 31, 2023.

Responsibility statement

The Board of Management and Chief Financial Officer of the Company hereby declare that, to the best of their knowledge, the semi-annual condensed consolidated interim financial statements for the six-month period ended June 30, 2024, which have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the semi-annual management report for the six-month period ended June 30, 2024, gives a fair view of the information required pursuant to Section 5:25d(8)-(9) of the Dutch Financial Markets Supervision Act (Wet op het Financieel toezicht).

Eindhoven, July 26, 2024

Eric Rondolat
Harshavardhan Chitale
Željko Kosanović (CFO)

Management report

Business performance[1]

Market environment

In the first half of 2024, Signify saw a number of key dynamics across its end markets that impacted the company's topline performance.

Professional lighting was affected by lower demand in Europe and continued weakness in China. After a weak 2023, the consumer lighting market started to gain traction again as consumer demand for connected lighting products improved. Following a period of destocking, inventory levels within the OEM distributor network normalized during the first six months of 2024, leading to sequential improvements for Signify's OEM business. The conventional lighting market saw an accelerated rate of decline following the fluorescent bans in Europe, which became effective in February and August 2023.

Financial performance

Nominal sales decreased by 11.2% to EUR 2,951 million, including a negative currency effect of 2.0% and a positive effect of 0.1% from the consolidation of Intelligent Lighting Controls. Comparable sales decreased by 9.2%, mainly due to lower Professional lighting sales in Europe and continued softness in China and lower Conventional lighting sales, while the Consumer and OEM businesses started to show sequential improvements, particularly in the second quarter.

The gross margin increased by 230 basis points to 39.6%. The adjusted gross margin increased by 170 basis points to 40.8%, mainly driven by effective COGS management and a positive sales mix effect.

Indirect costs as a percentage of sales increased by 190 basis points to 34.4%. Adjusted indirect costs as a percentage of sales increased by 200 basis points to 33.8%, mainly due to an under-absorption of fixed costs.

EBITA increased to EUR 196 million. Restructuring costs were EUR 31 million, acquisition-related charges were EUR 5 million, and incidental items had a negative impact of EUR 7 million. Correcting for these adjusted items, the Adjusted EBITA was EUR 240 million, or 8.1% of sales. The Adjusted EBITA margin decreased by 50 basis points compared to the previous year, as gross margin improvements were more than offset by the under-absorption of fixed costs.

Income from operations increased by EUR 13 million to EUR 162 million. Net income increased by EUR 34 million to EUR 107 million, driven by lower non-cash losses on Virtual Power Purchase Agreements, higher financial income and higher income from operations.

Net cash from operating activities decreased by EUR 17 million to EUR 173 million. The decrease is mainly driven by a higher restructuring payout, partly offset by a lower cash outflow from working capital.

Professional

Nominal sales decreased by 9.6% to EUR 1,902 million, including a negative currency effect of 1.8% and a positive effect of 0.1% from the consolidation of Intelligent Lighting Controls. Comparable sales declined by 8.0%, mainly due to weakness in Europe and China.

Adjusted EBITA was EUR 148 million. The Adjusted EBITA margin decreased by 40 basis points to 7.8% of sales, as cost savings and a positive sales mix effect were offset by an under-absorption of fixed costs and negative pricing in some markets.

Consumer

Nominal sales decreased by 6.8% to EUR 596 million, including a negative currency effect of 2.7%. Comparable sales declined by 4.1%, mainly driven by lower LED lamps & luminaires sales, while Hue was back to growth.

Adjusted EBITA was EUR 52 million. The Adjusted EBITA margin increased by 300 basis points to 8.8%, driven by COGS savings, a positive currency effect and positive sales mix.

OEM

Nominal sales decreased by 6.6% to EUR 208 million, including a negative currency effect of 2.9%. Comparable sales declined by 3.7%, sequentially improving throughout the first half of 2024, as distributor inventory levels normalized following a period of destocking.

Adjusted EBITA was EUR 21 million. The Adjusted EBITA margin increased by 140 basis points to 9.9%, mainly driven by COGS savings.

Conventional

Nominal sales decreased by 32.3% to EUR 234 million, including a negative currency effect of 1.2%. Comparable sales decreased by 31.0%, as the fluorescent bans in Europe resulted in an accelerated decline for the business.

Adjusted EBITA was 39 million. The Adjusted EBITA margin decreased by 450 basis points to 16.7%, mainly due to an under-absorption of fixed costs related to the sales decline and one-off charges, while last year included a benefit from one offs.

[1] *This section contains certain non-IFRS financial measures and ratios, such as comparable sales growth, EBITA, Adjusted EBITA, 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 measures, see "Reconciliation of non-IFRS financial measures".*

Other

'Other' represents amounts not allocated to the businesses and mainly includes costs related to ventures, exploratory research and audits. Adjusted EBITA was EUR -20 million, compared with EUR -17 million in the same period last year.

Outlook

We remain cautious on Professional Europe and on China for the second semester, but expect to see positive traction for Professional in the Americas, as well as the OEM and Consumer businesses. As a result, we maintain our guidance, with 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.

