FAIRPHONE

FAIRPHONE B.V.

(Amsterdam)

ANNUAL REPORT

31 DECEMBER 2023

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Director's report and general information

Board of directors	R. P. Hendriks (appointed 2 January 2024) O.S. Visser (appointed 1 May 2024)
Supervisory Board	E. Blok (chair) J. de Zwaan B. van Abel
Account Bank	ABN AMRO Bank N.V.
Auditors	RSM Netherlands Accountants N.V. Toermalijnstraat 9, Postbus 366, 1800 AJ Alkmaar The Netherlands
Registered office	Van Diemenstraat 200 1013 CP Amsterdam The Netherlands

Director's report and general information

The management of the company hereby presents its financial statements for the financial year ended 31 December 2023.

General information

The company's business objective

FairPhone B.V. ("Fairphone") designs, produces and sells modular and repairable smartphones with fairly sourced and sustainable materials. We uncover the supply chain behind our products, raise awareness for the most urgent issues, and prove that it's possible to do things differently. We source materials in a way that is fair, traceable and responsible and that supports better conditions for mine workers, factory workers and their communities. We are dedicated to longevity, re-usability and recycling to utilize scarce resources to the fullest, to reduce our CO_2 footprint and to reduce e-waste.

Our mission is: *"by establishing a viable market for ethical consumer electronics, we motivate the entire industry to act more responsibly".*

We want to change how products are made and used. We believe a fairer electronics industry is possible by changing the industry from the inside out.

The consumer electronics industry is characterized by a short term make-use-dispose attitude. Products are not designed with sustainability and longevity in mind. On average European consumers keep their smartphone approximately 2.5 years and only 20% of the discarded phones are recycled afterwards. Electronic waste (e-waste) is one of the world's fastest growing waste streams. Globally people generate over 50 million tonnes of e-waste yearly, with an annual growth rate of 5%.
From the mines to the factories, the entire electronics supply chain is tainted by unsafe and inhumane working conditions, and in some cases, even child labour. Fairphone is pioneering more sustainable ways to make smartphones and offers a better alternative to a growing group of conscious consumers.

It's our core purpose to make a sustainable impact and inspire more companies to do things differently. To achieve that, we need to show that we're financially sustainable and commercially successful. By building a healthy business, and playing an active role in the electronics industry, we can change it from the inside out.

We believe that care for the environment and people should be a natural part of doing business throughout our industry and we focus on four areas:

- Create products that last
  We design for longevity, easy repair, and modular upgrades. Our goal is to make your phone's hardware last as long as possible, and to provide the support to keep its software up to date. The longer you can keep your phone, the smaller its environmental footprint.

- Choose fair materials
  We're mapping supply chains and creating demand for fairer materials, sourced in ways that are better for humans and the environment. We're using more recycled materials and building partnerships for responsible sourcing.

  We go straight to the source to make sure we're creating positive change. One material at a time, we're working to incorporate fairer, recycled, and responsibly mined materials in our phones – to increase industry and consumer awareness.Many practices in the mining industry are in desperate need of improvement. From pollution and dangerous working conditions to child labor, the materials in a smartphone are associated with serious challenges.

- Decent work in manufacturing
  We are innovating ways to improve job satisfaction for workers in the industry. Together with our suppliers, we are listening to workers and creating better working conditions without forced labor or excessive working hours and with employee representation, living wage and growth opportunities for all. We work closely with selected suppliers to assess the current situation, uncover the underlying issues and take a collaborative approach to improvement.
  Most smartphones are manufactured in China, and the country's fast, affordable production comes at the cost of their workers. Just like with mining, Fairphone does not ignore malpractices, and instead tries to address them. We go where

the problems are. Producing a smartphone without Chinese involvement, via production, or the production of its components is an utopia.

- Reduce e-waste
  We want to make the most of the materials used in consumer electronics. We're moving one step closer to a circular economy by encouraging the reuse and repair of our phones, researching electronics recycling options and reducing electronic waste worldwide.

Core activities, products, geographies and sales channels

By making a smartphone, Fairphone has become part of the electronics industry, with the aim to challenge the status quo and change it from the inside out.

Sustainability is increasingly becoming an important topic for mobile operators and electronics retailers, which has resulted in nearly all large operators and electronics retailers in our focus countries offering Fairphone in their portfolio.

In 2023 Fairphone sold 100,107 devices (compared to 115,681 in 2022) and generated €54,723,920 of revenue (compared to €58,834,042 in 2022). After a few years of a declining smartphone market (-15% YoY in Q2 '23) the European smartphone market is predicted to rebound 7% in 2024 and not decrease in the years after (source: Canalys).

Despite a 13% lower volume of devices being sold in 2023 versus 2022, we managed to limit the impact on revenue to minus 7% compared to 2022. We successfully applied our product philosophy to a new product and launched the Fairbuds XL; modular and repairable headphones, electronic-waste neutral, made with over 80% recycled plastics and 100% recycled aluminum in the headband base. And in the process of making them, we're taking care of the people behind the scenes through living wage bonuses and worker voice programs. In 2023, after the launch in May, we sold 6,664 Fairbuds XL in less than 8 months.

In the first half of the year smartphone sales were relatively low, hampered by the market, not benefiting yet from increased marketing investments, and the Fairphone 4 being in its 3rd year of sales. In the second half of the year we successfully launched our new Fairphone 5 and we sold double the volume of smartphones compared to the first half of the year. Our biggest market, Germany, accounted for 36% of our sales, while France followed behind at 19%.

After being profitable for three years in a row, 2023 was consciously a loss making year. We raised ~€17m of growth capital in '23, which has been invested in marketing (+€6m compared to 2022) and in building up a stock position to avoid out of stock occurrences we faced in the past. Our funding round enabled us to increase marketing investments significantly to increase brand awareness especially in Germany, France and the Netherlands. Fairphone has a high brand appeal, however simply not enough people know the brand. In 2022, Fairphone's brand awareness in France was between 4 and 5%. Increasing brand awareness does take time, and it will increase the number of customers visiting our website, and visiting the websites and shops of our partners, thereby increasing sales.

We ended 2023 with a positive cash position of €4,888,196 and 28,000 FP4s and 22,000 FP5s in stock. Our net result for 2023 is a loss of € 20,572,364, driven by significantly increased investments in marketing, funded by our raised growth capital. In addition, we accounted for €5,324,162 of onerous contract provision related to the Fairphone 4. This onerous contract provision represents excess of Fairphone 4 component stock held by suppliers and sourced at our request, which Fairphone has an unavoidable contractual obligation to pay for. Based on management's current best estimates, we do not expect this stock to be assembled into devices for sale, nor can we assume that we expect to be able to sell or generate any other benefits from the excess materials. We are still actively trying to mitigate the financial and other impacts of this excess material with our suppliers however we cannot yet assume there will be any positive impact of this.

Due to lower sales of Fairphone 4 than expected, we identified an impairment trigger related to the capitalized development asset, the subsequent impairment test resulted in a full impairment of the related intangible fixed asset, contributing €1,859,072 additional charge to the net result.

In 2023 we made significant progress with our impact initiatives towards creating a fairer future for the electronics industry. The main highlight is the Fairphone 5 being our most sustainable phone yet and has the lowest CO2 footprint in the market. We've also stepped up our game for the Fairphone 5 with more than 70% of focus on fair or recycled materials. We provide more details on our impact KPIs in the "Financial and non-Financial impact" section of this report.

