2024
Country Activity and Tax Report

PHILIPS

Contents

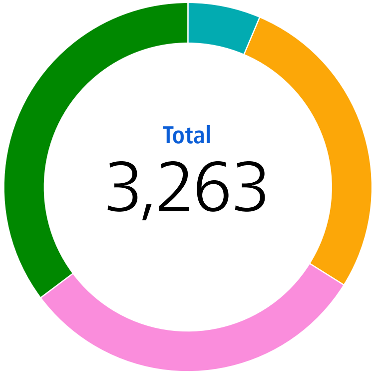
At a glance: Country activity and tax

Philips operates in more than 70 countries; the ultimate parent entity is in the Netherlands. Philips has factories in 10 countries plus major innovation sites in the Netherlands, United States, China and India.

Total tax contributions

In millions of EUR

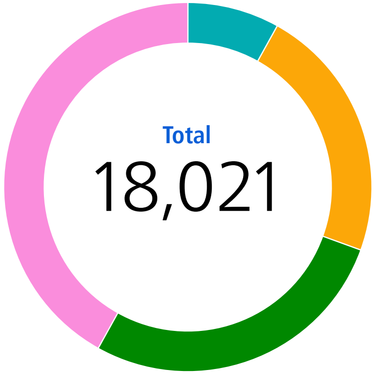
- Western Europe: 1,150
- North America: 1,007
- Growth geographies: 898
- Other mature geographies: 208



Revenues from third parties

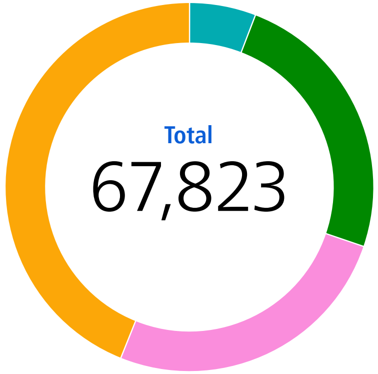
In millions of EUR

- Western Europe: 4,965
- North America: 7,554
- Growth geographies: 4,048
- Other mature geographies: 1,454



Number of employees

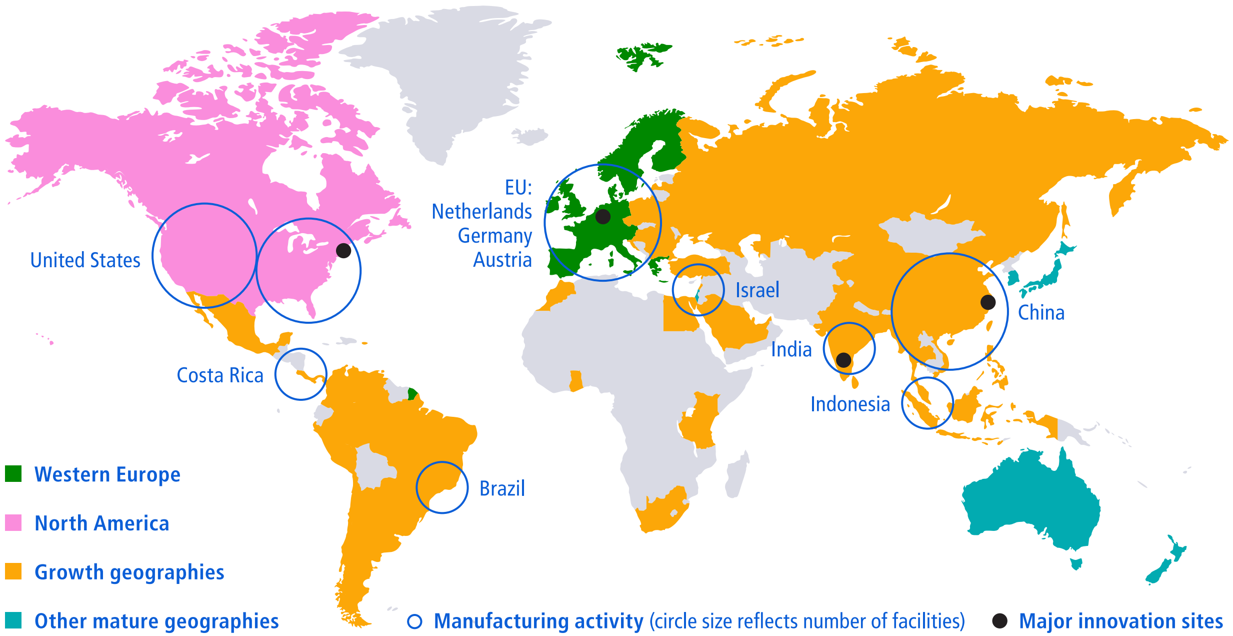
- Western Europe: 16,537
- North America: 17,544
- Growth geographies: 29,790
- Other mature geographies: 3,952



Total tax contributions in key countries

In millions of EUR

United States	944
Netherlands	412
China	316
Germany	258
India	165
Japan	110
France	101
United Kingdom	113
Brazil	77
Poland	67



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

At Philips, our purpose is to improve people’s health and well-being through meaningful innovation. We have operationalized our purpose by adopting a fully integrated approach to doing business responsibly and sustainably, and we are partnering with stakeholders to drive environmental, social and governance (ESG) priorities. Our framework comprises a comprehensive set of commitments that help guide execution of the company’s strategy. It includes ambitious targets and detailed plans of action.

As part of our ESG commitments, we engage actively with and support the communities in which 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 2024 (this 'Report').

Part of our approach (and one of our ESG commitments) is to acknowledge the importance of transparency with respect to 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 Tax contribution section in the Annual Report 2024 ('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 14) 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 2024. Chapter 5 of this Report explains the Basis of preparation, starting on page 74, including Standard 207 of the Global Reporting Initiative ('GRI 207') as adopted by Philips. This Report has been audited by EY Accountants B.V. (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
Charlotte Hanneman
Marnix van Ginneken

February 21, 2025

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. We 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. They are an integral part of our social value creation.

We have been recognized as a frontrunner in the area of sustainability and for leading the way in, for example, climate action, tax transparency, supplier sustainability and sustainability reporting. Please refer to the Environmental, Social and Governance chapter of the Annual Report for further discussion.

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 GRI 207: Tax. Our approach to tax applies to all entities within Philips.

Philips' tax strategy is to conduct and manage our tax affairs as a responsible taxpayer in accordance with our fundamental tax principles. Our fundamental tax principles can be briefly described as follows (see subsequent sections for a detailed discussion on each principle):

- Principle 1: Philips complies with the letter and the spirit of the law of the countries in which we operate (Tax compliance, starting on page 7).
- Principle 2: Our approach to tax is set by the Board of Management and overseen by our Supervisory Board (Tax governance, control, and risk management, starting on page 8).
- Principle 3: Philips only uses tax structures that are driven by commercial considerations, are aligned with business activity and have genuine substance. Philips reports taxable income in the countries in which it creates value (Tax planning, starting on page 9).
- Principle 4: We seek an open and constructive dialogue with our stakeholders, including tax authorities (Stakeholder engagement and advocacy, starting on page 10).
- Principle 5: Philips supports transparency initiatives and discloses its approach to tax and its tax contributions (Tax transparency, starting on page 11).

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 would be 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.

2.2 The link between taxes and ESG

At Philips, we consider tax to be an integral part of ESG and inextricably linked, not only from a governance perspective, but also from environmental and social perspectives, as explained below.

Environmental

Taxes can impact a company's environmental performance, as governments may use tax policies to incentivize or disincentivize certain behaviors to reduce their environmental footprint. For example, taxes on plastic packaging can encourage companies to reduce it for their products.

In addition to voluntarily disclosing its contributions for corporate income tax, value-added tax, customs duty and payroll tax, Philips voluntarily discloses environmental-type taxes (with a compliance obligation) as other taxes. This includes battery tax, packaging tax, property tax, tax on plastic packaging and other industry-specific taxes based on our specific economic activity and footprint. Due to Philips' low environmental footprint (e.g., 100% carbon neutral in our operations), the financial impact of these taxes is low for Philips. However, we remain conscious of our responsibility and our contribution to society and the environment, and accordingly voluntarily disclose these taxes as part of other taxes.

Refer to Tax compliance, starting on page 7, Tax transparency, starting on page 11, Taxation of Philips' business, starting on page 12 and Activities and tax per country, starting on page 14.

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.

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, human rights, tax laws, regulations, and global initiatives of the OECD (Organization for Economic Cooperation and Development) and United Nations.

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.

Furthermore, Philips supports and has implemented Pillar 2 of the OECD's Global Minimum Tax Framework. Pillar 2 emphasizes fair taxation by ensuring that multinational entities pay a minimum level of tax (15%) in every jurisdiction where they operate. This reduces tax avoidance strategies that may shift profits to a low-tax jurisdiction and promotes fairness and social responsibility.

Refer to Tax planning, starting on page 9 and Stakeholder engagement and advocacy, starting on page 10.

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.

We aim to live up to the highest standards of governance (including transparency, compliance and ethical tax practices) regarding our tax contributions for all countries in which we operate. We voluntarily publish this Report as well as support other transparency initiatives.

Refer to Tax compliance, starting on page 7, Tax governance, control, and risk management, starting on page 8, Tax planning, starting on page 9, Tax transparency, starting on page 11, Taxation of Philips' business, starting on page 12 and Activities and tax per country, starting on page 14.

Insight: What is the link between taxes and CSRD?

The EU Corporate Sustainability Reporting Directive (CSRD) requires companies to transparently report on sustainability topics that are material to their organization. The CSRD requires companies to perform a Double Materiality Assessment (DMA), which addresses both financial materiality (the impact of society on Philips) as well as impact materiality (the impact of Philips on society).

When a topic is considered material to the organization, the CSRD requires the company to transparently report on this topic, in accordance with the applicable European Sustainability Reporting Standards (ESRS). The ESRS allows entities to use the Global Reporting Initiative (GRI) standards where there is no ESRS available. As confirmed by European Financial Reporting Advisory Group, the GRI 207 can be used to transparently report on tax under the CSRD.

Our sustainability report within the meaning of the CSRD has been included in the Annual Report, and the chapter General basis for preparation refers to the CSRD and the double materiality assessment, as well as the ESRS and the EU taxonomy framework.

In line with our ESG commitments, Philips recognizes tax as an important topic and continues to voluntarily report taxes transparently in line with GRI 207.

2.3 Tax compliance

Principle 1: 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 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.

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 (taking into account the spirit thereof), 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 not supported by 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, provided such incentives are generally available. For additional disclosures on tax regimes and incentives, please refer to Material Research and Development tax regimes and incentives used by Philips, starting on page 15.

2.4 Tax governance, control, and risk management

Principle 2: Our approach to tax is set by the Board of Management and overseen by our Supervisory Board.

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.

Tax Control Framework

Philips has a Tax Control Framework that sets out the company's tax controls and tax risk management. The tax controls form part of the Internal Controls over Financial Reporting (ICFR) catalogue at Philips. The execution of monitoring controls on a quarterly basis creates awareness and promotes adherence to tax policies. The Board of Management's report on ICFR, including certain (reasonable) assurances and the conclusion regarding the effectiveness of ICFR on Philips' consolidated financial statements also covers tax positions. A report provided by the Head of Tax to the Audit Committee, covers the updates on execution of tax controls and key tax-related matters, including this Report, as part of the Annual Report process. Furthermore, we publish our Annual Report with the highest (reasonable) assurance level from our independent auditor on our financial statements, including our tax positions. We refer to the independent auditors' reports regarding the Annual Report and this Report.

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 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 enhance data management and improve the quality of tax compliance, control and reporting. For example, we use a web-based tool for end-to-end tax accounting globally, i.e., to perform real-time review for all tax reporting entities and prepare tax disclosures. We have further enhanced the capabilities of this tool by embedding the calculation for Pillar 2 minimum tax (i.e., transitional safe harbor checks and top-up tax impact).

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, refer to the Risk factors and responses section of our Annual Report, which includes a discussion on tax risks that could have a significant adverse financial impact.

Our tax risk appetite is inherent to Philips' risk appetite being prudent-to-balanced regarding financial and reporting risks (refer to Risk management and internal control). 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. Philips also takes an adverse-to-prudent approach to any risk that would result in breach of compliance with our General Business Principles and mandatory laws and regulations.

For all tax risks, we perform an analysis that includes consideration of the probability and the financial consequences. Uncertain tax positions are recognized as liabilities if and to the extent it is probable that additional tax will be due, and the amount can be reliably measured. Significant judgment is involved in determining these positions. The expected financial consequences of the tax risks, where the probability exceeds 50%, are disclosed in the Income Taxes note in our Annual Report. Furthermore, our team of tax specialists continually reassesses our tax risks, which may originate, for example, from new local tax rules or international and EU regulatory frameworks, and carefully monitor these in line with our Tax Control Framework.

Latest tax developments around the globe
There are multiple tax developments across the globe. A few key examples are discussed below.

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

Pillar 2 legislation has been applicable in local law with effect from 2024 in the Netherlands, the EU and multiple other countries. As Philips maintains substance in the form of relevant assets and personnel in the countries in which it operates, which is shown in our Country Activity and Tax Report, Philips meets the transitional safe harbor rules enacted by OECD in most countries and therefore exposure to Pillar 2 taxation is currently limited. However, this is increasing Philips' tax compliance burden significantly globally.

Philips will publish a country-by-country report (CBCR) for the year 2025, which will be publicly available in 2026. This aligns with the European Commission directive, which introduced public CBCR obligations across the European Union.

