

PHILIPS

Investor presentation

January 29, 2024

innovation  you

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; challenges in connection with Philips' strategy to improve execution and other business performance initiatives; the resilience of our supply chain; attracting and retaining personnel; 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 including privacy and upcoming ESG disclosure and due diligence requirements; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process; global inflation. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management chapter included in the Annual Report 2022. Reference is also made to section Risk management in the Philips semi-annual report 2023.

Israel

The risk factors discussed in Philips' Annual Report 2022 (section 6.3) include the strategic risk that the company's global operations are exposed to geopolitical and macroeconomic changes. The current situation in Israel further increases economic and political uncertainty and may affect the company's results of operations, financial position and cash flows. Philips is present in Israel with several subsidiaries, mainly in Diagnosis & Treatment and Connected Care, that are primarily involved in manufacturing and research and development (R&D) activities. Please refer to our 2022 Country Activity and Tax Report (p. 37) for further information on our activities in Israel.

Respirronics

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 uncertainties, which require management to make estimates and assumptions. Actual outcomes in future periods may differ from these estimates and affect the company's results of operations, financial position and cash flows. Furthermore, Philips is a defendant in several class-action lawsuits and individual personal injury claims and is in the process of finalizing a consent decree with the FDA. Given the uncertain nature of the relevant events, and of their potential financial and operational impact and associated obligations, if any, the company has not made any legal provisions in the accounts for the following. In the first quarter of 2023, Philips Respirronics recorded a provision in connection with an anticipated resolution of the economic loss class action pending in the US. The provision is subject to final court approval of the negotiated settlement agreement and is based on Philips' best estimate for the expected settlement amounts, which is, in part, based on the expected number of claims ultimately filed pursuant the settlement once it is approved. Actual outcomes in future periods of the above matters may differ from these estimates and affect the company's results of operations, financial positions 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.

Market Abuse Regulation

This slide deck contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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 2022.

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



Company overview

Creating value with sustainable impact

Path to value creation



It is our purpose
to improve people's health
and well-being
through meaningful
innovation



Philips at a glance

EUR 18.2bn¹ in sales; ~70% from #1 or #2 positions

~40% of sales from recurring revenues

~9% of sales invested in R&D

Active in >100 countries, ~70k employees

100% carbon-neutral in operations since 2020

Global sales footprint¹

North America

42%

Western Europe

21%

Other mature geographies

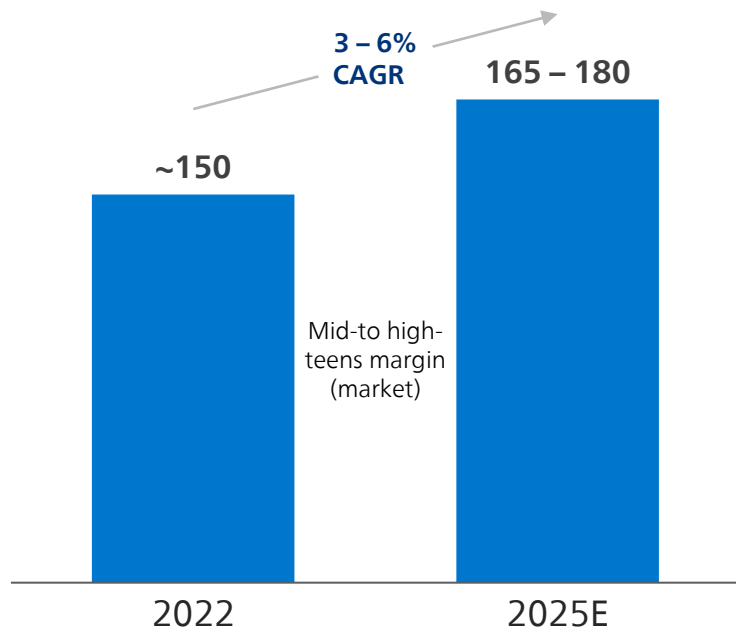
9%

Growth geographies²

28%

We see significant opportunities in the attractive HealthTech segments where we operate

Addressable market, EUR billion



Aging population, growing demand for care

Higher costs and labor shortages drive productivity need

Increasing need for insights from growing health data

Shift to ambulatory monitoring, imaging and treatment

Increasing spend on personal health and care

Strong position across our portfolio of businesses



Diagnosis & Treatment

~50% of sales (2023 full-year)



Diagnostic Imaging



Ultrasound



Image Guided Therapy

Systems, smart devices, software and services, powered by AI-enabled informatics

Supporting precision diagnosis and minimally invasive treatment in a growing number of therapeutic areas such as cardiology, peripheral vascular, neurology, surgery, and oncology

Connected Care

~30% of sales



Enterprise Informatics



Monitoring

Ambulatory, home-based and in-hospital monitoring and workflow solutions fueled by advanced interoperability and patient data insights

