



Mazarredo Auditores, S.L.  
C/Albión, 10 - 48001 Bilbao (Bizkaia)

---

**INDEPENDENT AUDIT REPORT ON CONSOLIDATED ANNUAL  
ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR.**

**VIRTUALWARE 2007 & DEPENDENT COMPANIES  
AS OF 31 DECEMBER 2022**

---

**MAZARREDO AUDITORES, S.L.**  
Bilbao, 16 March 2023

**Corporate address** San Vicente, 8 • Edificio Albia I - Planta 10 • Departamento 5 • 48001 Bilbao  
(Bizkaia)

Tel.: 944 237 806 • Fax: 944 744 609 • [www.mazarredoauditores.com](http://www.mazarredoauditores.com)

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

**AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS ISSUED  
BY AN INDEPENDENT AUDITOR**

To the shareholders of **VIRTUALWARE 2007, S.A.**, as commissioned by the General Meeting:

**Opinion**

We have audited the consolidated annual accounts of **VIRTUALWARE 2007, S.A.** and its dependent companies (the Group), comprising the balance sheet to 31 December 2022, the profit and loss account, the statement of changes in net assets, the cash-flow statement and the annual report, all of them consolidated, for the financial year ending on that date.

In our opinion, in all significant aspects the consolidated annual accounts attached hereto give a true picture of the equity and the financial situation of the Group as of 31 December 2022, of its results and of its cash flow, all consolidated, in the financial year ending on that date, as per the applicable regulatory framework for financial reporting as identified in Note 2 to the annual report, and in particular as per the accounting criteria and principles contained therein.

**Grounds for Opinion**

We carried out our audit in line with the regulations currently governing account auditing in Spain. Our responsibilities under those regulations are set out below under the section Responsibilities of the Auditor in regard to the auditing of consolidated annual accounts in our report.

We are independent of the Group, as per the ethical requirements, including those for independence, applicable to our auditing of consolidated annual accounts in Spain, in line with the regulations governing the auditing of accounts. Accordingly, we have provided no services other than account auditing and there have been no circumstances or situations as envisaged in the said regulations that might affect the necessary independence in such a way as to have compromised it.

We consider that the audit evidence obtained provides an adequate, sufficient basis on which to issue an opinion.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

## **Main points of the audit**

The main points of the audit are those which, in our professional opinion, are considered as the main risks of material misstatement in our audit of the consolidated annual accounts for this period. These risks are dealt with in the context of our audit of the consolidated annual accounts as a whole and in the formation of our opinion thereon. We do not express a separate opinion on same.

### Valuation of spending on Research and Development

#### Description:

In line with its corporate operations, the Group has several software projects under development, as indicated in Note 6 to the annual report. In financial year 2022 the Group activated development expenses for a net book value of €667,031.00 as an increase in asset value.

The Group recognises development expenses as an increase in asset value under Intangible Fixed Assets as from the time when the conditions set out in Note 3.4.a) to the annual report attached are met. To determine when that is, the parent company conducts individual analyses project by project.

For purposes of subsequent valuation, as indicated in Note 3.4.a) to the annual report attached, impairment is assessed whenever the course of research reveals any indication of impairment and doubts therefore arise as to whether the conditions are met.

We have considered this as a key issue in our audit, given the level of judgement required to interpret accounting regulations as to whether the conditions for activation are met, and for the senior management to estimate whether the figure activated on the balance sheet as development expenses is recoverable.

#### Our answer:

We have assessed whether the policy of recognising development expenses as per Note 3.4.a) to the annual report attached is properly applied and whether the relevant checks in the area of development expenses are properly designed and implemented.

In regard to the recognition of development expenses in financial year 2022 as an increase in asset value, we have obtained a breakdown of development expenses per project and have checked them against the amounts recorded in the accounts. For a sample of invoices from that breakdown, we have checked that it is permitted to activate the items in question and that the parent company properly allocates costs per nature, per department and per project.

We have also met with the development technicians to obtain an understanding of the various phases that the projects have reached and we have analysed the memoranda

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

drawn up by the senior management in support of the contention that the conditions for activation described in Note 3.6.a) to the annual report attached are met, with a view to assessing whether the projects ongoing shown on the balance sheet at 31 December 2022 meet the activation criteria.

On the basis of that analysis, we have obtained sufficient proper audit evidence to consider the judgement calls and estimations by the senior management as reasonable in terms of the development expenses activated at the end of financial year 2022 and the impacts due to write-offs and impairment recorded in the P&L for the year.

#### Recognition of revenue from subsidies

##### Description:

The Group receives subsidies and loans from various organisations and entities for the funding of certain development projects. As explained in Notes 3.15 and 14.4., subsidies are initially recorded as revenue attributed directly to net equity, under "Subsidies, Donations and Bequests Received", with amortisation of the development project recognised in a P&L entry correlated with the cost subsidised. Accordingly, the recognition of capital subsidies as revenue in the year depending on the different projects carried out and their proper correlation with the expenditure funded have been a key point of the audit.

##### Our answer:

In the course of our work we have, via the relevant supporting documents, confirmed the granting of the subsidies recorded and the situation as regards the fulfilment of the conditions set for the enjoyment of same. We have also analysed the transfer to profit/loss for the year in line with the estimates drawn up by the parent company corresponding to the costs eligible for subsidies.

In view of the large figure and the judgement call involved in assessing the collectability of trade accounts collectable, we consider this to be a key point of the audit.

#### **Other information: Consolidated Management Report**

"Other information" here means exclusively the consolidated management report for financial year 2022, which is drawn up under the responsibility of the administrators of the parent company and does not form an integral part of the consolidated annual accounts.

Our opinion as auditors of the consolidated annual accounts does not extend to the consolidated management report. Our only responsibility concerning the consolidated management report, in line with the regulations governing account auditing, is to assess and report on the consistency of the consolidated management report with the consolidated annual accounts, based on the knowledge of the organisation obtained in the course of auditing the said accounts, without regard to any information other than that obtained in that process. Our responsibility also extends to assessing and reporting on

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-07-2023

whether the contents and presentation of the consolidated management report are in compliance with the applicable regulations. If the work that we have carried out leads us to conclude that there are any material errors, we are under obligation to report that finding.

On the basis of the work done as indicated in the foregoing paragraph, it can be concluded that the information contained in the consolidated management report matches that in the consolidated annual accounts for financial year 2022 and that the contents and presentation are in compliance with the applicable regulations.

### **Responsibility of the administrators of the parent company in regard to consolidated annual accounts.**

The administrators of the parent company are responsible for drawing up the consolidated annual accounts attached in a manner that expresses a true picture of the equity, financial situation and consolidated results of the Group, in line with the regulations governing financial information applicable to the Group in Spain, and for such in-house control as may be deemed necessary to permit the preparation of consolidated annual accounts free from materially incorrect data due to fraud or error.

In the preparation of consolidated annual accounts, the administrators of the parent company are responsible for assessing the ability of the Group to continue as a going concern, for disclosing any relevant matters concerned with it as a going concern, and for using the accounting principle of going concern unless they intend to liquidate the Group or cease operations, or unless there is no realistic alternative.

### **Responsibilities of the auditor in regard to the auditing of consolidated annual accounts**

Our goals are to obtain reasonable assurances that the consolidated annual accounts as a whole are free from material misstatement arising from fraud or errors and to issue an audit report containing our opinion.

"Reasonable assurances" means a high degree of certainty but does not guarantee that an audit conducted in line with the current regulations governing account auditing in Spain will always detect any material misstatement that may exist. Misstatements may be due to fraud or error and are considered as material if it may reasonably be foreseen individually or on aggregate that they could influence the financial decisions made by users based on the consolidated annual accounts.

Annex 1 to this audit report includes a more detailed description of our responsibilities in regard to consolidated annual account auditing. This description, set out on page 7 of this document, is an integral part of our audit report.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

MAZARREDO AUDITORES, S.L.

Entered in the Official Register of Account Auditors under N° S-1643

*[Stamp: Mazarredo Auditores S.L. – Registered Account Auditor N° 51643]  
[Illegible Signature]*

Entered in the Official Register of Account Auditors under N° 20589

C/San Vicente n°8, Edif. Albia I, Planta 10.

Bilbao, 16 March 2023.

Doña Andrea Álvarez Sáez, Traductora-Intérprete Jurada de inglés nombrada por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en lengua española. En Bilbao, a 30 de marzo de dos mil veintitrés.

N° TIJ: 3060

Ms. Andrea Álvarez Sáez, Sworn/Certified Translator and Interpreter of English appointed by the Spanish Ministry of Foreign Affairs, European Union and Cooperation, hereby certifies that the preceding translation is a true and complete translation into English of a document drafted in Spanish. Signed in Bilbao on 30 March 2023.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
N° 3060

*30-03-2023*

## Annex I to our audit report

Further to the contents of our audit report, this Annex includes details of our responsibilities in regard to the auditing of consolidated annual accounts.

### Responsibilities of the auditor in regard to the auditing of annual accounts

As part of an audit in line with the regulations governing account auditing in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatement in consolidated annual accounts due to fraud or error, and we apply auditing procedures to respond to those risks and obtain evidence of sufficient, suitable auditing to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is greater than in the case of a material misstatement due to error, as fraud may entail collusion, falsification, deliberate omission, intentionally incorrect statements or the eluding of in-house control.
- We obtain information on in-house control as relevant for the audit in order to design auditing procedures suited to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the in-house control in place at the Group.
- We assess whether the accounting policies applied are adequate and the accounting estimates and the information on same disclosed by the administrators of the parent company are reasonable.
- We draw conclusions as to whether the administrators of the parent company make proper use of the accounting principle of going concern and, based on the audit evidence obtained, conclude whether there is any material uncertainty in regard to events or conditions that could give rise to significant doubts as to the ability of the Group to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant information disclosed in the consolidated annual accounts or to give a modified opinion if the said disclosures are adjudged not to be adequate. Our conclusions are based on audit evidence obtained up to the date of our audit report. However future events or conditions may result in the Group ceasing to be a going concern.
- We assess the overall presentation, structure and content of the consolidated annual accounts, including the information disclosed, and whether they represent the underlying transactions and events in a way that gives a true picture.

We communicate with the administrators of the parent company on issues including the scope and time of the planned audit, any significant findings arising therefrom and any significant shortcoming in in-house control that we identify during the audit.

We have determined which of the significant risks reported to the administrators of the parent company are most significant in terms of the auditing of the consolidated annual accounts for the period covered and have reported them as such.

The said risks are described in our audit report unless there are any regulations or provisions of law that prohibit the disclosure of the issues in question.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

---

VIRTUALWARE 2007, S.A. & DEPENDENT COMPANIES

Consolidated Annual Accounts & Management Report

31 December 2022

(plus audit report)

---

  
**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-07-2023



VIRTUALWARE 2007, S.A. & dependent companies

Consolidated annual accounts.

