Press Release

April 30, 2021

Signify reports first quarter sales of EUR 1.6 billion, operational profitability of 10.8% and a free cash flow of EUR 168 million

First quarter 2021[1]

- Signify's installed base of connected light points increased from 77 million in Q4 20 to 83 million in Q1 21
- Sales of EUR 1,599 million; 12.0% nominal sales growth and CSG of 3.2%
- LED-based sales represented 82% of total sales (Q1 2020: 79%[2])
- Adj. EBITA margin improved by 290 bps to 10.8%
- Net income increased to EUR 60 million (Q1 20: EUR 27 million)
- Free cash flow increased to EUR 168 million (Q1 20: EUR 112 million)
- Net debt/EBITDA ratio of 1.4x (Q1 20: 2.7x)

Eindhoven, the Netherlands – Signify (Euronext: LIGHT), the world leader in lighting, today announced the company's first quarter 2021 results.

"Our first quarter performance demonstrates the execution of our strategy, as we report growth driven by our connected businesses and our growth platforms. The adaptive measures we took in 2020, combined with continued pricing discipline, cost and working capital management, resulted in improvements in our operating margin and free cash flow. Our teams have also begun to execute our new 'Brighter Lives, Better World 2025' sustainability program, which aims to double our positive impact on the environment and society in 2025," said CEO Eric Rondolat.

"While we see signs of an economic recovery, supply chain performance is being challenged by component shortages, which are impacting the first half, and will, to a lesser extent, impact the second half of the year. We expect the continued vaccination rollouts and easing of lockdowns to drive an upswing in demand for our professional portfolio in the second half of the year. We are therefore aiming for mid-single digit full-year comparable sales growth and further year-on-year operating margin improvements, driven by our digital businesses."

[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.
[2] 2020 includes pro-forma Cooper Lighting for January and February.

Brighter Lives, Better World 2025

In the first quarter of the year, Signify made its first steps to achieve the ambitious goals it set for the Brighter Lives, Better World 2025 sustainability program, making progress on all four commitments that contribute to doubling its positive impact on the environment and society. In addition, the CDP Awards 2021 recognized Signify's leadership in Climate action, after the company had achieved carbon neutrality for all its operations in the world in 2020.

In Q1 2021, the company has started to make progress against its ambition of doubling its positive impact on the environment and society in 2025:

- **Double the pace of the Paris agreement:**
  Carbon reduction over value chain was 18 million tonnes, for which we set a 2025 target of 340 million tonnes
- **Double our Circular revenues to 32%:**
  Circular revenues were 19%, versus the 2019 baseline of 16% and the 2025 target of 32%
- **Double our Brighter lives revenues to 32%:**
  Brighter lives revenues were 23%, versus the 2019 baseline of 16% and the 2025 target of 32%
- **Double the percentage of women in leadership positions to 34%:**
  The percentage of women in leadership positions was 24%, versus the 2019 baseline of 17% and the 2025 target of 34%

Outlook

Following the operational performance in the first quarter and based on current visibility, Signify now anticipates comparable sales growth of 3% to 6% for the full year 2021. In addition, Signify expects to achieve an Adjusted EBITA margin of 11.5% to 12.5% and continues to expect free cash flow to exceed 8% of sales for the full year 2021. The company reassesses its medium-term guidance for the period 2021-2023 after each financial year.

Signify has refinanced EUR 350 million of its long-term debt with short-term loans with a maturity of December 2021 and is therefore fully committed to repaying EUR 350 million of debt in Q4 2021.

Financial review

in € million, except percentages	First quarter 2020*	2021	change
Comparable sales growth			**3.2%**
Effects of currency movements			*-6.4%*
Consolidation and other changes			*15.2%*
Sales	**1,427**	**1,599**	12.0%
Adjusted gross margin	545	637	16.9%
Adj. gross margin (as % of sales)	**38.2%**	**39.8%**	
Adj. SG&A expenses	-393	-424	
Adj. R&D expenses	-67	-72	
Adj. indirect costs	-460	-496	-7.9%
Adj. indirect costs (as % of sales)	**32.2%**	**31.0%**	
Adjusted EBITA	112	172	53.3%
Adjusted EBITA margin	**7.9%**	**10.8%**	
Adjusted items	-42	-57	
EBITA	70	115	63.9%
Income from operations (EBIT)	**43**	**85**	**97.6%**
Net financial income/expense	-10	-10	
Income tax expense	-6	-15	
Net income	**27**	**60**	**123.5%**
Free cash flow	112	168	
Basic EPS (€)	0.24	0.47	
Employees (FTE)	38,446	37,356	

