Franke Nederland B.V.

Finance Report 2023

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Management board's report

The management of Franke Nederland B.V. hereby presents its finance report for the financial year ending December 31, 2023.

General Information

The company's principal activities are the distribution of kitchen system applications sourced from intercompany suppliers and third-party suppliers, which are then sold into both the domestic as well as export markets. Franke Nederland B.V. is the leading provider of intelligent systems for domestic kitchens, within the Netherlands and Scandinavian markets, trading stainless steel bowls, sinks and other products for kitchen systems.

The shareholder of Franke Nederland B.V. is Franke Küchentechnik AG. The annual report of Franke Küchentechnik AG is filed with the trade register in Aarburg, Switzerland. The finance report of Franke Nederland B.V. is consolidated into the finance report of Franke Holding AG, Aarburg, Switzerland.

Operations

Franke Nederland B.V. stopped production at the Helmond site at the end of 2022 and has become a sales office only, buying stock from intercompany partners and then sell in the local market since the beginning of 2023. The land and buildings which Franke Nederland B.V. owned was sold to Belinox-Handels AG in December 2022 and all clean-up and sale of the remaining fixed assets was completed by the end of Q1 2023. Logistics activities were transferred to a 3rd party logistics company since Q1 2023 and the finance and sales teams moved to a new office in Eindhoven during Q3 2023.

Since November 2022, a 3rd party warehouse was utilised in Sweden which will consolidate the logistical needs of Franke Scandinavia, Franke Futurum and Franke Finland HS.

Human Resources and Organisation

In production, headcount reduced from 48.7 in 2022 to 1 by December 2023 with the business restructuring finalised in Q1 2023 after the production stopped at the end of 2022. In logistic, headcount reduced from 3 in 2022 to 0 in 2023 with logistic activities operated by a 3rd party logistics partner based in Helmond.

The business restructuring process for the Netherlands, which started in 2019 continued in 2022 with the closure of production and has the aim of improving the overall efficiency of the business, preserving profitability, and making the business sustainable for its future growth. In Scandinavia the headcount decreased from 17 in 2022 to 15 in 2023 due to vacancies in sales team.

Franke Nederland B.V. pursues a policy to appoint a well-balanced mix of women and man to its executive and supervisory positions. This policy is also applicable for the Management Team of Franke Nederland B.V. Currently Franke Nederland BV does not meet the requirements as set by Dutch law regarding a well-balanced division of seats between men and women. In case of future vacancies, the Management Team will consider variation of skills, expertise, and experience as well as gender.

Finance

In 2023, net sales decreased by 41% to €20.1m (2022: €34.1m). Net trade sales decreased in the year by 14.9% with the one-off sale of the beverage business this year to Franke Küchentechnik AG of €2.3m as well as the sales of land and building to Belinox-Handels AG of €8.5m were included in 2022 other operating income.

The net trade sales within the Netherlands core market have decreased from €21.9m in 2022 to €10.7m in 2023. The decrease mainly due to the exit of beverage business as well as the business transformation after the production closure. The decline of multiwater taps due to gap between discontinuation of the old range and the introduction of new range. Net trade sales in Scandinavia during 2023 dropped slightly from €12.2m in 2022 to €9.4m in 2023.

Net margin for all business channels (Netherlands and Scandinavia) was challenging in 2023, due to cost increase in raw materials, including stainless steel, wood, and packaging. The change of business model from own manufacturing to trade distribution also change the cost base with increase of cost of material while decrease of personnel costs in production labour. The percentage of cost of materials increased from 54.6% in 2022 to 74.2% in 2023.

The EBIT of the business has decreased from a profit of €1.3m in 2022 to a profit of €0.5m (-60.1%) in 2023. In 2022 there were one-off revenues and costs are included a) sale of land and buildings to Belinox-Handels of €8.5m creating a gain on asset disposal of €7.1m, b) sale of the beverage business to Franke Küchentechnik AG of €2.2m c) business restructuring costs of -€6.8m. In 2023, the new transfer price agreement has been introduced by Franke Group with method of return on sales

(ROS) remuneration for distribution units ensuring the local operating profit. Under the new transfer price agreement, Franke Nederland B.V. has received a credit note of €5.4m from Franke Küchentechnik AG for 2023.