31 December 2022

## **INDEX**

Note:

- Annex I Balance Sheet
  - Annex II Profit & Loss Account
  - Annex III Statement of changes in total net equity
  - Annex IV Cash Flow Statement
- 1 Group Companies
  - 2 Bases for the Presentation of Annual Accounts
  - 3 Registration and Valuation Regulations
  - 4 Business combinations
  - 5 Goodwill
  - 6 Intangible fixed assets
  - 7 Tangible fixed assets
  - 8 Leases & similar operations
  - 9 Financial Instruments (Assets)
  - 10 Stocks
  - 11 Net equity & shareholders' equity (own funds)
  - 12 Foreign Currency
  - 13 Tax Situation
  - 14 Income & Expenditure
  - 15 Related Party Transactions
  - 16 Events After Balance Sheet Date
  - 17 Other Information
- Management Report

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

VIRTUALWARE 2007, S.A. & dependent companies

Consolidated annual accounts.

31 December 2022

Consolidated balance sheet for the financial year ending on 31 December, 2022

(in Euros)

ASSETS	Notes	at 31-12-22	at 31-12-21
<b>A) NON-CURRENT ASSETS</b>		<b>3,723,203.04</b>	<b>2,801,750,23</b>
<b>I. Intangible fixed assets</b>	<b>6</b>	<b>1,410,186.61</b>	<b>989,233.85</b>
2. Development		-	32,523.84
3. Patents, Licences, Trade Marks & Similar		1,368,181.39	814,393.93
5. Software applications		42,005.22	142,316.08
<b>II. Tangible fixed assets</b>	<b>7</b>	<b>92,621.37</b>	<b>89,014.45</b>
2. Plant & other tangible fixed assets		92,621.37	89,014.45
<b>IV. Long-term inv. in group &amp; assoc. companies</b>	<b>15</b>	<b>35,297.10</b>	-
1. Holdings consolidated using the equity method		35,297.10	-
<b>V. Long-term financial investments</b>	<b>9</b>	<b>64,367.49</b>	<b>130,867.48</b>
1. Equity instruments		20,212.97	20,212.97
2. Loans to third parties		-	66,499.99
5. Other financial assets		44,154.52	44,154.52
<b>VI. Deferred tax assets</b>	<b>13</b>	<b>2,120,730.47</b>	<b>1,592,634.45</b>
<b>B) CURRENT ASSETS</b>		<b>1,912,632.59</b>	<b>3,777,031.84</b>
<b>II. Stocks</b>	<b>10</b>	<b>136,779.70</b>	<b>210,240.72</b>
1. Trade		113,643.86	15,118.20
3. Work in progress		22,470.00	192,341.63
5. Prepayments to suppliers		665.84	2,780.89
<b>III: Trade &amp; other receivables</b>		<b>1,203,148.38</b>	<b>2,757,026.09</b>
1. Short-term trade receivables for sales & services	9	744,323.09	2,277,812.62
6. Other receivables from public administrations	13	458,825.29	479,213.47
<b>IV. Short-term inv. in group &amp; assoc. companies</b>	<b>15</b>	-	<b>21,609.60</b>
2. Loans to companies		-	21,609.60
<b>V. Short-term financial investments</b>	<b>9</b>	<b>398,725.93</b>	<b>283,433.77</b>
1. Equity instruments		398,725.93	281,433.76
2. Loans to companies		-	2,000.01
<b>VI. Short-term accruals</b>		<b>1,814.66</b>	<b>2,577.90</b>
<b>VII Cash &amp; cash equivalents</b>		<b>172,163.92</b>	<b>502,143.76</b>
1. Treasury	9	172,163.92	502,143.76
<b>TOTAL ASSETS (A+B)</b>		<b>5,635,835.63</b>	<b>6,578,782.07</b>

Notes 1 - 17 to this consolidated annual report form an integral part of the consolidated balance sheet to 31 December 2022.

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

VIRTUALWARE 2007, S.A. & dependent companies

Consolidated annual accounts.

31 December 2022

**CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDING ON**

**31 December 2022**

(in Euros)

NET EQUITY & LIABILITIES		at 31-12-22	at 31-12-21
<b>A) NET EQUITY</b>		<b>825,618.611</b>	<b>488,404.06</b>
A-1) Own funds	11	799,624.27	409,402.29
I. Capital		158,970.00	158,970.00
1. Issued capital		158,970.00	158,970.00
III. Reserves		829,372.48	1,702,531.04
Legal & statutory		42,700.00	42,700.00
Other reserves		786,672.48	1,659,831.04
IV. Reserves at consolidated companies		(532,409.85)	(408,516.97)
V. Reserves at equity-accounted companies		(54,902.90)	(23,700.01)
V. Profit/Loss from previous years		-	(578,386.35)
Losses from previous years		-	(578,386.35)
VI. Treasury shares			(18,664.56)
VI. of the parent company			(18,664.56)
VIII Profit/loss for the year attributed to the parent company		398,594.54	(422,830.86)
A-3) Grants, donations & bequests received	14	35,227.48	67,254.11
A-4) External Stakeholders		(9,233.15)	11,747.66
<b>B) NON-CURRENT LIABILITIES</b>		<b>1,869,558.97</b>	<b>1,737,348.84</b>
II. Long-term liabilities		1,196,719.23	1,720,703.53
2. Bank debts		853,945.43	1,162,435.61
5. Other financial liabilities		342,773.80	558,267.92
IV. Deferred tax liabilities	13	8,638.65	16,645.31
V. Long-term accruals	3.11	664,201.09	-
<b>C) CURRENT LIABILITIES</b>		<b>2,940,658.06</b>	<b>4,353,029.17</b>
III: Short-term debts	9	1,040,207.25	1,502,618.12
2. Bank debts		798,870.68	1,250,029.10
5. Other financial liabilities		241,336.57	252,589.02
V. Trade & other payables		1,392,269.35	2,850,411.05
1. Short-term suppliers	9	114,819.24	218,745.35
3. Sundry accounts payable	9	443,492.26	756,655.15
4. Wages & salaries payable	9	114,682.40	109,629.71
5. Current tax liabilities		2,162.65	-
6. Other amounts payable to public administrations	13	457,350.59	376,425.46
7. Customer advances	9	259,762.21	1,388,955.38
VI. Short-term accruals	3.11	508,181.46	-
<b>TOTAL NET EQUITY &amp; LIABILITIES (A+B+C)</b>		<b>5,635,835.63</b>	<b>6,578,782.07</b>

Notes 1 - 17 to this consolidated annual report form an integral part of the consolidated balance sheet to 31 December 2022.

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

VIRTUALWARE 2007, S.A. & dependent companies

Consolidated annual accounts.

31 December 2022

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR TO**

**31 December 2022**

(in Euros)

A) CONTINUED OPERATIONS		Notes	at 31-12-22	at 31-12-21
<b>1. Net turnover</b>		<b>14</b>	<b>3,219,374.82</b>	<b>2,820,892.18</b>
b) Provision of services			3,219,374.82	2,820,892.18
<b>2. Changes in inventories of finished goods &amp; work in progress</b>			<b>(179,332.32)</b>	<b>(38,516.80)</b>
<b>3. In-house work on assets</b>			<b>638,906.00</b>	<b>313,671.50</b>
<b>4. Supplies</b>		<b>14</b>	<b>(768,542.29)</b>	<b>(1,106,752.82)</b>
a) Consumption of goods			(146,570.61)	(20,651.11)
b) Consumption of raw mat. & other consumables			(185,569.44)	(681,400.40)
c) Work carried out by other companies			(436,402.24)	(404,701.31)
<b>5. Other operating income</b>			<b>541,837.36</b>	<b>507,430.14</b>
a) Non-core & other current operating revenues			63,448.86	24,714.32
b) Operating subsidies incorporated into the profit/loss for the year			478,388.50	482,715.82
<b>6. Personnel costs</b>		<b>14</b>	<b>(2,445,915.52)</b>	<b>(1,962,929.75)</b>
a) Wages, salaries & similar expenses.			(2,000,289.35)	(1,596,758.43)
b) Social welfare payments			(445,626.17)	(366,171.32)
<b>7. Other operating expenses</b>			<b>(720,152.15)</b>	<b>(536,954.20)</b>
a) External services			(712,471.75)	(463,346.23)
b) Taxes			(89.56)	(6,570.15)
c) Losses, impairment & variation in provisions for trade operations.				(66,281.78)
d) Other current operating expenses			(7,590.84)	(756.04)
<b>8. Depreciation on fixed assets</b>		<b>6.7</b>	<b>(299,200.38)</b>	<b>(259,194.76)</b>
<b>9. Allocation of subsidies on non financial fixed assets &amp; others</b>		<b>14</b>	<b>59,533.29</b>	<b>(96,016.18)</b>
<b>11. Impairment &amp; gains/losses on disposal of fixed assets</b>				<b>27.35</b>
<b>13. Other profit/loss</b>			<b>(18,324.46)</b>	
<b>A.1) OPERATING PROFIT/LOSS</b>			<b>28,184.35</b>	<b>(358,343.34)</b>
<b>14. Financial revenues</b>			<b>73.12</b>	<b>13.40</b>
b) Negotiable securities & other financial instruments			73.12	13.40
a.2) Third parties		<b>14</b>	73.12	13.40
<b>16. Financial expenses</b>			<b>(77,064.21)</b>	<b>(86,221.33)</b>
b) Debts to third parties			(77,064.21)	(86,221.33)
<b>17. Change in fair value on financial instruments</b>			<b>(43,038.22)</b>	<b>16,597.27</b>
a) Portfolio for negotiation & others			(43,038.22)	16,597.27
<b>18. Exchange rate differences</b>			<b>4,030.69</b>	<b>5,123.14</b>
<b>19. Impairment &amp; gains/losses from disposal of financial instruments</b>			<b>(39,524.57)</b>	
<b>A.2) FINANCIAL PROFIT/LOSS</b>			<b>(155,523.19)</b>	<b>(64,487.52)</b>
<b>A.3) PRE-TAX PROFIT/LOSS</b>			<b>(127,338.84)</b>	<b>(422,830.86)</b>
<b>17. Tax on profits</b>		<b>13</b>	<b>525,933.37</b>	<b>-</b>
<b>A.4) CONSOLIDATED PROFIT/LOSS FOR THE YEAR</b>			<b>398,594.53</b>	<b>(422,830.86)</b>
<b>Profit/loss allocated to the parent company</b>			<b>350,583.27</b>	<b>(402,378.38)</b>
<b>Profit/loss allocated to external shareholders</b>			<b>48,011.27</b>	<b>(20,452.48)</b>

Notes 1-17 to the consolidated report form an integral part of the consolidated profit & loss account for the financial year to 31 December 2022.

**ANDREA ALVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

VIRTUALWARE 2007, S.A. & dependent companies

Consolidated annual accounts.

