PHILIPS

2023

Country Activity and Tax Report

Contents

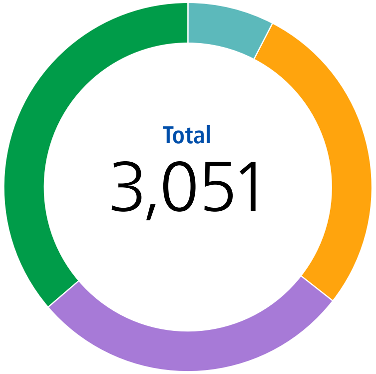
At a glance: Country Activities and Tax

Philips operates in 74 countries; the ultimate parent entity is located in the Netherlands. Philips has factories in 10 countries, plus innovation hubs in the Netherlands, United States, China and India.

Total tax contributions

In millions of EUR

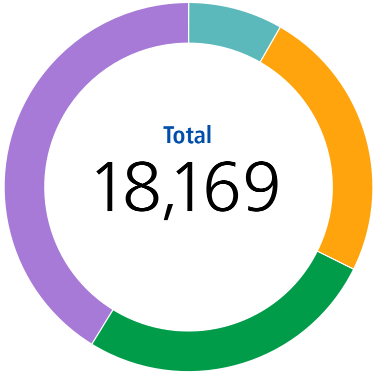
- Western Europe 1,107
- North America 859
- Growth geographies 853
- Other mature geographies 232



Revenues from third parties

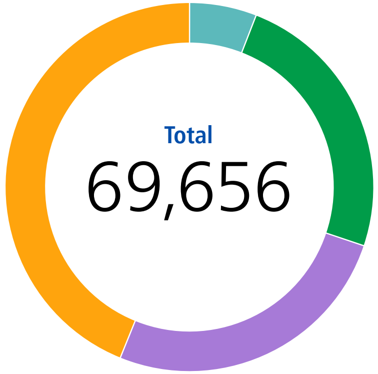
In millions of EUR

- Western Europe 4,807
- North America 7,489
- Growth geographies 4,368
- Other mature geographies 1,506



Number of employees

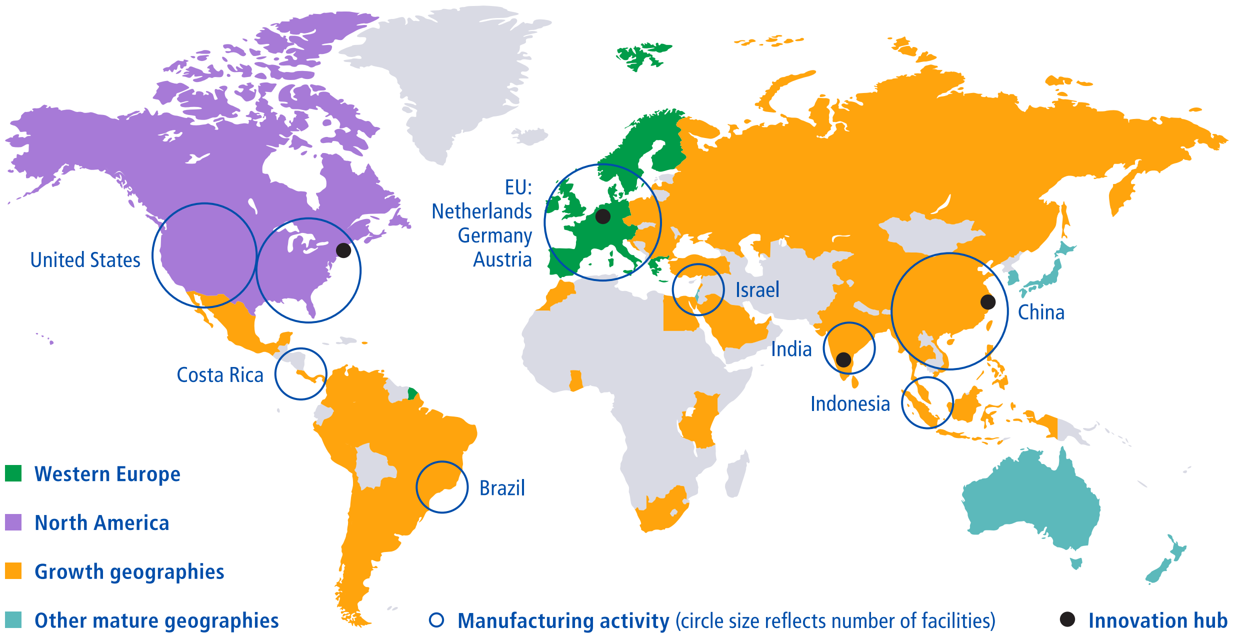
- Western Europe 16,900
- North America 18,094
- Growth geographies 30,558
- Other mature geographies 4,105



Total tax contributions in key countries

In millions of EUR

United States	796
Netherlands	418
China	342
Germany	167
India	133
Japan	129
France	117
United Kingdom	116
Brazil	75
Poland	51



Disclaimer: This diagrammatic representation serves as a high-level overview of the business activities and tax contributions of Philips; however, it is neither a conclusive nor comprehensive overview.

1 Introduction

In September 2020, Philips further reinforced its role as a purpose-driven company with the announcement of its 2020-2025 Environmental, Social and Corporate Governance (ESG) commitments – an enhanced and fully integrated approach to doing business responsibly and sustainably. Philips’ framework comprises a comprehensive set of key commitments across all the ESG dimensions that guide execution of the company’s strategy. It includes ambitious targets and detailed plans of action.

As one of several commitments in the Social responsibility domain of our ESG framework, we engage actively in the countries where we operate. Besides contributing in terms of activities that benefit society, for example through our volunteering programs, we also consider our tax payments as a significant contribution to the communities in which we operate, and an integral part of our social value creation. This is one of the key principles underlying ‘Our approach to tax, starting on page 5', as included in chapter 2 of this Country Activity and Tax Report 2023 (this ’Report’).

Part of our approach (and also part of our ESG commitments) is to acknowledge the importance of transparency in respect of our tax contributions. Therefore, every year we make voluntary disclosures about taxes paid and collected in the countries in which we operate - please refer to the Governance Total tax contribution section in the Annual Report 2023 ('Annual Report'). This Report is published in addition to, and simultaneously with the Annual Report.

Chapter 4 of this Report (Activities and Tax per country, starting on page 13) provides an overview of the company's main activities, and the taxes paid and collected, in the countries we operated in during the financial year 2023. Chapter 5 of this Report (Basis of preparation, starting on page 74) explains the basis of preparation, including Standard 207 of the Global Reporting Initiative (GRI) as adopted by Philips. This Report has been audited by Ernst & Young Accountants LLP (EY), Philips’ external auditor, and their report is included as chapter 6 (Independent auditor's report, starting on page 75).

Board of Management
Roy Jakobs
Abhijit Bhattacharya
Marnix van Ginneken

February 20, 2024

References to the Company or company, to Philips or the (Philips) Group or group, relate to Koninklijke Philips N.V. and/or its subsidiaries, as the context requires. Royal Philips refers to Koninklijke Philips N.V.

This Report contains certain forward-looking statements. By their nature, these statements involve risk and uncertainty. For more information, please refer to chapter 7 Forward-looking statements, starting on page 77.

This Report has been published on the company’s website.

2 Our approach to tax

2.1 Introduction

As a purpose-driven company, we take a fully integrated approach to doing business responsibly and sustainably, and consider tax to form part of our commitment to create superior, long-term value for our multiple stakeholders. As part of our ESG commitments in the Social responsibility and Governance domains, we consider our tax payments to be contributions to government revenues and the communities in the countries in which we operate, thereby helping to drive economic and social prosperity, and an integral part of our social value creation.

Given the importance of tax collection to the macro-economic stability of communities, we consider tax in the context of the broader society, inspired by our stakeholder dialogues, global initiatives of the OECD (Organization for Economic Cooperation and Development) and United Nations, human rights, tax laws and regulations. We aim to live up to the highest standards of governance and transparency regarding our tax contributions for all countries in which we operate.

In addition to contributions for corporate income tax, payroll tax and value-added tax, our contributions also include other taxes such as environmental-type taxes (with a compliance obligation) such as battery tax, packaging tax, property tax and other industry-specific tax based on our specific economic activity and footprint. Although the financial impact of these taxes is low for Philips, we remain very conscious of our responsibility and our contribution to society and the environment. We aim to be a front-runner in the area of ESG and continue to set ourselves challenging environmental, social and governance standards and targets. Please refer to the Environmental, Social and Governance section of the Annual Report for further discussion.

Insight: What is the link between taxes paid and ESG?
Taxes are an integral part of ESG and can influence ESG performance and sustainability, as well as contribute to the financial resources necessary to achieve the UN Sustainable Development Goals (SDGs). The potential impacts of taxes paid on the ESG dimensions are briefly discussed below.

Environmental: Taxes can impact a company’s environmental performance as governments may use tax policies to incentivize or disincentivize certain behaviors in order to reduce their environmental footprint. For example, taxes on plastic packaging can encourage companies to reduce the amount of plastics used in their packaging.

Social: Taxes play a role in social sustainability and well-being by contributing to government revenue, which supports public services such as healthcare, education, infrastructure, and social welfare programs.

Governance (and Transparency): Taxes can provide insights into a company's governance practices and transparency. In the current climate, stakeholders are typically considering tax practices as part of the assessment of a company's overall governance.

Philips' approach to tax is based on our tax strategy and our fundamental tax principles. This is aligned with the Tax Governance Code of the Confederation of Netherlands Industry and Employers’ (known as the ‘VNO-NCW’), as endorsed by the Board of Management and Head of Tax. Philips also adheres to GRI207: Tax. Our approach to tax applies to all entities within Philips.

Philips' approach to tax is an integral part of the Philips General Business Principles (GBP), which reflect our commitment to always act with integrity towards our employees, customers, business partners and shareholders, as well as the wider community in which we operate. The GBP are actively promoted throughout the Tax Function, and its staff regularly completes the relevant training programs, receiving practical guidance on how to apply and uphold the GBP in their daily work. Violation of our tax principles is contrary to our GBP, and employees are encouraged to report any concerns through the SpeakUp Ethics Line. For further insight into the way a culture of compliance and ethics is being promoted and reinforced within the company, please refer to the discussion on the General Business Principles in the Annual Report.

For information on the EU Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the EU taxonomy framework, please refer to the Environmental, Social and Governance section of the Annual Report. We continue to disclose tax comprehensively in line with GRI207: Tax, with the continued aim of being a front-runner in tax transparency. [Please refer to: https://www.efrag.org/News/Public-444/EFRAG-GRI-Joint-statement-of-interoperability]

2.2 Tax strategy

First and foremost, our Philips strategy is one of a responsible taxpayer striving to ensure compliance with local and international tax laws and regulations. We are guided by global initiatives for promoting tax transparency and responsible tax management. Tax should always follow the business and, accordingly, income is allocated to countries in which business value is created. In addition, we focus on value creation for our stakeholders, for example, by using tax assets and applying tax incentives in accordance with both the letter and the spirit of tax laws and regulations.

2.3 Tax compliance

Philips complies with the letter and the spirit of the law of the countries in which we operate.

Tax compliance is a fundamental principle for Philips. We act as a responsible taxpayer in accordance with both the letter and the spirit of tax laws and regulations, both in our general approach to tax and in executing our tax strategy. We are guided by global initiatives for promoting tax transparency and responsible tax management.

To provide examples of our tax compliance practices:

- Our policy is to file all tax returns and other compliance obligations on time, providing complete and accurate disclosures to all relevant tax authorities.
- Our tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.
- We do not undertake transactions or engage in arrangements, of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.
- Where we seek upfront certainty from tax authorities to confirm an applicable tax treatment, we do so based on full disclosure of all relevant facts and circumstances.
- We only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available. For additional discussion on tax regimes and incentives, please refer to Material Research and Development tax regimes and incentives used by Philips, starting on page 14 in Country insights, starting on page 13.

2.4 Tax governance, control, and risk management

Our approach to tax is set by the Board of Management and overseen by our Supervisory Board.

a) Governance

Under the ultimate responsibility of the Board of Management, the Chief Financial Officer (CFO) annually conducts a review and if necessary, updates Philips' approach to tax (including the tax strategy, tax principles and tax risk management) before granting approval.

Under the responsibility of the CFO, a globally organized and experienced Tax Function is accountable for the execution of the tax strategy and the tax position of Philips worldwide. The Tax Function is set up in such a way that it interacts with the key stakeholders in the businesses, regions/zones and functions on a regular basis. It advises management on the tax implications of intended decisions, performs appropriate tax planning to support business goals, and ensures compliance with all local and international tax laws. Country tax experts and tax business partners carry out these activities, supported by globally organized experts in areas such as transfer pricing and indirect tax. A globally organized team of tax accountants is responsible for tax accounting and reporting at Group level.

b) Tax Control Framework

Philips has a Tax Control Framework in place that sets out the company's tax controls and tax risk management. The execution of monitoring controls on a quarterly basis creates awareness and provides assurance of adherence to current tax policies. The Tax Control Framework forms part of our standard set of Internal Controls over Financial Reporting (ICFR) at Philips. Philips' tax position is therefore reflected in its financial statements, and covered by the Board of Management's report on ICFR and its conclusions regarding the effectiveness thereof. The Audit Committee of the Supervisory Board reviews tax controls and key tax-related matters, including this Report, as part of the Annual Report process. This follows from the report provided by the Head of Tax to the Audit Committee, which includes an update on key tax controls and tax-related matters. Furthermore, the company's external auditor provides assurance on our financials, including our tax positions. We refer to the independent auditor's reports regarding the Annual Report and this Report respectively.

There are extensive controls and procedures in place in order to reach this position of control, as also discussed throughout this Report. This includes, without limitation, the following:

- Standardization and documentation of tax processes in our process framework.
- Review of existing and new business models, invoice flows and acquisitions by tax specialists and ultimately tax management.
- Frequent meetings between tax specialists (including the Head of Tax) within the Tax Function to align on tax topics and business developments.
- Timely review and submission of tax returns (and related documents) together with the related payments.
- Quarterly execution and monitoring of tax controls.
- Quarterly meetings with the CFO to discuss and review tax (accounting) topics.
- Quarterly review and sign-off of the tax position, tax controls and execution of the tax strategy by the Head of Tax and the Board of Management.
- Annual review and approval of Philips' approach to tax by the CFO.
- Annual review of tax controls and key tax-related matters (including this Report) by the Audit Committee of the Supervisory Board.

The above controls and procedures (together with our Philips GBP) are also designed to align and monitor our approach to tax with our organizational values and business strategy.

We continually invest in technologies to improve data management, and thus the overall quality of direct and indirect tax compliance, control and reporting. We strongly believe in the benefits technology can offer to enable earlier access to tax-relevant data, particularly as the tax environment is rapidly evolving and tax authorities are increasingly embracing digitalization. Over the past years, the Tax Function has evolved from manual processes to a more data-driven and digitally enabled way of working. For example, we use a web-based tax accounting tool for tax provisioning globally, i.e. to collect data and perform real-time review for around 150 tax reporting entities in over 70 countries. This has accelerated tax accounting calculations and postings and tax balance sheet disclosure notes. In addition, this digital transformation helped us make a significant reduction of data files and improve tax analytics.

c) Risk factors and appetite

Tax risks are considered material financial risk factors as they could have a significant adverse financial and/or reputational impact. For a further explanation of the risk factors to which Philips is exposed and Philips' approach to risk management, please refer to the Risk Management section of our Annual Report.

Our tax risk appetite is based on Philips' financial (and compliance) risk appetite, being low to medium. While we believe that Philips is fully compliant with the letter and the spirit of the law in all material respects, we are, as a multinational company with operations across the globe, inherently exposed to tax risks and in some cases significant judgement is required. We aim to minimize these risks in accordance with our risk appetite.

For all tax risks and uncertainties, we perform an impact analysis for tax risk evaluation, which includes the likelihood of occurrence and the financial consequences of risks. The expected financial consequences of the tax risks, where the likelihood of occurrence exceeds 50%, is disclosed in the Income Tax note in our Annual Report. Furthermore, our team of tax specialists continually reassess our tax risks, which may originate from new local tax rules or international and EU regulatory frameworks, for example, and carefully monitors these in line with our Tax Control Framework.

Latest tax developments around the globe
Philips is closely monitoring the OECD initiatives around allocation of income to user markets (Pillar 1) and a 15% minimum income tax rate (Pillar 2).

As for Pillar 1, Philips currently does not expect to be affected by 'Amount A' (further profit allocation to market jurisdictions) in view of the relevant thresholds in respect of revenue and profitability. However in respect of 'Amount B' (remuneration for baseline marketing and distributing activities), Philips is closely following the developments on this subject.

Philips will be affected by Pillar 2 which came into effect in January 2024, in the form of additional tax burden and an increase in compliance requirements. We have prepared for the implementation of Pillar 2 by leveraging our existing digital tax infrastructure to ensure an efficient, high-quality process to determine countries in scope, calculate the liability (if any) and enable timely filing. As Philips maintains substance in the form of relevant assets and personnel in the countries in which it operates, a significant part of income in lower-tax countries would not be exposed to taxation under Pillar 2 due to the relevant carve-out rules. In addition, the transitional safe harbor rules, in particular the Simplified ETR, will further simplify this process.

2.5 Tax planning

Philips only uses tax structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

We do not control legal entities in countries that do not share tax information under Tax Information Exchange Agreements or legal entities in countries that are listed in the EU non-cooperative tax jurisdictions list ('blacklist'), with the exception of Panama and Russia. Our activities in these countries are substantive in nature and have clear commercial reasons, as explained in chapter 4 Activities and Tax per country, starting on page 13. We do not control legal entities without commercial and/or economic activities solely for the purpose of tax avoidance (so-called tax havens). Furthermore, our tax planning takes into account the spirit of the law, and we follow the OECD Transfer Pricing Guidelines for Multinational Enterprises.

Philips reports taxable income in the countries in which it creates value, in accordance with internationally accepted standards, applying the arm's length principle. Our transfer pricing policies are aimed at arm's-length remuneration for activities undertaken by group entities. These policies are applied across all markets in which we operate. Accordingly, Philips pays its share of taxes in the countries in which it operates, thereby contributing to the economic and social development in these countries.

Business operations drive the design of our business models, while the Tax Function advises and supports implementation. Philips has processes in place to ensure that existing and new business models are reviewed by tax specialists and ultimately tax management, to monitor and ensure that the execution of our tax strategy is aligned with our organizational values and business strategy. In addition, in the event of acquisitions and divestments, tax due diligence is always part of the process, and the input of the Tax Function is considered before a decision to acquire or divest is taken.