I Condensed consolidated financial statements

I.I Condensed consolidated statement of income

In millions of EUR unless otherwise stated

	Note	Second quarter		January to June	
		2023	2024	2023	2024
Sales	1, 2	1,644	1,483	3,322	2,951
Cost of sales		(1,010)	(895)	(2,083)	(1,781)
Gross margin		**633**	**588**	**1,239**	**1,170**
Selling, general and administrative expenses		(464)	(429)	(935)	(876)
Research and development expenses		(69)	(69)	(145)	(139)
Other business income	3	4	9	10	9
Other business expenses	3	(16)	(1)	(19)	(2)
Income from operations		**88**	**97**	**149**	**162**
Financial income	8	6	11	11	26
Financial expenses		(37)	(32)	(72)	(63)
Results relating to investments in associates		–	(1)	–	(1)
Income before taxes		**57**	**76**	**88**	**124**
Income tax expense	4	(12)	(13)	(15)	(17)
Net income		**45**	**63**	**73**	**107**
Attribution of net income for the period:					
Net income (loss) attributable to shareholders of Signify N.V.		41	62	66	106
Net income (loss) attributable to non-controlling interests		4	2	7	1
Earnings per ordinary share attributable to shareholders					
Weighted average number of ordinary shares outstanding used for calculation (in thousands):					
Basic		125,913	126,244	125,948	126,218
Diluted		127,367	127,825	127,806	127,804
Net income attributable to shareholders per ordinary share in EUR:					
Basic		0.32	0.49	0.52	0.84
Diluted		0.32	0.48	0.52	0.83

The accompanying notes are an integral part of these condensed consolidated financial statements.

1.2 Condensed consolidated statement of comprehensive income

in millions of EUR

	Second quarter		January to June	
	2023	2024	2023	2024
Net income (loss)	**45**	**63**	**73**	**107**
Pensions and other post-employment plans:				
Remeasurements	–	–	–	4
Income tax effect on remeasurements	–	–	–	(1)
Total of items that will not be reclassified to profit or loss	**–**	**–**	**–**	**3**
Currency translation differences:				
Net current period change, before tax	(41)	23	(100)	106
Income tax effect	–	–	–	–
Cash flow hedges:				
Net current period change, before tax	(6)	1	11	3
Income tax effect	2	–	(3)	(1)
Total of items that are or may be reclassified to profit or loss	**(45)**	**24**	**(91)**	**108**
Other comprehensive income (loss)	**(45)**	**24**	**(91)**	**111**
Total comprehensive income (loss)	**–**	**87**	**(19)**	**218**
Total comprehensive income (loss) attributable to:				
Shareholders of Signify N.V.	–	84	(19)	214
Non-controlling interests	–	2	1	4

The accompanying notes are an integral part of these condensed consolidated financial statements.

I.3 Condensed consolidated statement of financial position

In millions of EUR

	Note	December 31, 2023	June 30, 2024
Non-current assets			
Property, plant and equipment	1	633	608
Goodwill	1	2,755	2,838
Intangible assets, other than goodwill	1	641	623
Investments in associates		12	12
Financial assets	8	91	41
Deferred tax assets		402	385
Other assets		32	26
Total non-current assets		**4,566**	**4,531**
Current assets			
Inventories		1,050	1,074
Financial assets	8	2	–
Other assets		147	168
Derivative financial assets	8	14	10
Income tax receivable		54	69
Trade and other receivables		1,012	1,004
Cash and cash equivalents	8	1,158	567
Assets classified as held for sale		–	–
Total current assets		**3,438**	**2,893**
Total assets		**8,004**	**7,424**
Equity			
Shareholders' equity	5	2,817	2,844
Non-controlling interests		129	121
Total equity		**2,947**	**2,965**
Non-current liabilities			
Debt	6	1,192	1,158
Post-employment benefits		322	306
Provisions	7	263	202
Deferred tax liabilities		20	18
Income tax payable		79	68
Other liabilities		154	152
Total non-current liabilities		**2,030**	**1,904**
Current liabilities			
Debt, including bank overdrafts	6	1,038	574
Derivative financial liabilities	8	17	5
Income tax payable		20	21
Trade and other payables		1,539	1,500
Provisions	7	206	226
Other liabilities		206	229
Total current liabilities		**3,027**	**2,555**
Total liabilities and total equity		**8,004**	**7,424**

The accompanying notes are an integral part of these condensed consolidated financial statements.

