Q4 and full-year 2022 results & Creating value with sustainable impact
Important information

Forward-looking statements and other important information

This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future Adjusted EBITA*, future restructuring and acquisition-related charges and other costs, future developments in Philips' organic business and the completion of acquisitions and divestments. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include but are not limited to: Philips' ability to gain leadership in health informatics in response to developments in the health technology industry; Philips' ability to transform its business model to health technology solutions and services; macroeconomic and geopolitical changes; integration of acquisitions and their delivery on business plans and value creation expectations; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; Philips' ability to meet expectations with respect to ESG-related matters; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; breaches of cybersecurity; Philips' ability to execute and deliver on programs on business transformation and IT system changes and continuity; the effectiveness of our supply chain; attracting and retaining personnel; COVID-19 and other pandemics; challenges to drive operational excellence and speed in bringing innovations to market; compliance with regulations and standards including quality, product safety and (cyber) security; compliance with business conduct rules and regulations; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management chapter included in the Annual Report 2021.

Philips has recognized a provision related to the voluntary recall notification in the US/field safety notice outside the US for certain sleep and respiratory care products, based on Philips' best estimate for the expected field actions. Future developments are subject to significant uncertainties, which require management to make estimates and assumptions about items such as quantities and the portion to be replaced or repaired. Actual outcomes in future periods may differ from these estimates and affect the company's results of operations, financial position and cash flows.

Third-party market share data

Statements regarding market share, contained in this document, including those regarding Philips' competitive position, are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, market share statements may also be based on estimates and projections prepared by management and/or based on outside sources of information. Management's estimates of rankings are based on order intake or sales, depending on the business.

Use of non-IFRS Information

In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-IFRS financial measures. These non-IFRS financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS financial measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is contained in this document. Further information on non-IFRS measures can be found in the Annual Report 2021.

Use of fair-value measurements

In presenting the Philips Group's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using appropriate valuation models and unobservable inputs. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in the Annual Report 2021. In certain cases independent valuations are obtained to support management's determination of fair values.

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2021 except for the adoption of new standards and amendments to standards which are also expected to be reflected in the company's consolidated IFRS financial statements as at and for the year ending December 31, 2022. Prior-period amounts have been reclassified to conform to the current-period presentation; this includes immaterial organizational changes.

* Non-IFRS financial measure. Refer to reconciliation of non-IFRS information

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Q4 and FY 2022 results
Q4 2022 performance summary

<table>
<thead>
<tr>
<th></th>
<th>Sales EUR billion</th>
<th>Comparable sales growth</th>
<th>Adj. EBITA margin(^2)</th>
<th>Adj. EBITDA margin(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis &amp; Treatment</td>
<td>2.8</td>
<td>5.3%</td>
<td>11.3%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Connected Care</td>
<td>1.4</td>
<td>5.2%</td>
<td>12.6%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Personal Health</td>
<td>1.1</td>
<td>-4.4%</td>
<td>17.0%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Philips(^1)</td>
<td>5.4</td>
<td>3.4%</td>
<td>12.0%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

- Health Systems growth +5% driven by gradually improving component supplies in an uncertain environment
- Adjusted EBITA of EUR 651 million, or 12.0% of sales
- Free cash inflow of EUR 301 million

1. Includes HealthTech Other segment. 2. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains.
Business highlights Q4 2022

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**Philips highlights**

Signed 35 new long-term strategic partnerships in Q4, reaching ~100 in 2022
‘A’ score for climate action leadership by CDP (Carbon Disclosure Project)

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**Diagnosis & Treatment**

CSG¹ +5% driven by Ultrasound and Image-Guided-Therapy

OIT² -7% due to cancellation of some orders by Philips to improve margin profile

Featured (helium-free) MR 5300 and vendor-neutral ROCC³ at RSNA

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**Connected Care**

CSG +5% driven by Monitoring

OIT -10% due to lower demand for COVID-19 products

~90% of recall units produced

Encouraging test results for DS1

---

**Personal Health**

CSG -4% with double digit growth in North America more than offset by China and Russia

#1 brand during ‘Double 11’ festival in China for Male Grooming and Oral Healthcare
Orderbook coverage and orderbook coverage improving

Orderbook coverage of the next 12 months’ equip. sales

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020</th>
<th>Q4 2021</th>
<th>Q4 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>coverage</td>
<td>54%</td>
<td>63%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Orderbook coverage significantly higher than 2020 and 2021, mainly driven by:

- ~30% higher in Magnetic Resonance Imaging
- ~20% higher in:
  - Image-Guided-Therapy
  - Monitoring

Q4’22 order book is >30% higher than Q4’20

Improved margin profile of order book due to cancellations of low margin orders by Philips

Indexed orderbook development

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020</th>
<th>Q4 2021</th>
<th>Q4 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indexed development</td>
<td>60</td>
<td>80</td>
<td>120</td>
</tr>
</tbody>
</table>

1. Includes equipment and software orders in Diagnosis & Treatment, Connected Care and Innovation businesses adjusted for acquisitions and divestments, and currency
2. Excludes the impact from the partial termination of the April 2020 contract with the HHS in the US
Q4 2022 Adj. EBITA margin impacted by cost headwinds, partly offset by pricing and productivity

Adj. EBITA margin¹

<table>
<thead>
<tr>
<th>Adj. EBITA Q4 2021</th>
<th>Volume</th>
<th>Component &amp; wage inflation</th>
<th>Pricing &amp; productivity</th>
<th>FX, Other</th>
<th>Adj. EBITA Q4 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,1%</td>
<td>0,7%</td>
<td>(3,7%)</td>
<td>2,6%</td>
<td>(0,7%)</td>
<td>12,0%</td>
</tr>
</tbody>
</table>