31 December 2022

	2022	2021
<b>P&amp;L account figures</b>	<b>398,594.53</b>	<b>(422,830.86)</b>
<b>Income &amp; expenses attributed directly to net equity</b>	15,600.00	66,728.35
Grants, donations & bequests received	19,500.00	83,243.29
Tax effect	(3,900.00)	(16,514.94)
<b>Total Income &amp; Expenses Attributed Directly To Net Equity</b>	<b>15,600.00</b>	<b>66,728.35</b>
Transfers to P&L account	(47,626.63)	(80,604.20)
Grants, donations & bequests received	(59,533.29)	(96,016.18)
Tax effect	11,906.66	15,411.98
<b>Total transfers to P&amp;L account</b>	<b>(47,626.63)</b>	<b>(80,604.20)</b>
<b>TOTAL CONSOLIDATED INCOME &amp; EXPENSES RECOGNISED</b>	<b>366,567.90</b>	<b>(436,706.71)</b>

Notes 1-17 to the consolidated report form an integral part of the consolidated profit & loss account for the financial year to 31 December 2022.

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Interprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

B) STATEMENT OF TOTAL CHANGES IN NET EQUITY FOR THE YEAR TO 31 DECEMBER 2022

	Euros								
	Reserves of Issued Capital parent company	Reserves of consolidated companies	Reserves at equity- accounted companies	Treasury shares	Profit/loss for the year	Subsidies, donations & bequests received	External TOTAL		
<b>CLOSING BALANCE FOR 2020</b>	213,500.00	1,964,872.62	(645,342.14)	56,873.67	(28,488.00)	(560,268.08)	53,378.26	20,800.88	615,442.62
Adjustments due to changes in criteria in 2020 & previous years	-	(459,884.59)	-	-	-	-	-	-	(459,884.59)
Adjustments due to errors in 2020 & previous years	-	-	-	-	-	-	-	-	-
<b>ADJUSTED INITIAL BALANCE IN FIN. YEAR 2021</b>	213,500.00	1,504,988.03	(645,342.14)	56,873.67	(28,488.00)	(560,268.08)	53,378.26	20,800.88	155,566.53
Total income & expenses recognised	(54,530.00)	197,543.01	(56,873.67)	9,823.44	(422,830.86)	(13,875.85)	27,751.70	(9,053.22)	(436,706.71)
Operations with shareholders or owners	(54,530.00)	-	-	-	-	-	-	-	114,661.26
Reduction in capital	-	197,543.01	(56,873.67)	9,823.44	-	-	27,751.70	(9,053.22)	(92,705.19)
Other operations with shareholders & owners	-	(578,386.35)	213,125.16	-	560,268.08	-	-	-	195,006.89
Other changes in net equity	-	(578,386.35)	213,125.16	-	560,268.08	-	-	-	195,006.89
<b>CLOSING BALANCE FOR 2021</b>	158,970.00	1,124,144.69	(432,216.98)	-	(18,664.56)	(422,830.86)	67,254.11	11,747.66	488,404.06
Adjustments due to changes in criteria in 2021 & previous years	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2021 & previous years	-	-	-	-	-	-	-	-	-
<b>ADJUSTED INITIAL BALANCE IN FIN. YEAR 2022</b>	158,970.00	1,124,144.69	(432,216.98)	-	(18,664.56)	(422,830.86)	67,254.11	11,747.66	488,404.06
Total income & expenses recognised	-	283,614.14	(255,748.36)	(54,902.90)	18,664.56	398,594.54	(32,026.63)	-	366,567.91
Operations with shareholders or owners	-	283,614.14	(255,748.36)	(54,902.90)	18,664.56	398,594.54	(32,026.63)	-	(29,980.81)
Other transactions with shareholders or owners	-	(578,386.35)	155,555.49	-	-	422,830.86	-	(20,980.81)	(29,353.37)
Other changes in net equity	-	(578,386.35)	155,555.49	-	-	422,830.86	-	(20,980.81)	(29,353.37)
<b>CLOSING BALANCE FOR 2022</b>	158,970.00	829,372.48	(532,409.85)	(54,902.90)	0.00	398,594.54	35,227.48	(9,233.15)	825,618.60

ANDREA ALVAREZ SÁEZ

Traductora / Intérprete / Tradada de INGLÉS

Nº 3060

30-03-2023

**STATEMENT OF CASH FLOW**  
at 31 December 2022  
(in Euros)

	at 31-12-22	at 31-12-21
<b>A) CASH FLOW FROM TRADING OPERATIONS</b>		
<b>1.- Profit/Loss for the year before tax</b>	<b>(127,338.83)</b>	<b>(422,830.86)</b>
<b>2. Adjustment of profit/loss</b>	<b>334,684.91</b>	<b>218,612.89</b>
a) Depreciation on fixed assets (+)	299,200.38	259,194.77
d) Attribution of subsidies (-)	(59,533.29)	(96,016.18)
e) Profit/loss from retirements & disposals of fixed assets (+/-)		(27.35)
g) Financial income (-)	(73.12)	(13.40)
h) Financial expenses (+)	77,064.21	86,221.33
i) Exchange rate differences (+/-)	(4,030.69)	(5,123.14)
j) Change in fair value on financial instruments (+/-)	43,038.22	(16,597.27)
k) Other income & expenses (-/+)	(20,980.80)	(9,025.87)
<b>3. Changes in working capital</b>	<b>573,206.72</b>	<b>332,313.54</b>
a) Stocks (+/-)	73,461.02	65,484.57
b) Debtors & other receivables (+/-)	1,553,877.71	(1,806,244.98)
c) Other current assets (+/-)	(92,918.92)	390,724.08
d) Creditors & other accounts payable (+/-)	(1,458,142.10)	1,685,656.28
e) Other current liabilities (+/-)	496,929.01	(3,306.41)
<b>4. Other cash flows from trading operations</b>	<b>409,934.75</b>	<b>(64,487.52)</b>
a) Interest payments (-)	(77,064.21)	(86,221.33)
b) Interest collected (+)	73.12	13.40
c) Payments received (made) for tax on profit (+/-)	525,933.37	
d) Other payments made/received (+/-)	(39,007.53)	21,720.41
<b>5. Cash flows from trading operations (+/- 1+/-2+/-3+/-4)</b>	<b>1,190,487.55</b>	<b>63,608.04</b>
<b>B) CASH FLOW FROM INVESTMENT OPERATIONS</b>		
<b>6. Payments from investments (-)</b>	<b>(1,220,653.19)</b>	<b>(231,477.19)</b>
b) Intangible fixed assets	(678,369.59)	(316,468.54)
c) Tangible fixed assets	(45,390.47)	(61,707.10)
e) Other financial assets	66,499.99	146,698.45
g) Other assets	(563,393.12)	
<b>8. Cash Flow from Investment Operations (7-6)</b>	<b>(1,220,653.19)</b>	<b>(231,477.19)</b>
<b>C) CASH FLOW FROM FINANCING OPERATIONS</b>		
<b>9. Collections &amp; payments from equity instruments</b>	<b>27,506.66</b>	<b>109,892.03</b>
e) Subsidies, donations & bequests received (+)	27,506.66	109,892.03
<b>10. Collections &amp; payments from financial liability instruments</b>	<b>(318,948.29)</b>	<b>454,821.46</b>
a) Issue	(318,948.29)	454,821.46
2. Bank debts (+)	(759,648.60)	676,743.10
4. Other debts (+)	440,700.31	(221,921.64)
<b>11. Dividend payments &amp; remuneration from other equity instr.</b>	<b>(8,372.57)</b>	<b>(168,914.92)</b>
b) Changes in scope of consolidation (-)	(8,372.57)	(168,914.92)
<b>12. Cash Flow From Financing Operations (+/- 9+/-10-11)</b>	<b>(299,814.20)</b>	<b>395,798.57</b>
<b>E) NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>		
(+/- 5+/- 8+/- 12+/- D)	(329,979.84)	227,929.42
Cash or cash equivalents at start of year	502,143.76	274,214.33
Cash or cash equivalents at end of year	172,163.92	502,143.76

Notes 1-17 to the consolidated report form an integral part of the consolidated profit & loss account for the financial year to 31 December 2022.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérpreta Jurada de INGLÉS  
Nº 3060

30-03-2023

## 1. Group Companies

### 1.1. Parent company:

VIRTUALWARE 2007, S.A. (hereinafter called the "parent company") is the parent company of the group (hereinafter called the Group). Its corporate purposes are the acquisition, assignment, holding, enjoyment, management and negotiation in general of transferable securities, real estate and corporate holdings, plus the senior and day-to-day management as a holding company of its investees and subsidiaries in all their corporate aspects. It also has the corporate purposes of software development, security consultancy, telecommunications systems and consultancy, IT services, 3D modelling, draughting services, technology consultancy, the hiring of projection systems and training on technology-related matters.

Its habitual operations are consistent with those corporate purposes.

Virtualware 2007, S.A. was incorporated for an indefinite term under the name Repair Systems, S.A. by virtue of a deed authorised on 18 December 2003 by the notary of Bilbao Carlos Ramos Villanueva, under number 5001 of his records, and changed its name to that currently used by means of a deed authorised on 29 January 2010 by the notary of Bilbao Carlos Ramos Villanueva, under number 492 of his records. It is entered in the Mercantile Register of Vizcaya at vol. 4377, folio 1, sheet BI-38500, entry 1.

The corporate headquarters of the Group is at Polígono Industrial Artunduaga, Calle Usasuaga mod. 7, 48970 Basauri (Bizkaia).

The currency in which the company operates is the Euro. For the drawing up of financial statements in Euros, the criteria used are those set in the General Accounting Plan, as indicated in subsection 4. Registration and valuation regulations.

The consolidated annual accounts attached incorporate the financial statements of the companies directly and indirectly controlled by the parent company as of 31 December each year. Control is considered to be exercised by the parent company when the latter has the power to set the financial and operational policies of its investee companies.

### 1.2. Dependent companies

The profit/loss of investee companies acquired or disposed of during the year is included in the consolidated profit/loss as from the effective date of assumption of control or up to the time when control is lost, as relevant.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Interprete Jurada de INGLÉS  
Nº 3060

30-03-2023



If the accounting principles and valuation criteria applied in drawing up the consolidated annual accounts attached differ from those used by any of the companies included therein, adjustments and reclassifications are introduced in the consolidation process as necessary to render them consistent and adapt them to the General Accounting Plan applied by the parent company.

The information on dependent companies required under Article 42 of the Code of Commerce is as follows:

DEPENDENT COMPANIES	Name:	Address:	Activity	Tax ID nº	Euros		
					Capital Subscribed	Reserves	Losses from previous years
EvolvRehabilitation Technologies, S.L.	Bizkaia	Software development, IT services	B95902433	73,889.00	2,718.50	(731,676.08)	317,625.87
EvolvRehabilitation Technologies, LTD	London (UK)	Business and domestic software development (sales subsidiary)	GB 393175867	112.75	-	(450.99)	(3,621.48)
HemeneusWorld, S.L.	Bizkaia	E-commerce	B95654950	6,612.00	-	(845,191.56)	39,742.96
VirtualwareCanada INC.	Canada	Sales & maintenance subsidiary	2618563	69.25	-	(16,001.39)	(125,952.13)
Virtualware UK	London (UK)	Software development, IT services	7756699	1.13	25.82	(96,441.99)	(3,300.02)

The financial year and closing dates of the latest annual accounts of the dependent company coincide with those of the parent company.