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Director’s report and general information

Legal structure

Fairphone B.V. is a standalone entity, legally represented by two managing directors either individually or jointly as the Management Board (MB). In 2023, the Management Board consisted of Eva Gouwens (until 1 September 2023) as the CEO and managing director and Noud Tillemans as the CFO and managing director (until 14 December 2023) . At the Extraordinary Shareholder Meeting of 29 December 2023, Reinier Hendriks was appointed as the new CEO of Fairphone as of 2 January 2024 and at the Extraordinary General Meeting of 26 April 2024 Oscar Visser was appointed as the new CFO as of 1 May 2024.

The Supervisory Board (SB) and MB met 11 times in 2023.

The SB members are today:
- Josephine de Zwaan (chair until 31st August 2023)
- Eelco Blok (chair since 1st September 2023)
- Bas van Abel (co-founder of Fairphone)

Furthermore Fairphone had 1 Extraordinary General Meeting (EGM) with shareholders in 2023 and 1 Annual General Meeting (AGM).

The internal organization and staffing

To work towards our goals, we need talented, motivated people, working together as a team. Our team is key to achieving our company’s mission. We manage to attract intrinsically motivated people that feel aligned with our mission, enjoy challenging the global consumer electronics industry, appreciate the dynamics of a scale-up and bring the right level of expertise that is required to further professionalize the company.

In 2023, Team Fairphone grew by 16 people in our Amsterdam headquarters, and by three outside the Netherlands, so that our total full-time staff increased to 132. Our diverse team consists of more than 25 different nationalities, and has an average age of 35 years. Our team members range from 22-63 years of age. Our gender mix is 48% female and 52% male. The percentage of women in top executive positions (excluding boards of directors) was 50% before Eva stepped down as CEO. The percentage of women within our supervisory board was 33%. Unfortunately, our sickness absence slightly increased by 1% to 5.9% in 2023, and we saw an increase of team members on long-term sick leave. Nine Fairphoners follow reintegration plans. The yearly turnover rate was 19%.

At the Extraordinary Shareholder Meeting of 29 December 2023, Reinier Hendriks was appointed as the new CEO of Fairphone as per 2 January 2024. In 2023 the CEO Eva Gouwens and the CFO Noud Tillemans resigned. Eva left Fairphone on 1 September 2023 and Noud on 29 February 2024.

Significant events

Investment round
During 2023 a consortium of impact investors, led by Invest-NL, ABN AMRO Sustainable Impact Fund, and existing shareholder Quadia, invested €49 million in Fairphone. This significant investment strengthened our financial position and supports our unwavering commitment to making the electronics industry fairer and more sustainable. Fairphone has used the growth capital to strengthen brand positioning and create further awareness around fairness and sustainability in the electronics industry. The funding has also been used to accelerate integration of fair and recycled materials in Fairphone’s full product portfolio, for example by extending its mining value chain programs in Africa & South America, and fair wage programs in Asia. Moreover, Fairphone has invested in product development and improved customer service to ensure users enjoy keeping their Fairphone in use longer.

We are proud to be at the forefront of the movement for ethical electronics, and this investment is a testament to the growing demand for sustainable and profitable business models. We are confident that together with our investors, we will continue to drive positive change and make a meaningful impact in the industry.

Director’s report and general information

Customer scam

In December 2023, Fairphone was the victim of a scam by an individual posing as a legitimate customer in the United Kingdom. The customer onboarding process was followed, but certain steps of the process were missed and the individual was able to have goods delivered for which they will never pay. When discovering the scam, Fairphone immediately took action both in the Netherlands and in the UK, filing a case with the local police and checking with our insurance if this could be covered. Unfortunately the insurance cannot cover the losses incurred in that case because all agreements have been signed by both parties and this was not considered as a fraud or a theft. At this point in time we have no further developments regarding the police investigation. Fairphone has not recognised revenue for this shipment in 2023 and instead booked a loss for the cost equivalent of the products amounting to €240,000.

Director's report and general information

Financial information and performance indicators

Development of income and expenses

As presented in the profit and loss account, the net result for 2023 amounted to a loss of €20,572,364 (2022: profit of € 44,007).

To provide insight in the development of the result for 2023, on the next page an outline has been prepared based on the profit and loss account of 2023 compared to the profit and loss account of 2022. Income and expenses are also presented as a percentage of the net turnover.

Note to the reader: we present here the profit and loss statement as used in our internal reporting. This differs from the presentation of the profit and loss statement in the 'Statement of Income and Expenses for the year ended December 31, 2023' section where we present it following the legal requirements of the decree on annual accounts in the Netherlands.

	2023		**2022**	
	€	*%*	**€**	*%*
Net Turnover	54,723,920	*100*	58,834,042	*100*
Cost of goods sold	(47,449,328)	*87*	(41,231,471)	*70*
Gross operating result	7,274,592	*13*	17,602,572	*30*
Other operating income	74,139	*0*	63,537	*0*
Employee Cost	(8,811,113)	*-16*	(6,554,957)	*-11*
Social security contributions	(1,111,492)	*-2*	(884,716)	*-2*
Pension expenses	(301,234)	*-1*	(234,920)	*0*
Amortization and depreciation	(5,998,208)	*-11*	(3,463,735)	*-6*
Other operating expenses	(11,396,756)	*-21*	(5,507,613)	*-9*
Total costs	(27,618,803)	*-50*	(16,645,940)	*-28*
Operating profit/ (loss)	(20,270,072)	*-37*	1,020,168	*2*
Financial Income	0	*0*	0	*0*
Financial expenses	(302,292)	*-1*	(663,316)	*-1*
Result before tax	(20,572,364)	*-38*	356,852	*1*
Tax on result	0	*0*	(312,845)	*-1*
Result after tax	(20,572,364)		44,007	

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Director's report and general information

Significant risks and uncertainties

The Company recognizes certain risks:

- Young, small company in a big & complex industry: Compared to the large global brands we are a small player in the electronics industry, in terms of size, sales volume and product portfolio. We need to scale our company to improve our business, to reach economies of scale, to increase our impact within this industry and to gain access to more players in the value chain. This is improving by our increasing sales volume. We remain vulnerable though, as we have limited negotiation power within the value chain and we are not always of strategic interest to our partners. We further expanded our portfolio with the launch of a new product: the Fairbuds XL. In 2023 we have strengthened our organization (people, systems and processes), amongst others by putting more focus on Quality assurance processes; we are better equipped to identify and address product issues. We onboarded additional and experienced people. In 2022 we migrated our accounting processes into a new ERP system (called Odoo) and we continue to improve controls around stock keeping and data reliability.

- Brand awareness: If consumers know us they like us. Brand awareness however is relatively low. During 2023 we have made significant investments in marketing, in order to optimize the traffic on our website and to boost sell-out at our partners. We have yet to see the full benefit from this in brand awareness KPIs, and see this translate into increased sales.

- Working capital: We constantly review working capital requirements and are balancing investments and income. Our cash position increased during 2023 primarily due to the funding round which was completed in Q1 2023 and we ended the year with €4,888,196 (2022: €3,617,284). We ended the year with higher working capital compared to the end of 2022 due to higher inventory and receivables, and only partially offset by lower payables. Due to the launch of the Fairbuds XL in Q2 and Fairphone 5 in Q3, we also had significant capital expenditure related to the development of these products. The current payment terms towards our Fairphone 4 supplier T2Mobile is 45 days after shipment, with a 25% down payment. This gives us some room to maneuver. It is helpful that customers buying our products on the webshop pay directly. The remainder of the sales comes from sales partners who pay usually between 15 and 45 days after delivery of the products.

- Fraud risk: This risk is mainly related to the identified audit risks around overstated revenue recognition and management override of controls. To mitigate this risk the company has set specific controls and procedures. For revenue recognition, we prepare a reconciliation of stock movements with recognised revenue, to make sure that every invoice to customers corresponds to a delivered shipment. This reconciliation is prepared on a quarterly basis as of 2023. For the management override of controls risk we also have internal controls in place. For example we have specific controls around payroll entries and payments or vendor bills booking and payments, with clear segregation of duties. Audit procedures are in place to ensure that no material misstatement can be recognised in the financial statements.