** For comparability purposes please note that first quarter 2020 includes only 1 month of Cooper Lighting performance*

First quarter

Sales amounted to EUR 1,599 million, a nominal increase of 12.0%, including a 6.4% negative currency effect. After adjusting for a 15.2% change in consolidation and other changes (mainly related to the consolidation of Cooper Lighting in 2020), comparable sales increased by 3.2%. The return to growth was driven by strong sales in the connected home category, the recovery in China as well as an improved performance in most of Europe, India and the Middle East. LED-based sales accounted for 82% of total sales (Q1 2020: 79%[1]). The adjusted gross margin increased by 160 bps to 39.8%, largely driven by a positive mix effect from strong connected home sales, pricing discipline compensating the initial impact of material cost inflation, and the consolidation of Cooper Lighting. Adjusted indirect costs as percentage of sales decreased by 120 bps to 31.0%, supported by continued spending discipline and positive operating leverage. Adjusted EBITA amounted to EUR 172 million, representing a EUR 60 million increase versus the same period last year. The Adjusted EBITA margin improved by 290 bps to 10.8%, with gross margin and SG&A efficiency equally contributing to the improvement. Total restructuring costs of EUR 47 million mainly related to the restructuring of the central organization. Acquisition-related charges were EUR 14 million and incidental items generated a EUR 4 million benefit. As a result of the higher income from operations, net income improved from EUR 27 million to EUR 60 million compared to the first quarter of last year.

[1] *2020 includes pro-forma Cooper Lighting for January and February.*

Digital Solutions

in millions of EUR, unless otherwise indicated	First quarter 2020*	2021	change
Comparable sales growth			-1.8%
Sales	639	793	24.1%
Adjusted EBITA	43	71	66.9%
Adjusted EBITA margin	6.7%	9.0%	
EBITA	18	48	
Income from operations (EBIT)	-7	20	

** For comparability purposes please note that first quarter 2020 includes only 1 months of Cooper Lighting performance*

First quarter

Sales amounted to EUR 793 million, a nominal increase of 24.1%, reflecting the consolidation impact of Cooper Lighting. Comparable sales declined by 1.8%, on the back of continued lockdowns, component shortages, continued macroeconomic softness in the Americas, yet a strong performance in China, the Middle East and India, and a partial recovery across Europe. LED-based sales accounted for 92% of total sales including Cooper Lighting. Adjusted EBITA was EUR 71 million, resulting in an Adjusted EBITA margin expansion of 230 bps to 9.0%, mainly driven by continued cost management and the consolidation impact of Cooper Lighting.

Digital Products

in millions of EUR, unless otherwise indicated	First quarter 2020	2021	change
Comparable sales growth			15.7%
Sales	529	575	8.7%
Adjusted EBITA	47	82	73.1%
Adjusted EBITA margin	8.9%	14.2%	
EBITA	38	76	
Income from operations (EBIT)	36	74	

First quarter

Sales amounted to EUR 575 million, a nominal increase of 8.7%. On a comparable basis, sales improved by 15.7%, mainly driven by continued strong growth in the consumer segment for both the connected home and LED lamps and luminaires categories, partially offset by a lower recovery speed in the professional segment. Adjusted EBITA was EUR 82 million, resulting in an Adjusted EBITA margin of 14.2%, up from 8.9% in the first quarter of last year, mainly driven by the strong sales recovery, the resulting operating leverage, a solid gross margin and a higher contribution and improvement from connected home products.

[1] 2020 includes pro-forma Cooper Lighting for January and February.

Conventional Products

in millions of EUR, unless otherwise indicated	First quarter 2020	2021	change
Comparable sales growth			-6.1%
Sales	257	227	-11.7%
Adjusted EBITA	45	47	3.3%
Adjusted EBITA margin	17.6%	20.6%	
EBITA	39	53	
Income from operations (EBIT)	39	53	

First quarter
Sales amounted to EUR 227 million, translating into a comparable decline of 6.1%, positively affected by continued strong traction in the consumer and horticulture segments. The Adjusted EBITA margin improved by 300 bps to 20.6%, driven by pricing discipline and operational efficiencies.