The consolidation method applied to the case of these companies is the following:

Full integration.

- a) Direct or indirect holdings in excess of 50%, with effective control.
- b) Companies with holdings of 50% or less of which there is effective control via a majority of votes on their representative and decision-making bodies.

Consolidated reserves are classified under "companies consolidated via the full or proportional integration method" or "companies consolidated via the equity method" depending on the consolidation method applied to each company or Consolidated subgroup.

In the consolidated financial statements attached, all significant balances and transactions between companies in the Virtualware Group are eliminated, as are those for multi-group companies in proportion to holdings and the amount of holdings in each other.

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

### *1.3. Associated & multi-group companies.*

Information on associated companies is given in Note 1.2. This corresponds to Hermeneus Word, S.L., in which the parent company holds a 24.52% stake.

The consolidation method applied to the case of these companies is the following:

- Equity method.

Direct or indirect holdings in the following cases:

- a) Companies in which holdings are at least 20% but less than 50% (unless it can be demonstrated that those holdings do not give significant influence).
- b) Companies with holdings of 50% or more the effective management of which does not lie with the parent company or any Virtualware Group member company and is not shared, but in which a significant influence is exercised.
- c) Companies with holdings of less than 20% in which there is a significant influence in view of substantial transactions between investor and associate, there is an exchange of management personnel or essential technical information is supplied.

### *1.4. Changes in scope of consolidation*

In financial year 2021 the company Virtualware Mexico, S de RL de C.V. was wound up, so it is not included in the scope of consolidation for financial years 2021 and 2022.

Its net assets as of 31.12.2020 were (155,979.94) Euros, and the acquisition cost recorded by Virtualware 2007, S.L. was 268,909.00 Euros, with a holding of 100%.

Fundación Virtualware Labs is pending winding up. A request has been filed with the Basque Government Register for it to be wound up as of 24 November 2022 and it is not included in the scope of consolidation. Its net assets at that date were 1,441.98 Euros.

The newly incorporated companies Virtualware Canada INC and EvolvRehabilitation Technologies, LTD. are included.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

## 2. Bases for the presentation of annual accounts

### 2.1. True Picture

The attached consolidated annual accounts for financial year 2022 were drawn up by the Board of Directors on the basis of the accounting records of the Group as of 31 December 2022, which are kept in compliance with the accounting principles and valuation criteria set out in Royal Decree 1514/2007 approving the General Accounting Plan for Small and Medium Enterprises, Royal Decree 1159/2010 of 17 September approving the regulations for formulating consolidated annual accounts and other applicable provisions of law on accounting; they give a true picture of the total equity, the financial situation and the results of the Group.

There are no exceptional reasons for any provision of law concerning accounting not to be applied in order to show a true and fair view.

The consolidated annual accounts attached will be put before the Annual General Meeting of Shareholders for approval and are expected to be approved without change.

### 2.2) Non-compulsory accounting principles applied

The accounting principles and criteria applied in drawing up the consolidated annual accounts of the Group are outlined in Note 4 to the Annual Report. They do not include any non-compulsory principles.

### 2.3. Critical points of valuation and estimation of uncertainty

The company's accounts are drawn up on a going concern basis. There are no major risks that could result in significant changes in the value of assets or liabilities in the following year.

The main mitigating factors in the group, which have resulted in the application of the going concern principle, are the following:

- Assured cash flow for the coming 12 months via credit lines with banks, guaranteeing the management of working capital.
- Deployment and fulfilment of the 2021-2023 Strategic Plan, taking into account the new business model, focused principally on developing the purposes of the company and on sustainability.

The preparation of annual accounts requires the senior management of the parent company to make significant accounting estimations, judgements and hypotheses that could affect the accounting policies adopted and the amounts of the assets, liabilities, revenue, expenditure and breakdowns related to same.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

These estimates and hypotheses are based on past experience and other facts considered reasonable given the circumstances on the closing date and provide the basis for judging the book value of those assets and liabilities for which specific amounts cannot be immediately determined.

The actual results may differ from the estimations. These estimations and judgements are continually reassessed.

Some accounting estimations are considered significant if their nature and that of the assumptions made is material, and if their impact on financial positions or operating performance is material.

These estimates refer basically to:

- The useful lifetime of tangible and intangible assets (Notes 3.4 & 3.5).
- The likelihood of occurrence and the amount of contingent or indeterminate liabilities (note 3.12).

These estimates were drawn up on the basis of the best information available on the events analysed on the date of preparation of these annual accounts, but in spite of that future events may result in a need to change them (upward or downward) in future financial years. This would be done prospectively, acknowledging the effects of the changes in estimates on the relevant future profit and loss accounts.

#### *2.4. Comparison of information*

Under Transitory Provisions Two and Five of Royal Decree 1159/2010 of 17 September approvingly rules for the formulation of consolidated annual accounts and modifying the General Accounting Plan approved under Royal Decree 1514/2007 of 16 November and the General Accounting Plan for Small and Medium Enterprises approved under Royal Decree 1515/2007 of 16 November.

#### *2.5. Grouping of items*

The consolidated annual accounts contain no items which have been grouped on the balance sheet, in the consolidated P&L account, in the statement of changes in equity or in the consolidated cash flow statement.

#### *2.6. Items included in more than one entry*

There are no equity items included in more than one entry on the balance sheet.

#### *2.7. Changes in accounting criteria*

No adjustments were made during the year in the annual accounts for 2022 due to changes in accounting criteria.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Interprete Jurada de INGLÉS  
Nº 3060

30-07-2023

## 2.8. Correction of errors

The annual accounts for financial year 2022 include the following adjustments made against reserves as a result of errors detected in the year:

- Adjustment in opening balances to the tune of (11,794.22) Euros.

As indicated in registration and valuation rule 22 "Changes in accounting criteria, errors and accounting estimates", contained in part two of the General Accounting Plan (PGC) approved under Royal Decree 1514/2007 of 16 November, accounting errors from previous years must be corrected in the financial year in which they are detected, and the adjustment must be accounted for under reserves for the cumulative effect of the variations in assets and liabilities brought to light on correcting the error. The company is also to modify the figures for comparative information and incorporated the relevant information into the report on the annual accounts.

## 2.9.- Operations between companies within the scope of consolidation.

In all companies within the scope of consolidation, the financial year ends on 31 December 2022. There are no significant operations between them arising from differences in closing dates.

## 2.10) Materiality

In drawing up the information to be included in this report on the various items in financial statements and other matters, the parent company and the consolidated companies followed the conceptual framework of the General Accounting Plan in taking into account relative importance in relation to the consolidated annual accounts for financial year 2022.

## 3. Registration and valuation regulations

### 3.1. Unification

#### Unification in timing

The consolidated annual accounts attached were established on the same date and for the same period as the annual accounts of the company required to consolidate.

All Group companies close their financial years on the same date as the consolidated annual accounts.

#### Unification in valuation

Asset and liability items, income, expenditure and other items on the annual accounts of Group companies are valued using consistent methods, in accordance with the valuation rules and principles set out in the Code of Commerce, the recast wording of the Capital Companies Act and General Accounting Plan and other specifically applicable legislation.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

### Unification for purposes of aggregation

The necessary reclassifications have been carried out in the annual accounts structure of one Group company to ensure consistency with the consolidated annual accounts.

#### *3.2. Goodwill in consolidation and negative differences in consolidation*

1. The positive difference between the following amounts is recognised as goodwill in consolidation on the date of acquisition:

a) The consideration paid to obtain control of the company acquired, determined as per subsection 2.3 of registration and valuation rule 19a on business combinations in the General Accounting Plan and, in the case of successive acquisitions of holdings or combinations carried out in stages, the fair value on the date of acquisition of any previous holding in the capital of the company acquired; and

b) the proportion of net equity represented by the holding in the capital of the dependent company after all adjustments arising from the application of Article 25, and from de registering goodwill recognised, if any, in the individual annual accounts of the dependent company on the date of acquisition.

2. It is assumed that the cost of the combination, as per subsection 2.3 of registration and valuation rule 19a on business combinations in the General Accounting Plan is the best benchmark for estimating the fair value on that date of any prior holding of the parent company in the dependent company. If there is evidence to the contrary, other valuation techniques are used to determine the fair value of prior holdings in dependent companies.

3. In business combinations by stages, the equity instruments in the dependent company that the Group holds prior to its acquisition of control are adjusted to their fair value on the date of acquisition, with any difference with their previous book value being accounted for under item 16.b), 18.b) or 20) in the consolidated profit and loss account. Any adjustments in value associated with these investments accounted for directly in net equity are transferred to the profit and loss account.

4. In the exceptional case in which the amount as per point b) in subsection 1 of this article on the date of acquisition exceeds the amount included under point a), the excess amount is recognised in the consolidated P&L as a gain under the item "negative differences in business combinations".

However, before the said income is recognised the amounts indicated in subsection 1 above must be reassessed.

Goodwill in consolidation is amortised over 10 years.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

### *3.3. Transactions between companies within the scope of consolidation*

#### *Elimination of intra-group items.*

Intra-group items are eliminated entirely from the consolidated annual accounts once the adjustments required as per their homogenisation have been made.

"Intra-group items" is understood to mean credits, debts, income, expenditure and cash flows between Group member companies.

#### *Elimination of earnings from internal transactions*

"Internal transactions" is understood to mean transactions between two Group companies as from the time of when they both joined the Group. "Earnings" here is understood to mean those recorded in the P&L and income and expenditure directly attributed to net equity as envisaged in the General Accounting Plan.

The full amount of earnings from internal transactions is eliminated and deferred until they are carried out with third parties outside the Group. The earnings deferred are those from the financial year in question and from previous years as from the date of acquisition.

However, losses from internal transactions may indicate an impairment which may require recognition in the consolidated annual accounts. Similarly, profit from internal transactions may indicate a recovery in the value of the asset in question on which impairment has been recorded. Both items are presented in the consolidated annual accounts in line with their nature, as the case may be.

The foregoing applies in cases in which a third party acts in its own name and on account of a Group company.

The attribution of earnings in the consolidated P&L or, as the case may be, in the consolidated income and expenditure statement in the case of earnings involving third parties is shown as an increase or reduction in the relevant items.

If, for purposes of drawing up consolidated annual accounts, any equity element is subject to an adjustment in value, depreciation, impairment losses and earnings from disposal or de recognition on the balance sheet are calculated in the consolidated annual accounts on the basis of the adjusted value.

Impairment losses on assets eliminated from earnings as arising from internal transactions are eliminated from the consolidated annual accounts. Provisions derived from guarantees and similar granted in favour of other Group companies are also eliminated. Both types of elimination give rise to the relevant adjustments in earnings.

The elimination in the year of earnings from internal transactions affects the consolidated profit/loss or the full amount of income and expenditure contributed directly to net equity, while the elimination of earnings from internal transactions from previous years changes the amount of net equity, affecting reserves, adjustments due to changes in value or subsidies, donations and bequests received which are pending

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

registration in the profit and loss account.