1.4 Condensed consolidated statement of cash flows

In millions of EUR

	Note	Second quarter		January to June	
		2023	2024	2023	2024
Cash flows from operating activities					
Net income (loss)		45	63	73	107
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		159	133	335	274
• Depreciation, amortization and impairment of non-financial assets		67	64	139	132
• Net gain on sale of assets	3	13	–	8	–
• Net interest expense on debt, borrowings and other liabilities		11	9	21	17
• Income tax expense	4	12	13	15	17
• Additions to (releases of) provisions	7	31	24	103	64
• Additions to (releases of) post-employment benefits		6	6	11	6
• Other items		20	16	39	38
Changes in working capital:		(9)	(15)	(62)	(14)
• Changes in trade and other receivables		15	(24)	70	60
• Changes in inventories		40	(7)	49	(12)
• Changes in trade and other payables		(54)	33	(190)	(37)
• Changes in other current assets and liabilities		(10)	(17)	9	(26)
Changes in other non-current assets and liabilities		1	(3)	10	1
Utilizations of provisions	7	(33)	(56)	(75)	(112)
Utilizations of post-employment benefits		(8)	(8)	(17)	(18)
Net interest and financing costs received (paid)		(32)	(28)	(35)	(31)
Income taxes paid		(15)	(16)	(38)	(34)
Net cash provided by (used for) operating activities		**109**	**70**	**190**	**173**
Cash flows from investing activities					
Net capital expenditures:		(21)	(20)	(51)	(42)
• Additions of intangible assets		(17)	(10)	(31)	(22)
• Capital expenditures on property, plant and equipment		(9)	(11)	(26)	(24)
• Proceeds from disposal of property, plant and equipment		5	1	6	3
Net proceeds from (cash used for) derivatives and other financial assets		(3)	(5)	10	–
Purchases of businesses, net of cash acquired		–	–	(14)	–
Net cash provided by (used for) investing activities		**(25)**	**(25)**	**(56)**	**(42)**
Cash flows from financing activities					
Dividend paid	5	(168)	(166)	(168)	(166)
Proceeds from issuance of debt	6	9	–	9	179
Repayment of debt	6	(24)	(694)	(47)	(713)
Capital reduction to minority shareholders		–	(12)	–	(12)
Purchase of treasury shares	5	–	(14)	–	(14)
Net cash provided by (used for) financing activities		**(184)**	**(885)**	**(206)**	**(727)**
Net cash flows		**(100)**	**(840)**	**(71)**	**(596)**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts		(9)	4	(21)	4
Cash and cash equivalents and bank overdrafts at the beginning of the period [1]		693	1,402	676	1,158
Cash and cash equivalents and bank overdrafts at the end of the period [2]		**583**	**566**	**583**	**566**
Non-cash investing and financing activities:					
Acquisition of fixed asset by means of leases		16	19	33	28

[1] For Q2 2024 and Q2 2023, included bank overdrafts of EUR 1 million and EUR 1 million, respectively. For the first half of 2024 and 2023, included bank overdrafts of EUR 0 million and EUR 1 million, respectively.
[2] Included bank overdrafts of EUR 1 million and EUR 0 million as at June 30, 2024 and 2023, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

1.5 Condensed consolidated statements of changes in equity

In millions of EUR

	Share capital	Share premium	Retained earnings	Currency translation differences	Cash flow hedges	Treasury shares	Total share-holders' equity	Non-controlling interests	Equity
Balance as at January 1, 2023	**1**	**2,139**	**864**	**67**	**(20)**	**(131)**	**2,920**	**145**	**3,065**
Net Income	–	–	66	–	–	–	66	7	73
Other comprehensive income (loss)	–	–	–	(94)	9	–	(85)	(6)	(91)
Total comprehensive income (loss)	**–**	**–**	**66**	**(94)**	**9**	**–**	**(19)**	**1**	**(19)**
Dividend distributed	–	–	(189)	–	–	–	(189)	(9)	(198)
Purchase of treasury shares	–	–	–	–	–	(7)	(7)	–	(7)
Delivery of treasury shares	–	(35)	(22)	–	–	56	–	–	–
Share-based compensation plans	–	10	–	–	–	–	10	–	10
Hyperinflation adjustment	–	–	3	–	–	–	3	–	3
Balance as at June 30, 2023	**1**	**2,114**	**722**	**(27)**	**(11)**	**(82)**	**2,717**	**137**	**2,853**
Balance as at January 1, 2024	**1**	**2,120**	**851**	**(72)**	**(1)**	**(82)**	**2,817**	**129**	**2,947**
Net Income	–	–	106	–	–	–	106	1	107
Other comprehensive income (loss)	–	–	3	103	2	–	108	3	111
Total comprehensive income (loss)	**–**	**–**	**109**	**103**	**2**	**–**	**214**	**4**	**218**
Movement in non-controlling interests	–	–	–	–	–	–	–	(12)	(12)
Dividend distributed	–	–	(196)	–	–	–	(196)	–	(196)
Purchase of treasury shares	–	–	–	–	–	(14)	(14)	–	(14)
Delivery of treasury shares	–	(9)	(7)	–	–	16	–	–	–
Share-based compensation plans	–	19	–	–	–	–	19	–	19
Hyperinflation adjustment	–	–	3	–	–	–	3	–	3
Balance as at June 30, 2024	**1**	**2,130**	**759**	**31**	**1**	**(79)**	**2,844**	**121**	**2,965**

The accompanying notes are an integral part of these condensed consolidated financial statements.

2 Notes to the consolidated interim financial statements

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up to totals provided.

2.1 Reporting entity

Signify N.V. is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the symbol 'LIGHT'.

