

Registered number: 03321782

Remote Diagnostic Technologies Limited

**Annual report and financial statements
for the year ended 31 December 2021**

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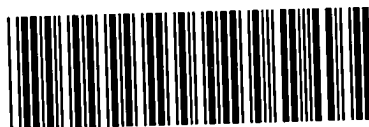


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Remote Diagnostic Technologies Limited

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Remote Diagnostic Technologies Limited

Company information

| | |
|-----------------------------|--|
| Directors | W Van Namen M Leftwich L Best |
| Company secretary | L Best |
| Registered number | 03321782 |
| Registered office | Ascent 1 Aerospace Boulevard Farnborough GU14 6XW England United Kingdom |
| Independent auditors | PricewaterhouseCoopers LLP 4 th Floor One Reading Central 23 Forbury Road Reading RG1 3JH United Kingdom |

Remote Diagnostic Technologies Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report on the company for the year ended 31 December 2021.

Strategy

The company is a wholly owned subsidiary of Koninklijke Philips N.V. ("KPNV"). References to Philips or the Philips group relate to KPNV and its subsidiaries, as the context requires. The company's strategic direction is driven by the Philips' group mission and vision.

The group's vision is to make the world healthier and more sustainable through innovation. Our goal is to improve the lives of 3 billion people a year by 2030.

We execute our strategy through the use of the Philips Business System ("PBS") which is designed to help us deliver on our mission and vision.

The Philips group strategy is detailed further in the KPNV Annual Report 2021 available at www.results.philips.com.

Review of business

Turnover for the year increased by £1,189,000 (5.2%) compared to 2020. Gross profit margin reduced from 39.5% to 35.8% compared to 2020. This is due to a changing sales mix in the course of 2019 as the company integrates into Philips Business Systems. The company increasingly supplies related Philips companies globally with sales to Philips group companies amounting to 85.4% of turnover in 2021 compared to 59.2% in 2020.

Administrative expenses increased by £1,148,000 in 2021 compared to the previous year. The increase is principally due to higher staff costs as the company adopts Philips group processes in order to drive further growth.

The company reports net assets of £3,624,000 at the end of the financial year. The operating loss for the year of £6,713,000 is in line with the expectations of the directors given the ongoing costs of integration into Philips group that have been expensed in the year.

Key financial performance indicators

The company measures its performance on a number of key performance indicators, including turnover, gross profit and operating profit as discussed above.

Section 172 Statement

The directors acknowledge their duty under section 172 (1) (a) to (f) of the Companies Act 2006 to promote the success of the company for the benefit of shareholders as a whole. In the year ended 31 December 2020 the directors continued to exercise all their duties while having regard to these broader matters, including the likely consequence of decisions for the long term, the need to act fairly between members of the company, and the company's wider relationships.

Section 172 (f)

Section 172(f) deals with the need to act fairly between members of the company. The company is a wholly owned subsidiary of Koninklijke Philips N.V. ("KPNV"). The directors undertake all business activity in accordance with the Philips' group strategy, values and behaviours as explained further below.

Remote Diagnostic Technologies Limited

Strategic report (*continued*) for the year ended 31 December 2021

Section 172 (a)

With regard to Section 172 (a) the directors consider the implications of all decisions for the long term and ensure that these are made in accordance with the strategy set out above. Key decisions made in the year include investments in development projects for new product innovations, marketing and sales investments, recruitment and resourcing. These decisions were made based upon the potential to realise the Philips' vision to make the world healthier and more sustainable through innovation and to improve the lives of 3 billion people a year by 2030.

Section 172(b)-(e)

With regard to Section 172(b)-(e) the directors consider the impact of all operational decisions on stakeholder relations, the environment, and reputation in order to further the success of the company. We are a purpose-driven company with our aim to improve the lives of 3 billion people annually by 2030. Our people draw inspiration from the societal impact we achieve through our products and solutions, on both the social and environmental dimensions.

These factors are underpinned by the Philips' group culture and by the Philips' group behaviors that all employees are expected to commit to living:

- Customers first,
- Quality and integrity
- Team up to win,
- Take ownership to deliver fast,
- Eager to improve and inspire – every step of the way.

The company sets all staff performance objectives, at least annually, that are aligned to these behaviours. Further information is available in the Philips's Group Annual Report 2021 on pages 57-61.