2.6 Stakeholder engagement and advocacy

We seek an open and constructive dialogue with our stakeholders, including relevant tax authorities, our shareholders, customers, business partners, employees, governments, regulators, non-governmental organizations and the communities in which we operate.

We seek to build open and constructive relationships with tax authorities based on mutual respect, transparency and trust, and participate in cooperative compliance programs with tax authorities. For our definition of a cooperative compliance program, please refer to Definitions and legends, starting on page 80. The Dutch Individueel Toezicht Plan (ITP), which evolved from the Horizontal Monitoring Program, is an example of a such a program. We seek upfront certainty on interpretations of regulations whenever deemed relevant and where tax authorities are willing to provide clarification.

Relationships with tax authorities (some examples)

In the Netherlands, we have regular meetings with the Dutch tax authorities, where relevant developments are discussed. During recent years, all process steps of the CIT and VAT return process were considered and reviewed together with the Dutch tax authorities, including data collection, checks and reviews performed, submission and payment. In respect of payroll taxes, following changes in tax rules and employment conditions, the focus has been on internal controls and coherent audits in Philips' payroll tax withholding processes. Furthermore, we have a transparent relationship with the Dutch Tax Authorities in respect of CIT, VAT and payroll taxes, and if any anomalies are identified during any review process, this is brought to the attention of the Dutch tax authorities and disclosed in advance.

Another example is our proactive alignment with the German tax authorities on tax payments. For example, any projected change in taxable income that may result in a material change in prepayments is discussed in advance. In addition, regular meetings are held with the German tax authorities on material items, and the impact is recorded in the financial statements and analyzed for a root cause to prevent reoccurrence.

In the UK, we enjoy an open and transparent relationship with HMRC (UK tax authorities), where both parties have a platform to raise any potential issues or areas of contention. If any issues are identified by either party, we strive to work together to reach a solution. Frequent communication takes place between HMRC and Philips in respect of our UK entities. Any potential tax risks relating to our UK entities would be managed in line with our group approach as detailed throughout this Report. Further, as required by UK legislation, this Report represents the tax strategy in effect for the year ended December 31, 2023, in accordance with Paragraph 16(2) of Schedule 19 Finance Act 2016.

Across all our activities, we derive significant value from the diverse stakeholders we engage with, listen to and learn from. We continue to intensify our stakeholder dialogues to align our approach to tax with our stakeholders' expectations on a continuous basis. For example, we comply with the principles set out in the VNO-NCW Tax Governance Code and Tax Transparency Benchmark of the Dutch Association of Investors for Sustainable Development (VBDO), and ensure that our approach to tax is aligned with these principles and expectations.

Furthermore, we share our views on tax developments through interest organizations such as employers' federations and have regular discussions with investors and other stakeholders on the topic of tax in relation to sustainability. Philips is also a member of and supports tax working groups at VNO-NCW, which publicly advocate for tax transparency and fair taxation.

In addition, Philips discusses the processes for, and outcomes of, collecting stakeholder information in detail in the Annual Report. For example, please refer to Approach to ESG Reporting, which includes an overview of the different stakeholder groups, examples of those stakeholders and the topics discussed. Philips has a sustainability e-mail account (philips.sustainability@philips.com) which enables stakeholders to share their issues, comments and questions.

2.7 Tax transparency

Philips supports transparency initiatives and discloses its approach to tax and its tax contributions.

We acknowledge the importance of transparency in respect of our approach to tax and tax contributions. We comply with the international and local public disclosure and reporting requirements such as the International Financial Reporting Standards (IFRS) and EU Directives. In addition, we make certain voluntary disclosures such as this Report, which includes, amongst others, our tax contributions per country and tax incentives that are financially material to Philips.

Philips endorses the VNO-NCW Tax Governance Code, which was published on May 18, 2022, promoting greater transparency on the tax position of Dutch listed companies. We comply with the principles set out in the VNO-NCW Tax Governance Code to build trust, provide more transparency and accountability on our tax position, and enable stakeholders to gain a better understanding of our compliance with national and international rules.

Philips also supports and participates in transparency initiatives which include taxation, such as the Dow Jones Sustainability Index (DJSI) and the VBDO Tax Transparency Benchmark. The Tax Transparency Benchmark is a study conducted by the VBDO on tax transparency practices among Dutch and European listed companies. The 2023 benchmark assessed the tax transparency practices of 51 Dutch companies and 65 listed companies from Belgium, Denmark, France, Germany, Italy, Spain, and Sweden. Philips scored the maximum achievable 40 points. The jury noted our comprehensive Country Activity and Tax Report 2022, which explicitly linked to the GRI 207 Tax Standard and included information on environmental and social factors. Furthermore, the jury commended Philips for the clear description of the role taxes play within its value creation model. In addition, Philips scored a top score (100 out of 100) in the Tax Strategy section of the 2023 Dow Jones Sustainability Index.

Philips further supports other transparency initiatives, for example those driven by the EU Directive on Administrative Cooperation, and complies accordingly. This includes Country by Country reporting (DAC4) as well as mandatory disclosure to the Tax Administrations for certain reportable cross-border arrangements ('DAC6'). Country by Country reporting ensures tax transparency between Philips and tax authorities, where tax authorities can obtain a high-level overview of the allocation of income and taxes across jurisdictions as well as other relevant information. DAC6 mandates a reporting obligation for certain cross-border tax arrangements where one or more specified characteristics (known as hallmarks) are present. We monitor all cross-border tax arrangements (including acquisitions and divestments) to determine whether a reporting obligation applies.

3 Taxation of Philips' business

Philips is a multinational company that serves customers in many different jurisdictions. All these jurisdictions have their own tax regimes and tax types, through which they collect revenues to finance their expenditures on, for example, public infrastructure, public administration, education, healthcare and safety. Below we describe the connection between Philips' business organization and various taxes we pay throughout the world.

Philips' tax contribution is a result of how and where we conduct our activities. Although it is common to focus on corporate income tax payments by multinational groups, we make a wide range of tax payments to governments. We also withhold and pay taxes on behalf of, or pass on to, others, based on our economic activity in a jurisdiction, such as employing people, buying products and services from local suppliers, or delivering goods to customers. This responsibility for collection requires intensive collaboration with different tax authorities all over the globe and a strong infrastructure of technology, processes and people. An overview of the differences between taxes paid or borne and taxes collected is given below.

Taxes borne by Philips	Taxes collected from third parties
These taxes paid are an expense for Philips, directly impacting our financial results.	*These taxes are collected by Philips entities from third parties and paid to governments. These taxes are not a cost for Philips.*
For example: *• Corporate income tax* *• Payroll tax: Employer contribution* *• Customs duty*	*For example:* *• Value-added tax (and GST and Sales tax)* *• Payroll tax: Employee contribution* *• Withholding tax on external dividends*

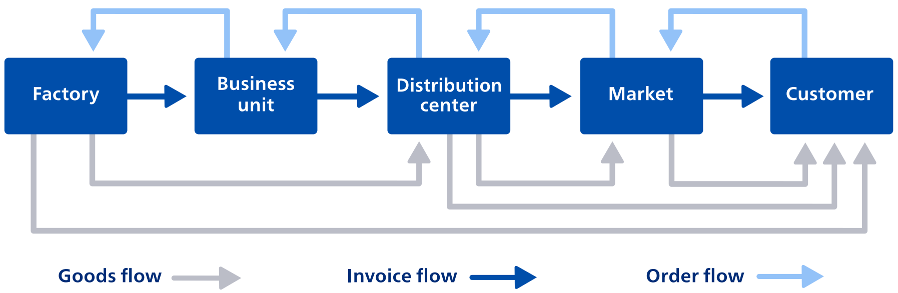
When it comes to environmental taxes such as EU's Waste from Electrical and Electronic Equipment (WEEE), battery tax, etc., the qualification depends on the type of environmental tax and is considered on a country by country basis. In most cases, these are an expense for Philips, directly affecting our financial results. In other cases, the customer pays the tax either to Philips (to be paid over to the government) or directly to the relevant government.

Corporate income tax (and taxation through the value chain)

Corporate income tax (CIT) includes all taxes paid based on taxable profit that are reported in an annually filed income tax return. Our OECD-based transfer pricing method determines the income before interest and taxes.

Philips' business is organized on a segment basis, with reportable segments Diagnosis & Treatment, Connected Care, and Personal Health. Every segment in turn comprises various businesses, which are in turn made up of business units. Different Philips legal entities contribute to the Philips value chain and are remunerated based on their level of activities. An overview of the value chain within Philips is given below:

Taxation through the value chain



Activities such as determining the product portfolio, design, setting of marketing and pricing strategies and the strategic direction are performed by the business units. The business units perform the key functions, own the most significant intangible assets, and bear the risks (market, sourcing, product liability, customer credit, foreign exchange and capacity risks). From the global profit, the legal entity 'housing' that business unit is entitled to the residual income of the global business, after the other entities are remunerated for their routine functions. In general, less income is allocated to activities that carry less risk and perform less value-adding routine functions, e.g. distribution and manufacturing activities. Consequently, residual income is reported in countries where more risks reside, and more value-adding activities are performed.

This implies that if a business unit performs well, the relevant entity 'housing' that business unit reports a higher income under accounting rules and is likely to pay higher corporate income tax. Significant events could lead to volatility in the result of a business unit and subsequently result in profit or losses. Besides global economic developments, examples of such events include (but are not limited to) currency exchange rates, acquisitions and disposals, charges and costs such as impairments, restructuring and acquisition-related charges, and amortization of intangible assets. As losses can be carried forward – in most countries – to future years in which the relevant entity may return to profitability, the above-mentioned events can lead to an entity not paying corporate income tax for several years. In general, the routine functions would still report stable income per accounting rules, despite the residual profit/loss for the business unit.

VAT, GST, Sales tax

Value-added tax (VAT) and similar indirect taxes such as Goods and service tax (GST) and Sales and sellers use tax (Sales tax) follow the flow of goods or services. Often products are produced in a different jurisdiction to those where Philips' sales organizations and customers are located. VAT and GST are consumption taxes that are levied on the added value and have an output tax and input tax, whereas Sales tax is an output consumption tax. The output tax is the VAT/GST/Sales tax invoiced by Philips to customers, collected by Philips from customers, and remitted by Philips to the tax authorities. The input tax is the VAT/GST paid upon imports and/or purchases and reclaimed by Philips from tax authorities. Ultimately, our VAT contribution in a jurisdiction is the balance between output VAT and input VAT and is the result of all transfers of goods (and services) from vendors to Philips, between Philips' entities, and from Philips to customers. In addition, Philips remits self-assessed consumer use tax. Going forward, in this document references to VAT cover VAT, GST, Sales tax and Consumer use tax as well.

Customs duty

When jurisdictions levy import and/or export tariffs, non-recoverable customs duty on cross-border flows of goods are due. Many jurisdictions have free-trade or other agreements in place, impacting the customs duty costs for Philips. In the EU, Philips uses Limited Fiscal Representation in the Netherlands and Germany, where a local Philips entity acts as importer of record in the Netherlands or Germany for the Philips entities from the other EU member states. Afterwards, a subsequent EU intra-community supply to the other EU member state is made. Furthermore, Centralized Clearance is used in the Netherlands, which allows imports into the Netherlands, France (partly), Germany (partly), Austria and Ireland to be declared towards Dutch customs. As a result, the related import duties are paid in the Netherlands. Philips currently holds 21 AEO (Authorized Economic Operator) and 2 CTPAT (Customs Trade Partnership Against Terrorism) certifications on trade compliance in 15 different jurisdictions. The concepts are based on the Customs-to-Business partnership introduced by the World Customs Organization by their SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). These partnership programs are dedicated to both securing and facilitating global trade, by providing incentives/benefits to both Customs and traders that have decided to work in partnership to improve supply chain security.

Payroll tax

As an employer, Philips withholds wage taxes and social security contributions on salaries paid to its employees and remits these to governments. In addition, Philips pays employer social contributions and other employer levies calculated on salaries paid and benefits provided to employees.

Other taxes

Apart from the previously mentioned taxes, we contribute to governments in the form of other taxes, such as withholding tax on dividends distributed to external shareholders. In addition, we contribute to governments through environmental taxes, for example, battery tax, carbon tax, plastic tax, property tax, etc. As the amounts are relatively immaterial due to the industry and footprint of Philips, we have categorized these under Other taxes. For further insights into ESG matters and our key ESG data points, please refer to Activities and Tax per country, starting on page 13, and the Environmental, Social and Governance section of our Annual Report.

4 Activities and Tax per country

4.1 Group overview

Philips' total tax contribution in 2023, amounting to EUR 3,051 million, is described by tax type below.

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
18,169	14,077	(429)	5,974	227 ECTR = (52.8)%

Tax contributions

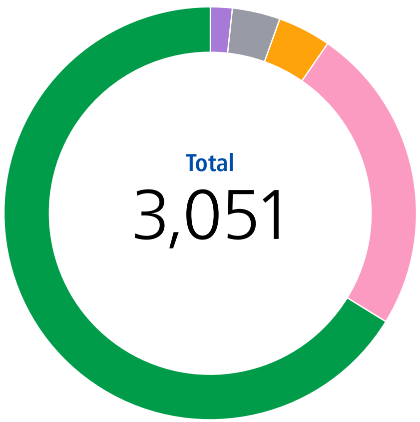
Corporate income tax
52
CTR = (12.1)%

Customs duty
127

Value-added tax
737

Payroll tax
2,021

Other taxes
115



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	20.0%	1,880 million	17.6%	6,902.53

All numbers in millions of EUR unless otherwise stated

4.2 Country insights

4.2.1 General overview

This chapter provides an overview of the business activities and explanatory notes around the financials and tax contributions per country, as well as ESG data (net operational carbon footprint, circular revenues, lives improved, employee turnover and employee benefit expense) which we consider fundamental to the strategy and operation of our business, for all countries where Philips reports revenues (from third parties and related parties) of EUR 5 million or higher. For 10 key countries, we also include examples of how Philips innovations and solutions have driven customer impact in terms of helping health systems deliver better health outcomes, improved patient and staff experience, and lower cost of care.

At Group level, there was a tax expense on a net loss before tax, due to which the Effective corporate income tax accrued (ECTR) of 52.8% (negative) is significantly different than the weighted average statutory tax rate (WASTR) of 25.5%. The net loss before tax at group level is mainly driven by USA one-off non-recurring provisions (relating to Respironics business) with no impact on the corporate income tax accrued. The corporate income tax accrued is mainly driven by other countries which had positive income before tax and timing differences. Henceforth, the ECTR is negative at group level.

On similar lines, at Group level, there was net corporate income tax (CIT) paid on a net loss before tax, due to which the Cash tax rate (CTR) of 12.1% (negative) is significantly different than the WASTR of 25.5%. The CTR is lower mainly due to one-off refund of taxes paid in past relating to a disposed business.

During 2023, Philips implemented a plan to create value with sustainable impact for all of our stakeholders. This included a simplification of our operating model and a reduction in our workforce. In comparison to the previous year, there is an increase in sales and a decrease in inventory, headcount and salaries and wages. This has contributed to higher VAT contributions, lower payroll tax and lower customs duty contributions compared to the previous year.

Other taxes largely consist of dividend withholding tax paid (EUR 56 million) during 2023 on settlement of the share buyback forward contracts. Other taxes also cover a variety of environmental taxes such as recycling tax, packaging tax, battery tax, chemical tax, etc., as well as taxes such as property taxes, stamp duty and withholding tax on accounts payable.

From an ESG perspective, during 2023 Philips had a net operational carbon footprint of 0 ktonnes CO_2-equivalent with 100% electricity from renewable sources, circular revenues (i.e. revenues generated from e.g. refurbished, reconditioned and remanufactured products or services) of 20.0% of revenues, and improved 1.88 billion lives (of which 221 million in underserved communities). Further, employee turnover amounted to 17.6%, of which 9.5% was voluntary (voluntary turnover remains in line with similar-sized companies), and employee benefit expenses of EUR 6,903 million were incurred, with all employees being paid at least a living wage. For further discussion and ESG metrics at Group level, please refer to the Environmental, Social and Governance section of the Annual Report.

4.2.2 Material Research and Development tax regimes and incentives

Many jurisdictions stimulate Research & Development (R&D) activity that yields technological innovation and a positive spin-off for the economy at large. This is, for instance, done by effectively lowering income tax on income arising from certain technical intellectual property and/or grants relating to R&D wages. To stay competitive in the countries in which we do business, we apply these generally available tax regimes and incentives in line with the policy intent as designed by governments.

Technology development is a key competitive success factor and profit driver for many Philips businesses. Philips performs R&D activities mostly in the Netherlands and the United States, and makes use of tax incentives where the activities qualify in line with domestic legislation. Philips also participates in international and national R&D public funding programs, in line with local rules and legislation. These R&D programs are intended to promote collaborative research and innovation between industry and academic institutions.

Below we have listed the material tax incentives utilized by Philips.

Innovation box regime in the Netherlands

In the Netherlands, Philips applies certain wage tax and corporate income tax incentives. For corporate income tax, the so-called ‘innovation box regime’ that is available under Dutch tax law taxes qualifying income at 9% (instead of the general corporate income tax rate of 25.8%).

The application of the Dutch innovation box regime to the qualifying taxable profit has been agreed upon with the Dutch tax authorities, providing certainty for both Philips and the authorities and thereby reducing the risk of future disputes.

Participation exemption (Netherlands)

Royal Philips is the top holding company of Philips, located in the Netherlands and listed on the Dutch and US stock exchanges. Royal Philips is the ultimate parent company of all the Philips group companies around the world. All distributed profits made by Philips’ subsidiaries are ultimately received by Royal Philips.

Under the so-called participation exemption, qualifying (dividend and capital gains) income from participations is exempt from Dutch corporate income tax. The rationale behind this exemption is that this profit was already taxed in the country of residence of the participation itself, thereby preventing double taxation.

Tax exemption/free trade zone regimes

Some governments grant tax-exemption regimes and/or free trade zones, generally to attract foreign investment to create employment, reduce poverty, and stimulate the area’s economy. Free trade zone regimes usually provide exemptions for one or more tax types. Philips was granted such temporary regimes in Costa Rica, India and Panama based on its significant contributions to the local economy. These regimes are commonly available if the legal requirements are met.