Philips will follow the Unshell Proposal, which lays down rules to prevent the misuse of so-called shell entities for tax purposes. However we do not expect to be impacted as we have the required substance and economic activity in our entities. Philips will also follow the developments on Business in Europe: Framework for Income Taxation (BEFIT), which aims to provide a single corporate tax rule book for the EU.

2.5 Tax planning

Principle 3: Philips only uses tax structures that are driven by commercial considerations, are aligned with business activity and have genuine substance. Philips reports taxable income in the countries in which it creates value.

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 Activities and tax per country, starting on page 14. We do not control legal entities without commercial and/or economic activities solely for the purpose of tax avoidance ('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 countries 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.

We also focus on value creation by ensuring that our tax assets (e.g., tax losses) are utilized before expiry and optimize the use of available tax incentives (e.g., research and development credits) in accordance with both the letter and the spirit of tax laws and regulations. For an explanation of the material tax incentives utilized by Philips, refer to Material Research and Development tax incentives, starting on page 15.

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 made.

2.6 Stakeholder engagement and advocacy

Principle 4: 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 to 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 Toezichtplan (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, and annually agree on a monitoring plan. During recent years, all process steps of the corporate income tax (CIT) and value-added tax (VAT) return process were reviewed together with the Dutch tax authorities, as well as internal controls and coherent audits in Philips' payroll tax withholding processes. We have a transparent relationship with the Dutch Tax Authorities, and if any anomalies are identified, this is brought to their attention and disclosed in advance.

In the UK, we enjoy an open and transparent relationship with the UK tax authorities. If any issues are identified by either party, we strive to work together to reach a solution. 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, 2024, in accordance with Paragraph 16(2) of Schedule 19 Finance Act 2016.

In Singapore, we also enjoy an open and collaborative relationship with the Singapore tax authorities, where we can reach out our assigned relationship managers for any issues related to CIT or goods and service tax (GST). We have participated in the Assisted Compliance Assurance Program, a voluntary GST compliance initiative, since 2014.

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, that publicly advocate for tax transparency and fair taxation. Philips advocates for a competitive and fair investment climate in the Netherlands and other key countries where Philips operates. In addition, Philips supports the deregulation and/or harmonization of overlapping international regulations, to the extent possible (for instance, the new Pillar 2 legislation).

We invite our stakeholders to engage with us by finding the appropriate contact on our website Company contacts. On sustainability matters, including our sustainability reporting in the Annual Report, stakeholders may share their issues, comments and questions via email (philips.sustainability@philips.com). Refer to section Working with stakeholders and advocacy in our Annual Report.

Example of an ethical dilemma and our advocacy for tax transparency and fair taxation
On rare occasions we face a supplier who intends to invoice Philips from a low-tax jurisdiction, however it appeared to us that the activities themselves took place in a different jurisdiction. We probed this way of working and queried the role and the substance of the invoicing entity.

From a Philips tax standpoint, we hold our tax strategy to the highest standard and expect our suppliers to do the same.

As a first step, we engaged with the Philips' business representative, who indicated that this was the best supplier for the particular product, resulting in an ethical tax dilemma for us.

We then proceeded by engaging with the supplier to understand their substance in the low-tax jurisdiction, as well as the role of the entity in the low-tax jurisdiction in the value chain, i.e., managed and directed there with board of directors residing there, adequate physical presence, suitably qualified full-time employees involved with the income-generating activities and adherence to global tax regulations.

The supplier was able to provide us with a level of comfort that there was substance in the low-tax jurisdiction, and we proceeded with the transaction.

2.7 Tax transparency

Principle 5: Philips supports transparency initiatives and discloses its approach to tax and its tax contributions.

We acknowledge the importance of transparency with respect to 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 voluntary disclosures in this Report, which includes, among 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 2024 benchmark assessed the tax transparency practices of 51 Dutch companies and 65 listed companies from Belgium, Denmark, France, Germany, Italy, Spain, and Sweden. Philips was ranked first place with the maximum achievable 38 points. In addition, Philips scored a top score (100 out of 100) in the Tax Strategy section of the 2024 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 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. These are based on our economic activity in a jurisdiction, and include payroll tax, value-added tax and customs duty. Our total tax contribution therefore includes taxes paid (or borne) by Philips as well as taxes collected by Philips.

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

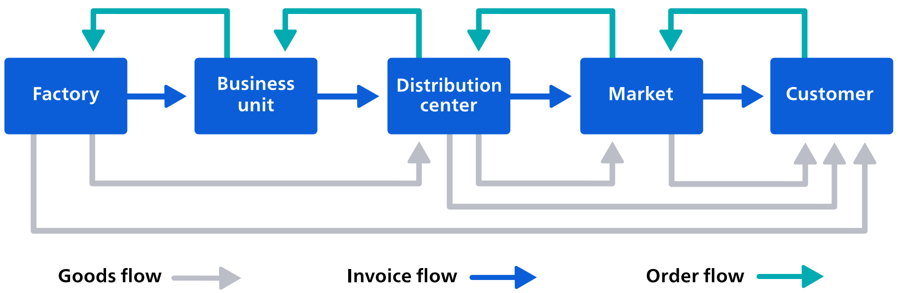
When it comes to environmental taxes, such as EU's Waste from Electrical and Electronic Equipment (WEEE) and battery tax, the qualification depends on the type of environmental tax and is considered on a country-by-country basis. In most cases, these are an expense for Philips, directly affecting our 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 that 'houses' 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 that 'houses' 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 – in most countries – be carried forward 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 than 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

Import duties and tariffs are taxes imposed on goods that are imported into a country. When goods are shipped cross-border, non-recoverable import duties may become due. Import duties follow the flow of goods and services. These charges can vary based on several factors:

- The classification of goods (e.g., tariff codes)
- The customs valuation (i.e., the declared value of goods)
- The country of origin (which determines if free trade agreements can be utilized, or trade defense measurements are applicable)
- The use of customs simplifications (such as bonded warehouses or duty drawback mechanisms)

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, Germany (partly), Austria and Ireland to be declared toward Dutch customs. As a result, the related import duties are paid in the Netherlands.

Philips currently holds 20 Authorized Economic Operator (AEO) and two Customs Trade Partnership Against Terrorism (CTPAT) certifications on trade compliance in 12 jurisdictions. The concepts are based on the Customs-to-Business partnership introduced by the World Customs Organization in their SAFE Framework of Standards to secure and facilitate global trade. These partnership programs are dedicated to both securing and facilitating global trade, by providing 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, and property tax. 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 14, and the sustainability report in our Annual Report.

4 Activities and tax per country

4.1 Group overview

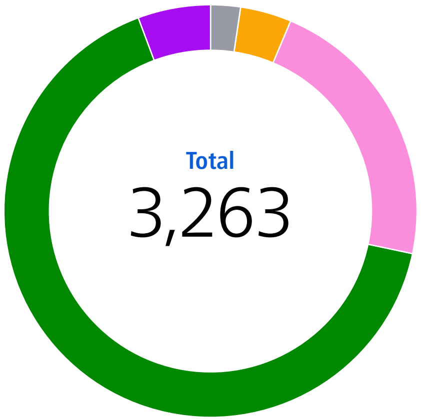
Philips' total tax contribution in 2024, amounting to EUR 3,263 million, is described by tax type below.

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
18,021	14,709	247	5,649	225 ECTR = 91.2%

Tax contributions

- Corporate income tax: 186 (CTR = 75.1%)
- Customs duty: 131
- Value-added tax: 717
- Payroll tax: 2,154
- Other taxes: 76



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	24.4%	1,956 million	14.8%	6,641

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) that we consider fundamental to the strategy and operation of our business, for all countries where Philips reports EUR 5 million-plus revenues (from third parties and related parties). 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 the effective current tax rate (ECTR) of 91.2% is significantly higher than the weighted average statutory tax rate (WASTR) of 27.2%. Higher ECTR is mainly driven by US one-off non-recurring provisions (relating to Respironics business) that impacted group profit before tax (IBT) which is deductible for tax purposes in future years. The corporate income tax accrued expense is mainly driven by other countries that had positive income before tax, positive timing differences and withholding taxes in the year.

Similar to ECTR, the cash tax rate (CTR) of 75.1% is significantly higher than the WASTR of 27.2%. The net corporate income tax (CIT) paid on the IBT is mainly driven by countries that had profits and prepayments of CIT and withholding taxes on intercompany dividend etc.

The tax expense relating to Pillar 2 for the entire Group is EUR 1 million, which is booked at the ultimate parent entity (Netherlands) and additional information relating to this new legislation, e.g., the countries out of safe harbor (based on OECD rules), are included in the respective country pages.

Other taxes largely consist of dividend withholding tax paid during 2024 with respect to the execution of the share buyback program of Philips. This category also includes environmental taxes such as recycling tax, packaging tax, battery tax, and chemical tax, as well as property taxes and stamp duty.

From an ESG perspective, during 2024 Philips had a net operational carbon footprint of 0 ktonnes CO_2-equivalent with 100% electricity from renewable sources. Philips also recorded 24.4% circular revenues (i.e., revenues generated from refurbished, reconditioned and remanufactured products or services), and improved 1.96 billion lives (of which 242 million were in underserved communities). Further, employee turnover amounted to 14.8%, of which 7.5% was voluntary (voluntary turnover remains in line with similar-sized companies). Employee benefit expenses of EUR 6,641 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 & Development tax incentives and other regimes

Many jurisdictions stimulate Research & Development (R&D) activity that yields technological innovation and a positive spin-off for the economy at large. This is done, for instance, 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 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 ‘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 (in the Netherlands)

Royal Philips is the 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, which are commonly available if the legal requirements are met.

Growth geographies

Argentina

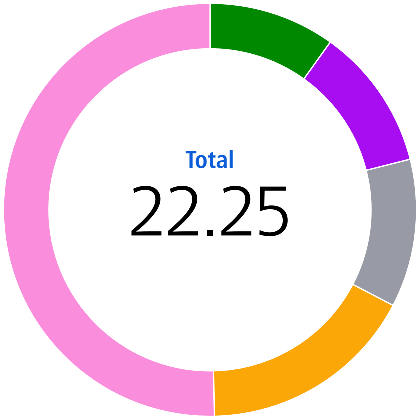
138 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
65.22	4.53	6.13	18.42	ECTR = 0.0%

Tax contributions

- Corporate income tax
  2.48
  CTR = 40.5%
- Customs duty
  3.78
- Value-added tax
  11.20
- Payroll tax
  2.20
- Other taxes
  2.58



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	15.2%	11.9 million	9.5%	8.24

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 Argentina with its legal entity Philips Argentina, S.A., which primarily functions as a sales organization. The statutory tax rate (STR) in Argentina is 25%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to taxable profit for 2024 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to withholding taxes deducted by customers in the current year.

Overall, the tax contributions reported in Group currency (EUR) have been impacted due to the currency devaluation in Argentina. Other taxes mainly relate to 'Impuesto Pais', which imposes tax on the acquisition of foreign currency.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

Australia

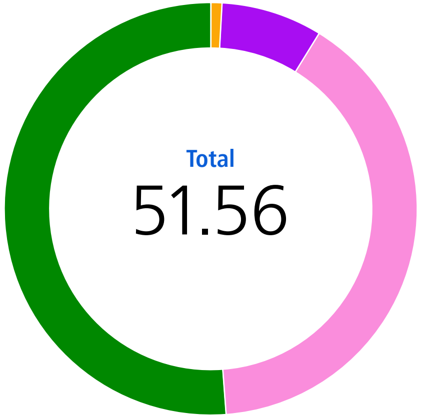
524 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
283.71	24.46	17.24	61.12	3.63
				ECTR = 21.1%

Tax contributions

- Corporate income tax
  4.08
  CTR = 23.7%
- Customs duty
  0.45
- Value-added tax
  20.63
- Payroll tax
  26.40
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.3%	26.6 million	16.9%	72.48

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 functions as a country sales organization. The statutory tax rate (STR) in Australia is 30%.

Effective current tax rate (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 than it is under accounting rules.

Cash tax rate (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.
- the same reasons as mentioned above for corporate income tax accrued.

There are applicable World Trade Organization agreements or free trade agreements in place, which reduce customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe
Austria

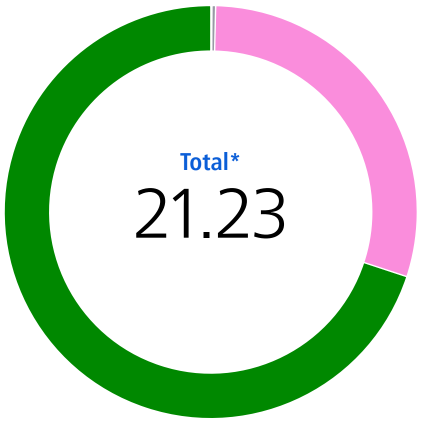
346 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
64.71	55.95	3.94	45.17	(0.40) ECTR = (10.1)%

Tax contributions

- Corporate income tax
  (2.46)
  CTR = (62.3)%
- Customs duty
  0.02
- Value-added tax
  7.03
- Payroll tax
  16.57
- 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	24.9%	7.6 million	7.2%	35.02

*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

The business in Austria is conducted via Philips Austria GmbH, acting as a stand-alone taxpayer. This entity primarily functions as a country sales organization, providing support services, Research & Development, and manufacturing activities. The statutory tax rate in Austria is 23%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

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

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

- tax refunds related to prior years.
- provisional payments made based on the prior year's taxable profit, and the difference will be paid in the following year(s).

