Press Release

January 28, 2022

Signify reports full-year sales of EUR 6.9 billion, operational profitability of 11.6% and a free cash flow of EUR 614 million

Fourth quarter 2021[1]

- Sales of EUR 2,008 million; comparable sales growth of 4.5%
- Order book increase of 67% in Q4 21 vs. Q4 20
- Adj. EBITA margin of 13.2% (Q4 20: 13.4%)
- Net income of EUR 170 million (Q4 20: EUR 137 million)
- Free cash flow of EUR 257 million (Q4 20: EUR 332 million)
- Repayment of EUR 350 million of debt, as committed

Full year 2021

- Signify's installed base of connected light points increased from 77 million at YE 20 to 96 million at YE 21
- Sales of EUR 6,860 million; comparable sales growth of 3.8%
- LED-based sales represented 83% of total sales (FY 20: 80%)
- Adj. EBITA margin of 11.6% (FY 20: 10.7%)
- Net income of EUR 407 million (FY 20: EUR 335 million)
- Free cash flow of EUR 614 million, 8.9% of sales (FY 20: EUR 817 million)
- Net debt/EBITDA ratio of 1.4x (YE 20: 1.7x)

Dividend

- Proposal to pay a cash dividend of EUR 1.45 per share over 2021

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

"The strong demand for connected lighting and our growth platforms, paired with the delivery of delayed orders, enabled us to achieve a comparable sales growth of 4.5% in the fourth quarter. Our teams' relentless focus on the execution of our strategy enabled us to deliver against our objectives for the year. This, in an external environment that was possibly even more challenging than in 2020. Despite the significant cost increases of raw materials, components, and logistics, we expanded our operational profit margin for the eighth consecutive year, with an improvement of 90 basis points. This was driven by the strong performance of our two digital divisions, which combined now account for more than 80% of our sales, profit and cash flow. Finally, during the year we continuously made significant progress on our journey to double our positive impact on the environment and society," said CEO Eric Rondolat.

"While we expect uncertainty to remain high in the first half of this year, we're confident that we will manage this volatility with the same agility as we demonstrated in the past two years. Our 2021 results provide us with a solid base on which to deliver another year of growth in 2022. This will be driven by continued investments in our growth platforms, such as the intended acquisition of Fluence. The world's demand for energy-efficient and digital lighting technologies continues to accelerate and Signify is well positioned to capture the potential this creates."

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

Brighter Lives, Better World 2025

In the fourth quarter, Signify completed the first year of its Brighter Lives, Better World 2025 program, making substantial progress towards doubling its positive impact on the environment and society:

- **Double the pace of the Paris agreement:**
  Cumulative carbon reduction over the value chain was 60 million tonnes, and is ahead of track. All of Signify's divisions had CO_2 emission reductions. The main driver remains the accelerated shift to energy efficient and connected LED lighting in 2021, which decreases the carbon emissions in the use phase.
- **Double our Circular revenues to 32%:**
  Circular revenues increased to 25%, compared with the 2019 baseline of 16%. Signify is on track to achieve the 2025 target of 32%. This positive trend is driven by the further expansion of serviceable professional luminaires, and the continuous, stable contribution of consumer luminaires and circular components.
- **Double our Brighter lives revenues to 32%:**
  Brighter lives revenues were 27%, with a strong contribution from the consumer well-being portfolio. With this performance, Signify is making good progress towards the 2025 target of 32%.
- **Double the percentage of women in leadership to 34%:**
  The percentage of women in leadership positions was 25%, stable when compared with last quarter. This performance is slightly behind the 2021 intermediary step aimed at reaching the 2025 target of 34%. In Q4, Signify launched the Powering Inclusion Series, which increases the awareness of its leaders and people managers on how to foster inclusion.

Signify is in the top 1% of its industry in the S&P Global Corporate Sustainability Assessment and is included in the Dow Jones Sustainability World Index for the fifth consecutive year, illustrating its drive for leadership in sustainability.

Outlook

As Signify continues to proactively navigate through the gradually improving component and logistics environment, it provides the following outlook for 2022:

- Comparable sales growth in the range of 3-6%
- Continued Adjusted EBITA margin improvement of up to 50 bps
- Free cash flow in excess of 8% of sales

Capital allocation

Signify proposes a cash dividend of EUR 1.45 per share for 2021, in line with its plan to pay an increasing annual cash dividend per share year on year. The dividend proposal will be subject to approval at the Annual General Meeting of Shareholders (AGM) to be held on May 17, 2022. Further details will be provided in the agenda for the AGM.