As used herein, the term Signify is used for Signify N.V. (the 'Company') and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code.

The corporate seat of the Company is in Eindhoven, the Netherlands, and its registered office is at High Tech Campus 48, 5656 AE Eindhoven. The Company is registered in the Commercial Register of the Chamber of Commerce under number 65220692.

2.2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Several amendments apply to the accounting standards for the first time in 2024, but do not have a material impact on the condensed consolidated interim financial statements of Signify.

The income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full year.

The accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the Consolidated financial statements for the year ended December 31, 2023.

Macroeconomic and geopolitical environment

Signify continuously monitors the developments in the macroeconomic and geopolitical environment. During the six-month period ended June 30, 2024, there was no significant change compared to our assessment as disclosed in the Consolidated financial statements for the year ended December 31, 2023.

Climate-related matters

Signify continuously monitors risks and opportunities related to climate change. On June 18, 2024, Signify released the Signify Climate Transition Plan to reduce greenhouse gas (GHG) emissions by 90% across its entire value chain against a 2019 baseline and reach net-zero by 2040. The plan builds on Signify's long-established leadership in transforming the lighting industry.

During the six-month period ended June 30, 2024, there was no significant change compared to our assessment as of December 31, 2023.

In particular:

- In relation to Conventional Products, Signify did not identify any significant impacts resulting from the commitments made in this respect in the valuation of its property, plant and equipment and intangible assets (including goodwill). For more details, reference is made to note 1, Basis of preparation - Climate related matters in the Consolidated financial statements for the year ended December 31, 2023. These commitments include the implementation of the action plans such as phasing out of conventional lighting, upgrading our buildings and lighting, and optimizing the energy use in our factories and non-industrial facilities.
- Signify did not identify any material additional provisions for environmental liabilities and risks beyond the ones already provided for as of June 30, 2024. For more details, reference is made to note 24, Provisions in the Consolidated financial statements for the year ended December 31, 2023.

Changes to segment reporting

As announced on December 1, 2023, Signify has adapted its organization structure along four verticalized businesses with full profit and loss responsibility: Professional, Consumer, OEM and Conventional. The new organizational structure became effective on April 1, 2024 following completion of proceedings with Signify's social partners.

In line with this change, effective Q1 2024, Signify's reportable segments are Professional, Consumer, OEM and Conventional:

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

The reportable segments are based on customer type (Professional, Consumer, OEM), except for Conventional, which is dedicated to conventional lighting technologies.

The Consumer and Professional reportable segments include operating segments, organized based on geography, which are aggregated to form the reportable segments. The aggregated operating segments are similar in respect of the nature of products, production processes, customer and distribution method. In addition, long term gross margins relative to sales are expected at similar level.

Following the implementation of the new structure, each of these four businesses will be fully responsible for its end-to-end processes including offer development, manufacturing and sales & marketing. As a result, part of the central costs have been reallocated to the four vertically integrated businesses. 'Other' represents amounts not allocated to the operating segments and mainly includes costs related to ventures, exploratory research and audits.

Prior period comparative figures have been restated in line with the updated reportable segments and reallocation of central costs. Refer to note 1, Information by segment and main country for restated comparative figures.

Goodwill is allocated to cash-generating units, which represent the lowest level at which the goodwill is monitored internally for impairment review. Previously, the cash-generating units for goodwill were the three Divisions. As a result of the organizational changes, the cash-generating units for goodwill have also been updated to correspond to the new operating segments.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Except as disclosed in previous paragraphs, the areas where the most significant judgments and estimates are made, were the same as those disclosed in the Consolidated financial statements for the year ended December 31, 2023.

2.3 Notes

I Information by segment and main country

The following is an overview of Signify's sales and results by segment. Comparative figures for 2023 have been restated as described in 2.2 Basis of preparation.

	Second Quarter							January to June						
	Professional [4]	Consumer	OEM	Conventional	Other [5]	Intersegment elimination	Signify	Professional [4]	Consumer	OEM	Conventional	Other [5]	Intersegment elimination	Signify
2024														
Sales to external customers	959	297	106	114	7		1,483	1,902	596	208	234	12		2,951
Sales including intersegment	960	320	132	115	8	(52)	1,483	1,905	636	261	235	12	(98)	2,951
Depreciation and amortization [1]	(21)	(5)	(3)	(3)	(15)		(47)	(41)	(11)	(5)	(9)	(32)		(98)
Adjusted EBITA	**78**	**21**	**12**	**18**	**(11)**		**118**	**148**	**52**	**21**	**39**	**(20)**		**240**
Adjusted EBITA as a % of sales	8.1%	7.1%	10.9%	15.7%			7.9%	7.8%	8.8%	9.9%	16.7%			8.1%
Restructuring							(9)							(31)
Acquisition-related charges							(2)							(5)
Incidental items							8							(7)
EBITA [2]							115							196
Amortization [3]							(18)							(35)
Income from operations							97							162
Financial income and expenses							(21)							(37)
Results from investments in associates							(1)							(1)
Income before taxes							**76**							**124**
2023														
Sales to external customers	1,059	312	108	160	5		1,644	2,105	639	223	346	9		3,322
Sales including intersegment	1,060	333	140	161	5	(56)	1,644	2,106	682	289	347	10	(112)	3,322
Depreciation and amortization [1]	(20)	(4)	(3)	(6)	(15)		(48)	(40)	(10)	(5)	(11)	(31)		(97)
Adjusted EBITA	**89**	**17**	**8**	**32**	**(10)**		**136**	**173**	**37**	**19**	**73**	**(17)**		**285**
Adjusted EBITA as a % of sales	8.4%	5.5%	7.2%	19.9%			8.3%	8.2%	5.8%	8.5%	21.2%			8.6%
Restructuring							(9)							(57)
Acquisition-related charges							(3)							(6)
Incidental items							(16)							(32)
EBITA [2]							108							190
Amortization [3]							(20)							(41)
Income from operations							88							149
Financial income and expenses							(31)							(61)
Results from investments in associates							—							—
Income before taxes							**57**							**88**