Other

First quarter
'Other' represents amounts not allocated to the operating segments and includes costs related both to central R&D activities to drive innovation and to group enabling functions. 'Other' Adjusted EBITA amounted to EUR -28 million (Q1 20: EUR -23 million). 'Other' EBITA amounted to EUR -62 million (Q1 20: EUR -25 million), which includes restructuring costs of EUR -34 million (Q1 20: EUR -2 million).

Sales by market

in millions of EUR, except percentages	First quarter 2020	2021	Change	CSG
Europe	502	523	4.1%	6.0%
Americas	486	589	21.2%	-7.7%
Rest of the World	325	370	13.8%	22.9%
Global businesses	115	118	3.0%	1.7%
Total	**1,427**	**1,599**	**12.0%**	**3.2%**

Americas includes Cooper Lighting and Global businesses includes Klite
Wiz Connected is included in Market Groups Europe, Americas and Rest of the World (was previously part of Global businesses)

First quarter
Comparable sales in Europe grew by 6.0%, as most markets saw a partial recovery despite ongoing COVID-19 related measures. In the Americas, comparable sales declined by 7.7% as most countries continued to face a challenging macroeconomic environment at the start of the first quarter, yet with a stronger performance in March. In the Rest of the World, China showed a strong recovery. Together with India and the Middle East, China benefited from a low comparison base.

Signify

Working capital

in millions of EUR, unless otherwise indicated	31 Mar, 2020	31 Dec, 2020	31 Mar, 2021
Inventories	1,019	885	946
Trade and other receivables	1,173	1,140	1,074
Trade and other payables	-1,673	-1,731	-1,784
Other working capital items	-49	19	-1
Working capital	**470**	**313**	**236**
As % of LTM* sales	7.6%	4.8%	3.5%

** LTM: Last Twelve Months*

First quarter

Working capital improved by EUR 234 million year on year to EUR 236 million, driven by higher payables, lower receivables and lower inventories. As a percentage of sales, working capital improved by 410 bps to 3.5% of sales. When including last twelve-month sales pro-forma Cooper Lighting and Klite, working capital improved by 260 bps.

Cash flow analysis

	First quarter	
in millions of EUR	2020	2021
Income from operations (EBIT)	43	85
Depreciation and amortization	78	77
Additions to (releases of) provisions	33	60
Utilizations of provisions	-52	-50
Change in working capital	52	30
Net interest and financing costs paid	-10	-1
Income taxes paid	-28	-21
Net capex	-17	-16
Other	12	3
Free cash flow	**112**	**168**

First quarter

Free cash flow increased by EUR 56 million to EUR 168 million, as a result of higher income from operations, partly offset by a lower albeit continued inflow from working capital improvement. Free cash flow included a restructuring payout of EUR 13 million (Q1 20: EUR 18 million).

Net debt and total equity

in millions of EUR	31 Mar,2020	31 Dec, 2020	31 Mar, 2021
Short-term debt	95	86	433
Long-term debt	2,639	2,221	1,899
Gross debt	2,734	2,307	2,332
Cash and cash equivalents	924	1,033	1,192
Net debt	**1,810**	**1,275**	**1,141**
Total equity	**2,334**	**2,321**	**2,469**

First quarter

Our cash position increased by EUR 159 million to EUR 1,192 million compared with the end of December 2020. EUR 350 million of long-term debt was converted into short-term debt during Q1 2021. Net debt amounted to EUR 1,141 million, a decrease of EUR 134 million compared with the end of December 2020. Net leverage reduced from 2.7x at the end of March 2020, following the acquisition of Cooper Lighting, to 1.4x by the end of March 2021, which is in line with our deleveraging strategy. Total equity increased to EUR 2,469 million at the end of the first quarter (Q4 20: EUR 2,321 million), primarily due to currency translation and net income offset by share repurchases to cover obligations arising from long-term employee share plans.

Other information

Appendix A – Selection of financial statements
Appendix B – Reconciliation of non-IFRS financial measures
Appendix C – Financial Glossary

Conference call and audio webcast

Eric Rondolat (CEO) and Javier van Engelen (CFO) will host a conference call for analysts and institutional investors at 9:00 a.m. CET to discuss the 2021 first quarter results. A live audio webcast of the conference call will be available via the Investor Relations website.