Growth geographies

Argentina

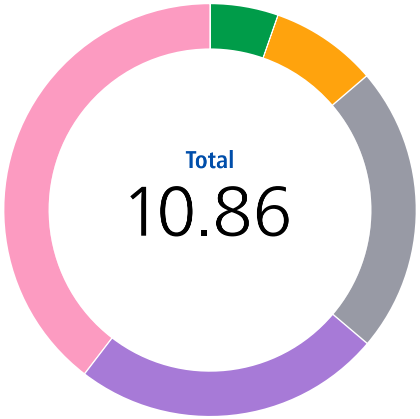
133 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
60.93	3.87	(4.55)	8.78	(0.07)
				ECTR = 1.5%

Tax contributions

- Corporate income tax
  2.63
  CTR = (57.9)%
- Customs duty
  0.91
- Value-added tax
  4.30
- Payroll tax
  0.58
- Other taxes
  2.44



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.6%	11.6 million	17.6%	8.95

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Tax summary

Philips has had a presence in Argentina since 1935 when Philips Argentina, S.A. was incorporated. This entity primarily functions as a country sales organization. The statutory income tax rate (STR) in Argentina is 25%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- the inflation adjustment.
- true-ups to prior year(s) taxable results.

In the current year, Philips incurred a loss based on accounting rules due to the impact of currency devaluation.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to withholding taxes applicable in the current year that were due in spite of the taxable loss situation.

Overall, the tax contributions reported in group currency (EUR) have been impacted due to the currency devaluation in Argentina. Customs duty is impacted by the increase of duties on certain products. Other taxes mainly relate to 'Impuesto Pais' enacted in 2023, which imposes tax on the acquisition of foreign currency and withholding taxes on accounts payable.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

Australia

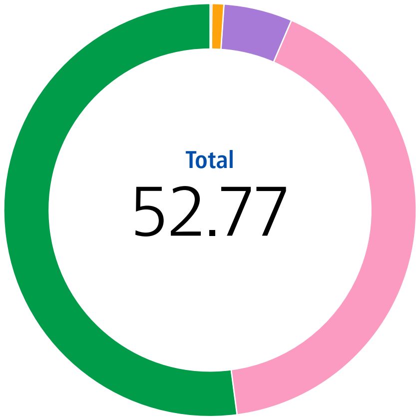
537 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
286.84	18.84	4.34	73.61	1.93 ECTR = 44.5%

Tax contributions

- Corporate income tax
  2.83
  CTR = 65.2%
- Customs duty
  0.50
- Value-added tax
  21.88
- Payroll tax
  27.50
- Other taxes
  0.07



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.8%	26.0 million	14.6%	67.74

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Tax summary

There are multiple legal entities in Australia. The main entities are Philips Electronics Australia Ltd and Philips Saeco Australia Pty Ltd, which primarily function as a country sales organization. The statutory income tax rate (STR) in Australia is 30%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- timing differences, as certain expenses are deductible and certain income is reported in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- the estimated taxable profit being higher than the actual profit for 2023.
- tax payments relating to prior years.

Customs duty is impacted by applicable WTO agreements or Free Trade Agreements reducing customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe

Austria

316 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
49.67	51.16	(0.06)	50.61	(0.39)
				ECTR = 642.6%

Tax contributions

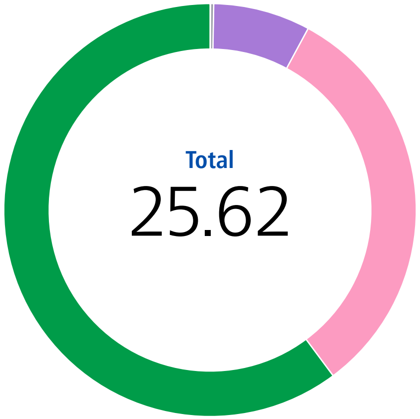
Corporate income tax
1.95
CTR = (3,244.4)%

Customs duty
0.01

Value-added tax
8.18

Payroll tax
15.42

Other taxes
0.06



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.7%	8.1 million	8.5%	31.90

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

The business in Austria is mainly conducted via Philips Austria GmbH, acting as a stand-alone taxpayer. This entity primarily functions as a country sales organization, provides support services, research and development, and manufacturing activities. The combined statutory income tax rate in Austria is 24%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- timing differences, as certain income is reported in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- the estimated taxable profit being higher than the actual profit for 2023.
- tax payments relating to prior years.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Belgium

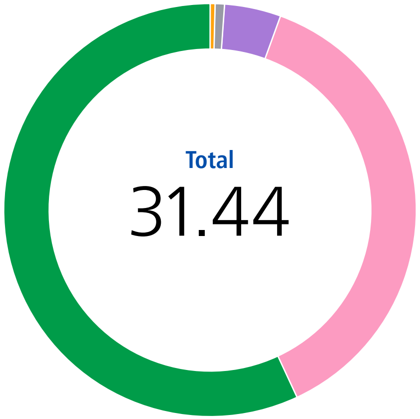
283 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
115.71	40.08	2.96	14.50	0.98
				ECTR = 33.0%

Tax contributions

- Corporate income tax
  1.39
  CTR = 47.0%
- Customs duty
  0.12
- Value-added tax
  11.79
- Payroll tax
  17.90
- Other taxes
  0.23



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.1%	7.6 million	13.0%	32.22

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Belgium with Philips Belgium Commercial NV and Volcano Europe BV, which primarily function as country sales organizations and provide support services. The statutory income tax rate (STR) in Belgium is 25.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to timing differences, as certain expenses are deductible and certain income is reported in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- the estimated taxable profit being higher than the actual profit for 2023.
- tax payments relating to prior years.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Growth geographies

Brazil

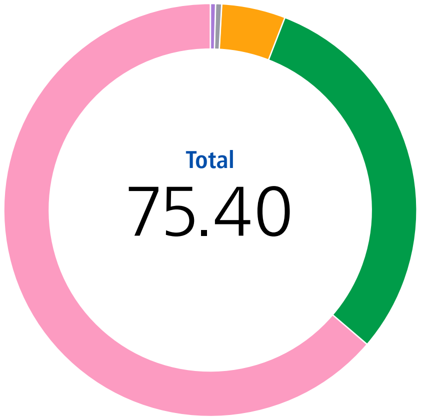
1,840 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
229.45	41.36	10.06	65.29	0.89 ECTR = 8.8%

Tax contributions

- Corporate income tax: 0.30 (CTR = 3.0%)
- Customs duty: 3.77
- Value-added tax: 48.06
- Payroll tax: 22.91
- Other taxes: 0.36



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.3%	104.0 million	21.8%	79.19

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Supporting healthcare customers' sustainability drive, Philips is bringing the BlueSeal MRI magnet to Brazil. This innovative magnet requires only 7 liters of helium, instead of the 1,500 a traditional magnet uses. And as the magnet is based on 'sealed' technology, it requires no refill over its lifetime. Other notable ventures included the Brazilian Company of Hospital Services (EBSERH) installing 14 Incisive CT imaging systems at Federal University Hospitals.

Tax summary

Philips has been active in Brazil since 1966 with the entity Philips do Brazil Ltda. in the distribution and manufacturing of Personal Health products, and since 1987 with Philips Medical Systems Ltda. active in the Health Systems field. Philips Clinical Informatics Sistemas de Informaçao Ltda is engaged in the design, development and sale of software in the field of healthcare. The statutory income tax rate (STR) in Brazil is 34.0%.

Corporate income tax accrued relates to prior year true-ups and that part of taxable profits that cannot be offset against available carry-forward losses from previous years between entities in Brazil, as a tax consolidation regime does not apply in Brazil.

Corporate income tax paid relates to:

- withholding taxes deducted by customers on invoices.
- provisional payments for this year based on the current year's estimated taxable profit.

Customs duty is impacted by the so-called Ex Tarifario benefit, consisting of a temporary reduction of the import duty to zero % for certain goods not produced in Brazil and classified by Mercosur. Philips do Brasil and Philips Medical benefit from a regional VAT tax incentive of presumed credit related to the import of products and sale of local production in the State of Minas Gerais. To take advantage of the benefit, companies must have an investment in Minas Gerais State, and maintain a certain amount of jobs and a minimum amount of revenue. This benefit will be eliminated in December 2032.

All numbers in millions of EUR unless otherwise stated

North America

Canada

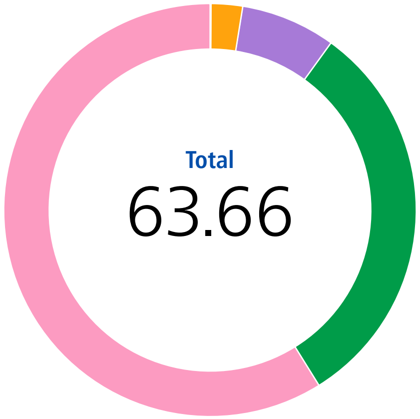
553 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
310.84	21.38	14.23	62.76	4.91
				ECTR = 34.5%

Tax contributions

- Corporate income tax
  4.72
  CTR = 33.1%
- Customs duty
  1.58
- Value-added tax
  37.48
- Payroll tax
  19.84
- Other taxes
  0.04



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	11.8%	30.4 million	15.1%	56.19

Business activities

- **Research and Development**
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

In Canada, Philips' main activities are carried out through Philips Electronics Ltd, headquartered in Mississauga, Ontario. This company primarily functions as a country sales organization. The combined statutory income tax rate (STR) in Canada is 26.5%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments relating to prior years.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Chile

101 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
71.10	3.13	2.55	13.52	0.18
				ECTR = 7.2%

Tax contributions

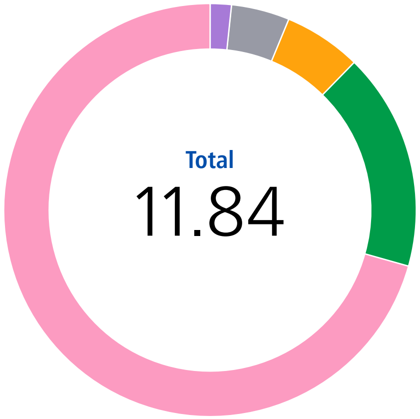
Corporate income tax
0.19
CTR = 7.6%

Customs duty
0.72

Value-added tax
8.36

Payroll tax
2.02

Other taxes
0.54



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	26.3%	10.9 million	9.2%	9.97

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- Administrative, management and support services
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has had a presence in Chile since 1937 with the incorporation of the entity Philips Chilena, S.A., and with Inmobilaria Philips Chilena Limitada; the latter has been dormant since 2013. Philips Chilena S.A. primarily functions as a country sales organization. The statutory income tax rate (STR) in Chile is 27.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- reduction of the taxable basis due to inflation adjustment.
- taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Corporate income tax paid relates to tax payments relating to prior years. This mainly concerns local taxes that cannot be offset against carryforward losses.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to the fact that no provisional payments were made due to carryforward tax losses. Payments due will be paid in the following year(s).

Growth geographies

China

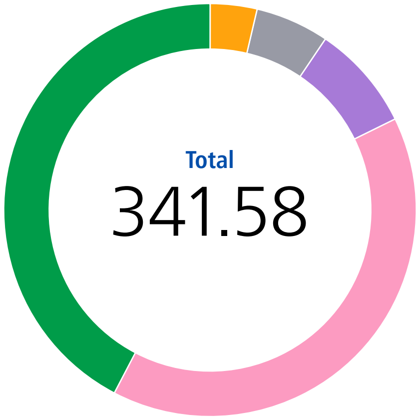
7,150 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
1,408.40	885.10	204.77	391.26	37.08
				ECTR = 18.1%

Tax contributions

- Corporate income tax 28.30 CTR = 13.8%
- Customs duty 12.53
- Value-added tax 136.45
- Payroll tax 144.58
- Other taxes 19.71



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	6.2%	483.2 million	15.5%	397.80

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

2023 marked the 100th anniversary of Philips in China – testament to the company's commitment to meaningful innovation and strong partnerships in China. Our 'In China, For China' strategy focuses on local innovation, manufacturing, services and partnership. In 2023, we continued to deliver on our commitment to support China's national heath strategy, supplying hospitals with tailor-made solutions for their clinical and research needs, and empowering consumers to manage their health and well-being.

Tax summary

In China, Philips primarily engages in sales, marketing and distribution of all Philips products in the China market, in Research & Development centers for group companies globally, and in manufacturing with five factories located across China supplying globally and locally. The statutory income tax rate (STR) in China is 25.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to timing differences, as certain income is taxable in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

Customs duty is impacted as certain products such as medical systems attract limited or no duties. Most remaining duties on US-origin products fall under exclusion programs and thus limited additional duties are paid on this category. VAT payments are impacted mainly by timing difference in the prior year's VAT payment and growth in revenue. Other taxes are mainly taxes levied on group services charged to Chinese entities by overseas service providers.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Colombia

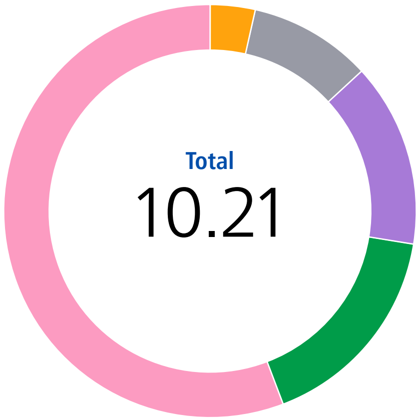
107 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
25.30	3.79	(0.68)	4.60	0.78 ECTR = (114.3)%

Tax contributions

- Corporate income tax
  1.47
  CTR = (216.8)%
- Customs duty
  0.36
- Value-added tax
  5.69
- Payroll tax
  1.70
- Other taxes
  0.98



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.8%	4.6 million	16.1%	6.53

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Colombiana S.A. was incorporated in 1945. This entity primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) is 35.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- taxable income due to limit on profit on related parties.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- withholding taxes deducted by customers on invoices.
- tax payments relating to prior years.

Other taxes refer mainly to Industry and Trade Tax (a municipal tax imposed on revenue obtained from trade or service activities) and withholding taxes on accounts payable.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Costa Rica

2,901 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
	214.59	8.61	150.61	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
- Value-added tax
- Payroll tax
  13.00
- Other taxes

Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	6.9%	1.1 million	39.3%	54.37

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- **Purchasing**
- **Manufacturing**
- Sales, marketing and distribution
- **Administrative, management and support services**
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has had a presence in Costa Rica since 2015, through Philips de Costa Rica SRL, which is dedicated to the manufacturing of health systems products.

Based on its significant contributions to the local Costa Rica economy, including local employment and qualifying business investments, Philips was granted commonly available tax incentives by the Costa Rica government under the Free Trade Zone (FTZ) regulations – concretely in Law No. 7210.

This regime provides, for instance, exemption from income tax, import duties, capital gains tax and dividend distribution tax. Hence, no corporate income tax is accrued, and no corporate income tax is paid.

Growth geographies

Czech Republic

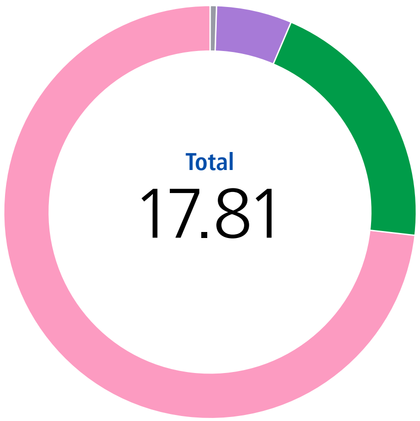
110 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
103.39	7.82	0.45	1.73	0.18 ECTR = 39.2%

Tax contributions

- Corporate income tax
  1.05
  CTR = 233.2%
- Customs duty
- Value-added tax
  13.04
- Payroll tax
  3.63
- Other taxes
  0.09



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	12.1%	7.8 million	7.7%	9.00

Business activities

- **Research and Development**
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Tax summary

Philips Ceska Republika is a stand-alone taxpayer, which primarily functions as a country sales organization. The statutory income tax rate (STR) is 19.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as non-deductible employee fees and expenses including any representation costs.
- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2023.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Denmark

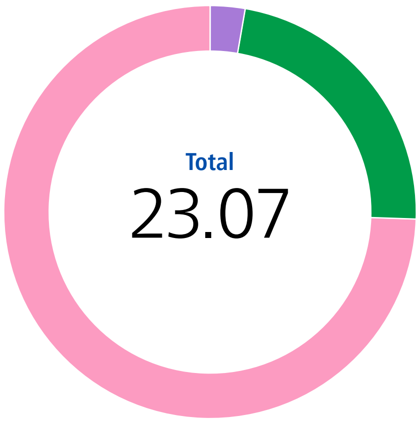
143 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
70.82	16.29	(4.90)	61.95	0.16
				ECTR = (3.4)%

Tax contributions

- Corporate income tax
  0.63
  CTR = (12.8)%
- Customs duty
  -
- Value-added tax
  17.17
- Payroll tax
  5.26
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.4%	4.9 million	21.7%	15.01

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- **Purchasing**
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Denmark with its legal entities, which primarily functions as a sales organization and provides support services. The statutory income tax rate (STR) in Denmark is 22.0%.

Current income tax is accrued because taxable income was positive, despite the entity being in a loss position based on accounting rules.

Corporate income tax paid relates to provisional payments for this year based on the prior year's taxable profit and additional payments related to prior years.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Egypt

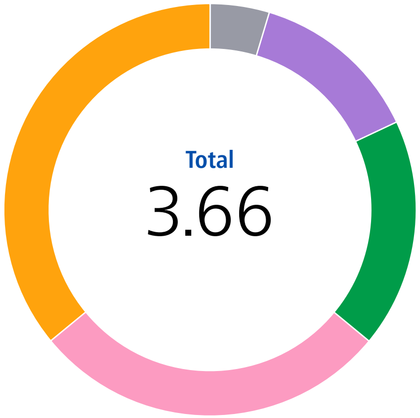
113 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
30.76	2.50	(1.90)	7.51	0.18
				ECTR = (9.3)%

Tax contributions

- Corporate income tax
  0.49
  CTR = (25.6)%
- Customs duty
  1.32
- Value-added tax
  1.03
- Payroll tax
  0.66
- Other taxes
  0.17



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.2%	6.9 million	5.6%	3.98

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Egypt with its legal entity Philips Egypt (LLC), which primarily functions as a country sales organization. The statutory income tax rate (STR) in Egypt is 22.5%.

In the current year, Philips incurred a loss based on accounting rules, resulting in no taxable income. Corporate income tax accrued relates to prior-year true-ups.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to withholding taxes deducted by customers on invoices.

Customs duty is impacted by the fact that the Philips customer is the importer of record in some of the transactions, and due to the application of existing Free Trade Agreements reducing customs duties. VAT is impacted by the fact that Philips paid a significant amount during 2023 relating to prior periods.