1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains
FY 2022 performance summary

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales EUR billion</th>
<th>Comparable sales growth</th>
<th>Adj. EBITA margin&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Adj. EBITDA margin&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis &amp; Treatment</td>
<td>9.2</td>
<td>-0.7%</td>
<td>8.4%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Connected Care</td>
<td>4.4</td>
<td>-10.8%</td>
<td>2.2%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Personal Health</td>
<td>3.6</td>
<td>0.1%</td>
<td>14.8%</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Philips&lt;sup&gt;1&lt;/sup&gt;</strong></td>
<td><strong>17.8</strong></td>
<td><strong>-2.8%</strong></td>
<td><strong>7.4%</strong></td>
<td><strong>12.9%</strong></td>
</tr>
</tbody>
</table>

- Results impacted by operational & supply challenges, inflation, the COVID situation in China & the Russia-Ukraine war
- Income from operations loss of EUR 1.5 billion due to previously disclosed non-cash goodwill and R&D impairment
- Free cash outflow of EUR 961 million due to lower earnings, higher inventories and cash costs related to the recall
- Proposed dividend maintained at EUR 0.85 per share, to be distributed in shares

<sup>1</sup> Includes HealthTech Other segment | <sup>2</sup> Excluding restructuring costs, acquisition-related charges and other one-time charges and gains.
FY 2022 Adj. EBITA margin impacted by cost headwinds, partly offset by pricing and productivity

Adj. EBITA margin

<table>
<thead>
<tr>
<th>Adj. EBITA FY 2021</th>
<th>Volume</th>
<th>Component &amp; wage inflation</th>
<th>Pricing &amp; productivity</th>
<th>FX, Other</th>
<th>Adj. EBITA FY 2022</th>
</tr>
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<td>(3,9%)</td>
<td>(3,0%)</td>
<td>2,8%</td>
<td>(0,4%)</td>
<td>7,4%</td>
</tr>
</tbody>
</table>

1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains
**Gradual improvement trajectory in 2023**

| Comparable Sales Growth | • Mid-single-digit growth in Diagnosis & Treatment and Connected Care  
|                          | • Low-single-digit growth in Personal Health  
|                          | • Guidance at Group level reflects uncertainties in external environment |
| Adj. EBITA margin        | • Productivity and pricing actions to improve margins across businesses  
|                          | • Inflation impact ~ 3%  
|                          | • Investments in patient safety and quality and supply chain improvements included |
| Free Cash Flow           | • Improvement driven by earnings recovery and working capital management  
|                          | • Partly offset by restructuring, acquisition-related charges and other items |

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Restructuring, acquisition-related charges and other items in 2023

**Restructuring costs**
- ~300 bps
  - Driven by 10k roles reduction program resulting from operating model simplification, of which ~70% implemented by end of 2023
  - S&RC rightsizing

**Acquisition-related charges**
- ~50 bps
  - Post-merger integration costs related to recent acquisitions in Connected Care and Image-Guided-Therapy Devices

**Other items**
- ~50-70 bps
  - Respironics field action running remediation costs

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.

1. Includes 4k reduction announced in October 2022
Creating value with sustainable impact
Creating value with sustainable impact

Markets
Philips operates in attractive HealthTech segments with 3-6% growth and mid-to-high teens margins

Strength and challenges
Key strengths: leading market positions, customer intimacy, hardware & software innovations, purpose, brand, ESG
Key challenges: strategy execution, innovation model, quality, supply chain, complex organization

Strategy and execution
Creating value with sustainable impact through:
- Strategy of focused organic growth
- Patient, people-centric and scalable innovation
- Execution priorities: 1) Patient Safety & Quality 2) Supply chain 3) Simplification
Enabled by culture of accountability and strong HealthTech talent and capabilities

Value creation
Progressive improvement: mid-single-digit comparable sales growth and low-teens Adj. EBITA margin in 2025, with mid-to-high teens margin goal beyond 2025; supported by balanced capital allocation
We operate in attractive HealthTech segments

Addressable market, EUR billion

- **Aging population, growing demand for care**
- **Increasing healthcare costs driving productivity needs**
- **Increasing need for insights from growing health data**
- **Shift to ambulatory monitoring, imaging and treatment**
- **Increasing spend on personal health and care**
## Our 4 key strengths to build on

<table>
<thead>
<tr>
<th>Strengths and challenges</th>
<th>Leading positions</th>
<th>High customer intimacy</th>
<th>Innovation aligned to customer needs</th>
<th>Strong purpose, brand and ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>• &gt;70% of sales from #1 or #2 positions</td>
<td>• Preferred strategic and innovation partner</td>
<td>• Solutions across imaging, therapy and monitoring</td>
<td>• Improved 1.8Bn lives ’22 and 12Bn brand value</td>
</tr>
<tr>
<td></td>
<td>• Leading innovation; hardware, software and services</td>
<td>• 300+ partnerships, ~EUR 1.5 Bn orders/year</td>
<td>• Enhanced clinical and operational productivity</td>
<td>• Carbon neutral, circularity, sustainable innovation</td>
</tr>
<tr>
<td></td>
<td>• Strong professional and personal health (home) positions</td>
<td>• ~40% recurring revenue</td>
<td>• Largest Enterprise Informatics – multi-vendor</td>
<td>• 85% of products Ratings &amp; Reviews &gt;4.3 (out of 5)</td>
</tr>
</tbody>
</table>

Source: Lives improved methodology; R&R scores: BazaarVoice
Clear need to address recent performance challenges