Cash flow and financing requirements

We ended 2023 with a positive cash position of €4,888,196 and 28,000 FP4s and 22,000 FP5s on stock with a total value of €14,660,601. 2024 will be a year of harvesting 2023 investments in the newly launched FP5, well received by the market, and we expect a positive cash flow from reducing our stock, predominantly of FP4.

Following a review of its Financing arrangements, Fairphone has signed new agreements with its bank, ABN AMRO Bank. As of April 2024, we no longer have a letter of credit nor a bank guarantee facility, and the factoring facility of €5,000,000 is reduced to €2,500,000.

On April 26, 2024, Fairphone and two of its shareholders signed a € 4,000,000 interest bearing Convertible Loan Agreement of which € 2,600,000 has been drawn immediately.

Financial and non-financial impact

It is Fairphone's goal to make a sustainable impact and, while doing so, show the industry that it is making economic sense to make fair and sustainable phones. Therefore, we want to prove that we are financially sustainable and commercially successful, as well as continue to be an example for achieving positive environmental and social impact.

Director's report and general information

For 2023, we had set the following company targets to drive our performance:

1) **Establish a market for ethical phones**, by selling 170.00 devices. We didn't meet this target, amongst others due to tough market conditions and low brand awareness. However, we sold just over 100.000 phones.
2) **Longevity**: Our Longevity Score for 2023 was an impressive 4.7 years, exceeding our target of 4.5 years for the third year in a row, and demonstrating the high value that our customers place on their devices. 60.9% of all Fairphone 3(+), 4 and 5 devices that have been activated since September 2019 are still active, which is a remarkable achievement.
3) **E-waste**: For every device sold, we take one back to be reused or recycled. For the third year in a row we lived up to our goal to make all Fairphone 4 and Fairphone 5 devices and modules e-waste neutral by collecting electronic end-of-use products that equal 100% of units sold in 2023. Our True Wireless earbuds and the Fairbuds XL are also fully electronic waste neutral. Our e-waste take-back programs in Europe, as well as our purchase of phone compensations from Africa, have allowed us to reach the target of 100% and collect a total of 24.7 tons of e-waste in 2023.
4) **Fair materials:** In 2023, we met the goal we set ourselves three years ago: we drove improvements in all 14 focus materials for the first time and achieved more than 70% fair materials on average across these materials in the Fairphone 5. For the Fairphone 4, we achieved 54% fair focus materials at the end of 2023. We made important progress on integrating recycled materials (an industry-leading total of 34% of all materials in FP5 are recycled), we are the first company to pilot Cobalt Credits and connected an IRMA-audited lithium source to our battery supply chain.
5) **Fair factories**: In 2023, five of our eight strategic Fairphone 4 suppliers made improvements: the final assembly factory and the suppliers of the camera, battery, speaker and vibration motor. Fairphone invested in improvements ranging from sponsoring training, purchasing protective equipment, and offering guidelines, best practices and independent research to strengthen supplier policies. From 2021 to 2023 we also worked with the final assembly factory of Fairphone 3+, the True Wireless Stereo Earbuds, the Fairbuds XL, as well as with Fairphone 5 component suppliers, improving their social and environmental impact.
6) **Industry Followers**: We achieved an industry influence score of 64, overachieving our target of 50 points by 2023. In 2023, 2 large industry actors have formally joined or replicated our solutions, demonstrating the growing momentum towards a fairer and more sustainable electronics industry.
7) **Financials** - Negative net result (-€1.3m) - not achieved, due to less phones sold, and a significant impact of FP4 related provisions and impairments.

The actual scores of our impact KPIs are annually audited by the company ERM CVS. Their last assurance report is dated June 2023 covering our 2022 impact KPIs. We will issue our audited 2023 Impact Report in Q2 2024.

Going Concern

Fairphone B.V. incurred a net loss in the year ended 31 December 2023 of € 20,572,364 (2022: profit of € 44,007), a negative operating cash flow of € 8,265,073 (2022: € 3,738,472 negative) and a positive equity of € 6,825,014 (2022: €9,126,571 positive) as at 31 December 2023. The company is financed with proceeds remaining from the 2023 investment from the consortium of impact investors.

After being profitable for three consecutive years from 2020-2022, in 2023 we made the choice to invest in the next phase of Fairphone's growth. Significant strategic investments were made in product development (Fairphone 4 and 5), marketing and raising brand awareness, as well as the build up of inventory. We also experienced higher costs due to inflation and semiconductor offtake commitments, driven by the global chip shortage. We ended 2023 with a cash position of €4,888,196 compared to €3,617,284 at the end of 2022.

Early 2024, management has taken action to secure Fairphone's financial position going forward, including updating our financial forecasts, reducing operating costs, lowering inventory and obtaining additional funds from shareholders in the form of a € 4,000,000 convertible loan and € 2,600,000 was drawn immediately.

The current forecast scenario for 2024 and 2025 shows that we can generate enough operating cash flow by the end of 2025 to settle financing obligations (both shareholders and factoring facilities) and we have other options available to offset any setbacks: lower our operating cost base further, keep drawing from the factoring facility, obtaining cost reductions in our product portfolio.

Director’s report and general information

We also aim to return to growth and profitability in 2025, following the launch of a new device on the market. We want to make our future products more competitive than their predecessors, combined with a pricing strategy that makes us more relevant to consumers, partners and enterprises.

There are no specific events or conditions that cast significant doubt on the entity’s ability to continue as a going concern and, therefore, that it should be unable to realize its assets and discharge its liabilities in the normal course of business. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

The future

As a relatively small organization in the fast-paced technology industry, we are proud of the impact that the company has achieved. In 2023, the year of our tenth anniversary, we launched a new product category, modular over the ear headphones and the Fairphone 5, our most fair and sustainable smartphone yet. In 2024 we will continue our strategy of impact innovation by selling more phones and accessories. We will keep raising the bar for fairer electronics, and continue to influence the electronics industry on implementing fair practices

To achieve our goals, we will focus on the following strategies:

1. Reach and amplify our audiences with a more simplified brand message. By demonstrating the unique benefit of longevity and repairability, we will continue to convince more consumers and more businesses to choose the sustainable alternative. Similarly, we need to continue to invest in the overall experience of our customers with a smooth onboarding process, adequate lifetime support and simple return and repair policies and procedures.
2. Strengthen our routes to market for greater adoption of the sustainable alternative. We are working with the main large operators, distributors, resellers and our ecommerce platform to reach as many consumers and business customers as possible. It is our ambition to significantly increase buyer interest and drive traffic and increase conversion for both our partners as well as our online shop.
3. Continuously develop a relevant product and services offering. We extend the lifetime of our existing products with software upgrades and enable our customers to do repairs themselves, benefitting from the modularity of our products. Our range of audio products will be renewed, and preparations will be made for the next phone.
4. Set the example as the thought leader in the electronics industry. We will keep innovating, implementing & communicating on scalable solutions that demonstrate our impact innovation. In 2024 we aim to further extend the lifetime of our products (average 5 years), increase the amount of fair materials used in our products (>50%) & bring our supply base to a higher performance with regards to people and the environment. Our CO_2 emissions (scope 1-3) need to go down by 5%, and we aim to bring back 45 tons of e-waste from the market.
5. Optimize and simplify our organization. We will continue to work as one, and in close collaboration with our esteemed partners both up- and downstream. We will remain as ambitious as ever, whilst focussing our efforts to make the highest impact in the shortest amount of time. Low-value added tasks will be automated as much as possible, also to ensure our customer experience is improved by more self-service and faster turn-around times.