Connecting patients and caregivers across care settings, delivering clinical, operational and therapeutic solutions



Sleep & Respiratory Care



Personal Health

Broad range of consumer solutions to support people in proactively managing their health and wellbeing

Market-leading capabilities integrating platforms, informatics, and services

Diagnosis & Treatment at a glance



Total
EUR 8.8bn¹
sales

11.6%¹
adjusted EBITA margin

~28k
employees



Diagnostic Imaging

~39% of sales

Top 3 player



Ultrasound

~22% of sales

#1 Cardiac



Image Guided Therapy

~39% of sales

#1 Systems and Devices

Flagship innovations across our portfolio will drive our growth

Helium-free Mobile MR

The world's first and only
Mobile helium-free MR
operations

0 helium refill costs over
lifetime, 900 kg lighter
magnet¹

Complete scans nearly 3
times faster with no loss in
image quality²

1. Compared to SENSE Imaging
2. Compared to SENSE imaging. On average, measured across a sample of sites from Philips MR Installed Base



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

EPIQ Elite

10.0

Ultrasound

40% boost in performance and throughput¹

25% lower power consumption²

Enhanced workflow 84% of users reported avoiding rescans³

1. Compared to our previous generations without nSIGHT Plus| 2. Compared to its predecessor, the iU22. 3. When comparing VM10 performance to VM7



Flagship innovations across our portfolio will drive our growth

Azurion 7

Image Guided Therapy platform

17% time saving per procedure¹

28% post-procedure lab time reduction¹

New biplane configuration provides superb positioning capability

1. Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions



Connected Care at a glance



Total

EUR 5.1bn¹
sales

7.2%¹
adjusted EBITA margin

~18k
employees



Enterprise Informatics

~22% of sales

#1 Imaging leader
in PACS and
interoperability



Monitoring

~60% of sales

#1 in Hospital
#1 in Ambulatory



Sleep & Respiratory Care

~17% of sales

#2 Globally

Flagship innovations across our portfolio will drive our growth

Philips BioTelemetry

4.6x more patients

with atrial fibrillation detected by MCOT compared to ILR alone¹

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 fibrillation¹

1. Medic G, Kotsopoulos N, Connolly MP, et al. Mobile cardiac outpatient telemetry patch vs implantable loop recorder in cryptogenic stroke patients in the US – cost-minimization model. *Med Devices (Auckl)*. 2021;14:445-458. doi:10.2147/MDER.S337142



Flagship innovations across our portfolio will drive our growth

IntelliVue

Dynamic care solution

Alarm fatigue:
40% total alarm reduction¹

Workflows:
**Reduced time to process from
5 minutes to 3.9 seconds²**

1. Team-Based Interventions to Reduce the Impact of Nonactionable Alarms in an Adult Intensive Care Unit. Justin Yeh 1, Ruth Wilson, Lufei Young, Lisa Pahl, Steven Whitney, Kevin C Dellspenger, Pascha E 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, CCU) | 2.



Flagship innovations across our portfolio will drive our growth

Philips HealthSuite Imaging

Cloud-based PACS on AWS

High-speed remote access for diagnostic reading

Integrated reporting and AI-enabled workflow orchestration

accelerated time to diagnosis



Scaling largest multi-vendor Enterprise Informatics business

Philips Image Management

70+ AI-powered clinical apps **50%** productivity improvement¹

Interoperability and surveillance

1000+ unique medical devices connected

Tele care solution

20+ years experience in eICU remote care management

Expanding leadership in radiology, cardiology, and pathology

End-to-end business set up to scale

Growing **~2x** faster than Philips **EUR 1.5bn** 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



Personal Health at a glance



Total

EUR 3.6bn¹
sales

16.6%¹
adjusted EBITA margin

~9k
employees



Oral Healthcare

~35% of sales

#2 in Oral Healthcare



Personal Care

~54% of sales

#1 in Male Grooming



Mother & Child Care

~11% of sales

#2 in Infant Feeding

Flagship innovations across our portfolio will drive our growth

Lumea IPL 9900 Series with SkinAI

Smart hair removal device for face & body

12 months of hair-free skin¹

90% accuracy

of SkinAI features, which provide virtual skin analysis and treatment guidance

1. Median hair reductions after 12 treatments: 86% on lower legs, 70% on bikini, 67% on armpits



Responsible and sustainable business for Philips and customers



ESG focus

- Carbon-neutral in our operations since 2020
- Partnering with customers/suppliers on 1.5 °C target
- Leading in sustainable innovation (Helium-free MR, etc.)
- Circular revenues from 16% to 25% of sales by 2025
- 2 billion lives improved by 2025¹ of which 300 million in underserved communities