1 Excluding amortization and impairments of acquisition-related intangible assets and goodwill
2 Income from operations excluding amortization and impairments of acquisition-related intangible assets and goodwill ('EBITA')
3 Amortization and impairments of acquisition-related intangible assets and goodwill
4 Includes Intelligent Lighting Controls since March 1, 2023
5 Considering the nature of Other, Adjusted EBITA as a % of sales for Other is not meaningful

Following the implementation of the new organization structure, the key segmental performance measure is Adjusted EBITA. Adjusted EBITA is not a recognized measure of financial performance under IFRS, and represents income from operations excluding amortization and impairments of acquisition-related intangible assets and goodwill, restructuring costs, acquisition-related charges, and other incidental items.

Incidental items of EUR 7 million for the six-month period ended June 30, 2024 were related to the one-day FX loss from the devaluation of the Egyptian Pound by the Egyptian government (EUR 10 million, mainly in "Professional"), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 6 million, mainly in "Other"), gains from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 8 million, in "Other") and other items with an effect of EUR 1 million gain.

Incidental items of EUR 32 million for the six-month period ended June 30, 2023 were related to results on real estate transactions (EUR 13 million in 'Other'), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 15 million, mainly in Conventional), operations in Russia and Ukraine (EUR 4 million, in Professional and Conventional), and other insignificant items.

Sales between the segments mainly relate to the supply of goods. The pricing of such transactions is determined on an 'arm's length basis'.

Sales and tangible and intangible assets are reported based on the country of origin as follows:

	Sales [1]		Tangible and intangible assets [1,2]	
	January to June 2023	January to June 2024	December 31, 2023	June 30, 2024
Netherlands	223	212	596	595
United States	1,124	1,039	2,490	2,550
China	217	184	274	265
Germany	189	160	9	8
Other countries	1,569	1,356	660	650
Total countries	**3,322**	**2,951**	**4,029**	**4,069**

[1] Includes Intelligent Lighting Controls since March 1, 2023.
[2] Includes goodwill

2 Disaggregated revenue information

Information on sales per segment is disclosed in note 1, Information by segment and main country. For the six-month period ended June 30, 2024, sales consisted primarily (97%) of sales of goods to customers (January to June 2023: 97%)

3 Other business income and expenses

Other business income and expenses consist of the following:

	January to June	
	2023	2024
Result on disposal of businesses	5	–
Result on disposal of fixed assets	(13)	–
Result on other remaining businesses	(1)	7
Other business income and expenses	**(9)**	**7**
Total other business income	10	9
Total other business expense	(19)	(2)

For the six-month period ended June 30, 2024, the result on other remaining businesses includes EUR 8 million income from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation.

For the six-month period ended June 30, 2023, the result on disposal of fixed assets mainly relates to a provision recognized regarding a prior year real estate transaction in 'Other'.

4 Income taxes

The income tax expense in the six-month period ended June 30, 2024 increased by EUR 2 million compared to the corresponding period of the previous year mainly due to higher income before tax, partly offset by releases of tax provisions.

The effective tax rate for the six-month period ended June 30, 2024, was 14.1% compared to 17.2% in 2023.

Pillar Two

The Pillar Two legislation is effective for Signify's financial year beginning January 1, 2024. Signify is in scope of the legislation and has performed an assessment of Signify's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on prior year country-by-country reporting and IFRS financial data for the constituent entities included in the IFRS financial statements of Signify. During the six-month period ended June 30, 2024, there was no significant change compared to our assessment as disclosed in the Consolidated financial statements for the year ended December 31, 2023.

5 Equity

Dividend distribution

In June 2024, the Company settled a dividend of EUR 1.55 per ordinary share, representing a total value of EUR 196 million including costs. An amount of EUR 166 million was paid in cash and the remaining dividend tax liability of EUR 25 million, presented in Other liabilities as at June 30, 2024 was paid in July.

Share repurchases

During the six-month period ended June 30, 2024, the Company purchased shares to cover obligations arising from its long-term incentive performance share plans and other employee share plans. The total number of shares repurchased was 513,800 for a total consideration of EUR 14 million.

