

A nighttime cityscape featuring several illuminated skyscrapers and a central roundabout with a fountain. The scene is lit with city lights, and several glowing green circles are overlaid on the image. The text '@signify' is positioned in the upper center.

@signify

# Annual General Meeting of Shareholders 2024

# I. Presentation by CEO Eric Rondolat









# Full year 2023

## Delivering our strategy in a challenging market

- Adjusted gross margin expanded to 38.2% (37.3% FY 22)
- Free cash flow 8.7% sales (FY 22: 5.9%)
- Adjusted EBITA margin was 10.0%
- Connected lighting & growth platforms reached 30% sales
- LED-based sales represent 85% total sales (FY 22: 83%)
- Connected light points rose to 124m (FY 22: 114m)
- Customer satisfaction in order & delivery increased for 8 consecutive quarters
- Invested 4.2% of sales in R&D

# Brighter Lives, Better World 2025: 2023 results

Doubling our positive impact on the environment and society

		2019 Baseline	2023 Result	2025 Target	
Better World	<b>Climate action</b>  	Carbon reduction over value chain against Paris Agreement	0	On track	324 MT
	<b>Circular economy</b> 	Circular revenues	16%	33%	32%
Brighter Lives	<b>Food availability Safety &amp; security Health &amp; wellbeing</b>  	Brighter lives revenues	16%	31%	32%
	<b>Great place to work</b> 	Women in leadership positions	17%	29%	34%




A list for climate and supply chain leader

Member of  
**Dow Jones Sustainability Indices**  
 Powered by the S&P Global CSA

DJSI World Index



EcoVadis Platinum Medal and top 1%

On track  
  
 Off track

# Signify's 5 Frontiers strategy

# Signify's 5 Frontiers strategy



## Build a customer-centric organization

- Strong customer Net Promoter Score of 53 globally

# Signify's 5 Frontiers strategy



## Deliver differentiated lighting offers

- 4.2% of sales invested in R&D and 20,000 patent rights
- Double digit growth on offerings including b-brand, private label and ultra energy efficient

# Signify's 5 Frontiers strategy



## Drive growth for sustainability

- Connected lighting and growth platforms reached 30% of sales
- LED now 85% of sales



# Signify's 5 Frontiers strategy



## Digitalize and transform for the future

- Direct online sales remained stable at 12.7% of revenues
- Generative AI deployed in customer care centers

# Signify's 5 Frontiers strategy



## Be a great place to work

- Employee Net Promoter Score of 26
- 63% active learners on digital learning platform