ESG ratings and recognition

ecovadis

Top 3% of the companies assessed



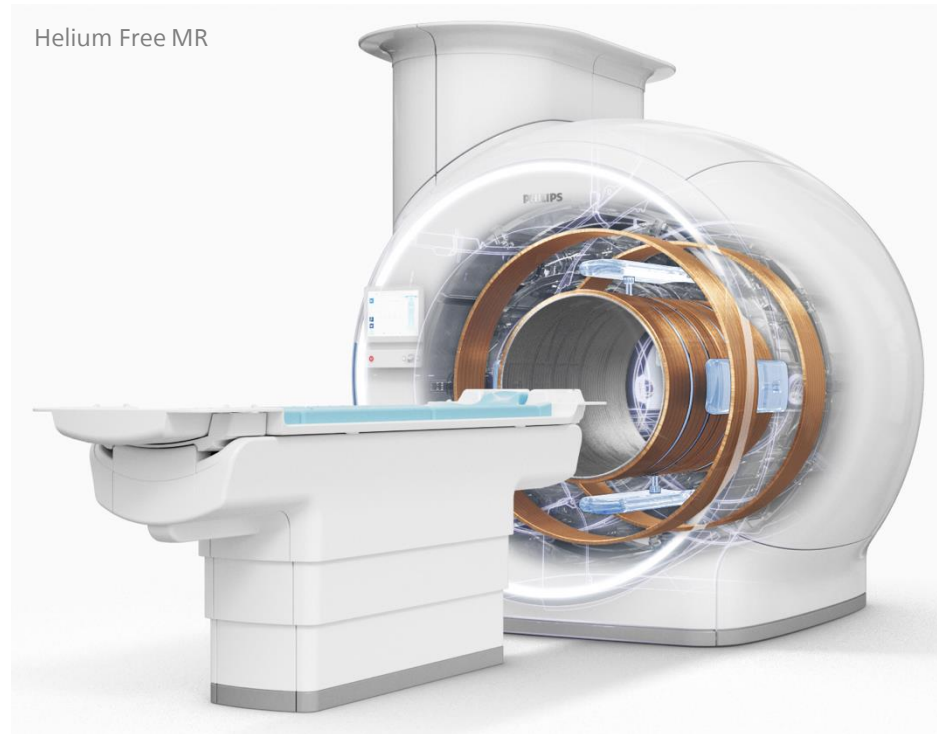
Top health technology company in the 2023 DJSI



First Dutch company among world's 15 best reputed companies



CDP's 'A List' for the 11th year in a row



ESG highlights

Selected achievements highlighting progress towards our goals



Environment

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

100% carbon-neutral in operations since 2020



Social

1.9 billion lives improved, >220 million million in underserved communities

39% gender diversity in workforce with ~30% in senior management positions help by women



Governance

Patient safety and quality leadership elevated to Executive Committee

Extension of supplier risk management to deeper tiers, and diversified sourcing of high-risk components