All numbers in millions of EUR unless otherwise stated

Western Europe

Finland

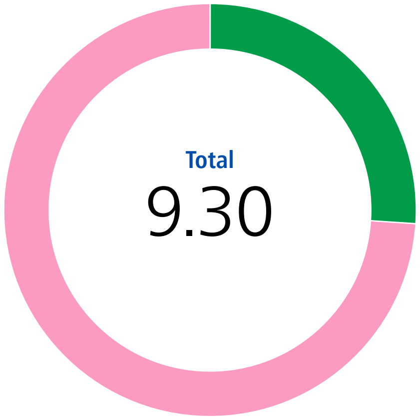
79 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
32.29	3.96	0.14	6.81	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  -
- Value-added tax
  6.87
- Payroll tax
  2.42
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.1%	4.1 million	14.4%	8.17

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Oy is a stand-alone taxpayer, which primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Finland is 20.0%.

No corporate income tax is accrued and paid, mainly due to the availability of carry-forward losses from previous years that offset the taxable profit for 2023.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Western Europe

France

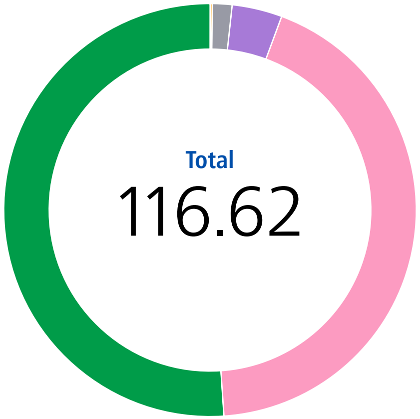
913 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
278.04	103.44	(16.40)	52.61	(1.93)
				ECTR = 11.8%

Tax contributions

- Corporate income tax
  4.58
  CTR = (27.9)%
- Customs duty
  0.19
- Value-added tax
  50.47
- Payroll tax
  59.59
- Other taxes
  1.80



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.9%	43.8 million	15.7%	121.87

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Philips is partnering with Assistance Publique - Hôpitaux de Paris, Hôpitaux Civils de Lyon and Incepto (an AI application platform) to make Artificial Intelligence more accessible to radiologists. Philips has also joined forces with Hôpital Saint-Joseph (Paris) and Hôpital Marie-Lannelongue (Hauts-de-Seine) to improve personalized cancer care by integrating digital pathology into the imaging workflow. Philips has opened its new healthcare innovation center, Health Innovation Paris (HIP), to put data at the service of the healthcare system and contribute to its transformation.

Tax summary

Philips France Commercial SAS is the main company in France. It primarily functions as a country sales organization and performs research & development services for the Group. All the entities file tax returns on a stand-alone basis. The statutory income tax rate (STR) rate in France is 25%; a social surcharge of 3.3% is applied on corporate tax where certain thresholds are exceeded, resulting in a maximum effective rate of 25.825%. Philips France Commercial SAS receives tax relief in the form of a tax credit, as per local legislation, for eligible research and development expenditure.

In the current year, Philips incurred a loss based on accounting rules, because required adjustments are captured in a different period.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s) and recording of research tax credits

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2023 and tax payments relating to prior years.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country. VAT payments comprise of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Germany

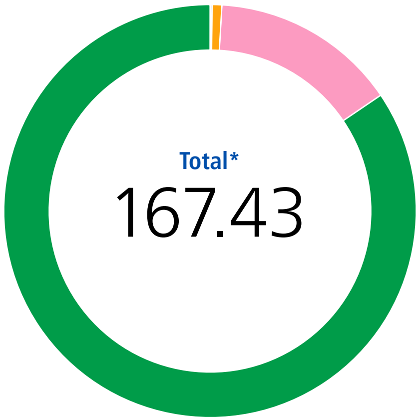
3,520 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
572.70	1,541.49	229.22	519.85	33.60 ECTR = 14.7%

Tax contributions

- Corporate income tax
  (51.91)
  CTR = (22.6)%
- Customs duty
  1.66
- Value-added tax
  32.01
- Payroll tax
  185.33
- Other taxes
  0.33



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	16.5%	69.9 million	9.7%	439.47

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Developed by Dr David Tscholl and Dr Christoph Nöthiger, consulting anesthesiologists at University Hospital Zurich, the Visual Patient Avatar is a new approach to patient monitoring: patient data is translated into a simple visual design, reducing the time needed in the operating room to check and interpret vital signs. Together with Philips, this idea was further developed into a commercial solution that is now being implemented at University Hospital Bonn, the first hospital in Europe to use this type of display for faster decision support.

Tax summary

In Germany, Philips is active in the Diagnosis & Treatment, Connected Care and Personal Health segments of Philips' worldwide business. Philips Germany also has manufacturing, research and development, and marketing activities. The combined statutory income tax rate (STR) is approximately 30%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- timing differences, as certain income is taxable in a different year under tax law compared to accounting rules.
- taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to tax refunds relating to prior years.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Customs duty is impacted as certain products such as medical systems attract limited or no duties. Further, customs duties in Germany are impacted as EU imports are to a large extent centralized in the Netherlands and Germany.

Western Europe

Greece

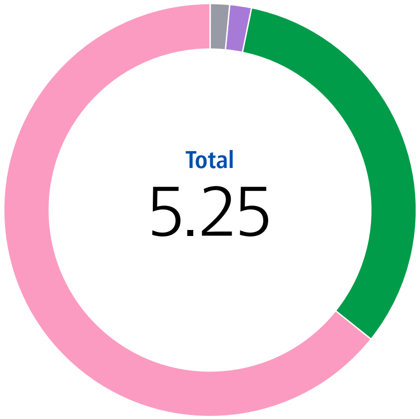
49 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
18.15	3.88	0.82	2.72	0.11
				ECTR = 12.9%

Tax contributions

- Corporate income tax
  0.08
  CTR = 9.3%
- Customs duty
  -
- Value-added tax
  3.38
- Payroll tax
  1.71
- Other taxes
  0.08



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	25.4%	4.7 million	4.2%	4.02

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is present with one legal entity in Greece, which primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Greece is 22.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to provisional payments for this year based on the current year's estimated taxable profit, partially offset by refunds related to prior years.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Hong Kong

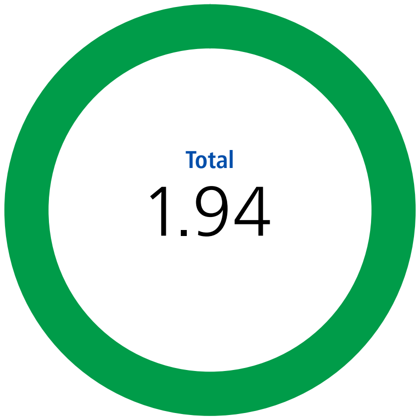
213 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
604.76	34.64	13.74	81.28	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
- Value-added tax
- Payroll tax
  1.94
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	2.2%	7.4 million	14.4%	22.95

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Hong Kong with its legal entity Philips Electronics Hongkong Limited, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Hong Kong is 16.5%.

No corporate current income tax is accrued, and no corporate income tax is paid, mainly due to taxable profit for 2023 being offset by carry-forward losses from previous years.

There is no VAT/GST regime in Hong Kong. Philips products imported into Hong Kong are not subject to customs duties.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Hungary

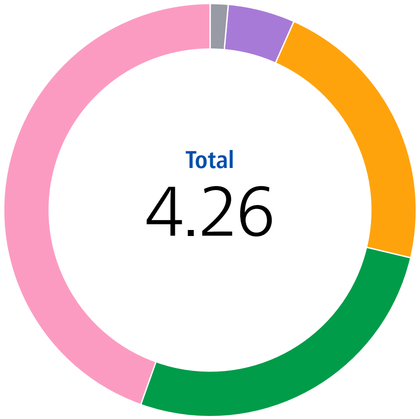
61 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
18.87	5.21	0.61	2.18	0.34 ECTR = 56.2%

Tax contributions

- Corporate income tax: 0.22, CTR = 36.5%
- Customs duty: 0.94
- Value-added tax: 1.90
- Payroll tax: 1.14
- Other taxes: 0.06



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.4%	6.5 million	20.3%	2.84

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Hungary is a stand-alone taxpayer, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Hungary is 9.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to local taxes.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the same reasons as mentioned above for Corporate income tax accrued.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Customs duty is impacted by the use of a bonded warehouse for Personal Health. They are also impacted by applicable duties which are levied in the country of import, which is different to this country for Health Systems. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

India

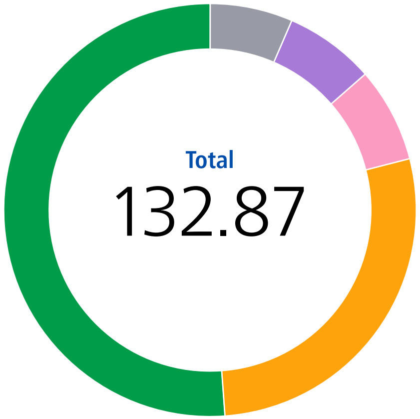
8,666 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
324.45	533.85	26.05	294.56	13.74 ECTR = 52.8%

Tax contributions

- Corporate income tax
  9.40
  CTR = 36.1%
- Customs duty
  37.01
- Value-added tax
  9.86
- Payroll tax
  67.98
- Other taxes
  8.61



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.6%	93.8 million	14.8%	268.74

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

In a 10-year partnership deal with the Cloud Nine hospital group in India, we connected 257 beds across 26 tele-ICU locations. In addition, some 2,000 Zenition C-arms and 500 Affiniti ultrasound systems were shipped from our manufacturing plant in Chakan.

Tax summary

In India, Philips mainly engages in imports and sales, manufacturing, Research & Development, business support services, and software development. The manufacturing facilities are based in Pune, the software development center in Bangalore, the business support services in Chennai, and the country sales organization in Gurgaon. The statutory income tax rate (STR) for all the entities is 25.17%, except for Philips GBS LLP as it is subject to a special tax regime with an effective tax rate of 21.5% (expiry in 2032).

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- withholding taxes deducted by customers on invoices.
- the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted due to the re-export of imported products (inward processing relief or duty drawback).

VAT payments are impacted by the fact that Philips received several tax refunds relating to prior periods. Other taxes relate mainly to land registration taxes.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Indonesia

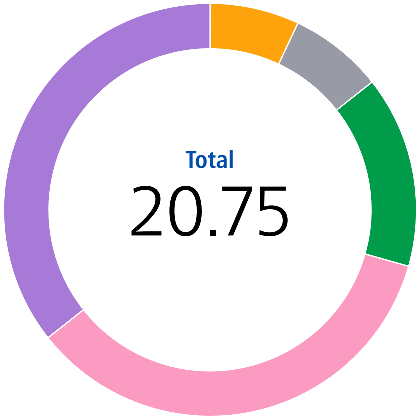
3,573 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
105.62	407.95	17.27	134.83	6.29 ECTR = 36.4%

Tax contributions

- Corporate income tax
  7.39
  CTR = 42.8%
- Customs duty
  1.45
- Value-added tax
  7.25
- Payroll tax
  3.12
- Other taxes
  1.53



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	6.0%	19.4 million	20.6%	35.58

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- **Purchasing**
- **Manufacturing**
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Indonesia with two legal entities, both filing stand-alone corporate income tax returns. PT Philips Industries BATAM ('BATAM') primarily functions as a manufacturer of various Philips Personal Health products, supplying globally. BATAM operates out of a free trade zone in Batam, where VAT and customs duties are not applicable. PT Philips Indonesia Commercial primarily functions as a country sales organization. The statutory income tax rate (STR) in Indonesia is 22.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid relates to:

- withholding taxes deducted by customers on invoices.
- provisional payments for this year based on the current year's estimated taxable profit and additional payments related to prior years.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments relating to prior years.

All numbers in millions of EUR unless otherwise stated

Western Europe

Ireland

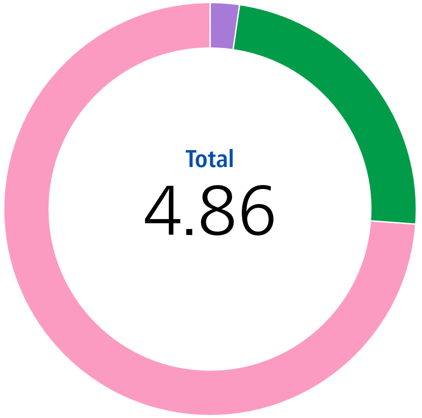
24 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
19.76	2.83	0.84	2.09	0.32
				ECTR = 38.1%

Tax contributions

- Corporate income tax
  0.11
  CTR = 12.8%
- Customs duty
- Value-added tax
  3.59
- Payroll tax
  1.16
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	12.4%	2.0 million	7.9%	3.02

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Tax summary

Philips is active in Ireland with its legal entity Philips Electronics Ireland Limited, which primarily functions as a country sales organization. The profits of the main entity in Ireland are taxed against the standard statutory income tax rate (STR) for trading income of 12.5%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to taxes on non-operational income, which is taxed at a higher tax rate.

Corporate income tax paid relates to provisional payments for this year based on the prior year's taxable profit.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

Israel

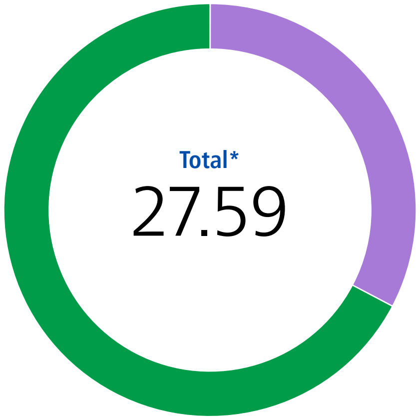
1,184 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
12.05	403.18	91.03	96.98	12.62 ECTR = 13.9%

Tax contributions

- Corporate income tax
  19.55
  CTR = 21.5%
- Customs duty
  (0.10)
- Value-added tax
  (32.12)
- Payroll tax
  40.26
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	10.4%	9.5 million	16.0%	134.42

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is present in Israel with several companies, mainly in the Health Systems business. These entities primarily function in manufacturing and Research & Development (R&D) activities. Tax incentive regimes are applicable to R&D activities performed in the country for Health Systems businesses, providing lower tax rates (6% and 16%) compared to the statutory income tax rate (STR) of 23.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- reduced tax rates applicable (preferred enterprise regime and special preferred technology regime) to a large part of the activities performed.
- taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- tax payments relating to prior years.
- the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted by applicable WTO agreements or Free Trade Agreements reducing customs duty. Customs duty is also impacted by the re-export of imported products (duty drawback). The 2023 catch-up in duty drawback of 2022 imports resulted in a refund position in 2023. There is a VAT refund as local purchases are subject to creditable VAT and Philips mainly exports its products at 0% VAT rate.

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Western Europe

Italy

675 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
296.19	38.23	8.85	41.48	1.05
				ECTR = 11.9%

Tax contributions

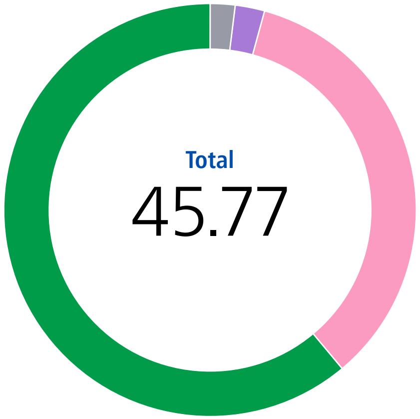
Corporate income tax
1.06
CTR = 12.0%

Customs duty

Value-added tax
15.86

Payroll tax
27.96

Other taxes
0.89



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.0%	32.1 million	8.2%	58.43

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Italian Philips companies are part of a domestic consolidation for corporate income tax purposes. These entities primarily function as a country sales organization and provide support services. The combined statutory income tax rate (STR) in Italy is 27.9%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to:

- utilization of carry-forward losses or other tax assets from previous year(s) that reduced the taxable income.
- provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

The VAT payments are also impacted due to a special VAT regime (the so called 'split-payment') applicable to sales to public customers (e.g. public hospitals), under which VAT is paid to tax authorities directly by the customers, and due to a reduced rate (5%) applicable to specific medical equipment domestic sales.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

Japan

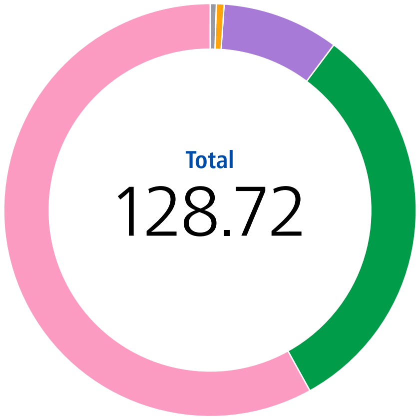
2,003 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
940.61	45.05	58.16	297.26	18.83
				ECTR = 32.4%

Tax contributions

- Corporate income tax: 11.78 (CTR = 20.2%)
- Customs duty: 0.78
- Value-added tax: 74.74
- Payroll tax: 40.80
- Other taxes: 0.63



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	32.4%	49.1 million	13.9%	130.93

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- **Other**

Customer impact and innovation

Philips Japan officially launched the Turbo-Power laser atherectomy catheter, which debulks lesions in a single step and offers remote automatic rotation for precise directional control – a powerful tool for the treatment of peripheral vascular diseases. The Philips MR7700 3.0T imaging system with SmartSpeed AI was installed for the first time in Japan, at Hamamatsu University Hospital. The MR7700 achieves high image quality, while SmartSpeed utilizes the Compressed SENSE speed engine to reduce scan time; an AI algorithm maximizes information to deliver outstanding image quality.

Tax summary

Philips is active in Japan with its legal entity Philips Japan Ltd, which primarily functions as a country sales organization and carries out rental of health system equipment in Japan. The total corporate income tax burden (i.e. effective tax rate) of a Japan entity varies depending upon the size of the company's paid-in capital. It consists of corporation tax, inhabitant's tax and enterprise tax. The statutory income tax rate (STR) in Japan is 30.62%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.
- local taxes.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on the prior year's taxable profit. The difference will be paid in the following year(s).