# Signify is the world leader in lighting

We provide high-quality energy efficient lighting products, systems and services

Light sources



Luminaires



Systems and Services



**No. 1**

Conventional, LED  
and Connected

**€6.7bn**

sales in 2023

**32,000**

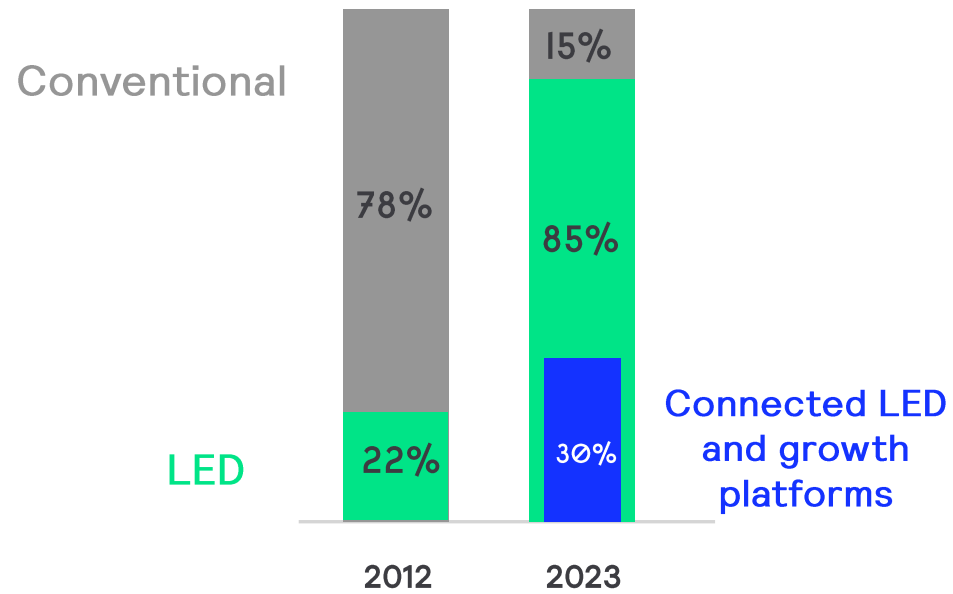
people in 74 countries

**124m**

Connected light points

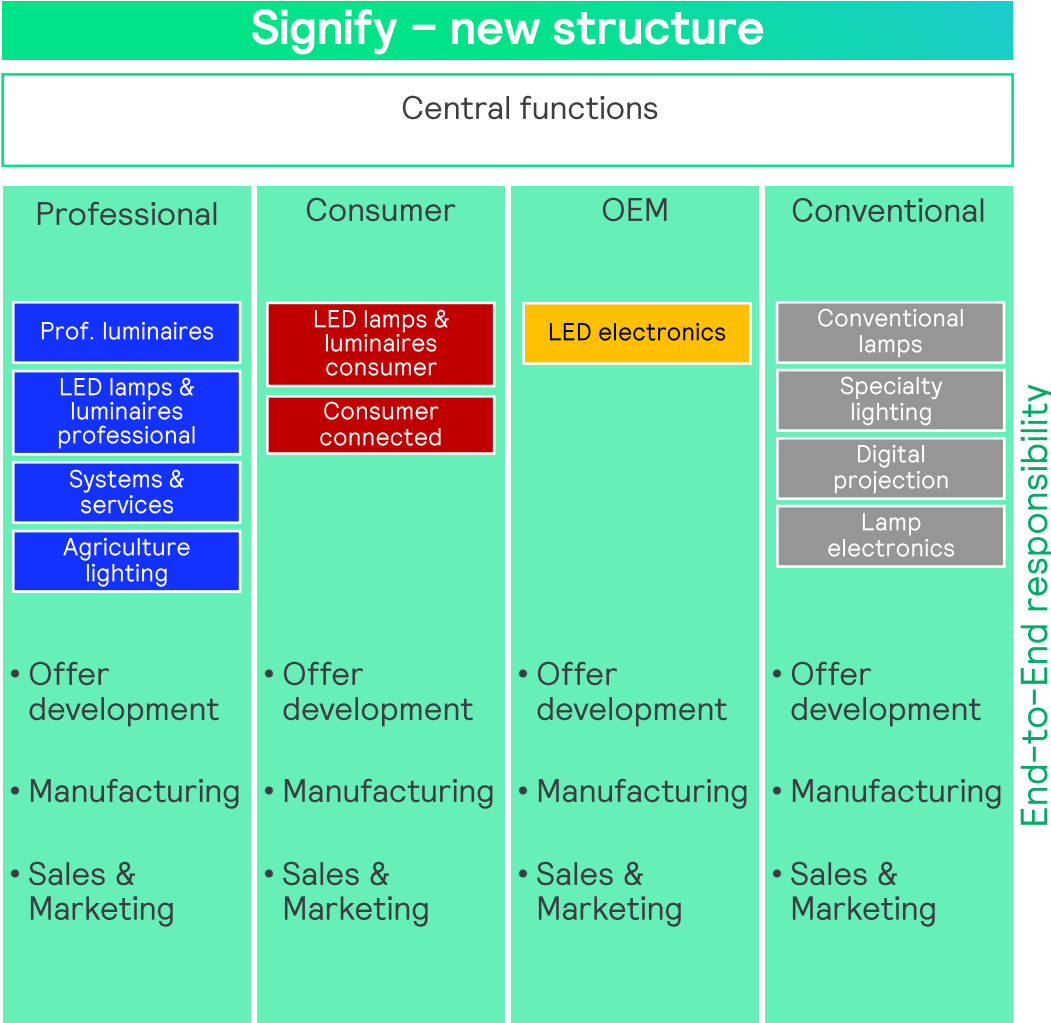
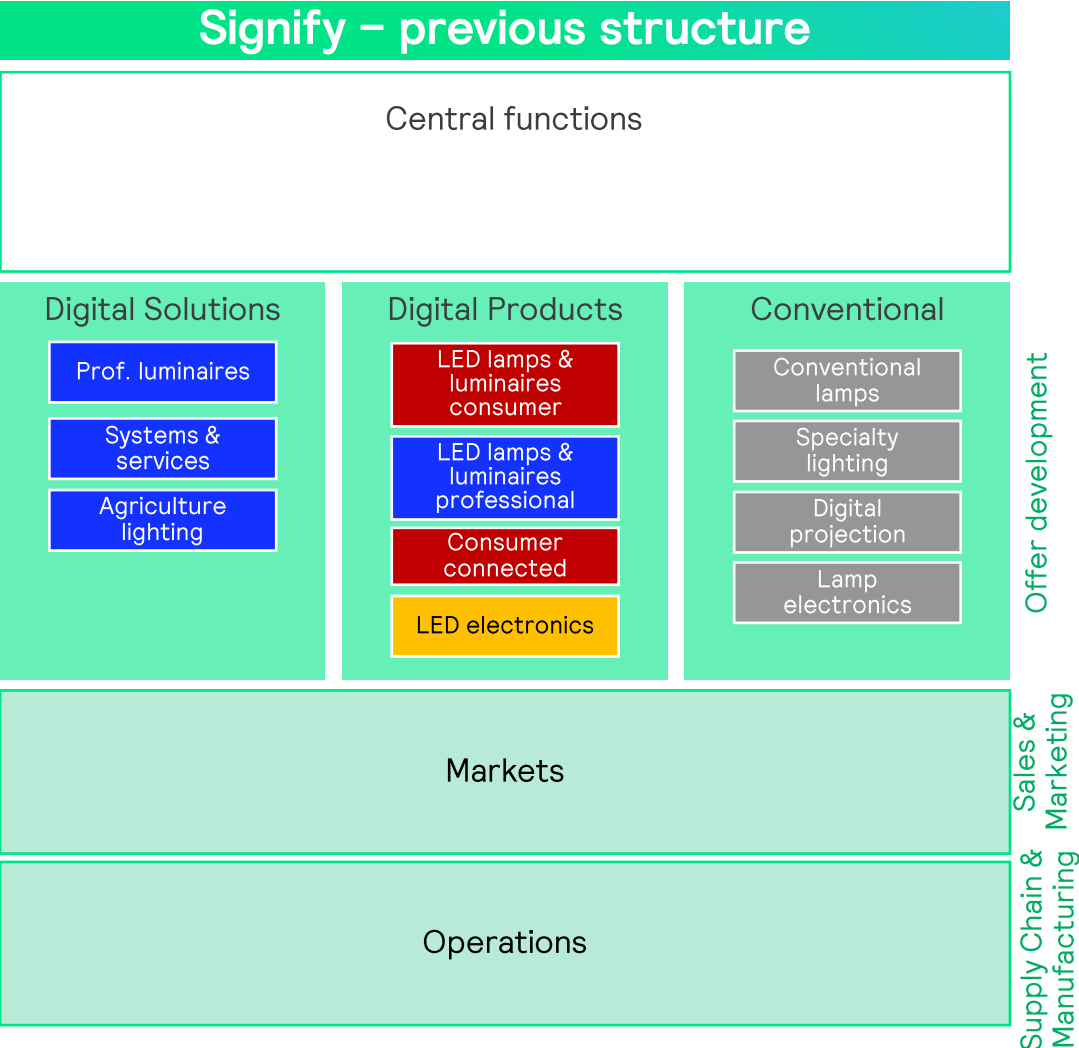
# Transition to LED and Connected lighting