Risk Management

Market

Franke Nederland B.V., with support of the Franke Group, analyses market demand on a local and global level in order to adopt its strategy to changing market environment.

Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties were to default in full on their contractual obligations, namely the repayment of advances granted. To reduce exposure to credit risk, Franke Nederland B.V. has insured against credit risk. Besides the company has a factoring agreement with Franke Finance AG, which has no regress right. The factoring agreement was terminated as the end of 2023 and based upon the factoring agreement the company is receiving the cash upon invoicing to her clients up to 31/12/2023. There is no limit agreed on the total outstanding amount factored. Total factored and insured receivables amount to €3.107m (2022: €5.017m) at year end.

Interest rate risk

The interest rate risk is limited to possible changes in the fair value of loans received and granted. As at 31 December 2023, no loans were recorded.

If and where possible, liquid assets are invested and financial transactions are concluded with corporate group companies or financial institutions with a high credit rating.

Foreign currency risk

The company incurs foreign currency risk on sales and purchases that are denominated in a currency other than Euro. Currencies giving rise to this risk are primarily Swiss Franc, US Dollars, Swedish Krona and Norwegian Krone, risks of Danish Krone are very limited. No hedging of currency took place in 2023.

Financial instruments

FNL has the possibility to utilise special financial instruments such as hedges for certain currencies via treasury department at Franke Holding A.G.

Financial and Tax

Margins are under pressure due to the increase in sales to large key-accounts and price competition. Prices are market driven and the products are mainly interchangeable between competitors.

Regulation

Franke Nederland B.V. operates in an international environment and has to deal with different local regulations. In order to be able to be compliant to local regulations, the company makes use of the advice of locally established consultants and advisors.

Code of Conduct

All employees within Franke Nederland B.V. are required to sign a Code of Conduct.

Market Prospects 2024

Outlook Netherlands:

2024 is going to be a period of growth, with the business restructuring finalised and the business is transferred to a sales office-based business going forward. The business will focus on improving the overall profitability of the business by reducing costs that are no longer necessary and gaining market share by promoting the new range of products it sells.

Outlook Scandinavian markets:

In 2024, the one Nordic commercial organisation will develop further, enabling further harmonisation amongst the group. Franke Scandinavia will attempt to expand the tap and hoods business across the region and grow the coloured sinks product range by having more displays within kitchen specialists to create demand via worktop producers.

Eindhoven May 29, 2024

A. Küenzi

A. Küenzi
Director

Finance Report

Balance sheet as at December 31, 2023 (before appropriation of result)

	Note	December 31, 2023		December 31, 2022	
ASSETS					
Fixed assets					
Intangible fixed assets	*1*				
Development costs		0		4	
Software		0		4	
Intangible assets under construction		-		-	
			0		8
Tangible fixed assets	*2*				
Land and buildings		159		0	
Plant and machinery		(0)		73	
Other operating fixed assets		43		322	
Assets under construction / Prepayments on fixed assets		-		-	
			203		395
Current assets					
Inventories	*3*				
Raw materials		(0)		169	
Work in progress		0		33	
Finished products and goods for resale		1,407		2,745	
			1,407		2,946
Trade and other receivables	*4*				
Trade receivables		0		4,134	
Receivables from affiliated companies		10,483		5,115	
Corporate income tax debit		615		4	
Other AR third parties debit		31		-	
Prepayments		128		11	
Other taxes and social security contributions due debit		-		-	
			11,257		9,264
Cash and cash equivalents	*5*		2,773		985
			15,639		13,598