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Kenya

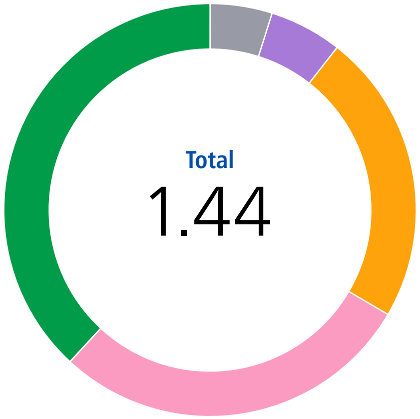
43 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
8.70	1.55	0.36	1.30	(0.20)
				ECTR = (54.2)%

Tax contributions

- Corporate income tax
  0.08
  CTR = 22.9%
- Customs duty
  0.33
- Value-added tax
  0.41
- Payroll tax
  0.55
- Other taxes
  0.07



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	15.2%	2.7 million	11.2%	2.22

Business activities

- **Research and Development**
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is present in Kenya with a legal entity as the commercial sales organization and a branch. Both the legal entity and the branch are subject to the ordinary tax regime and file their own stand-alone tax returns in the country. The statutory income tax rate (STR) in Kenya is 30.0%. For the branch, the applicable CIT rate is 37.5%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to:

- withholding taxes deducted by customers on invoices.
- provisional payments for this year based on the prior year's taxable profit.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

All numbers in millions of EUR unless otherwise stated

Growth geographies

Latvia

16 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
17.28	0.62	0.35	0.10	0.01 ECTR = 2.0%

Tax contributions

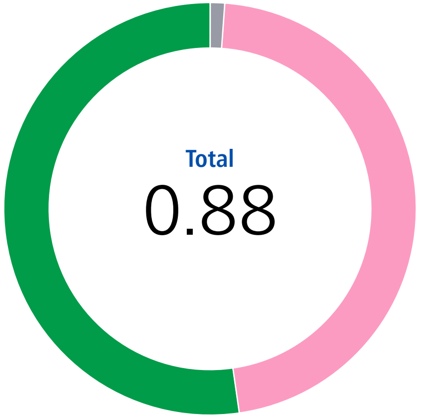
Corporate income tax
CTR = 0.0%

Customs duty

Value-added tax
0.41

Payroll tax
0.46

Other taxes
0.01



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	12.8%	1.9 million	14.3%	1.03

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Latvia with its legal entity Philips Baltic SIA, which primarily functions as a country sales organization for Philips in the Baltic region. The statutory income tax rate (STR) in Latvia is 20.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- timing differences, as certain income is taxable in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Malaysia

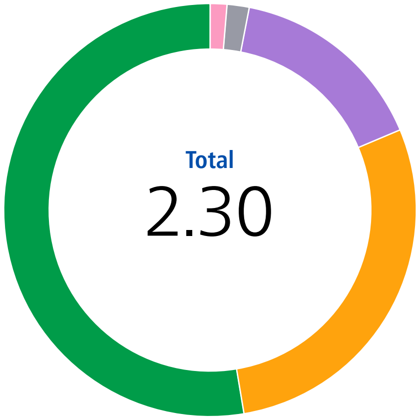
97 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
41.64	1.96	0.41	10.59	0.41
				ECTR = 99.3%

Tax contributions

- Corporate income tax
  0.35
  CTR = 85.8%
- Customs duty
  0.66
- Value-added tax
  0.03
- Payroll tax
  1.21
- Other taxes
  0.04



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.7%	11.4 million	16.5%	3.73

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Malaysia with its legal entity Philips Malaysia Sdn. Berhad, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Malaysia is 24.0%. The country has a Sales and Service tax regime.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to provisional payments for this year based on the current year's estimated taxable profit, partially offset by refunds related to prior years.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2023.

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Mexico

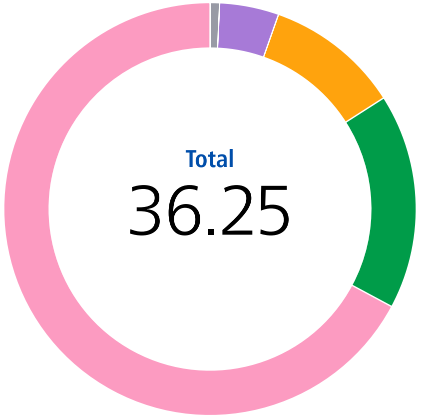
316 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
152.93	9.50	7.99	41.04	3.43 ECTR = 42.9%

Tax contributions

- Corporate income tax
  1.68
  CTR = 21.0%
- Customs duty
  3.83
- Value-added tax
  24.36
- Payroll tax
  6.12
- Other taxes
  0.27



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	11.1%	24.6 million	7.5%	20.26

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Mexico Commercial, S.A. de C.V. was incorporated in July 2015 and started to operate in February 2016. It primarily functions as a country sales organization. The statutory income tax rate (STR) in Mexico is 30.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR) despite the taxable basis being lower due to inflation adjustment, mainly due to true-ups to prior year(s) taxable results and non-tax-deductible items, such as meals and entertainment, employee car rentals, etc.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

Customs duty is impacted by applicable WTO agreements or Free Trade Agreements reducing customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe

Netherlands

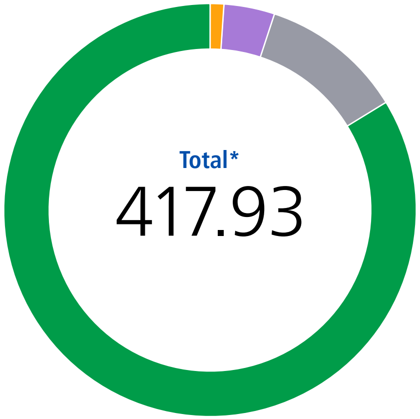
8,882 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
2,390.08	5,891.52	421.57	1,522.76	67.48 ECTR = 16.0%

Tax contributions

- Corporate income tax
  21.56
  CTR = 5.1%
- Customs duty
  5.82
- Value-added tax
  (124.42)
- Payroll tax
  454.23
- Other taxes
  60.75



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	5.7%	17.6 million	19.2%	1,630.91

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Patients in the Netherlands were the first to use Philips' ePatch wearable sensor to diagnose cardiac arrhythmias. The hospital uses the sensor and Cardiologs software to detect atrial fibrillation after patients have had a stroke. The sensor is expected to improve detection of heart rhythm disorders, provide more personalized care, reduce workload and lower costs.

Tax summary

Philips has its corporate headquarters in the Netherlands. KPNV is the stock-listed ultimate parent company of the group and holds, directly or indirectly, all local and foreign subsidiaries. Further, multiple Health Systems and Personal Health businesses and two of its largest factories are located in the Netherlands. The majority (~90%) of its revenue relates to exports to other countries. Philips' largest research laboratory is in the Netherlands, and the total R&D spend in the Netherlands is roughly EUR 700 million (approx. 40% of the group total). The statutory income tax rate (STR) in the Netherlands is 25.8%. Qualifying income from these R&D activities is subject to a lower Innovation Box income tax rate of 9% and wage tax benefits apply per tax incentives included in Dutch tax law.

Corporate current income tax accrued (ECTR) is lower than the STR, mainly because of the Innovation Box and timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules, which reduced the taxable income. Corporate income tax paid (CTR) is lower than the statutory tax rate (STR) due to estimated taxable profit being lower than the actual profit for 2023. The difference will be paid in 2024. Based on GRI 207 definitions, corporate income tax paid and accrued include taxes withheld at source in other jurisdictions, mainly relating to income streams to the Netherlands, such as dividends, royalties and interest.

VAT refunds comprise of VAT paid by or refunded to local Philips entities and foreign Philips entities having a VAT registration in this country. There is a VAT refund as local purchases for our Dutch production facilities and research laboratories are subject to creditable VAT. Those facilities supply the majority of their products to other countries at 0% VAT rate. Customs duty is impacted by the application of customs licenses (bonded warehouse, inward processing relief), WTO and Free Trade Agreements, and by EU imports to a large extent being centralized in the Netherlands and Germany. Other taxes mainly relate to dividend withholding tax payments (on behalf of our shareholders) on settlement of the share buyback forward contracts.

Other mature geographies

New Zealand

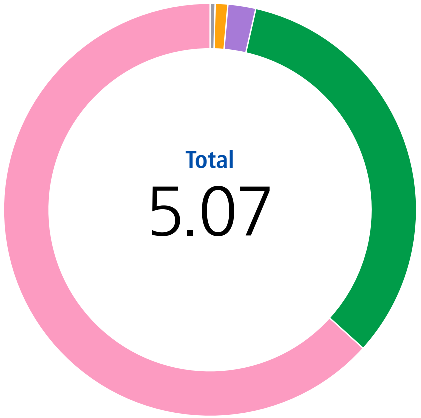
45 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
30.16	3.95	(0.10)	10.37	0.07 ECTR = (70.9)%

Tax contributions

- Corporate income tax 0.11 CTR = (111.2)%
- Customs duty 0.05
- Value-added tax 3.21
- Payroll tax 1.68
- Other taxes 0.02



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	4.7%	4.8 million	15.4%	4.37

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in New Zealand with its legal entity Philips New Zealand Commercial Ltd, which primarily functions as a country sales organization. New Zealand has a statutory income tax rate (STR) of 28.0%.

In the current year, Philips incurred a loss based on accounting rules, because required adjustments are captured in a different period.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain income is reported in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2023.

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Western Europe

Norway

38 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
14.76	2.75	0.72	1.86	(0.05)
				ECTR = (6.5)%

Tax contributions

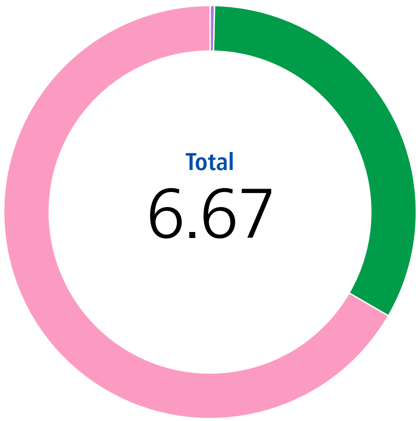
Corporate income tax
0.02
CTR = 3.3%

Customs duty

Value-added tax
4.44

Payroll tax
2.20

Other taxes
-



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.2%	3.0 million	23.3%	5.00

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Norway with its legal entity Philips Norge AS, which primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Norway is 22.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

No corporate income tax is paid due to carryforward losses available to offset taxable income.

No customs duty is paid, as the imported products attract no import duty. VAT payments comprise of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Growth geographies

Panama

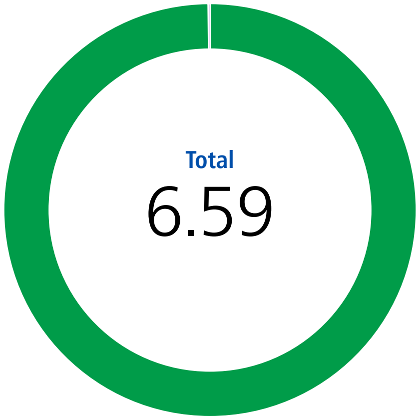
770 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
7.29	49.82	1.59	5.62	0.01 ECTR = 0.8%

Tax contributions

- Corporate income tax
  0.01
  CTR = 0.8%
- Customs duty
- Value-added tax
- Payroll tax
  6.57
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	5.8%	1.8 million	11.8%	37.35

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has been present in Panama since 1994 with its legal entity Philips Caribbean Panamá, Inc, which primarily functions as a country sales organization, and since 2009 with Philips SEM S.A., which primarily performs administrative, management and support activities. The statutory income tax rate in Panama is 25.0%.

Philips SEM S.A. is an SEM (Sedes de Empresas Multinacionales) entity to which the multinational headquarters special regime (known as SEM regime) and Legal Stability of Investments (Estabilidad Juridica) apply. The SEM Regime applies to operations of multinational companies carried out in Panama and, more specifically, to services supplied to their head office and related companies. Under these regimes (SEM and Legal Stability), certain tax exemptions are granted, e.g. exemption on income tax, dividend withholding tax, wage tax and social security.

Philips Caribbean Panamá, Inc is an entity located in the Free Trade Zone of Colon (FTZC), incorporated in 1994, and its main activity is the sale of personal health products. The FTZC regime provides, for example, a reduced rate on the Annual Operations tax, and exempts from customs duties and national and local taxes on the entry and storage of goods. Therefore, the corporate current income tax accrued and corporate income tax paid are relatively low.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Peru

24 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
6.53	2.32	1.63	0.67	0.61
				ECTR = 37.2%

Tax contributions

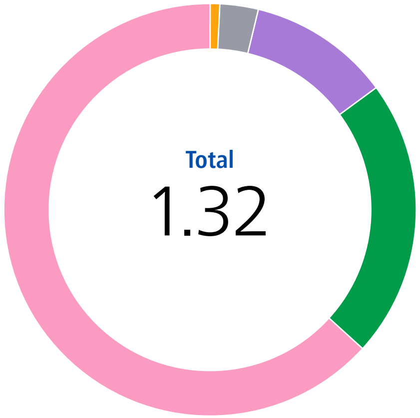
Corporate income tax
0.14
CTR = 8.8%

Customs duty
0.01

Value-added tax
0.84

Payroll tax
0.29

Other taxes
0.04



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	1.6%	2.0 million	12.2%	1.00

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has been present in Peru since 1939 with the incorporation of Philips Peruana S.A. This entity primarily functions as a country sales organization. The statutory income tax rate (STR) in Peru is 29.5%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as expenses incurred in the provision of services.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to the fact that provisional payments due were offset with the past year's tax credit.

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Philippines

87 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
24.56	1.57	(0.95)	5.88	(0.20) ECTR = 20.9%

Tax contributions

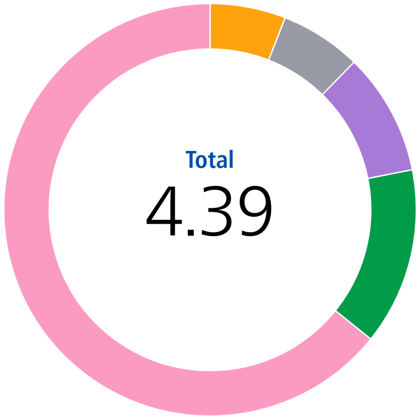
Corporate income tax
0.42
CTR = (43.8)%

Customs duty
0.26

Value-added tax
2.82

Payroll tax
0.61

Other taxes
0.28



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	5.2%	6.3 million	16.1%	2.81

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in the Philippines with its legal entity Philips Philippines Inc., which primarily functions as a country sales organization and provides general business support services to related companies in the region. The statutory income tax rate (STR) in the Philippines is 25%.

In the current year, Philips incurred a loss based on accounting rules, because required adjustments are captured in a different period.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- timing differences, as certain income is taxable in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.
- taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to payments related to withholding taxes deducted by customers on invoices.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Poland

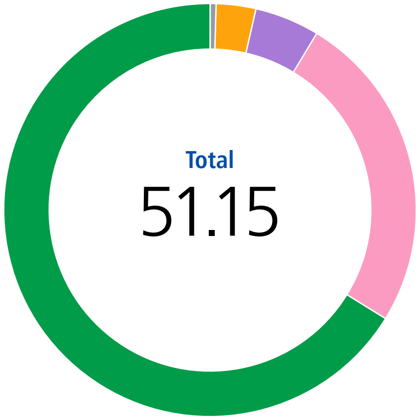
2,087 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
171.05	99.32	12.93	22.43	3.05 ECTR = 23.6%

Tax contributions

- Corporate income tax
  2.59
  CTR = 20.1%
- Customs duty
  1.59
- Value-added tax
  12.86
- Payroll tax
  33.85
- Other taxes
  0.24



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	11.0%	26.7 million	19.6%	78.45

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Customer impact and innovation

Philips' innovative technologies feature across the Polish hospital network. In 2023, the first Incisive CT scanner in Central & Eastern Europe was installed to diagnose patients with cardiac disease at a private cardiology network. In addition, a state-of-the-art hybrid room was created at the University Hospital in Bydgoszcz. Longstanding cooperation with the American Heart of Poland has resulted in the installation of a monitoring network. And an Ambition X MR scanner was installed in one of the largest hospitals in Warsaw.

Tax summary

Philips is active in Poland with two legal entities, with the main entity being Philips Polska, which primarily functions as the country sales organization and provides administrative support services to group companies. In 2018, Philips Polska purchased 100% shares in Respironix Sp.Zoo. The statutory income tax rate (STR) in Poland is 19.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as meals, entertainment and other social expenses.
- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.

Corporate income tax paid relates to provisional payments for this year based on the current year's estimated taxable profit and additional payments related to prior years.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments relating to prior years.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Customs duty is impacted by non-Polish entities having stock points and imports in Poland. However, for some flows, the applicable duties are being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Portugal

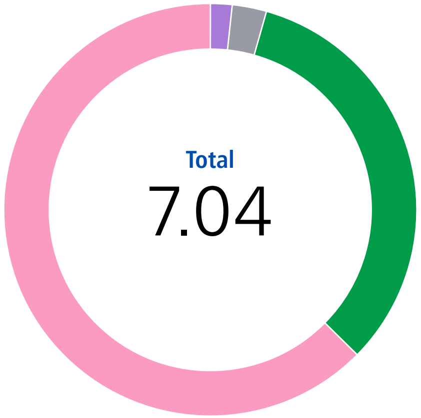
81 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
26.21	4.78	1.17	5.24	(0.02) ECTR = (1.4)%

Tax contributions

- Corporate income tax
  0.11
  CTR = 9.5%
- Customs duty
  -
- Value-added tax
  4.42
- Payroll tax
  2.33
- Other taxes
  0.19



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	16.2%	7.6 million	3.9%	5.18

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Portuguesa SA primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Portugal is 22.4%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to taxable profit for 2023 being (partly) offset by carry-forward losses and true-up to prior year taxable result.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Growth geographies

Puerto Rico

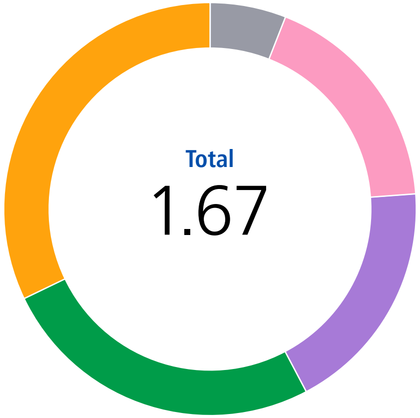
30 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
25.36	1.07	0.30	4.48	(0.32) ECTR = (107.3)%

Tax contributions

- Corporate income tax
  0.30
  CTR = 99.3%
- Customs duty
  0.54
- Value-added tax
  0.30
- Payroll tax
  0.43
- Other taxes
  0.10



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	17.0%	2.5 million	0.0%	3.49

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has been present in Puerto Rico since 2000 through Philips Medical Systems Puerto Rico Inc. and since 2017 through a branch of Spectranetics Corporation. It primarily functions as a country sales organization. The statutory income tax rate (STR) in Puerto Rico is 35.62%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to withholding taxes deducted by customers on invoices, which drives the Corporate income tax paid (CTR) higher than the statutory tax rate (STR).