Adjustments in earnings, in gains and losses attributed directly to net equity and in other net equity items affect the company that disposes of the asset or provides the service and, therefore, the amount attributable to the external shareholders of the said company.

Equity elements, income, expenditure and cash flows are classified from the viewpoint of the Group and are not modified by internal transactions. Should an internal transaction coincide with a change in attribution from the viewpoint of the Group, that change in attribution is reflected in the consolidated annual accounts as per the relevant rules in the General Accounting Plan.

#### *3.4. Intangible fixed assets*

Intangible fixed assets are initially valued at cost, i.e. at purchase price or cost of production. The cost of intangible fixed assets acquired via business combinations is taken to be their fair value on the date of acquisition.

Following initial recognition, intangible fixed assets are valued at cost, minus the relevant cumulative amortisation and, as the case may be, the cumulative amount of any corrections due to impairment.

Intangible fixed assets are assets with a predefined lifetime and are therefore amortised systematically in line with their estimated useful lifetime and their residual value. The amortisation methods and periods applied are reviewed at the end of each financial year and adjusted prospectively if relevant. An impairment test is run at the end of the financial year, and if impairment is deemed to exist the recoverable amounts are estimated and the relevant corrections in value are made, as per subsection i of this point.

Intangible fixed assets are amortised in a linear fashion throughout their estimated useful lifetimes in line with the following lifetimes in years:

Description	Years	% per annum
Industrial property	10	10%
IT applications	4	25 %

When the useful lifetimes of such assets cannot be reliably estimated a ten-year amortisation period is set, without prejudice to the periods set in specific regulations on intangible fixed assets.

The parent company and consolidated companies include in the cost of intangible fixed assets that need longer than one year to be made ready for use, exploitation or sale those financial expenses concerned with specific or generic funding directly attributable to acquisition, construction or production.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023



a) Research and development expenditure

Development expenses are activated when the following conditions are met:

- when they are broken down specifically per project and their costs can be clearly established;
- when there is good reason to assume that the project will be technically successful and financially/commercially profitable.

The assets thus generated are depreciated in a linear fashion over the course of their useful lifetimes (up to a maximum of five years).

Should there be any reasonable doubt concerning the technical success or financial profitability of a project, the amounts recorded under assets are attributed directly to the profit and loss account for the financial year.

b) Industrial property

This account shows the amounts paid for the acquisition of ownership or of the right of use of the various manifestations of same, or for the expenses incurred on registration of the company developed.

c) IT applications

These are valued at their acquisition price or cost of production. This includes spending on the development of websites. Depreciation on the useful lifetime of these items is 25% per annum as from their date of acquisition.

Repairs that do not constitute an extension of useful lifetime and maintenance costs are charged to the consolidated profit and loss account for the year when they are incurred.

d) Impairment on intangible fixed assets

When there is evidence of a loss of value the Group uses the so-called "impairment test" to confirm whether there is a loss in value that reduces the recoverable value of the assets to below their recorded book value.

Recoverable value is defined as fair value minus sale costs or value in use, whichever is the greater.

Every year the senior management prepare a business plan broken down by markets and activities for each cash generating unit, generally with a three-year time-frame. No net losses for impairment due to intangible assets are recorded in the year covered here.

There are no intangible fixed assets with indefinite useful lifetimes.

*3.5. Tangible fixed assets*

These assets are valued at their acquisition price or cost of production, which includes not only the amount invoiced after deducting any discount or reduction in price but all directly related additional expenses that arise up to their entry into operation, such as

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-07-2023

ground levelling and demolition costs, transportation, insurance, installation, erection and similar. The cost of tangible fixed assets that need longer than one year to be made ready for use, exploitation or sale includes financial expenses concerned with specific or generic funding directly attributable to acquisition, construction or production. The value of the tangible fixed assets also includes the initial estimate of the current value of the obligations undertaken as a result of dismantling or withdrawal and others associated with assets such as rehabilitation costs when those obligations give rise to the recording of provisions. It also includes the best estimate of the current value of the contingent amount, though contingent payments that depend on amounts linked to the conducting of operations are accounted for as expenditure in the P&L account as they are incurred.

Sums handed over on account of future acquisitions of tangible fixed assets are recorded under assets and adjustments due to the updating of the value of the asset associated with the payment on account are recognised as financial income as they are accrued. To that end, the incremental borrowing rate of the supplier at the initial time is used, i.e. the interest rate at which the supplier could obtain financing on terms equivalent to those that result from the amount received, which may not be modified in subsequent financial years. In cases of prepayments maturing after no more than one year the financial effect of which is not significant, no updates need be made.

The Group has no dismantling, withdrawal or refurbishment commitments in regard to its assets. No amounts to cover such future obligations have therefore been considered in the accounts.

The Board of Directors of the parent company and the consolidated companies consider that the book value of stocks does not exceed the recoverable value of same.

The write-off due to impairment of a tangible fixed asset is recorded when its net book value exceeds the amount recoverable, with the latter understood to be its fair value minus cost of sale or its value in use, whichever is greater.

Expenditure in the year from building and other work done by the Group is accounted for in the relevant expenditure accounts. The costs of increases and improvements that give rise to greater production capacity or extend the useful lifetime of goods are recorded as increases in value. The accounts for tangible assets under construction are debited for the amount of such expenditure, and the amount is credited to revenue from work done by the Group for itself.

Costs associated with major repair work on items of tangible fixed assets are recognised as substitutions at the time when they are incurred and are amortised over the period that elapses until the next repair. Any amount associated with repairs that might remain within the book value of the said assets is derecognised.

Tangible fixed assets are depreciated linearly over their estimated useful lifetimes as from the time when they become available for entry into operation, with zero residual value being estimated as follows on the basis of the useful lifetime.

  
**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060  
30-03-2023

Description	% per annum
<b>Other facilities</b>	25%
<b>Furnishings</b>	15%
<b>Data processing equipment</b>	25%
<b>Other tangible fixed assets</b>	25 %

The Group assesses at least at the end of each year whether there are signs of impairment losses in the value of its tangible fixed assets that lower the recoverable value of those assets to less than their book value. Should any such sign be found, the recoverable value of the asset is estimated to determine the extent of the potential impairment loss. For assets that do not generate cash flows which are independent of other assets or groups of assets, the Group calculates the recoverable value of the cash generating unit (CGU) to which the asset belongs.

Recoverable value is defined as fair value minus sale costs or value in use, whichever is the greater. Value in use is determined based on expected future cash flows from the use of the asset, expectations concerning potential variations in the amount or distribution of time of such flows, the value of money over time, the price payable to bear the uncertainty associated with the asset and other factors that market participants may consider in valuing future cash flows associated with the asset.

If the recoverable value estimated is lower than the net book value of the asset, the relevant impairment loss is recorded in the consolidated P&L account, and the book value of the asset is reduced to its recoverable value.

Once the correction in value due to impairment or reversal is recognised in the accounts, depreciation is adjusted in future years in line with the new book value.

The foregoing notwithstanding, should the specific circumstances of assets reveal irreversible losses, those losses must be accounted for directly under losses from fixed assets in the consolidated profit and loss account.

In financial year 2022 the Group recorded no losses due to impairment in regard to tangible fixed assets.

### *3.6. Leases*

Leases are classed as financial leases whenever their terms and conditions involve the transfer in substance to the lessee of the risks and benefits inherent in the ownership of the assets in question. All other leases are classed as operational leases.

#### Financial leases

In financial lease operations in which the Group is the lessee, the cost of the assets leased is shown on the consolidated balance sheet in line with the nature of the asset in question, with a liability entry for the same amount also being included. The amount

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 3060

30-03-2023

shown is the lower of the following: the fair value of the assets leased or the current value at the commencement of the lease of the minimum amounts agreed, including purchase options, when there are no reasonable doubts that they will be exercised. Contingent quotas, service costs and taxes that may be passed on by the lessor are not included in these calculations. The total financial burden of contracts is allocated to the consolidated profit and loss account for the year in which it is accrued, applying the effective interest rate method. Contingent quotas are recognised as expenses in the year in which they are incurred.

Assets recorded under operations of this type are depreciated with criteria similar to those applied to tangible fixed assets as a whole, depending on their nature.

### Operational leases

Income and expenditure deriving from operational lease agreements are attributed to the consolidated profit and loss account in the year in which they are accrued.

Any amount collected or paid on entering into an operational lease is treated as advance receipts or payments and attributed to results during the lease period as the benefits of the asset leased are assigned or received.

- Fixed assets leased by the Group to third parties:

Revenues under operational leases are recorded in the P&L account when they accrue. Direct costs attributable to lease agreements are included as an increase in value of the asset leased and recognised as expenditure over the term of the agreement, under the same criteria used to recognise revenues from leases.

### 3.7. Financial instruments

The parent company and the consolidated companies register those contracts which give rise to financial assets at one company and simultaneously to a financial liability or equity instrument at another under Financial Instruments. This regulation is therefore applicable to the following financial instruments:

- a) Financial assets:
  - Cash & cash equivalents
  - Trade receivables: customers & sundry debtors.
  - Loans to third parties: loans & financial credits granted, including those related to the sale of non-current assets;
  - Debt securities acquired from other companies, such as debentures, bonds and promissory notes;

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

- Equity instruments acquired in other companies, such as shares, holdings in collective investment associations and other equity instruments;
- Derivatives with a favourable valuation for the company, including futures, options, financial swaps and forward purchases/sales of foreign currency;
- Other financial assets, such as deposits at banks, prepayments & credit to staff, bonds and deposits provided, dividends receivable & outlays required on own equity instruments.

b) Financial liabilities:

- Trade payables: suppliers & sundry creditors;
- Bank debts;
- Debentures & other negotiable securities issued, such as bonds & promissory notes;
- Derivatives with an unfavourable valuation for the Company, including futures, options, financial swaps and forward purchases/sales of foreign currency;
- Debts with specific properties:
- Other financial liabilities, including third-party debts such as loans & financial credits received from individuals and firms other than banks, including those arising in the course of the purchase of non-current assets, bonds and deposits received and outlays required by third parties in regard to holdings.

c) Own equity instruments: all financial instruments included in own funds, such as ordinary shares issued.

3.7.1 Long- and short-term financial investments

- **Financial assets at amortised cost.** Financial assets (including those admitted for trading on an organised market) are included under this heading when the Group holds the investment for the purpose of receiving cash flows arising from the execution of the contract and the contractual terms and conditions of the financial asset give rise to cash flows on specific dates which are solely receipts for capital and interest on the amount of capital outstanding. Contractual cash flows which are solely receipts for capital and interest on capital outstanding are inherent to any agreement classed as an ordinary or common loan, regardless of whether the transaction is concluded at zero interest or a below-market interest

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

rate. In general this heading includes loans concerned with commercial transactions (financial assets originating from the sale of goods and the provision of services in trading operations of the Group with deferred payment) and loans concerned with non-commercial operations (financial assets which are not equity instruments or derivatives and do not originate from trade, receipts from which are pre-set or determinable amounts arising from loans or credits granted by the Group). This heading may include loans and receivables, plus securities that represent debt with fixed maturity dates and receivables in predetermined or determinable amounts negotiated on an active market provided that the Group has the effective intention and ability to hold them to maturity.