Reinvigorating patient and people-centric culture

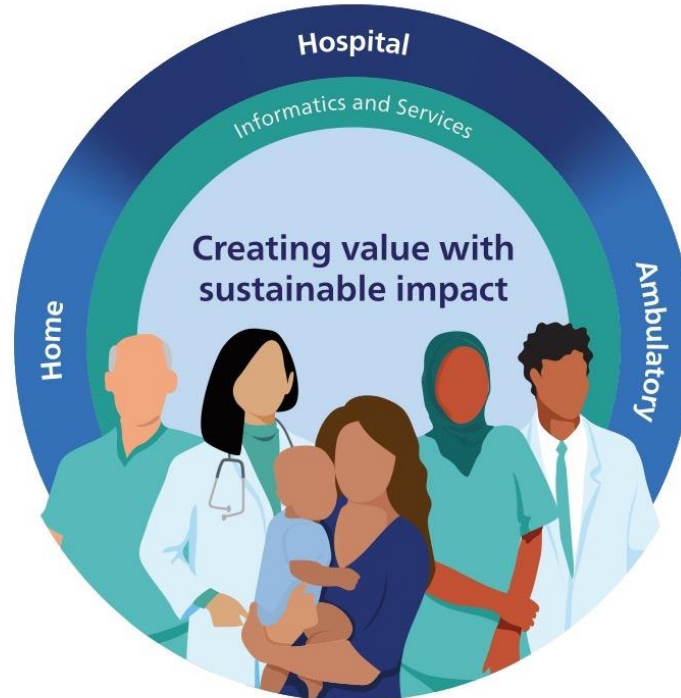


Accountability & empowerment

Patients and people at the heart of everything we do

Execution focus and simplicity

Transparency, growth mindset



Injecting HealthTech expertise

78%

Executive hires with Health Tech and healthcare background

50%

of non-executive hires in 2023 came from Health Tech

Our experienced and passionate executive team



CEO
Roy Jakobs
Dutch/German



Personal Health
Deeptha Khanna
Singaporean



North America
Jeff DiLullo
American



**Innovation
& Strategy**
Shez Partovi
Canadian



CFO
Abhijit Bhattacharya
Indian



Connected Care
Julia Strandberg
American



Greater China
Andy Ho
Chinese/Canadian



**Patient Safety
& Quality**
Steve C de Baca
American



**Diagnosis
& Treatment**
Image-Guided-Therapy
Bert van Meurs
Dutch



Human Resources
Heidi Sichien
Belgian



ESG & CLO
Marnix van Ginneken
Dutch



Precision Diagnosis a.i.^{1,2}
Bert van Meurs
Dutch



**International
Markets³**
Edwin Paalvast
Dutch



Operations
Wim Appelo
Dutch



Company overview

Creating value with sustainable impact

Path to value creation

Our four key strengths to build on

1

Leading positions

- ~70% of sales from #1 or #2 positions
- Leading innovation; hardware, software and services
- Strong professional and personal health (home) positions

2

High customer intimacy

- Preferred strategic and innovation partner
- 300+ partnerships, ~EUR 1.5Bn orders/year
- ~40% recurring revenue

3

Innovation aligned to customer needs

- Solutions across imaging, therapy and monitoring
- Enhanced clinical and operational productivity
- Largest Enterprise Informatics – multi-vendor

4

Strong purpose, brand and ESG

- Improved 1.9Bn lives '23 and 11Bn brand value
- Carbon-neutral, circularity, sustainable innovation
- 85% of products Ratings & Reviews > 4.3 (out of 5)

Creating value with sustainable impact

Enabled by culture of accountability and strong HealthTech talent and capabilities



Strategy of focused organic growth



Patient-, people-centric and scalable innovations



Execution as value driver

- Patient safety & quality as highest priority
- Reliable supply chain
- Simplified operating model

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 & Respiratory Care

Leveraging attractive leadership positions to drive growth



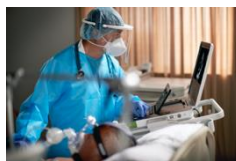
Image Guided Therapy

#1 in systems and devices



Monitoring

#1 in hospital
#1 in ambulatory



Ultrasound

#1 in cardiac



Personal Health

#1 male grooming
#2 oral health care
#2 infant feeding

~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



Smart diagnostic systems



Optimized workflows



Integrated diagnostics

Supported by Enterprise Informatics image management platform

Impactful, sustainable innovation

+

Supply chain improvement

+

Services pull through

+

Conversion of strong order book

Higher margins



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
- Business model and service innovation (Emaas/Saas)

>EUR1.7 billion¹,
~9% R&D of sales
(vs. ~7.5% industry average)

Empower business execution

- Tailor innovation to segment we serve
- Focused, fewer projects, scaling innovation faster
- People and patient centric design, experience

90% business-led
10% corporate

Execution with decisive action as key value driver



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 roles

Leadership and talent



Philips Respironics Recall

Progress to date

Remediation of >99% of sleep therapy devices complete¹; ventilators ongoing

FDA feedback received on testing and analysis for sleep therapy devices²

Reached agreement to resolve economic loss class action in the US

Philips agrees with FDA on terms of consent decree

483 remediation in progress

Started serving new patients with sleep therapy devices outside the US

Priorities ahead

Finalize recall and testing

Manage litigation, DoJ investigation

Comply with terms of consent decree

Gradually restore position

1. Over 99% of the sleep therapy device registrations that are complete and actionable have been remediated | 2. Following ongoing communications with the FDA, Philips Respironics has agreed to implement additional testing to supplement current test data on PE-PUR foam. The FDA stated that current testing is extensive and conducted with independent parties and expressed no concerns with its validity or objectivity. Philips Respironics is in discussions with the FDA on the details of further testing. Note: More information on the Respironics recall can be found [here](#);

Patient safety and quality as highest priority

Examples of our progress in 2023



Patient safety and quality as highest priority

Elevated Patient Safety and Quality to the Executive Committee; driving cultural change

~50% reduction in the number of Quality Management Systems since inception of program

Stepped up investments in systems, competencies and capabilities:

- strengthened Design Controls capabilities and talent
 - implemented RIM¹ system for improved compliance, agility, and regulatory management
 - improved competencies in Regulatory Affairs, with focus on leadership in AI & software
-

Improvement in CAPA² closures; strengthened processes, capabilities & governance

Towards a reliable end-to-end supply chain

Examples of our progress in 2023



Reliable end-to-end supply chain

Moved to customer centric end-to-end supply chain teams aligned to the businesses

~75% PCBAs redesigns completed

2,100+ reduced risk for high-risk components vs 700+ year-end 2022

De-risked all high-risk components identified at year-end 2022

~20% increase in service level driven by logistics improvement

Improving order-to-delivery lead-time

Simplified, more agile operating model



Examples of our progress in 2023



Simplified operating model

New operating model live for 9 months, completed re-alignment of workforce, roles and reporting lines; enabled more effective ways of working across the company