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Western Europe

Belgium

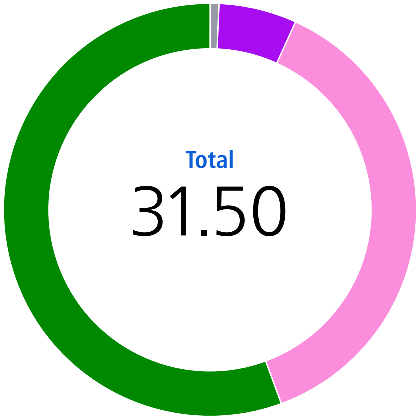
281 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
91.81	44.57	4.95	10.87	2.06
				ECTR = 41.6%

Tax contributions

- Corporate income tax
  1.92
  CTR = 38.8%
- Customs duty
  -
- Value-added tax
  11.84
- Payroll tax
  17.52
- 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	24.9%	7.2 million	8.0%	36.33

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 tax rate (STR) in Belgium is 25.0%.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- gain on transfer of goodwill.

Corporate income tax paid relates to:

- provisional payments for this year based on the prior year's taxable profit.
- tax refunds of prior years

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Growth geographies

Brazil

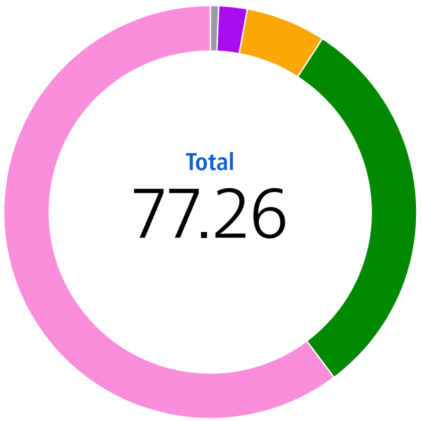
1,719 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
245.70	42.35	(13.68)	60.27	0.33 ECTR = (2.4)%

Tax contributions

- Corporate income tax
  1.72
  CTR = (12.5)%
- Customs duty
  4.83
- Value-added tax
  46.55
- Payroll tax
  23.67
- Other taxes
  0.50



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	15.9%	125.0 million	16.5%	84.40

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 year when Philips celebrated 100 years of operations in Brazil, the Philips Foundation expanded its partnership with SAS Brasil, a social health startup that, since 2021, has benefited more than 60,000 people through mobile advanced telehealth units in Campos Belos and Cavalcante (GO), Preá (CE) and Santo Amaro (MA). In July 2024, a second phase was announced: the establishment of an innovation living lab dedicated to advancing digital health education, with a particular emphasis on maternal care, childcare, and oncology.

Tax summary

Philips is active in Brazil with Philips do Brazil Ltda. (personal health products), Philips Medical Systems Ltda. (health systems products) and Philips Clinical Informatics Sistemas de Informaçao Ltda (design, development and sale of software for healthcare products). The statutory tax rate (STR) in Brazil is 34.0%.

Effective current tax rate (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules.

Corporate income tax accrued relates to prior year true-ups and a portion of taxable profits that cannot be offset against available carry-forward losses from previous years.

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.
- withholding taxes deducted by customers on invoices.

Customs duty is impacted by the Ex Tarifario benefit, consisting of a temporary reduction of the import duty to zero percent for certain goods not produced in Brazil and classified by Mercosur. Philips do Brasil Ltda. 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 number 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

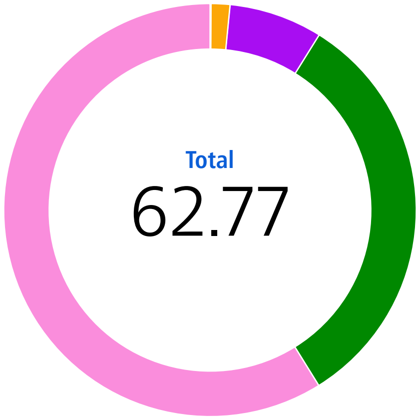
543 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
327.44	25.85	9.67	48.71	3.05
				ECTR = 31.5%

Tax contributions

- **Corporate income tax**
  4.60
  CTR = 47.5%
- **Customs duty**
  0.93
- **Value-added tax**
  36.94
- **Payroll tax**
  20.26
- **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	17.1%	31.5 million	12.8%	59.37

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

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

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- timing differences, as certain expenses are deductible and certain income is taxable in a different year under tax law than they are under accounting rules.
- non-tax-deductible items, such as stock based compensation for long term incentive plan, 50% of meals and entertainment etc..

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- tax payments related to prior years.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Chile

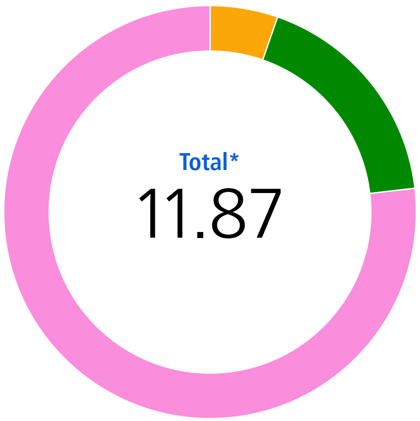
105 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
72.66	1.96	0.29	16.01	0.41
				ECTR = 140.3%

Tax contributions

- Corporate income tax
  (0.57)
  CTR = (198.0)%
- Customs duty
  0.66
- Value-added tax
  9.56
- Payroll tax
  2.22
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	22.2%	11.0 million	8.7%	11.79

*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 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 was dissolved during 2024. Philips Chilena S.A. primarily functions as a country sales organization. The statutory tax rate (STR) in Chile is 27.0%.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- offset, partially due to reduction of the taxable basis due to inflation adjustment, resulting in taxable loss.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to tax refunds related to prior years.

Growth geographies

China

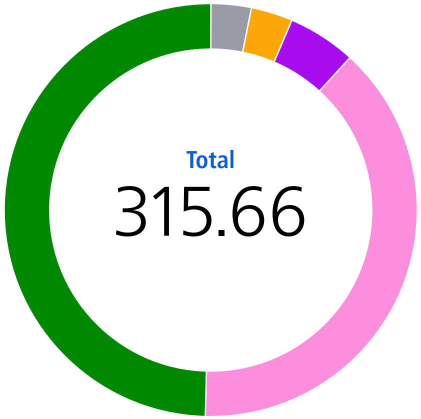
6,757 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
1,152.51	972.15	6.84	380.20	11.46
				ECTR = 167.5%

Tax contributions

- Corporate income tax
  16.89
  CTR = 246.9%
- Customs duty
  10.29
- Value-added tax
  121.99
- Payroll tax
  156.51
- Other taxes
  9.98



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	10.7%	525.3 million	13.3%	425.07

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

At Beijing Fuwai, China’s top cardiology hospital, Philips Ingenia Elition coupled with Philips Azurion will support the hospital in expanding the level and quality of care in cardiology and offer more precise and effective diagnosis and treatment to patients. JiuLongJiang Hospital, a recently established top-tier private hospital, will leverage Philips’ offerings in CT, ultrasound, and others to quickly catch up with its peers and offer quality care in the Zhangzhou/South Fujian area.

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 tax rate (STR) in China is 25.0%.

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

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

- tax payments related to prior years.
- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.

Customs duty on US-origin products fall under exclusion programs and thus limited additional duties are paid on this category. In addition, customs duty is impacted as certain products such as medical systems attract limited or no duties. VAT payments are impacted mainly by timing difference in the prior year's VAT payment and changes in revenue.

Growth geographies

Colombia

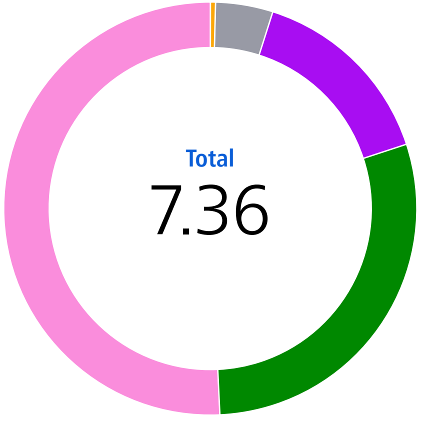
111 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
23.72	2.62	3.29	2.13	2.03
				ECTR = 61.6%

Tax contributions

- Corporate income tax
  1.11
  CTR = 33.7%
- Customs duty
  0.03
- Value-added tax
  3.74
- Payroll tax
  2.16
- 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	16.8%	4.8 million	9.2%	7.44

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

Tax summary

Philips is active in Colombia with its legal entity Philips Columbiana S.A., which primarily functions as a sales organization and provides support services. The statutory tax rate (STR) is 35.0%.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as payments made to related parties in excess of limits (15% over profits).
- true-ups to prior year(s) taxable results.

Corporate income tax paid relates to:

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

All numbers in millions of EUR unless otherwise stated

Growth geographies

Costa Rica

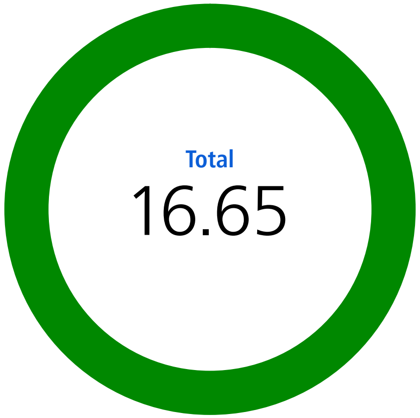
2,611 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
	226.79	14.60	170.47	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
- Value-added tax
- Payroll tax
  16.65
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	20.9%	1.2 million	39.4%	62.18

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 is active in Costa Rica with its legal entity Philips de Costa Rica SRL, which primarily functions as a manufacturer.

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 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.

Philips is out of transitional safe harbor (based on OECD rules) in this country which resulted in Pillar 2 top-up tax due for 2024. Since qualified domestic top-up tax rules are not applicable in this country in 2024, the top-up tax is reflected at the ultimate parent entity.

Growth geographies

Czech Republic

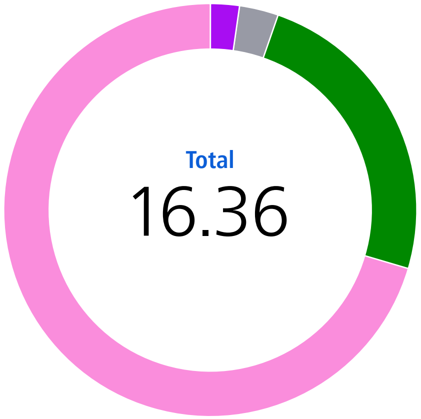
103 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
90.23	5.98	(0.68)	1.42	0.19
				ECTR = (28.7)%

Tax contributions

- Corporate income tax
  0.37
  CTR = (55.3)%
- Customs duty
- Value-added tax
  11.53
- Payroll tax
  3.97
- Other taxes
  0.50



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	19.1%	8.0 million	8.9%	9.40

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 Czech Republic with its legal entity Ceska Republika, which primarily functions as a sales organization. The statutory tax rate (STR) is 21.0%.

Effective current tax rate (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules.

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

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- offset partially by tax refunds relating to prior years.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Denmark

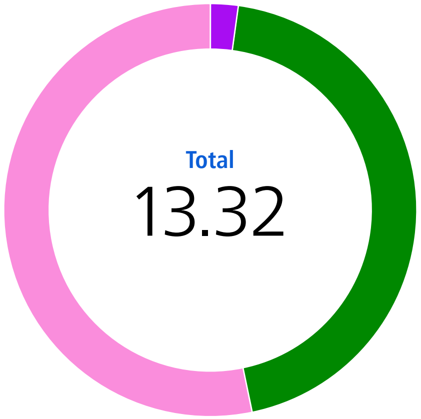
102 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
68.06	8.51	(12.95)	3.10	0.42
				ECTR = (3.3)%

Tax contributions

- **Corporate income tax**
  0.29
  CTR = (2.2)%
- **Customs duty**
  -
- **Value-added tax**
  7.10
- **Payroll tax**
  5.94
- **Other taxes**
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	20.2%	4.8 million	44.9%	15.85

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 main legal entity Philips Danmark A/S, which primarily functions as a sales organization and provides support services. During 2024, Philips divested Agito Denmark A/S. The statutory tax rate (STR) in Denmark is 22.0%. Corporate income tax accrued (ECTR) and Cash tax rate (CTR) are negative due to a loss based arising out of commercial operations and one-off impairment costs.

Corporate income tax accrued relates to true-up expenses for prior year(s) taxable results.

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

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Egypt

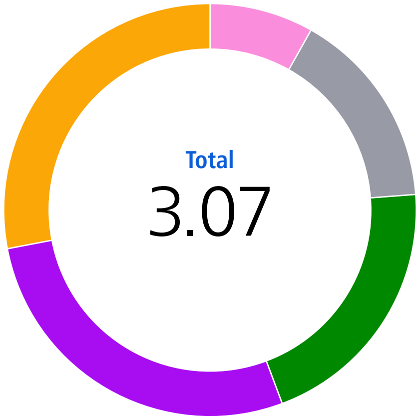
112 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
33.04	3.05	5.37	8.95	0.75 ECTR = 13.9%

Tax contributions

- Corporate income tax
  0.85
  CTR = 15.8%
- Customs duty
  0.86
- Value-added tax
  0.25
- Payroll tax
  0.63
- Other taxes
  0.48



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	16.6%	8.0 million	10.4%	3.54

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 tax rate (STR) in Egypt is 22.5%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to taxable profit for 2024 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Corporate income tax paid relates to:

- withholding taxes deducted by customers on invoices.
- tax audit settlements of prior years.