Financial calendar 2021

May 18, 2021	Annual General Meeting
May 20, 2021	Ex-dividend date
May 21, 2021	Dividend record date
June 1, 2021	Dividend payment date
July 23, 2021	Second quarter results 2021
October 29, 2021	Third quarter results 2021

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About Signify

Signify (Euronext: LIGHT) is the world leader in lighting for professionals and consumers and lighting for the Internet of Things. Our Philips products, Interact connected lighting systems and data-enabled services, deliver business value and transform life in homes, buildings and public spaces. With 2020 sales of EUR 6.5 billion, we have approximately 37,000 employees and are present in over 70 countries. We unlock the extraordinary potential of light for brighter lives and a better world. We achieved carbon neutrality in 2020, have been in the Dow Jones Sustainability World Index since our IPO for four consecutive years and were named Industry Leader in 2017, 2018 and 2019. News from Signify is located at the Newsroom, Twitter, LinkedIn and Instagram. Information for investors can be found on the Investor Relations page.

Important Information

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

By their nature, these statements involve risks and uncertainties facing the Company and its Group companies, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties. Such risks, uncertainties and other important factors include but are not limited to: adverse economic and political developments, the impacts of COVID-19, 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. Please see "Risk Factors and Risk Management" in Chapter 12 of the Annual Report 2020 for discussion of material risks, uncertainties and other important factors which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. Such risks, uncertainties and other important factors should be read in conjunction with the information included in the Company's Annual Report 2020.

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 or reviewed. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis and these measures and ratios may not be comparable to measures used by other companies under the same or similar names. A reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures is contained in this document. For further information on non-IFRS financial measures, see "Chapter 18 Reconciliation of non-IFRS measures" in the Annual Report 2020.

Change in reporting segments
Effective Q2 2020, to further adapt to the industry transition and strengthen customer centricity, Signify changed the organizational structure, which included changing the previously four business groups (BG's) to three divisions. Division Digital Solutions (formerly BG Professional, including Cooper Lighting Solutions) offers luminaires, lighting systems and services for the Internet of Things to the customers in the professional segment; Division Digital Products (combines BG LED and BG Home). This division offers LED lamps, LED luminaires and connected products, including Hue and Wiz, and LED electronics to professional customers, OEM partners and consumers. By bringing together its entire consumer LED portfolio, Signify can better manage this lighting category for its channel partners; and Division Conventional Products (formerly BG Lamps) continues to focus on

conventional lamps and electronics for professional customers, OEM partners and consumers. It is organized separately to bring a clear distinction between conventional and digital offerings.

In line with this change, effective Q2 2020, Signify's operating segments are Digital Solutions, Digital Products, and Conventional Products. The segments are organized based on the nature of the products and services. 'Other' represents amounts not allocated to the operating segments and includes certain costs related to central R&D activities to drive innovation as well as group enabling functions.

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 2020.

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

	First quarter	
	2020	**2021**
Sales	1,427	1,599
Cost of sales	(895)	(970)
Gross margin	**533**	**629**
Selling, general and administrative expenses	(422)	(484)
Research and development expenses	(68)	(71)
Other business income	2	13
Other business expenses	(1)	(2)
Income from operations	**43**	**85**
Financial income	5	5
Financial expenses	(15)	(15)
Results relating to investments in associates	—	—
Income before taxes	**33**	**75**
Income tax expense	(6)	(15)
Net income	**27**	**60**
Attribution of net income for the period:		
Net income (loss) attributable to shareholders of Signify N.V.	30	59
Net income (loss) attributable to non-controlling interests	(3)	1

Amounts may not add up due to rounding.

B. Condensed consolidated statement of comprehensive income

In millions of EUR

	First quarter	
	2020	**2021**
Net income (loss)	**27**	**60**
Pensions and other post-employment plans:		
Remeasurements	—	—
Income tax effect on remeasurements	—	—
Total of items that will not be reclassified to profit or loss	**—**	**—**
Currency translation differences:		
Net current period change, before tax	(31)	147
Income tax effect	—	—
Net investment hedge		
Net current period change, before tax	—	(20)
Income tax effect	—	—
Cash flow hedges:		
Net current period change, before tax	14	(18)
Income tax effect	(3)	4
Total of items that are or may be reclassified to profit or loss	**(20)**	**113**
Other comprehensive income (loss)	**(20)**	**113**
Total comprehensive income (loss)	**6**	**173**
Total comprehensive income (loss) attributable to:		
Shareholders of Signify N.V.	9	166
Non-controlling interests	(3)	7

Amounts may not add up due to rounding.