The company expects to progress towards a leverage ratio of reported net debt/EBITDA of 1x by the end of 2022. This now includes the cash outflow from the intended Fluence acquisition, and the 2022 cash inflow from its operations and the continued rationalization of the company’s real estate portfolio.

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

Financial review

Fourth quarter				Twelve months		
2020	2021	change	*in millions of EUR, except percentages*	2020*	2021	change
		4.5%	**Comparable sales growth**			**3.8%**
		2.2%	*Effects of currency movements*			*-2.0%*
		0.2%	*Consolidation and other changes*			*3.6%*
1,878	**2,008**	6.9%	**Sales**	**6,502**	**6,860**	5.5%
755	794	5.2%	Adjusted gross margin	2,556	2,702	5.7%
40.2%	**39.5%**		**Adj. gross margin (as % of sales)**	**39.3%**	**39.4%**	
-458	-485		Adj. SG&A expenses	-1,695	-1,748	
-76	-74		Adj. R&D expenses	-287	-284	
-534	-559	-4.7%	Adj. indirect costs	-1,982	-2,032	-2.5%
28.4%	**27.8%**		**Adj. indirect costs (as % of sales)**	**30.5%**	**29.6%**	
251	265	5.8%	Adjusted EBITA	695	795	14.4%
13.4%	**13.2%**		**Adjusted EBITA margin**	**10.7%**	**11.6%**	
-66	-29		Adjusted items	-159	-159	
185	237	27.8%	EBITA	536	636	18.7%
155	**205**	**32.5%**	**Income from operations (EBIT)**	**416**	**514**	**23.6%**
-12	-4		Net financial income/expense	-54	-24	
-6	-31		Income tax expense	-27	-83	
137	**170**	**24.5%**	**Net income**	**335**	**407**	**21.4%**
332	257		Free cash flow	817	614	
1.05	1.34		Basic EPS (€)	2.58	3.18	
37,926	36,824		Employees (FTE)	37,926	36,824	

** For comparability purposes, note that figures for the period only include results of Cooper Lighting since March 2020.*

Fourth quarter

Total sales increased to EUR 2,008 million with a comparable sales growth of 4.5%, driven in particular by the professional segment, which benefited from strong demand and the partial fulfillment of delayed orders. The two digital divisions increased their pace of recovery to the pre-pandemic sales levels of 2019. During the quarter, Signify continued to face logistics delays across its supply chain, caused by container shortages and congested ports. At the same time, component shortages continued to ease, thereby allowing the company to partially fulfill delayed orders. By the end of the quarter, the order book had increased by 67% versus last year.

The adjusted gross margin decreased by 70 bps to 39.5%, on a high comparison base of 2020. In Q4, price increases and positive mix effect fully offset the effect of higher COGS. Adjusted indirect costs as a percentage of sales decreased by 60 bps to 27.8%, driven by operating leverage, structural cost savings and one-off effects in the previous year, which included provisions for the reimbursement of solidarity contributions to employees.

Adjusted EBITA increased to EUR 265 million. Adjusted EBITA margin decreased by 20 bps to 13.2%, mainly due to higher COGS, partly offset by pricing, positive sales mix and operating leverage.

Total restructuring costs were EUR 11 million, acquisition-related charges were EUR 13 million and other incidental costs were EUR 5 million. Net income increased from EUR 137 million to EUR 170 million, mainly as a result of higher income from operations and lower net financial expenses.

Full year
Total sales increased by 5.5% to EUR 6,860 million. Comparable sales growth of 3.8% was driven by the two digital divisions, which benefited from strong consumer and professional demand for connected products and for our growth platforms. LED-based sales were 83% of total sales (2020: 80%).

The adjusted gross margin improved by 10 bps to 39.4%, as higher input and logistics costs were more than compensated by price increases, positive sales mix and the carryover of bill of materials savings in the first half of the year. Adjusted indirect costs as a percentage of sales decreased by 90 bps to 29.6%, as a result of operating leverage and structural cost savings.

Adjusted EBITA increased by 14.4% to EUR 795 million. Digital Solutions and Digital Products contributed 82% of Signify's Adjusted EBITA excluding 'Other' (2020: 79%). The Adjusted EBITA margin increased by 90 bps to 11.6%, as operating leverage, pricing and mix more than compensated higher input costs for raw materials, components and logistics, and a negative currency effect.