Transition from conventional to LED-based sales (in % of total sales)



*Philips Radii auto-linkable Ultra Efficient solar lights*

# Our new operating model





*Color Kinetics – Vienna City Hall, Austria*

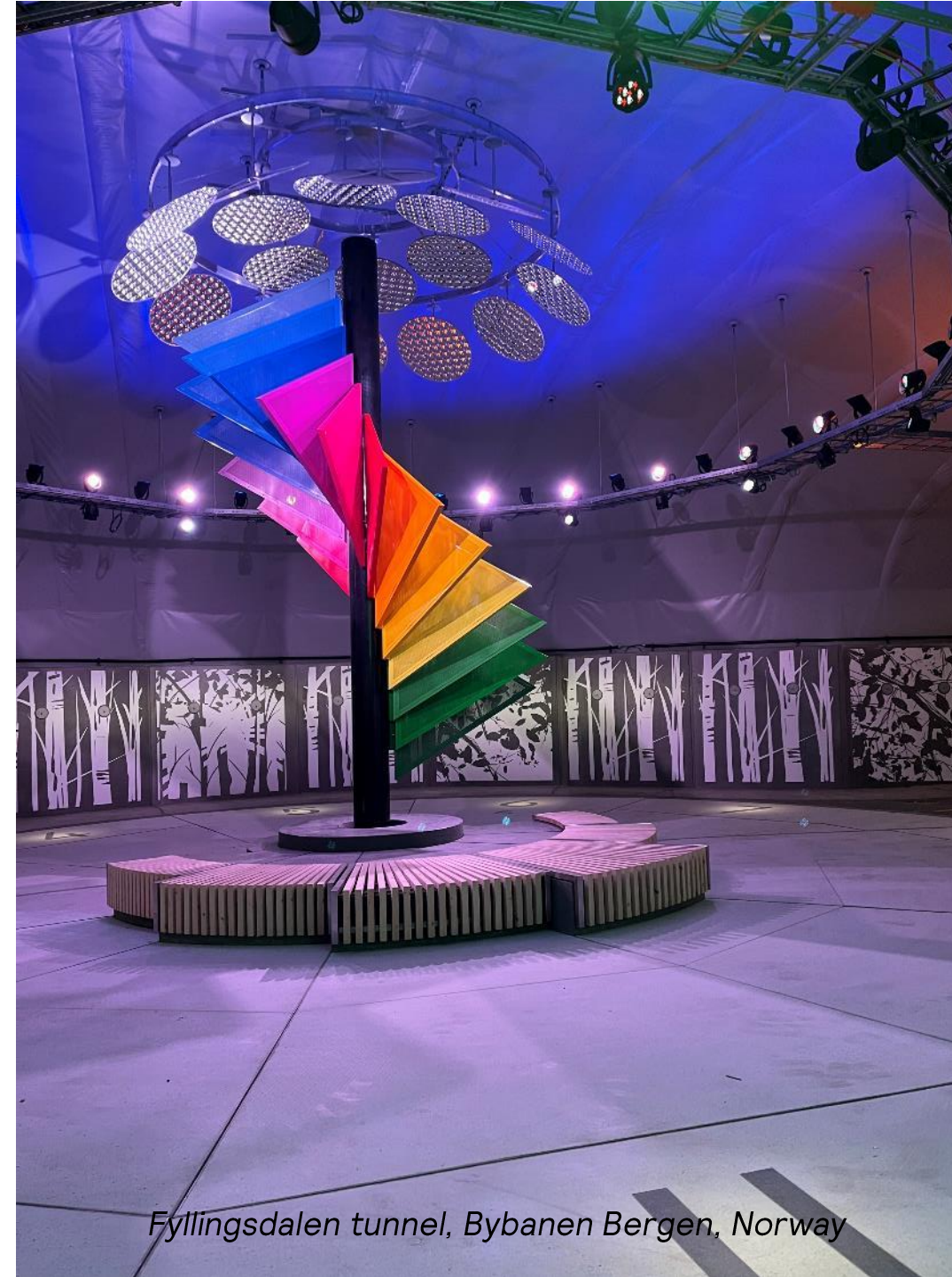
## First quarter 2024

- Sales of EUR 1.5 billion
- Comparable sales of –10.1%
- Operational profitability was 8.3%
- Connected light points rose to 126 million
- LED-based sales represented 87% of total sales
- Free cash flow of EUR 80 million