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Romania

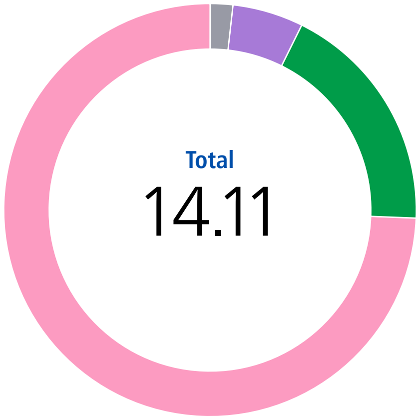
107 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
105.28	5.69	3.25	5.32	0.76 ECTR = 23.4%

Tax contributions

- Corporate income tax
  0.78
  CTR = 23.9%
- Customs duty
- Value-added tax
  10.49
- Payroll tax
  2.58
- Other taxes
  0.25



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	5.0%	10.4 million	18.4%	6.19

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips Romania Srl is a stand-alone legal entity, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Romania is 16.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as entertainment and employee car expenses.
- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- tax payments relating to prior years.
- the same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Russian Federation

358 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
102.66	2.66	(17.26)	37.67	(0.36)
				ECTR = 2.1%

Tax contributions

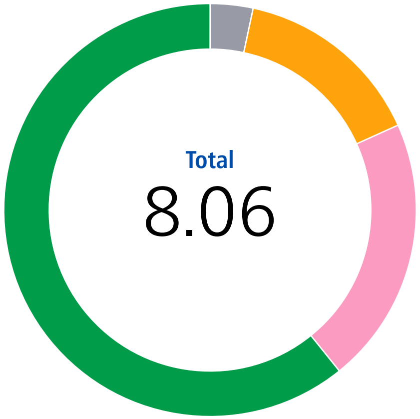
Corporate income tax
-
CTR = 0.0%

Customs duty
1.20

Value-added tax
1.69

Payroll tax
4.90

Other taxes
0.27



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	10.3%	45.5 million	19.8%	16.86

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- **Other**

Tax summary

Philips has two legal entities in Russia, Limited Liability Company "PHILIPS" and Philips Innovation Labs Russia LLC (stopped activities and was liquidated in 2023). Since February 2022, the Philips group has substantially reduced its activities in the country, and limited its business activities in 2023 to distribution/maintenance of medical equipment and certain mother and child care products as well as administrative, management and support services. Philips has a system in place to comply with applicable laws and regulations covering export control and sanctions. The statutory income tax rate (STR) in Russia is 20%.

In the current year, Philips incurred a loss based on accounting rules, because required adjustments are captured in a different period.

Corporate income tax accrued (ECTR) and Corporate income tax paid (CTR) is lower than the statutory tax rate (STR) because of the taxable loss position. Corporate income tax accrued relates to prior-year true-ups.

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

There is a VAT payment as the amount of VAT payable on sales exceeds the amount of creditable VAT.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Saudi Arabia

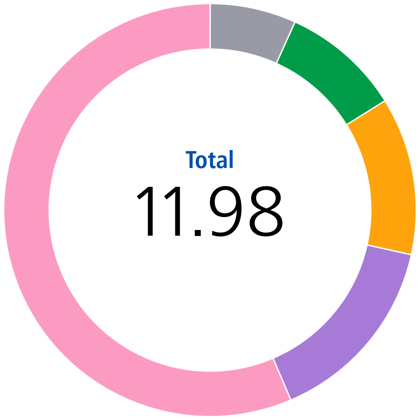
167 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
79.12	4.97	1.10	16.44	1.04
				ECTR = 94.6%

Tax contributions

- Corporate income tax
  1.81
  CTR = 165.0%
- Customs duty
  1.48
- Value-added tax
  6.76
- Payroll tax
  1.12
- Other taxes
  0.81



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	4.8%	23.2 million	6.8%	13.29

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is present in the Kingdom of Saudi Arabia with a joint venture (JV) for sales and distribution of Health Systems products. Philips' share in the JV profit is subject to corporate income tax, whereas the local partner's share in the profit and the adjusted assets are subject to the Zakat levy (2.5% on Net assets). There are also two branches, one of which has been dormant and is currently being deregistered. While the STR for the branch is 20%, for the joint venture, Philips' average STR in this country is 11.25%, which includes Corporate income tax and the Zakat levy.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- timing differences, as certain expenses are deductible and certain income is reported in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to the same reasons as mentioned above for Corporate income tax accrued.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Singapore

409 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
99.09	404.12	4.86	115.73	6.44 ECTR = 132.6%

Tax contributions

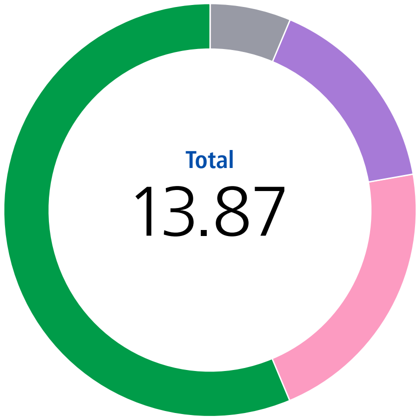
Corporate income tax
2.20
CTR = 45.2%

Customs duty
-

Value-added tax
2.98

Payroll tax
7.82

Other taxes
0.88



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	4.4%	5.3 million	15.5%	54.84

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Singapore mainly with its legal entity Philips Electronics Singapore Pte Ltd., which primarily functions as a country sales organization and as a distribution center for the region. This entity also provides Research & Development, procurement, administrative and management services to related parties. The statutory income tax rate (STR) in Singapore is 17%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- timing differences, as certain expenses are deductible and certain income (e.g. balancing charge arising from disposal of fixed assets) is reported in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments relating to prior years based on calculated taxable profit. Corporate income tax due relating to current year income is expected to be paid/refunded in the following year(s).

There is no customs duty paid, as the imports made by Philips Singapore are not subject to customs duty.

Growth geographies

South Africa

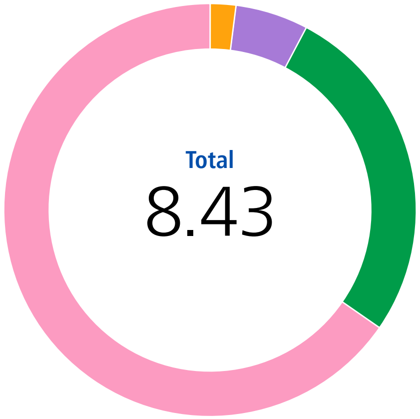
144 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
47.40	2.59	4.49	7.98	0.32 ECTR = 7.1%

Tax contributions

- Corporate income tax
  0.48
  CTR = 10.7%
- Customs duty
  0.17
- Value-added tax
  5.51
- Payroll tax
  2.27
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	10.1%	9.0 million	11.6%	8.45

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

In South Africa, Philips primarily functions as a country sales organization. The statutory income tax rate (STR) in South Africa is 27.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

Other mature geographies

South Korea

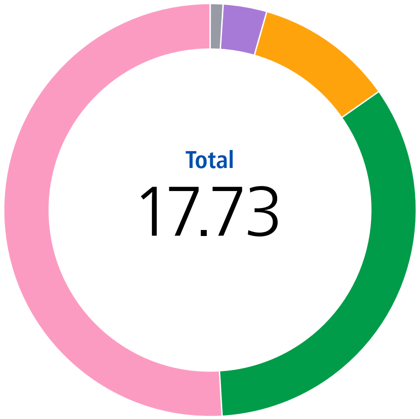
336 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
235.96	11.91	9.23	46.90	3.41 ECTR = 37.0%

Tax contributions

- Corporate income tax
  0.60
  CTR = 6.5%
- Customs duty
  1.92
- Value-added tax
  9.04
- Payroll tax
  6.00
- Other taxes
  0.18



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	10.0%	25.2 million	17.8%	25.08

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in South Korea with its legal entity Philips Korea Ltd, which primarily functions as a country sales organization. Korea has a progressive income tax system. From January 1, 2023 onwards, the statutory income tax rate (STR) is 9% for taxable income less than KRW 200 million, 19% for taxable income between KRW 200 million and KRW 20 billion, 21% for taxable income between KRW 20 billion and KRW 300 billion, and 24% for taxable income exceeding KRW 300 billion.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible and certain income is reported in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid relates to provisional payments for this year based on the prior year's taxable profit.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on the prior year's taxable profit. The difference will be paid in the following year(s).

Customs duty is impacted by applicable WTO agreements or Free Trade Agreements reducing customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe

Spain

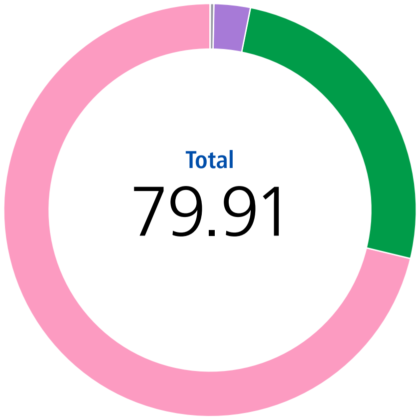
513 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
315.38	28.04	8.79	29.14	2.37 ECTR = 27.0%

Tax contributions

- Corporate income tax
  2.28
  CTR = 26.0%
- Customs duty
  0.01
- Value-added tax
  56.92
- Payroll tax
  20.47
- Other taxes
  0.22



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	12.2%	40.7 million	6.5%	46.75

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips has been present in Spain since 1926. Philips Iberica, S.A. primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Spain is 25.0%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to provisional payments for this year based on the current year's estimated taxable profit and additional payments related to prior years.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments relating to prior years.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Sweden

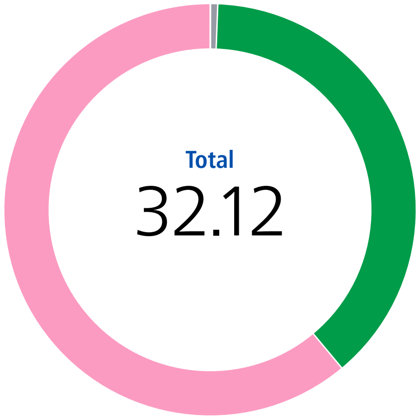
239 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
90.14	13.01	7.64	9.99	(1.76)
				ECTR = (23.0)%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  0.01
- Value-added tax
  19.62
- Payroll tax
  12.32
- Other taxes
  0.18



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.3%	8.4 million	13.0%	25.42

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Sweden, with Philips AB being the main entity, which primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Sweden is 20.6%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- taxable profit for 2023 being (partly) offset by carry-forward losses or other tax assets from previous year(s).
- true-ups to prior year(s) taxable results.

No corporate income tax is paid, mainly due to the utilization of carry-forward losses or other tax assets from previous year(s) that offset the taxable income for 2023.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different to this country. This is due to central imports, where the Netherlands or Germany imports on behalf of this country.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Western Europe

Switzerland

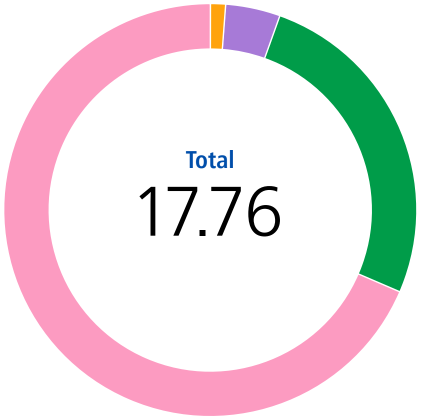
185 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
129.00	10.99	4.91	30.39	1.68
				ECTR = 34.1%

Tax contributions

- Corporate income tax
  0.76
  CTR = 15.4%
- Customs duty
  0.21
- Value-added tax
  12.18
- Payroll tax
  4.62
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	16.0%	8.7 million	16.4%	31.20

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- **Holding shares or other equity instruments**
- Other

Tax summary

Philips is active in Switzerland with multiple legal entities, with Philips AG being the main entity, which primarily functions as a country sales organization and provides support services. The statutory income tax rate (STR) in Switzerland is 22.0% (which includes the federal Swiss corporate and cantonal tax rate).

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on a lower estimated taxable profit for this year. The difference will be paid in the following year(s).

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

Payroll taxes are impacted by the fact that part of the obligation is on the employees (instead of the employer) to pay the tax to the authorities.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Taiwan

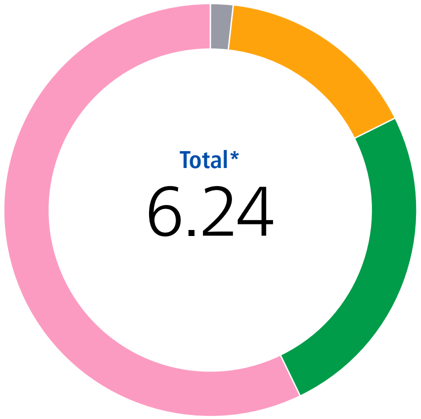
163 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
107.26	4.32	5.62	20.79	ECTR = 0.0%

Tax contributions

- Corporate income tax
  (1.06)
  CTR = (18.9)%
- Customs duty
  1.16
- Value-added tax
  4.18
- Payroll tax
  1.84
- Other taxes
  0.13



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	8.7%	15.5 million	11.0%	11.26

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Taiwan with its legal entity Philips Taiwan Ltd, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Taiwan is 20.0%

No corporate income tax is accrued, mainly due to timing differences, as certain income is taxable in a different year under tax law compared to accounting rules.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to tax refunds relating to prior years.

Growth geographies

Thailand

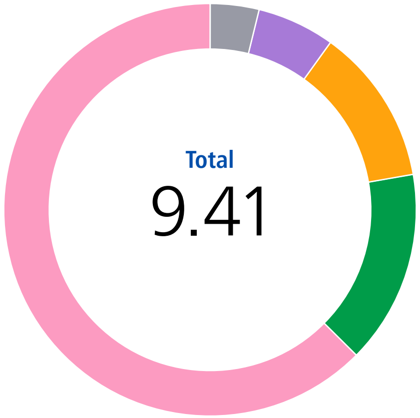
137 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
118.36	2.51	13.31	17.18	0.94 ECTR = 7.0%

Tax contributions

- Corporate income tax
  0.57
  CTR = 4.3%
- Customs duty
  1.16
- Value-added tax
  5.89
- Payroll tax
  1.43
- Other taxes
  0.36



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	6.4%	20.5 million	10.0%	6.67

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Thailand with its legal entity Philips Thailand Ltd, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Thailand is 20.0%.

Corporate income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible in a different year under tax law compared to accounting rules.
- true-ups to prior year(s) taxable results.

Corporate income tax paid relates to withholding taxes deducted by customers on invoices.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to utilization of carry-forward losses or other tax assets from previous year(s) that reduced the taxable income.

Customs duty is impacted by applicable WTO agreements or Free Trade Agreements reducing customs duty.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Turkey

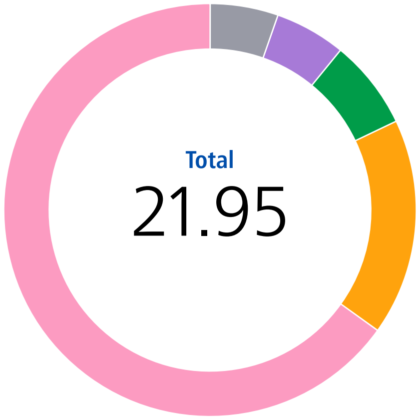
229 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
117.86	9.58	(11.23)	14.78	0.80
				ECTR = (7.1)%

Tax contributions

- Corporate income tax
  1.22
  CTR = (10.8)%
- Customs duty
  3.73
- Value-added tax
  14.29
- Payroll tax
  1.54
- Other taxes
  1.17



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	7.0%	23.5 million	13.6%	10.58

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- **Purchasing**
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Turkey with its legal entity Türk Philips Ticaret Anonim Sirketi, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Turkey is 25.0%.

Corporate income tax accrued (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules. Corporate income tax expense accrued relates to true-ups to prior year(s) taxable results.

Corporate income tax paid relates to provisional payments for this year based on the current year's estimated taxable profit and additional payments related to prior years.

Customs duty is impacted by duty payments due to trade defense measures (e.g. import tariffs), but also by the applicate Customs Union with the EU. VAT payments are impacted because a lower VAT rate is applicable to Health Systems products.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Ukraine

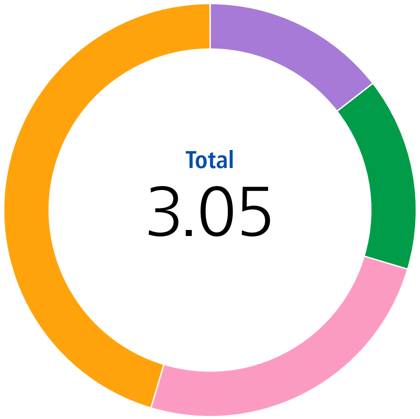
37 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
31.60	0.63	(0.38)	3.85	0.42 ECTR = (108.3)%

Tax contributions

- Corporate income tax
  0.44
  CTR = (114.5)%
- Customs duty
  1.38
- Value-added tax
  0.76
- Payroll tax
  0.46
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	4.8%	7.2 million	11.5%	1.61

All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Ukraine with its legal entity Philips Ukraine LLC, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Ukraine is 18.0%

Corporate income tax accrued (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as bad debt provision and rebates.
- true-ups to prior year(s) taxable results.

Corporate income tax paid (CTR) is higher than the statutory tax rate (STR), mainly due to:

- tax payments relating to prior years.
- the same reasons as mentioned above for Corporate income tax accrued.

Growth geographies

United Arab Emirates

155 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
96.89	13.21	4.58	2.40	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  0.22
- Value-added tax
  (0.12)
- Payroll tax
- Other taxes

Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	15.3%	10.5 million	5.8%	18.48

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in the UAE with its branches in a free trade zone as well as a branch in the mainland, which primarily function as country sales organizations.

In the UAE, there is no corporate income tax or payroll tax applicable to Philips' business.

Although a VAT regime was introduced in 2018, a considerable part of the business is generated within a free trade zone or via exports to other countries, resulting in revenue not being subjected to VAT. This has resulted in a VAT refund position because a major part of the revenue generated by the branches, which form a VAT group, is not subject to VAT.

Customs duty is impacted, as the business operates mainly in the Free Trade Zone.