Total restructuring costs were EUR 86 million, acquisition-related charges were EUR 50 million and other incidental costs were EUR 22 million. Net income increased by 21.4% to EUR 407 million, driven by a higher income from operations and lower net financial expenses, partly offset by a higher income tax expense versus 2020 that benefited from a high one-time non-cash tax benefit.

Digital Solutions

Fourth quarter				Twelve months		
2020	2021	change	*in millions of EUR, unless otherwise indicated*	2020*	2021	change
		11.2 %	Comparable sales growth			3.4 %
917	1,045	14.0 %	Sales	3,252	3,524	8.3 %
105	147	39.7 %	Adjusted EBITA	330	397	20.3 %
11.5%	14.1%		Adjusted EBITA margin	10.2%	11.3%	
75	130	73.3 %	EBITA	230	318	38.3 %
47	100	115.3 %	Income from operations (EBIT)	119	205	71.9 %

** For comparability purposes, note that figures for the period only include results of Cooper Lighting since March 2020.*

Fourth quarter
Sales increased to EUR 1,045 million with a comparable sales growth of 11.2%, driven by strong underlying growth in many markets, including a solid contribution from Cooper Lighting. The Adjusted EBITA margin improved by 260 bps to 14.1%, driven by operating leverage, price and sales mix, which more than offset higher costs of raw materials, components and logistics.

Full year
Sales increased by 8.3% to EUR 3,524 million, a comparable sales growth of 3.4%, as the professional segment improved across most markets. Connected-based sales represented 22% of total sales including Cooper Lighting (2020: 20%[1]). Adjusted EBITA grew by 20.3% to EUR 397 million. The Adjusted EBITA margin improved by 110 bps to 11.3%, mainly from operating leverage and adjusted indirect cost savings.

[1]Includes Cooper Lighting connected-based sales.

Digital Products

	Fourth quarter			Twelve months		
2020	2021	change	*in millions of EUR, unless otherwise indicated*	2020	2021	change
		1.6%	Comparable sales growth			8.8 %
711	737	3.7%	Sales	2,288	2,452	7.2 %
128	114	-10.5%	Adjusted EBITA	295	339	14.9 %
18.0%	15.5%		Adjusted EBITA margin	12.9%	13.8%	
122	112	-8.7%	EBITA	277	323	16.8 %
121	110	-8.9%	Income from operations (EBIT)	269	316	17.5 %

Fourth quarter

Sales increased by 3.7% to EUR 737 million. It continued to grow on the back of a strong 2021 with a comparable sales growth of 1.6%. LED Electronics and Klite had a particularly strong performance, while connected home sales were stable despite the high 2020 comparison base and supply chain issues that impacted product availability in 2021. The Adjusted EBITA margin decreased by 250 bps to 15.5%, mainly reflecting higher COGS and increased growth investments in marketing and R&D.

Full year

Sales increased by 7.2% to EUR 2,452 million with a comparable sales growth of 8.8%. This performance was driven by strong demand for connected home lighting and improving professional sales, despite supply chain constraints and component shortages. Connected-based sales represented 24% of total sales (2020: 21%). The Adjusted EBITA margin improved by 90 bps to 13.8%, driven by operating leverage and the positive effect of sales mix and price increases, only partially reduced by higher COGS and continued investments in future growth.

Conventional Products

	Fourth quarter			Twelve months		
2020	2021	change	*in millions of EUR, unless otherwise indicated*	2020	2021	change
		-11.4%	Comparable sales growth			-6.9%
242	219	-9.5%	Sales	943	861	-8.7%
46	37	-19.5%	Adjusted EBITA	170	161	-5.0%
18.9%	16.9%		Adjusted EBITA margin	18.0%	18.7%	
30	37	23.8%	EBITA	149	158	5.9%
30	37	23.8%	Income from operations (EBIT)	149	158	5.9%

Fourth quarter

Sales decreased by 9.5% to EUR 219 million with a comparable sales decline of 11.4%. The Adjusted EBITA margin decreased by 200 bps to 16.9%, mainly due to a lower gross margin, partly offset by indirect cost savings.

Full year

Sales decreased to EUR 861 million, an 8.7% decline. Comparable sales decline was limited to 6.9%, mainly as a result of the market recovery and continued traction across most of its segments. The Adjusted EBITA margin improved by 70 bps to 18.7%, mostly driven by indirect cost savings.