Cash tax rate (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 due to the application of existing Free Trade Agreements reducing customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe

Finland

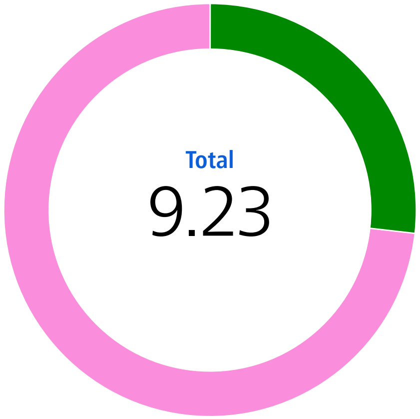
80 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
31.80	3.70	0.34	5.02	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  -
- Value-added tax
  6.75
- Payroll tax
  2.47
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.8%	3.9 million	3.7%	7.83

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 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 2024.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

Western Europe
France

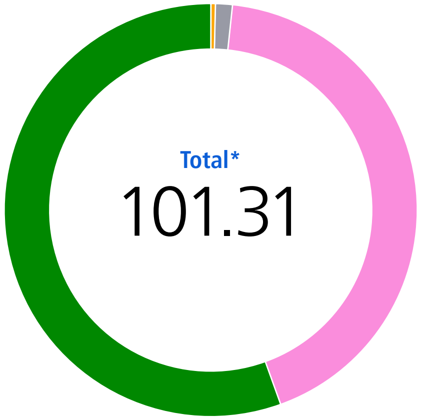
900 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
291.48	91.18	9.51	46.91	3.07
				ECTR = 32.3%

Tax contributions

- Corporate income tax
  (3.49)
  CTR = (36.7)%
- Customs duty
  0.37
- Value-added tax
  44.87
- Payroll tax
  58.17
- Other taxes
  1.39



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	27.4%	42.2 million	14.7%	126.52

*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

Based on a detailed environmental assessment, Philips and Rennes University Hospital found that three strategies – energy savings, circular upgrades and refurbishment – could reduce the environmental impact of the cath lab. As part of a five-year clinical partnership on technology and innovation, this effort demonstrates how healthcare institutions and industry providers can collaborate to reduce carbon emissions.

Tax summary

Philips France Commercial SAS is the main company in France. It primarily functions as a country sales organization and performs Research & Development (R&D) services for the Group. The entities file tax returns on a stand-alone basis. The statutory 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 R&D expenditure.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- local taxes such as contribution on the added value of companies (CVAE).

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

- tax refunds related to prior years.
- offset, partially by provisional payments for this year based on the current year's estimated taxable profit and local taxes such as CVAE.

Customs duty is impacted, mainly due to applicable duties being levied in the country of import, which is different than this country. This is due to central imports; 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.

Western Europe

Germany

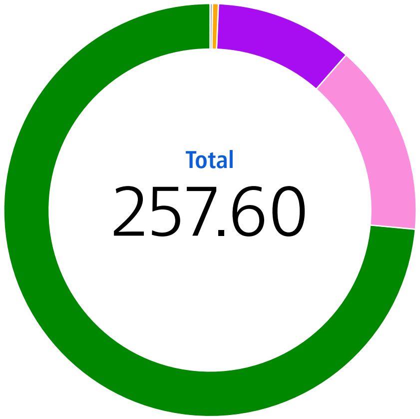
3,397 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
652.90	1,577.34	324.94	414.48	54.38
				ECTR = 16.7%

Tax contributions

- Corporate income tax
  27.90
  CTR = 8.6%
- Customs duty
  1.18
- Value-added tax
  38.67
- Payroll tax
  189.38
- Other taxes
  0.46



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	25.2%	66.4 million	9.9%	428.89

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

A successful partnership between Philips and Charité Berlin was extended seven years to continue to work together to create an immersive innovation ecosystem that positions the patients and caregivers at the center. In developing scalable innovations developed as close as possible to reality, Philips and Charité share a goal to deliver future-oriented digital capabilities and technologies.

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 & Development, and marketing activities. The combined statutory tax rate (STR) is approximately 30%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

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

Corporate income tax paid relates to:

- provisional payments for this year, partly offset by a refund received relating to prior years.
- gain on discontinued operations.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to tax refunds related to prior years.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT 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

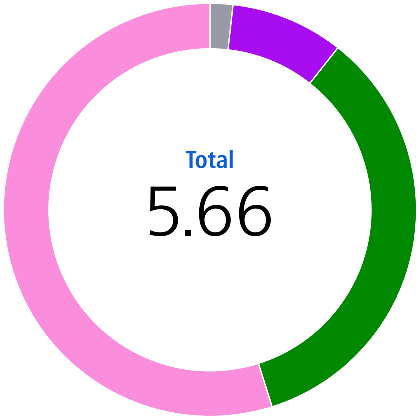
46 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
15.99	3.59	1.00	1.44	0.45
				ECTR = 44.8%

Tax contributions

- Corporate income tax
  0.50
  CTR = 50.0%
- Customs duty
  -
- Value-added tax
  3.10
- Payroll tax
  1.95
- 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	26.3%	4.4 million	6.2%	4.44

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

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 tax rate (STR) in Greece is 22.0%.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- business duty - non-deductible VAT.

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- withholding taxes deducted by customers on invoices.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Hong Kong

193 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
403.78	34.05	11.97	57.86	-
				ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
- Value-added tax
- Payroll tax
  2.00
- Other taxes

Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	5.3%	7.5 million	18.7%	24.01

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

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 2024.

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

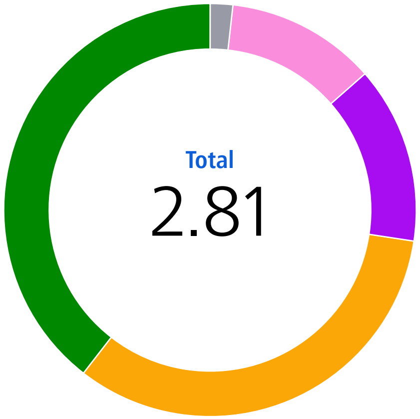
48 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
17.31	4.03	1.85	1.75	0.37 ECTR = 20.2%

Tax contributions

- Corporate income tax
  0.39
  CTR = 21.1%
- Customs duty
  0.93
- Value-added tax
  0.33
- Payroll tax
  1.11
- Other taxes
  0.05



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.3%	6.4 million	11.8%	2.74

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

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

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- local business tax and innovation contribution
- true-ups to prior year(s) taxable results.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to local business tax and innovation contribution

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Customs duty is impacted by the use of a bonded warehouse for Personal Health. In addition, the applicable duties 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

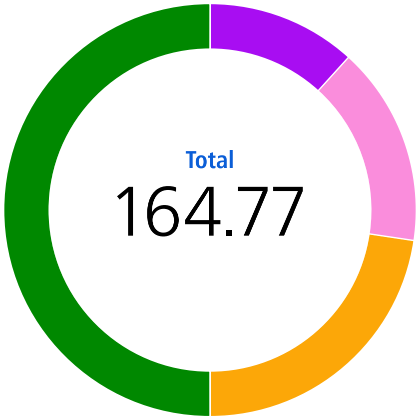
8,431 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
337.70	600.37	33.43	300.49	1.54
				ECTR = 4.6%

Tax contributions

- Corporate income tax
  19.30
  CTR = 57.7%
- Customs duty
  37.31
- Value-added tax
  25.75
- Payroll tax
  82.40
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.8%	100.1 million	13.3%	304.47

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 India celebrated the one-year milestone of the launch of first-of-its-kind and the only dedicated Center of Excellence for echocardiography training in the country. The center offers clinicians the ELiTE Experience Learning and Training in Echocardiography (ELiTE) course, an experiential offline training program, through which it has successfully upskilled 200 healthcare professionals, including cardiologists, physicians, intensivists, and sonographers over a span of 136 training hours.

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 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).

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

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- withholding taxes deducted by customers on invoices.
- tax payments related to prior years.

Customs duty is impacted as duties paid for imported goods are reclaimed by a duty drawback program in case of re-exportation. VAT payments are impacted by the fact that Philips received less tax refunds relating to prior periods.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Indonesia

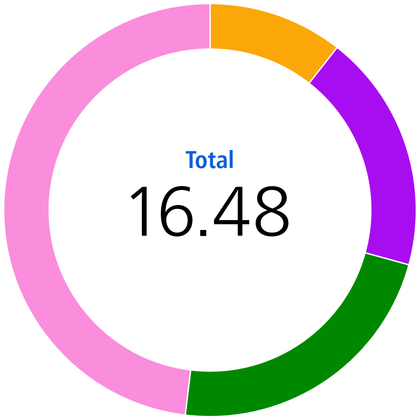
3,988 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
83.61	437.35	21.29	152.90	3.65
				ECTR = 17.1%

Tax contributions

- Corporate income tax: 3.08 (CTR = 14.5%)
- Customs duty: 1.74
- Value-added tax: 7.92
- Payroll tax: 3.73
- Other taxes: 0.00



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.9%	19.2 million	31.1%	40.17

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 operating 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 tax rate (STR) in Indonesia is 22.0%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- a partial offset by non tax deductible items such as employee fees or expenses

Corporate income tax paid relates to:

- local taxes
- provisional payments for this year based on the current year's estimated taxable profit and additional payments related to prior years.

Cash tax rate (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, and the difference will be paid in the following year(s).

All numbers in millions of EUR unless otherwise stated

Western Europe

Ireland

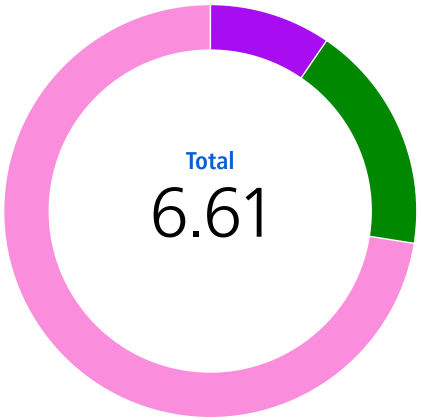
24 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
25.32	2.94	2.84	3.31	0.53
				ECTR = 18.6%

Tax contributions

- Corporate income tax
  0.63
  CTR = 22.2%
- Customs duty
- Value-added tax
  4.80
- Payroll tax
  1.19
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.4%	2.2 million	4.1%	3.18

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 main 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 tax rate (STR) for trading income of 12.5%, and non-trading income is taxed at 25%.

Effective current tax rate (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 current year's estimated taxable profit and additional payments related to prior years.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments related to prior years.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

Israel

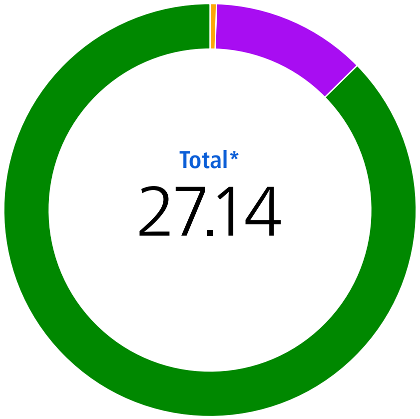
1,047 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
19.29	345.34	21.90	82.42	4.26 ECTR = 19.4%

Tax contributions

- Corporate income tax
  6.13
  CTR = 28.0%
- Customs duty
  0.25
- Value-added tax
  (23.32)
- Payroll tax
  44.09
- 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%	9.8 million	15.2%	135.09

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 rate (16%) compared with the statutory tax rate (STR) of 23.0%. Corporate income tax is calculated on reduced tax rates applicable (preferred enterprise regime and special preferred technology regime) to a large part of the activities performed.

Corporate income tax accrued relates to prior-year true-ups and other taxes, as well as taxable income, which cannot be offset against available carry-forward losses from previous years between entities in this country, as a tax consolidation regime does not apply.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- non-tax-deductible items, such as non-deductible amortization of intangible assets not recognized..
- taxable income cannot be completely offset against available carry-forward losses from previous years, as limitations apply.

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- tax paid on a capital gain for divestments performed in previous year.

Customs duty is impacted by applicable World Trade Organization agreements or free trade agreements reducing customs duty. Customs duty is also impacted by the re-export of imported components used in production. During 2024 Israel changed from duty drawback to a duty suspension system. 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

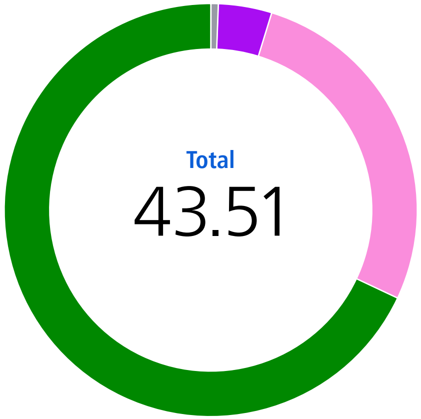
674 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
308.57	40.22	10.42	46.65	0.71
				ECTR = 6.8%

Tax contributions

- Corporate income tax
  1.82
  CTR = 17.5%
- Customs duty
- Value-added tax
  11.85
- Payroll tax
  29.58
- 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	20.6%	30.5 million	8.2%	65.08

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

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 tax rate (STR) in Italy is 27.9%.

Effective current tax rate (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 than it is under accounting rules.
- taxable profit for 2024 being (partly) offset by carry-forward losses or other tax assets from previous year(s).

Cash tax rate (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, and the difference will be paid in the following year(s).