The company culture is further underpinned by the Philips' General Business Principles (GBP), which sets the standard for business conduct. Further information on the GBP are included in the Philips's Group Annual Report 2021 on page 64. All employees in the company are required to undertake mandatory annual GBP training and to apply and uphold the GBP in their daily work.

The company's key stakeholder relations include customers, suppliers, employees, related parties in the Philips' group, and shareholders. The company seeks regular interaction, communication, and feedback with all stakeholders.

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Strategic report (continued) for the year ended 31 December 2021

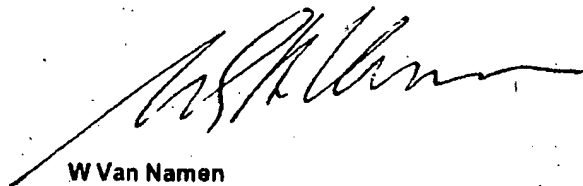
Principal risks and uncertainties

The company operates a coordinated set of risk management and control systems to help anticipate, monitor and manage its exposure to risk. The company's risk management and control systems are aligned and integrated with the systems of its ultimate parent undertaking, KPNV and the Philips group. Philips' risk management focuses on the following risk categories: Strategic, Operational, Compliance and Financial risks. Risk management forms an integral part of the business planning and review cycle. The company's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and for the implementation of fit-for-purpose risk responses. Philips' risk management approach is embedded in the areas of corporate governance, Philips Business Control Framework and Philips General Business Principles. These are described in further detail in the Philips Group Annual Report 2021 (pages 79 – 90).

Future developments

The company will continue to be actively involved in delivering the Philips group mission and vision in future years. The directors expect future developments and activities that are consistent with the Philips' group strategic focus as set out in the KPNV Annual Report. Over the coming years, the company will continue to develop new growth initiatives and enter new sales markets through the development of innovative remote diagnostic technologies. The company will continue to drive operational excellence to carefully manage working capital and costs, for example by driving value engineering through the groups' "Design for Excellence" program and further embedding the Philips Business System.

On behalf of the Board



**W Van Namen
Director
21st June 2022**

Remote Diagnostic Technologies Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Results and dividends

The company's results for the financial year are set out in the Statement of comprehensive income on page 12.

The directors do not recommend the payment of a dividend (2020: £nil).

Future developments

An indication of the likely future developments of the company are provided in the Strategic report.

Directors

The directors who held office during the year and to the date of signing the financial statements are as follows:

W Van Namen
N Mesher (resigned 1st April 2022)
M Leftwich (appointed 1st April 2022)
L Best

Employee involvement

Philips values the contribution of all employees. The company continues to work to increase organizational effectiveness and to simplify its structure in order to become even more market-driven and people-centric. Philips believes it is important that employees are engaged i.e. that they feel part of a team, know their ideas and suggestions count, trust their manager, and value diverse perspectives. The company continues to provide employees at all locations with information related to their particular business. It is considered crucial that employees communicate properly and that everyone is given full opportunity to use their individual talents. Information such as production targets and achievements is communicated at departmental and establishment levels. Leaders who do well in connecting employees with the long-term Philips ambitions are highly recognized. Employees have the opportunity to participate in the success of the company through the "Share in Success" Philips group share ownership scheme.

The company is committed to equal opportunities for all, free from discrimination and harassment. The company's policy is to consider disabled workers for all suitable vacancies and to continue to employ and assist wherever possible workers who become disabled, giving appropriate training assistance necessary and to develop their skills and capabilities.

Remote Diagnostic Technologies Limited

Directors' report (continued) for the year ended 31 December 2021

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the directors and the company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Philips group throughout the financial year.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Directors' report (*continued*) for the year ended 31 December 2021

Financial risk management

Please refer to the principal risks and uncertainties section of the Strategic report for the company's financial risk management policies.

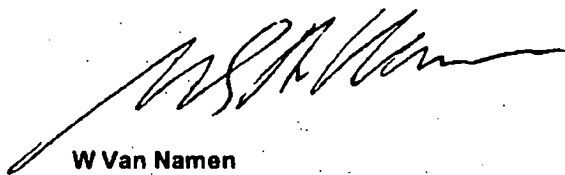
Going Concern

The company has received a letter of support from the Group, after making appropriate enquiries, the directors have a reasonable expectation that the Group has the ability and intention to continue to provide that support and the Company has adequate resources to continue in operational existence for at least one year from the date of signing the financial statements.

