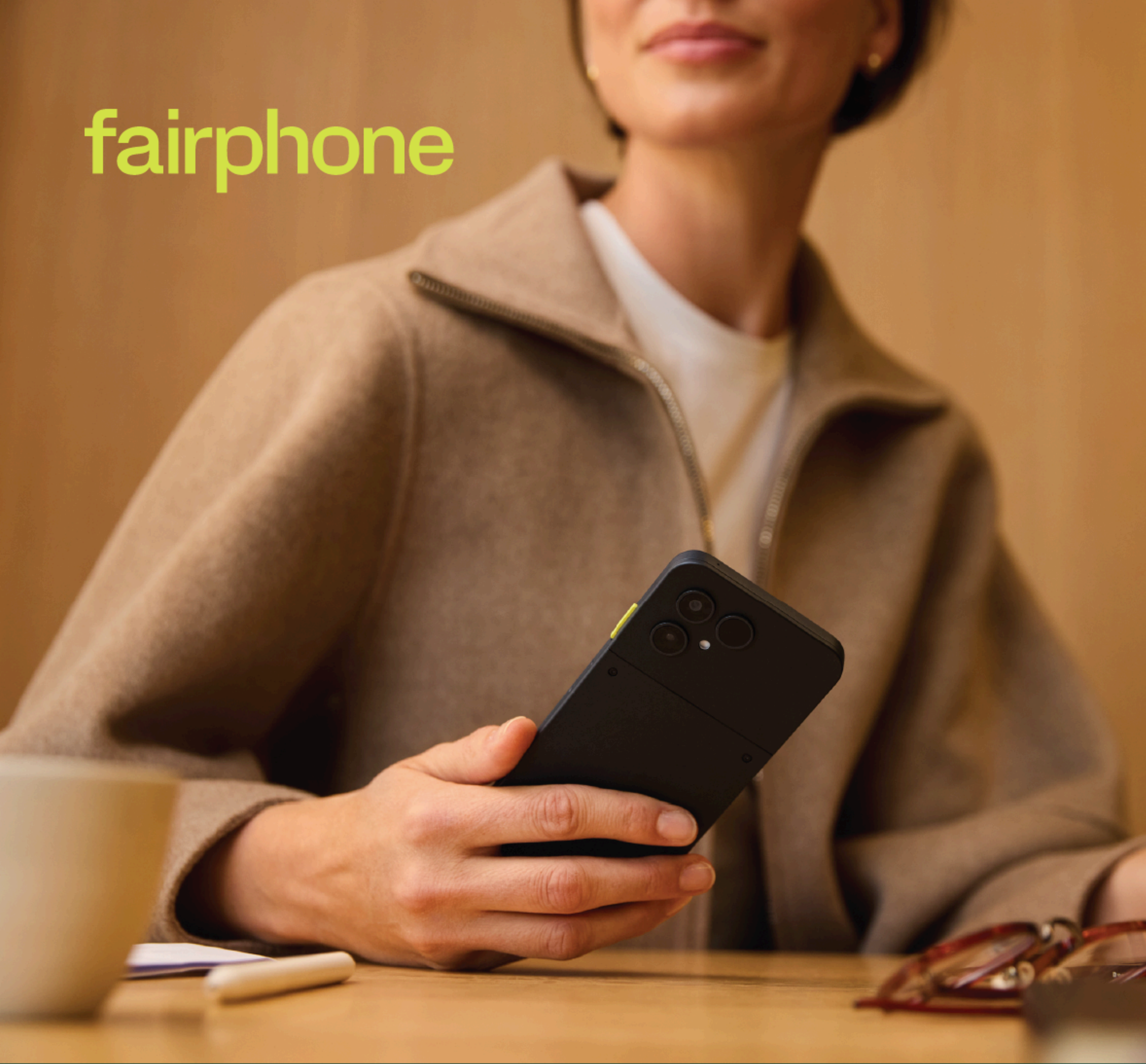

2025

Annual Report

31 DECEMBER 2025

FairPhone B.V. | Amsterdam

Management Report

Board of directors	R.A. van Eck O.S. Visser
Supervisory Board	E. Blok (chair) B. van Abel A. Rauchfuss E. van Galen G. Vanetti Burnier B. Kraiem
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 2025.

General information

Company's business objective
FairPhone's mission is to motivate the consumer electronics industry to act more responsibly by demonstrating that a different, fairer way of doing business is not only possible, but profitable. FairPhone designs and sells modular, repairable electronics that are built to last, and works to embed social and environmental responsibility across the full product lifecycle—from materials extraction and manufacturing to use and end-of-life management.

To achieve this mission, FairPhone focuses on the following areas:

- **Creating long-lasting products:** Designing for longevity through modular hardware, high repairability, and long-term software support, enabling customers to keep products in use for longer and reducing the need for frequent replacement.

- **Choosing fair and recycled materials:** Guided by the Fair Materials Roadmap 2030, prioritising 23 key materials and combining supply chain integration with credible book-and-claim approaches and direct investments to support fairer production practices.

- **Ensuring decent work and safer manufacturing:** Working with suppliers to improve working conditions through living wages, worker voice, and strong health & safety practices, including efforts to eliminate exposure to hazardous chemicals in manufacturing.

- **Reducing e-waste through circularity:** Promoting a circular economy by prioritising repair, reuse, refurbishment and responsible recycling, and by designing products to be durable, repairable and, where applicable, e-waste neutral.

Financial and non-financial performance

The year 2025 was a record-breaking year for FairPhone, demonstrating strong commercial momentum and outperforming our budget. We achieved an all-time high in sales, closing the year with 145,259 smartphones and 26,684 audio products sold. This performance reflects both the strength of our core smartphone business and the continued expansion of our ecosystem beyond smartphones.

A key driver of this momentum was the successful launch of our latest smartphone generation, The FairPhone Gen. 6, introduced in June 2025. The model was quickly embraced by the market and media and became our

fastest-selling FairPhone device to date, supported by availability through a record number of sales partners across Europe.
In parallel, we continued to broaden our product offering with a stronger accessories portfolio, including the introduction of a new line of cables and chargers designed to combine high durability with high recycled content and 100% e-waste neutrality, reinforcing our long-life value proposition beyond the smartphone itself.
FairPhone also strengthened its presence in the audio category. In 2025, our core audio products, the Fairbuds and Fairbuds XL, grew by +71% compared to the previous year, driven by a stronger focus on partner sales, cross-selling, and bundling with smartphones. We expanded our geographical reach by making our audio products available in the USA market in November 2025, supporting brand visibility beyond Europe. Finally, in December 2025 we launched a refreshed edition of the Fairbuds XL with upgraded, backwards-compatible speakers, an example of how we continue improving product performance while protecting long-term usability for existing customers.