Amsterdam, 27 May 2024

The Management Board,

CEO & Managing Director	CFO & Managing Director
R. P. Hendriks	O.S. Visser

Balance sheet as at December 31, 2023

(Before appropriation of result)	Notes	31 December 2023		31 December 2022	
			€		€
Assets					
Fixed assets					
Intangible fixed assets	1	6,172,456		5,606,221	
Tangible fixed assets	2	750,755		462,228	
Financial fixed asset	8	2,836,617		2,836,117	
Total fixed assets			**9,759,829**		**8,904,566**
Current assets					
Inventory	3	19,281,965		15,541,552	
Receivables	4	6,995,816		3,164,144	
Cash and cash equivalents	5	4,888,196		3,617,284	
Total current assets			**31,165,977**		**22,322,980**
Total assets			**40,925,805**		**31,227,546**
Shareholders' equity					
Share Capital		1,277		706	
Share Premium		41,241,765		22,322,216	
Other legal reserves		5,354,515		5,020,719	
Other reserves		(19,200,178)		(18,261,076)	
Undistributed result		(20,572,364)		44,007	
Total shareholders' equity	6		**6,825,014**		**9,126,571**
Provisions	10	11,169,985		3,685,064	
Non-Current liabilities	7	600,000		0	
Current liabilities	7	22,330,806		18,415,911	
Total shareholders' equity and liabilities			**40,925,805**		**31,227,546**

Statement of Income and Expenses for the year ended December 31, 2023

	Notes		2023 €		2022 €
Net turnover	11	54,723,920		58,834,042	
Other operating income		74,139		63,537	
Total operating income			**54,798,059**		**58,897,579**
Raw materials and consumables	12	(32,570,108)		(34,645,277)	
Other external charges	12	(14,879,220)		(6,586,194)	
Wages and salaries	13	(9,112,348)		(6,789,877)	
Social security costs		(1,111,492)		(884,716)	
Amortization and depreciation		(5,998,208)		(3,463,735)	
Other operating expenses	14	(11,396,756)		(5,507,613)	
Total operating expenses			**(75,068,131)**		**(57,877,411)**
Interest expenses and similar charges		(302,292)		(663,316)	
Result before taxation			**(20,572,364)**		**356,852**
Taxation	8	0		(312,845)	
Net result for the year			**(20,572,364)**		**44,007**

Cash Flow Statement for the year ended December 31, 2023

		2023		2022
Cash flow from operating activities		**€**		**€**
Operating profit/ (loss)		(20,270,072)		1,020,168
Adjustments for:				
Depreciation, amortization and other impairments		5,998,208		3,463,735
Movement in provisions		7,484,920		526,194
Movement in working capital:				
Inventory	(3,740,413)		(9,743,235)	
Receivables	(3,831,672)		4,547,477	
Liabilities	6,135,352		(2,889,495)	
		(1,436,733)		(8,085,253)
Cash generated from operations		12,046,395		(4,095,324)
Corporate income tax paid	0		0	
Interest paid and bank charges	(41,397)		(663,316)	
		(41,397)		(663,316)
Net cash generated from operating activities		(8,265,073)		(3,738,472)
Cash flow from investment activities				
Investment in intangible fixed assets	(6,205,357)		(2,166,996)	
Investment in tangible fixed assets	(648,171)		(245,950)	
Net cash generated from investment activities		(6,853,528)		(2,412,946)
Cash flow from financing activities				
Receipts from issuance of share capital (net)	16,505,786		0	
Payments related to short liabilities	(116,273)		(208,069)	
Net cash generated from financing activities		16,389,513		(208,069)
Net cash flows		1,270,912		(6,359,488)
Exchange gains/(losses) on cash and cash equivalents		0		0
Net increase/ decrease in cash and cash equivalents		1,270,912		(6,359,488)
The movement in cash and cash equivalents can be broken down as follows:				
Balance as at 1 January		3,617,284		9,976,774
Movements during the financial year		1,270,912		(6,359,488)
Balance as at 31 December		4,888,196		3,617,284

Notes to the Financial Statements

A. General

Incorporation
The Company was incorporated on July 2, 2015, and since 1 March 2022 has its registered office at van Diemenstraat 200, 1013 CP Amsterdam, the Netherlands. The Company's Chamber of Commerce registration number is 55901964.

Structure of operations
The Company is a social enterprise that is building a movement for fairer electronics. The Company's activities consist mainly of the production of and trade in electronic goods and electronic components. Sales take place both domestically and internationally, whereby the countries of the European Union are the most important markets.

Going concern
Fairphone B.V. incurred a net loss in the year ended 31 December 2023 of € 20,572,364 (2022: profit of € 44,007), a negative operating cash flow of € 8,265,073 (2022: € 3,738,472 negative) and a positive equity of € 6,825,014 (2022: €9,126,571 positive) as at 31 December 2023. The company is financed with proceeds remaining from the 2023 investment from the consortium of impact investors.

After being profitable for three consecutive years from 2020-2022, in 2023 we made the choice to invest in the next phase of Fairphone's growth. Significant strategic investments were made in product development (Fairphone 4 and 5), marketing and raising brand awareness, as well as the build up of inventory. We also experienced higher costs due to inflation and semiconductor offtake commitments, driven by the global chip shortage. We ended 2023 with a cash position of €4,888,196 compared to €3,617,284 at the end of 2022.

Early 2024, management has taken action to secure Fairphone's financial position going forward, including updating our financial forecasts, reducing operating costs, lowering inventory and obtaining additional funds from shareholders in the form of a € 4,000,000 convertible loan and € 2,600,000 was drawn immediately.

The current forecast scenario for 2024 and 2025 shows that we can generate enough operating cash flow by the end of 2025 to settle financing obligations (both shareholders and factoring facilities) and we have other options available to offset any setbacks: lower our operating cost base further, keep drawing from the factoring facility, obtaining cost reductions in our product portfolio.
We also aim to return to growth and profitability in 2025, following the launch of a new device on the market. We want to make our future products more competitive than their predecessors, combined with a pricing strategy that makes us more relevant to consumers, partners and enterprises.

There are no specific events or conditions that cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it should be unable to realize its assets and discharge its liabilities in the normal course of business.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

Estimates
In applying the principles and policies for drawing up the financial statements, the directors of the Company make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Notes to the Financial Statements

B. Significant accounting policies

Financial Reporting period
These financial statements have been prepared for a reporting period of one year.

Basis of preparation
These financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The assets, liabilities, equity and the determination of the results have been prepared on the historical cost basis unless otherwise stated.

Management has prepared the financial statements on May 27, 2024.

Foreign currencies
The financial statements are denominated in Euro (EUR), which is the functional and presentation currency of the Company.

Foreign currency transactions in the reporting period are translated to the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities, denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates are recognised in the statement of income and expenses.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted on the date on which the fair value was determined.

The year-end closing exchange rates used for translation purposes are as follows:

	31/12/2023	31/12/2022
GBP	0.8691	0.8869
USD	1.1050	1.0666

Operating leases
The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Significant accounting policies in respect of the valuation of assets and liabilities

Intangible fixed assets
Research and development
Research expenditures are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the company are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- Management intends to complete the intangible asset and use or sell it.
- There is an ability to use or sell the intangible asset.
- It can be demonstrated how the intangible asset will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available.

Notes to the Financial Statements

The expenditure attributable to the intangible asset during its development can be reliably measured. A legal reserve has been recognised within equity concerning the recognised development costs for the capitalized amount.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its estimated useful life (between two and three years, depending on the asset group). Intangible assets not ready for use are tested for impairment at least on an annual basis.
Amortization of development costs are included in the depreciation and amortization line in the statement of income and expenses. All development costs arose from internal and external development (excluding internal employee costs).