Independent Auditor

At the date of signing these financial statements, the re-appointment of the independent auditors is still to be approved.

On behalf of the Board



W Van Namen
Director
21st June 2022

Remote Diagnostic Technologies Limited

Independent auditors' report to the members of Remote Diagnostic Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Remote Diagnostic Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Remote Diagnostic Technologies Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Remote Diagnostic Technologies Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with quality and health regulations, as well as general employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, omitting, advancing or delaying recognition of events and transactions that have occurred during the reporting period and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Review of minutes of meeting with the Board of Directors.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journals posted by senior management.
- Challenging assumptions made by management in their significant accounting estimates and judgements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
22 June 2022

Remote Diagnostic Technologies Limited**Registered number: 03321782****Statement of Comprehensive Income
for the year ended 31 December 2021**

| | Note | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|--|-------------|--|--|
| Turnover | 5 | 24,183 | 22,994 |
| Cost of sales | | <u>(15,537)</u> | <u>(13,904)</u> |
| Gross profit | | 8,646 | 9,090 |
| Administrative expenses | | (15,629) | (14,481) |
| Other operating income | 6 | <u>270</u> | <u>336</u> |
| Operating loss | 7 | (6,713) | (5,055) |
| Interest payable and similar expenses | 10 | <u>(168)</u> | <u>(127)</u> |
| Loss before taxation | | (6,881) | (5,182) |
| Tax on loss | 11 | <u>153</u> | <u>188</u> |
| Loss for the financial year | | <u>(6,728)</u> | <u>(4,994)</u> |
| Total comprehensive expense for the financial year | | <u>(6,728)</u> | <u>(4,994)</u> |

The notes on pages 15 – 36 are an integral part of these financial statements.

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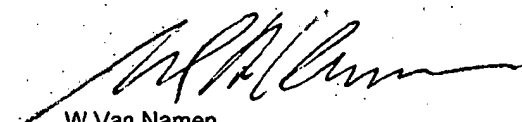
Registered number: 03321782

Balance sheet 31 December 2021

| | Note | At 31 December 2021 £000 | At 31 December 2020 £000 |
|---|------|-----------------------------------|-----------------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 12,228 | 12,588 |
| Tangible assets | 13 | <u>71</u> | <u>124</u> |
| | | 12,299 | 12,712 |
| Current assets | | | |
| Stocks | 15 | 6,300 | 10,383 |
| Debtors | 16 | 6,358 | 3,395 |
| Cash and cash equivalents | | <u>-</u> | <u>-</u> |
| | | 12,658 | 13,778 |
| Creditors: amounts falling due within one year | 17 | <u>(21,243)</u> | <u>(15,564)</u> |
| Net current liabilities | | <u>(8,585)</u> | <u>(1,786)</u> |
| Total assets less current liabilities | | <u>3,714</u> | <u>10,926</u> |
| Creditors: amounts falling due after more than one year | 18 | (44) | (465) |
| Provisions for liabilities | 19 | <u>(46)</u> | <u>(109)</u> |
| Net Assets | | <u>3,624</u> | <u>10,352</u> |
| Capital and reserves | | | |
| Called up share capital | 23 | - | - |
| Capital redemption reserve | | 206 | 206 |
| Share premium account | | 8,434 | 8,434 |
| Share option reserve | | 2,886 | 2,886 |
| Other reserves | | 494 | 494 |
| Profit and loss account - deficit | | <u>(8,396)</u> | <u>(1,668)</u> |
| Total equity | | <u>3,624</u> | <u>10,352</u> |

The notes on pages 15 – 36 are an integral part of these financial statements.

The financial statements on pages 12 – 36 were approved by the board of directors on 21st June 2022 and were signed on its behalf by:


W Van Namen
Director

Remote Diagnostic Technologies Limited

Registered number: 03321782

**Statement of changes in equity
for the year ended 31 December 2021**

| | Called up share capital £000 | Share Premium account £000 | Capital redemption reserve £000 | Other reserves £000 | Share option reserve £000 | Profit and loss account £000 | Total Equity £000 |
|---|--|-------------------------------------|--|---------------------------|------------------------------------|---------------------------------------|-------------------------|
| Equity at 1 January 2020 | – | 8,434 | 206 | 494 | 2,886 | 3,326 | 15,346 |
| Loss for the financial year | – | – | – | – | – | (4,994) | (4,994) |
| Total comprehensive expense for the financial year | – | – | – | – | – | (4,994) | (4,994) |
| Equity at 31 December 2020 | – | 8,434 | 206 | 494 | 2,886 | (1,668) | 10,352 |
| Loss for the financial year | – | – | – | – | – | (6,728) | (6,728) |
| Total comprehensive expense for the financial year | – | – | – | – | – | (6,728) | (6,728) |
| Equity at 31 December 2021 | – | 8,434 | 206 | 494 | 2,886 | (8,396) | 3,624 |

The notes on pages 15 – 36 are an integral part of these financial statements.

