

October 19, 2021

To Our Valued Customers,

Over the last few weeks, I've had the pleasure of meeting and talking with many of you. These productive conversations have allowed me to hear how the June 14, 2021 recall of certain products in our Sleep and Respiratory Care portfolio has impacted your businesses and the patients that you serve. I wanted to take this opportunity to share some important updates on a topic that many of you have asked about, which is patient communications.

We've been pleased to see a steady number of patients visiting our registration hub ([www.philips.com/src-update](http://www.philips.com/src-update)) and registering their devices. More than 1.8 million patients have registered in North America alone, a number that rises every week. This tells us that our patients are hearing about the recall and taking steps to participate, which is critical.

It also means that communication with these patients is entering a new phase, as many have registered and now need to be kept apprised of the progress of the recall, and ultimately, the status of their replacement devices. Philips has been working to develop the infrastructure and content needed for effective communication with these patients. We have brought online two dedicated call centers to support patients pre- and post-registration. We have increased our proactive outreach, and developed content to support multi-channel communication with patients.

To create alignment and support you in your ongoing communication, we want to share some of these communications assets with you. We expect these will be especially helpful for those managing communications with your patients directly. We will share this content with you in two batches in the days ahead. The content will include:

- Emails to encourage patients to register devices
- Emails to keep patients who have registered informed about the recall
- Emails to update patients on the status of their replacement devices
- Call center scripts
- Recorded phone messages
- Social media posts

It is our hope that these materials will help you to keep your patients informed and ensure consistent alignment between the messages we share from Philips and those you share with your patients.

Naturally, the one question every patient has which we're not able to answer yet is the exact timing of replacement. We are working to develop the ability to share this and hope to have more information on this in the weeks ahead. At this time, the priority remains getting more devices registered and matched with our DMEs.

## **Device allocation**

An additional common question has been a request for more information about the allocation process that Philips is using to manage the distribution of CPAP and BiPAP devices, given that shipping is currently underway. Our approach is designed to be equitable for our customers, as well as to speed replacement devices to patients as quickly as possible.

A few important points about the allocation approach:

- The allocation model allocates available inventory weekly based on open order share across DMEs. Open orders are created when we have a patient registration matched with the DME registration.
- The model does not penalize those who uploaded patient data later. It flexes, to allow customers who uploaded the information later to catch up.
- DMEs who have seen an early start in shipments will see their open order numbers go down in future allocation rounds, thereby allowing open orders from new DMEs to get more allocation.
- The model will also balance Philips managed remediation and DME managed.

We believe this model creates an equitable approach to allocation. We welcome your feedback as we move forward in ensuring the model is fair to all our customers while prioritizing speed of replacement for patients.

We are committed to continuing our strong, productive partnership with you. We are encouraged with the progress being made and are working to accelerate for the benefit of our customers and the patients they serve. We will continue to share open and transparent updates.

On behalf of the team at Philips, I thank you for support as we move forward together.

Sincerely,



Eline de Graaf