From a liquidity perspective, the company maintained a current ratio of 1.18, confirming its ability to meet its short-term liabilities. This is further supported by the year-end cash position and the continued use of the Company's debtor factoring facility. As at 31 December 2025, the outstanding receivables under the facility amounted to €4,287,969 and the factoring current account balance was €1,773,248.41. After taking into account pending receipts, the reported availability under the facility was €(249,412.80) at year-end. In addition, the shareholder convertible funding arrangements originally agreed in 2024 and subsequently extended to a total of €7,937,737.00 include the EIP of €537,737 (already drawn). As €6,000,000 had been drawn under the shareholder convertible loan agreements, an amount of €1,400,000 remained available to draw at year-end, providing additional liquidity headroom.

The Company recorded a net loss of €2,109,756 for the year. This result reflects the recognition of an additional deferred tax asset of €502,395.

Greenhouse Gas (GHG) reduction: In 2025, FairPhone continued to make progress on climate action across its value chain. The Company achieved a 30% reduction in product carbon footprint, moving from FairPhone 5's 42 kg CO2e to 29 kg CO2e with The FairPhone (Gen. 6). This reduction was driven by increased recycled materials, a lighter product design, deeper supplier engagement, and the fact that 28% of electricity used in component manufacturing now comes from renewable sources. FairPhone maintained zero Scope 2 emissions on a market-based basis and reduced total Scope 1, 2 and 3 market-based emissions by 7.3% versus the 2022 baseline, although this remained below the original 12% reduction target. The Company also retired 4,751 high-quality carbon credits to compensate for residual emissions from products sold during the year, while supporting renewable electricity generation through a Gold Standard–certified wind energy project in China (GSID 11558).

Circularity: In 2025, FairPhone continued to strengthen circularity through product design and circular operations. The FairPhone (Gen. 6) achieved a 10/10 iFixit repairability score, and FairPhone introduced a self-service repair platform to further enable customers to diagnose and repair their devices at home. FairPhone also advanced refurbishment and reuse initiatives, including a pilot to refurbish specific modules, starting with the FairPhone 3+ speaker module, and the launch of a refurbished edition of the FairPhone 5. In addition, FairPhone launched a new line of durable cables and chargers, designed to last at least ten years and 100% e-waste neutral, in line with FairPhone's commitment to achieve e-waste neutrality across all products, including accessories and spare parts, from 2026.

Longevity: In 2025, FairPhone reinforced its longevity leadership by continuing to meet longevity targets, with an expected lifespan that is almost double the market average across its devices from the FairPhone 3 onward. FairPhone also achieved LONGTIME® durability certification for the refreshed Fairbuds XL, while its new cables and chargers were designed for long-term use. To ensure that software support matches long-lasting hardware, FairPhone offers up to eight years of software support for The FairPhone (Gen. 6), rolled out Android 15 upgrades for FairPhone 4 and FairPhone 5, and continued to support openness and long-term usability by publishing open-source code and enabling the developer ecosystem, including same-day kernel release practices and upstream Linux contributions.

Fair materials: In 2025, the launch of The FairPhone (Gen. 6) marked a step-change in material sourcing, achieving more than 50% fair and recycled materials by weight. Key improvements included more than 90% post-consumer recycled (PCR) structural plastics, 100% PCR copper-nickel-zinc alloy for shielding, 90% PCR steel in the battery sheet, and sourcing aligned with recognized standards, including ASI-certified aluminum vendors. FairPhone also expanded systemic work through initiatives such as mineral credits in collaboration with partners and continued progress across its 23 focus materials.

Fair factories: In 2025, FairPhone continued implementing its Fair Factories approach across suppliers, with progress focused on living wages, worker voice, health and safety, and nature. As part of its work on safer production, FairPhone reported under the Towards Zero Exposure (TZE) program that none of the 24 priority chemicals are used in the final assemblies of key products, including The FairPhone (Gen. 6), FairPhone 5 and audio products. This was supported by expanded chemical-use data collection covering over 80% of supply chain spend.

External validation: In 2025, FairPhone completed its third B Corp recertification with its strongest score to date: 136.8 points, an increase of 14.4 points versus the 2021 assessment. This reflects continued progress in environmental performance, transparency, governance and accountability.

Legal structure and corporate governance

FairPhone B.V. is a standalone entity, legally represented by two managing directors either individually or jointly as the Management Board (MB). During 2025, the Management Board consisted of Raymond van Eck (CEO and managing director) and Oscar Visser (CFO and managing director).

Following the expansion of the Supervisory Board in January 2025, the Supervisory Board (SB) consisted of:

- Eelco Blok (Chair)
- Bas van Abel
- Astrid Rauchfuss
- Elisabeth Frederika van Galen
- Gustavo Burnier
- Besma Kraiem

These appointments further strengthened FairPhone's governance and strategic oversight.

In 2025, FairPhone continued to reinforce its governance and compliance framework, including the establishment of specialized Supervisory Board committees (Impact & ESG and Audit & Risk) and a more formalized "Active Supervision" process between the SB and the MB.

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 2025, FairPhone remained a stable place to build a career through continued transformation. Our turnover rate held steady at a healthy 9% (representing 13 exits with an average headcount of 129), which is significantly lower than sector benchmarks

FairPhone remains committed to fostering a diverse and inclusive workplace. We maintained a near 50/50 gender ratio (49.25% women and 50.65% men), and we continue to lead by example with a 50/50 male-to-female ratio within both our Management Team and Supervisory Board. Our workforce represents 31 nationalities across seven countries, reflecting the international nature of our organization and culture.

The most recent people metrics show positive developments in employee experience and wellbeing. We are proud to report a dramatic reduction in our sick-leave rate, which fell from 9% in 2024 to 1.88% in 2025, reflecting stronger wellbeing support and improved case management. Overall employee satisfaction increased to 73% (up from 64% in late 2024), and we achieved an exceptionally high employee Net Promoter Score (eNPS) of 83, demonstrating strong loyalty and alignment with our impact goals.