Remote Diagnostic Technologies Limited

Registered number: 03321782

Notes to the financial statements for the year ended 31 December 2021

1. General information

Remote Diagnostic Technologies Limited ("the company") designs and manufactures pre-hospital care vital signs monitors.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom (England and Wales). The address of its registered office is Ascent 1, Aerospace Boulevard, Farnborough, GU14 6XW, United Kingdom.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Remote Diagnostic Technologies Limited

Registered number: 03321782

Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report on pages 3 to 5.

The company participates in the Philips group centralised treasury arrangements and so shares banking arrangements with its ultimate parent undertaking, Koninklijke Philips N.V. ("KPNV") and fellow subsidiaries. The company has received a letter of support from the Group, after making appropriate enquiries, the directors have a reasonable expectation that the Group has the ability and intention to continue to provide that support and the Company has adequate resources to continue in operational existence for at least one year from the date of signing the financial statements. The company has net current liabilities of £8,585,000. The company has £21,243,000 of creditors falling due within one year of which £17,387,000 is due to amounts payable to group companies. Historically other group companies have not demanded repayment of these intercompany amounts and are not expected to demand repayment in the foreseeable future. The directors, having considered the availability of future group funding if it should be required, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3.3 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- preparing a statement of cash flows;
- disclosure of key management personnel compensation;
- preparing certain financial instrument disclosures; and
- preparing certain share-based compensation disclosures.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent undertaking, KPNV includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 27.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

Remote Diagnostic Technologies Limited

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.4 Consolidated financial statements

The company is a wholly owned subsidiary of KPNV, a company incorporated in the Netherlands. It is included in the consolidated financial statements of KPNV, which are publicly available. Therefore, the company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

3.5 Foreign currency

(i) **Functional and presentational currency:**

The company's functional and presentation currency is the pound sterling.

(ii) **Transactions and balances:**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measure using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts allowed by the company and value added taxes.

The company recognises revenue upon fulfilment of a customer order when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured. Revenue is typically recognised on despatch of goods unless there are specific terms regarding delivery to the customer site.

Software revenues related to licenses granted over a period of time are recognised on a straight line basis over the period to which they relate.

Remote Diagnostic Technologies Limited

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.7 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements pension and paid holiday arrangements.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

(ii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate can be made

(iii) Defined contribution pension scheme

The company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension scheme under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the scheme are held separately from the company in independently administered funds.

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.8 Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of the individual development project. In this situation the expenditure is deferred and amortised over the period during which the company is expected to benefit.

The estimated useful life for development expenditure is 5 years. Development cost are amortised on a straight line basis.

3.9 Grants received

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to capital expenditure are credited to the Statement of Comprehensive Income at the same rate as the amortisation on the assets to which the grant relates, being the useful life of the asset. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period in the Statement of comprehensive income.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.11 Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

3.13 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided at rates to write off the cost less the estimated residual value of tangible fixed assets by equal instalment over their estimated useful economic lives as follows:

Plant and machinery: 3-5 years straight line

3.14 Software

Software is stated at cost, as intangible assets, less accumulated amortisation and any accumulated impairment losses. Amortisation is provided at rates to write off the cost less the estimated residual value by equal instalment over their estimated useful economic lives as follows:

Software : 3-5 years straight line

3.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.16 Operating leased costs

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease in existence at the date of the transition to FRS 102 are recognised on a straight-line basis over the term of the lease.

3.17 Investments

Fixed asset investments in subsidiary undertakings are held at cost less accumulated impairment losses.

3.18 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving stocks. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Stock also includes demonstration units that have been capitalised but not linked to a project. Demonstration units are depreciated over a period of 5 years and the cost is included within cost of sales.