Strategy
Strategy implementation | Innovation model

Execution
Quality | Supply Chain reliability | Complex operating model
Focused organic growth
### Strong position across our portfolio of businesses

#### Diagnosis and Treatment
- **Diagnostic Imaging**
  - Top 3 Player
- **Ultrasound**
  - #1 Cardiac
- **Image Guided Therapy**
  - #1 Systems & Devices

#### Connected Care
- **Enterprise Informatics**
  - #1 Imaging Leader in PACS and inter-operability
- **Monitoring**
  - #1 in Hospital
  - #1 in Ambulatory

#### Personal Health
- **Sleep and Respiratory Care**
  - #2 Globally
- **Personal Health**
  - #1 Male Grooming
  - #2 Oral Healthcare
  - #2 Infant Feeding

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Market leading capabilities integrating platforms, informatics, and services

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*Note: In Philips addressable markets*
# Focused organic growth

## Accelerate growth in attractive leadership segments
- Image-Guided-Therapy
- Ultrasound
- Monitoring
- Personal health

## Scale to unlock insights
- Enterprise Informatics

## Improve operational excellence & services
- Diagnostic Imaging

## Address recall and restore business position
- Sleep and Respiratory Care
# Focused organic growth: changing how we deliver

## Strategy and execution

<table>
<thead>
<tr>
<th>Resource allocation</th>
<th>• Clear and differentiated mandates on growth and margin by segment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Focus on priority segments (not everything everywhere)</td>
</tr>
<tr>
<td><strong>Product, business and country pruning</strong></td>
<td>• Accelerated pruning of products/SKUs</td>
</tr>
<tr>
<td></td>
<td>• Choiceful where to play in businesses and countries</td>
</tr>
<tr>
<td><strong>End-to-end optimization</strong></td>
<td>• Holistic and clear accountability of business leaders</td>
</tr>
<tr>
<td></td>
<td>• Fully integrated approach to manage equipment and services</td>
</tr>
<tr>
<td></td>
<td>• Tailored approach to key geographies</td>
</tr>
</tbody>
</table>
Leveraging attractive leadership positions to drive growth

~70% of Philips revenue

Drivers

Leading Cardiac workflow support

Software, Hardware and Services pull-through

Leading growth platforms (Azurion, IntelliVue, etc.)

Unique informatics capabilities

Integrated acquisitions
Scale enterprise informatics, unlocking access and insights from combined data pools of imaging and monitoring

Integrates with systems & devices
Vendor-agnostic
Unlocks data to generate AI-insights
Supports hospital & remote workflows
Improves staff productivity

Scale informatics

3k+
Sites with Philips Radiology PACS

20M+
Patients with device to EMR connectivity per year

15k+
ICU beds with remote population health management
Driving operational excellence and services in Diagnostic Imaging

- Impactful, sustainable innovation
- Supply chain improvement
- Services pull through
- Conversion of strong order book
- Higher margins

Smart diagnostic systems
Optimized workflows
Integrated diagnostics

Supported by Enterprise Informatics image management platform
Tailored approach to address customer needs and win in the different regions and countries

**North America (43% of sales)**
- Strong structural growth drivers, cautious view on short-term
- Operational and clinical workflow solutions to address productivity need
- Leadership in clinical innovation partnerships
- Strengthen government and regulatory relationships

**International Markets (44% of sales)**
- Country-specific growth and margin opportunities
- Increasing Services and informatics penetration (digitization of healthcare)
- Leadership in strategic customer partnerships
- Strong consumer franchise tapping consumer health spend increase

**Greater China (13% of sales)**
- Attractive growth but below historical rate
- 90% Local-4-local manufacturing in 2024, 3 innovation centres
- Informatics as a differentiator
- Strong consumer franchise tapping consumer health spend increase
Responsible and sustainable business for Philips and customers

ESG focus

• Carbon-neutral
• Partnering with customers/suppliers on 1.5 ºC target
• Leading in sustainable innovation (Helium-free MR, etc.)
• Circular revenues from 16% to 25% of sales by 2025
• 2 billion lives improved by 2025

ESG ratings and recognition

First HealthTech to have value-chain CO₂ targets approved by SBTi

First Dutch company among world’s 15 best reputation companies

S&P Global Ratings
91/100 in the ESG assessment (highest to date)

CDP’s ‘A List’ for the 10th year

Source: Philips lives improved methodology

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Patient and people-centric, scalable innovation

Shifting our innovation model to drive R&D impact and efficiency

Design with Patient Safety, Quality and Customer needs at heart – hardware and software

Focus on scale and margin; “fewer, better, bigger” projects

Sustainable innovation as differentiator

Shift R&D resources to businesses, reduce corporate research

Innovation capability

>EUR1.7Bn\(^1\)
~9% R&D of sales
from 10.5%, industry leading (vs. ~7.5% industry average)

>50%
Of R&D personnel in software and data science

90% in business
From 70%
Execution with decisive action as key value driver
Enabled by culture of accountability and strong HealthTech capabilities

- **Patient safety and quality as highest priority**
  - Culture, accountability, Competencies
  - Patient safety and quality at heart of innovation
  - Expanded patient safety and quality program
  - Finalize Respironics recall

- **Reliable end-to-end supply chain**
  - End-to-end value chain by business
  - Leadership and competencies
  - Product pruning and (re)design
  - Strategic supplier management

- **Simplified operating model**
  - End-to-end, P&L accountable business
  - Simplification, de-layering, less KPIs
  - Reduction of 10k\(^1\) roles
  - Leadership and talent