- **Initial valuation:** Initial valuation is at fair value plus directly attributable transaction costs. However, loans for commercial operations maturing after no more than one year which do not entail any contractual interest rate, and repayments and loans to personnel, dividends receivable and outlays required on equity instruments the amount of which is expected to be received in the short term may be valued at their face value provided that the effect of not updating cash flows is not significant.
- **Subsequent valuation:** this is done at amortised cost and the interest accrued is recorded in the consolidated profit and loss account, with the effective interest rate method being applied.

The foregoing notwithstanding, loans maturing within less than one year which are valued as per the previous subsection at their nominal amounts continue to be valued at those amounts unless there is impairment.

When the contractual cash flows for a financial asset change due to financial difficulties on the part of the issuer, the Group analyses whether an impairment loss needs to be recorded.

- **Impairment:** The Group records impairments as relevant for the differences between the amount recoverable from accounts receivable and the book values recorded.

Any corrections in value required must be made at least at the close of the financial year, provided that there is objective evidence that the value of a financial asset included in this category or of a group of financial assets with similar risk characteristics valued jointly is impaired as a result of one or more events occurring after their initial recognition, causing a reduction or delay in estimated future cash flows potentially motivated by the insolvency of the debtor.

Losses due to impairment in the value of these financial assets are the difference between their book value and the current value of the future cash

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

flows (including any from the enforcement of in rem and personal guarantees) which are expected to be generated, discounted at the effective interest rate calculated at the time of initial recognition.

Corrections in value due to impairment and reversals when the amount of the loss decreases for reasons related to a subsequent event are recognised as expenditure and income, respectively, in the profit and loss account. The limit of reversals of impairment is marked by the book value of the asset, as recognised on the date of reversal if there had been no impairment.

- **Financial assets at fair value through profit or loss.** This heading includes all financial assets not classed under other categories. Financial assets held for trading must be recorded here.

For equity instruments not held for trading and not valued at cost, the Group may choose irrevocably at the time of initial recognition to show subsequent changes in fair value directly in net equity.

In any event, at the time of initial recognition the Group may designate a financial asset irrevocably as measured at fair value through profit or loss if doing so eliminates or significantly reduces an inconsistency in valuation or an asymmetry.

- **Initial valuation:** They are valued at their fair value. Transaction costs directly attributable are accounted for in the P&L account for the year.
- **Subsequent valuation:** At fair value through profit or loss.
- **Impairment:** There is no impairment as they are valued always at their fair value, with any variations in value being attributed to profit/loss for the year.

- **Financial assets at cost.** This heading includes, among others, investments in the equity of Group, multi-group and associated companies, and all other investments in equity instruments whose fair value cannot be determined by reference to a price quoted on an active market for an identical instrument to cannot be reliably estimated.

Also included are participative loans the interest on which is contingent, plus any other financial asset that must initially be classed in the portfolio at fair value through profit or loss and any gains for which it is not possible to obtain a reliable estimate of fair value.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

- **Initial valuation:** They are initially recorded at cost, which is equivalent to the fair value of the consideration handed over plus directly attributable transaction costs.
- **Subsequent valuation:** Equity instruments included under this heading must be valued at cost, minus the cumulative amount of any corrections in value due to impairment.
- **Impairment:** The necessary corrections in value are made at least at the end of the financial year, provided that there is objective evidence that the book value of a loan is not recoverable. The Group records the relevant impairment for the difference between book value and the amount recoverable, with the latter being the fair value minus selling costs or the current value of future cash flows deriving from the investment, whichever is greater. For equity instruments, future cash flows are calculated by estimating expected receipts from the distribution of dividends by the investee Group and from the disposal or writing off of the investment in same, or by estimating the holding in the expected cash flows to be generated by the investee Group from all ordinary activities and from disposal or writing off.

Unless there is evidence to the contrary in regard to the amount recoverable from investments in equity instruments, the amount of impairment losses thereon is calculated in line with the net equity of the investee company and any tacit increases in value as of the valuation date, net of tax effects. In determining this value, provided that the investee Group has invested in turn elsewhere, the figure taken into account is the net equity included in the consolidated annual accounts drawn up as per the Code of Commerce and the regulations for its implementation.

Corrections in value due to impairment or reversal, as the case may be, are recorded as expenses or revenues, respectively, in the profit and loss account. The limit of reversals of impairment is marked by the book value of the investment, as recognised on the date of reversal if there had been no impairment.

- **Financial assets at fair value through net equity.** Financial assets are included under this heading when the contractual conditions for same give rise to cash flows on specific dates which are solely receipts from capital and interest on the amount of capital outstanding, and the assets in question are not held for trading and do not need to be classed under Financial Assets at Amortised Cost. The heading also includes investments in equity instruments for which the irrevocable option of recording them here was selected when they would otherwise have had to be included under

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023



## Financial Assets at Fair Value through Profit or Loss.

- **Initial valuation:** They are valued initially at their fair value which, unless there is evidence to the contrary, is taken to be the transaction price, which is equal to the fair value of the consideration provided plus the transaction costs directly attributable.
- **Subsequent valuation:** Fair value, with no deduction of transaction costs potentially incurred in their disposal. Any changes in fair value must be recorded directly in net equity until such time as the relevant financial asset is derecognised or impaired, at which time the amount of us recognised must be attributed to the P&L account.
- **Impairment:** Any necessary corrections in value must be made at least at the year end, provided that there is objective evidence that the value of the financial asset in question has fallen as a result of one or more events occurring after its initial recognition which lead to: - a delay in estimated future cash flows; or the non recoverability of the book value of the asset, evidence for instance by a prolonged or significant drop its fair value.

Corrections in value due to impairment on these financial assets comprise the difference between their cost or amortised cost minus any correction in value due to impairment previously accounted for in the P&L account and their fair value at the time when valuation takes place. Cumulative losses recognised in net equity as a result of decreases in fair value are accounted for in the profit and loss account, provided that there is objective evidence of impairment in the value of the asset.

Should their fair value increase in subsequent financial years, the corrections in value recognised in previous years must be reversed and credited to the P&L account for the year. However, should there be an increase in fair value on an equity instrument, the correction in value recognised in previous years is not reversed and credited to the P&L account. Rather, the increase in fair value is accounted for directly under net equity.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

### 3.7.2 Reclassification of financial assets

When the Group changes the form in which it manages its financial assets to generate cash flows, it reclassifies all the affected assets as per the criteria set out in the foregoing subsections of this regulation. Reclassification is not considered as writing off but as a change in valuation criteria.

The following reclassifications may arise:

- Reclassification of financial assets at amortised cost as financial assets at fair value through profit or loss and vice versa.
- Reclassification of financial assets at amortised cost as financial assets at fair value through net equity and vice versa.
- Reclassification of financial assets at fair value through profit or loss as financial assets at fair value through net equity and vice versa.
- Reclassification of investments in equity instruments valued at cost as financial assets at fair value through profit or loss and vice versa.

#### - Interest & dividends received on financial assets

Interest and dividends on financial assets accrued after the time of acquisition are accounted for as income in the profit and loss account. Interest on financial assets valued at amortised cost is accounted for via the effective interest rate method and revenue from dividends arising from investment in equity instruments is accounted for when the Group's right to receive same accrues.

In the initial valuation of financial assets, the amount of interest explicitly accrued but not matured at that time and the amount of any dividends agreed by the competent body at the time of acquisition must be recorded independently, in line with their maturity dates.

If the dividends distributed originate unequivocally from profit generated before the date of acquisition because the amounts distributed are greater than the profit made by the investee company since acquisition, they must not be accounted for as revenues and must be deducted from the book value of the investment.

Decisions as to whether profit has been generated by the investee company are based solely on profits accounted for in the P&L and individual earnings since the date of acquisition, unless distribution of dividends

  
**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

against such profit can undoubtedly be classed as recovery of investment from the viewpoint of the recipient of the dividend.

### 3.7.3 Derecognition of financial assets

The Group writes off financial assets when they expire, when the rights to the associated cash flows are assigned and when the risks and benefits inherent in ownership of same have been substantially transferred. In the specific case of receivables, this is considered in general to occur when the risks of insolvency and default have been transferred.

When a financial asset is derecognised the difference between the consideration received net of attributable transaction costs and the book value of the asset, plus any amount accumulated that is directly recognised in net equity determines the profit or loss resulting from derecognition of the asset, which forms part of the profit/loss for the year in which derecognition takes place.

By contrast, in assignments of financial assets for which the risks and benefits inherent in ownership are substantially retained, the Group does not write off the financial assets but rather records financial liabilities for the amount of the consideration received.

### 3.7.4 Cash & cash equivalents

The "Cash and Cash Equivalents" heading on the attached balance sheet gives the amounts in cash in company coffers and at banks, in deposits at sight and in other short-term, high-liquidity investments maturing in less than three months rapidly realisable as cash the values of which do not involve exchange rate risks.

### 3.7.5 Financial liabilities

For purposes of valuation, financial liabilities are classed under the following categories:

- **Financial liabilities at amortised cost.** This heading includes all financial liabilities except those that must be valued at fair value through profit or loss. In general, this heading breaks down into debits for trading operations and debits for non-trading operation.

Participative loans considered as ordinary or common loans are also included under this heading, without prejudice to the interest rate agreed on the operation

  
**ANDREA ALVAREZ SÁEZ**  
Traductora, Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

(zero or below-market).

- **Initial valuation:** They are valued initially at their fair value which, unless there is evidence to the contrary, is taken to be the transaction price, which is equal to the fair value of the consideration provided adjusted for those transaction costs directly attributable. However, debits for commercial operations maturing after no more than one year which do not entail any contractual interest rate, and capital calls on holdings the amount of which is expected to be paid in the short term are valued at their face value provided that the effect of not updating cash flows is not significant.
- **Subsequent valuation:** at amortised cost. The interest accrued is recorded in the consolidated profit and loss account, with the effective interest rate method being applied. The foregoing notwithstanding, debits maturing within less than one year which are valued as per the previous subsection at their nominal amounts continue to be valued at those amounts unless there is impairment.
- **Financial liabilities at fair value through profit or loss.** This heading includes financial liabilities that meet one or more of the following conditions:
  - Liabilities held for trading;
  - Liabilities irrevocably designated from the time of initial recognition by the organisation as recognised at fair value through profit or loss, provided that the said designation is consistent with the purpose set in accounting regulations.
  - Optionally, and irrevocably, hybrid financial liabilities subject to the requirements set in the General Accounting Plan may be included under this heading.
  - **Initial valuation:** Fair value, which, unless there is evidence to the contrary, means the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs directly attributable are accounted for in the P&L account for the year.
  - **Subsequent valuation:** At fair value through profit or loss.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2027

### 3.7.6 Derecognition of financial liabilities

The Group derecognises a financial asset or part of same when the related obligation ceases to apply, i.e. when it has been met or cancelled or has expired.