Reduced workforce by ~8K, ahead of 7K planned and on track to 10K roles by 2025

Started journey to reinvigorate our culture

~900 talents with a HealthTech background attracted in 2023, including ~20 leaders in executive roles; will continued to inject HealthTech expertise

Execution with decisive action as key value driver

2024 focus areas



Patient safety and quality as highest priority

Continued focus on cultural shift and improving competencies

> 65% reduction in # of QMS and improved CAPA management

Investment in systems and capabilities; RIM system across entire company

Respironics recall and consequences



Reliable end-to-end supply chain

Leverage our regional end-to-end supply chain for increased agility and resilience

Strengthen planning and delivery for improved inventory management

Continued focus on reducing lead-times and improving service levels

Further reduce technical debt, portfolio pruning



Simplified operating model

Leverage effective ways of working across the company

Further simplification of operating model¹

Continue to reinvigorate culture; further inject HealthTech talent



Company overview

Creating value with sustainable impact

Path to value creation

Strong full-year 2023 results driven by solid execution of the plan to create value with sustainable impact

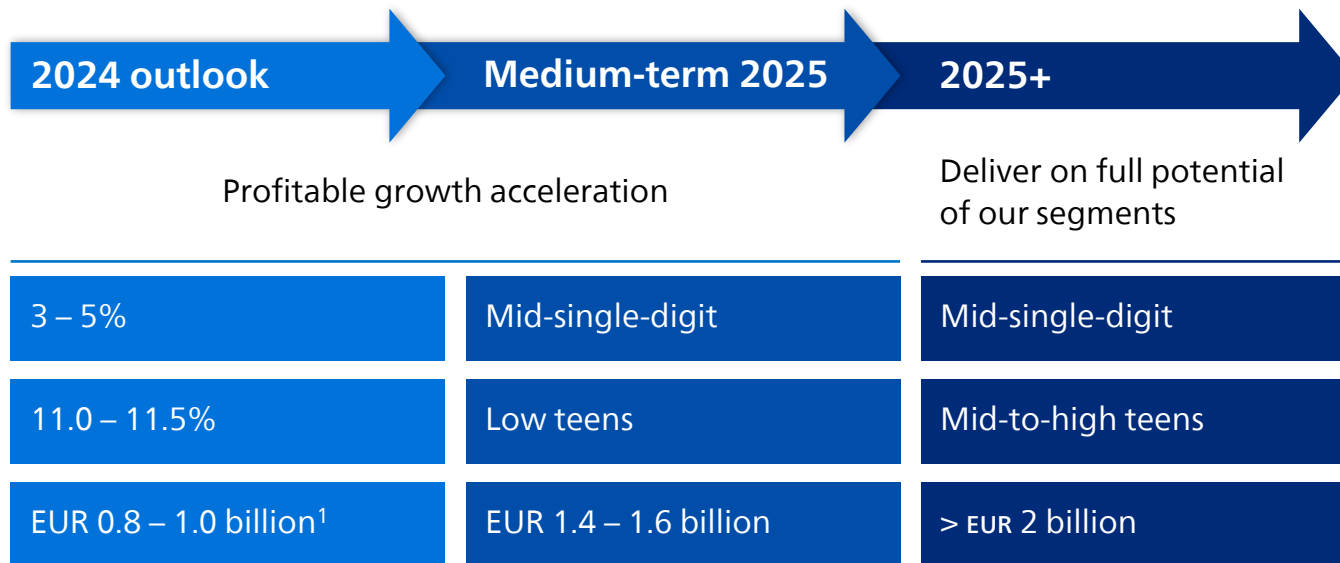
	2023 outlook <i>as of January 30, 2023</i>	2023 Actuals	
Comparable Sales Growth	Low-single-digit	7%* 	<ul style="list-style-type: none"> • Solid execution and supply chain improvements • Strong sales from equipment, as well as software, services, and consumables
Adjusted EBITA margin ¹	High-single-digit	10.5%* 	<ul style="list-style-type: none"> • Increased sales, pricing and productivity measures, partly offset by cost inflation
Free Cash Flow	EUR 0.7 – 0.9 billion	EUR 1.6 billion 	<ul style="list-style-type: none"> • Higher cash earnings and improved working capital management • Includes ~150m cash outflow related to resolution of the economic loss class action

1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains

*) Excluding provisions charged to sales of EUR 174 million in Q4 2023 mainly in connection with the Respironics consent decree