Computer software
Acquired computer software licenses are capitalized based on the costs incurred to acquire and use the specific software. These costs are amortized straight-line over their estimated useful lives of three years.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Tangible fixed assets
Property, plant and equipment comprise mainly leasehold improvements, IT equipment and phone tooling. All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance charges are expensed in the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost of the assets to their residual values over their estimated useful lives as follows:

-	Leasehold improvements	5 years
-	IT equipment	5 years
-	Phone tooling	2 years
-	Furniture and fittings	2 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Gains and losses are included in the statement of income and expenses.

Impairment of fixed assets
On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined.

Impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the realizable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

Notes to the Financial Statements

Financial fixed assets
Deferred taxes are stated at nominal value. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Inventories
Inventories (stocks) are valued at historical price or production cost based on the FIFO method (first-in, first-out) or lower realizable value. The historical cost or production cost consists of all costs relating to the acquisition or production and the costs incurred to bring the inventories to their current location and current condition. The realizable value is the estimated sales price less directly attributable to sales costs. In determining the realizable value the obsolescence of the inventories is taken into account.

Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortized cost, less any provisions for doubtful debt. All receivables included under current assets are due in less than one year. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand, current balances with banks and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

Provisions
General
Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Pension provisions are valued based on actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary to settle the obligation unless stated otherwise.

Provision for warranties
The provision for warranties is recorded based on the estimated expected cost to arise from the current warranties given on account of goods sold and services delivered. Warranty claims are deducted from this provision.

Provision for royalties
The provision for royalties is recorded based on the estimated expected cost to arise from the intellectual property royalties given on account of goods sold and services delivered. Royalty claims are deducted from this provision.

Software maintenance
We have recognized a provision to cover the expected cost of future software maintenance and security updates relating to Fairphone devices sold, in line with our sales promise on longevity, in which we will provide software support for 5 years representing a constructive obligation between the company and its customers.

Onerous contacts
An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract are the lower of the cost of fulfilling the contract (relating directly to the contract), and penalties or obligations arising from failure to fulfill it. Fairphone reviews its unavoidable obligations for contracts that are onerous and if these exist, the present obligation under the contract is recognised and measured as a provision. Prior to the recognition of a provision for an onerous contract, we recognise any impairment loss that has occurred on assets related to that contract.

Notes to the Financial Statements

Long-term liabilities

Loans from third parties
On initial recognition, long term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement based on the effective interest rate during the estimated term of the long-term debts.

Current Liabilities
On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortized cost. All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Significant accounting policies in respect of result determination

Result
Profits and losses on transactions are recognised in the year they relate to. Expenses are recognised when obligations are incurred.

Revenue recognition
General
Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like (including contributions to partners) and of taxes levied on the turnover.

Sales of goods
Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Other operating income
Other operating income results are recognized which are not directly linked to the supply of goods or services as part of the normal, non-incidental operations.

Operating expenses
In line with legal requirements around the presentation of the statement of income and expenses, the operating expenses contain the costs of raw materials and consumables, wages, salaries and social security costs, amortization of fixed assets and other external and operating charges. All these costs are chargeable in the year they occur.

Employee benefits
Short-term employee cost
Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Pensions
Fairphone B.V. operates a defined contribution pension scheme for its managing directors and employees. The premium payable during the financial year is charged to the result. The coverage of this pension scheme includes old-age pension, partner and orphans pension. The coverage also included continuous payment of premium in case of disability.

Share-based payment
The company operates a share-based compensation plan for its employees, which consists of an Employee Stock Option Plan (ESOP) as approved during the AGM 2020 and is classified as an equity-settled share option plan.

Share options granted to employees are measured at the net asset value of the equity instruments granted.

Notes to the Financial Statements

Since the company is not publicly listed, there is no active trading, and an actual share price derived from sales and demand is not available, management judges that the most appropriate valuation method is to use the equity value of the company per share in the most recent financing or investment round less the exercise price to determine the net asset value of the share options. The value is determined at the grant date, and recognised employee services received in exchange for the grant recognised as an expense.

At each balance sheet date, the Company revises its estimates of the number of awards that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of income and expenses and for the equity-settled plan a corresponding adjustment to equity.

Government grants
Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the company will comply with all attached conditions.

Operating grants:
Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate for.

Investment grants:
Government grants relating to intangible assets are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets

Financial income and expense
Interest income and interest expenses
Interest income and expenses are recognised on a pro-rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Currency translation differences
Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realized unless hedge accounting is applied.

Income tax
Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. A due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Related parties
All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered to be a related party. Also, statutory directors, other key management of Fairphone B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. Nature, extent and other information are disclosed if this is necessary to provide the required insight.

Accounting policies for the cash flow statement
The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates.

Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

Notes to the Financial Statements

C. Financial instruments, risk management and hedging

General

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

Risk management is carried out by the Finance team under policies approved by the Management Board. The Finance team evaluates and covers financial risks in close cooperation with the Company's operations teams. The board provides principles for overall risk management, as well as written policies covering specific areas such as foreign-exchange risk, interest rate risk and credit risk.

Currency risk
The group operates internationally and is exposed to foreign exchange risk primarily to the US dollar and Great British Pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. As far as possible commercial contracts are closed in Euros. There are a limited number of non-euro denominated contracts, with the most significant being the design and development service agreement with the company's product manufacturer, being denominated in US dollars. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

2023	**GBP**	**USD**
Cash and cash equivalents	664,855	3,191,977
Trade payables	-	10,122,560

Credit risk
The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The Company does not have any significant concentrations of credit risk and is limited to outstanding trade receivables, cash and cash equivalents. On 31 December 2023, the largest single customer exposure consisted of 17% of the outstanding trade receivables, and we don't foresee any risk to recover these outstanding items. Sales are subject to payment conditions varying between payments in advance and 0 to 45 days after the invoice date. Management does not expect any material losses from non-performance by its customers nor from the concentration of this risk.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations towards the creditors as they become due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

As at the end of 2023, the Company had a committed banking facility with ABN Amro of letter of credit up to €2.0 million and a factoring facility of up to €5.0 million. All assets, excluding the intangible assets, are pledged to ABN Amro. Management monitors monthly rolling forecasts of the group's cash and cash equivalents based on actual results and expected cash flow. As per 31 December 2023, the factoring was not drawn.

D. Critical accounting estimates and judgements

Application of the accounting policies in the preparation of the financial statements requires the management of the Company to exercise Judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant Judgment is described below.

Notes to the Financial Statements

Share-based payments
Since the company is not publicly listed, there is no active trading, and an actual share price derived from sales and demand is not available, management judges that the most appropriate valuation method is to use the equity value of the company per share in the most recent financing or investment round less the excise price to determine the net asset value of the share options. The value is determined at the grant date, and recognised employee services received in exchange for the grant recognised as an expense. For share-based payments, the company recognises an expense over the vesting period. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of income and expenses and for the equity-settled plan a corresponding adjustment to equity.

Valuation of assets
In order to perform impairment tests we must calculate the value in use of certain assets, to do this cash flow projections are used which contain various judgments and estimations. For tangible and intangible fixed assets, estimates are also required to determine the (remaining) useful lives.

Provisions
The recognition of provisions requires Fairphone to make estimates and assumptions regarding the timing and the amount of outflow of resources, as well as the likelihood of a potential outflow of resources.