C. Condensed consolidated statement of financial position

In millions of EUR

	December 31, 2020	March 31, 2021
Non-current assets		
Property, plant and equipment	708	720
Goodwill	2,251	2,357
Intangible assets, other than goodwill	775	776
Investments in associates	12	12
Financial assets	55	49
Deferred tax assets	473	471
Other assets	60	70
Total non-current assets	**4,334**	**4,455**
Current assets		
Inventories	885	946
Financial assets	—	—
Other assets	171	209
Derivative financial assets	104	63
Income tax receivable	39	50
Trade and other receivables	1,140	1,074
Cash and cash equivalents	1,033	1,192
Assets classified as held for sale	3	—
Total current assets	**3,376**	**3,534**
Total assets	**7,710**	**7,989**
Equity		
Shareholders' equity	2,196	2,338
Non-controlling interests	124	131
Total equity	**2,321**	**2,469**
Non-current liabilities		
Debt	2,221	1,899
Post-employment benefits	390	390
Provisions	224	229
Deferred tax liabilities	22	24
Income tax payable	108	111
Other liabilities	159	175
Total non-current liabilities	**3,123**	**2,828**
Current liabilities		
Debt, including bank overdrafts	86	433
Derivative financial liabilities	44	37
Income tax payable	20	13
Trade and other payables	1,731	1,784
Provisions	172	189
Other liabilities	213	236
Liabilities from assets classified as held for sale	—	—
Total current liabilities	**2,266**	**2,692**
Total liabilities and total equity	**7,710**	**7,989**

Amounts may not add up due to rounding.

D. Condensed consolidated statement of cash flows

In millions of EUR

	First quarter	
	2020	2021
Cash flows from operating activities		
Net income (loss)	27	60
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	133	156
• Depreciation, amortization and impairment of non-financial assets	78	77
• Impairment (reversal) of goodwill, other non-current financial assets and investments in associates	—	—
• Net gain on sale of assets	—	(11)
• Net interest expense on debt, borrowings and other liabilities	7	7
• Income tax expense	6	15
• Additions to (releases of) provisions	28	56
• Additions to (releases of) post-employment benefits	5	4
• Other items	8	8
Decrease (increase) in working capital:	52	30
• Decrease (increase) in trade and other receivables	220	84
• Decrease (increase) in inventories	(9)	(35)
• Increase (decrease) in trade and other payables	(185)	(8)
• Increase (decrease) in other current assets and liabilities	26	(10)
Increase (decrease) in other non-current assets and liabilities	7	9
Utilizations of provisions	(43)	(42)
Utilizations of post-employment benefits	(9)	(8)
Net interest and financing costs paid	(10)	(1)
Income taxes paid	(28)	(21)
Net cash provided by (used for) operating activities	**129**	**184**
Cash flows from investing activities		
Net capital expenditures:	(17)	(16)
• Additions of intangible assets	(5)	(8)
• Capital expenditures on property, plant and equipment	(12)	(21)
• Proceeds from disposal of property, plant and equipment	—	13
Net proceeds from (cash used for) derivatives and other financial assets	10	(5)
Purchases of businesses, net of cash acquired	(1,270)	—
Proceeds from sale of businesses, net of cash disposed of	—	—
Net cash provided by (used for) investing activities	**(1,277)**	**(21)**
Cash flows from financing activities		
Dividend paid	—	(3)
Proceeds from issuance of debt	2,455	350
Repayment of debt	(1,218)	(371)
Purchase of treasury shares	(6)	(24)
Net cash provided by (used for) financing activities	**1,231**	**(48)**
Net cash flows	**84**	**115**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	(5)	46
Cash and cash equivalents and bank overdrafts at the beginning of the period[1]	840	1,030
Cash and cash equivalents and bank overdrafts at the end of the period[2]	**919**	**1,191**

[1] *For Q1 2021 and Q1 2020, included bank overdrafts of EUR 3 million and EUR 7 million, respectively.*
[2] *Included bank overdrafts of EUR 1 million and EUR 5 million as at March 31, 2021 and 2020, respectively.*

Amounts may not add up due to rounding.