# Outlook 2024

Signify guidance for 2024 is:

- Adjusted EBITA margin of up to 50bps
- Free cash flow between 6–7% of sales



# Connected Lighting Systems & Growth platforms



# Connected Lighting Systems & Growth platforms

## Safety & security



Philips Hue and WiZ offer a complete connected lighting and monitoring system for the home

# Connected Lighting Systems & Growth platforms

## Climate Action



Solar lights address the challenge of public lighting in a dramatic landscape in North Sumatra, Indonesia



# Connected Lighting Systems & Growth platforms

## Circular economy



Custom, 3D-printed home luminaires for fans of Werder Bremen



# Connected Lighting Systems & Growth platforms

## Food availability



Premium cucumbers, 52 weeks a year, with Philips horticulture solutions at Great Lakes Greenhouses, Canada

# Connected Lighting Systems & Growth platforms

## Health & well-being



F9 floor lamp expands EyeCare concept from the desktop to the whole room

# Connected Lighting Systems & Growth platforms

## Health & well-being



ArcMED fixtures with VividTune Tunable White from Cooper Lighting Solutions for improved patient well-being at UMass Memorial Health, USA



# Corporate Social Responsibility through the Foundation

## Lighting lives

- 9.4 million lives lit. On track to light 10 million lives by end-2025

## Brighter communities

- Since 2023, Signify Foundation has 52 ongoing or completed projects in its new flagship program.
  - Brighter living: informal or refugee settlements
  - Brighter learning: schools, playgrounds, children's homes
  - Brighter health: clinics, health centers

## Humanitarian relief

- ~ 45,000 lights solar and LED lamps for international aid agencies

# Thank you





## 2. Remuneration report 2023

# Remuneration Board of Management - Structure

## Base Salary (Jan. 1, 2023)

- CEO
  - E.H.E Rondolat – € 985,223
- Other Members
  - H.M. Chitale<sup>1</sup> – € 644,000
  - F.J. van Engelen – € 644,649
  - M.L. Mariani – € 644,649

## Annual Cash Incentive (STI)<sup>2</sup>

- CEO target – 80%
- Other Members target – 60%

Performance range:

- Minimum – 0x
- Maximum – 2x

## Long-Term Equity-Based Incentive (LTI)<sup>2</sup>

- CEO target – 100%
- Other Members target – 80%

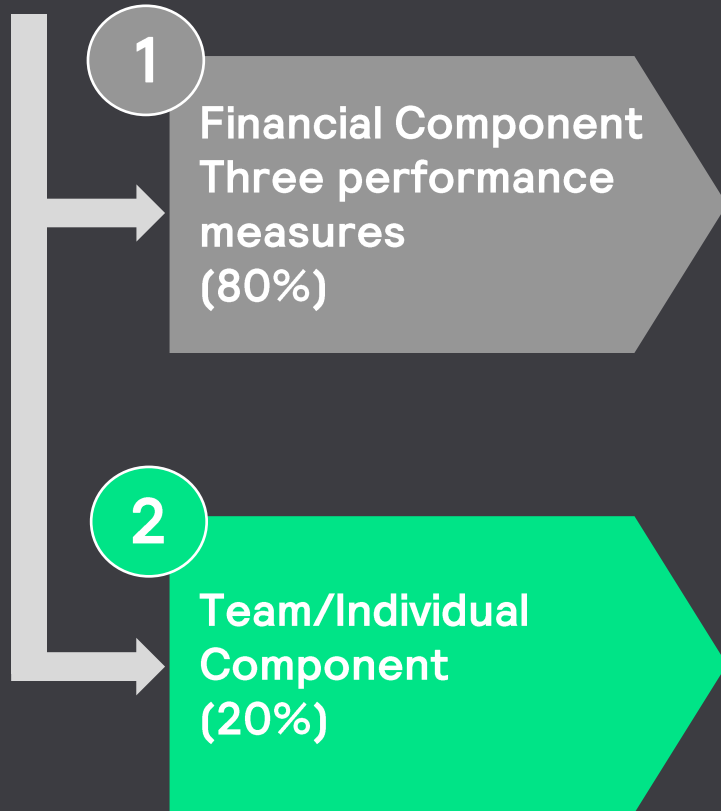
Performance range:

- Minimum – 0x
- Maximum – 2x

<sup>1</sup>Base salary as per date of appointment: May 16, 2023

<sup>2</sup>Expressed as a percentage of salary

# Annual Incentive 2023

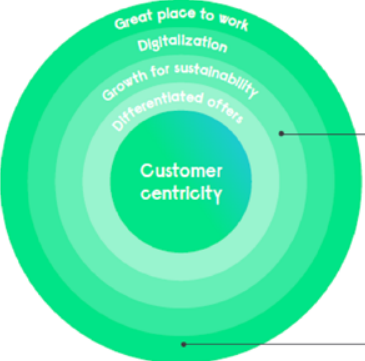


- Growth measure: CSG – Comparable Sales Growth (ext. reported)
- Profit measure: Adj. EBITA – Adjusted Earnings Before Interest, Tax and Amortization (ext. reported)
- Cash flow measure: FCF – Free Cash Flow (ext. reported)