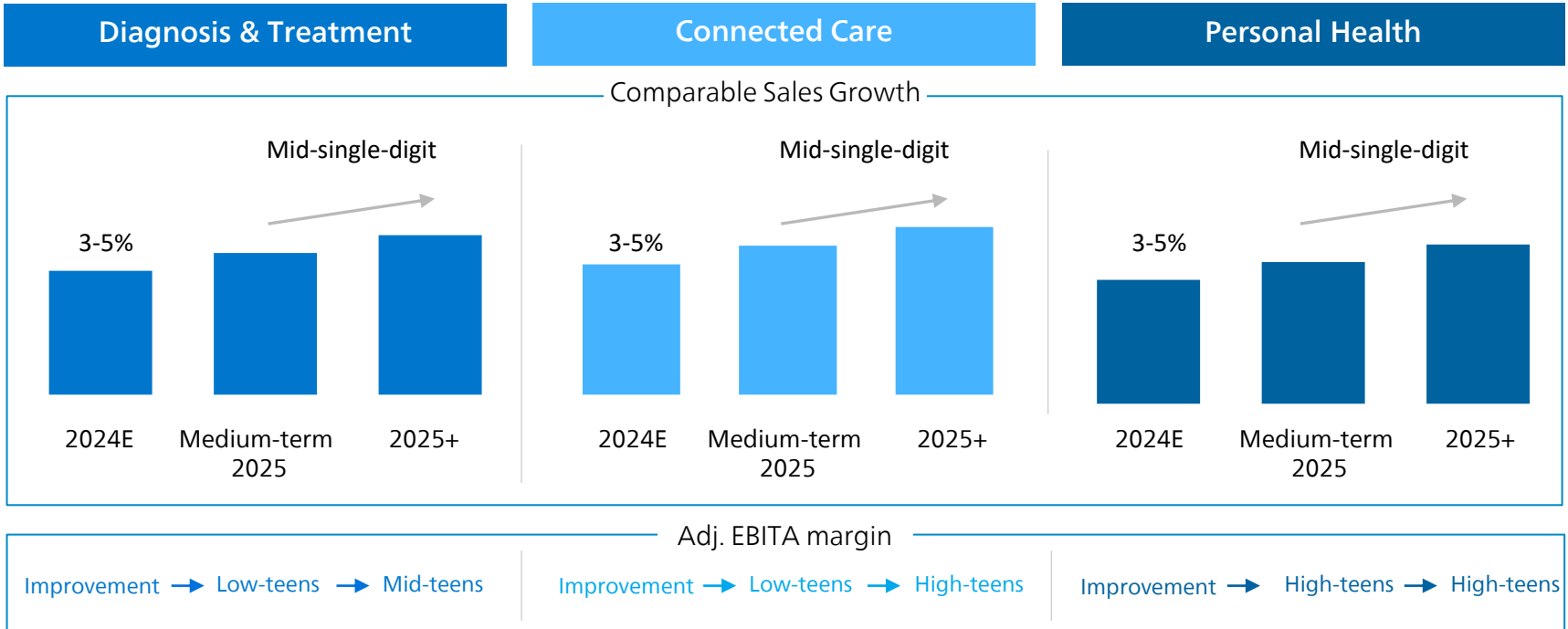


Confident in delivering the plan for 2023-2025, with further performance improvement in 2024



Outlook excludes the impact of ongoing litigation and the investigation by the US DoJ related to the Respironics field action