Other

Fourth quarter

'Other' represents amounts not allocated to the operating segments and includes costs related both to central R&D activities to drive innovation, and to group enabling functions. Adjusted EBITA was EUR -33 million (Q4 20: EUR -28 million) and EBITA was EUR -42 million (Q4 20: EUR -42 million). Restructuring costs and other incidentals were EUR 9 million (Q4 20: EUR 14 million) during the quarter.

Full year

Adjusted EBITA was EUR -102 million (2020: EUR -100 million) and EBITA was EUR -164 million (2020: EUR -120 million). Restructuring costs and other incidentals were EUR 62 million (2020: EUR 20 million), largely related to the restructuring of the central organization.

Sales by market

Fourth quarter					Twelve months			
2020	2021	Change	CSG	*in millions of EUR, except percentages*	2020	2021	change	CSG
633	666	5.1%	4.5%	Europe	2,066	2,130	3.1%	3.4%
665	733	10.2%	7.6%	Americas	2,437	2,581	5.9%	1.4%
453	457	1.0%	-1.7%	Rest of the world	1,507	1,606	6.6%	7.9%
127	152	19.5%	10.0%	Global businesses	492	543	10.3%	6.3%
1,878	**2,008**	**6.9%**	**4.5%**	**Total**	**6,502**	**6,860**	**5.5%**	**3.8%**

Americas includes Cooper Lighting from March 1, 2020, and Global businesses includes Klite.
Effective Q1 2021, Wiz Connected is included in Market Groups Europe, Americas and Rest of the world (was previously part of Global businesses). Prior year amounts were adjusted to conform to current year presentation.
Sales growth of Global businesses includes the impact of the acquisition of Telensa in July 2021.

Fourth quarter

In the fourth quarter, many markets benefited from improved professional demand and the fulfillment of delayed orders. In Europe, comparable sales increased by 4.5%. In the Americas, comparable sales increased by 7.6% with a solid contribution from Cooper Lighting. In the Rest of the World, comparable sales declined by 1.7%, mostly due to a weaker performance in Middle East and Southeast Asia.

Full year

Many markets rebounded, as demand for connected home lighting remained strong and the professional segment improved. Yet, supply chain constraints and component shortages impacted Signify's ability to meet demand. In this context, Europe had a comparable sales growth of 3.4%. In the Americas, comparable sales increased by 1.4%. In the Rest of the World comparable sales increased by 7.9%, driven by a strong performance in China, India and Australia.

Working capital

in millions of EUR, unless otherwise indicated	31 Dec, 2020	30 Sep, 2021	31 Dec, 2021
Inventories	885	1,301	1,410
Trade and other receivables	1,140	1,069	1,183
Trade and other payables	-1,731	-2,064	-2,334
Other working capital items	19	9	-8
Working capital	**313**	**316**	**250**
As % of LTM* sales	4.8%	4.7%	3.6%

* *LTM: Last Twelve Months*

Fourth quarter
Working capital decreased from EUR 316 million at the end September 2021 to EUR 250 million at the end of the December 2021, as higher payables more than offset higher receivables and inventories. The high level of inventories is the result of longer order lead times and increased safety stock levels. As a percentage of last twelve-month sales, working capital improved by 110 bps to 3.6%.

Compared with December 2020, working capital decreased by EUR 63 million to EUR 250 million and improved by 120 bps to 3.6% as a percentage of last twelve-month sales. When including last twelve-month sales pro forma for Cooper Lighting, the improvement was 110 bps. The lower year-on-year working capital was mostly driven by higher payables and lower other working capital items, which more than offset the higher inventories and higher receivables.

Cash flow analysis

Fourth quarter			Twelve months	
2020	2021	*in millions of EUR*	2020	2021
155	205	Income from operations (EBIT)	416	514
86	77	Depreciation and amortization	332	312
75	30	Additions to (releases of) provisions	172	151
-59	-65	Utilizations of provisions	-197	-221
119	37	Change in working capital	239	-2
-6	1	Net interest and financing costs received (paid)	-33	-27
-23	-14	Income taxes paid	-73	-59
-27	-29	Net capex	-75	-91
13	16	Other	37	36
332	**257**	**Free cash flow**	**817**	**614**

Fourth quarter
Free cash flow of EUR 257 million was EUR 75 million lower than in Q4 2020, as 2020 benefited from a higher release of working capital. Free cash flow included a restructuring payout of EUR 26 million (Q4 20: EUR 10 million).

Full year
Free cash flow of EUR 614 million was EUR 203 million lower than full year 2020, that benefited from the release of working capital as sales declined due to COVID-19. As such, in 2021 lower cash inflow from working capital and higher capex more than offset higher profitability. Free cash flow included a restructuring payout of EUR 86 million (2020: EUR 52 million).