Significant events

- **Governance:** On January 26, 2025, further changes were made to the Supervisory Board with the appointments of Astrid Rauchfuss, Elfrieke van Galen, Gustavo Burnier, and Besma Kraiem. Josephine de Zwaan stepped down as a Supervisory Board member after serving for 8 years.
- **Financing:** In 2025, the company successfully secured funding to finance important investments. This included a new shareholder loan of €1,500,000, an extension of the existing Convertible Loan Agreement (CLA) by €3,400,000, and raising €537,000 through the Employee Investment Plan (EIP). Additionally, the Debtor Factoring Line was increased from €2,500,000 to €5,000,000.
- **Impact Reporting:** The 2025 Impact Report was successfully released on Earth Day (April 22, 2026).

Financial information

As presented in the profit and loss account, the net result for 2025 amounted to a loss of €2,109,756 (2024: loss of €4,938,166). Despite the net loss, the company outperformed on budget with an EBITDA of €225,043 (Budget

2025: negative EBITDA of € 3.5 mln), supported by solid operational performance, a favorable product/channel mix, and significantly higher sales volumes.
To provide insight into the development of the result for 2025, an outline has been prepared based on the profit and loss account of 2025 compared to 2024:

	2025		2024	
	€	%	€	%
Net Turnover	73,300,139	*100*	54,350,254	*100*
Cost of goods sold	(51,979,569)	*71*	(36,884,881)	*68*
Gross operating result	**21,320,570**	***29***	**17,465,373**	***32***
Other operating income	298,038	*0*	7,284	*0*
Employee Cost	(10,060,692)	*-14*	(8,800,885)	*-16*
Social security contributions	(1,340,217)	*-2*	(1,256,057)	*-2*
Pension expenses	(371,589)	*-1*	(314,768)	*-1*
Amortization and depreciation	(1,925,208)	*-3*	(6,859,022)	*-13*
Other operating expenses	(9,621,068)	*-13*	(5,355,109)	*-10*
Total costs	**(23,318,773)**	***-32***	**(22,585,841)**	***-42***
Operating profit/ (loss)	**(1,700,165)**	***-2***	**(5,113,184)**	***-9***
Financial Income	0	*0*	0	*0*
Financial expenses	(911,986)	*-1*	(545,669)	*-1*
Result before tax	**(2,612,150)**	***-4***	**(5,658,853)**	***-10***
Tax on result	502,395	*1*	720,687	*0*
Result after tax	**(2,109,756)**		**(4,938,166)**	

Significant risks and uncertainties

FairPhone, as a relatively small player within the consumer electronics industry, continues to recognize the need to scale its operations in order to strengthen both its commercial performance and its positive impact. In 2025, the company continued to execute on this ambition by further developing its product portfolio and organizational capabilities. Despite ongoing investments in marketing and strong product initiatives, brand awareness remains comparatively low versus larger industry players, which continues to be a key challenge for accelerating growth.

From an operational perspective, FairPhone remains exposed to the inherent volatility of global electronics supply chains, including component availability, cost fluctuations and production reliability at key suppliers, which can impact product availability and gross margins. The company continues to mitigate these risks through supply chain diversification, proactive sourcing measures and reinforced quality and production oversight together with its manufacturing partners.

To manage its financial risks, particularly those associated with currency fluctuations and liquidity/working capital needs, FairPhone continues to apply disciplined treasury and risk management practices, including the use of forward rate contracts where appropriate and maintaining liquidity facilities such as factoring. These instruments support greater stability and help protect the company against adverse market movements and potential customer default.

Additionally, FairPhone continues to address the risk of fraud and other control-related risks through robust internal controls, ongoing monitoring and a strong compliance mindset. Overall, FairPhone is navigating the challenges and opportunities of the electronics industry with a focus on sustainable growth and responsible business practices. While scale and visibility remain important hurdles, the company's strategic initiatives and risk mitigation efforts support continued progress and increased impact over time.

Cash flow and financing requirements

The Company recorded a loss of €2,109,756 in 2025. As of 31 December 2025, shareholders' equity stood at a negative €221,769, although working capital remained positive at €4,049,400. Continuing the stabilization measures initiated in 2024, management in 2025 maintained a focus on strengthening liquidity and preserving a solid financial foundation while concurrently executing the Company's strategic priorities. In the fourth quarter of 2025, the Company revised its strategy following the improved performance observed in the second half of the year. This revised strategy includes, among other objectives, strengthening the balance sheet in 2026 through attracting additional capital and further optimizing working capital.

At the end of 2025, cash and cash equivalents amounted to €5,612,018 (2024: €4,432,378). In addition, the Company maintains access to additional liquidity through its debtor factoring facility, which was in use at year-end. As at 31 December 2025, outstanding receivables under the facility amounted to €4,287,969 and the reported availability was €(249,412.80) after taking into account pending receipts.

Net cash flows in 2025 amounted to €1,179,640 (2024: €(455,819)). Cash flow from operating activities was €436,694 (2024: €3,896,124), primarily driven by working capital investments in inventories and receivables, partly offset by the improved operating result compared to the prior year. Cash flow from investing activities was €(4,589,822) (2024: €(3,555,792)), mainly reflecting continued investment in intangible assets, primarily related to the development of FP6 audio and accessories. These outflows were largely funded through financing activities, which generated €5,332,768 (2024: €(796,151)), primarily driven by receipts from new debts and accrued interest.

Management's cash flow forecasts, covering at least the next twelve months from the balance sheet date, form the basis for concluding that the Company can continue as a going concern. This conclusion is supported by the year-end cash position, the undrawn portion of the CLA (Cash/Credit Line Agreement), and continued access to debtor financing.

However, the realization of these twelve-month forecasts and the maintenance of the going concern assumption depend on the Company's continued ability to maintain and secure additional financing, such as increased factoring or Letter of Credit (LC) facilities. This inherently subjects the going concern assumption to the uncertainty of maintaining compliance with the terms of current secured debt arrangements and securing the ongoing cooperation of financial partners for future financing needs. Management's twelve-month cash flow forecasts and the going concern assumption depend on maintaining compliance with secured debt terms (factoring/LC facilities) and securing financial partners' cooperation for future financing.

Management is investigating the options to secure additional funding, such as attracting new equity to support the further growth of the activities.