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

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

Other mature geographies

Japan

1,987 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
886.31	38.55	35.35	300.25	10.36
				ECTR = 29.3%

Tax contributions

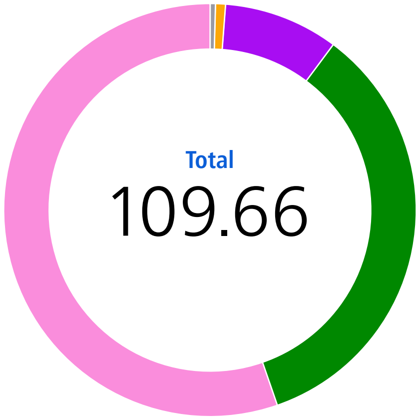
Corporate income tax
9.86
CTR = 27.9%

Customs duty
0.85

Value-added tax
60.65

Payroll tax
37.84

Other taxes
0.46



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	36.0%	51.6 million	9.4%	124.80

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

For the Japanese market, where cerebrovascular diseases are on the rise and place a heavy social burden on society, Philips has launched SmartCT 3.0, an application powered by AI and specialized for endovascular treatment with high image quality. Additionally, imaging utilizing Multi Nuclei imaging has started at Hamamatsu University Hospital, where the first MR 7700 3.0T has been installed in Japan. With high image quality and reduced scan time, it provides high accuracy, power, and endurance to support confident diagnoses.

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 tax and enterprise tax. The statutory tax rate (STR) in Japan is 30.62%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- partially offset by business and local taxes.
- timing differences, as certain income is taxable in a different year under tax law than it is under accounting rules.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to provisional payments made based on the prior year's taxable profit, and 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

41 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
7.00	1.43	(0.84)	2.89	0.20 ECTR = (23.4)%

Tax contributions

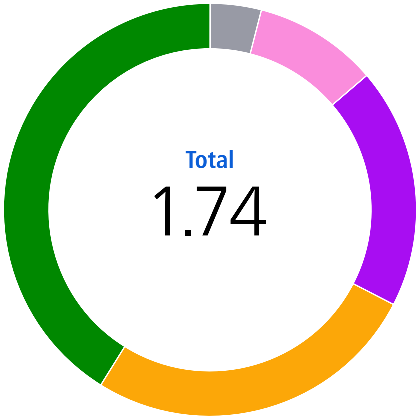
Corporate income tax
0.33
CTR = (39.3)%

Customs duty
0.46

Value-added tax
0.17

Payroll tax
0.72

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	13.2%	1.9 million	4.9%	2.34

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 tax rate (STR) in Kenya is 30.0%. For the branch, the applicable CIT rate is 37.5%.

Effective current tax rate (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules.

Corporate income tax accrued relates to true-up expenses for prior year(s) taxable results.

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- tax payments related to prior years.
- withholding taxes deducted by customers on invoices.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Latvia

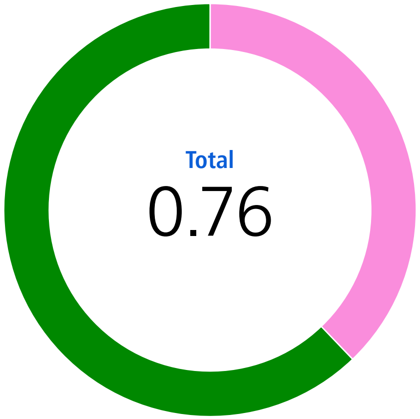
17 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
19.04	0.33	0.03	0.17	0.01
				ECTR = 41.2%

Tax contributions

- Corporate income tax
  -
  CTR = 12.9%
- Customs duty
- Value-added tax
  0.28
- 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	35.0%	1.9 million	7.1%	1.17

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 tax rate (STR) in Latvia is 20.0%.

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

Cash tax rate (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, and the difference will be paid in the following year(s).

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Malaysia

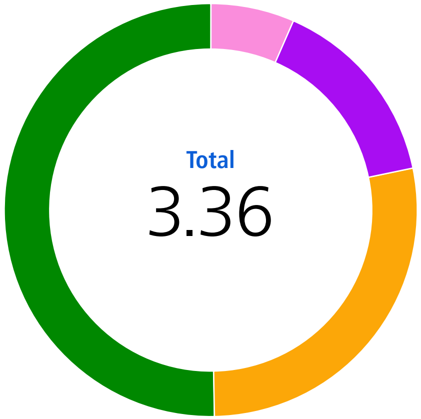
100 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
50.76	2.53	1.80	8.07	0.43 ECTR = 24.1%

Tax contributions

- Corporate income tax
  0.51
  CTR = 28.6%
- Customs duty
  0.94
- Value-added tax
  0.22
- Payroll tax
  1.69
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	11.8%	10.6 million	19.2%	4.69

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 tax rate (STR) in Malaysia is 24.0%.

Corporate income tax accrued is impacted by non-tax-deductible items, such as meals and entertainment expenses, offset partially by true-up expenses for prior year(s) taxable results.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.

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

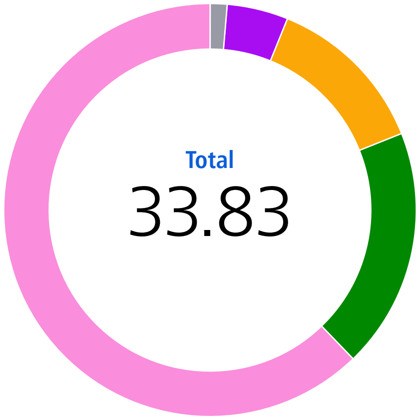
320 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
178.07	9.21	7.35	31.67	2.19
				ECTR = 29.7%

Tax contributions

- Corporate income tax: 1.62 (CTR = 22.1%)
- Customs duty: 4.34
- Value-added tax: 21.04
- Payroll tax: 6.37
- Other taxes: 0.45



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	19.9%	25.7 million	9.5%	22.58

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 Mexico with its legal entity Philips Mexico Commercial, S.A. de C.V., which primarily functions as a country sales organization. The statutory tax rate (STR) in Mexico is 30.0%.

Corporate income tax accrued is impacted by true-up expense for prior year(s) taxable results, offset by reduction of the taxable income, mainly driven by inflation adjustment.

Cash tax rate (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, and the difference will be paid in the following year(s).
- partially offset by tax payments relating to prior years.

There are applicable World Trade Organization agreements or free trade agreements in place, which reduce customs duty.

All numbers in millions of EUR unless otherwise stated

Western Europe

Netherlands

8,682 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
2,506.23	6,219.86	464.09	1,446.19	76.56 ECTR = 16.5%

Tax contributions

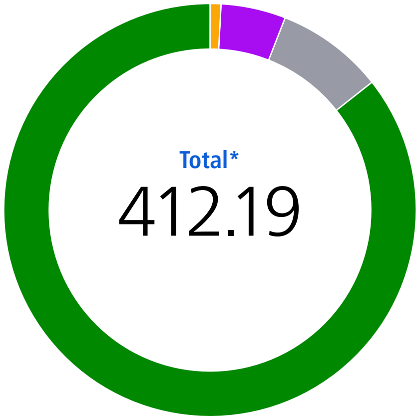
Corporate income tax
27.05
CTR = 5.8%

Customs duty
4.51

Value-added tax
(120.94)

Payroll tax
456.60

Other taxes
44.97



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	9.0%	17.0 million	9.0%	996.80

*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

Philips has renewed its strategic partnership with Isala Hospital in Zwolle, focusing on innovation and affordable, sustainable healthcare. This renewed partnership is primarily aimed at the departments of radiology and cardiology. Additionally, Philips is proud to have been ranked second in the Top 30 R&D by the VNO-NCW, highlighting our commitment to innovate to enable better care for more people.

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 the largest factories are located in the Netherlands. The majority (~90%) of revenue relates to exports to other countries. Philips' largest research laboratory is in the Netherlands. The statutory tax rate (STR) in the Netherlands is 25.8%. Qualifying income from 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.

Effective current tax rate (ECTR) is lower than the STR, mainly because of the Innovation Box and timing differences, as certain expenses are deducted in a different year under tax law than they are under accounting rules, which reduced the taxable income. Being the ultimate parent under Pillar two rules, Corporate income tax accrued also includes top-up tax of EUR 1 million. Cash tax rate (CTR) is lower than the statutory tax rate (STR) due to tax refunds for prior years and estimated taxable profit being lower than the actual profit for 2024 (to be paid in 2025). 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 relate to 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 the Dutch production facilities and research laboratories are subject to creditable VAT. Those facilities supply the majority of their products to other countries at a 0 percent VAT rate. Customs duty is impacted by the application of a bonded warehouse, by World Trade Organization and Free Trade Agreements, and by EU imports to a large extent being centralized in the Netherlands and Germany. Other taxes related to dividend withholding tax payments with respect to the execution of the share buyback program of Philips.

Other mature geographies

New Zealand

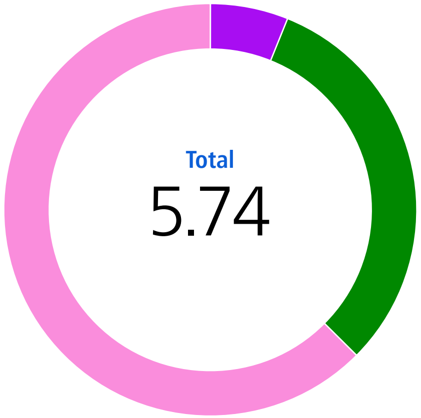
47 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
29.22	3.03	-	10.86	0.16 ECTR = (2,657.3)%

Tax contributions

- Corporate income tax
  0.35
  CTR = (5,898.4)%
- Customs duty
- Value-added tax
  3.59
- Payroll tax
  1.80
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	22.3%	4.5 million	8.6%	4.82

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 tax rate (STR) of 28.0%.

Effective current tax rate (ECTR) and Cash tax rate (CTR) are negative due to a loss based on accounting rules.

Effective current tax rate (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 taxable in a different year under tax law than they are under accounting rules.

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- tax payments related to prior years.

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

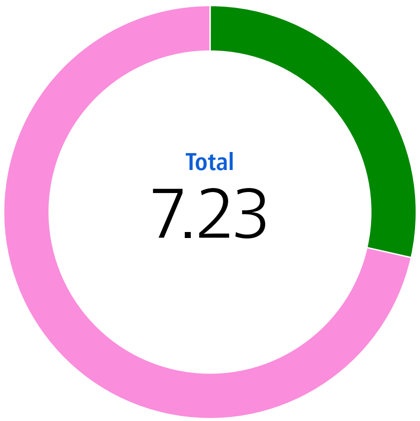
36 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
18.89	2.54	0.72	1.81	ECTR = 0.0%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  -
- Value-added tax
  5.16
- Payroll tax
  2.06
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	26.2%	2.7 million	5.1%	4.63

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 A/S, which primarily functions as a country sales organization and provides support services. The statutory tax rate (STR) in Norway is 22.0%.

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 2024.

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

All numbers in millions of EUR unless otherwise stated

Growth geographies

Panama

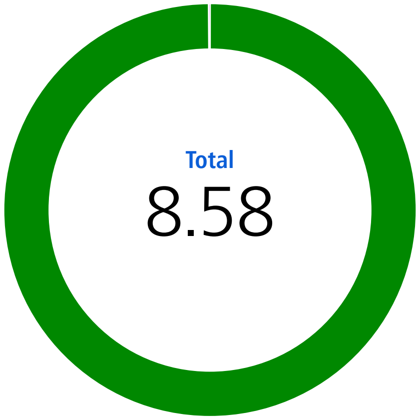
735 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
6.73	58.73	4.83	4.99	0.01
				ECTR = 0.2%

Tax contributions

- Corporate income tax
  0.01
  CTR = 0.2%
- Customs duty
- Value-added tax
- Payroll tax
  8.56
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	2.8%	1.8 million	15.0%	43.03

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 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 tax rate in Panama is 25.0%.

Philips SEM S.A.operates under the SEM regime (Sedes de Empresas Multinacionales) to which the multinational headquarters special 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., exemptions on income tax, dividend withholding tax, wage tax (i.e., personnel with the VISA SEM) and social security.

Philips is out of transitional safe harbor (based on OECD rules) in this country which resulted in Pillar 2 top-up tax due for 2024. Since qualified domestic top-up tax rules are not applicable in this country in 2024, the top-up tax is reflected at the ultimate parent entity.

Philips Caribbean Panamá, Inc is an entity located in the Free Trade Zone of Colon (FTZC), 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

Philippines

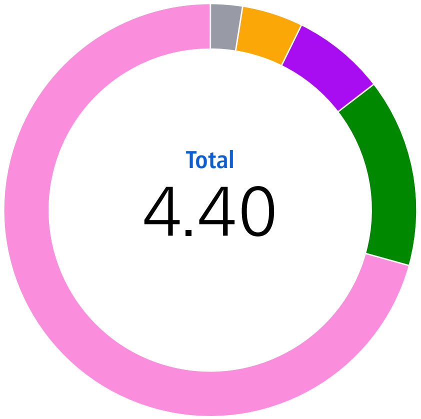
90 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
32.81	1.65	1.66	4.90	1.09
				ECTR = 65.6%

Tax contributions

- Corporate income tax
  0.32
  CTR = 19.3%
- Customs duty
  0.21
- Value-added tax
  3.11
- Payroll tax
  0.65
- Other taxes
  0.11



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	7.2%	6.4 million	4.6%	2.57

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. The statutory tax rate (STR) in the Philippines is 25%.