Appendix B - Reconciliation of non-IFRS financial measures

Change in reporting segments

As indicated in the Important Information section, Signify changed its segment reporting in Q2 2020. The main change relates to combining BG LED and BG Home into division Digital Products. The comparatives 2020 in below tables have been updated to reflect the updated segment structure.

Sales growth composition per business in %

	First quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Digital Solutions	-1.8	-6.6	32.6	24.1
Digital Products	15.7	-6.4	-0.6	8.7
Conventional Products	-6.1	-5.5	-0.1	-11.7
Total	**3.2**	**-6.4**	**15.2**	**12.0**

Sales growth composition per market in %

	First quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Europe	6.0	-1.6	-0.3	4.1
Americas	-7.7	-9.0	37.8	21.2
Rest of the World	22.9	-9.5	0.4	13.8
Global businesses	1.7	-2.7	4.0	3.0
Total	**3.2**	**-6.4**	**15.2**	**12.0**

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

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
First quarter 2021					
Adjusted EBITA	172	71	82	47	(28)
Restructuring	(47)	(7)	(3)	(2)	(34)
Acquisition-related charges	(14)	(14)	—	—	—
Incidental items	4	(2)	(2)	9	—
EBITA	**115**	**48**	**76**	**53**	**(62)**
Amortization[1]	(30)	(28)	(2)	—	0
Income from operations (or EBIT)	**85**	**20**	**74**	**53**	**(62)**
First quarter 2020					
Adjusted EBITA	112	43	47	45	(23)
Restructuring	(13)	(4)	(4)	(3)	(2)
Acquisition-related charges	(18)	(16)	(2)	—	—
Incidental items	(11)	(4)	(4)	(3)	—
EBITA	**70**	**18**	**38**	**39**	**(25)**
Amortization[1]	(27)	(25)	(2)	—	—
Income from operations (or EBIT)	**43**	**(7)**	**36**	**39**	**(25)**

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

Amounts may not add up due to rounding.

First quarter 2021 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition related charges	Incidental items[1]	Adjusted
First quarter 2021					
Sales	1,599	—	—	—	1,599
Cost of sales	(970)	5	2	—	(962)
Gross margin	**629**	**5**	**2**	**—**	**637**
Selling, general and administrative expenses	(484)	43	12	5	(424)
Research and development expenses	(71)	(1)	—	—	(72)
Indirect costs	**(555)**	**42**	**12**	**5**	**(496)**
Impairment of goodwill	—	—	—	—	—
Other business income	13	—		(9)	4
Other business expenses	(2)	—	—	—	(2)
Income from operations	**85**	**47**	**14**	**(4)**	**142**
Amortization	(30)	—	—	—	(30)
Income from operations excluding amortization (EBITA)	**115**	**47**	**14**	**(4)**	**172**
First quarter 2020					
Sales	1,427	—	—	—	1,427
Cost of sales	(895)	4	7	2	(882)
Gross margin	**533**	**4**	**7**	**2**	**545**
Selling, general and administrative expenses	(422)	8	12	10	(393)
Research and development expenses	(68)	1	—	—	(67)
Indirect costs	**(490)**	**9**	**12**	**10**	**(460)**
Impairment of goodwill	—	—	—	—	—
Other business income	2	—	—	—	2
Other business expenses	(1)	—	—	—	(1)
Income from operations	**43**	**13**	**18**	**11**	**85**
Amortization	(27)	—	—	—	(27)
Income from operations excluding amortization (EBITA)	**70**	**13**	**18**	**11**	**112**

1 *Incidental items are non-recurring by nature and relate to separation, transformation, net real estate gains, environmental provision for inactive sites and discounting effect of long-term provisions.*

Amounts may not add up due to rounding.

Appendix C – Financial glossary

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

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

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

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

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

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

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

Changes in scope
Consolidation effects related to acquisitions (mainly Cooper Lighting).

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

EBIT
Income from operations.

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

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

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

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

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

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

Gross margin
Sales minus cost of sales.

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

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

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

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

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

R&D expenses
Research and development expenses.

Restructuring costs
The estimated costs of initiated reorganizations, the most significant of which have been approved by the group, and which generally involve the realignment of certain parts of the industrial and commercial organization.

SG&A expenses
Selling, general and administrative expenses.

Working capital
The sum of inventories, trade and other receivables, other current assets, derivative financial assets minus the sum of trade and other payables, derivative financial liabilities and other current liabilities.