3.19 Cash and cash equivalents

Cash and cash equivalents includes deposits held with banks and bank overdrafts.

3.20 Warranty Provision

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

A provision for warranty and product related liability is recognised when the underlying products are sold.

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.21 Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, loans and amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and loans and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Basic debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.22 Leased Assets

Leases of assets that transfer substantially all of the risks and reward incidental to ownership are classified as finance leases. Assets obtained under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. Obligations under finance leases are included in creditors net of the finance charge associated with future periods. The finance element of the rental payment is charged to the Statement of comprehensive income on a straight line basis.

3.23 Share capital

Ordinary shares are classified as equity.

3.24 Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholder. These amounts are recognised in the statement of changes in equity.

3.25 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the Philips group. As the company is itself a wholly owned subsidiary within the Philips group it is exempt from the requirement to disclose transactions with other members of the Philips group that are also wholly owned.

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Notes to the financial statements for the year ended 31 December 2021

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

At 31 December 2021, the company did not make any critical judgements in applying its accounting policies.

The areas where the most significant judgements are made are:

- Determining whether development costs should be capitalised as intangible fixed assets. Factors taken into consideration include the technical feasibility of the project and the level of future economic benefits the project is expected to generate.

(b) Critical accounting estimates and assumptions

The areas where the most significant estimates are made are:

- Impairment testing of intangible fixed assets. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the asset
- Determining the useful economic life of capitalised development intangible assets considering the expected future period over which related revenues may be realised

5. Turnover

The whole of the turnover is attributable to the one principal activity of the Company.

Turnover, all of which is of United Kingdom origin, is analysed by geographical destination as follows:

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|----------------|--|--|
| United Kingdom | 2,506 | 900 |
| Rest of Europe | 2,236 | 6,542 |
| Rest of World | 19,441 | 15,552 |
| | <u>24,183</u> | <u>22,994</u> |

Remote Diagnostic Technologies Limited

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Notes to the financial statements for the year ended 31 December 2021

6. Other operating income

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|--------------|--|--|
| Grant income | <u>270</u> | <u>336</u> |

7. Operating loss

Operating loss is stated after charging:

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|---|--|--|
| Amortisation | 3,333 | 3,193 |
| Depreciation | 92 | 205 |
| Impairment of inventory included in cost of sales | 1,097 | 430 |
| Staff Costs | 5,678 | 4,080 |
| Exchange differences | 54 | 83 |

Auditors' remuneration in respect of the audit of the company's financial statements amounted to £95,000 (2020: £72,000).

8. Employees

The aggregate staff costs including directors' remuneration were as follows:

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|-----------------------|--|--|
| Wages and salaries | 5,733 | 5,097 |
| Social security costs | 608 | 547 |
| Other Pension Costs | 416 | 351 |
| | <u>6,757</u> | <u>5,995</u> |

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Notes to the financial statements for the year ended 31 December 2021

8. Employees (continued)

Staff costs detailed above includes amounts capitalised as part of development costs as follows:

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|-----------------------|--|--|
| Wages and salaries | 846 | 1,553 |
| Social security costs | 101 | 151 |
| Other Pension Costs | 132 | 211 |
| | <u>1,079</u> | <u>1,915</u> |

The average monthly number of employees, including the directors, in the year was as follows:

| | 12 months to 31 December 2021 No. | 12 months to 31 December 2020 No. |
|--------------------------|---|---|
| Sales and Marketing | 13 | 14 |
| Administrative | 14 | 15 |
| Research and Development | 35 | 33 |
| Quality and Regulatory | 21 | 13 |
| Technical | 6 | 5 |
| Production | 12 | 14 |
| | <u>101</u> | <u>94</u> |

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Notes to the financial statements for the year ended 31 December 2021

9. Directors' remuneration

Emoluments for the 3 (2020: 4) directors who served during the year were paid by other Philips group companies and not recharged.