Driving organic growth and margin improvement

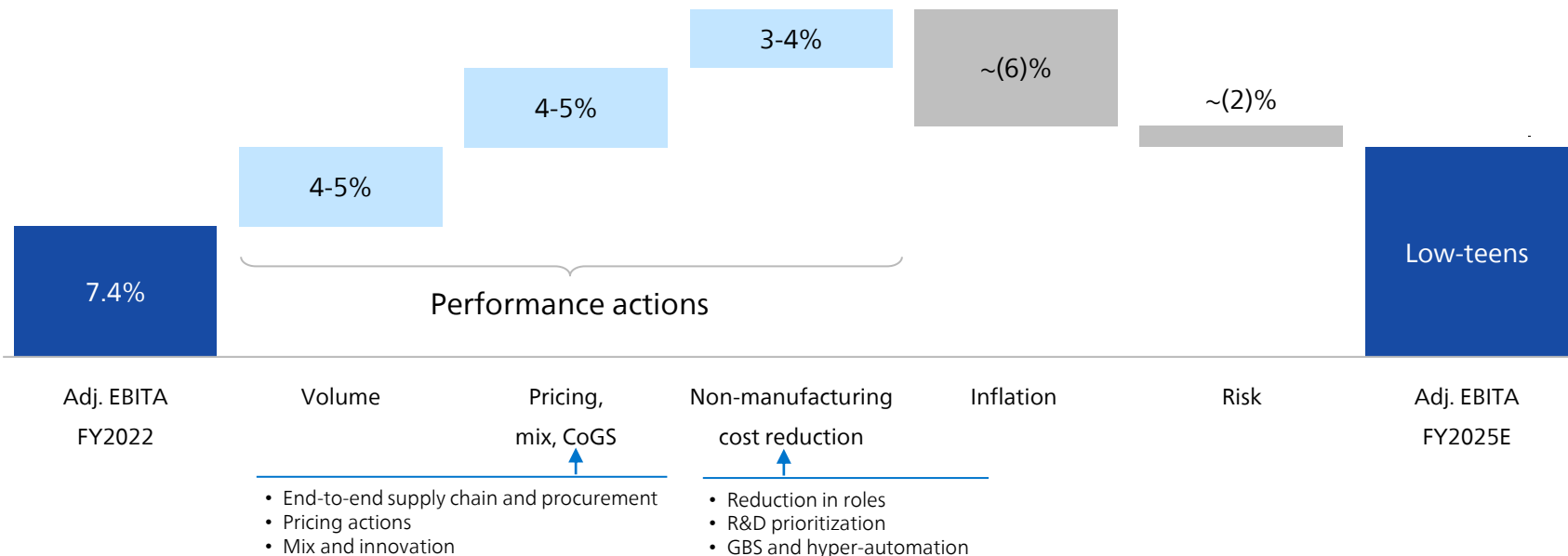


Productivity initiatives¹ to deliver EUR 2.0 billion in the 2023-2025 period

Productivity initiatives ¹ (in millions of EUR unless otherwise stated)		FY 2023 Actuals	2023 – 2025 target
Operating Model	<ul style="list-style-type: none"> • 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 	496	920 – 1,050
Procurement	<ul style="list-style-type: none"> • Bill-of-material savings via redesign, value analysis, engineering • Reductions in warehousing, transportation and consulting 	219	550 - 600
Other productivity	<ul style="list-style-type: none"> • Manufacturing footprint optimization and service productivity • R&D platform simplification and footprint optimization • GBS and hyper-automation • S&RC rightsizing 	241	400 - 450
		EUR 956 million	EUR 2.0 billion

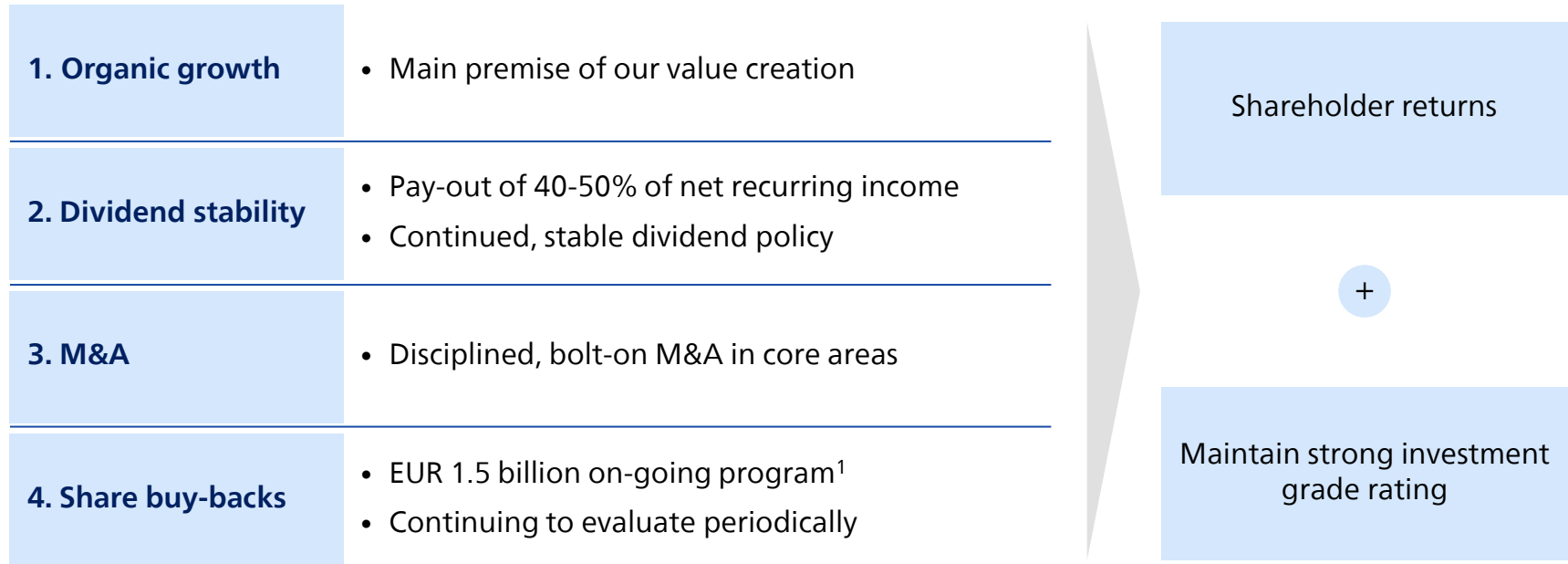
Margin increase from productivity, pricing & supply chain improvements – cumulative drivers 2023-2025

