



September 20, 2021

To Our Valued Customers,

As part of our commitment to transparent and frequent communication regarding the June 14, 2021 recall of certain products in our Sleep and Respiratory Care portfolio, I wanted to take this opportunity to share some important updates with you.

Over the last several weeks, our team has been working to accelerate the actions needed to complete this recall. While the progress cannot happen as quickly as we would all like, we are making important progress. I want to share with you some of the steps that have been taken in recent weeks.

Patient registration

With your help, we have been able to register more than one million patients in North America, a clear sign that our patients have gotten the message around the importance of this recall and the need to register their devices. We are working through the process – with the support of our customers – to match those patient registrations with their DME as appropriate. This matching is an important step in ensuring that we have responsibilities aligned between Philips and the DME for managing the remediation replacement process for each patient. We will continue to rely on your support to upload your patient serial numbers, so we can ensure any steps we take with your customers come with your support.

FDA authorization and device shipments

We have begun shipping replacement devices – DreamStation2 units from our accumulated inventory – direct to patients and to DMEs who have elected to manage the replacement process. With this important first step our commitment to you is refining and improving our process based on the lessons learned from these early shipments.

We were pleased to announce on Sept. 1 that we have received authorization from the U.S. Food & Drug Administration for the rework of the affected first-generation DreamStation devices in the United States. Rework is starting this week, and we have built thousands of repair kits for the first-generation DreamStation in the effort to gain momentum with the rework process. It is through an

active rework and replacement program that this remediation will gain speed, and we continue to target a goal of completing the recall in approximately 12 months.

Philips remains in dialogue with the FDA with respect to other aspects of the recall notification, including authorization for the rework of other systems, such as the Trilogy 100/200 and OmniLab. We continue to prepare so we can move with speed on remediation.

Manufacturing ramp up

As you know, we have redirected our manufacturing capacity to focus on addressing the needs of the recall on a global scale. This includes increasing our production of new DreamStation2 devices. As a result, we have increased the global production capacity of repair kits and replacement devices in Q3 2021 to 55,000 units per week. We aim to increase capacity to 80,000 units per week in Q4 2021. This accelerated production schedule includes the high volume of support needed for the recall of the devices, impacted by the recall.

Patient communication

We have increased communication to patients. Our goal is to encourage patients to register, as well as to keep the patients who have registered informed of the progress toward a replacement device. We are sharing messages via our DreamMapper application directly with patients. We are also using social media, paid search and advertising to drive more patients to register. An important goal of this effort is to ensure patients in underserved communities receive information about the recall and register to have their devices replaced. For those customers who have selected to manage patient communication yourself, we are working to provide you with content and resources to help enable that communication.

While we have made progress, we are conscious that it cannot happen fast enough. We will continue to share open and transparent updates with you as we manage through this process. On behalf of everyone at Philips, I thank you for your patience, and your partnership, as we work through this together.

Sincerely,

Eline de Graaf

Ad-Interim National Business Leader

Philips Sleep & Respiratory