1. Includes 4k reduction announced in October 2022
The Respironics recall remains highest priority

<table>
<thead>
<tr>
<th>2022</th>
<th>2023</th>
<th>2023-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>~90% production and 80% shipment of recall units</td>
<td>Finalize recall and testing</td>
<td>Manage impact of proposed Consent Decree</td>
</tr>
<tr>
<td>Encouraging test results for DS1 platform (within safety norms)</td>
<td>Manage litigation, DoJ investigation</td>
<td>Manage litigation, DoJ investigation</td>
</tr>
<tr>
<td>483 remediation in progress</td>
<td>483 remediation and clarity on proposed Consent Decree</td>
<td>Gradually restore position</td>
</tr>
</tbody>
</table>

Taking the learnings of Respironics recall to raise Patient Safety and Quality to the highest standards across Philips
Encouraging test results for DreamStation1 devices

VOC testing
Emissions within ISO limits (devices not exposed to ozone)

Visual inspection and assessment of the foam in used devices
• Low prevalence of significant visible foam degradation
• Even when significant visible particulates are formed, likely to accumulate inside the device

Particulate Matter testing
Foam degradation does not contribute to appreciable elevated levels of respirable particles; within ISO limits

Bioassay evaluation, chemical characterization and toxicological risk assessment
Exposure to particulates is unlikely to result in an appreciable harm to health in patients, even based on a worst-case assumption that the patient is exposed to 100% of the foam

Thorough consideration and mitigation of testing limitations that are inherent to any test standard and/or scientific research; very conservative assumptions taken

DreamStation1 represents ~68% of the total # of devices registered as part of the Respironics recall

More information on the latest testing results can be found here: https://www.philips.com/a-w/about/investor-relations/recall-sleep-and-respiratory/testing
Test & research program - next steps

- Finalize toxicological risk assessment of the VOC emissions resulting from ozone-induced foam degradation in DreamStation1 devices
  
  Expected in Q2 2023

- Complete testing for SystemOne (~26% of registered devices) and DreamStation Go (~1%), which contain the exact same foam as the DreamStation1 devices
  
  Expected in Q2 2023

- Complete VOC and PM testing, as well as chemical evaluation and toxicological assessments for Trilogy 100/200 (~3%) and OmniLab (~2%), where a different PE-PUR foam is used
  
  Expected in Q3 2023

- Ongoing engagement with FDA and other competent authorities
Progressive value creation
Supported by balanced capital allocation

2023
- Address challenges and lay growth foundation
  - Comparable Sales Growth: Low-single-digit
  - Adj. EBITA margin: High-single-digit
  - Free Cash Flow: EUR 0.7 – 0.9 billion

Medium-term 2025
- Profitable growth acceleration
  - Comparable Sales Growth: Mid-single-digit
  - Adj. EBITA margin: Low teens
  - Free Cash Flow: EUR 1.4 – 1.6 billion

2025+
- Deliver on full potential of our segments
  - Comparable Sales Growth: Mid-single-digit
  - Adj. EBITA margin: Mid-to-high teens
  - Free Cash Flow: > EUR 2 billion

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Focused scalable innovation
Delivering high impact innovations to customers

From

**Technology-centric, corporate research**

- R&D
- Marketing
- Quality & regulatory
- Clinical
- Supply chain & procurement

To

**Patient and people-centric, business-led**

- R&D
- Marketing
- Quality & Regulatory
- Clinical
- Supply chain & procurement
Innovation model for focused scalable innovation
“Fewer, better, bigger”

Focus on segments with right to win

- Significant R&D investments
- Re-target and resource to scale high impact innovations

>EUR1.7 billion\(^1\), 
~9% R&D of sales
from 10.5%, industry leading
(vs. ~7.5% industry average)

Empower business execution

- Tailor innovation to segment we serve
- Focused, fewer projects, scaling innovation faster

90% business-led
10% corporate in 2023
From 70% and 30% in 2022

1. Expected R&D spend
Flagship innovations across our portfolio will drive our growth

Philips BioTelemetry

4.6x more patients with atrial fibrillation detected by MCOT compared to ILR alone

8x lower costs achieved with improved detection rates and reduction of secondary stroke risk due to new anticoagulant use in subjects with MCOT-patch-detected atrial fibrillation

Flagship innovations across our portfolio will drive our growth

Sonicare 9900 Prestige
Power toothbrush

4.7 star rating globally

20x more plaque removal vs. manual toothbrush
Flagship innovations across our portfolio will drive our growth

IntelliVue
Dynamic care solution

Alarm fatigue:
40% total alarm reduction

Workflows:
Reduced time to process from 5 minutes to 3.9 seconds

1. Team Based Interventions to Reduce the Impact of Nonactionable Alarms in an Adult Intensive Care Unit. Justin Yeh 1, Ruth Wilson, Lufe Young, Lisa Pahl, Steven Whitney, Kevin C Delsperger, Pascha F Schafer
2. Results from baseline and post time & motion studies conducted by Philips and Jackson Health internal teams in the high acuity units (ED, TICU, CCLU)
Flagship innovations across our portfolio will drive our growth

Azurion
Image Guided Therapy platform

17% time saving per procedure¹

28% post-procedure lab time reduction¹

¹. Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.
Flagship innovations across our portfolio will drive our growth

Helium Free MR

0 helium refill over lifetime

Up to 53% lower power consumption per patient scan (32% on average)¹

¹ Philips SmartSpeed power consumption versus Philips SENSE based scanning. Based on COCIR and in-house simulated environment. Results can vary based on site conditions.
Flagship innovations across our portfolio will drive our growth