Considering these forecasts, year-end cash, the undrawn CLA, and continued debtor financing access, and options for new equity, management sees no significant doubt about the Company's ability to continue as a going concern. Consequently, the valuation of assets and liabilities and the determination of results in these financial statements are based on the going concern assumption.

The future

The European smartphone market continues to be characterised by subdued demand and intense competition, with growth largely driven by replacement purchases and major players setting the pace. Overall European smartphone shipments declined by 1% in 2025, reflecting this challenging environment.

Despite these market dynamics, FairPhone continued to outperform the market and deliver growth, supported by strong differentiation and a value proposition that combines quality, longevity and social and environmental responsibility. Independent market research also highlighted that FairPhone achieved high double-digit growth in Europe in 2025, demonstrating that there are opportunities to gain relevance in a mature market through clear differentiation.

Looking ahead to 2026, we expect a broadly similar environment, with ongoing competitive pressure and a cautious demand outlook, alongside potential cost and supply headwinds in the value chain. Our strategy remains focused on expanding our addressable market by appealing to a broader consumer base with a compelling value proposition, strengthening brand relevance, and continuing to deliver long-lasting, repairable products with strong software support—ensuring sustainability without compromising performance, quality or design.
Amsterdam, June 4, 2026

The Management Board,

CEO & Managing Director
R.A. van Eck

CFO & Managing Director
O.S. Visser

Balance sheet as at December 31, 2025

		31 December 2025 €		31 December 2024 €	
Assets					
Fixed assets					
Intangible fixed assets	1	5,909,427		3,174,924	
Tangible fixed assets	2	401,305		471,193	
Financial fixed asset	3	4,059,698		3,557,303	
Total fixed assets			**10,370,430**		**7,203,420**
Current assets					
Inventory	4	13,295,040		7,872,886	
Receivables	5	7,298,270		5,447,602	
Cash and cash equivalents	6	5,612,018		4,432,378	
Total current assets			26,205,328		17,752,866
Total assets			**36,575,758**		**24,956,286**

Shareholders' equity		**31 December 2025 €**		**31 December 2024 €**	
Share Capital		1,277		1,277	
Share Premium		41,241,904		41,241,904	
Other legal reserves		5,338,125		2,360,589	
ESOP reserves		409,444		-	
Other reserves		(45,102,773)		(36,777,627)	
Undistributed result		(2,109,756)		(4,938,166)	
Total shareholders' equity	7		**(221,779)**		**1,887,977**
Provisions	8	5,571,906		4,574,193	
Non Current liabilities	9	9,018,420		3,127,273	
Current liabilities	10	22,207,211		15,366,842	
Total Liabilities			31,225,631		18,494,115
Total shareholders' equity and liabilities			**36,575,758**		**24,956,285**

Statement of Income and Expenses for the year ended December 31, 2025

	Notes	2025		2024	
			€		€
Net turnover	12	73,300,139		54,350,254	
Change in inventory of finished goods		844,984		(10,502,821)	
Other operating income		298,038		7,284	
Total operating income			**74,443,161**		**43,854,717**
Raw materials and consumables	13	(41,185,964)		(23,477,842)	
Other external charges	13	(11,638,588)		(2,904,218)	
Wages and salaries	14	(10,432,281)		(9,115,653)	
Social security costs		(1,340,217)		(1,256,057)	
Amortization and depreciation		(1,925,208)		(6,859,022)	
Other operating expenses	15	(9,621,068)		(5,355,109)	
Total operating expenses			**(76,143,326)**		**(48,967,901)**
Operating profit/ (loss)			**(1,700,165)**		**(5,113,184)**
Interest expenses and similar charges	16		(911,986)		(545,669)
Result before taxation			**(2,612,150)**		**(5,658,853)**
Taxation	3		502,395		720,687
Net result for the year			**(2,109,756)**		**(4,938,166)**

Cash flow statement, 2025

	2025		2024	
Cash flow from operating activities		€		€
Operating profit/ (loss)		(1,700,165)		(5,113,184)
Adjustments for:				
Depreciation, amortization and other impairments		1,925,208		6,859,022
Movement in provisions		997,713		(6,595,792)
Accrued interest		0		(212,333)
Movement in working capital:				
Inventory	(5,422,154)		11,409,079	
Receivables	(1,850,668)		1,548,214	
Liabilities	6,593,527		(3,640,540)	
		(679,295)		9,316,753
Cash generated from operations		**2,243,626**		**9,367,650**
Corporate income tax paid	0		(27,147)	
Interest paid and bank charges	(106,767)		(331,195)	
		(106,767)		(358,342)
Net cash generated from operating activities		**436,694**		**3,896,124**
Cash flow from investment activities				
Investment in intangible fixed assets	(4,410,628)		(3,288,451)	
Investment in tangible fixed assets	(179,194)		(267,341)	
Net cash generated from investment activities		**(4,589,822)**		**(3,555,792)**
Cash flow from financing activities				
Receipts from new debts and accrued interest	5,332,768		2,527,273	
Loan repayment and interest	0		(3,323,424)	
Net cash generated from financing activities		**5,332,768**		**(796,151)**
Net cash flows		1,179,640		(455,819)
Exchange gains/(losses) on cash and cash equivalents		0		0
Net increase/ decrease in cash and cash equivalents		1,179,640		(455,819)

The movement in cash and cash equivalents can be broken down as follows:

	2025	2024
Balance as at 1 January	**4,432,378**	**4,888,196**
Movements during the financial year	1,179,640	(455,819)
Balance as at 31 December	**5,612,018**	**4,432,378**

Notes to the Financial Statements

A. General

Incorporation

The Company was incorporated on July 2, 2015, and has since 1 March 2022 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

The Company incurred a loss of €2,109,756 in 2025 (2024: €4,938,166). Shareholders' equity amounts to €(221,779) per 31 December 2025 (2024: €1,887,977) and working capital is positive at €4,231,888 (2024: €1,956,576). Management continued in 2025 to focus on stabilising the Company's finances and maintaining sufficient liquidity to support operations and planned business activities.