Western Europe

United Kingdom

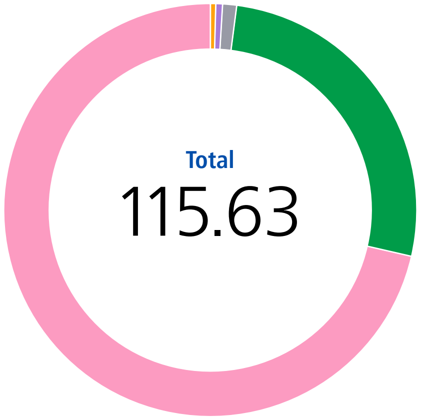
960 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
387.66	61.67	(55.82)	91.92	0.60 ECTR = (1.1)%

Tax contributions

- Corporate income tax
  0.61
  CTR = (1.1)%
- Customs duty
  0.48
- Value-added tax
  82.56
- Payroll tax
  30.69
- Other taxes
  1.28



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	12.4%	40.1 million	15.4%	95.25

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Philips and Gibraltar Health Authority announced a 16-year strategic partnership to transform patient imaging and cardiac care for local patients. The partnership will provide local coronary angiography and angioplasty services in a new interventional cardiac suite equipped with the latest diagnostic technology. The announcement represents a major reform in service delivery, improving the region's access to life-saving interventions while reducing environmental impact, with patients no longer needing to travel abroad for treatment.

Tax summary

Philips is active in the United Kingdom with multiple legal entities, the main entities being Philips Electronics UK, which primarily functions as a country sales organization, and Remote Diagnostic Technologies Limited, which primarily engages in manufacturing, research and development and marketing. The statutory income tax rate (STR) in the United Kingdom is 25% (with effect from April 1, 2023).

Corporate income tax accrued relates to prior-year true-ups and taxable income which cannot be offset against available carry-forward losses from previous years due to loss limitation rules.

Corporate income tax paid relates to provisional payments for this year, partly offset by a refund received relating to prior years.

VAT comprises of VAT paid by local Philips entities and foreign Philips entities having a VAT registration in this country.

Customs duty is impacted as certain products such as medical systems attract limited or no duties. It is also impacted by a significant refund of import duties paid in 2021 and 2022, which were declared via the fallback procedure.

All numbers in millions of EUR unless otherwise stated

North America

United States

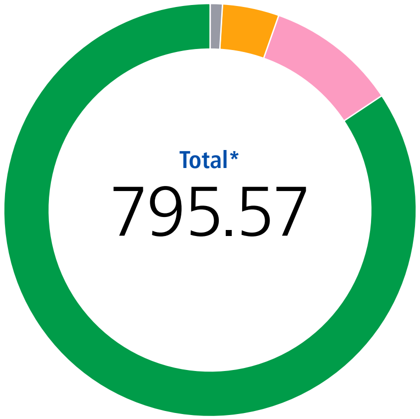
17,541 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
7,177.93	2,984.38	(1,275.69)	2,718.82	2.57 ECTR = (0.3)%

Tax contributions

- Corporate income tax
  (35.71)
  CTR = 3.9%
- Customs duty
  36.85
- Value-added tax
  85.30
- Payroll tax
  701.14
- Other taxes
  7.99



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	20.2%	333.0 million	18.8%	2,720.44

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Customer impact and innovation

Philips and NYU Langone Health announced an 8-year strategic partnership aimed at enhancing patient care through further innovation. The partnership includes digital pathology, clinical informatics, and innovative AI-enabled diagnostics, with an Enterprise Monitoring as a Service model. With the new technologies, NYU Langone clinicians can collaborate in real time, sharing pathology, imaging studies or patient data to support diagnostic confidence and tailor individualized care plans.

Tax summary

In the United States, Philips has significant business operations in the areas of manufacturing, research and development and marketing. Philips US has material imports and exports to serve both domestic and international markets. Philips' US operations are subjected to income tax imposed by federal (21%), state (0-12%) and local jurisdictional taxes. Philips' US operations file, for the most part, as a consolidated group for federal tax purposes. Philips benefits from export incentives and a tax credit for research and development.

Corporate current income tax accrued (ECTR) is lower than the statutory tax rate (STR), mainly due to a taxable loss in the current year and true-ups to prior year(s) taxable results. The loss before tax position based on accounting rules is mainly driven by the economic class-action settlement provisions relating to the Respironics recall.

Corporate income tax paid relates to provisional payments for this year, additional refunds related to prior years and taxes withheld at source in other jurisdictions on foreign royalty and dividend income.

Customs duty is impacted for Health Systems due to trade defense measures (China-US trade dispute). The duties are mitigated where possible through tariff relief and recovery programs using tariff management, Nairobi Protocol and duty drawback.

*The total tax contribution includes tax refunds; the visual representation excludes tax refunds
All numbers in millions of EUR unless otherwise stated

Growth geographies

Vietnam

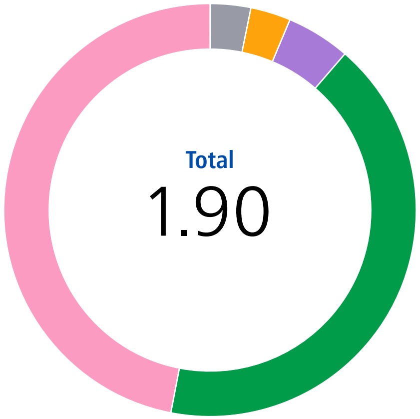
70 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
19.47	0.72	1.74	3.15	0.40
				ECTR = 23.1%

Tax contributions

- Corporate income tax
  0.09
  CTR = 5.2%
- Customs duty
  0.06
- Value-added tax
  0.89
- Payroll tax
  0.79
- Other taxes
  0.06



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	2.8%	9.0 million	10.3%	2.76

Business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- **Sales, marketing and distribution**
- **Administrative, management and support services**
- **Provision of services to unrelated parties**
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments
- Other

Tax summary

Philips is active in Vietnam with its legal entity Philips Vietnam Ltd, which primarily functions as a country sales organization. The statutory income tax rate (STR) in Vietnam is 20%.

Corporate income tax accrued (ECTR) is higher than the statutory tax rate (STR), mainly due to non-tax-deductible items, such as Forex differences.

Corporate income tax paid relates to additional payments related to prior years.

Corporate income tax paid (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on the prior year's taxable profit. The difference will be paid in the following year(s).

Customs duty is impacted as certain products such as medical systems attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

4.3 Country summary

The table below gives an overview of all countries per geographic area.

Philips Group
Tax contribution - Summary in millions of EUR (employees in full number)

		Key financials					Tax contribution					
	Number of employees	Revenues from third parties	Revenues from related parties	Profit/Loss before tax	Tangible assets	Corporate income tax accrued	Corporate income tax paid	Customs duty	VAT	Payroll tax	Other Taxes	**Total tax contribution**
Western Europe												
Netherlands	8,882	2,390.08	5,891.52	421.57	1,522.76	67.48	21.56	5.82	(124.42)	454.23	60.75	**417.93**
Germany	3,520	572.70	1,541.49	229.22	519.85	33.60	(51.91)	1.66	32.01	185.33	0.33	**167.43**
France	913	278.04	103.44	(16.40)	52.61	(1.93)	4.58	0.19	50.47	59.59	1.80	**116.62**
United Kingdom	960	387.66	61.67	(55.82)	91.92	0.60	0.61	0.48	82.56	30.69	1.28	**115.63**
Spain	513	315.38	28.04	8.79	29.14	2.37	2.28	0.01	56.92	20.47	0.22	**79.91**
Italy	675	296.19	38.23	8.85	41.48	1.05	1.06		15.86	27.96	0.89	**45.77**
Sweden	239	90.14	13.01	7.64	9.99	(1.76)		0.01	19.62	12.32	0.18	**32.12**
Belgium	283	115.71	40.08	2.96	14.50	0.98	1.39	0.12	11.79	17.90	0.23	**31.44**
Austria	316	49.67	51.16	(0.06)	50.61	(0.39)	1.95	0.01	8.18	15.42	0.06	**25.62**
Denmark	143	70.82	16.29	(4.90)	61.95	0.16	0.63	-	17.17	5.26	-	**23.07**
Switzerland	185	129.00	10.99	4.91	30.39	1.68	0.76	0.21	12.18	4.62		**17.76**
Finland	79	32.29	3.96	0.14	6.81			-	6.87	2.42	-	**9.30**
Portugal	81	26.21	4.78	1.17	5.24	(0.02)	0.11	-	4.42	2.33	0.19	**7.04**
Norway	38	14.76	2.75	0.72	1.86	(0.05)	0.02		4.44	2.20	-	**6.67**
Greece	49	18.15	3.88	0.82	2.72	0.11	0.08	-	3.38	1.71	0.08	**5.25**
Ireland	24	19.76	2.83	0.84	2.09	0.32	0.11		3.59	1.16		**4.86**
Luxembourg			0.01	0.08		(0.05)	0.01		0.73	0.02	-	**0.76**
North America												
United States	17,541	7,177.93	2,984.38	(1,275.69)	2,718.82	2.57	(35.71)	36.85	85.30	701.14	7.99	**795.57**
Canada	553	310.84	21.38	14.23	62.76	4.91	4.72	1.58	37.48	19.84	0.04	**63.66**
Other mature geographies												
Japan	2,003	940.61	45.05	58.16	297.26	18.83	11.78	0.78	74.74	40.80	0.63	**128.72**
Australia	537	286.84	18.84	4.34	73.61	1.93	2.83	0.50	21.88	27.50	0.07	**52.77**
Israel	1,184	12.05	403.18	91.03	96.98	12.62	19.55	(0.10)	(32.12)	40.26		**27.59**
South Korea	336	235.96	11.91	9.23	46.90	3.41	0.60	1.92	9.04	6.00	0.18	**17.73**
New Zealand	45	30.16	3.95	(0.10)	10.37	0.07	0.11	0.05	3.21	1.68	0.02	**5.07**

	Number of employees	Key financials					Tax contribution					
		Revenues from third parties	Revenues from related parties	Profit/Loss before tax	Tangible assets	Corporate income tax accrued	Corporate income tax paid	Customs duty	VAT	Payroll tax	Other Taxes	**Total tax contribution**
Growth geographies												
China	7,150	1,408.40	885.10	204.77	391.26	37.08	28.30	12.53	136.45	144.58	19.71	**341.58**
India	8,666	324.45	533.85	26.05	294.56	13.74	9.40	37.01	9.86	67.98	8.61	**132.87**
Brazil	1,840	229.45	41.36	10.06	65.29	0.89	0.30	3.77	48.06	22.91	0.36	**75.40**
Poland	2,087	171.05	99.32	12.93	22.43	3.05	2.59	1.59	12.86	33.85	0.24	**51.15**
Mexico	316	152.93	9.50	7.99	41.04	3.43	1.68	3.83	24.36	6.12	0.27	**36.25**
Turkey	229	117.86	9.58	(11.23)	14.78	0.80	1.22	3.73	14.29	1.54	1.17	**21.95**
Indonesia	3,573	105.62	407.95	17.27	134.83	6.29	7.39	1.45	7.25	3.12	1.53	**20.75**
Czech Republic	110	103.39	7.82	0.45	1.73	0.18	1.05		13.04	3.63	0.09	**17.81**
Romania	107	105.28	5.69	3.25	5.32	0.76	0.78		10.49	2.58	0.25	**14.11**
Singapore	409	99.09	404.12	4.86	115.73	6.44	2.20	-	2.98	7.82	0.88	**13.87**
Costa Rica	2,901		214.59	8.61	150.61					13.00		**13.00**
Saudi Arabia	167	79.12	4.97	1.10	16.44	1.04	1.81	1.48	6.76	1.12	0.81	**11.98**
Chile	101	71.10	3.13	2.55	13.52	0.18	0.19	0.72	8.36	2.02	0.54	**11.84**
Argentina	133	60.93	3.87	(4.55)	8.78	(0.07)	2.63	0.91	4.30	0.58	2.44	**10.86**
Colombia	107	25.30	3.79	(0.68)	4.60	0.78	1.47	0.36	5.69	1.70	0.98	**10.21**
Thailand	137	118.36	2.51	13.31	17.18	0.94	0.57	1.16	5.89	1.43	0.36	**9.41**
South Africa	144	47.40	2.59	4.49	7.98	0.32	0.48	0.17	5.51	2.27		**8.43**
Russian Federation	358	102.66	2.66	(17.26)	37.67	(0.36)	-	1.20	1.69	4.90	0.27	**8.06**
Panama	770	7.29	49.82	1.59	5.62	0.01	0.01			6.57		**6.59**
Taiwan	163	107.26	4.32	5.62	20.79		(1.06)	1.16	4.18	1.84	0.13	**6.24**
Philippines	87	24.56	1.57	(0.95)	5.88	(0.20)	0.42	0.26	2.82	0.61	0.28	**4.39**
Hungary	61	18.87	5.21	0.61	2.18	0.34	0.22	0.94	1.90	1.14	0.06	**4.26**
Egypt	113	30.76	2.50	(1.90)	7.51	0.18	0.49	1.32	1.03	0.66	0.17	**3.66**
Ukraine	37	31.60	0.63	(0.38)	3.85	0.42	0.44	1.38	0.76	0.46	-	**3.05**
Malaysia	97	41.64	1.96	0.41	10.59	0.41	0.35	0.66	0.03	1.21	0.04	**2.30**
Hong Kong	213	604.76	34.64	13.74	81.28					1.94	-	**1.94**
Vietnam	70	19.47	0.72	1.74	3.15	0.40	0.09	0.06	0.89	0.79	0.06	**1.90**
Puerto Rico	30	25.36	1.07	0.30	4.48	(0.32)	0.30	0.54	0.30	0.43	0.10	**1.67**
Kenya	43	8.70	1.55	0.36	1.30	(0.20)	0.08	0.33	0.41	0.55	0.07	**1.44**
Peru	24	6.53	2.32	1.63	0.67	0.61	0.14	0.01	0.84	0.29	0.04	**1.32**
Bangladesh	17	2.11	1.50	0.22	0.65	0.08	0.22	0.30	0.27	0.03	0.09	**0.91**
Latvia	16	17.28	0.62	0.35	0.10	0.01			0.41	0.46	0.01	**0.88**
Croatia	19		2.03	(0.21)	0.38	(0.11)	0.04		(0.03)	0.62	-	**0.63**

		Key financials					Tax contribution					
	Number of employees	Revenues from third parties	Revenues from related parties	Profit/Loss before tax	Tangible assets	Corporate income tax accrued	Corporate income tax paid	Customs duty	VAT	Payroll tax	Other Taxes	Total tax contribution
Ghana	13	0.50	0.78	0.24	0.05	0.12	0.03	0.07	0.23	0.04	0.13	**0.50**
Morocco			0.20	(0.17)		0.04	0.31		0.01			**0.32**
Slovenia	6		0.88	(0.01)	0.11	0.01	0.02		(0.09)	0.38		**0.30**
Tanzania		2.26		0.71	0.13	0.19	0.29					**0.29**
Venezuela			0.02	(0.06)		0.26	0.26					**0.26**
Kazakhstan	13		1.14	0.13	0.05	0.04	0.01			0.14	-	**0.16**
Bulgaria	19	-	1.29	0.07	0.50	0.01	0.01		(0.06)	0.19	-	**0.14**
United Arab Emirates	155	96.89	13.21	4.58	2.40			0.22	(0.12)			**0.10**
Serbia	8	-	0.74	0.03	0.09	0.01	-		(0.03)	0.13	-	**0.10**
Sri Lanka	2		0.26	0.07	-	0.03	0.01		0.03	0.02	0.01	**0.07**
Lebanon	14		0.66	(1.48)						0.06		**0.06**
Macedonia	23		1.44	0.04	0.06	(0.01)				0.03		**0.03**
Belarus	1		0.17	0.03	-	-	-		-	0.02	-	**0.03**
Qatar	9			0.22	0.15	0.01	0.02					**0.02**
Myanmar				0.02	-	0.01	0.02		-			**0.02**
Paraguay				(0.08)	0.16							
Uruguay			0.27	0.24	-	(0.01)	(0.01)					**(0.01)**

Philips Group
Tax contribution - Grand total in millions of EUR (Employees are in full number)

		Key financials					Tax contribution					
	Number of employees	Revenues from third parties	Revenues from related parties	Profit/Loss before tax	Tangible assets	Corporate income tax accrued	Corporate income tax paid	Customs duty	VAT	Payroll tax	Other taxes	Total tax contribution
Grand total												
Philips Group	69,656	18,169	14,077	(429)	5,974	227	52	127	737	2,021	115	**3,051**

Reference to presentation of the financial data in this report

- ‘blank’ represents "No" amounts;
- ‘-‘ represents an amount less than EUR 0.01 million;
- amounts may not add up due to rounding

The data presented in the previous table reconciles with the data stated in the audited consolidated financial statements, in the 2023 Annual Report, as follows:

- **Revenues from third parties (Sales):** Per chapter 10.4 Consolidated statements of income, 'Sales' corresponds to the EUR 18,169 million per this report.
- **Profit/(loss) before tax:** Per chapter 10.4 Consolidated statements of income, 'Income before taxes' (excluding 'Investments in associates, net of income taxes') corresponds to the EUR (429) million per this report. There is EUR (252) million profit/(loss) before tax that is recorded on consolidation, which is not allocated to a country for the purposes of this report.
- **Tangible assets:** Per chapter 10.6 Consolidated balance sheet, 'Property, plant and equipment' and 'net inventories' amounts to EUR 5,974 million. There is EUR (1,272) million of 'Tangible assets other than cash and cash equivalents' that are recorded on consolidation, which are not allocated to a country for the purposes of this report. This is mainly related to elimination of unrealized intercompany profit on unsold inventory.
- **Corporate income tax paid/(refund):** Per chapter 10.7 Consolidated statements of cash flows, Income taxes paid amounts to EUR 52 million. In total, there is EUR 152 million of income tax payments relating to continuing operations, which is offset by a net refund of EUR (100) million mainly in Germany relating to our discontinued operations, resulting in corporate income tax paid of EUR 52 million per this report.
- **Corporate income tax accrued - expense/(benefit):** Per note 8 Income Taxes the corporate income tax accrued amounts to EUR (73) million. As GRI 207 is the basis of preparation of this report, reported corporate income tax accrued in this report includes accrued tax expense relating to discontinued operations, however it excludes tax impact relating to uncertain tax position (UTP's) and "deferred only" tax adjustments covering prior year true-up's, tax rate change impact etc.- which results in corporate income tax accrued of EUR 227 million per this report.