10. Interest payable and similar expenses

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|---|--|--|
| Interest payable to group undertakings | 164 | 122 |
| Interest on finance lease and hire purchase contracts | 4 | 5 |
| | <u>168</u> | <u>127</u> |

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Notes to the financial statements for the year ended 31 December 2021

11. Tax on loss

Analysis of the tax charge in the year

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|--|--|--|
| Current tax | | |
| UK Corporation tax credit in the year | (153) | (144) |
| Adjustments in respect of prior years | | (44) |
| Total current tax | (153) | (188) |
| Deferred tax | | |
| Origination and reversal of timing differences | - | - |
| Adjustments in respect of prior years | - | - |
| Total deferred tax | - | - |
| Total tax credit on loss on ordinary activities | (153) | (188) |

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | Year to 31 December 2021 £000 | Year to 31 December 2020 £000 |
|--|--|--|
| Loss before tax | (6,881) | (5,182) |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%) | (1,307) | (985) |
| Effects of: | | |
| Expenses not deductible for tax purposes other than goodwill amortisation and impairment | - | 56 |
| Adjustments to tax charge in respect of prior years | - | (37) |
| Adjustment to tax charge for research and development tax credit | (76) | (110) |
| Deferred tax not recognised | 2,674 | 1,123 |
| Remeasurement for change in deferred tax rates | (1,444) | (235) |
| | (153) | (188) |

The UK budget 2021 included measures to support economic recovery following the COVID 19 pandemic. This included an increase in the UK's main rate of corporation tax to 25% due to be effective on 1 April 2023.

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Notes to the financial statements for the year ended 31 December 2021

12. Intangible assets

| | Software £000 | Capitalised development costs £000 | Total £000 |
|-------------------------------------|------------------|---|---------------|
| Cost | | | |
| At 1 January 2021 | 69 | 20,577 | 20,646 |
| Additions | – | 2,973 | 2,973 |
| Write off of fully amortised assets | (69) | (2,247) | (2,316) |
| At 31 December 2021 | – | 21,303 | 21,303 |
| Accumulated amortisation | | | |
| At 1 January 2021 | 65 | 7,993 | 8,058 |
| Charge for the year | 4 | 3,329 | 3,333 |
| Write off of fully amortised assets | (69) | (2,247) | (2,316) |
| At 31 December 2021 | – | 9,075 | 9,075 |
| Net book value | | | |
| At 31 December 2021 | – | 12,228 | 12,228 |
| At 31 December 2020 | 4 | 12,584 | 12,588 |

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Notes to the financial statements for the year ended 31 December 2021

13. Tangible assets

| | Plant & machinery £000 |
|---------------------------------------|---|
| Cost | |
| At 1 January 2021 | 299 |
| Additions | 39 |
| Write off of fully depreciated assets | (184) |
| At 31 December 2021 | 154 |
| Accumulated depreciation | |
| At 1 January 2021 | 175 |
| Charge for the year | 92 |
| Write off of fully depreciated assets | (184) |
| At 31 December 2021 | 83 |
| Net book value | |
| At 31 December 2021 | 71 |
| At 31 December 2020 | 124 |

The net book value of assets held under finance leases or hire purchase contracts is £nil (31 December 2020: £nil)

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Notes to the financial statements for the year ended 31 December 2021

14. Investments

At 31 December 2021, the company directly held 100% of the equity of the following subsidiary undertaking:

| Company name | Country of incorporation | Principal activity |
|--------------|--------------------------|--------------------|
| RDT PTY LTD | Australia | Dormant |

The investment in the subsidiary company had £nil cost and net book value at 31 December 2021 (31 December 2020: £nil). The registered address of the subsidiary undertaking is Unit 10/120 Saunders Street, Pymont, NSW 2009, Australia.

15. Stocks

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Finished goods and goods for resale | 5,299 | 9,433 |
| Demonstration stock | 1,001 | 950 |
| | <u>6,300</u> | <u>10,383</u> |

The amounts recorded above are net of allowances for obsolescence. The write-down of inventory to net realisable value amounted to £973,000 (2020: £668,000). The write-down is included in cost of sales. Depreciation charged on demonstration stock in the year amounted to £347,000 (year ended 31 December 2020: £282,000).

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

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Notes to the financial statements for the year ended 31 December 2021

16. Debtors

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Trade debtors | 413 | 1,190 |
| Amounts owed by group undertakings | 4,928 | 1,250 |
| Other taxation and Social Security | 144 | 518 |
| Corporation Tax | 297 | 334 |
| Prepayments and accrued income | 576 | 103 |
| | <u>6,358</u> | <u>3,395</u> |

Trade debtors are stated after provisions for impairment of £8,000 (2020: £8,000).