At the end of 2025, cash and cash equivalents amounted to €5,612,018 (2024: €4,432,377). In addition, liquidity is supported by the shareholder convertible funding arrangements agreed in 2024 and subsequently extended to a total of €7,937,737.00. As €6,000,000 had been drawn under the shareholder convertible loan agreements and €537,737 had been drawn under the Employee Investment Plan (EIP), an amount of €1,400,000 remained available to draw at year-end. Liquidity is further supported by the Company's debtor factoring facility, which was in use at year-end. As at 31 December 2025, outstanding receivables under the facility amounted to €4,686,742.94 and the factoring current account balance was €1,773,248.41. After taking into account pending receipts, the reported availability under the facility was €(249,412.80) at year-end

Management's cash flow forecasts, covering at least the next twelve months from the balance sheet date, form the basis for concluding that the Company can continue as a going concern. This conclusion is supported by the year-end cash position, the undrawn portion of the CLA (Cash/Credit Line Agreement), and continued access to debtor financing.

However, the realization of these twelve-month forecasts and the maintenance of the going concern assumption depend on the Company's continued ability to maintain and secure additional financing, such as increased factoring or Letter of Credit (LC) facilities. This inherently subjects the going concern assumption to the uncertainty of maintaining compliance with the terms of current secured debt arrangements and securing the ongoing cooperation of financial partners for future financing needs. Management's twelve-month cash flow forecasts and the going concern assumption depend on maintaining compliance with secured debt terms (factoring/LC facilities) and securing financial partners' cooperation for future financing. Management is investigating the options to secure additional funding, such as attracting new equity to support the further growth of the activities.

Considering these forecasts, year-end cash, the undrawn CLA, and continued debtor financing access, and options for new equity, management sees no significant doubt about the Company's ability to continue as a going concern.

Consequently, the valuation of assets and liabilities and the determination of results in these financial statements are based on the going concern assumption.

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.

Consolidation exemption

In accordance with Article 2:407(1)(a) of Book 2 of the Dutch Civil Code, the Company has not included FairPhone Inc. in the consolidation, as the activities of this subsidiary in the financial year 2025 are insignificant in relation to the financial position and results of the group. The omission of this subsidiary does not affect the true and fair view of 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 and in accordance with Dutch Accounting Standards.

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

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:

	31/12/2025	31/12/2024
GBP	0.87262	0.8292
USD	1.1750	1.0389

Operating lease

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.

Prior period comparison adjustment

Management has reassessed the classification of the Employee Share Option Plan (ESOP). As at 31 December 2024, the ESOP was presented as a current liability. Upon reassessment, and in accordance with the notes to the financial statements, the ESOP has been reclassified to equity as at 1 January 2025, as it relates to an equity-settled plan.
This resulted in a reclassification of €884,866 as at 1 January 2025, decreasing current liabilities and increasing equity by the same amount.
Comparative figures have not been restated, as the impact relates solely to presentation and has no effect on profit or loss.
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 development and use or sell the intangible asset are available.
- 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 capitalised 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.

Capitalised development costs are recorded as intangible assets and amortised 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 annually.

Amortisation of development costs are included in the depreciation and amortisation line in the statement of income and expenses. All development costs arose from internal and external development (excluding internal Wages and salaries).

Computer software

Acquired computer software licenses are capitalised based on the costs incurred to acquire and use the specific software. These costs are amortised 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 realisable value of the asset is determined. If it is impossible to determine the realisable value of the individual asset, the realisable 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 realisable value. The realisable value is the higher of the realisable 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.

- ### 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 realisable 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 realisable value is the estimated sales price less directly attributable to sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

- ### Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised 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 include 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.

- Equity

If FairPhone B.V. buys back its own shares, the acquisition price of the purchased shares will be deducted from the other reserves, or from any other reserve if the articles of association permit this, until these shares are withdrawn or sold. If purchased shares are sold, the proceeds from the sale will benefit the other reserves or any other reserve in equity. The proceeds will benefit the reserve from which the purchase of these shares was previously deducted. Costs directly related to the purchase, sale and/or issue of new shares are charged directly to equity, net of relevant income tax effects.

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 clients.

- Non Current 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 amortised 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 amortised 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 and of taxes levied on the turnover.

- Sales of goods

Revenues from the goods supplied are recognised when all significant risks and rewards for 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, amortisation of fixed assets and other external and operating charges. All these costs are chargeable in the year they occur.

Employee benefits

- Short-term Wages and salaries

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 fair value of the equity instruments granted.
As the Company is not publicly listed and there is no active market for its shares, an observable market price is not available. Accordingly, management determines the fair value of the share options at grant date using an option pricing model (Black–Scholes). The underlying share price is based on the equity value per share derived from the most recent financing or investment round. The valuation takes into account relevant assumptions, including share price, volatility, risk-free interest rate, expected term, and dividend yield.

The fair value is determined at grant date and is not subsequently remeasured. The services received in exchange for the grant are recognised as an expense over the vesting period, with a corresponding increase in equity.
At each reporting date, the Company revises its estimates of the number of awards that are expected to vest. The impact of any revisions to the original estimates is recognised in the statement of income and expenses, with a corresponding adjustment to equity for equity-settled plans.

Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received. The company will follow all 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.

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, and 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.

2025	**GBP**	**USD**
Cash and cash equivalents	759,976	475,236
Trade payables	24,387	13,765,299

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 significant credit risk concentrations and is limited to outstanding trade receivables, cash and cash equivalents. In 2025, a provision for doubtful debts of €97,022. was recognised. At year-end, the largest single client exposure consisted of €820,264.43, representing approximately 19.5% of total outstanding trade receivables of €4,214,808. Based on current information, management does not foresee a material risk in recovering these outstanding items. Sales are subject to payment conditions varying between payments in advance and 0 to 45 days after the invoice date.

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 2025, the Company had €1,400,000 available to draw under its shareholder convertible funding arrangements. In addition, the Company's debtor factoring facility was in use at year-end. As at 31 December 2025, outstanding receivables under the facility amounted to €4,686,742.94 and, after taking into account pending receipts, the reported availability under the facility was €(249,412.80). Management monitors monthly rolling forecasts of the Company's cash and cash equivalents based on actual results and expected cash flow.

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.

Share-based payments

Share options granted to employees are measured at the fair value of the equity instruments granted.
As the Company is not publicly listed and there is no active market for its shares, an observable market price is not available. Accordingly, management determines the fair value of the share options at grant date using an option pricing model (Black–Scholes). The underlying share price is based on the equity value per share derived from the most recent financing or investment round. The valuation takes into account relevant assumptions, including share price, volatility, risk-free interest rate, expected term, and dividend yield.
The fair value is determined at grant date and is not subsequently remeasured. The services received in exchange for the grant are recognised as an expense over the vesting period, with a corresponding increase in equity.
At each reporting date, the Company revises its estimates of the number of awards that are expected to vest. The impact of any revisions to the original estimates is recognised in the statement of income and expenses, with a corresponding adjustment to equity for equity-settled plans.