Spectral CT

34% decrease in diagnosis time¹

26% decrease in follow-up scans²

¹ Analysis by CARTi Cancer Center, Little Rock, AR, USA.
² Analysis by LSU, New Orleans, LA, USA. Results from case studies are not predictive of results in other cases. Results in other cases may vary.
Flagship innovations across our portfolio will drive our growth

Ultrasound Compact 5000

22% increase in diagnosis confidence

42% reduction in button pushes

1. Based on internal bench test with an ultrasound phantom, using the C5-1 transducer
2. Compared to using the semi-automated a Biometry Assist versus manual operation
Scaling largest multi-vendor Enterprise Informatics business

**Philips Image Management**
70+ AI powered clinical apps  50% productivity improvement\(^1\)

**Interoperability and surveillance**
1000+ unique medical device connected

**Tele care solution**
20+ years experience in eICU remote care management
Expanding leadership in radiology, cardiology, and pathology

End-to-end business setup to scale
Growing \(~2x\) faster than Philips  EUR1.5Bn revenues by 2025

---

1. Results following implementation of a unified radiology workspace with enterprise disaster recovery back-up system at Campus Biomedico University Hospital, Rome, Lazio, Italy.
Note: “Largest Enterprise Informatics business” in Philips addressable markets
Execution as value driver

Patient safety & quality as priority

Reliable supply chain

Simplified operating model
Patient safety and quality as highest priority

Patient and people-centric culture

Elevated leadership to Executive Committee

Business leaders directly accountable for patient safety & quality

All employees have patient safety and quality as KPI

Deepened quality, regulatory, clinical and medical device competencies

Enhancing patient safety and quality
### Shift to patient and people-centric product design

Multi-year effort through our expanded patient safety and quality program

<table>
<thead>
<tr>
<th>Catalyzing innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient safety and quality driven innovation</td>
</tr>
<tr>
<td>Simplify and upgrade critical systems and data integration</td>
</tr>
<tr>
<td>Rigorous product design, development, and validation process</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improving compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing systematic regulatory and compliance review</td>
</tr>
<tr>
<td>Prioritizing compliance in higher risk areas</td>
</tr>
<tr>
<td>Targeted increase in resourcing</td>
</tr>
</tbody>
</table>

### Investments

Stepping-up by ~EUR 350 million over 3 years
Progress indicators

<table>
<thead>
<tr>
<th>Enhancing patient safety and quality</th>
<th>&gt;90% renewed team in the last two years</th>
<th>30% reduction of # of Quality Management Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalyzing innovation</td>
<td>30K employees received role-based training</td>
<td>75% of complaint management processes standardized</td>
</tr>
<tr>
<td>Improving compliance</td>
<td>50% reduction of # of major findings per audit (to 0.07)</td>
<td>36% decrease of # of CAPA investigations closed within 90 days</td>
</tr>
</tbody>
</table>
Execution as value driver

Patient safety & quality as priority

Reliable supply chain

Simplified operating model
## Context and challenges for supply chain

### Our context

**2018-21**  
Shift to centralized functional organization

**2021-22**  
Unprecedented pressure requiring agility and resilience  
- Supply and demand disruption due to COVID  
- More volatile and domain specific markets, regionalization  
- Global disruptions  
- Component shortages

### Resulting challenges

<table>
<thead>
<tr>
<th><strong>Supply-chain set-up</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduced end-to-end agility</td>
</tr>
<tr>
<td>• Functional orientation</td>
</tr>
<tr>
<td>• Sub-optimized processes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Product</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Broad portfolio</td>
</tr>
<tr>
<td>• Technical debt, old designs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Suppliers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Supplier fragmentation</td>
</tr>
<tr>
<td>• Significant de-commits</td>
</tr>
<tr>
<td>• Limited visibility</td>
</tr>
</tbody>
</table>
Towards a reliable end-to-end supply chain

**Supply-chain set-up**
- End-to-end supply chain by business per April 2023
- Business specific supply chain leaders
- Step up in capabilities (data, digitization, procurement)

**Product**
- Product portfolio pruning, modularity
- Reducing technical debt through product redesign
- Improve planning and delivery

**Suppliers**
- Reduction of # of suppliers
- Material supply de-risk plan
- Long-term supplier management
Enable our businesses to deliver quality products on time to hospitals, patients and consumers

**Service level**
Increase to industry level: >85% for systems/devices, 95% for consumer products

**Cost efficiency**
EUR 400-450 million over 3 years (of which EUR 250 million related to operating model)

**Strategy and execution**
Zero high risk components by end of 2023

**Investments**
EUR 200-250 million over 3 years (OpEx)
Examples of our progress in Q4 2022

Backlog reduced & growth supported (CSG%)

- Monitoring: +22%
- IGT Systems: +7%
- Ultrasound: +8%
- Personal Health: No supply issues

Material supply de-risk to date

- 56 PCBAs redesigns completed
- Reduced risk for high-risk components: 700+
Execution as value driver

Patient safety & quality as priority
Reliable supply chain
Simplified operating model
Simplified operating model: accountable, lean, and agile

<table>
<thead>
<tr>
<th>Customer</th>
<th>Patient</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Businesses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>Ultrasound</td>
<td>Image Guided Therapy</td>
</tr>
<tr>
<td>Diagnosis &amp; Treatment</td>
<td>Connected Care</td>
<td>PH¹</td>
</tr>
<tr>
<td>Corporate</td>
<td>Functions</td>
<td></td>
</tr>
</tbody>
</table>

Businesses with single accountability, proximity to customers

End-to-end business enabled by strong regions and lean functions, setup to win in their segments

