

Agenda and explanatory note for the Extraordinary General Meeting of Shareholders 2020

To be held on **Friday, June 26, 2020, beginning at 11 hours CET.**

Agenda item

Proposal to adopt a dividend of EUR 0.85 per common share, in common shares only, against the net income for 2019 (voting item).

Explanatory note

This proposal to adopt a dividend in shares only, follows the withdrawal, as announced on April 20, 2020, of the earlier proposal to distribute an optional dividend (in cash or shares) from the agenda for the 2020 Annual General Meeting of Shareholders. Philips has a strong balance sheet and robust liquidity position. The revised dividend proposal is one of the measures that Philips has taken to further enhance its liquidity position, in view of the possible continued impact of the COVID-19 outbreak in 2020.

The proposed dividend is in accordance with the company's present dividend policy.

If the above dividend proposal is adopted, the shares will be traded ex-dividend as of June 30, 2020 at the New York Stock Exchange and Euronext Amsterdam. In compliance with the listing requirements of the New York Stock Exchange and the stock market of Euronext Amsterdam, the dividend record date will be July 1, 2020. The number of share dividend rights entitled to one new common share (the 'ratio') will be determined based on the volume-weighted average price of all traded common shares Koninklijke Philips N.V. at Euronext Amsterdam on June 30, and July 1 and 2, 2020. The company will calculate the ratio such that the gross dividend in shares will be approximately equal to EUR 0.85. The ratio and the number of shares to be issued will be announced on July 6, 2020.

Payment of the dividend and delivery of new common shares, with settlement of fractions in cash if required, will take place from July 7, 2020. The newly issued common shares will rank for the dividend for the 2020 financial year and following financial years.

Dividend in shares paid out of net income is in principle subject to 15% dividend withholding tax, but only in respect of the par value of the shares (which value amounts to EUR 0.20 per share). Some shareholders may be eligible to claim a tax credit for or a refund of the tax withheld, if certain conditions are met. Shareholders are advised to consult their tax advisor on the applicable situation both with respect to withholding tax and the possibility to claim a tax credit for or a refund of the tax withheld, as well as the tax due (such as corporate income tax, personal income tax) on the dividend received.

This agenda with explanatory note and other information relevant for the Extraordinary General Meeting of Shareholders 2020 have been published on the company's website (www.philips.com/egm). The meeting documents are also available, free of charge, at the offices of the company (Amstelplein 2, 1096 BC Amsterdam), and at ABN AMRO Bank N.V., Corporate Broking (Gustav Mahlerlaan 10 (HQ 7212), 1082 PP Amsterdam, tel +31 (0)20 344 2000 and email: ava@nl.abnamro.com).