Valuation of assets

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, and the likelihood of a potential outflow of resources.

1. Intangible fixed assets

Total intangible assets	Research and Development	Software	Rebranding	Total
Costs as at 31.12.24	21,056,147	1,603,467	227,246	22,886,860
Accumulated amortization	(18,695,559)	(1,016,377)	0	(19,711,936)
Book value 31.12.24	**2,360,588**	**587,090**	**227,246**	**3,174,924**
Additions	4,213,883	168,670	28,075	4,410,628
Amortization and impairment	(1,236,346)	(388,715)	(51,064)	(1,676,126)
Balance	**5,338,125**	**367,044**	**204,257**	**5,909,426**
Costs as at 31.12.25	25,270,030	1,772,137	255,321	27,297,488
Accumulated amortization and impairment	(19,931,905)	(1,405,094)	(51,064)	(21,388,063)
Book value 31.12.25	**5,338,125**	**367,044**	**204,257**	**5,909,426**

Development costs

All development costs relating to FairPhone 3, FairPhone 3+, FairPhone 4 and FairPhone 5 have been fully amortized as at 31 December 2025.
Included in this balance are internally capitalized expenses of € 373.466 (2024: € 172.234).

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 these costs meet the requirements to be capitalized. Management did not identify any triggers for impairment.

Capitalization of cost

Under Dutch GAAP, the Company capitalises development expenditures when the statutory recognition criteria are met, including technical feasibility, the intention and ability to complete the asset, and the expectation that the asset will generate probable future economic benefits. Capitalised development costs are measured at cost and subsequently amortised over their estimated useful lives. Expenditures that do not meet the capitalisation criteria are recognised in profit or loss as incurred.

2. Tangible fixed assets

Tangible fixed assets consist of:

Tangible assets	Leasehold improvements	ICT Equipment	Furniture and fittings	Phone tooling	Total
Costs as at 31.12.24	207,199	425,543	83,152	2,551,112	3,267,006
Accumulated amortization	(114,629)	(281,189)	(77,299)	(2,322,695)	(2,795,812)
Book value 31.12.24	**92,570**	**144,354**	**5,853**	**228,417**	**471,193**
Additions	60,110	28,698		90,386	179,194
Amortization	(59,849)	(57,684)	(2,585)	(128,965)	(249,082)
Balance	**92,831**	**115,368**	**3,268**	**189,839**	**401,306**
Costs as at 31.12.25	267,309	454,240	83,152	2,641,498	3,446,199
Accumulated amortization	(174,478)	(338,872)	(79,884)	(2,451,660)	(3,044,894)
Book value 31.12.25	**92,831**	**115,368**	**3,268**	**189,839**	**401,305**

3. Financial fixed asset

Income tax is calculated at the applicable tax rate (25,8%) on the result before tax, which includes any fiscal adjustments. Fiscal adjustments are the result of using a different fiscal amortisation and depreciation rate when calculating the result before tax. The taxable result was € (7,277,629).

Deferred tax asset	**2025**	**2024**
Balance as at 01.01	3,557,303	2,836,616
Income tax	0	0
Increase	502,395	720,687
Balance as at 31.12	**4,059,698**	**3,557,303**

Deferred income tax

A deferred tax asset is recognised for a part of the 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.
Unused tax losses amounting to €43,525,000 have not yet been utilized; however, based on management's financial projections, the Company expects to generate sufficient future taxable income to recover these amounts.

4. Inventory

Inventory consists of:

Inventory	2025	2024
Finished products and goods for resale	12,626,598	11,781,614
Prepayments on inventory	452,983	167,685
Goods in transit	2,890,405	213,995
Less: Provision of obsolete stock	(2,674,946)	(4,290,527)
	13,295,040	**7,872,767**

The addition to the provision for obsolete stock is included in the raw materials and consumables in the profit and loss statement.

5. Receivables

Receivables consist of the following:

	2025	2024
Trade receivables	4,287,969	3,302,135
Less: Provision for bad debt	(97,022)	0
Net trade receivables	4,190,947	3,302,135
Value added tax	280,966	168,353
Other receivables	2,826,357	1,977,114
	7,298,270	**5,447,602**

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

6. Cash and cash equivalents

Cash and cash equivalents amounted to € 5,612,018 (2024: €4,432,378). These balances are fully available for operational and strategic purposes, with no restrictions or limitations on their use.
On 31 December 2025, the company had 12 forward contracts opened, with an effective date in 2026, and a total value of USD 29,925,000 or €25,369,565. The fair value of these contracts on 31 December 2025 with an exchange rate of 1.175 is €25,468,085 which would give a positive impact of €98,520. On 31 December 2025 the company had one forward contract opened with an effective date in 2027, and a total value of USD 900,000 or € 782,608. The fair value of this contract on 31 December 2025 with an exchange rate of 1.175 is € 765,957 which would give a negative impact of €16,651.

7. Shareholders equity

€	Share Capital	Share Premium	Legal reserves	ESOP reserve	Other reserves	Undistributed result	Total
Balance as at 01.01.24	**1,277**	**41,241,765**	**5,354,515**	**0**	**(19,200,178)**	**(20,572,364)**	**6,825,015**
Movements							
Result appropriation	-	-	-	-	(20,572,364)	20,572,364	0
Result for financial year	-	-	-	-	-	(4,938,166)	(4,938,166)
Other movements	-	139	(2,993,926)	-	2,994,915	-	1,128
Adjustment to opening balance	-	-	-	884,866	(884,866)		
Balance as at 01.01.25	1,277	41,241,904	2,360,589	884,866	(37,662,493)	(4,938,166)	1,887,977
Movements							
Result appropriation	-	-	-	-	(4,938,166)	4,938,166	0
Funding transaction	-	-	-	-	-	-	0
Result for financial year	-	-	-	-	-	(2,109,756)	(2,109,756)
Movements related to equity instruments granted	-	-	-	(475,421)	475,421	-	0
Allocation to legal reserve	-	-	2,977,536	-	(2,977,536)	-	0
Balance as at 31.12.25	**1,277**	**41,241,904**	**5,338,125**	**409,444**	**(45,102,773)**	**(2,109,756)**	**(221,779)**

The authorised share capital of FairPhone B.V. amounts to €1,277, divided into 14,312,348 class A shares of €0.00008922.