Adj. EBITA margin^{1,2}



1. Outlook excludes the impact of ongoing litigation and the investigation by the US DoJ related to the Respiroics field action | 2. Investments in patient safety and quality and supply chain improvements included

Balanced capital allocation focusing on organic growth, margin improvement and cash



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 remaining forward transactions are expected to be settled in 2024. Further information can be found on [Investor Relations website](#)

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: Outlook excludes the impact of the ongoing litigation and the investigation by the US DoJ related to the Respiroics field action

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Historical financial performance summary

Key data (in millions of EUR unless otherwise stated)	2021	2022	2023
Sales	17,156	17,827	18,169
<i>Comparable sales growth</i>	(1)%	(3)%	6%*
Income from operations	553	(1,529)	(115)
Financial expenses, net	(39)	(200)	(314)
Investments in associates, net of income taxes	(4)	(2)	(98)
Income tax expense	103	113	73
Income from continuing operations	612	(1,618)	(454)
Discontinued operations, net of income taxes	2,711	13	(10)
Net income	3,323	(1,605)	(463)
Adjusted EBITA ¹	2,054	1,318	1,921
<i>as a % of sales</i>	12.0%	7.4%	10.6%*
Adjusted income from continuing operations attributable to shareholders ² per common share (in EUR) - diluted	1.65	0.92	1.25

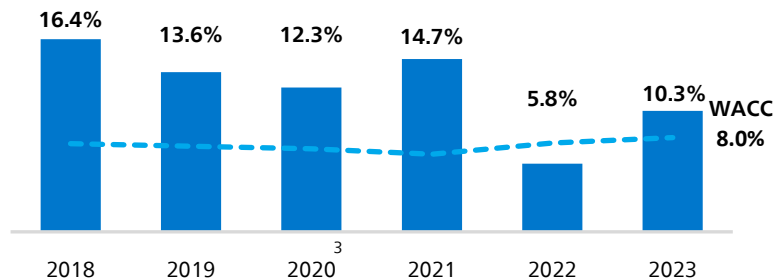
1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains; 2. Shareholders in this table refers to shareholders of Koninklijke Philips N.V.

*Excluding provisions charged to sales of EUR 174 million in Q4 2023 mainly in connection with the Respironics consent decree comparable sales growth was 7% and Adjusted EBITA as a % of sales was 10.5%

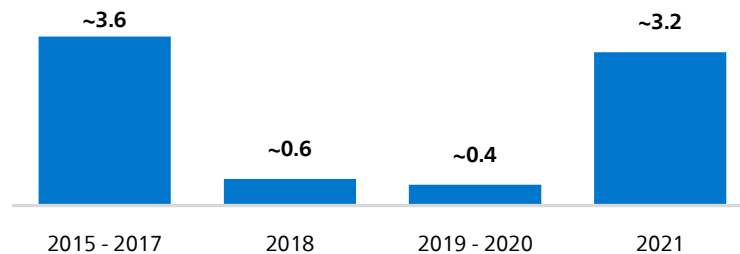


Balanced capital allocation policy

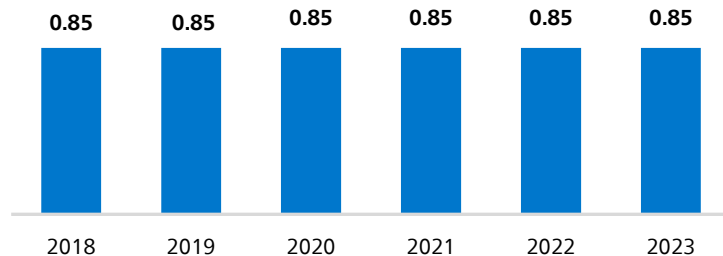
Organic Return on Invested Capital^{1,2}



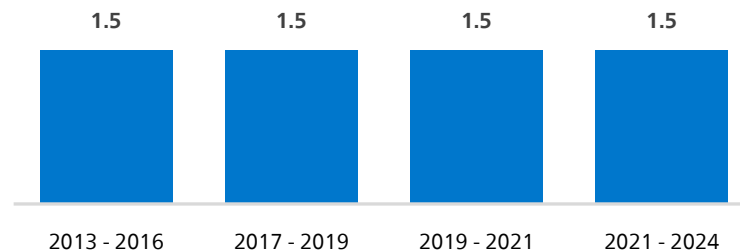
Mergers & acquisitions (in billions of EUR unless otherwise stated)



Dividends



Share repurchase (in billions of EUR unless otherwise stated)



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 % = LTM EBIAT / 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