	Note	December 31, 2023		December 31, 2022	
EQUITY and LIABILITIES					
Equity					
Shareholder's equity	*6*				
Issued capital		900		900	
Share premium reserve		9,713		9,713	
Legal reserve		5		5	
Other reserve		(7,337)		(8,288)	
Undistributed result		803		951	
			4,084		3,282
Provisions	*7*				
Jubilee provision		10		18	
Warranty provision		813		657	
Reorganization provision		684		133	
			1,507		808
Long-term liabilities	*8*				
Liabilities to affiliated companies		-		-	
			-		-
Current liabilities	*9*				
Accounts payable to suppliers and trade creditors		992		651	
Current liabilities: liabilities to affiliated companies		6,345		2,228	
Corporate income tax credit		-		-	
Other taxes and social security contributions due credit		124		505	
Other taxes		-		-	
Other AR third parties credit		-		29	
Accrued expenses		2,586		6,095	
			10,047		9,508
			15,639		13,598

Profit and loss account for the year 2023

		2023		2022	
Net turnover		20,161		34,146	
Capitalized own production		-		-	
Changes in inventories of finished products and work in progress		(1,092)		(2,890)	
Other operating income		1,247		11,928	
Operating income	*10*		20,316		43,184
Costs of raw materials and goods for resale		(14,960)		(19,349)	
Costs of outsourced work and other external costs		(2,291)		(1,736)	
Personnel expenses	*11*	(5,196)		(12,133)	
Depreciation and amortization on intangible and tangible fixed assets	*12*	(60)		(489)	
Impairment and disposal of tangible fixed assets		0		(1,921)	
Other operating expenses	*13*	2,699		(6,286)	
Total operating expenses			(19,809)		(41,913)
Operating result			507		1,271
Interest receivable and similar income		605		37	
Interest payable and similar expenses		(903)		(327)	
Net financial income and expenses			(298)		(290)
Result from ordinary operations before taxation			209		980
Taxation on result from ordinary activities	*14*		593		(29)
Net result			803		951

Notes to the 2023 finance report

General
Franke Nederland B.V. (KvK 17029981), with its statutory seat and registered office at Schimmelt 16 in Eindhoven, The Netherlands, is a 100% subsidiary of Franke Küchentechnik AG, Aarburg, Switzerland.

Franke Nederland B.V. is a trading company from stainless steel bowls, sinks and other stainless steel products for kitchen systems.

The annual report of Franke Küchentechnik AG is filed with the trade register in Aarburg, Switzerland.
The finance report of Franke Nederland B.V. are consolidated into the finance report of Franke Küchentechnik AG and ultimately into the finance report of Franke Holding AG, Switzerland.

Basis of preparation
The finance report has been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Going concern
The equity increased to €4.1m at the end of 2023, ensuring the going concern together with the new transfer price approach with support from the partner company Franke Küchentechnik AG. Therefore, this finance report has been prepared on the basis of the going concern assumption.

Accounting principles
General
An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

The revenue and expenses are allocated to the period to which they relate. Revenues are recognized when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

The finance report is presented in Euro, the company's functional currency. All financial information in Euro has been rounded to the nearest thousand.

Historical costs
Unless stated otherwise assets and liabilities and the determination of results are based on the historical cost convention.

Use of estimates
The preparation of the finance report conform generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the finance report and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.
The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimates are revised and in future periods for which the revisions have consequences.

Foreign currency translation
Income and expenditure in foreign currencies are translated at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. The resulting income and expenditure are reflected in the results.

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 Franke Nederland B.V. are considered to be a related party. In addition, statutory directors,

other key management of Franke Nederland 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. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Foreign operations
The assets and liabilities of foreign operations are translated into Euro at exchange rates applying on the reporting date. Income and expenses of foreign operations are translated into Euro at the exchange rate applying on the transaction date.

Financial instruments
Financial instruments include trade and other receivables, cash items, loans and other financing commitments, trade and other payables. The company uses derivative financial instruments and does apply hedge accounting, although no hedges go over year end.

Financial instruments are initially recognized at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

Loans granted and other receivables
Loans granted and other receivables are carried at amortized cost using the effective interest method, less impairment losses.

Other financial commitments
Financial commitments that are not held for trading purpose are carried at amortized cost using the effective interest rate method.

Impairment of financial assets
A financial asset that is not stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortized cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortized cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

Losses are recognized in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognized by using the asset's original effective interest rate.