Legal reserve

The legal reserves are recognised in connection with capitalised development costs of €5,338,125 (2024: €2,360,589).

ESOP reserve

The Company established an Employee Stock Option Plan (ESOP) in 2018 to attract, retain, and incentivize high-performing employees. The plan provides for 731.800 options over Depositary Receipts (DRs). During the financial year 2025 31,972 options are granted. The DRs confer economic ownership of one share each, excluding voting rights. The option pool is intended to cover a five-year issuance period. Eligibility is limited to employees with at least one year of service and a performance rating of 4 or 5 (on a 5-point scale), although grants may also be made at the discretion of the Management or Supervisory Board. Options are granted free of charge, with the exercise price fixed at the grant date. Vesting occurs in three equal annual tranches over a three-year period, conditional on continued employment. Unvested options are forfeited upon termination. Exercisable options may be exercised during specified windows authorized by management. Applicable wage tax and social security contributions are withheld by the Company at the time of exercise in accordance with local tax regulations.

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 result for the year 2025 to the retained earnings. This proposed appropriation of the net result has been reflected in the Company's balance sheet per December 31, 2025.

8. Provisions

Provisions consist of:

	2025	Remaining term > 1 year €	2024	Remaining term > 1 year €
Warranty	1,236,851	1,102,056	487,491	330,921
Royalties	1,851,896	1,811,699	1,457,990	1,174,920
Software maintenance	2,483,160	1,442,441	2,628,712	1,751,799
	5,571,907	**4,356,196**	**4,574,193**	**3,257,640**

All provisions have a remaining maturity of less than five years and are expected to be utilized within this period.

	Warranty	Royalties	Software maintenance	Total
Balance as at 01.01.2025	487,491	1,457,991	2,628,712	4,574,194
Additions	1,051,507	393,905	1,734,797	4,896,408
Utilization	(302,147)	-	(1,880,350)	(3,898,696)
Balance as at 31.12.2025	**1,236,851**	**1,851,896**	**2,483,160**	**5,571,907**

9. Non Current Liabilities

Start balance per 01-01-2025	3,127,217
Reclass from short-term	-156,085
Receipts	5,437,737
Interest	738,781
Transactional costs	-129,130
End balance per 31-12-2025	**9,018,520**

	2025		2024	
		Remaining term		Remaining term
	Current	> 1 year	Current	> 1 year
	€	€	€	€
Grants	199,819	258,358	1,481	429,447
Convertible Loan	0	7,260,162	0	2,812,333
Non-Convertible Loan	105,000	1,500,000	0	0
	304,819	**9,018,520**	**1,481**	**3,241,780**

The Company's non-current liabilities primarily consist of shareholder loans and convertible loan agreements, including accrued interest. The main facility is the Convertible Loan Agreement dated 26 April 2024 (CLA 2024), under which €4,000,000 had been drawn as at year-end. This loan matures in 2027 and accrues interest at an annual rate of 12%. In accordance with the terms of the agreement, accrued interest is capitalised and is payable together with the principal at the maturity date.

In addition, the Company entered into a Convertible Loan Agreement in 2025 (CLA 2025) amounting to €2,000,000, maturing on 13 June 2028, with an interest rate ranging between 9.65% and 12% depending on the tranche. The Company also has an Employee Investment Plan (EIP) convertible loan with a year-end balance of €575,379 (including accrued interest), maturing in 2027 and accruing interest at 12%. Furthermore, the Company obtained a DALHAP non-convertible loan of €1,500,000, maturing on 31 May 2028 and accruing interest at 12%, payable in accordance with the loan terms.

The movement schedule is:

CLA 2024 (convertible)

Year	Notional (year-end)	Interest rate	Interest accrued	Closing balance
2024	**2,600,000**	**12.00%**	**212,333**	**2,812,333**
2025	**4,000,000**	**12.00%**	**445,679**	**4,658,012**

CLA 2025 (convertible)

Year	Notional	Interest rate	Interest accrued	Closing balance
2025	2,000,000	12% / 9.65%	150,460	2,150,460

EIP (convertible)

Year	Notional	Interest rate	Interest accrued	Closing balance
2025	537,737	12.00%	37,642	575,379

DALHAP 2025 (non-convertible)

Year	Notional	Interest rate	Interest accrued	Closing balance
2025	1,500,000	12.00%	105,000	1,605,000

10. Current Liabilities

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

Current liabilities

	2025	**2024**
Short term debt	304,819	1,481
Trade payables	14,934,807	9,082,209
Taxes and other social security charges	1,446,311	2,466,871
Value added tax	1,564,264	1,111,595
Other payables	3,957,010	1,995,686
Co-op reserve	0	709,000
	22,207,211	**15,366,842**

The fair value of the current liabilities approximates the book value due to its short term character. The total amount of wage tax due at year end amounted to €627,765 (2024: €1,009,238).

Co-op reserve

The Co-Op reserve, used to fund sales partner marketing activities, is accrued based on the difference between the agreed trade margin and the maximum trade margin per device sold. Sales partners invoice FairPhone upon completion of the agreed activities. Management performs an annual review of the Co-Op reserve to assess the adequacy of the accrual balance. As of 2025, the Co-Op reserve balance is nil, as no outstanding obligations or unused marketing commitments remained at year-end.

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 responsible 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.

The company has selected to defer the amount due to the tax authorities (Belastingdienst), as part of a relief given by the Dutch authorities due to COVID-19.

11. 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, 1013 CP Amsterdam. This lease commenced on December 31, 2020 and runs until June 30, 2026. The annual rent obligation until June 30, 2025 amounts to €457,162. The lease agreement expires in June 2026 and will thereafter be automatically renewed in accordance with the terms and conditions set out in the agreement, unless terminated in line with the contractual notice requirements. Based on the current contractual arrangements and renewal terms, the Company's lease commitment is expected to extend until 2031.

Obligations to pay:	**2025**
Within one year	457,162
Between one and five years (estimated)	2,285,810
	2,742,972

Contingent Assets

No contingent assets are known as per year-end 2025..

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 has entered into shareholder convertible funding arrangements, including a convertible loan agreement dated 26 April 2024. This agreement includes rights of pledge over receivables, inventory and intellectual property. A first tranche of €2,600,000 was drawn in 2024 and additional tranches were drawn in 2025, bringing the total amount drawn under the shareholder convertible loan agreements to €6,000,000 by year-end. In addition.