	Twelve months	
In millions of EUR	2020	2021
Digital Solutions	436	364
Digital Products	406	383
Conventional Products	188	136
Other*	-213	-270
Signify free cash flow	**817**	**614**

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

In 2021, Digital Solutions and Digital Products combined accounted for 85% of Signify's free cash flow excluding 'other' (2020: 82%), which underscores the fact that Signify continues to become less dependent on Conventional Products. Versus the high base of 2020, free cash flow of Digital Solutions declined by EUR 72 million to EUR 364 million. Digital Products' free cash flow declined by EUR 23 million to EUR 383 million. Conventional Products' free cash flow remained robust at EUR 136 million, a decline of EUR 52 million versus 2020.

Net debt and total equity

in millions of EUR	31 Dec, 2020	30 Sep, 2021	31 Dec, 2021
Short-term debt	86	422	77
Long-term debt	2,221	1,916	1,931
Gross debt	2,307	2,338	2,007
Cash and cash equivalents	1,033	927	851
Net debt	**1,275**	**1,411**	**1,156**
Total equity	**2,321**	**2,295**	**2,597**

Fourth quarter
Our cash position decreased by EUR 76 million to EUR 851 million compared with the end of September 2021. Net debt amounted to EUR 1,156 million, a decrease of EUR 255 million compared with the end of September 2021. The decrease in gross debt was primarily driven by the repayment of EUR 350 million of debt, as committed. Total equity increased to EUR 2,597 million at the end of December 2021 (Q3 21: EUR 2,295 million), reflecting the net income and currency translation results.

Compared with December 2020, our net debt position decreased by EUR 119 million to EUR 1,156 million. The lower net debt is primarily driven by solid free cash flow generation, partly offset by dividend payments. Net leverage improved from 1.7x at the end of December 2020, to 1.4x at the end of December 2021. Total equity increased by EUR 276 million to EUR 2,597 million at the end of 2021 (2020: EUR 2,321 million), reflecting the net income and currency translation results, offset by the dividend payment and share repurchases.

Other information

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

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

Financial calendar 2022

February 22, 2022	Annual Report 2021
April 29, 2022	First quarter results 2022
May 17, 2022	Annual General Meeting
May 19, 2022	Ex-dividend date
May 20, 2022	Dividend record date
May 31, 2022	Dividend payment date
July 29, 2022	Second quarter and half-year results 2022
October 28, 2022	Third quarter results 2022

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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 2021 sales of EUR 6.9 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 five 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, supply chain constraints, component shortages, 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 and Semi-Annual Report 2021.

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.

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 and Semi-Annual Report 2021.

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

Appendix A – Financial statement information

A. Condensed consolidated statement of income

In millions of EUR unless otherwise stated

	Fourth quarter		January to December	
	2020	**2021**	**2020**	**2021**
Sales	1,878	2,008	6,502	6,860
Cost of sales	(1,148)	(1,215)	(4,004)	(4,189)
Gross margin	**730**	**793**	**2,499**	**2,671**
Selling, general and administrative expenses	(485)	(510)	(1,781)	(1,882)
Research and development expenses	(91)	(75)	(307)	(286)
Impairment of goodwill	—	—	—	—
Other business income	3	—	12	19
Other business expenses	(2)	(3)	(7)	(8)
Income from operations	**155**	**205**	**416**	**514**
Financial income	5	10	18	33
Financial expenses	(17)	(14)	(72)	(57)
Results relating to investments in associates	—	—	—	—
Income before taxes	**143**	**202**	**362**	**490**
Income tax expense	(6)	(31)	(27)	(83)
Net income	**137**	**170**	**335**	**407**
Attribution of net income for the period:				
Net income (loss) attributable to shareholders of Signify N.V.	132	167	325	397
Net income (loss) attributable to non-controlling interests	5	3	9	9
Earnings per ordinary share attributable to shareholders				
Weighted average number of ordinary shares outstanding used for calculation (in thousands):				
Basic	125,577	124,896	126,223	124,967
Diluted	129,247	128,554	129,692	128,646
Net income attributable to shareholders per ordinary share in EUR:				
Basic	1.05	1.34	2.58	3.18
Diluted	1.02	1.30	2.51	3.09

Amounts may not add up due to rounding.