Impairment losses below (amortized) cost of investments in equity instruments that are stated at fair value through profit or loss are recognized directly in profit or loss.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Intangible fixed assets

Development costs

Development costs are capitalized insofar as incurred in respect of potentially profitable projects and are stated at cost. These costs mainly comprise of the cost of direct labor; upon termination of the development phase, the capitalized costs are written down over their expected useful life, which is 5 years. Amortization takes place on a straight-line basis.
The costs of research and other development costs are charged to the result in the period during which they are incurred.

A legal reserve is formed for the capitalized development costs that have not yet been amortized.

Software

Costs relating to the development and purchase of software for internal use are capitalized and subsequently amortized over the estimated useful life with a maximum of 5 years on a straight-line basis.

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and impairment losses. Depreciation is calculated according to the straight-line method based on the estimated useful life of the related asset. Land is not depreciated.
The following table presents the estimated useful lives:

Buildings	7-33 years
Plant and Machinery	5-15 years
Other operating fixed assets	5-6 years

Maintenance expenditure is only capitalized when the maintenance extends the useful life of the asset.

Impairment

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.
If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Financial fixed assets

Financial fixed assets comprise of deferred tax assets, which is explained under the heading ‘Corporate Income tax’.

Inventories

Raw materials and consumables are carried at the lower of cost, determined in accordance with the moving average cost method based on FIFO, and market value.
Finished products are stated at cost based on weighted average prices comprising cost of used raw materials and consumables and the other costs directly attributable to manufacture. In addition, part of the indirect costs (production overhead, allocated on basis of normal level of activity) are attributed to the cost of manufacture. Trade discounts, rebates and similar indemnities received (or to be received) in connection with purchasing are deducted from the cost price.
Goods available for sale are stated at moving average cost. Cost includes the purchase price and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
The valuation of inventories includes possible impairments that arise on the balance sheet date.

Trade and other receivables

The principles for the valuation of trade and other receivables are described under the heading 'financial instruments'.

Shareholder’s equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder’s equity. Payments to holders of these instruments are deducted from the shareholder’s equity as part of the profit distribution.

Provisions

A provision is recognized if:

- The company has a legal or constructive obligation, arising from a past event: and
- If there is a probable outflow of resources; and
- The amount can be estimated reliably.

Provision for deferred tax

Provision for deferred tax is based on temporary differences between the commercial book value and fiscal value of assets and liabilities, at current rates and is to be considered as long-term.

Provision for jubilee's
The provision for jubilees relates to future jubilee payments. Provision is valued at present value of future payments. Calculation is based on formal commitments, retention rate and age.

Provision for warranty
The provision for warranty relates to the estimated costs of replacing delivered products. A provision for warranty is recognized when the underlying products are sold. The provision is in nominal value and based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provision for reorganization
The provision for reorganization relates to the estimated costs of the closure of the Helmond operation (EUR 133).

Non-current liabilities
The valuation of long-term debt is explained under the heading ‘financial instruments’.

Current liabilities
The valuation of current liabilities is explained under the heading ‘financial instruments’.

Revenue recognition
The following specific principles are observed in the preparation of the profit and loss account.

Sale of goods
Sale of goods is defined as the revenue from the sale and delivery of goods, net of value added tax and discounts. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Government grants
Government grants are initially recognized in the balance sheet as deferred income when there is reasonable assurance that they will be received and the company will comply with the conditions associated with the grant. Grants that compensate the company for expenses incurred are recognized in the profit and loss on a systematic basis in the same period in which the expenses are recognized. Grants that compensate the company for the cost of an asset are recognized in the profit and loss account on a systematic basis over the useful life of the asset.

Costs of outsourced work and other external costs
This concerns costs that are directly attributable to net turnover.

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

Pensions
Franke Nederland B.V. applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Changes in the pension provision are also charged to the result. Please also refer to the valuation principles for assets and liabilities, under Provision for pensions. Reference is also made to the relevant notes with respect to pension schemes of foreign subsidiaries.