Effective current tax rate (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 withholding taxes deducted by customers on invoices.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to no provisional prepayments made during the year. No such prepayment was made because of the availability of creditable withholding tax of prior years which can be used to offset against tax liability of 2024

All numbers in millions of EUR unless otherwise stated

Growth geographies

Poland

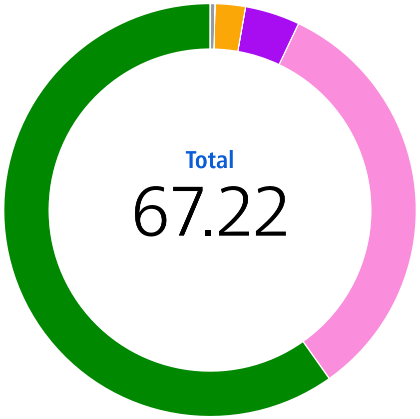
2,024 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
192.97	106.11	8.54	27.21	3.27
				ECTR = 38.3%

Tax contributions

- Corporate income tax
  2.89
  CTR = 33.8%
- Customs duty
  1.59
- Value-added tax
  22.27
- Payroll tax
  40.22
- Other taxes
  0.26



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	14.7%	27.0 million	12.9%	96.03

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

Customer impact and innovation

A new state-of-the-art facility, the Philips Reference Center for Vascular Surgery, opened in Krakow in collaboration with the Bonifrac Medical Center. It features the Azurion FlexArm Hybrid OR, setting a new standard for advanced vascular surgery procedures. The center will also offer training opportunities for medical personnel.

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 tax rate (STR) in Poland is 19.0%.

Effective current tax rate (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 than it is under accounting rules.
- non-tax-deductible items, such as penalties and entertainment expenses.
- true-ups to prior year(s) taxable results.

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

- the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.
- tax payments related to prior years.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT 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

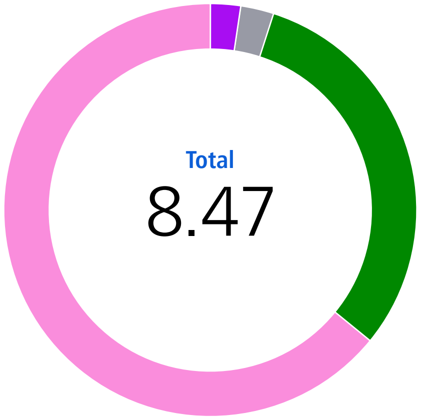
80 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
28.97	4.97	0.25	4.70	0.32 ECTR = 127.3%

Tax contributions

- Corporate income tax
  0.20
  CTR = 77.3%
- Customs duty
  -
- Value-added tax
  5.43
- Payroll tax
  2.62
- 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	26.7%	6.9 million	8.8%	5.66

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 tax rate (STR) in Portugal is 21%.

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as local and provincial taxes..
- local taxes such as autonomous taxation and municipal tax charge.

Corporate income tax paid relates to:

- provisional payments for this year based on the current year's estimated taxable profit.
- tax payments for prior years

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments related to prior years.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Puerto Rico

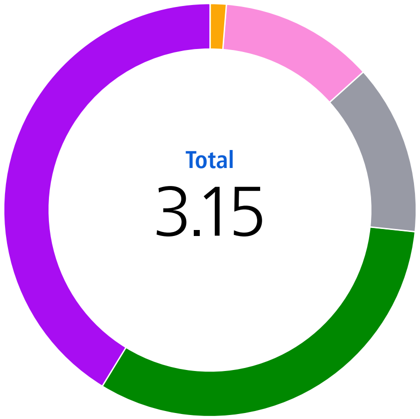
31 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
23.41	1.06	1.35	3.21	1.29
				ECTR = 95.3%

Tax contributions

- Corporate income tax: 1.30 (CTR = 96.7%)
- Customs duty: 0.04
- Value-added tax: 0.38
- Payroll tax: 1.01
- Other taxes: 0.42



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	21.4%	2.6 million	0.0%	3.80

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

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 tax rate (STR) in Puerto Rico is 35.62%.

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

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

- tax payments related to prior years.
- provisional payments made based on the prior year's taxable profit.

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
113.39	4.86	1.49	5.91	1.20
				ECTR = 80.4%

Tax contributions

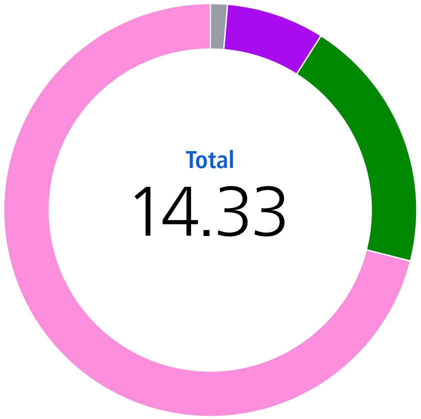
Corporate income tax
1.10
CTR = 73.5%

Customs duty

Value-added tax
10.18

Payroll tax
2.86

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	9.7%	10.1 million	11.1%	7.06

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

Effective current tax rate (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 than it is under accounting rules.
- local taxes such as minimum tax levied on turnover.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated minimum tax levied on turnover also being the basis for provisional payments made for this year.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Growth geographies

Russian Federation

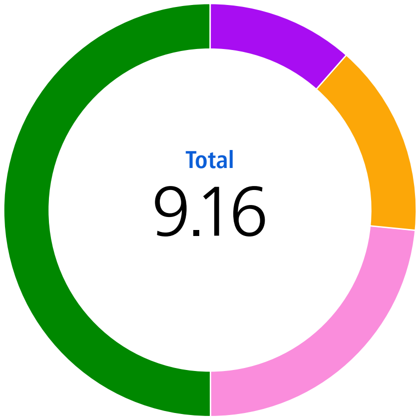
352 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
127.98	1.58	16.81	16.73	1.01
				ECTR = 6.0%

Tax contributions

- Corporate income tax
  1.05
  CTR = 6.3%
- Customs duty
  1.38
- Value-added tax
  2.14
- Payroll tax
  4.58
- Other taxes
  -



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.7%	46.3 million	10.3%	16.77

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 limited its business activities in Russia to distribution/maintenance of medical equipment and certain mother and child care products as well as administrative, management and support services through a single legal entity, Limited Liability Company "PHILIPS". Philips has a system in place to comply with applicable laws and regulations covering export control and sanctions. The statutory tax rate (STR) in Russia is 20%.

Effective current tax rate (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 than it is under accounting rules.

Corporate income tax accrued relates to prior-year true-ups.

Corporate income tax paid relates to tax payments for prior years.

Cash tax rate (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 as certain products, such as medical systems, attract limited or no duties.

Growth geographies

Saudi Arabia

170 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
82.85	2.91	4.56	13.61	(0.23)
				ECTR = (5.0)%

Tax contributions

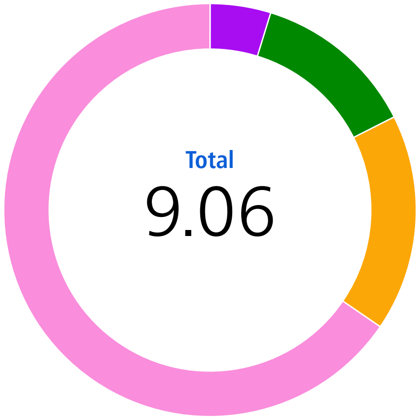
Corporate income tax
0.43
CTR = 9.3%

Customs duty
1.54

Value-added tax
5.93

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	16.1%	26.1 million	3.6%	17.84

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 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.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- offset by local taxes such as higher Zakat tax expense.

Corporate income tax paid relates to prior year tax payments which is offset partially by refunds received on the closure of a tax audit.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to no provisional prepayments being made during the year , and this will be paid in the following year(s).

Philips is out of transitional safe harbor (based on OECD rules) in this country which resulted in Pillar 2 top-up tax due for 2024. Since qualified domestic top-up tax rules are not applicable in this country in 2024, the top-up tax is reflected at the ultimate parent entity.

Growth geographies

Singapore

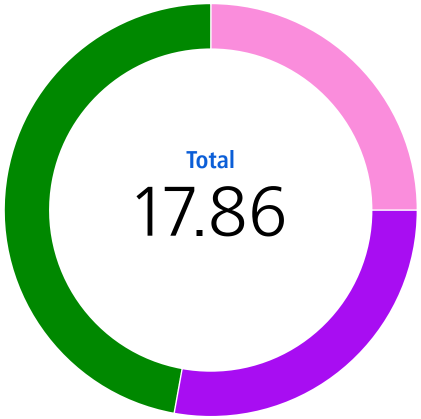
405 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
92.00	426.22	(0.50)	111.49	(1.61)
				ECTR = 324.4%

Tax contributions

- Corporate income tax
  4.97
  CTR = (998.3)%
- Customs duty
  -
- Value-added tax
  4.46
- Payroll tax
  8.42
- 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%	5.7 million	11.4%	66.17

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 tax rate (STR) in Singapore is 17%.

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

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- non-tax-deductible items, such as stock based compensation expenses .
- true - up benefit for prior year(s) taxable results.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments related to prior years.

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

All numbers in millions of EUR unless otherwise stated

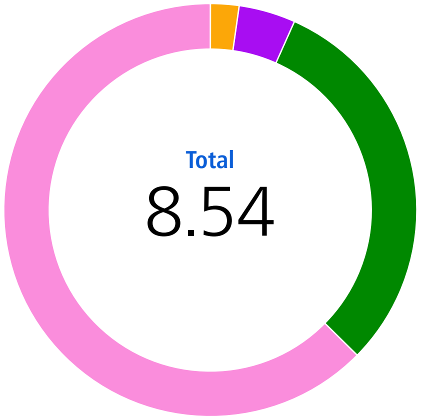
Growth geographies
South Africa
142 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
47.18	1.97	(3.07)	10.19	(0.95) ECTR = 31.0%

Tax contributions

- Corporate income tax
  0.38
  CTR = (12.5)%
- Customs duty
  0.19
- Value-added tax
  5.34
- Payroll tax
  2.62
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	23.6%	10.1 million	12.0%	8.44

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

Tax summary

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

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 relates to true-up benefits for 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 as certain products, such as medical systems, attract limited or no duties.

All numbers in millions of EUR unless otherwise stated

Other mature geographies

South Korea

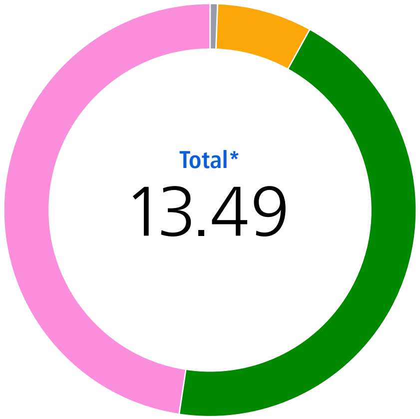
347 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
235.52	11.63	4.27	28.80	(1.01)
				ECTR = (23.7)%

Tax contributions

- Corporate income tax
  (2.22)
  CTR = (52.1)%
- Customs duty
  1.17
- Value-added tax
  7.48
- Payroll tax
  6.97
- 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	14.4%	24.4 million	8.4%	27.71

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 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.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

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

Corporate income tax paid relates to:

- provisional payments for this year based on the prior year's taxable profit.
- partially offset by tax refunds relating to prior years.

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to tax refunds related to prior years.

Philips is out of transitional safe harbor (based on OECD rules) in this country which resulted in Pillar 2 top-up tax due for 2024. Since qualified domestic top-up tax rules are not applicable in this country in 2024, the top-up tax is reflected at the ultimate parent entity.

There are applicable World Trade Organization agreements or free trade agreements in place, which reduce customs duty.

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

Western Europe

Spain

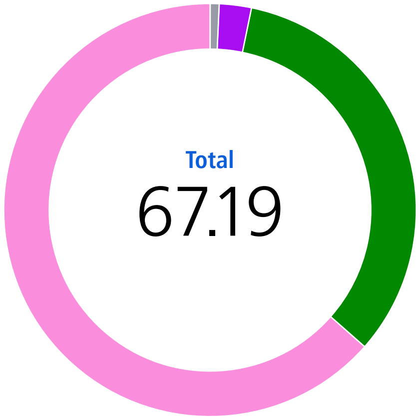
508 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
238.94	27.20	4.60	24.86	1.28
				ECTR = 27.7%

Tax contributions

- Corporate income tax
  1.69
  CTR = 36.7%
- Customs duty
  -
- Value-added tax
  42.67
- Payroll tax
  22.36
- Other taxes
  0.47



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	21.2%	38.7 million	6.6%	51.15

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

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to:

- true-ups to prior year(s) taxable results.
- non-taxable item such as goodwill amortization reversal

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to the estimated taxable profit being higher than the actual profit for 2024 and provisional payments were made based on a higher estimated taxable profit for this year.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Western Europe

Sweden

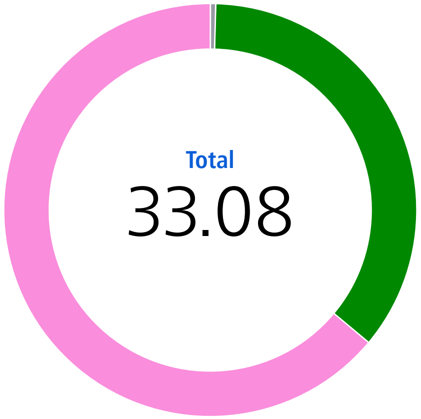
234 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
100.33	12.23	3.18	9.66	-
				ECTR = (0.1)%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  -
- Value-added tax
  21.15
- Payroll tax
  11.79
- Other taxes
  0.14



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	23.2%	8.6 million	8.7%	28.00

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 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 tax rate (STR) in Sweden is 20.6%.

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 2024.

Customs duty is levied in the EU country where the goods are physically imported. Due to the centralization of our imports, the Netherlands or Germany imports on behalf of this country.