Notes to the Financial Statements

1. Intangible assets

Intangible assets consist of:

Total intangible assets	**Research and Development**	**Software**	**Total**
Costs as at 31.12.22	12,628,905	766,140	13,395,045
Accumulated amortization	(7,608,187)	(180,638)	(7,788,824)
Book value 31.12.22	5,020,719	585,502	5,606,222
Additions	5,628,102	577,255	6,205,357
Amortization and impairment	(5,294,307)	(344,816)	(5,639,123)
Balance	5,354,514	817,941	6,172,456
Costs as at 31.12.23	18,257,007	1,343,395	19,600,402
Accumulated amortization and impairment	(12,902,494)	(525,454)	(13,427,948)
Book value 31.12.23	5,354,513	817,941	6,172,456

Research and Development	**FP3**	**FP3+**	**FP4**	**FP5**	**Accessories**	**Total**
Costs as at 31.12.22	3,933,087	377,522	7,357,488	754,367	206,442	12,628,905
Accumulated amortization	(3,933,087)	(366,955)	(3,300,322)	0	(7,822)	(7,608,187)
Book value 31.12.22	0	10,567	4,057,166	754,367	198,620	5,020,719
Additions		28,025	355,209	5,013,610	231,257	5,628,102
Amortization	0	(38,592)	(2,553,304)	(727,517)	(115,823)	(3,435,235)
Impairment	0	0	(1,859,072)	0	0	(1,859,072)
Balance	0	0	(0)	5,040,460	314,054	5,354,514
Costs as at 31.12.23	3,933,087	405,547	7,712,697	5,767,977	437,699	18,257,007
Accumulated amortization and impairment	(3,933,087)	(405,547)	(7,712,697)	(727,517)	(123,645)	(12,902,494)
Book value 31.12.23	0	0	(0)	5,040,460	314,054	5,354,513

Development costs
All development costs relating to Fairphone 3 and 3+ have been fully amortized as at 31 December 2023. Fairphone 4 capitalized costs are being amortized since November 2021 and Fairphone 5 capitalized costs since September 2023, when the first products were delivered and the revenue recognised.

During the year management identified an indicator of impairment for the Fairphone 4 development asset due to the sales of the device being significantly lower than management's forecast. An impairment test was performed which showed that the value in use of the development asset fell below its carrying amount. The value in use was estimated using the future cash flows expected to be generated from the development asset. As a result, the remaining carrying value of the asset was impaired resulting in a €1.9m charge which was recognised in the Amortization and depreciation line of the Statement of Income and Expenses. No other indicators of impairment were identified.

Software
Software costs relate to the cost of licenses for acquired software and development work required to implement these software systems. Management has reviewed the costs and believes that these costs meet the requirements to be capitalized. Management did not identify any triggers for impairment.

Notes to the Financial Statements

2. Tangible fixed assets

Tangible fixed assets consist of:

	Leasehold improvements	ICT Equipment	Furniture and fittings	Phone tooling	Total
Costs as at 31.12.22	110,004	310,366	77,792	1,853,850	2,352,012
Accumulated amortization	(34,588)	(189,615)	(71,336)	(1,594,244)	(1,889,784)
Book value 31.12.22	75,415	120,751	6,456	259,605	462,227
Additions	97,195	71,580	5,360	474,036	648,171
Amortization	(31,126)	(42,571)	(2,989)	(282,957)	(359,643)
Balance	141,484	149,760	8,827	450,684	750,755
Costs as at 31.12.23	207,199	381,945	83,152	2,327,886	3,000,182
Accumulated amortization	(65,715)	(232,186)	(74,325)	(1,877,202)	(2,249,427)
Book value 31.12.23	141,484	149,760	8,827	450,684	750,755

Securities
Fairphone B.V. has signed a financing agreement on 21 December 2018 for financing of the receivables (factoring) and a contingent liability facility to issue letters of credit and bank guarantees. The financing agreement includes rights of pledge on the receivables, inventory and intellectual property. As per 31 December 2023 the financing was not drawn.

3. Inventory

Inventory consists of:

	2023	2022
	€	€
Finished products and goods for resale	22,284,435	15,071,819
Prepayments on inventory	59,665	202,484
Packing materials	232	570
Goods in transit	8,875	3,130,466
Less: Provision of obsolete stock	(3,071,241)	(2,863,787)
	19,281,965	15,541,553

The addition to the provision for obsolete stock is included in the cost of sales in the profit and loss statement.

4. Receivables

Receivables consist of the following:

	2023	2022
	€	€
Trade receivables	5,377,001	1,984,499
Value added tax	148,662	489,795
Other receivables	1,565,153	689,850
Less: Provision for bad debt	(95,000)	0
	6,995,816	3,164,144

The fair value of the current assets approximates the book value due to its short term character.

Notes to the Financial Statements

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023	2022
	€	€
ABN Amro - current accounts	3,738,223	2,498,583
Payment service providers - current account	556,030	325,390
Payment service providers - short term deposit accounts	593,943	793,312
	4,888,196	3,617,284

Cash and cash equivalents are at the Company's free disposal. The amount of Cash and cash equivalents at the company's free disposal is reduced by any letters of credit issued exceeding the €2 million ABN Amro credit facility, and an amount of €1,1 million is restricted as either short-term deposits (€0.6 million) and guarantees (€0.25 million).

On 31 December 2023, the company had 11 forward contracts opened with ABN Amro, with an effective date in 2024, and a total value of USD 27,000,000 or €24,580,744. The fair value of these contracts on 31 December 2023 with an exchange rate of 1.1050 is €24,434,389, which would give a negative impact of €146,354. The amount is not recorded in the balance sheet as the hedge is effective.

6. Shareholders equity

€	**Share Capital**	**Share Premium**	**Legal reserves**	**Other reserves**	**Undistributed result**	**Total**
Balance as at 01.01.22	658	22,322,264	6,142,721	(23,258,963)	3,875,884	9,082,564
Movements						
Result appropriation	-	-	-	3,875,884	(3,875,884)	-
Result for financial year	-	-	-	-	44,007	44,007
Other movements	48	(48)	(1,122,002)	1,122,002	-	-
Balance as at 01.01.23	706	22,322,216	5,020,719	(18,261,077)	44,007	9,126,571
Movements						
Result appropriation	-	-	-	44,007	(44,007)	-
Funding transaction	571	18,919,549	-	(649,312)	-	18,270,808
Result for financial year	-	-	-	-	(20,572,364)	(20,572,364)
Allocation to legal reserve		-	333,796	(333,796)	-	-
Balance as at 31.12.23	1,277	41,241,765	5,354,515	(19,200,178)	(20,572,364)	6,825,014

The authorized share capital of Fairphone B.V. amounts to €1,277, divided into 12,771,347 class A shares of € 0.0001.

The movement in number of shares can be specified as follows:

	A Shares	B Shares	D Shares	Total
Balance as at 01.01.2023	74,617	-	598	75,215
Movements				
Issue of ordinary shares	3,083,438	9,613,292	-	12,696,730
Adjustment of nominal value	-	-	-	-
Conversion of ordinary shares	-	-	-	-
Repurchase and cancellation of preference shares	-	-	(598)	(598)
Balance as at 31.12.2023	3,158,055	9,613,292	-	12,771,347

Notes to the Financial Statements

Legal reserve
The legal reserves are recognised in connection with capitalized development costs of €5,354,515 (2022: € 5,020,719).

Appropriation of Result
During the period under review, no dividends were distributed out of the Company's retained earnings. The managing directors propose to allocate the net profit for the year 2023 to the retained earnings. This proposed appropriation of profit has been reflected in the Company's balance sheet per December 31, 2023.

Investment round
On 27 January 2023 a deal was signed with a consortium of impact investors, led by Invest-NL, ABN AMRO Sustainable Impact Fund, and existing shareholder Quadia, to invest €49 million in Fairphone. This significant investment not only strengthens our financial position, but also facilitates our commitment to making the electronics industry fairer. Of the €49 million invested, €17 million was growth capital for Fairphone, and the remainder used to purchase shares from exiting shareholders. The costs of issuance related to the funding transaction have been recognized in 'Other reserves' in equity.