Depreciation on intangible and tangible fixed assets
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item of the fixed assets. Land, tangible fixed assets in production and prepayments on tangible fixed assets are not depreciated. Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within a separate line item.

Leasing
The company may enter into financial and operating leases. A lease contract where the risks and rewards associated with ownership of the leased property are transferred substantially all to the lessee, is referred to as a financial lease. All other leases are classified as operating leases. In classifying leases, the economic reality of the transaction is decisive rather than its legal form.

Financial leases
If the company acts as lessee in a financial lease, the leased property (and the related liability) is recognised in the balance sheet at the start of the lease period at its fair value or, if lower, at the present value of the minimum lease payments. Both amounts are determined at the start of the lease. The interest rate applied for the calculation of present value is the implicit

interest rate. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent measurement of the leased property are described under the heading “Tangible fixed assets”. If there is no reasonable certainty that the company will become the owner of a leased property at the end of the lease period, the property is depreciated over the shorter of the lease period or the economic life of the property.
The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges are allocated during the lease term to each period in such a way that this results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recorded as an expense in the period in which the conditions for payment are being met.

Operating leases
If the company acts as lessee in an operating lease, then the leased property is not capitalised. Lease payments regarding operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

Corporate Income tax
Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are stated at nominal value.

Cash flow statement
Franke Nederland B.V. has made use of the exemption with regard to publication of a cash-flow statement. Reference is made to the cash flow statement in the finance report of Franke Holding AG, Aarburg, Switzerland in which the finance report of Franke Nederland B.V. are consolidated (available on request at the registered office of Franke Nederland B.V.).

Determination of fair value
The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.
The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Notes to the balance sheet as at December 31, 2023

1 Intangible Fixed Assets

The movements of the intangible assets are as follows:	Development Costs	Software	Intangible assets under Construction	Total
Balance as at January 1, 2023				
Purchase price	673	2,536	-	3,209
Accumulated amortization	(669)	(2,532)	-	(3,201)
Carrying amount	4	4	-	8
Movements in bookvalue				
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Disposal	(4)	(4)	-	(8)
Amortization	-	(0)	-	(0)
	(4)	(4)	-	(8)
Balance as at December 31, 2023				
Purchase price	-	1,729	-	1,729
Accumulated amortization	-	(1,729)	-	(1,729)
Carrying amount	-	-	-	-

2 Tangible fixed assets

The movements of the tangible assets are as follows:	Land and Building	Plant and Machinery	Other operating Fixed assets	Assets under Construction	Total
Balance as at January 1, 2023					
Purchase price	8,407	16,150	13,641	46	38,244
Accumulated depreciation and impairment	(8,407)	(16,077)	(13,318)	(46)	(37,848)
Carrying amount	(0)	73	322	-	396
Movements in bookvalue					
Additions at cost	161	-	18	-	179
Transfers	-	-	-	-	-
Depreciation	(1)	(44)	(15)	-	(60)
Net disposal and impairments	(0)	(29)	(283)	-	(312)
	159	(73)	(279)	-	(193)
Balance as at December 31, 2023					
Purchase price	161	-	90	-	251
Accumulated depreciation and impairment	(1)	-	(47)	-	(48)
Carrying amount	159	-	43	-	203

Net disposal and impairments relates to business restructuring.

3 Inventories

	December 31, 2023	December 31, 2022
Raw materials		
Purchase price	(0)	412
Less: provision for obsolescence	-	(243)
	(0)	169
Work in progress		
Cost	0	33
	0	33
Finished products and goods for resale		
Cost of manufacture of finished products	-	2,436
Purchase price of goods for resale	1,851	1,152
Less: provision for obsolescence	(444)	(843)
	1,407	2,745

4 Trade and other receivables

	December 31, 2023	December 31, 2022
Trade receivables	0	4,134
Receivables from affiliated companies	10,483	5,115
Corporate income tax	615	4
Other AR third parties	31	-
Prepayments	128	11
Other taxes and social security contributions due	-	-
	11,257	9,264

All trade and other receivables are due within one year.