As agreed with and approved by the Supervisory Board

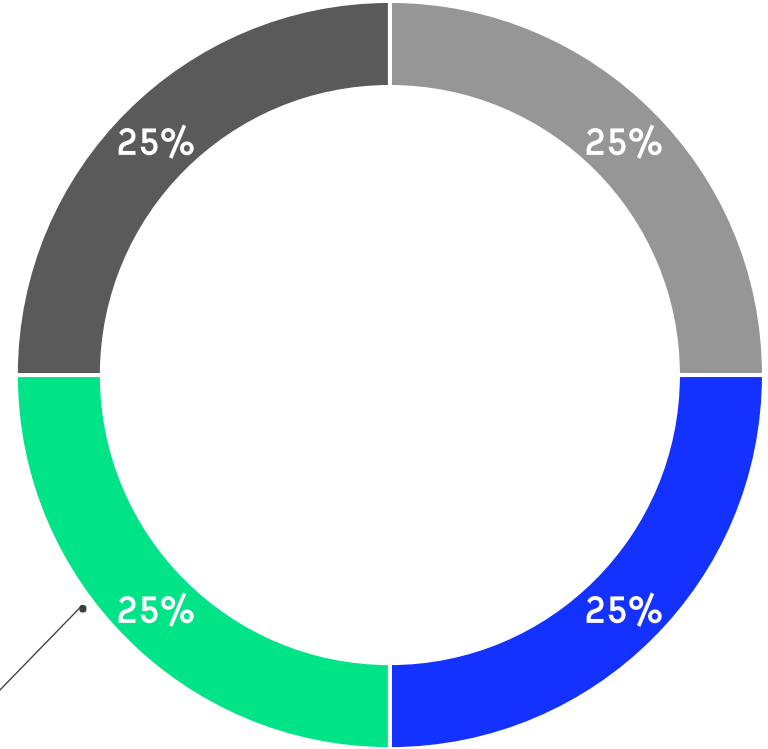
# Long-term Incentive 2023 Performance Measures

## 5 Frontiers strategy



## Brighter Lives, Better World 2025 Program

Better World	Climate action	 	Carbon footprint reduction compared to Paris over value chain
	Circular economy		Circular revenues
Brighter Lives	Food availability Safety & security Health & wellbeing	 	Brighter lives revenues
	Great place to work		Women in leadership positions



- Relative TSR
- Free Cash Flow
- Sustainability
- ROCE

# Annual Incentive (STI) Realization 2023

	STI 2023 (€K)
E.H.E. Rondolat	439.8
H.M. Chitale <sup>1</sup>	135.8
F.J. van Engelen	219.7
M.L. Mariani	223.6

## Financial Component (80% weighting)

	Threshold (50%)	Actual	Pay-out	Weighted pay-out	
Comparable sales growth	(3.0%)	(8.3%)	-%	-%	➔ Overall financial outcome – 40.8%
Adjusted EBITA	10.6%	10.0%	-%	-%	
Free cash flow	6.0%	8.7%	136%	40.8%	

+

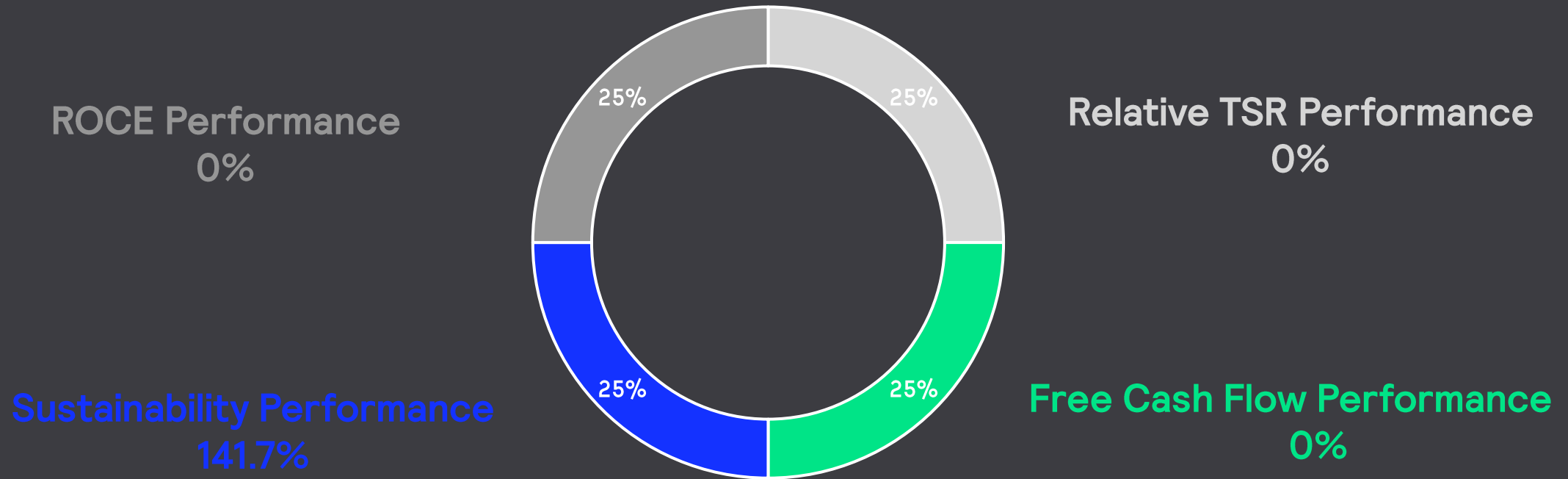
## Team/Individual Component (20% weighting)