Delayered organization, less KPIs and simpler processes

~10k² roles reduction over 2022-25, focused on Corporate and Functions optimization

1. Personal Health | 2. Includes 4k reduction announced in October 2022
Reinvigorating patient and people-centric culture

Accountability & empowerment

Patients and people at the heart of everything we do

Execution focus and simplicity

Transparency, growth mindset

Injecting HealthTech expertise

75%
Executive hires with Health Tech and healthcare background

>50%
of non-executive hires in 2022 came from Health Tech

25%
Renewal of Executive Committee in early 2023
Executive committee new members

Market leader North America
Jeff DiLullo
American
More than 20 years of strong sales, services and solutions delivery background

Patient Safety & Quality Officer
Steve C. De Baca
American
More than 30 years of Quality and Regulatory experience in the medical device industry

Expected to be announced in early 2023:
New Chief Business Leaders for Precision Diagnosis\(^1\) and for Connected Care

---

1. Precision Diagnosis includes Diagnostic Imaging and Ultrasound. It is part of Diagnosis & Treatment.
## Our experienced and passionate executive team

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Geographical Region</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CEO</strong></td>
<td>Roy Jakobs</td>
<td></td>
<td>Dutch/German</td>
</tr>
<tr>
<td><strong>CFO</strong></td>
<td>Abhijit Bhattacharya</td>
<td></td>
<td>Indian</td>
</tr>
<tr>
<td><strong>ESG &amp; CLO</strong></td>
<td>Marnix van Ginneken</td>
<td></td>
<td>Dutch</td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td>Deeptha Khanna</td>
<td></td>
<td>Singaporean</td>
</tr>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td>Image-Guided-Therapy</td>
<td></td>
<td>Dutch</td>
</tr>
<tr>
<td></td>
<td>Bert van Meurs</td>
<td></td>
<td>Dutch</td>
</tr>
<tr>
<td></td>
<td>Precision Diagnosis a.i.1,2</td>
<td></td>
<td>Dutch</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>Jeff DiLullo</td>
<td></td>
<td>American</td>
</tr>
<tr>
<td><strong>Greater China</strong></td>
<td>Andy Ho</td>
<td></td>
<td>Chinese/Canadian</td>
</tr>
<tr>
<td><strong>International Markets</strong></td>
<td>Shez Partovi</td>
<td></td>
<td>Swiss</td>
</tr>
<tr>
<td><strong>Patient Safety &amp; Quality</strong></td>
<td>Steve C. De Baca</td>
<td></td>
<td>American</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td>Daniela Seabrook</td>
<td></td>
<td>Swiss</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>Wim Appelo</td>
<td></td>
<td>Dutch</td>
</tr>
</tbody>
</table>

1. Ad interim | 2. Precision Diagnosis includes Diagnostic Imaging and Ultrasound | 3. All geographies excluding North America and Greater China
Path to value creation
Progressive value creation
Supported by balanced capital allocation

**2023**
Address challenges and lay growth foundation

**Medium-term 2025**
Profitable growth acceleration

**2025+**
Deliver on full potential of our segments

<table>
<thead>
<tr>
<th>Comparable Sales Growth</th>
<th>Adj. EBITA margin</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-single-digit</td>
<td>High-single-digit</td>
<td>EUR 0.7 – 0.9 billion</td>
</tr>
<tr>
<td>Mid-single-digit</td>
<td>Low-teens</td>
<td>EUR 1.4 – 1.6 billion</td>
</tr>
<tr>
<td>Mid-single-digit</td>
<td>Mid-to-high teens</td>
<td>&gt; EUR 2 billion</td>
</tr>
</tbody>
</table>

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Driving organic growth and margin improvement

<table>
<thead>
<tr>
<th>Diagnosis &amp; Treatment</th>
<th>Connected Care</th>
<th>Personal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comparable Sales Growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2023E</td>
<td>Medium-term 2025</td>
<td>2025+</td>
</tr>
<tr>
<td>Medium-term 2025</td>
<td>Low-teens</td>
<td>Mid-teens</td>
</tr>
<tr>
<td>FY 2023E</td>
<td>Medium-term 2025</td>
<td>2025+</td>
</tr>
<tr>
<td>FY 2023E</td>
<td>Medium-term 2025</td>
<td>2025+</td>
</tr>
</tbody>
</table>

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
## Productivity initiatives to deliver EUR 2.0 billion in the 2023-2025 period

| Operating Model | • Simplified operating model with reduction of 10k roles  
|                 | • R&D prioritization, reduction of Corporate Research  
|                 | • End-to-end supply chain, simplifying planning, and eliminating duplications  
|                 | EUR 950-1,050 million |
| Procurement     | • Bill-of-material savings via redesign, value analysis, engineering  
|                 | • Reductions in warehousing, transportation and consulting  
|                 | EUR 550 - 600 million |
| Other productivity | • S&RC rightsizing  
|                  | • Manufacturing footprint optimization and service productivity  
|                  | • R&D platform simplification and footprint optimization  
|                  | • GBS and hyper-automation  
|                  | EUR 400 - 450 million |

1. Gross productivity initiatives and re-investments, before inflation; cumulative in the period  
2. Includes 4k reduction announced in October 2022
Margin increase from productivity, pricing & supply chain improvements – cumulative drivers 2023-2025

Adj. EBITA margin

Performance actions

- 7.4%
- 4-5%
- 3-4%
- ~(6)%
- ~(2)%

Low-teens

Adj. EBITA FY2022

- Volume
- Pricing, mix, CoGS
- Non-manufacturing cost reduction
- Inflation
- Risk