B. Condensed consolidated statement of comprehensive income

In millions of EUR

	Fourth quarter		January to December	
	2020	**2021**	**2020**	**2021**
Net income (loss)	**137**	**170**	**335**	**407**
Pensions and other post-employment plans:				
Remeasurements	17	20	11	20
Income tax effect on remeasurements	(1)	(4)	(1)	(4)
Total of items that will not be reclassified to profit or loss	**16**	**16**	**11**	**16**
Currency translation differences:				
Net current period change, before tax	(143)	114	(395)	291
Income tax effect	—	—	—	—
Net investment hedge				
Net current period change, before tax	20	(6)	42	(22)
Income tax effect	1	—	1	—
Cash flow hedges:				
Net current period change, before tax	7	(4)	31	(26)
Income tax effect	(2)	1	(7)	6
Total of items that are or may be reclassified to profit or loss	**(118)**	**106**	**(328)**	**249**
Other comprehensive income (loss)	**(102)**	**121**	**(318)**	**265**
Total comprehensive income (loss)	**35**	**292**	**17**	**671**
Total comprehensive income (loss) attributable to:				
Shareholders of Signify N.V.	34	284	16	650
Non-controlling interests	1	8	1	22

Amounts may not add up due to rounding.

C. Condensed consolidated statement of financial position

In millions of EUR

	2020	2021
Non-current assets		
Property, plant and equipment	708	724
Goodwill	2,251	2,464
Intangible assets, other than goodwill	775	730
Investments in associates	12	12
Financial assets	55	58
Deferred tax assets	473	481
Other assets	60	67
Total non-current assets	**4,334**	**4,536**
Current assets		
Inventories	885	1,410
Other assets	171	192
Derivative financial assets	104	58
Income tax receivable	39	24
Trade and other receivables	1,140	1,183
Cash and cash equivalents	1,033	851
Assets classified as held for sale	3	3
Total current assets	**3,376**	**3,720**
Total assets	**7,710**	**8,256**
Equity		
Shareholders' equity	2,196	2,459
Non-controlling interests	124	138
Total equity	**2,321**	**2,597**
Non-current liabilities		
Debt	2,221	1,931
Post-employment benefits	390	363
Provisions	224	215
Deferred tax liabilities	22	27
Income tax payable	108	118
Other liabilities	159	182
Total non-current liabilities	**3,123**	**2,835**
Current liabilities		
Debt, including bank overdrafts	86	77
Derivative financial liabilities	44	44
Income tax payable	20	16
Trade and other payables	1,731	2,334
Provisions	172	140
Other liabilities	213	213
Liabilities from assets classified as held for sale	—	—
Total current liabilities	**2,266**	**2,824**
Total liabilities and total equity	**7,710**	**8,256**

Amounts may not add up due to rounding.

D. Condensed consolidated statement of cash flows

In millions of EUR

	Fourth quarter		January to December	
	2020	**2021**	**2020**	**2021**
Cash flows from operating activities				
Net income (loss)	137	170	335	407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	183	148	606	580
• Depreciation, amortization and impairment of non-financial assets	86	77	332	312
• Impairment (reversal) of goodwill, other non-current financial assets and investments in associates	—	—	—	—
• Net gain on sale of assets	—	—	(1)	(13)
• Net interest expense on debt, borrowings and other liabilities	7	6	31	26
• Income tax expense	6	31	27	83
• Additions to (releases of) provisions	70	25	152	133
• Additions to (releases of) post-employment benefits	4	5	20	18
• Other items	9	4	46	21
Decrease (increase) in working capital:	119	37	239	(2)
• Decrease (increase) in trade and other receivables	(4)	(99)	211	1
• Decrease (increase) in inventories	96	(79)	44	(458)
• Increase (decrease) in trade and other payables	28	209	(50)	479
• Increase (decrease) in other current assets and liabilities	(1)	6	35	(24)
Increase (decrease) in other non-current assets and liabilities	9	9	15	26
Utilizations of provisions	(48)	(57)	(162)	(187)
Utilizations of post-employment benefits	(11)	(9)	(35)	(34)
Net interest and financing costs received (paid)	(6)	1	(33)	(27)
Income taxes paid	(23)	(14)	(73)	(59)
Net cash provided by (used for) operating activities	**359**	**286**	**891**	**704**
Cash flows from investing activities				
Net capital expenditures:	(27)	(29)	(75)	(91)
• Additions of intangible assets	(9)	(12)	(32)	(34)
• Capital expenditures on property, plant and equipment	(23)	(22)	(67)	(84)
• Proceeds from disposal of property, plant and equipment	4	5	25	27
Net proceeds from (cash used for) derivatives and other financial assets	26	8	(4)	29
Purchases of businesses, net of cash acquired	(17)	(6)	(1,303)	(30)
Proceeds from sale of businesses, net of cash disposed of	—	—	2	—
Net cash provided by (used for) investing activities	**(19)**	**(28)**	**(1,379)**	**(91)**
Cash flows from financing activities				
Dividend paid	(17)	(2)	(17)	(354)
Proceeds from issuance of debt	7	283	3,744	633
Repayment of debt	(34)	(654)	(2,932)	(1,064)
Purchase of treasury shares	—	—	(38)	(92)
Net cash provided by (used for) financing activities	**(44)**	**(372)**	**757**	**(876)**
Net cash flows	**297**	**(114)**	**269**	**(263)**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	(23)	35	(80)	80
Cash and cash equivalents and bank overdrafts at the beginning of the period [1]	756	926	840	1,030
Cash and cash equivalents and bank overdrafts at the end of the period [2]	**1,030**	**847**	**1,030**	**847**