- Team outcome – 80%
  - Individual outcome – range 70% to 90%
- ➔ Overall team / individual outcome – range 15% to 17%

<sup>1</sup> The realized annual incentive reflects the pro-rata amount as of May 16, 2023

<sup>2</sup> Weighting of financial metrics: Comparable sales growth 20%, Adjusted EBITA 30%, Free Cash Flow 30%

# 2021 Long-term Incentive Grant Performance Achievement and Vesting Levels



Resulting final vesting 2021 LTI grant: 35.5%

# Remuneration Supervisory Board 2023

Supervisory Board	Membership	Committees	Other compensation <sup>1</sup>	Total
A.P.M. van der Poel	€ 110,000	€ 25,000	€ 5,000	€ 140,000
G. van der Aast	€ 85,000	€ 28,000	€ 5,000	€ 118,000
S. Bechu <sup>2</sup>	€ 46,875	€ 14,075	€ 17,500	€ 78,450
P. Knapp	€ 75,000	€ 32,500	€ 17,500	€ 125,000
R.S. Lane	€ 75,000	€ 20,500	€ 17,500	€ 113,000
F. Lubnau	€ 75,000	€ 24,075	€ 17,500	€ 116,575
B. Schot	€ 75,000	€ 26,000	€ 5,000	€ 106,000

<sup>1</sup> Allowance for continental and intercontinental travel

<sup>2</sup> Appointment as a member of the Supervisory Board in AGM 2023. The remuneration excludes the observer period. The fee during that period was the same as applies for a Supervisory Board membership, excluding committee fees.

# Remuneration Board of Management - Outlook 2024



# Overview of Total Direct Compensation for the Board of Management

Outlook 2024 total direct compensation for members of the Board of Management

In EUR	Base Salary Jan 1, 2024 <sup>1</sup>	Short-Term Incentive <sup>2</sup> (% of Base Salary)	Long-term Incentive <sup>2</sup> (% of Base Salary)	Total Direct Compensation <sup>2</sup>
E.H.E. Rondolat	€ 985,223	80%	100%	€ 2,758,624
H.M. Chitale	€ 644,000	60%	80%	€ 1,545,600
F.J. van Engelen <sup>3</sup>	€ 644,649	-%	-%	€ 644,649
M.L. Mariani <sup>4</sup>	€ 644,649	60%	-%	€ 1,031,438

<sup>1</sup> The Supervisory Board will review and determine the base salary levels for all members of the Board of Management once the collective labor agreement for the Netherlands population has been finalized. Any adjustment to base salaries will be effective as of January 1, 2024

<sup>2</sup> Short-term Incentive, Long-term Incentive and Total Direct Compensation shown as at target level

<sup>3</sup> Stepped down as member of the Board of Management on April 1, 2024

<sup>4</sup> Will step down as member of the Board of Management on May 14, 2024

### 3. Explanation of the policy on additions to reserves and dividends

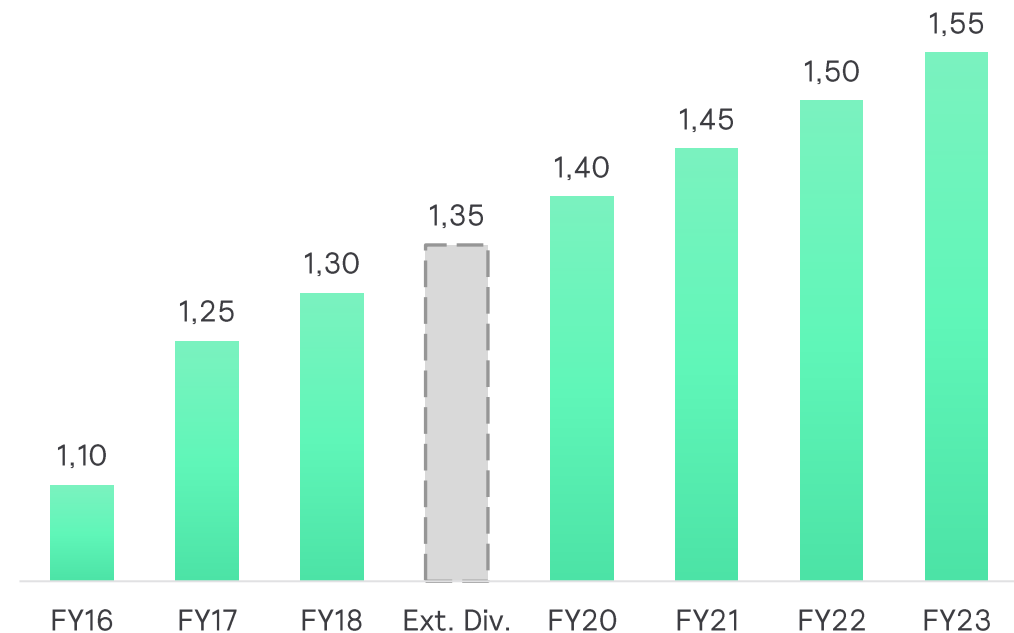
# Signify, as part of its overall capital allocation policy, proposes a 2023 dividend of EUR 1.55 to be paid in cash in 2024