Treasury shares

As at June 30, 2024, the total number of treasury shares amounted to 2,186,695, which were purchased at an average price of EUR 36.10 per share.

6 Debt

	December 31, 2023	June 30, 2024
Term loan (EUR)	501	679
Term loan (USD)	203	210
Eurobonds	1,271	597
Lease liabilities	237	229
Other debt	18	16
Subtotal	**2,229**	**1,731**
Bank overdrafts	–	1
Gross debt	**2,230**	**1,732**
Cash and cash equivalents	(1,158)	(567)
Net debt (cash)	**1,071**	**1,165**
Total equity	**2,947**	**2,965**
Net debt and total equity	4,018	4,131
Net debt divided by net debt and total equity (in %)	27%	28%
Total equity divided by net debt and total equity (in %)	73%	72%

Term loans

In January 2024, the remaining EUR 178 million of the EUR 400 million long-term loan agreement entered in December 2023 was received. This agreement bears interest at a variable rate based on the relevant applicable EURIBOR plus fixed margin of 1.30% and is maturing in December 2026.

Eurobonds

In May 2024, EUR 675 million of fixed rate notes with an annual coupon of 2.000% matured and were repaid.

There were no other material changes in Signify's gross debt structure.

7 Provisions

Additions of restructuring provisions during the six-month period ended June 30, 2024, included the structural cost reduction program and restructuring programs in Professional. Utilizations of restructuring provision were related to programs in Professional and 'Other'. Balance of restructuring provisions as of June 30, 2024 was related to the structural cost reduction program and programs in Conventional in Belgium.

During the six-month period ended June 30, 2024, there was no significant change compared to our assessment of legal provisions as disclosed in the Consolidated financial statements for the year ended December 31, 2023.

During the six-month period ended June 30, 2024, Signify reclassified majority of the legal provisions and the related insurance cover asset from long-term to short-term, as these positions are expected to be settled within a year.

For more information, refer to note 24, Provisions in the Consolidated financial statements for the year ended December 31, 2023.

Provisions are summarized as follows:

	Restructuring	Environmental	Product warranty	Legal	Other	Total
Balance as at January 1, 2024	**121**	**99**	**103**	**50**	**95**	**470**
Additions	33	9	21	2	8	72
Utilizations	(74)	(5)	(24)	–	(9)	(112)
Releases	(8)	–	–	–	(1)	(9)
Translation differences and other movements	1	1	2	1	1	7
Balance as at June 30, 2024	**74**	**105**	**102**	**54**	**93**	**428**
Short-term	70	31	55	47	23	226
Long-term	4	74	47	6	70	202

8 Financial assets and liabilities

Financial risk management

The company assessed global macroeconomic developments and concluded that no material changes to the existing financial risk management objectives were necessary. These objectives are consistent with those disclosed in the Consolidated financial statements for the year ended December 31, 2023.

Fair value hierarchy

The valuation techniques and inputs used to develop measurements for financial assets and liabilities are consistent with those disclosed in the Consolidated financial statements for the year ended December 31, 2023.

During the six-month period ended June 30, 2024, Signify recognized a loss of EUR 7 million in Financial income and expenses related to Signify's participation in Virtual Power Purchase Agreements, which are included in Derivative financial assets not designated as hedging instruments. This non-cash loss results from a fair value remeasurement as calculated per balance sheet date.

	Carried at	Gross amount recognized on the balance sheet	Amounts not offset on the balance sheet, but subject to master netting arrangements	Net amount	Fair value hierarchy level	Estimated fair value
Balance as at June 30, 2024						
Non-current financial assets [1]	amortized cost	21	–	21		21
Unquoted equity shares	fair value (FVOCI)	5	–	5	3	5
Trade and other receivables[1, 2]	amortized cost	1,004	–	1,004		1,004
Derivative financial assets designated as hedging instruments	fair value (FVTPL)	10	(4)	6	2	10
Current derivative financial assets not designated as hedging instruments	fair value (FVTPL)					
Non-current derivative financial assets not designated as hedging instruments	fair value (FVTPL)	15	–	15	3	19
Cash and cash equivalents		567	–	567		567
Debt (Eurobonds)	amortized cost	(597)	–	(597)	1	(579)
Debt (excluding Eurobonds)[1]	amortized cost	(1,135)	–	(1,135)	2	(1,135)
Derivative financial liabilities designated as hedging instruments	fair value (FVTPL)	(6)	4	(2)	2	(6)
Trade and other payables[1]	amortized cost	(1,497)	–	(1,497)		(1,497)
Contingent considerations	fair value (FVTPL)	(3)	–	(3)	3	(3)
Balance as at December 31, 2023						
Non-current financial assets [1, 2]	amortized cost	65	–	65		65
Unquoted equity shares	fair value (FVOCI)	4	–	4	3	4
Trade and other receivables [1]	amortized cost	1,012	–	1,012		1,012
Derivative financial assets designated as hedging instruments	fair value (FVTPL)	14	(12)	3	2	14
Current derivative financial assets not designated as hedging instruments	fair value (FVTPL)	2	–	2	1	2
Non-current derivative financial assets not designated as hedging instruments	fair value (FVTPL)	22	–	22	3	27
Cash and cash equivalents		1,158	–	1,158		1,158
Debt (Eurobonds)	amortized cost	(1,271)	–	(1,271)	1	(1,250)
Debt (excluding Eurobonds)[1]	amortized cost	(959)	–	(959)	2	(959)
Derivative financial liabilities designated as hedging instruments	fair value (FVTPL)	(17)	12	(5)	2	(17)
Trade and other payables[1]	amortized cost	(1,537)	–	(1,537)		(1,537)
Contingent considerations	fair value (FVTPL)	(3)	–	(3)	3	(3)