Employee Stock option plan
During 2023, management offered employee stock options to the value of € 301,163 (2022: € 131,025). The management board received options for a value of € 58,420, and other employees received options for a value of € 242,743.

7. Liabilities

Current liabilities	**2023**		**2022**	
	Current	**Remaining term > 1 year**	**Current**	**Remaining term > 1 year**
	€	**€**	**€**	**€**
Subordinated loans	3,323,424	0	4,320,000	0
Convertible loan	1,481	0	115,565	0
	3,324,905	0	4,435,565	0

The subordinated loan is a shareholder loan, with no securities attached to it.Repayment obligations failing due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

	2023	**2022**
	€	**€**
Short term debt	3,324,905	4,435,565
Trade payables	11,641,691	6,948,978
Taxes and other social security charges	2,456,739	2,240,129
Value added tax	1,419,810	1,138,419
Other payables	2,459,443	2,927,697
Co-op reserve	1,028,217	725,123
	22,330,806	**18,415,911**

The fair value of the current liabilities approximates the book value due to its short term character. The company has selected to defer the amount due to the tax authorities (*Belastingdienst*), as part of a relief given by the Dutch authorities as a result of COVID-19. The total amount of wage tax due at year end amounted to € 1,103,588 (2022: € 1,319,018), and of this €530,000 is expected to be paid after one year.

Notes to the Financial Statements

Co-op reserve
The Co-Op reserve was created as a marketing mechanism to facilitate commercial transactions with sales partners, and mentioned in the agreements signed by both parties. The activities relate to in-store advertisement, online activities or campaigns, and any other marketing activity promoting Fairphone. Based on contractual terms, the Company's sales partners are entitled to an agreed amount of "trade margin" calculated as a percentage of the list price. The difference between the front margin agreed with the sales partner, and the maximum trade margin is accrued to create the co-op reserve per device sold. Sales partners will issue an invoice to Fairphone, after confirmation that the approved activity took place as agreed. The Co-Op reserve accumulated for one Fairphone model can be used to fund the pre-launch activities of the next model. Management reviews the Co-op reserve on an annual basis, to determine whether accrual is sufficient based on the agreed marketing activities with sales partners.

Living wage bonus
Most smartphones are manufactured in China, and the country's fast, affordable production comes at the cost of their workers. As a social enterprise, we wanted to improve job satisfaction and working conditions at the heart of the electronics sector, including health and safety, worker representation, income, working hours and growth opportunities. We believe that long-term relationships are the foundation for good working conditions. We work closely with selected suppliers to assess the current situation, uncover the underlying issues and take a collaborative approach to improvement.

We implemented a living wage program with our manufacturer to close the gap between the workers' current wage and a sufficient living wage. Based on contractual terms during 2023 the manufacturer invoiced Fairphone B.V. an amount equal to USD 1.99 per employee working on our production line of Fairphone 4 and Fairphone 5. This amount is accrued per device sold and reviewed annually to determine whether the accrual is sufficient based on the number of devices sold.

Non-current liabilities
Included in non-current liabilities are NOW support scheme payments which fall due after one year.

8. Taxes and social insurance premiums

	2023	2022
Current Income tax	€	€
Income tax	0	312,845
Deferred income tax asset	0	0
Total	0	312,845

Income tax is calculated using the result before tax including any fiscal adjustments. Fiscal adjustments are the result of using a different fiscal amortization and depreciation rate when calculating the result before tax.

Deferred tax asset	2023 €	2022 €
Balance as at 01.01.2022	2,836,117	3,148,962
Income tax	0	(312,845)
Increase	0	0
Balance as at 31.12.2023	2,836,117	2,836,117

Deferred income tax
A deferred tax asset is recognised for unused tax losses. Management's financial projections support the assumption that it is probable that the Company will generate sufficient future taxable income to utilize these losses. No asset has been recognised for the 2023 losses.The deferred tax asset includes temporary differences of €1,807,716.

Notes to the Financial Statements

9. Assets and liabilities not recognised in the balance sheet (Contingent liabilities and assets)

Rental obligations
Fairphone B.V. has a tenancy agreement with the new landlord for the location Van Diemenstraat 200, Amsterdam 1013 CP. This tenancy agreement is made for the period from December 31, 2020 until June 30, 2026. The annual rent obligation until December 31, 2024 is € 448,990 and will be indexed annually.

Obligations to pay:	**2023** **€**
Within one year	448,990
Between one and five years	770,627
	1,149,618

Contingent Assets
No contingent assets are known as of the issuance date of the Annual Report.

Liabilities not recognised
The Company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Securities
Fairphone B.V. signed an amendment to the original financing agreement on April 1st, 2022 for financing of the receivables and a contingent liability facility to issue letters of credit and bank guarantees. The financing agreement includes rights of pledge on the receivables, inventory and intellectual property. As per 31 December 2023 the financing was not drawn yet.

10. Provisions

Provisions consist of:

	2023 **€**	**Remaining term > 1 year** **€**	**2022**	**Remaining term > 1 year** **€**
Warranty	1,304,957	891,764	973,287	528,825
Royalties	1,995,697	1,571,379	1,599,947	1,599,947
Software maintenance	2,545,168	1,911,899	1,111,831	625,405
Onerous contract	5,324,162	0	0	0
	11,169,985	4,375,042	3,685,064	2,754,177

€	**Warranty**	**Royalties**	**Software maintenance**	**Onerous Contract**	**Total**
Balance as at 01.01.2023	973,287	1,599,947	1,111,831	0	3,685,065
Additions	823,622	1,130,686	2,991,269	5,324,162	10,269,739
Utilization	(491,952)	(734,936)	(1,557,932)	0	(2,784,820)
Balance as at 31.12.2023	1,304,957	1,995,697	2,545,168	5,324,162	11,169,984

Notes to the Financial Statements

Onerous contract
The onerous contract provision represents excess of Fairphone 4 component stock held by suppliers and sourced at our request, which Fairphone has an unavoidable contractual obligation to pay for. Based on management's current best estimates, we do not expect this stock to be assembled into devices for sale, nor can we assume that we expect to be able to sell or generate any other benefits from the excess materials. We are still actively trying to mitigate the financial and other impacts of this excess material with our suppliers however we cannot yet assume there will be any positive impact of this.

11. Net turnover

Net turnover consist of:

	2023	2022
	€	€
Fairphones	46,889,902	52,224,198
Spare parts and accessories	7,169,449	5,942,682
Shipping fees	613,280	631,585
Other revenue	51,289	35,577
	54,723,920	58,834,042

Revenue by region:

	2023	2022
	€	€
Germany	20,307,834	24,146,863
France	10,025,319	8,328,856
The Netherlands	9,088,858	8,259,679
Other	15,301,909	18,098,643
	54,723,920	58,834,042

12. Raw materials, consumables and other external charges

These costs consist of:

	2023	2022
	€	€
Fairphones	29,830,380	31,662,525
Spare parts and accessories	2,739,728	2,982,751
Logistics and payment fees	3,269,726	2,533,991
Costs of non-quality	434,473	862,081
Provision for impairment - Stock	202,037	215,654
Other costs	10,972,984	2,974,469
	47,449,328	41,231,470

The impact of the onerous contract is recognised in the line 'Other costs' above.

Notes to the Financial Statements

13. Wages and salaries

Wages and salaries costs consist of:

	2023	2022
	€	€
Salaries and wages	6,846,777	5,230,913
Costs of work contracted out	1,663,175	1,331,656
Wages tax reduction	0	(111,248)
Employee Stock Option Plan (ESOP)	301,162	103,636
Pension expenses	301,234	234,920
	9,112,348	6,789,877

Number of employees
At the end of 2023 we had 132 employees, representing 129 FTE. Of these, 1 was employed outside the Netherlands, in Germany (2022: 1).