17. Creditors: amounts falling due within one year

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|---|-----------------------------------|-----------------------------------|
| Trade Creditors | 1,993 | 2,155 |
| Amounts owed to group undertakings | 1,294 | 1,717 |
| Loans from group undertakings | 16,093 | 10,054 |
| Taxation and Social Security | 136 | 145 |
| Obligations under finance lease and hire purchase contracts | — | 8 |
| Other creditors | 136 | 96 |
| Grants received | 264 | 107 |
| Accruals and deferred income | <u>1,327</u> | <u>1,282</u> |
| | <u>21,243</u> | <u>15,564</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Loans from group undertakings incur interest at an agreed group rate, are unsecured and repayable on demand.

Remote Diagnostic Technologies Limited

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Notes to the financial statements for the year ended 31 December 2021

18. Creditors: amounts falling due after more than one year

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|-----------------|-----------------------------------|-----------------------------------|
| Grants received | <u>44</u> | <u>465</u> |

Grants received include amounts to be released after more than 5 years of £nil (2020: £nil).

19. Provisions for liabilities

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|--------------------|-----------------------------------|-----------------------------------|
| Warranty provision | <u>46</u> | <u>109</u> |

The warranty provision is calculated at 0.5% of sales on a rolling 2-year basis.

| | |
|--|-------------|
| At 1 January 2021 | £000 |
| Amounts utilised | (109) |
| Charged to the Profit and Loss account | 63 |
| At 31 December 2021 | <u>(46)</u> |

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Notes to the financial statements for the year ended 31 December 2021

20. Finance leases

The minimum lease payments are as follows:

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|-------------------|-----------------------------------|-----------------------------------|
| Within 1 year | – | 8 |
| Between 1-2 years | – | – |
| Between 2-5 years | – | – |
| | <u>–</u> | <u>8</u> |

Finance leases relate to plant and equipment.

21. Financial Instruments

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|--|-----------------------------------|-----------------------------------|
| Financial assets measured at amortised cost | <u>413</u> | <u>1,190</u> |
| Financial liabilities measured at amortised cost | <u>(20,844)</u> | <u>(15,312)</u> |

Financial assets measured at amortised cost comprise cash and cash equivalents and trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

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Notes to the financial statements for the year ended 31 December 2021

22. Deferred tax liabilities

| | Deferred tax liabilities £000 |
|---|--|
| At 1 January 2021 | - |
| Credited to the Statement of Comprehensive Income | - |
| At 31 December 2021 | - |

The net deferred tax liability is made up as follows:

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Accelerated capital allowances | 3,014 | 2,365 |
| Short term timing differences | (46) | (47) |
| Tax losses carried forward | (2,968) | (2,318) |
| Net deferred tax liability | - | - |

The company has an unrecognised deferred tax asset of £6,014,000 at 31 December 2021 (2020: £3,192,000). The unrecognised deferred tax asset arises on tax losses carried forward.

23. Called up share capital

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|--|-----------------------------------|-----------------------------------|
| Allotted, called up and fully paid | | |
| 273,216 (2020: 273,216) Ordinary shares of £0.001 each | - | - |

The ordinary shares have full voting, dividend and capital distribution rights.

24. Capital commitments

The company had no un-provided capital commitments at 31 December 2021 (2020: £nil).

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Notes to the financial statements for the year ended 31 December 2021

25. Pensions

Contributions charged to the profit and loss account for the year ended 31 December 2021 in respect of amounts paid to the defined contribution pension scheme amounted to £416,000 (2020: £351,000). No contributions were outstanding at the balance sheet date (2020: £nil).

26. Commitments under operating leases

The company had future minimum lease payments under non-cancellable operating leases for each of the following years:

| | At 31 December 2021 £000 | At 31 December 2020 £000 |
|-----------------------|-----------------------------------|-----------------------------------|
| Not later than 1 year | — | 38 |

27. Immediate parent undertaking and ultimate parent undertaking

The immediate parent undertaking is Philips UK Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party in Koninklijke Philips N.V., a company incorporated in the Netherlands. Koninklijke Philips N.V. is the parent undertaking of the smallest and largest group to consolidate these financial statements. The registered office of Koninklijke Philips N.V. is Breitner Center, Amstelplein 2, 1096 BC Amsterdam, The Netherlands. Copies of its consolidated financial statements can be obtained at www.results.philips.com or from the Company Secretary, Philips Electronics UK Limited, Ascent 1, Aerospace Boulevard, Farnborough, GU14 6XW, United Kingdom.