1 In view of the nature, maturity or the magnitude of the amounts, Signify considers that the fair value of non-current financial assets, trade and other receivables, debt (excluding Eurobonds), trade and other payables are not materially different from their carrying value.
2 Includes the insurance cover asset related to the legal case as disclosed in note 7, Provisions.

9 Events after the balance sheet date

No subsequent events occurred that are material to Signify.

Appendix A - Reconciliation of non-IFRS financial measures

Sales growth composition per business in %

	Second quarter			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2024 vs 2023				
Professional	(8.3)	(1.1)	0.0	(9.5)
Consumer	(2.4)	(2.3)	0.0	(4.7)
OEM	0.1	(2.7)	0.0	(2.5)
Conventional	(27.6)	(0.7)	0.0	(28.3)
Other	52.4	(4.3)	0.0	48.2
Signify	**(8.4)**	**(1.4)**	**0.0**	**(9.8)**

	Second quarter			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2023 vs 2022				
Professional	(4.2)	(2.4)	1.6	(5.1)
Consumer	(11.1)	(3.6)	0.0	(14.7)
OEM	(28.2)	(3.5)	0.1	(31.5)
Conventional	(15.0)	(2.3)	0.0	(17.3)
Other	31.0	(8.4)	0.0	22.6
Signify	**(8.6)**	**(2.8)**	**0.9**	**(10.5)**

	January to June			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2024 vs 2023				
Professional	(8.0)	(1.8)	0.1	(9.6)
Consumer	(4.1)	(2.7)	0.0	(6.8)
OEM	(3.7)	(2.9)	0.0	(6.6)
Conventional	(31.0)	(1.2)	0.0	(32.3)
Other	29.1	(4.7)	0.0	24.4
Signify	**(9.2)**	**(2.0)**	**0.1**	**(11.2)**

	January to June			
	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2023 vs 2022				
Professional	(5.3)	(0.4)	2.6	(3.0)
Consumer	(13.1)	(2.1)	0.0	(15.2)
OEM	(22.8)	(2.0)	0.1	(24.7)
Conventional	(11.6)	(0.7)	0.0	(12.4)
Other	0.7	(4.5)	0.0	(3.8)
Signify	**(8.9)**	**(1.0)**	**1.5**	**(8.3)**

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

	Signify	Professional	Consumer	OEM	Conventional	Other
Second quarter 2024						
Adjusted EBITA	118	78	21	12	18	(11)
Restructuring	(9)					
Acquisition-related charges	(2)					
Incidental items	8					
EBITA	**115**					
Amortization [1]	(18)					
Income from operations (or EBIT) [2]	**97**					
Second quarter 2023						
Adjusted EBITA	136	89	17	8	32	(10)
Restructuring	(9)					
Acquisition-related charges	(3)					
Incidental items	(16)					
EBITA	**108**					
Amortization [1]	(20)					
Income from operations (or EBIT) [2]	**88**					

1 Amortization and impairments of acquisition-related intangible assets and goodwill.
2 For a reconciliation to income before taxes, refer to note 1, Information by segment and main country.

	Signify	Professional	Consumer	OEM	Conventional	Other
January to June 2024						
Adjusted EBITA	240	148	52	21	39	(20)
Restructuring	(31)					
Acquisition-related charges	(5)					
Incidental items	(7)					
EBITA	**196**					
Amortization [1]	(35)					
Income from operations (or EBIT) [2]	**162**					
January to June 2023						
Adjusted EBITA	285	173	37	19	73	(17)
Restructuring	(57)					
Acquisition-related charges	(6)					
Incidental items	(32)					
EBITA	**190**					
Amortization [1]	(41)					
Income from operations (or EBIT) [2]	**149**					

1 Amortization and impairments of acquisition-related intangible assets and goodwill.
2 For a reconciliation to income before taxes, refer to note 1, Information by segment and main country.

Amounts may not add up due to rounding.