Franke Nederland B.V. has a factoring agreement with Franke Finance AG. The factoring agreement has been terminated at the end of 2023. Total factored and insured receivables amount to 3,107 (2022: 5,071) at year end.

No interest is charged to affiliated parties on the receivables of Franke Nederland B.V. from these affiliated parties, also no securities have been provided to Franke Nederland B.V.

5 Cash and cash equivalents

	December 31, 2023	December 31, 2022
Bank balances	2,773	981
Cash	0	4
	2,773	985

Of the banks an amount of 97 (802 NOK) is guaranteed to the Norwegian Tax authorities for collection of taxes. The remaining cash at banks and in hand is freely available to the company.

6 Shareholder’s equity

	Issued capital	Share premium reserve	Legal reserve	Other reserve	Un-distributed result	Total
Balance as at January 1, 2022	**900**	**9,713**	**5**	**(7,254)**	**(1,034)**	**2,330**
Changes:						
Result	-	-	-	-	951	951
Additional paid share premium	-	-	-	-	-	-
Development costs	-	-	-	-	-	-
Appropriation of result	-	-	-	(1,034)	1,034	-
Release	-	-	-	-	-	-
Balance as at December 31, 2022	**900**	**9,713**	**5**	**(8,288)**	**951**	**3,281**

	Issued capital	Share premium reserve	Legal reserve	Other reserve	Un-distributed result	Total
Balance as at January 1, 2023	**900**	**9,713**	**5**	**(8,288)**	**951**	**3,281**
Changes:						
Result	-	-	-	-	803	803
Additional paid share premium	-	-	-	-	-	-
Development costs	-	-	-	-	-	-
Appropriation of result	-	-	-	951	(951)	-
Release	-	-	-	-	-	-
Balance as at December 31, 2023	**900**	**9,713**	**5**	**(7,337)**	**803**	**4,084**

Issued capital

The company's authorized capital, amounting to 4,500 (2022: 4,500), consists of 10,000 ordinary shares of € 450.00 each. A number of 2,000 ordinary shares have been issued.

Share premium reserve

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (above par income).

Legal reserves

The legal reserves comprise a legal reserve for development costs and intangible assets under construction amounting to 5 (2022: 5).

Proposal for result appropriation

The General Meeting will be asked to approve the following appropriation of the 2023 net result after tax: an amount of 803 will be added to the other reserves.

7 Provisions

	Jubilee provision	Warranty provision	Reorganization provision	Total
Balance as at January 1, 2022	**136**	**871**	**1**	**1,008**
Changes:				
Additions	13	-	752	765
Utilization	(131)	(214)	(620)	(965)
Balance as at December 31, 2022	**18**	**657**	**133**	**809**
Changes:				
Additions	2	636	684	1,322
Utilization	(10)	(480)	(133)	(623)
Balance as at December 31, 2023	**10**	**813**	**684**	**1,507**

Jubilee provision
The provision includes an amount of 4 (2022: 6) which is due within 1 year. The jubilee provision is discounted with a rate of 1.7%.

Warranty provision
The provision includes an amount of 376 (2022: 246) which is due within 1 year.

Reorganization provision
The provision includes an amount of 684 (2022: 133) which is due within 1 year.

8 Long term liabilities

	December 31, 2023	December 31, 2022
Liabilities to affiliated companies	-	-
	-	-

There were no long-term loans to affiliated companies in 2023.

9 Current liabilities

	December 31, 2023	December 31, 2022
Accounts payable to suppliers and trade creditors	992	651
Liabilities to affiliated companies	6,345	2,228
Corporate income tax	-	-
Other taxes and social security contributions due	124	505
Other taxes	-	-
Other AR third parties credit	-	29
Accrued expenses	2,586	6,095
	10,047	9,508

All current liabilities are payable within one year.

Franke Nederland B.V. has a cash pool arrangement which is included in the payable affiliated companies for an amount of 5,254 (2022: 5,115 receivable). The cash pool arrangement includes an overdraft facility (with a limit of 1,000, no expiration date). Interest is calculated using 3 months Euribor plus interest surcharge (0.75% for interest receivable and 1.50% of interest payable per annum).