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

Western Europe

Switzerland

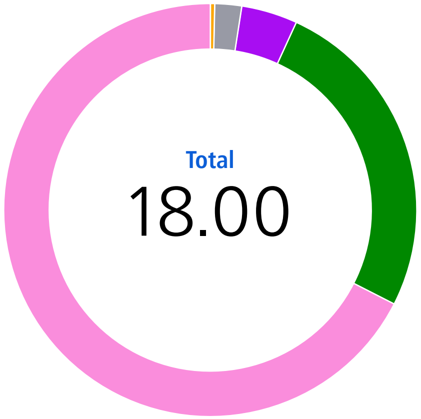
193 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
134.24	12.59	7.57	24.32	1.55
				ECTR = 20.5%

Tax contributions

- Corporate income tax
  0.79
  CTR = 10.5%
- Customs duty
  0.06
- Value-added tax
  12.15
- Payroll tax
  4.62
- Other taxes
  0.38



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	25.2%	8.8 million	7.8%	30.31

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 tax rate (STR) in Switzerland is 22.0% (which includes the federal Swiss corporate and cantonal tax rate).

Effective current tax rate (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.

Cash tax rate (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, and the difference will be paid in the following year(s).

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

Customs duty is impacted as imports as of January 1, 2024 no longer attract import duties. Import duties reported are paid in 2024, but refer to imports already completed before January 1, 2024. 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

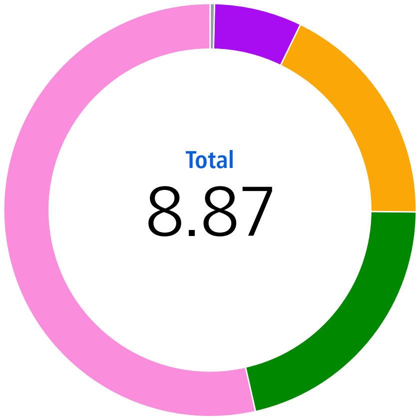
158 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
110.69	3.38	9.43	19.39	0.40
				ECTR = 4.2%

Tax contributions

- Corporate income tax
  0.61
  CTR = 6.4%
- Customs duty
  1.59
- Value-added tax
  4.75
- Payroll tax
  1.89
- Other taxes
  0.03



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.1%	17.7 million	11.5%	11.42

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

Effective current tax rate (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 than it is under accounting rules.

Corporate income tax accrued pertains to true-up expenses for prior year(s) taxable results.

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

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

All numbers in millions of EUR unless otherwise stated

Growth geographies

Thailand

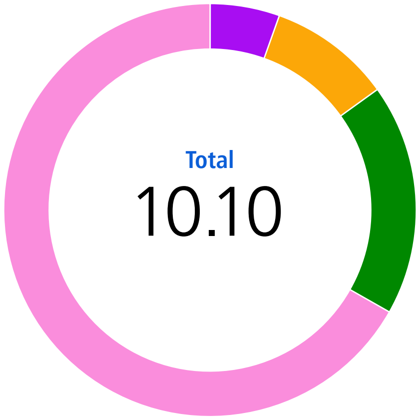
146 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
128.12	2.81	2.85	13.09	0.30 ECTR = 10.4%

Tax contributions

- Corporate income tax
  0.55
  CTR = 19.4%
- Customs duty
  0.97
- Value-added tax
  6.74
- Payroll tax
  1.83
- Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	23.5%	22.2 million	6.3%	8.12

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 tax rate (STR) in Thailand is 20.0%.

Effective current tax rate (ECTR) is lower than the statutory tax rate (STR), mainly due to:

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

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

There are applicable World Trade Organization agreements or free trade agreements in place, which reduce customs duty.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Türkiye

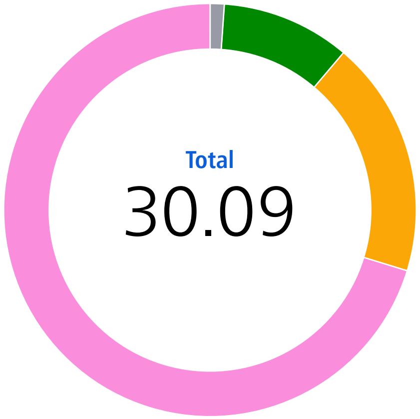
237 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
131.20	8.41	(13.46)	20.16	0.03 ECTR = (0.2)%

Tax contributions

- Corporate income tax
  CTR = 0.0%
- Customs duty
  5.58
- Value-added tax
  21.14
- Payroll tax
  3.04
- 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	11.0%	24.1 million	5.2%	15.30

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

Corporate income tax accrued relates to true-ups to prior year taxable result. No corporate income tax accrued as this country had losses based on operational activities.

No Corporate income tax is paid due to same reasons as mentioned above for Corporate income tax accrued.

Customs duty is impacted by duty payments due to trade defense measures (e.g. import tariffs), but also by the 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

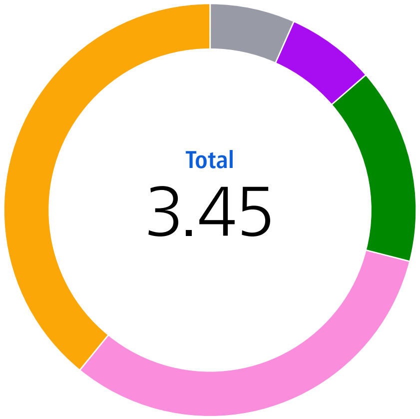
36 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
34.16	0.31	0.79	2.73	0.23 ECTR = 29.0%

Tax contributions

- Corporate income tax
  0.24
  CTR = 30.0%
- Customs duty
  1.35
- Value-added tax
  1.10
- Payroll tax
  0.53
- 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	9.3%	6.6 million	11.7%	1.68

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 tax rate (STR) in Ukraine is 18.0%

Effective current tax rate (ECTR) is higher than the statutory tax rate (STR), mainly due to non-tax-deductible items, such as bad debt provision and rebates.

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.

Cash tax rate (CTR) is higher than the statutory tax rate (STR), mainly due to tax payments related to prior years.

Philips is out of transitional safe harbor (based on OECD rules) in this country which resulted in Pillar 2 top-up tax due for 2024. Since qualified domestic top-up tax rules are not applicable in this country in 2024, the top-up tax is reflected at the ultimate parent entity.

All numbers in millions of EUR unless otherwise stated

Growth geographies

United Arab Emirates

167 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
104.83	15.58	(0.51)	2.48	0.16
				ECTR = (30.8)%

Tax contributions

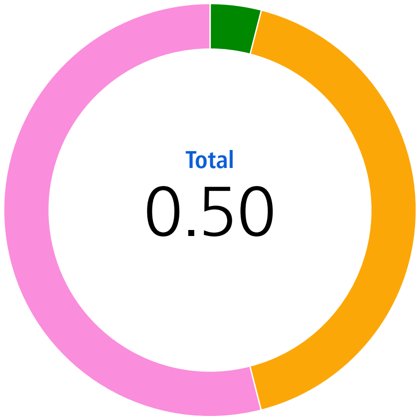
Corporate income tax
CTR = 0.0%

Customs duty
0.21

Value-added tax
0.27

Payroll tax
0.02

Other taxes



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	13.0%	10.1 million	3.1%	21.60

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. The statutory tax rate (STR) in UAE is 9.0%.

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 relates to income in specific entities wherein taxable income which cannot be offset against available losses between entities in this country, as a tax consolidation regime does not apply.

No corporate income tax is paid due to estimated taxable losses in the year. Any accrual will be paid in the following year(s).

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 branch and LLC is not subject to VAT. Customs duty is impacted, as the business operates mainly in the Free Trade Zone.

All numbers in millions of EUR unless otherwise stated

Western Europe

United Kingdom

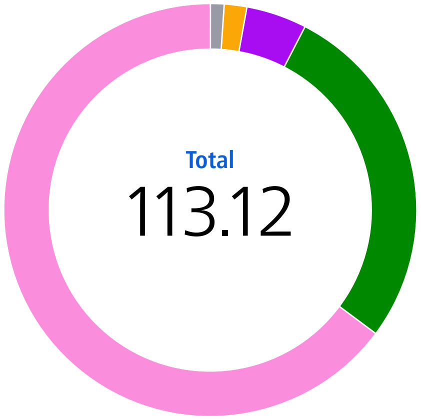
953 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
386.97	72.24	(3.41)	102.83	3.18
				ECTR = (93.2)%

Tax contributions

- Corporate income tax
  5.35
  CTR = (157.0)%
- Customs duty
  2.01
- Value-added tax
  73.31
- Payroll tax
  31.24
- Other taxes
  1.21



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	16.3%	39.0 million	12.7%	99.64

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

Durham and Darlington NHS Foundation Trust, one of the largest integrated care providers in the United Kingdom, has advanced radiology and cardiology care with Philips PACS. This new technology will provide a single view of patient records, providing more connected and coordinated care across not just the hospital sites, but the entire North East and Cumbria Region. This commitment marks yet another milestone in the 14-year partnership with the Trust.

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 & Development and marketing. The statutory tax rate (STR) in the United Kingdom is 25%.

Corporate income tax accrued relates to true-ups to prior year(s) taxable results and other taxes; 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 based on the current year's estimated taxable profit and additional payments related to prior years.

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

VAT comprises VAT paid by local Philips entities and foreign Philips entities registered for VAT in this country.

All numbers in millions of EUR unless otherwise stated

North America

United States

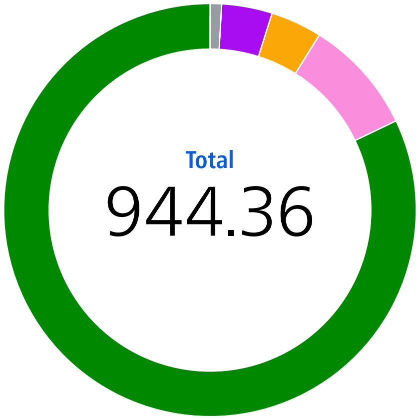
17,001 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
7,226.54	3,019.92	(1,219.92)	2,536.41	11.92 ECTR = (0.8)%

Tax contributions

- Corporate income tax
  37.41
  CTR = (2.4)%
- Customs duty
  37.95
- Value-added tax
  84.91
- Payroll tax
  775.55
- Other taxes
  8.53



Environmental and social factors

Net operational carbon footprint	Circular revenues	Lives improved	Employee turnover	Employee benefit expenses
0 kt CO_2e	23.5%	335.1 million	15.1%	2,929.46

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

Bon Secours Mercy Health, one of the largest Catholic health systems in the US, standardized patient monitoring across its 49 hospitals on Philips solutions, integrating patient data and providing vital insights in a scalable, as a service platform that reduces costs and enables further re-investment in innovation. Putting clinicians in control, the collaboration will reduce the digital burden on staff and give them more time to spend with patients.

Tax summary

In the United States, Philips has significant business operations in the areas of manufacturing, Research & Development (R&D) and marketing. Philips US has material imports and exports to serve both domestic and international markets. Philips' US operations are subject 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 R&D.

Corporate current income tax accrued mainly relates to true-ups to prior year(s) taxable results and local taxes such as franchise state taxes. The loss before tax position based on accounting rules is mainly driven by the personal injury settlement and other provisions relating to the Respironics recall.

Corporate income tax paid relates to provisional payments for this year for state purposes, repay of erroneous refund received last year and taxes withheld at the 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, the Nairobi Protocol and duty drawback.

All numbers in millions of EUR unless otherwise stated

Growth geographies

Vietnam

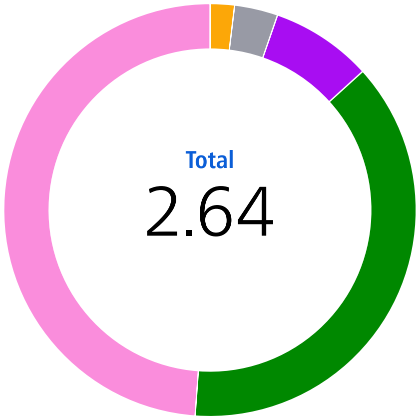
67 employees

Key financials

Revenues from third parties	Revenues from related parties	Profit / Loss before tax	Tangible assets	Corporate income tax accrued
31.57	0.97	4.73	2.71	0.84 ECTR = 17.8%

Tax contributions

- Corporate income tax
  0.21
  CTR = 4.4%
- Customs duty
  0.05
- Value-added tax
  1.29
- Payroll tax
  1.00
- 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	16.3%	9.0 million	7.7%	3.21

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 tax rate (STR) in Vietnam is 20%.