Second quarter Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items [1]	Adjusted
Second quarter 2024					
Sales	1,483	–	–	–	1,483
Cost of sales	(895)	10	1	–	(885)
Gross margin	**588**	**10**	**1**	**–**	**598**
Selling, general and administrative expenses	(429)	(1)	1	1	(428)
Research and development expenses	(69)	(1)	–	–	(69)
Indirect costs	**(498)**	**(1)**	**1**	**1**	**(497)**
Impairment of goodwill	–	–	–	–	–
Other business income	9	–	–	(8)	–
Other business expenses	(1)	–	–	–	(1)
Income from operations	**97**	**9**	**2**	**(8)**	**100**
Amortization	(18)	–	–	–	(18)
Income from operations excluding amortization (EBITA)	**115**	**9**	**2**	**(8)**	**118**
Second quarter 2023					
Sales	1,644	–	–	–	1,644
Cost of sales	(1,010)	3	1	1	(1,005)
Gross margin	**633**	**3**	**1**	**1**	**639**
Selling, general and administrative expenses	(464)	5	2	2	(454)
Research and development expenses	(69)	1	–	–	(68)
Indirect costs	**(533)**	**6**	**3**	**2**	**(523)**
Impairment of goodwill	–	–	–	–	–
Other business income	4	–	(2)	(1)	1
Other business expenses	(16)	–	1	13	(1)
Income from operations	**88**	**9**	**3**	**16**	**116**
Amortization	(20)	–	–	–	(20)
Income from operations excluding amortization (EBITA)	**108**	**9**	**3**	**16**	**136**

[1] Q2 2024: Incidental items are non-recurring by nature and are related to gains from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 8 million, in "Other") and other items with an effect of EUR 1 million loss.
Q2 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 4 million, mainly in Conventional) and other items with an effect of EUR 1 million gain.

Amounts may not add up due to rounding.

January to June Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition-related charges	Incidental items [1]	Adjusted
January to June 2024					
Sales	2,951	–	–	–	2,951
Cost of sales	(1,781)	22	1	10	(1,747)
Gross margin	**1,170**	**22**	**1**	**10**	**1,204**
Selling, general and administrative expenses	(876)	9	3	5	(859)
Research and development expenses	(139)	–	–	–	(139)
Indirect costs	**(1,016)**	**9**	**4**	**5**	**(998)**
Impairment of goodwill	–	–	–	–	–
Other business income	9	–	–	(8)	1
Other business expenses	(2)	–	–	–	(1)
Income from operations	**162**	**31**	**5**	**7**	**205**
Amortization	(35)	–	–	–	(35)
Income from operations excluding amortization (EBITA)	**196**	**31**	**5**	**7**	**240**
January to June 2023					
Sales	3,322	–	–	–	3,322
Cost of sales	(2,083)	40	2	18	(2,023)
Gross margin	**1,239**	**40**	**2**	**18**	**1,298**
Selling, general and administrative expenses	(935)	14	5	1	(915)
Research and development expenses	(145)	3	–	–	(143)
Indirect costs	**(1,081)**	**16**	**5**	**1**	**(1,058)**
Impairment of goodwill	–	–	–	–	–
Other business income	10	–	(2)	(1)	7
Other business expenses	(19)	–	1	14	(4)
Income from operations	**149**	**57**	**6**	**32**	**244**
Amortization	(41)	–	–	–	(41)
Income from operations excluding amortization (EBITA)	**190**	**57**	**6**	**32**	**285**

[1] H1 2024: Incidental items are non-recurring items by nature and are related to the one-day FX loss from the devaluation of the Egyptian Pound by the Egyptian government (EUR 10 million, mainly in "Professional"), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 6 million, mainly in "Other"), gains from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 8 million, in "Other") and other items with an effect of EUR 1 million gain.
H1 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 4 million, in Professional and Conventional) and other insignificant items.

Amounts may not add up due to rounding.

Composition of cash flows in millions of EUR

	Second quarter		January to June	
	2023	2024	2023	2024
Cash flows from operating activities	109	70	190	173
Cash flows from investing activities	(25)	(25)	(56)	(42)
Cash flows before financing activities	**84**	**46**	**134**	**131**
Cash flows from operating activities	109	70	190	173
Net capital expenditures:	(21)	(20)	(51)	(42)
• Additions of intangible assets	(17)	(10)	(31)	(22)
• Capital expenditures on property, plant and equipment	(9)	(11)	(26)	(24)
• Proceeds from disposal of property, plant and equipment	5	1	6	3
Free cash flows	**88**	**51**	**139**	**131**

Working capital to total assets in millions of EUR

	June 30, 2023	December 31, 2023	June 30, 2024
Working capital	**640**	**461**	**502**
Eliminate liabilities comprised in working capital:			
• Trade and other payables	1,608	1,539	1,500
• Derivative financial liabilities	54	17	5
• Other current liabilities [1]	206	206	203
Include assets not comprised in working capital:			
• Non-current assets	4,673	4,566	4,531
• Income tax receivable	57	54	69
• Cash and cash equivalents	584	1,158	567
• Assets classified as held for sale	1	—	—
• Trade and other receivables [2]	—	—	46
Total assets	**7,822**	**8,004**	**7,424**

[1] As at June 30, 2024 and 2023, Other current liabilities exclude EUR 25 million and EUR 26 million of dividend-related payable, respectively.

[2] Trade and other receivables amounting to USD 49 million of insurance receivables for which a legal provision is recognized for the same amount as at June 30, 2024.

Appendix B – 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).