Adj. EBITA FY2025E

1. Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
2. Investments in patient safety and quality and supply chain improvements included.
Inventories improvement plan to drive normalization to historical levels

**Inventory\(^1\) as a % of sales**

**Inventory improvement drivers**

**2023**
- Reduction of incomplete inventory caused by component shortages
- Reduction of Account Receivables (AR) caused by high December 2022 sales
- Completion of Respironics recall

**2024 – 2025**
- Structural improvement in the end-to-end supply chain

---

1. Inventories as a % of LTM sales are excluding acquisitions, divestments, and discontinued operations;
Higher earnings and lower cash cost related to Respironics recall will result in higher Free Cash Flow

Indicative Free Cash Flow\(^1\) improvement drivers

<table>
<thead>
<tr>
<th>EUR billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF FY 2022</td>
</tr>
<tr>
<td>~0.4</td>
</tr>
<tr>
<td>FCF FY 2023E</td>
</tr>
<tr>
<td>~0.9</td>
</tr>
<tr>
<td>0.7 to 0.9</td>
</tr>
<tr>
<td>FCF FY 2025E</td>
</tr>
<tr>
<td>0.7 to 0.8</td>
</tr>
<tr>
<td>~0.9</td>
</tr>
<tr>
<td>(0.9) – (0.8)</td>
</tr>
<tr>
<td>1.4 to 1.6</td>
</tr>
</tbody>
</table>

-1.0

Inventory decrease:
- Completion of recall
- Structural improvement in the end-to-end supply chain

Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Balanced capital allocation focusing on organic growth, margin improvement and cash

1. Organic growth
   - Main premise of our value creation

2. Dividend stability
   - Pay-out of 40-50% of net recurring income
   - Continued, stable dividend policy

3. M&A
   - Disciplined, bolt-on M&A in core areas

4. Share buy-backs
   - EUR 1.5 billion on-going program\(^1\)
   - Continuing to evaluate periodically

Shareholder returns

Maintain strong investment grade rating

1. The program has been executed through a number of forward purchase transactions and (in the fourth quarter of 2021 and January 2022) open market purchases. The open market repurchases under the program have been concluded and the forward transactions are expected to be settled in 2023 and 2024. Further information can be found on [Investor Relations website](#).
Target an improvement of leverage ratio towards 1.5x EBITDA

Debt maturity profile improved through liability management

- Debt repayment profile for 2023 - 2025 reduced from 3.2 billion to 2.0 billion
- Extended average maturity on bonds by 1.3 years to 7.9 years
- Extended maturity on EUR 1 billion Standby Facility from 2024 to 2027
- Utilized EUR 500 million under the new EUR 1 billion credit facility, after repaying EUR 200 million of commercial paper
- No financial covenants
- EUR 1.5 billion of available committed credit facilities

Net Debt to EBITDA ratio

2022 impacted by:

- Lower earnings and higher inventory and AR in 2022
- Higher cash costs of Respironics recall in 2022
- Higher restructuring costs for the productivity program

1. Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
<table>
<thead>
<tr>
<th></th>
<th>Profitable growth acceleration</th>
<th>Deliver on full potential of our segments 2025+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-term 2025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSG (%)</td>
<td>Mid-single-digit</td>
<td>Mid-single-digit</td>
</tr>
<tr>
<td>Adj. EBITA (%)</td>
<td>Low teens</td>
<td>Mid-to-high teens</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>EUR 1.4-1.6 billion</td>
<td>&gt;EUR 2 billion</td>
</tr>
<tr>
<td>Adj EPS growth</td>
<td>Double-digit</td>
<td>Double-digit</td>
</tr>
<tr>
<td>Organic ROIC</td>
<td>Low-teens</td>
<td>Mid-to-high teens</td>
</tr>
<tr>
<td>Credit rating</td>
<td>Maintain strong investment grade rating</td>
<td>Maintain strong investment grade rating</td>
</tr>
<tr>
<td>Dividend stability</td>
<td>Pay-out 40-50% of net recurring income</td>
<td>Pay-out 40-50% of net recurring income</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>24-26%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Closing remarks
Our context...

Attractive HealthTech Market
- 3-6% revenue CAGR
- Mid-to-high-teens margins
- Megatrends, sustainable healthcare

Strengths
- Leading positions, innovation
- High customer intimacy
- Strong purpose, brand, ESG

Challenges
- Strategy implementation
- Innovation model
- Quality
- Supply chain reliability
- Complex Operating model

Creating value with sustainable impact

...our future

Focused organic growth and scalable innovation
- Expand leadership positions in Image-Guided-Therapy, Ultrasound, Monitoring, and Personal Health
- Scale Enterprise Informatics
- Improve Diagnostic Imaging, restore S&RC
Patient, people-centric, scalable innovation

Execution as main value driver
1. Patient safety & quality highest priority
2. Reliable supply-chain
3. Simplified operating model
Culture of accountability and HealthTech capabilities

Value creation
- Medium-term 2025: mid-single-digit growth, low teens Adj. EBITA margin, EUR 1.4-1.6 billion FCF
- 2025+: mid-single-digit growth, mid-to-high teens Adj. EBITA margin, >EUR 2 billion FCF

Note: Guidance excludes the impact of the ongoing discussion on the proposed consent decree beyond current assumptions (S&RC CSGR 2023-2025 of 10%) as well as ongoing litigation and the investigation by the US DoJ related to the Respironics field action.
Financial appendix
Working capital and inventories

1. Working capital excluding segment Other; 2. Working capital and Inventories as a % of LTM sales are excluding acquisitions, divestments, and discontinued operations
Balanced capital allocation policy

Organic Return on Invested Capital\(^1,2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROIC</th>
<th>WACC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>16.3%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>16.4%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>13.6%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>12.3%</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>14.7%</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>5.8%</td>
</tr>
</tbody>
</table>

\(^1\) Organic ROIC excludes acquisitions over a five years period and other items defined as material and of the same nature as the items excluded from Adjusted EBITA such as pension settlements, significant tax charges and benefits, and one-time legal and other provisions; ROIC \(\% = \text{LTM EBITA/ average NOC over the last 5 quarters}\); \(^2\) Organic ROIC 2019 and 2021 restated to reflect discontinued operations; \(^3\) Organic ROIC in 2019 includes value adjustments of capitalized development costs and the impact of IFRS 16 lease accounting standard.