FTE per department 2023 vs 2022

Department	**2023**	**2022**	***Movement***
Management team	3.0	3.9	*-0.9*
Finance	4.0	2.0	*2.0*
Product Operations	8.0	7.0	*1.0*
Quality	3.8	2.9	*0.9*
IT & Software longevity	11.9	10.8	*1.1*
Operations	1.0	1.0	-
Supply Chain	4.0	4.0	-
After sales	6.0	4.8	*1.2*
Customer Support	27.6	25.6	*2.0*
Business Operations	4.0	3.0	*1.0*
Project Management	4.0	2.0	*2.0*
Legal	3.0	2.0	*1.0*
Commercial	16.4	17.8	*-1.4*
Marketing	6.9	6.0	*0.9*
People	7.3	7.8	*-0.6*
Brand	11.3	9.5	*1.8*
Impact Innovation	6.8	5.8	*1.0*
Total	**129.0**	**115.9**	*13.1*

14. Other operating expenses

Other operating expenses consist of:

	2023	2022
	€	€
Marketing expenses	8,148,853	3,005,630
Personnel expenses	603,465	344,876
General and Administrative Expenses	2,609,852	1,966,220
Research and development	34,586	190,888
	11,396,756	5,507,613

FAIRPHONE

Notes to the Financial Statements

15. Other disclosure

Related party and Supervisory Board remuneration
The non-executive Supervisory Board (SB) plays an important role in protecting the interests of the company and its social mission. It guides and monitors the company's performance towards the mission and helps provide continuity for the company. However, it does not represent the company externally and is not involved in the day-to-day business of running Fairphone. Bas van Abel, founder of Fairphone, is a member of the SB and is additionally actively externally representing Fairphone in PR activities. Eelco Blok has a success fee arrangement directly with a majority of the shareholders when they materialize a certain return on their investment. The company takes no direct or indirect part in this arrangement. During the period under review the remuneration for all supervisory Board members together amounted to € 51,000 (2022: € 26,333). This remuneration has been recorded under Other operating expenses.

Directors remuneration
The Company has a managing board consisting of two managing directors. During the period under review the directors remuneration (excluding payments related to ESOP shares sold) amounted to € 261,220 (2022: € 262,836). This remuneration has been recorded under Salaries and Wages. In 2023 the management board received ESOP options for a value of € 58,420

Auditor remuneration
The 2023 fee for the audit of the financial statements was €62,763 and in addition we incurred costs for tax services of €8,852 and other non-audit services of €1,611.

Subsequent events
Following a review of its Financing arrangements, Fairphone has signed new agreements with its bank, ABN AMRO Bank. As of April 2024, we no longer have a letter of credit nor a bank guarantee facility and the factoring facility of €5,000,000 is reduced to €2,500,000.

On April 26, 2024, Fairphone and two of its shareholders signed a € 4,000,000 interest bearing Convertible Loan Agreement of which € 2,600,000 has been drawn immediately.

Notes to the Financial Statements

Amsterdam
May 27, 2024

Board of Directors

R.P. Hendriks

O.S. Visser

Supervisory Board

J. de Zwaan

E. Blok

B. van Abel

FAIRPHONE

Other information

Independent Audit report
The independent auditor's report is included on the next pages.

Statutory provision regarding appropriation of Result

RESERVES
Article 29

29.1 The Company shall maintain a:
a. general share premium reserve, to which any amounts or values in excess of the nominal value paid up in respect of, or contributed on, the shares shall be added;
and
b. general profit reserve, to which any amounts determined by the General Meeting shall be added,
and such other reserves as the General Meeting considers appropriate.

29.2 The General Meeting is authorised to resolve to make a distribution from the Company's reserves.

DISTRIBUTIONS ON SHARES
Article 30

30.1 The profits as determined through the adoption of the annual accounts shall be at the disposal of the General Meeting. The General Meeting may decide to make a distribution, to the extent that the shareholders' equity exceeds the reserves that must be maintained by law.

30.2 A resolution to make a distribution shall not take effect as long as the Management Board has not given its approval. The Management Board may only withhold such approval if it knows or should reasonably foresee that, following the distribution, the Company will be unable to continue paying its due and payable debts.

30.3 For the purposes of calculating any distribution, shares held by the Company in its own capital shall not be included.

30.4 For the purposes of calculating the amount to be distributed on each share, only the nominal value of the shares shall be taken into account. The preceding sentence may be derogated from with the consent of all Shareholders.

30.5 Unless the Management Board determines otherwise, distributions shall be payable immediately following approval by the Management Board of the resolution to make the relevant distribution.

30.6 A Shareholder's claim under Article 30 shall lapse after five years.

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INDEPENDENT AUDITOR'S REPORT

To: The shareholders and supervisory board of Fairphone B.V.

Report on the audit of the financial statements 2023 included in the annual report
Our opinion
We have audited the financial statements 2023 of Fairphone B.V. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fairphone B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2023;
2. the statement of income and expenses for the year ended 31 December 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.
We are independent of Fairphone B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion
We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Emphasis of matter
We draw attention to the going concern paragraph in the notes on page X of the financial statements which describes the management's assumption to continue the activities of the company based on the going concern assumption. Our opinion is not modified in respect of this matter.

Audit approach fraud risks
Although we are not responsible for preventing fraud, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We identified and assessed the risk of material misstatement to the financial statements due to fraud. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

As described in the auditing standards, management override of controls and risk of fraud in revenue recognition are presumed risks of fraud. The company purchases products from third-party suppliers located in countries with a lower score on the CPI index which triggers fraud risks related to bribery and corruption.

We incorporated elements of unpredictability in our audit. During the entire audit we remained alert to indications of fraud and considered the impact on our audit, if any. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

Management of a company is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. The audit procedures to respond to the assessed risks of management bias include, among others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks, and retrospective review of prior year's estimates. Further we performed the following audit procedures: evaluating journal entries, transactions outside the normal course of business and whether there was evidence of potential bias by management when making assumptions and estimates that may represent a risk of material misstatement due to fraud.

The risk is related to the occurrence of revenue transactions, specifically the risk that revenue is overstated due to incorrect cut-off at year end. We addressed the risk of revenue recognition, including evaluation of the design and implementation of relevant internal controls, tracing a sample of revenue transactions recorded close to year end to supporting documents, goods movement reconciliation and assess the correct allocation to the periods. Management described in the paragraph misconduct in the company included in the director's report a specific transaction for which we performed procedures related to the evaluation of the design and implementation of relevant internal controls, enquiries of relevant executives, directors and those charged with governance and traced this transaction to the supporting documentation.

Audit approach going concern
As mentioned in the going concern paragraph in the notes to the financial statements, management has evaluated a period of twelve months from the date of the annual report. Management prepared the financial statements based on the assumption that the Company is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management's going concern assessment include, amongst others:

- considerations whether management’s going concern assessment includes all relevant information of which we are aware as a result of our audit, inquiry with management and whether management has identified any events or conditions that may cast a significant doubt on the Company’s ability to continue as a going concern;
- evaluating management’s current operating plan including cash flows in comparison with last year, funding from the convertible loan from the investment consortium in April 2024 and all relevant information of which we are aware as a result of our audit;
- analyzing current finances and whether they are sufficient for the going concern of the company;
- inquiry with management as to their knowledge of going concern risks beyond the period of management’s assessment.

Report on the other information included in the annual report
The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements
Responsibilities of management and supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

RSM Netherlands Accountants N.V.
Alkmaar, 27 May 2024

Was signed

drs. J.W.A. van der Ham RA