## Capital allocation policy

- Continue to maintain a robust capital structure to support our commitment to an investment grade credit rating
- Pay an increasing annual dividend per share in cash year-on-year
- Continue to invest in organic and inorganic growth opportunities in line with strategic priorities

## Dividend per share since IPO (in EUR)

- Proposed dividend of EUR 1.55 per share (EUR 196m) from the net income for full year 2023

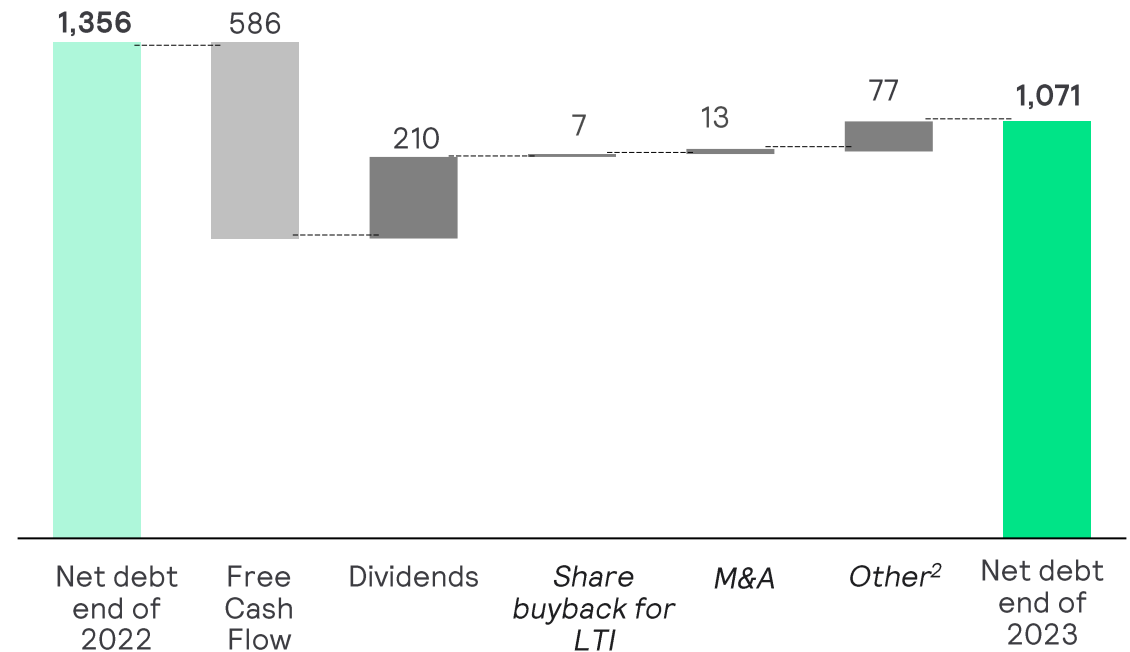


# Signify's net debt reduced to EUR 1,071m driven by strong cash flow generation

## Characteristics at the end of 2023

- Total net debt position of EUR 1,071 million
- Total gross debt of EUR 2,230 million
- Main debt instruments<sup>1</sup> include EUR 1,275 million of Eurobonds and Term Loans of EUR 502 million and USD 225 million
- Total cash of EUR 1,158 million with Free Cash Flow generation of EUR 586 million in 2023
- Unutilized revolving credit facility of EUR 500 million

## Net debt development in 2023 (in EUR million)



<sup>1</sup> Excluding lease liability and short-term loans at subsidiary level.

<sup>2</sup> Other includes FX effect on cash, cash equivalents and debt, and payments of lease liabilities.

# 4. Implementation of the new Dutch corporate governance code in the company's governance structure

**5. Financial statements 2023**

**6. Dividend**

**7. Discharge members of the Board of  
Management and Supervisory Board**

# Agenda

1. Audit approach & focus – scope, strategy & execution and conclusion
2. Key Audit Matters
3. Communication and interaction
4. Audit plan 2024

# Audit approach & focus

## Scope

### Statutory and consolidated financial statements

#### Annual/Directors' report, including:

- ▶ Corporate Governance
- ▶ Risk management
- ▶ Non financial information/ESG
- ▶ Remuneration report

## Strategy/Execution

### Responsibilities

#### Teaming

- ▶ Core team and component teams
- ▶ Experts

#### Materiality

- ▶ Risk assessment
- ▶ Going concern
- ▶ Fraud and non-compliance with laws & regulations
- ▶ ESG/Climate
- ▶ Cyber risks
- ▶ Culture

## Conclusion

### Audit procedures

- ▶ Key Audit Matters
- ▶ Estimates
- ▶ Significant audit differences

### Directors' report

#### Our opinion

- ▶ Unqualified opinion
- ▶ No material inconsistencies /in alignment with laws & regulations

### Audit plan 2024

## Communication



# 8. Composition of the Board of Management: re-appointment

# 9. Composition of the Supervisory Board: (re-)appointments

# 10a. Remuneration policy Board of Management

# Remuneration policy changes – base salary

## Current

- Adjustment not higher than collective labor agreement (CLA) increase agreed for the CLA population in the Netherlands (NL)