[1] *For Q4 2021 and Q4 2020, included bank overdrafts of EUR 1 million and EUR 6 million, respectively. For January to December of 2021 and 2020, included bank overdrafts of EUR 3 million and EUR 7 million, respectively.*

[2] *Included bank overdrafts of EUR 4 million and EUR 3 million as at December 31, 2021 and 2020, respectively.*

Amounts may not add up due to rounding.

Appendix B - Reconciliation of non-IFRS financial measures

Sales growth composition per business in %

	Fourth quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Digital Solutions	11.2	2.3	0.5	14.0
Digital Products	1.6	2.1	—	3.7
Conventional Products	(11.4)	1.9	—	(9.5)
Total	**4.5**	**2.2**	**0.2**	**6.9**

	January to December			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Digital Solutions	3.4	(2.3)	7.3	8.3
Digital Products	8.8	(1.5)	(0.1)	7.2
Conventional Products	(6.9)	(1.7)	—	(8.7)
Total	**3.8**	**(2.0)**	**3.6**	**5.5**

Sales growth composition per market in %

	Fourth quarter			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Europe	4.5	1.0	(0.5)	5.1
Americas	7.6	2.8	(0.2)	10.2
Rest of the world	(1.7)	2.7	0.1	1.0
Global businesses	10.0	2.8	6.6	19.5
Total	**4.5**	**2.2**	**0.2**	**6.9**

	January to December			
	Comparable growth	Currency effects	Consolidation and other changes	Nominal growth
2021 vs 2020				
Europe	3.4	—	(0.2)	3.1
Americas	1.4	(4.0)	8.5	5.9
Rest of the world	7.9	(1.5)	0.1	6.6
Global businesses	6.3	(0.6)	4.6	10.3
Total	**3.8**	**(2.0)**	**3.6**	**5.5**

Amounts may not add up due to rounding.

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

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
Fourth quarter 2021					
Adjusted EBITA	265	147	114	37	(33)
Restructuring	(11)	(3)	—	(2)	(5)
Acquisition-related charges	(13)	(13)	—	—	—
Incidental items	(5)	(2)	(2)	2	(4)
EBITA	**237**	**130**	**112**	**37**	**(42)**
Amortization [1]	(32)	(29)	(2)	—	—
Income from operations (or EBIT)	**205**	**100**	**110**	**37**	**(43)**
Fourth quarter 2020					
Adjusted EBITA	251	105	128	46	(28)
Restructuring	(43)	(12)	(3)	(14)	(15)
Acquisition-related charges	(16)	(16)	—	—	—
Incidental items	(6)	(3)	(2)	(2)	1
EBITA	**185**	**75**	**122**	**30**	**(42)**
Amortization [1]	(30)	(28)	(2)	—	—
Income from operations (or EBIT)	**155**	**47**	**121**	**30**	**(43)**

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

	Signify	Digital Solutions	Digital Products	Conventional Products	Other
January to December 2021					
Adjusted EBITA	795	397	339	161	(102)
Restructuring	(86)	(19)	(4)	(5)	(58)
Acquisition-related charges	(50)	(49)	(1)	—	—
Incidental items	(22)	(11)	(10)	2	(4)
EBITA	**636**	**318**	**323**	**158**	**(164)**
Amortization [1]	(122)	(114)	(7)	—	(1)
Income from operations (or EBIT)	**514**	**205**	**316**	**158**	**(165)**
January to December 2020					
Adjusted EBITA	695	330	295	170	(100)
Restructuring	(83)	(30)	(10)	(23)	(19)
Acquisition-related charges	(63)	(62)	(1)	—	—
Incidental items	(13)	(8)	(6)	3	(1)
EBITA	**536**	**230**	**277**	**149**	**(120)**
Amortization [1]	(120)	(111)	(8)	—	(1)
Income from operations (or EBIT)	**416**	**119**	**269**	**149**	**(122)**

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

Amounts may not add up due to rounding.