No interest is charged by affiliated parties on the liabilities of Franke Nederland B.V. to these affiliated parties, also no securities have been provided by Franke Nederland B.V.

Financial instruments

Fair values
Financial instruments consist of cash and cash equivalents, trade receivables and payables and short-term bank facilities.

The carrying amount of all financial instruments approximates the fair value due to the short-term nature of these instruments and as interest rates on such instruments change with market interest rates.

Credit risk
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties were to default in full on their contractual obligations, namely the repayment of advances granted. To reduce exposure to credit risk, Franke Nederland B.V. has insured against credit risk. Besides the company has a factoring agreement with Franke Finance AG, which has no regress right. The factoring agreement has been terminated at the end of 2023. Based upon the factoring agreement the company is receiving the cash upon invoicing to her clients. There is no limit agreed on the total outstanding amount factored. Total factored and insured receivables amount to 5,071 (2022: 5,071) at year end.

Interest rate risk
The interest rate risk is limited to possible changes in the fair value of loans received and granted. In 2021 there were no long-term loans.

If and where possible, liquid assets are invested, and financial transactions are concluded with corporate group companies or financial institutions with a high credit rating.

Foreign currency risk
The company incurs foreign currency risk on sales and purchases that are denominated in a currency other than Euro. The currencies giving rise to this risk are primarily Swiss Franc, Swedish Krone, Norwegian Krone and Danish Krone. The company does not apply hedge accounting.

Off-balance sheet assets and liabilities

Rent & lease payable
Rent & operating lease payable is recognized on a straight-line basis over the contract period in the profit and loss account.

The remaining terms can be specified as follows:

	Rent	Operating Lease	Total
No more than 1 year	129	81	210
Between 1 and 5 years	485	151	636
More than 5 years	-	-	-
	614	232	847

Notes to the profit and loss account for the year 2023

10 Operating income

	2023	2022
The net turnover per geographical area:		
The Netherlands	10,736	18,708
Other countries	9,425	15,438
	20,161	34,146
Net turnover can be split among the following business segments:		
Own manufactured products domestic	907	9,760
Trade products domestic	9,480	7,296
Export (own manufacturing & trade products)	8,122	15,438
Synthetic sinks	1,652	1,652
	20,161	34,146
Other operating income:		
Sales of scrap	57	434
Services charged	1,190	11,493
	1,247	11,928

Services charged includes recharge income of €0.5m for land and buildings costs related to the Helmond site to Belinox-Handels AG.

11 Personnel expenses

The number of employees of the company amounted to 38 FTE in 2023 (2022: 97 FTE). In total 23 FTE are located in the Netherlands (2022: 80 FTE). Other FTE are located in Scandinavia.

	2023	2022
This number of staff can be classified in the following categories:		
Management	3	3
Sales and marketing	29	33
Development and maintenance	-	3
Logistics and purchase	-	9
Finance and controlling	1	2
Production	1	43
Other	4	4
	38	97
Personnel costs consist of:		
Wages and salaries	3,148	5,236
Social security charges	467	715
Pension charges	404	579
Other personnel expenses	1,177	5,602
	5,196	12,133

Franke Nederland BV has a pension plan which is an industry multi-employer defined contribution plan (PME- Pensioenfonds Metalektro). The personnel expenses relates to business restructuring costs of €0.6m.

12 Depreciation, amortization and impairment of tangible and intangible fixed assets

	2023	2022
Land and buildings	1	140
Plant and machinery	44	206
Other operating fixed assets	15	126
	60	472
Development costs	-	1
Software	0	15
	0	16
	60	489

13 Other operating expenses

Other operating expenses include cost of

- Services provided by the Franke Group in the field of management support, IT and procurement
- Cost of licenses for intellectual property for the sale of Franke branded product
- Cost of factoring of trade receivables by a group company
- Maintenance cost for buildings and equipment
- Rent and lease of buildings and equipment
- Cost of energy and other utility services
- Marketing and advertising cost

Total cost charged by related companies amounted to 4,151 in credit, of which 5,408 is relating to the transfer price adjustment credit note from Franke Küchentechnik AG (2022: 2,766).