Effective current tax rate (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 tax payments for prior years

Cash tax rate (CTR) is lower than the statutory tax rate (STR), mainly due to no provisional prepayment being made in current year, it 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	8,682	2,506.23	6,219.86	464.09	1,446.19	76.56	27.05	4.51	(120.94)	456.60	44.97	**412.19**
Germany	3,397	652.90	1,577.34	324.94	414.48	54.38	27.90	1.18	38.67	189.38	0.46	**257.60**
United Kingdom	953	386.97	72.24	(3.41)	102.83	3.18	5.35	2.01	73.31	31.24	1.21	**113.12**
France	900	291.48	91.18	9.51	46.91	3.07	(3.49)	0.37	44.87	58.17	1.39	**101.31**
Spain	508	238.94	27.20	4.60	24.86	1.28	1.69	-	42.67	22.36	0.47	**67.19**
Italy	674	308.57	40.22	10.42	46.65	0.71	1.82		11.85	29.58	0.25	**43.51**
Sweden	234	100.33	12.23	3.18	9.66	-		-	21.15	11.79	0.14	**33.08**
Belgium	281	91.81	44.57	4.95	10.87	2.06	1.92	-	11.84	17.52	0.22	**31.50**
Austria	346	64.71	55.95	3.94	45.17	(0.40)	(2.46)	0.02	7.03	16.57	0.07	**21.23**
Switzerland	193	134.24	12.59	7.57	24.32	1.55	0.79	0.06	12.15	4.62	0.38	**18.00**
Denmark	102	68.06	8.51	(12.95)	3.10	0.42	0.29	-	7.10	5.94	-	**13.32**
Finland	80	31.80	3.70	0.34	5.02			-	6.75	2.47	-	**9.23**
Portugal	80	28.97	4.97	0.25	4.70	0.32	0.20	-	5.43	2.62	0.22	**8.47**
Norway	36	18.89	2.54	0.72	1.81			-	5.16	2.06	-	**7.23**
Ireland	24	25.32	2.94	2.84	3.31	0.53	0.63		4.80	1.19		**6.61**
Greece	46	15.99	3.59	1.00	1.44	0.45	0.50	-	3.10	1.95	0.10	**5.66**
Luxembourg			-	0.07		0.02	-		0.79	0.01	-	**0.81**
North America												
United States	17,001	7,226.54	3,019.92	(1,219.92)	2,536.41	11.92	37.41	37.95	84.91	775.55	8.53	**944.36**
Canada	543	327.44	25.85	9.67	48.71	3.05	4.60	0.93	36.94	20.26	0.04	**62.77**
Other mature geographies												
Japan	1,987	886.31	38.55	35.35	300.25	10.36	9.86	0.85	60.65	37.84	0.46	**109.66**
Australia	524	283.71	24.46	17.24	61.12	3.63	4.08	0.45	20.63	26.40		**51.56**
Israel	1,047	19.29	345.34	21.90	82.42	4.26	6.13	0.25	(23.32)	44.09		**27.14**
South Korea	347	235.52	11.63	4.27	28.80	(1.01)	(2.22)	1.17	7.48	6.97	0.09	**13.49**
New Zealand	47	29.22	3.03	-	10.86	0.16	0.35		3.59	1.80		**5.74**

	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	6,757	1,152.51	972.15	6.84	380.20	11.46	16.89	10.29	121.99	156.51	9.98	**315.66**
India	8,431	337.70	600.37	33.43	300.49	1.54	19.30	37.31	25.75	82.40	-	**164.77**
Brazil	1,719	245.70	42.35	(13.68)	60.27	0.33	1.72	4.83	46.55	23.67	0.50	**77.26**
Poland	2,024	192.97	106.11	8.54	27.21	3.27	2.89	1.59	22.27	40.22	0.26	**67.22**
Mexico	320	178.07	9.21	7.35	31.67	2.19	1.62	4.34	21.04	6.37	0.45	**33.83**
Türkiye	237	131.20	8.41	(13.46)	20.16	0.03		5.58	21.14	3.04	0.33	**30.09**
Argentina	138	65.22	4.53	6.13	18.42		2.48	3.78	11.20	2.20	2.58	**22.25**
Singapore	405	92.00	426.22	(0.50)	111.49	(1.61)	4.97	-	4.46	8.42	-	**17.86**
Costa Rica	2,611		226.79	14.60	170.47					16.65		**16.65**
Indonesia	3,988	83.61	437.35	21.29	152.90	3.65	3.08	1.74	7.92	3.73	0.00	**16.48**
Czech Republic	103	90.23	5.98	(0.68)	1.42	0.19	0.37		11.53	3.97	0.50	**16.36**
Romania	107	113.39	4.86	1.49	5.91	1.20	1.10		10.18	2.86	0.19	**14.33**
Chile	105	72.66	1.96	0.29	16.01	0.41	(0.57)	0.66	9.56	2.22		**11.87**
Thailand	146	128.12	2.81	2.85	13.09	0.30	0.55	0.97	6.74	1.83		**10.10**
Russian Federation	352	127.98	1.58	16.81	16.73	1.01	1.05	1.38	2.14	4.58	-	**9.16**
Saudi Arabia	170	82.85	2.91	4.56	13.61	(0.23)	0.43	1.54	5.93	1.16		**9.06**
Taiwan	158	110.69	3.38	9.43	19.39	0.40	0.61	1.59	4.75	1.89	0.03	**8.87**
Panama	735	6.73	58.73	4.83	4.99	0.01	0.01			8.56		**8.58**
South Africa	142	47.18	1.97	(3.07)	10.19	(0.95)	0.38	0.19	5.34	2.62		**8.54**
Colombia	111	23.72	2.62	3.29	2.13	2.03	1.11	0.03	3.74	2.16	0.33	**7.36**
Philippines	90	32.81	1.65	1.66	4.90	1.09	0.32	0.21	3.11	0.65	0.11	**4.40**
Ukraine	36	34.16	0.31	0.79	2.73	0.23	0.24	1.35	1.10	0.53	0.23	**3.45**
Malaysia	100	50.76	2.53	1.80	8.07	0.43	0.51	0.94	0.22	1.69		**3.36**
Puerto Rico	31	23.41	1.06	1.35	3.21	1.29	1.30	0.04	0.38	1.01	0.42	**3.15**
Egypt	112	33.04	3.05	5.37	8.95	0.75	0.85	0.86	0.25	0.63	0.48	**3.07**
Hungary	48	17.31	4.03	1.85	1.75	0.37	0.39	0.93	0.33	1.11	0.05	**2.81**
Vietnam	67	31.57	0.97	4.73	2.71	0.84	0.21	0.05	1.29	1.00	0.09	**2.64**
Hong Kong	193	403.78	34.05	11.97	57.86	-				2.00		**2.00**
Kenya	41	7.00	1.43	(0.84)	2.89	0.20	0.33	0.46	0.17	0.72	0.07	**1.74**
Peru	9	3.48	1.22	(0.08)	-	(0.06)	0.16	-	0.58	0.32		**1.07**
Bangladesh	16	2.50	1.82	0.12	0.57	0.13	0.25	0.39	0.19	0.03		**0.87**
Latvia	17	19.04	0.33	0.03	0.17	0.01	-		0.28	0.46	-	**0.76**
Croatia	19		2.44	0.15	0.46	0.04	-		(0.13)	0.67	-	**0.56**
United Arab Emirates	167	104.83	15.58	(0.51)	2.48	0.16		0.21	0.27	0.02		**0.50**

	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**
Ghana	10	0.28	0.39	0.01	0.01	0.07	0.19	0.02	0.10	0.03	0.05	**0.40**
Tanzania		1.81		1.20		0.44	0.32					**0.32**
Kazakhstan	15		1.17	0.06	0.09	0.03	0.03		0.02	0.17	-	**0.21**
Bulgaria	19		1.48	0.07	0.35	-	-		(0.04)	0.21	-	**0.17**
Lebanon	14		0.42	(1.53)						0.13		**0.13**
Serbia	8		0.87	0.03	0.09	-	0.01	(0.02)	(0.03)	0.15	-	**0.11**
Sri Lanka	2		0.30	0.15	0.01	0.03	0.03		0.06	0.02		**0.11**
Morocco				(0.12)		(0.25)	0.07		0.01			**0.08**
Macedonia	1		2.07	0.13	-	0.02				0.03		**0.03**
Qatar	10			0.19	0.07	-	0.02					**0.02**
Myanmar				0.19		0.07	0.02		-			**0.02**
Uruguay			0.25	0.22	-	0.08	0.02					**0.02**
Belarus	1		0.10	0.02	-	-			-	0.01	-	**0.01**
Venezuela												
Paraguay				(0.03)	0.17							
Slovenia	6		1.08	0.04	0.03	0.02	-		(0.41)	0.33		**(0.09)**

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

	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**
Grand total												
Philips Group	67,823	18,021	14,709	247	5,649	225	186	131	717	2,154	76	**3,263**

Reference to the presentation of the financial data in this Report

- blanks 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 is reconciled with the data stated in the audited consolidated financial statements, in the 2024 Annual Report, as follows:

- **Revenues from third parties (Sales):** Per chapter 6.1 Consolidated statements of income, 'Sales' corresponds to the EUR 18,021 million per this Report.
- **Profit/(loss) before tax:** Per chapter 6.1 Consolidated statements of income, 'Income before taxes' (excluding 'Investments in associates, net of income taxes') corresponds to the EUR 247 million per this report. There is EUR 417 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 6.3 Consolidated balance sheet, 'Property, plant and equipment' and 'net inventories' amounts to EUR 5,649 million. There is EUR (1,085) 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 the elimination of unrealized intercompany profit on unsold inventory.
- **Corporate income tax paid/(refund):** Per chapter 6.4 Consolidated statements of cash flows, Income taxes paid amounts to EUR 186 million. In total, there is EUR 173 million of income tax payments relating to continuing operations and EUR 13 million of income tax payments relating to discontinued operations, resulting in EUR 186 million corporate income tax paid per this Report.
- **Corporate income tax accrued - expense/(benefit):** Per note 8 Income Taxes the corporate income tax accrued amounts to EUR 963 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) and 'deferred only' tax adjustments covering prior year true-ups, de-recognition of deferred tax assets, tax rate change impact, etc., which results in corporate income tax accrued of EUR 225 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 207-3, 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 14 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, 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.

5.2 GRI standards for ESG information

Further underpinning our ESG commitments, we have adopted 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 statements, papers and reports of special interest to our stakeholders, which are available in the ESG downloads section of the Philips website. In the Annual Report, we refer to the ESG reporting frameworks, including GRI standards and CSRD/ESRS.

In this Report, we include some of the key social and environmental data points for each of the countries shown in chapter 4.2 Country insights, starting on page 14, namely net operational carbon footprint, circular revenues, lives improved, employee turnover and employee benefit expense. Refer to our sustainability report as included in the Annual Report 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).

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 2024

Our opinion

We have audited the Country-by-Country Reporting for the year ended December 31, 2024 included in the Country Activity and Tax Report 2024 of Koninklijke Philips N.V. (the 'Company'), based in Eindhoven, the Netherlands.

In our opinion the Country-by-Country Reporting for the year ended December 31, 2024 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.

The Country-by-Country Reporting comprises:

- Chapter 4.1 Group overview, starting on page 14 with the exception of the Environmental and Social factors, starting on page 14
- The first five paragraphs in Chapter 4.2.1 General overview, starting on page 14
- Chapter 4.2.2 Material Research & Development tax incentives and other regimes, starting on page 15
- The number of 'employees' and the information per country included under 'Key financials'
- The sections 'Tax contributions', 'Business activities' and 'Tax summary'
- Chapter 4.3 Country summary, starting on page 70
- Chapter 5: Basis of preparation, starting on page 74

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 for Professional Accountants).

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 2024

In addition to the Country-by-Country Reporting included in Chapter 4 Activities and tax per country, starting on page 14 and our auditor's report thereon in Chapter 6, the Country Activity and Tax Report 2024 contains other information that consists of:

- Chapter 1: Introduction, starting on page 4
- Chapter 2: Our approach to tax, starting on page 5
- Chapter 3: Taxation of Philips' business, starting on page 12
- Chapter 4: The information included in Chapter 4.1 Group overview, starting on page 14 under 'Environmental and Social factors', the information included in Chapter 4.2.1 General overview, starting on page 14, last paragraph and information per country under 'Environmental and Social factors'
- Chapter 7: Forward-looking statements , starting on page 77
- Chapter 8: Tax Governance Code, starting on page 78
- Chapter 9: Definitions and legend, starting on page 80

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, and
- 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 Country-by-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 2024 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

February 21, 2025

EY Accountants B.V.

signed by F.J. Blenderman

7 Forward-looking statements

This document contains 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: macroeconomic and geopolitical changes including protectionism measures such as announced and proposed tariffs and retaliatory trade measures in response thereto; Philips' ability to keep pace with the changing health technology environment; Philips' ability to gain leadership in health informatics and artificial intelligence in response to developments in the health technology industry; integration of acquisitions and their delivery on business plans and value creation expectations; ability to meet expectations with respect to ESG-related matters; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; the resilience of our supply chain; challenges in simplifying our organization and our ways of working; attracting and retaining personnel; breach of cybersecurity; challenges in driving operational excellence and speed in bringing innovations to market; treasury and financing risks; tax risks; reliability of internal controls; compliance with regulations and standards involving quality, product safety, (cyber) security and artificial intelligence; and compliance with business conduct rules and regulations including privacy, existing and upcoming ESG disclosure and due diligence requirements

For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk factors and responses chapter in the Annual Report 2024.

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 governance, control, and risk management, starting on page 8
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 8
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 8
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 8
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 8

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 7
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 7
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 7
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 7
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 7

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 9
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 9 and Taxation of Philips' business, starting on page 12
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 9 and Taxation of Philips' business, starting on page 12

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 10
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 10
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 10

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.	Results Hub - 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 14
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 14
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 14
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 11 and throughout Report

9 Definitions and legend

Businesses
Philips has identified three reportable segments: Diagnosis & Treatment, Connected Care, and Personal Health. The segments are further subdivided into Businesses and Business Units, each responsible for the management of its business worldwide. Please refer to the section on Our businesses in the Annual Report.

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

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 International Financial Reporting Standards (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 International Financial Reporting Standards (IFRS) profit or loss before tax. Please note that this ratio is not part of IFRS/IAS12 and is different from the effective tax rate (ETR) and is specifically required under GRI 207. The key difference 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) for various reasons, primarily:

- 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 because 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.

Profit/(Loss) before tax
Profit/(Loss) before tax, or Income before tax, is the starting point for calculating the company's corporate income tax provision. This excludes the result from investment in associates.

Net operational carbon footprint
A carbon footprint is the total set of greenhouse gas emissions caused by an organization, event, product or person; it is 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.

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 on transactions with third parties, reported in the country of the seller (refer to chapter 6.1 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., inventories and property, plant and equipment. 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 income before tax as its starting point. However, tax laws and International Financial Reporting Standards (IFRS) recognize and measure income, expenditure, assets and liabilities in different ways. Generally, most items included in the income 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., provisions accruals and asset depreciation costs). These differences result temporarily in differences between IFRS income 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., 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.