12. Net turnover

Revenue by category	**2025**	**2024**
Phones	63,603,680	47,145,283
Audio	2,905,724	1,917,235
Spare parts	2,777,567	2,100,855
Accessories	4,013,168	3,186,881
	73,300,139	**54,350,254**

Revenue by Region

	2025	**2024**
Germany	24,828,881	21,725,920
The Netherlands	16,097,961	8,266,822
France	14,528,522	10,101,601
Other	17,844,775	14,255,911
	73,300,139	**54,350,254**

13. Raw materials, consumables and other external charges

These costs consist of:

	2025	**2024**
FairPhones	37,557,413	30,474,226
Spare parts and accessories	3,628,552	2,287,893
Logistics and payment fees	3,207,686	2,463,215
Costs of non-quality	1,279,991	(632,078)
Provision for impairment - Stock	403,310	1,218,544
Other costs	5,902,617	1,073,081
	51,979,569	**36,884,881**

14. Wages and salaries

Wages and salaries costs consist of:

	2025	**2024**
Salaries and wages	7,932,421	6,741,920
Costs of work contracted out	2,603,693	1,934,183
Employee Stock Option Plan (ESOP)	(475,421)	124,782
Pension expenses	371,589	314,768
	10,432,281	**9,115,653**

	2025 Sum of FTE	**2024 Sum of FTE**	**Movement**
Customer Support	20	15	5
Finance & Accounting	3	4	-1
Impact Innovation	4	12	-8
Legal & Compliance	4	4	0
Management Board	7	3	4
Operation	16	6	10
People & Culture	6	5	1
Procurement	1	1	0
Public Relations & Corporate Communications	1	0	1
Sales & Marketing	36	33	3
Strategic Delivery office	1	0	1
Supply Chain	4	5	-1
Technology & Product	26	36	-10
Grand Total	**129**	**122**	

As at the end of 2025, FairPhone employed 129 employees in total. The majority of employees were based in the Netherlands (112), while 17 employees were employed outside the Netherlands across Taiwan, Germany, China, France, Italy, Switzerland and India.

During 2025, the organizational team structure was reorganized, resulting in changes to team compositions and naming conventions. Consequently, certain significant variances between teams may be observed when compared to prior periods.

Employee Stock Option Plan (ESOP)

The Company established an Employee Stock Option Plan (ESOP) in 2018 to attract, retain, and incentivize high-performing employees. The plan provides for 731.800 options over Depositary Receipts (DRs). During financial year 2025 31,972 options are granted. The DRs confer economic ownership of one share each, excluding voting rights. The option pool is intended to cover a five-year issuance period. Eligibility is limited to employees with at least one year of service and a performance rating of 4 or 5 (on a 5-point scale), although grants may also be made at the discretion of the Management or Supervisory Board. Options are granted free of charge, with the exercise price fixed at the grant date. Vesting occurs in three equal annual tranches over a three-year period, conditional on continued employment. Unvested options are forfeited upon termination. Exercisable options may be exercised during specified windows authorized by management. Applicable wage tax and social security contributions are withheld by the Company at the time of exercise in accordance with local tax regulations.

15. Other operating expenses

Other operating expenses consist of:

	2025	**2024**
Marketing & Sales	5,409,391	1,678,674
Personnel expenses	435,869	445,878
General and Administrative Expense	3,647,494	3,064,634
Certifications	128,314	165,923
	9,621,068	**5,355,109**

16. Financial income and expenses

Financial income and expenses consist of:

	2025	**2024**
Interest and similar income	0	0
Interest and similar expenses	911,986	545,669
Exchange differences	0	0
	911,986	**545,669**

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. During the period under review the remuneration for all supervisory Board members together amounted to €91,673 (2024: €51,000).

Directors remuneration
The Company has two directors. During the period under review, the directors' remuneration amounted to €458,708 (2024: €482,489). This remuneration has been recorded under Wages and salaries.

Auditor remuneration
The 2025 fee for the audit of the financial statements was €69,500.

Subsequent events
After the balance sheet date, management performed its standard review of events and transactions. No events occurred that would require adjustments to the amounts recognised in these financial statements, nor were any material non-adjusting events identified that would require disclosure.

Amsterdam
June 4, 2026

Board of Directors

R. van Eck	O. Visser

Supervisory Board

E. Blok	B. van Abel
A. Rauchfuss	E. van Galen
G. Burnier	B. Kraiem

Other Information

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

Statutory provision regarding appropriation of Result

Article 29 Reserves

29.1 The Company shall maintain:

(a) a share premium reserve exclusively attached to the D Shares, to which any amounts or values in excess of the nominal value paid up in respect of, or contributed on, the D Shares shall be added;
(b) a profit reserve exclusively attached to the D Shares, to which any amounts determined by the General Meeting shall be added;
(c) a share premium reserve exclusively attached to the A Shares, to which any amounts or values in excess of the nominal value paid up in respect of, or contributed on, the A Shares shall be added; and
(d) a profit reserve exclusively attached to the A Shares, to which any amounts determined by the General Meeting shall be added and such other reserves attached to the A Shares and/or the D Shares as the General Meeting considers appropriate.

29.2 The General Meeting is authorised to resolve to make a distribution from the Company's reserves.
29.3 Distributions from the reserve referred to in 29.1 shall be made exclusively to the holders of the class or classes of shares to which such reserves are attached, in proportion to the aggregate nominal value of their shares of relevant class(es).

Article 30 Distribution on Shares

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 dues and payable debts.

30.3 For the purpose 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 Shareholders' claim under Article 30 shall lapse after five years.

The articles of association show that the annual profit obtained is at the free disposal of the general meeting.

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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 2025 included in the annual report

Our opinion
We have audited the financial statements 2025 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 2025 and of its result for 2025 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 2025;
2. the statement of income and expenses for the year ended 31 December 2025; 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.

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 of fraud in revenue recognition is related to the cut-off 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, secured funding after balance sheet date 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.

Emphasis of matter
We draw attention to the going concern paragraph in the director's report and in the notes on page 15 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.

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 Director's 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 Director's report and the other information 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 the 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, whether due to fraud or error, 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.

Alkmaar, 4 June 2026

RSM Netherlands Accountants N.V.

w.s.

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