14 Taxation on result from ordinary activities

The average applicable tax rate is 25.0% (2022: 25.0%). The tax charge in the profit and loss account of the result from ordinary operations before taxes and comprises of the following:

	2023	2022
Expected tax based on statutory tax rate of 25%	201	238
Tax effect of:		
Unrecognized tax losses	(201)	(238)
Foreign branch tax	64	29
Deferred tax liability	-	-
Adjustment for prior periods	-	-
Utilization of previously unrecognized tax losses	-	-
Unrecognized deferred tax asset temporary differences	(657)	-
Actual tax charge	(593)	29

Transactions with related parties

Transactions with related parties occur when a relationship exists between the company, its participating interests and their directors and key management personnel.

As part of its ordinary activities, the company buys and sells goods and services from and to various related parties. Generally, these transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

Remuneration of Supervisory Directors and managing director

The remuneration of members of the board of Supervisory Directors amounted to 0.0 (2022: 0.0).
In accordance with art. 383 section 1 of the Dutch Civil Code the remuneration of the Managing Director is not disclosed.

Auditors fee

The fees charged by the auditor to the profit and loss of 2023 can be specified as follows:

- audit fees	59
- other audit assignments	34
- tax advice and compliance	1

Subsequent events

There are no subsequent events

Eindhoven May 29, 2024

A. Küenzi

A. Küenzi
Director Franke UK Limited

Other information

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INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Franke Nederland B.V.

A. Report on the audit of the Finance Report 2023

Our opinion

We have audited the Finance Report 2023 of Franke Nederland B.V., based in Helmond, the Netherlands.

In our opinion, the accompanying Finance Report as at 31 December of Franke Nederland B.V., gives a true and fair view of the financial position of Franke Nederland 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 Finance Report comprises:

1. the balance sheet as at 31 December 2023;
2. the profit and loss account for 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 Finance Report' section of our report.

We are independent of Franke Nederland B.V. in accordance with 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.

Use and distribution of this report

This Finance Report has been prepared for and only for the company's shareholders as a body and is prepared to assist Franke Nederland B.V. to comply with the filing requirements as branch manager of Franke KS Denmark, a permanent establishment of Franke Nederland which is consolidated in the Finance Report 2023 of Franke Nederland B.V. Our report is intended solely for Franke Nederland B.V. and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter. We do not, in giving this opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

B. Report on the other information included in the annual report

In addition to the Finance Report and our auditor's report thereon, the annual report contains other information that consists of:

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- The management Board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the Finance Report and does not contain material misstatements;
- contains the 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 Finance Report 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 Finance Report.

Management is responsible for the preparation of the management board's 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.

C. Description of responsibilities regarding the Finance Report

Responsibilities of management for the Finance Report

Management is responsible for the preparation and fair presentation of the Finance Report 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 Finance Report that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Finance Report, 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 Finance Report 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 Finance Report.

Our responsibilities for the audit of the Finance Report

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 Finance Report. 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.

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Our audit included among others:

- identifying and assessing the risks of material misstatement of the Finance Report, 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 Finance Report 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 Finance Report, including the disclosures; and
- evaluating whether the Finance Report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Eindhoven, The Netherlands, 29 May 2024
Govers Accountants/Adviseurs

M.J. Hees RA
Assurance identification: 2024OAW172

Appropriation of result

Provisions in the Articles of Association governing the appropriation of profit

According to article 34 of the company's articles of association, the profit is at the disposal of the General Meeting, which can allocate the profit wholly or partly to the other reserves.

The company can only make payments to the shareholders and other parties entitled to the distributable profit in so far as (1) the company can continue to meet its payment obligations after the distribution (the so-called distribution test) and (2) shareholder's equity exceeds the statutory reserves and reserves required by the articles of association (the so-called balance sheet test).

Branches

Permanent establishments which are consolidated into the finance report of 2023:

- Franke KS Denmark, Denmark
- Franke KS Sweden part of Franke Nederland B.V., Sweden
- Franke Norge (NUF), Norway