### 3.7.7 Bonds given and received.

Bonds and deposits provided as surety for specific obligations are valued at the amount effectively paid, which does not differ significantly from the fair value.

In bonds provided or received in relation to operational leases or the provision of services, the difference between their fair value and the amount paid out is considered as payment made or received in advance on the lease for provision of service, and as such is attributed to the P&L in the lease period or in the period when the service is provided, as per the regulations governing revenues from sales and provision of services.

In estimating the fair value of bonds, the minimum contract term for which the amount may not be refunded is taken as the period remaining, without taking into consideration the statistical behaviour in terms of refunding.

In short-term bonds cash flows need not be discounted if their effect is not significant.

#### — Fair value

Fair value is the price received for the sale of an asset or paid to transfer or cancel a liability via a formal transaction between participants in the market, on the valuation date. Fair value is determined without making deductions for transaction costs that may be incurred in disposal or otherwise. The result of a transaction which is forced, urgent or made as a result of our situation of in voluntary liquidation may in no case be considered as fair value.

In general, the Group calculates the fair value of financial instruments valued at fair value in reference to a reliable market value, in the form of the price quoted on an active market as the best reference point. For instruments for which there is no active market, fair value is calculated by applying valuation techniques and models.

The book value of credit and debit entries for trading operations is assumed to be close to their fair value.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

### 3.7.8 Derivatives and accounting for hedging

The Group classifies hedging operations under the following categories:

- a) Fair value hedging: this covers exposure to changes in the fair value of recognised assets or liabilities, of firm commitments not yet recognised or of any part thereof attributable to a specific risk that may affect the P&L account (e.g. the contracting of a financial swap to cover the risk of financing at a fixed interest rate).

Changes in the value in the hedging instrument and in the item covered attributable to the risk covered are recognised in the P&L.

When the item covered is an unrecognised firm commitment or part of such a commitment, the cumulative change in fair value of the item hedged after its designation is recognised as an asset or liability, and the corresponding gain or loss is reflected in the P&L.

Changes in the book value of items hedged which are valued at amortise the cost entail correcting the effective interest rate for the instrument either from the time of modification or (at the latest) from the time when hedging ceases to be accounted for.

- b) Cash flow hedging: this covers exposure to changes in cash flow attributed to a specific risk associated with all or part of a recognised asset or liability (such as the contracting of a financial swap to cover risk in financing at a variable interest rate) or an envisaged transaction which is deemed to be highly probable (e.g. cover for exchange rate risk linked to expected purchases and sales of tangible fixed assets, goods and services in foreign currency) that may affect the P&L. Hedging for exchange-rate risks on a firm commitment can be accounted for as cash flow hedging or fair value hedging.

The Group is exposed to fluctuations in exchange rates in the various countries where it operates. To mitigate that risk, it enters into hedging contracts based on its forecasts and assumptions to cover the risk of changes in exchange rates when market prospects make it advisable to do so.

Similarly, it is exposed to exchange rate risk from potential changes in the various currencies in which it holds bank debts, and therefore hedges such operations when market prospects make it advisable to do so.

It is also exposed to variations in interest rate curves, given that all its bank debts are at variable interest rates. Accordingly, the Group enters into interest rate hedging contracts, basically entailing structures that assure maximum interest rates.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

At the year end the contracts in force are assessed individually, and the price agreed is compared to the exchange rate for each currency and, if relevant, to the reference exchange rate on the closing date. Any changes in value are recognised in the P&L account.

### 3.7.9. Compound financial instruments

The exchangeable notes issued by the Group meet the requirements set in the General Accounting Plan for consideration as financial liabilities. Therefore, the net amount received since the issue of the notes the amount corresponding to the liability part is distinguished from the net equity part, which represents the fair value of the option incorporated into these instruments.

### 3.7.10. Investments accounted for via the equity method.

Holdings valued via the equity method are shown on the consolidated balance sheet for the fraction of the net equity of the company that they represent, plus the value of the goodwill as of the closing date. The consolidated P&L shows the results for these holdings obtained as a fraction of the net profit/loss for the year.

### 3.8. Stocks

Stocks are valued at their price of acquisition, cost of production or net realisable value, whichever is the lowest. Trade discounts, reductions obtained, other similar items and interest incorporated into the face value of debits are deducted when determining acquisition prices.

Cost of production includes direct material costs and, if relevant, direct labour costs and general manufacturing costs.

Net realisable value means the estimated selling price minus all the estimated costs for completion of manufacture and the costs that will be incurred in marketing, sale and distribution.

In assigning values to its stocks, the Group uses the weighted average cost method.

The Group makes such corrections in value as may be appropriate, accounting for them as expenses on the profit and loss account when the net realisable value of stocks is lower than their acquisition price.

### 3.9. Transactions in foreign currency

Transactions in foreign currency are accounted for in the functional currency of the Group (Euros), at the exchange rate applicable at the time of the transaction. During the year, differences between the exchange rates entered in the accounts and those in force at the date of collection or payment are recorded as financial profit/loss in the consolidated

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

P&L. The Group has not changed its operational currency, which is the Euro.

On 31 December each year, any balances payable or receivable in foreign currency are converted at the closing exchange rate. Any differences in valuation are recorded as financial profit/loss in P&L.

Balances in foreign currency are converted to Euros in two consecutive stages:

1) Conversion of balances in foreign currency to the functional currency of each subsidiary.

Transactions in foreign currency carried out by consolidated companies are initially recorded in their respective financial statements at the equivalent value in their functional currencies, resulting from the exchange rates in force on the dates when those transactions are carried out.

Then, for purposes of presentation in their own individual annual accounts, consolidated companies convert foreign currency balances to the functional currency is at the exchange rates in force at the year-end. Exchange rate differences are recognised by debit or credit entries in the P&L.

2) Conversion to Euros of the financial statements of subsidiaries that use functional currencies other than the Euro.

The balances in the current accounts of consolidated companies whose functional currency is not the Euro are converted to Euros as follows:

- By applying the exchange rates in force at the year-end in the case of assets and liabilities.
- By applying the average exchange rate for the financial year in the case of income, expenditure and cash flow.
- By applying historical exchange rates in the case of net equity.

Any differences that arise during the conversion process are recorded under "Translation Differences" in net equity.

The average and year-end exchange rates used in converting balances in the main foreign currencies to Euros are the following:

	<u>Exchange rate in</u> <u>2022</u>	<u>Exchange rate in</u> <u>2021</u>
Virtualware UK LTD.	0.88693	0.84028
Evolv Rehabilitation Technologies, LTD	0.88693	
Virtualware Canada INC	1,444	

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023



### 3.10. Tax on profits

Expenditure on current taxation is determined by adding up the current tax and deferred tax spending. The current tax amount payable is determined by applying the rate in force to the accounting profit and deducting any rebates and general deductions applied in the financial year from the resulting amount.

The company does not pay taxes under a consolidated group framework, pursuant to Chapter IX of the Tax Consolidation Framework [*Régimen de Consolidación Fiscal*], Art. 82-100 of Provincial Regulation 11/2013 of 5 December on corporation tax.

Deferred tax assets and liabilities arise from temporary differences, defined as amounts expected to be payable or recoverable in the future which derive from differences between the book value of assets and liabilities and their taxable base. The said amounts are recorded by applying to the temporary difference in question the tax rate at which they are expected to be recovered or settled.

Deferred tax assets also arise as a result of negative tax bases pending offsetting, and from credit for tax deductions generated but not applied.

Deferred tax liabilities are accounted for in regard to all taxable temporary differences, unless those differences arise from the initial recognition of goodwill or the initial recognition (in transactions other than business combination) with other assets and liabilities in an operation which does not affect the tax or book results at the time of occurrence.

Deferred tax assets, identified with deductible temporary differences, are only recognised if it is considered likely that the Company will in the future have sufficient fiscal gains to cash them in and they do not originate from the initial recognition of other assets and liabilities (in transactions other than business combinations) and does not affect the fiscal or book results.

At the close of each financial year, the deferred taxes recorded (as assets or liabilities) are reviewed to check that they remain current, and any appropriate corrections are made in line with the outcomes of those checks.

Expenditure or income for deferred taxes must correspond to the recognition and settlement of assets and liabilities for deferred taxes plus the recognition and attribution to the P&L account of revenues directly attributable to net equity that may result from accounting for deductions and other tax breaks classed financially as subsidies.

### 3.11. Income and expenditure

The Group recognises income from ordinary operations when control of the goods or services to which commitments with customers are entered into is transferred. At that time, the Group values income at the amount of the consideration expected in return for the goods or services in question.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023

No income is recognised in cases of swaps of homogeneous elements, such as swaps of finished products or interchangeable goods between two companies in order to enhance the effectiveness of their commercial operations with a view to delivering products to their respective customers.

- **Recognition.**

The Group recognises income from a contract when (or as) control of the goods or services involved (i.e. of the obligations to be fulfilled) is transferred to the customer.

Control of goods or services (assets) means the ability to decide in full as to the use of the equity elements in question and to obtain substantially all the remaining benefits from same. Control includes the ability to prevent other organisations from deciding how the asset is used and obtaining benefits from same.

In each fulfillable obligation (delivery of goods or provision of services) identified, the Group determines at the outset of the contract whether the commitment entered into is to be fulfilled over time or at a specific point in time.

Income arising from commitments (which, in general, means the provision of services or the sale of goods) fulfilled over time is recognised in line with the extent or progress towards complete fulfilment of contractual obligations, provided the Group has reliable information enabling the degree of progress to be measured.

The Group reviews and, if necessary, modifies its estimates of the income to be recognised as the commitment undertaken is fulfilled. The need for such reviews does not necessarily mean that the outcome of the operation cannot be reliably estimated.

If the Group is unable reasonably to measure the degree of fulfilment of the obligation at a given date (e.g. in the early stages of the contract) but expects to recover the costs incurred in meeting the undertaking in question, income and the corresponding consideration are recognised only for an amount equivalent to the costs incurred up to that date.

In contract obligations met at a given time, the income arising from their execution is recognised at that time. Until such time, costs incurred in producing or manufacturing the relevant product (goods or services) are accounted for as stocks.

If there is any doubt as to whether credit entitlements already recognised as income from sales or from the provision of services will actually be collected, the relevant impairment loss is recorded as expenditure to correct value due to impairment and not as reduced income.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

- **Fulfilment of obligations over time**

The company is understood to transfer control of an asset (in general a product or service) over time when one or more of the following criteria is met:

a) The customer receives and simultaneously uses the benefits provided by the operations of the company (in general, the provision of a service) as it provides them, e.g. in the case of certain recurrent services (security or cleaning). In such cases, there would be no need for any substantial redoing of the work done to date should another company take over the contract.

b) The company produces or upgrades an asset (tangible or intangible) that the customer comes to control as operations are carried out (e.g. construction on land owned by the customer).

c) The company provides the customer with the specific asset (in general a service, a complex technical facility or a particular item with unique specifications) that has no alternative use, and the company has the right to demand payment for operations carried out to date (e.g. consultancy services to provide customers with a professional opinion).