## Proposed

- NL CLA agreements key element of consideration, along with:
  - Salary developments of non-CLA NL & global employee population
  - Peer group salary development
  - Board member's role and performance

# Remuneration policy changes – short-term incentives

## Current

### Financial Performance measures

- 80% fixed

### Team/individual performance measures

- 20% fixed

### Metrics

Pre-defined list:

- Growth (such as comparable sales growth)
- Profit (such as adjusted EBITA or net income)
- Cash flow (such as average working capital or free cash flow)
- Investment return (such as return on capital employed)

## Proposed

### Financial performance measures

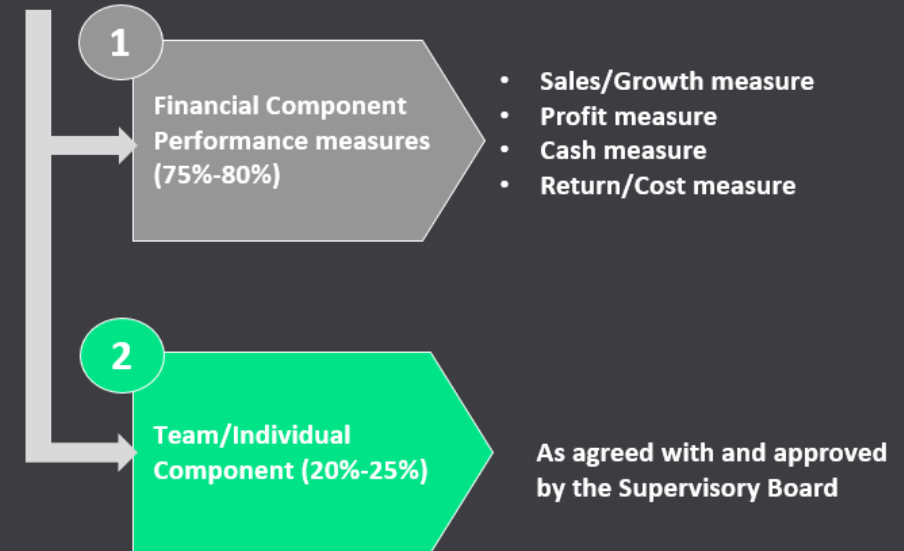
- 75% – 80% flexibility

### Team/individual performance measures

- 20% – 25% flexibility

### Metrics

- FCF & ROCE removed to avoid duplication across both plans
- Pre-defined list (adjusted and expanded slightly):
  - Sales/growth (such as comparable sales growth, nominal revenue)
  - Profit (such as adjusted EBITA or net income)
  - Cash (such as working capital)
  - Return/cost measures (such as return on R&D investments or operating expenses)



# Remuneration policy changes – Leaver arrangements

## Current

### Severance arrangements

- Any severance payment capped at maximum of one time the annual base salary

### Retirement

- Upon (early) retirement Board members remain entitled to share awards granted in alignment with the Terms and Conditions of the LTI Plans

## Proposed

### Severance arrangements

- Any severance payment capped at maximum of one time the annual base salary
- Clarified no severance payment due in case of voluntary resignation or serious culpable act or act of negligence

### Retirement

- Unvested awards forfeit, unless decided otherwise or in case of (early) retirement (in which case pro rata vesting shall apply)

# Remuneration policy changes – Claw-back

## Current

- Aligned to Dutch legislation

## Proposed

- Clarified in accordance with service contracts
- Extends beyond Dutch legislation and includes discretion of SB to:
  - Recoup incentive in case of serious violation of Signify Integrity code or applicable law
  - In circumstances allowing the company to terminate the contract for urgent cause

# Additional policy updates

## Labor Market Peer Group

- Four companies replaced per January 1, 2024: Boskalis, Siemens Gamesa, Osram Licht, and ASML
- Replacements: Arcadis, Nordex, ams OSRAM, and ASMi,

### Dutch (cross-industry)



### European Sector Specific



## TSR Peer Group

Compared to the 2020 remuneration policy:

- Cree replaced by MLS Co Ltd. per January 1, 2022
- Toshiba replaced by ams OSRAM per January 1, 2024





# 10b. Remuneration policy Supervisory Board

# Supervisory Board Remuneration Policy

- No changes are proposed to the Remuneration Policy
- Updates:
  - Correspond to the Board of Management policy updated labor market peer group
  - Fees for the Digital Committee that was established in 2021

## Remuneration Supervisory Board in EUR

### Supervisory Board fixed annual fee

Chair	110.000
Vice Chair	85.000
Member	75.000

### Committee fees

#### Audit Committee

Chair	22.500
Member	13.000

#### Digital Committee

Chair	22.500
Member	13.000

#### Remuneration Committee

Chair	15.000
Member	10.000

#### Nomination Committee

Chair	15.000
Member	7.500

#### Allowance for travel

Intercontinental	5.000
Continental	2.500

## II. Appointment of the external auditor of the company 2026-2028

**12. Authorizations of the Board of Management to (a) issue shares or grant rights to acquire shares, and (b) restrict or exclude pre-emptive rights**

# 13. Authorization of the Board of Management to acquire shares in the company

# 14. Cancellation of shares

# 15. Any other business

Signify