5 Basis of preparation

5.1 GRI Standard 207: Tax

As part of the series on Economic topics, effective for reports or other materials published on or after January 1, 2021, GRI 207: Tax sets out reporting requirements on the topic of tax. GRI 207: Tax comprises four items:

- Standard 207-1: Approach to tax
- Standard 207-2: Tax governance, control, and risk management
- Standard 207-3: Stakeholder engagement and management of concerns related to tax
- Standard 207-4: Country-by-country reporting

For Standard 207-1 to 3, please refer to Our approach to tax, starting on page 5 in chapter 2 of this Report.

The country-by-country tax contribution details are presented in chapter 4 Activities and Tax per country, starting on page 13 of this Report, in accordance with Standard 207-4, which has reporting requirements and reporting recommendations. This Report includes the following information, for each tax jurisdiction where the entities included in the audited consolidated financial statements are resident for tax purposes:

- Primary activities of the organization
- Number of employees, and the basis of calculation
- Revenues from third-party sales
- Revenues from intra-group transactions with other tax jurisdictions
- Profit/loss before tax
- Tangible assets other than cash and cash equivalents
- Corporate income tax accrued on profit/loss
- Corporate income tax paid on a cash basis
- Tax withheld and paid on behalf of employees
- Taxes collected from customers on behalf of a tax authority
- Industry-related and other taxes or payments to governments
- Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax

For more information around the definitions and explanatory notes used in this chapter, please refer to chapter 9 Philips definitions and legends, starting on page 80.

A list of the entities included in the company's (consolidated) Group financial statements is available for download on Philips' website via www.results.philips.com. A statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, Sections 379 and 414), forms part of the notes to the company's financial statements and is deposited at the office of the Commercial Register in Eindhoven, the Netherlands (file no. 17001910).

International Financial Reporting Standards (IFRS) are the basis of calculation of the amounts reported in the country details, therefore the basis for this report is the same as for our Annual Report. In essence, this report is part of the year end Annual Report published on Philips' website.

5.2 GRI standards for ESG information

Further underpinning our ESG commitments, we have adopted a number of policies that govern our actions in areas we consider fundamental to the strategy and operation of our business. We have also developed methodologies in line with GRI standards to help us quantify and explain progress in specific social and environmental fields, as well as publishing a number of statements, papers and reports of special interest to our stakeholders, which are available in the ESG downloads section of the Philips website. For a further discussion on our approach to sustainability reporting, please refer to the Sustainability statements (which includes a discussion on reporting standards) in our Annual Report.

In this report, we include some of the key ESG social and environmental data points for each of the countries shown in chapter 4.2 Country insights, starting on page 13, namely net operational carbon footprint, circular revenues, lives improved, employee turnover and employee benefit expense. For further explanations and definitions of these concepts, including the integrated approach that tells us how many lives have been improved by our products and solutions in a given year (the Lives Improved Model), this can be found in the Environmental, Social and Governance section of the Annual Report.

6 Independent auditor's report

To: the Supervisory Board and Shareholders of Koninklijke Philips N.V.

Report on the audit of the country-by-country reporting included in the Country Activity and Tax Report 2023

Our opinion

We have audited Chapter 4.1 Group overview, starting on page 13, with the exception of the Environmental and Social factors, starting on page 13; the first five paragraphs in Chapter 4.2.1 General overview, starting on page 13, Chapter 4.2.2 Material Research and Development tax regimes and incentives, starting on page 14; the number of 'employees' and the information per country included under 'Key financials', 'Tax contributions', 'Business activities' and 'Tax summary'; and Chapter 4.3 Country summary, starting on page 70; all for the year ended 31 December 2023 (the "Country-by-Country Reporting"), included in the Country Activity and Tax Report 2023 of Koninklijke Philips N.V. (the "Company") based in Eindhoven, the Netherlands.

In our opinion the Country-by-Country Reporting for the year ended 31 December 2023 of Koninklijke Philips N.V. is prepared, in all material respects, in accordance with the reporting requirements under Disclosure 207-4 of Standard 207: Tax of the Global Reporting Initiative (GRI) as issued by the Global Sustainability Standards Board and the additional reporting requirements specified and disclosed by the Company in Chapter 5 Basis of preparation, starting on page 74 of the Company's Country-by-Country Reporting.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section *Our responsibilities for the audit of the Country-by-Country Reporting* of our independent auditor's report.

We are independent of Koninklijke Philips N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the basis of accounting

We draw attention to Chapter 5 Basis of preparation, starting on page 74 of the Company's Country Activity and Tax Report, which describes the basis of accounting. The Country-by-Country Reporting is intended for the Company's stakeholders and is prepared in accordance with Disclosure 207-4 of GRI 207: Tax and the additional reporting requirements specified and disclosed by the Company. As a result, the Country-by-Country Reporting may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Report on other information included in the Country Activity and Tax Report 2023

In addition to the Country-by-Country Reporting included in Chapter 4 Activities and Tax per country, starting on page 13 and our auditor's report thereon in Chapter 6, the Country Activity and Tax Report 2023 contains other information that consists of:

- Chapter 1: Introduction
- Chapter 2: Our approach to tax
- Chapter 3: Taxation of Philips' business
- Chapter 4: The information included in Chapter 4.1 Group overview, starting on page 13 under 'Environmental and Social factors', the information included in Chapter 4.2.1 General overview, starting on page 13, last paragraph and information per country under 'Environmental and Social factors'
- Chapter 5: Basis of preparation
- Chapter 7: Forward-looking statements
- Chapter 8: Tax Governance Code
- Chapter 9: Definitions and legends

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the Country-by-Country Reporting and does not contain material misstatements
- Contains the information as required under Disclosure 207-1, Disclosure 207-2 and Disclosure 207-3 of GRI 207: Tax

We have read the other information. Based on our knowledge and understanding obtained through our audit of the Country-by-Country Reporting, or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the Country-by-Country Reporting.

The Board of Management is responsible for the preparation of the other information, including the management approach disclosures in accordance with the reporting requirements under Disclosure 207-1, Disclosure 207-2 and Disclosure 207-3 of GRI 207: Tax.

Description of responsibilities for the Activities and Tax per country reporting

Responsibilities of the Board of Management for the country-by-country reporting

The Board of Management is responsible for the preparation of the Country-by-Country Reporting in accordance with the reporting requirements under Disclosure 207-4 of GRI 207: Tax and the additional reporting requirements specified and disclosed by the Company in Chapter 5 Basis of preparation, starting on page 74 of the Company's Country Activity and Tax Report 2023 and for determining that these additional reporting requirements are acceptable in the circumstances. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the Country-by-Country Reporting free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the country-by-country reporting

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Country-by-Country Reporting. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the Country-by-Country Reporting, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management
- Evaluating whether the Country-by-Country Reporting represents the underlying transactions and events free from material misstatement

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, The Netherlands

20 February 2024

Ernst & Young Accountants LLP

Signed by F.J. Blenderman

7 Forward-looking statements

This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include: statements made about our strategy; estimates of sales growth; future Adjusted EBITA; future restructuring and acquisition related charges and other costs; future developments in Philips' organic business; and the completion of acquisitions and divestments. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include but are not limited to: Philips' ability to gain leadership in health informatics in response to developments in the health technology industry; Philips' ability to keep pace with the changing health technology environment; macroeconomic and geopolitical changes; integration of acquisitions and their delivery on business plans and value creation expectations; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; ability to meet expectations with respect to ESG-related matters; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; breach of cybersecurity; challenges in simplifying our organization and our ways of working; the resilience of our supply chain; attracting and retaining personnel; challenges in driving operational excellence and speed in bringing innovations to market; compliance with regulations and standards including quality, product safety and (cyber) security; compliance with business conduct rules and regulations including privacy and upcoming ESG disclosure and due diligence requirements; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process; global inflation. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk Management chapter in the Annual Report 2023.

8 Tax Governance Code

Philips complies with the principles set out in the VNO-NCW Tax Governance Code. The below overview indicates the appropriate reference to the relevant disclosures in this Report and the Philips Annual Report.

A. Approach to Tax: Tax Strategy & Tax Principles

The company sees tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity

1. The company's approach to tax is based on a tax strategy and set of principles approved by the board of directors, the supervisory board, or delegated sub-committee (the board) .	Tax strategy, starting on page 6 and Tax governance, control, and risk management, starting on page 7
2. The company reports at least annually to the board on tax risks and adherence to the tax strategy and principles.	Tax governance, control, and risk management, starting on page 7
3. The company's tax strategy and principles apply to all group entities.	Introduction, starting on page 5
4. The company's tax principles apply to how the company operates in its relationships with employees, customers and contractors.	Introduction, starting on page 5

B. Accountability & Tax Governance

Tax is a core part of corporate social responsibility and governance and is overseen by the board.

1. The board is accountable for the tax strategy, principles and tax risk management.	Tax governance, control, and risk management, starting on page 7
2. The company has a tax control framework that sets out the tax controls and risk management.	Tax governance, control, and risk management, starting on page 7
3. Internal or external auditors regularly review the company's tax controls as part of the audit of its financial results.	Tax governance, control, and risk management, starting on page 7

C. Tax Compliance

The company is committed to comply with the letter, the intent and the spirit of the tax legislation of the countries in which it operates and to pay the right amount of tax at the right time.

1. The company prepares and files all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.	Tax compliance, starting on page 6
2. The company's responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.	Tax compliance, starting on page 6
3. The company will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.	Tax compliance, starting on page 6
4. The company will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available.	Tax compliance, starting on page 6
5. If the company seeks certainty in advance from tax authorities to confirm an applicable tax treatment, it does so based on full disclosure of all relevant facts and circumstances.	Tax compliance, starting on page 6

D. Business Structure

The company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

1. The company does not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons.	Tax planning, starting on page 8
2. The company pays tax on profits according to where value is created within the normal course of commercial activity.	Tax planning, starting on page 8 and Taxation of Philips' business, starting on page 11
3. The company uses the arm's length principle, in line with guidelines issued by the OECD, and applies this consistently across its businesses, contingent on local laws.	Tax planning, starting on page 8 and Taxation of Philips' business, starting on page 11

E. Relationships with Tax Authorities and Other External Stakeholders

Mutual respect, transparency and trust drive the company's relationships with tax authorities and other relevant external stakeholders.

1. The company seeks to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust.	Stakeholder engagement and advocacy, starting on page 9
2. The company seeks to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.	Stakeholder engagement and advocacy, starting on page 9
3. The company will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, the company will strive to resolve the controversy by applying these principles.	Stakeholder engagement and advocacy, starting on page 9

F. Tax Transparency & Reporting

The company regularly provides information to its stakeholders, including investors, policy makers, employees, civil society and the general public, about its approach to tax and taxes paid. The company will therefore publish the following information:

1. A tax strategy or policy and its tax risk management strategy.	Throughout Report
2. A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.	Philips Download Center List of consolidated entities
3. Annual information on the corporate income tax the company accrues and pays on a cash basis at a country level.	Activities and Tax per country, starting on page 13
4. The total tax borne and collected by the company, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employee related taxes, and other taxes that constitute costs to the company or are remitted by the company on behalf of customers or employees, by category of taxes.	Activities and Tax per country, starting on page 13
5. Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.	Activities and Tax per country, starting on page 13
6. An outline of the advocacy approach the company takes on tax issues, the channels through which the company engages in regard to policy development, and the overall purpose of its engagement.	Tax transparency, starting on page 10 and throughout Report

9 Definitions and legends

Businesses
Philips has identified three reportable segments: Diagnosis & Treatment, Connected Care, and Personal Health. The segments can be further subdivided into businesses and business units, each responsible for the management of its business worldwide. Please refer to chapter Our businesses in the Annual Report for further information on our reporting structure and businesses.

Cash tax rate (CTR)
The rate that represents the actual corporate income tax paid in cash to the authorities, compared to the Profit / loss before tax.

Circular Revenues
Circular Revenues are defined as revenues generated through products and solutions that meet specific Circular Economy requirements. These include performance and access-based business models, refurbished, reconditioned and remanufactured products and systems, refurbished, reconditioned and remanufactured components, upgrades or refurbishment on site or remote, and products with a recycled plastics content of more than 25% post-consumer recycled plastics or more than 30% post-industrial/post-consumer recycled plastics by total weight of eligible plastics.

Cooperative compliance program
There is no clear guidance on the criteria of what defines a 'cooperative compliance program'. At Philips, we define a program as a 'cooperative compliance program' if it meets the following criteria:

- Behavior(s) between tax authorities and taxpayer should be based upon a framework predefined by the tax authorities.
- This framework should include a description of the compliance standards required of the taxpayer (i.e. a tax control framework).
- This framework should detail out the behaviors required of the taxpayer (open and transparent).
- This framework should also describe the methodologies for supervision applied by the tax authorities on the compliance activities of the taxpayer.
- This framework should be publicly accessible.

Corporate income tax (CIT)
Income tax levied within the scope of IAS 12 Income taxes, calculated on the taxable profit of legal entities (including permanent establishments).

Corporate current income tax accrued / Corporate income tax accrued
Corporate current income tax accrued represents the 'Corporate income tax' expected to be paid within approximately one year. Corporate current income tax accrued is based on the (expected) taxable profit included in the income tax returns and excludes deferred corporate income tax and uncertain tax position movements (but still includes adjustments relating to prior years, i.e. prior-year true-ups).

Note that in this report 'corporate income tax accrued' (the official GRI 207 definition) and 'corporate current income tax accrued' are used interchangeably. The term 'Corporate current income tax accrued' was introduced and used in the country narratives to emphasize that deferred corporate income tax and uncertain income tax position movement are excluded.

Country
Countries include all geographies/ jurisdictions.

Customs duty
Tax imposed on imports and exports of goods.

Deferred corporate income tax
Deferred corporate income tax represents the amount of tax that is due to, or reclaimable from, tax authorities in the future. It arises because of temporary differences regarding the timing of deduction of expenses (or recognition of revenue) between IFRS accounting rules and tax law (and utilization and creating of tax losses and credits).

Effective current tax rate (ECTR)
The rate that represents corporate income tax accrued divided by IFRS profit or loss before tax. Please note that this ratio is not part of IFRS/IAS12 and is different from the ETR (explained below) and is specifically required under GRI 207. The key difference between ECTR and ETR is that ECTR does not include deferred tax and uncertain tax positions, which is included in ETR calculation.

ECTR can be different than the Statutory Tax Rate (STR as explained below) for various reasons, but mainly because of:

- Use of tax loss carry-forward or use of other tax assets
- Taxable profit differs from IFRS profit

Corporate income tax accrued can relate to both the current year and prior years. These prior-year true-ups happen quite regularly as the annual corporate income tax return is prepared in most countries a few months after the consolidated financial statements are prepared.

Effective tax rate (ETR)
This ratio is calculated as total tax expense divided by IFRS profit/loss before tax.

Employee benefit expenses
Employee benefit expenses relate to employees who are working on the payroll of Philips, both with permanent and temporary contracts.

Employee turnover
Employee turnover, or employee turnover rate, is the measurement of the number of employees who leave an organization during a specified time period.

Net operational carbon footprint
A carbon footprint is the total set of greenhouse gas emissions caused by an organization, event, product or person; usually expressed in kilotonnes CO_2-equivalent. Philips' operational carbon footprint is calculated on a half-year basis and includes industrial sites (manufacturing and assembly sites), non-industrial sites (offices, warehouses, IT centers and R&D facilities), business travel (lease and rental cars and airplane travel) and logistics (air, sea and road transport).

Lives improved by Philips
To calculate how many lives we are improving, market intelligence and statistical data on the number of people touched by the products contributing to the social or ecological dimension over the lifetime of a product are multiplied by the number of those products delivered in a year. After elimination of double counts – multiple different product touches per individual are only counted once – the number of lives improved by our innovative solutions is calculated.

Net refund position / net payable position
For CIT or VAT purposes, an entity can be in either a net refund position or a net payable position. For example, when an entity has relatively low output VAT/GST compared to its input VAT/GST, it could result in a refund position for VAT. For CIT, when an entity has (pre)paid more than the tax expense due per corporate income tax return for that year, it could result in a refund position.

Number of employees, FTE
Number of regular and third-party employees at the end of the year, expressed as the equivalent of full-time employees.

Payroll taxes
This includes all employment taxes borne and collected per employee, including social security contributions.

Profit / loss before tax
Income before tax (excluding the result from investment in associates) determined according to IFRS, is used as the starting point for calculating the company's corporate income tax provision.

Revenue from related parties
Accounting revenue reported on internal transactions with another Philips consolidated entity. This excludes entities in which Philips has a minority interest or significant influence but no control, such as investments in associates and joint ventures.

Revenue from third parties
Accounting revenue reported by the entities resident in the tax jurisdiction on transactions (i.e., sales based on country of origin) with third parties, outside of the Philips organization (refer to chapter 10.4 Consolidated statements of income in Annual Report).

Statutory tax rate (STR)
The corporate income tax rate imposed by law, expressed as a percentage.

Tangible assets
Tangible items (excluding cash and cash equivalents) that are held for use in the production or supply of goods or services which are expected to be used during more than one period, i.e. property, plant and equipment and inventories. Tangible fixed assets per country are calculated as the total net book value of tangible assets for all resident entities in the jurisdiction.

Taxable profit
Taxable profit for corporate income tax has 'Profit/Loss before tax' as its starting point. However, tax laws and IFRS accounting standards recognize and measure income, expenditure, assets and liabilities in different ways. Generally, most items included in the profit/loss before tax for IFRS accounting purposes are included in taxable income in the same year. However, certain items are recognized for financial reporting purposes before or after they are recognized for tax purposes (e.g. relating to provisions accruals, asset depreciation costs). These differences result temporarily in differences between IFRS profit/loss before tax and taxable income. Over time, temporary differences will reverse. Other items are part of taxable income but are never recognized for IFRS or vice versa (permanent differences, e.g. relating to employee entertainment expenses or transaction costs). These items do not reverse in the future, meaning IFRS and tax will never equalize.

Total tax contribution (TTC)
The total amount of taxes paid and collected, taking into account all tax types.

Uncertain tax positions
Uncertain tax positions are positions that are not certain to be sustained upon examination by the applicable tax authorities and require a provision in the accounts. The tax authorities may challenge positions taken by Philips in determining its tax payables. This could result in additional tax payments.

Unrelated parties
Unrelated parties are referred to as third-parties (or independent parties).

Value-added tax (VAT), Goods and service tax (GST) and Sales tax
Consumption tax levied on the value added at each stage of the supply chain.

PHILIPS