Mergers & Acquisitions

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 - 17</td>
<td>~3.6</td>
</tr>
<tr>
<td>2018</td>
<td>~0.6</td>
</tr>
<tr>
<td>2019</td>
<td>~0.2</td>
</tr>
<tr>
<td>2020</td>
<td>~0.2</td>
</tr>
<tr>
<td>2021</td>
<td>~3.2</td>
</tr>
</tbody>
</table>

Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 - 17</td>
<td>0.80</td>
</tr>
<tr>
<td>2018</td>
<td>0.85</td>
</tr>
<tr>
<td>2019</td>
<td>0.85</td>
</tr>
<tr>
<td>2020</td>
<td>0.85</td>
</tr>
<tr>
<td>2021</td>
<td>0.85</td>
</tr>
<tr>
<td>2022</td>
<td></td>
</tr>
</tbody>
</table>

Share repurchase

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 - 16</td>
<td>1.5</td>
</tr>
<tr>
<td>2017 - 19</td>
<td>1.5</td>
</tr>
<tr>
<td>2019 - 21</td>
<td>1.5</td>
</tr>
<tr>
<td>2021 - 24</td>
<td>1.5</td>
</tr>
</tbody>
</table>
## Restructuring, acquisition-related charges, and other items

<table>
<thead>
<tr>
<th></th>
<th>Q1 21</th>
<th>Q2 21</th>
<th>Q3 21</th>
<th>Q4 21</th>
<th>2021</th>
<th>Q1 22</th>
<th>Q2 22</th>
<th>Q3 22</th>
<th>Q4 22</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td>15</td>
<td>6</td>
<td>(12)</td>
<td>15</td>
<td>25</td>
<td>1</td>
<td>7</td>
<td>(124)</td>
<td>(85)</td>
<td>(201)</td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>17</td>
<td>(32)</td>
<td>(8)</td>
<td>15</td>
<td>1</td>
<td>7</td>
<td>(5)</td>
<td>(25)</td>
<td>(22)</td>
<td>(22)</td>
</tr>
<tr>
<td>Other items</td>
<td>(2)</td>
<td>38</td>
<td>4</td>
<td>(0)</td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>(120)</td>
<td>(60)</td>
<td>(180)</td>
</tr>
<tr>
<td><strong>Connected Care</strong></td>
<td>(282)</td>
<td>(293)</td>
<td>(62)</td>
<td>(420)</td>
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<td>(8)</td>
<td>(47)</td>
<td>(93)</td>
<td>(20)</td>
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<td>(54)</td>
<td>(373)</td>
<td>(965)</td>
<td>(319)</td>
<td>(99)</td>
<td>(5, 6, 10, 11, 12, 13)</td>
<td>(158)</td>
<td>(5, 6, 11, 10, 13)</td>
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<td>(0)</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>(1)</td>
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<td>1</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
<td>12</td>
<td>6</td>
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<td>(73)</td>
<td>(12)</td>
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<td>(131)</td>
<td>(12)</td>
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<td>2</td>
<td>4</td>
<td>5</td>
<td>(6)</td>
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<td>(6)</td>
<td>(11)</td>
<td>(7)</td>
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<td><strong>Philips</strong></td>
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<td>(417)</td>
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<td>(14)</td>
<td>6</td>
<td>10</td>
<td>(18)</td>
<td>(14)</td>
<td>(16)</td>
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<td>(314)</td>
<td>(72)</td>
<td>(391)</td>
<td>(1,069)</td>
<td>(325)</td>
<td>(111)</td>
<td>(256)</td>
<td>(233)</td>
<td>(925)</td>
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**Due to rounding, amounts may not add up precisely to totals provided.**

# Capital expenditures, Depreciation and Amortization

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<th>EUR million</th>
<th>Q4 2021</th>
<th>Q4 2022</th>
<th>FY 2021</th>
<th>FY 2022</th>
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<tbody>
<tr>
<td>Capital expenditures on property, plant and equipment</td>
<td>129</td>
<td>164</td>
<td>397</td>
<td>444</td>
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<td>Capitalization of development costs</td>
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<td>77</td>
<td>370</td>
<td>363</td>
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<tr>
<td>Depreciation</td>
<td>183</td>
<td>178</td>
<td>630</td>
<td>711</td>
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<td>Amortization of acquired intangible assets</td>
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<td>104</td>
<td>322</td>
<td>363</td>
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<td>Amortization of software</td>
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<td>41</td>
<td>88</td>
<td>117</td>
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<tr>
<td>Amortization of development costs</td>
<td>69</td>
<td>58</td>
<td>284</td>
<td>411</td>
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<tr>
<td><strong>Depreciation and amortization</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>343</strong></td>
<td><strong>381</strong></td>
<td><strong>1,323</strong></td>
<td><strong>1,602</strong></td>
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1. Includes impairments