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

	Reported	Restructuring	Acquisition related charges	Incidental items [1]	Adjusted
Fourth quarter 2021					
Sales	2,008	—	—	—	2,008
Cost of sales	(1,215)	2	2	(3)	(1,214)
Gross margin	**793**	**2**	**2**	**(3)**	**794**
Selling, general and administrative expenses	(510)	7	10	7	(485)
Research and development expenses	(75)	1	—	—	(74)
Indirect costs	**(585)**	**9**	**10**	**7**	**(559)**
Impairment of goodwill	—	—	—	—	—
Other business income	—	—	—	—	—
Other business expenses	(3)	—	—	2	(1)
Income from operations	**205**	**11**	**13**	**5**	**234**
Amortization	(32)	—	—	—	(32)
Income from operations excluding amortization (EBITA)	**237**	**11**	**13**	**5**	**265**
Fourth quarter 2020					
Sales	1,878	—	—	—	1,878
Cost of sales	(1,148)	18	4	2	(1,124)
Gross margin	**730**	**18**	**4**	**2**	**755**
Selling, general and administrative expenses	(485)	9	13	5	(458)
Research and development expenses	(91)	15	—	—	(76)
Indirect costs	**(577)**	**25**	**13**	**5**	**(534)**
Impairment of goodwill	—	—	—	—	—
Other business income	3	—	(1)	(1)	1
Other business expenses	(2)	—	—	—	(2)
Income from operations	**155**	**43**	**16**	**6**	**220**
Amortization	(30)	—	—	—	(30)
Income from operations excluding amortization (EBITA)	**185**	**43**	**16**	**6**	**251**

[1] *Incidental items are non-recurring by nature and relate to separation, transformation, net real estate gains, environmental provision for inactive sites and the effect of changes in discount rates on long-term provisions.*

Amounts may not add up due to rounding.

January to December 2021 Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring	Acquisition related charges	Incidental items [1]	Adjusted
January to December 2021					
Sales	6,860	—	—	—	6,860
Cost of sales	(4,189)	19	8	4	(4,157)
Gross margin	**2,671**	**19**	**8**	**4**	**2,702**
Selling, general and administrative expenses	(1,882)	66	43	25	(1,748)
Research and development expenses	(286)	1	—	—	(284)
Indirect costs	**(2,168)**	**67**	**44**	**25**	**(2,032)**
Impairment of goodwill	—	—	—	—	—
Other business income	19	—	(2)	(11)	7
Other business expenses	(8)	—	—	4	(5)
Income from operations	**514**	**86**	**50**	**22**	**673**
Amortization	(122)	—	—	—	(122)
Income from operations excluding amortization (EBITA)	**636**	**86**	**50**	**22**	**795**
January to December 2020					
Sales	6,502	—	—	—	6,502
Cost of sales	(4,004)	41	21	(4)	(3,946)
Gross margin	**2,499**	**41**	**21**	**(4)**	**2,556**
Selling, general and administrative expenses	(1,781)	23	44	20	(1,695)
Research and development expenses	(307)	20	1	—	(287)
Indirect costs	**(2,088)**	**42**	**45**	**20**	**(1,982)**
Impairment of goodwill	—	—	—	—	—
Other business income	12	—	(2)	(2)	8
Other business expenses	(7)	—	—	—	(7)
Income from operations	**416**	**83**	**63**	**13**	**575**
Amortization	(120)	—	—	—	(120)
Income from operations excluding amortization (EBITA)	**536**	**83**	**63**	**13**	**695**

[1] *Incidental items are non-recurring by nature and relate to separation, transformation, net real estate gains, environmental provision for inactive sites and the effect of changes in discount rates on long-term provisions.*

Amounts may not add up due to rounding.

Appendix C – Financial glossary

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

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

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

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

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

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

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

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

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

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

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

EBIT
Income from operations.

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

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

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

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

Employees
Employees of Signify at 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 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 which will no longer be in use.

SG&A expenses
Selling, general and administrative expenses.

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