If control of the asset is not transferred over time, the company recognises income as per the criteria set out for obligations fulfilled at a specific point in time.

- **Indicators of compliance at a specific time**

To determine the specific point in time when the customer obtains control of the asset (generally goods) the Group considers the following indicators, among others:

a) When the customer assumes the significant risks and benefits inherent in ownership of the asset. In considering this point, the Group excludes any risk of a separate obligation arising other than the undertaking to transfer the asset. For example, the company may have transferred control of the asset but not yet met the obligation to provide maintenance services throughout the useful lifetime of same.

b) When the Group has transferred actual possession of the asset. However, actual possession may not coincide with control of an asset. For example, in certain repurchase agreements and deposit agreements, a customer or agent may have actual possession of an asset which is controlled by the group on an assignment basis, so that the said asset cannot be considered as transferred. By contrast, in agreements for delivery after invoicing the Group may have actual possession of an asset that is controlled by a customer.

c) When the customer has received (accepted) the asset and indicated its satisfaction as per the contract specifications. If a group can determine objectively that control of goods or services has been transferred to the customer as per the specifications agreed,

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

acceptance is deemed to be a formality that does not affect determinations concerning transfer of control. For example, if the acceptance clause is based on the meeting of specified size or weight characteristics the Group can determine whether those characteristics are met before confirmation of acceptance is received from the customer.

However, if the Group is unable to determine objectively whether goods or services provided to a customer meet the specifications agreed in the contract, it may not conclude that the customer has obtained control until acceptance from the customer is received.

When products (goods or services) are delivered to customer on a trial or assessment basis and the customer has not undertaken to pay the consideration due thereon until the trial period expires, control of the product is not deemed to be transferred to the customer until the latter accepts same or until the said period expires without the customer having raised any objection.

d) When the Group is entitled to collect payment for transferring the asset.

e) When the customer holds ownership of the asset. However, when the Group maintains ownership solely as protection against nonfulfillment by the customer, this circumstance does not prevent the customer from obtaining control of the asset.

#### - Valuation

Ordinary income from the sale of goods and the provision of services is valued at the monetary amount or the fair value of the consideration received or to be received from same, which, unless there is evidence to the contrary, will be taken as the price agreed for the goods to be transferred to the customer, minus the amount of any discount, price reduction or similar item that may be granted by the Group, plus the interest incorporated into the nominal amount of loans. However, the Group may include interest on commercial loans maturing within no more than one year for which there is no contractually stipulated interest rate when the effect of not updating cash flows is not significant.

Amounts levied on transactions for the delivery of goods and provision of services which the Group is to pass on to third parties are not considered as income, e.g. value added tax and special taxes and amounts received for the account of third parties.

In valuing income, the Group takes into account the best estimate of variable consideration if it is highly likely that there will not be any significant reversal in the amount of income recognised once the uncertainty associated with the said consideration is resolved.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

As an exception to the general rule, variable consideration associated with licensing agreements in the form of participation in sales or in the use of assets is recognised only when (or as) the later of the following two events takes place:

- a) Sale or subsequent use; and
- b) The meeting (or partial meeting) of the obligation assumed by the Group by virtue of the contract, to which all or part of the variable consideration is assigned.

### *3.12. Provisions and contingencies*

Obligations existing on the balance sheet date as a result of past events that may result in financial damage to the Group and whose amounts and cancellation times are not known are recorded on the balance sheet as provisions for the most likely current estimate of the amount that the Group may have to pay out to cancel the obligation.

Amounts receivable from a third party at the time of settlement of the obligation are not taken as reductions in the amount of the debt, without prejudice to the recognition in the assets of the Group of the relevant right to collect payment, provided that there is no doubt that the relevant payment will be made. The assets in question are recorded at amounts no higher than the obligation recorded on the books.

### *3.13. Equity items of an environmental nature*

Any costs incurred in regard to systems, equipment and facilities to minimise environmental impacts in the conducting of operations and/or for environmental protection and improvement are recorded as investments in fixed assets.

All environmental expenditures other than the foregoing are considered as expenses in the financial year. To calculate possible environmental provisions, the amount taken into consideration is the best estimate of accrual at the time of when they become known, on the assumption that insurance policies do not cover the damage caused.

### *3.14. Criteria for recording & valuing personnel expenses.*

Unless there is good reason to do otherwise, companies must indemnify their employees at the end of their service.

Unless there is expected to be any need for non-standard termination of employment and given that employees who retire or voluntarily resign do not receive indemnity, when indemnity payments arise they are charged to expenses at the time when the decision to dismiss the employee is made.

### *3.15. Subsidies, donations & bequests*

Non refundable capital subsidies are valued at the amount granted and recognised initially as income directly attributed to net equity, and are attributed to results in proportion to the depreciation over the period in the assets financed by the said subsidies, unless the assets are not subject to depreciation, in which case they are

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

attributed to the profit/loss of the year in which they are disposed of or derecognised from the inventory.

Amounts classed as refundable subsidies must be accounted for as long-term debts convertible to subsidies.

When subsidies are granted to fund specific expenditures, they must be recorded as revenues in the year in which the expenditure funded is accrued.

### *3.16. Criteria applied to transactions between related parties*

Any transactions between companies in the same group, whatever the degree of association, are accounted for in line with general regulations. The items to which such transactions refer are accounted for initially at their fair value. Subsequent valuations are made as provided for in the specific regulations governing the accounts in question.

Thus valuation rule affects those related parties indicated in Regulation 13 on the preparation of annual accounts in the General Accounting Plan. Accordingly:

A company is deemed to belong to the same group if the two are linked by a relationship of direct or indirect control of the type envisaged in Article 42 of the Code of Commerce for corporate groups, and when the two are controlled in any way by one or more physical or legal persons who act jointly or are under the same management in the form of agreements or articles of association.

A company is classed as "associated" when it is not a member of the corporate group but the company or the dominant natural persons exert significant influence over the associated company, as set out at length in the said Regulation 13 on the preparation of annual accounts.

A party is considered as "related" to another when one of them exerts or has the power directly, indirectly or through pacts or agreements between shareholders or stakeholders to exert control over the other or significant influence in the making of the financial and operational decisions of the other, as set out at length in Regulation 15 on the preparation of annual accounts.

In addition to group, associated and multi-group companies, natural persons who hold a direct or indirect share in the voting rights of the parent company in such a way as to permit them to exert a significant influence over one or the other are also classed as related parties, as are their close relatives, key personnel of the parent company (natural persons with direct or indirect authority and responsibility in regard to the planning, management and control of company activities). This includes administrators and management staff and their close relatives, and any organisations on which the aforesaid persons may exert a significant influence. "Related parties" also include companies that have directors or management staff in common with the parent company, unless the latter has no significant influence on the financial and operational policies of both, and close relatives of any natural person who represents

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

the administrator of the parent company when the latter is a legal person.

#### 4. Business combinations

##### Consolidation of dependent companies

The acquisition by the parent company (acquirer) of control over a dependent company (acquired company) is a business combination in which the parent company acquires control of all equity elements of the dependent company.

In the consolidated annual accounts for the year ending on 31 December 2022 the financial statements of the following company are not integrated as it is of little significance, is not operating and is pending winding up, so its accounts are not significant for the total consolidated annual accounts.

Tax ID n°	Name:	Address:	Activity
G95661575	Fundación Virtualware Labs	Bizkaia	Foundation

#### 5. Goodwill

##### **Goodwill on consolidation**

The companies that make up the consolidated Group were incorporated by the parent company Virtualware 2007, S.A., so there was no goodwill extant at 31 December 2022.

#### 6. Intangible fixed assets

The movements under this heading on the consolidated balance sheet attached are as follows:

Financial year 2022

	Development, patents & IT apps
A) GROSS OPENING BALANCE FOR YR.	2,090,237.38
(+) Incoming	667,031.00
(-) Outgoing	-
B) GROSS CLOSING BALANCE FOR YR.	2,757,268.38
C) TOTAL DEPRECIATION, OPENING BALANCE	(1,101,003.53)
(+) Provisions for depreciation in the year	(246,078.24)

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

( + ) Increases via acquisitions or transfers	-
( - ) Decreases via write-offs, outgoing or transfers	-
<b>D) TOTAL DEPRECIATION, CLOSING BALANCE</b>	<b>(1,347,081.77)</b>
<b>M) NET BOOK VALUE AT YEAR END</b>	<b>1,410,186.61</b>

#### Financial year 2021

	Development, patents & IT apps
<b>A) GROSS OPENING BALANCE FOR YR.</b>	<b>1,749,232.38</b>
(+) Incoming	341,005.00
(-) Outgoing	-
<b>B) GROSS CLOSING BALANCE FOR YR.</b>	<b>2,090,237.38</b>
<b>C) TOTAL DEPRECIATION, OPENING BALANCE</b>	<b>(888,846.60)</b>
( + ) Provisions for depreciation in the year	(212,556.93)
( + ) Increases via acquisitions or transfers	-
( - ) Decreases via write-offs, outgoing or transfers	-
<b>D) TOTAL DEPRECIATION, CLOSING BALANCE</b>	<b>(1,101,003.53)</b>
<b>M) NET BOOK VALUE AT YEAR END</b>	<b>989,233.85</b>

Intangible fixed assets comprise Computer Applications and Development for software created by the company currently under development, transferred on completion of the project.

The additions in the year refer to the development of products by Virtualware 2007, S.A., and EvolvRehabilitation Technologies, S.L.

There were no events with a significant effect on the current financial year or future years affecting residual values, useful lifetimes or amortisation methods.

No corrections in value have been made in the year in the value of fixed assets.

The Company has no assets subject to guarantees and reversals.

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 3060  
 30-03-2023



## 7. Tangible fixed assets

The movements under this heading on the consolidated balance sheet attached are as follows:

Financial year 2022

	Plant & other tangible fixed assets
<b>A) GROSS OPENING BALANCE FOR YR.</b>	<b>354,103.01</b>
(+) Incoming	49,576.16
(-) Outgoing	(4,185.69)
<b>B) GROSS CLOSING BALANCE FOR YR.</b>	<b>406,764.81</b>
<b>C) TOTAL DEPRECIATION, OPENING BALANCE</b>	<b>(265,088.56)</b>
( + ) Provisions for depreciation in the year	(53,122.14)
( + ) Increases via acquisitions or transfers	-
( - ) Decreases via write-offs, outgoing or transfers	4,067.26
<b>D) TOTAL DEPRECIATION, CLOSING BALANCE</b>	<b>(314,143.44)</b>
<b>M) NET BOOK VALUE AT YEAR END</b>	<b>92,621.37</b>

Financial year 2021

	Plant & other tangible fixed assets
<b>A) GROSS OPENING BALANCE FOR YR.</b>	<b>474,471.25</b>
( + ) Incoming	42,509.24
(-) Outgoing	(162,877.48)
<b>B) GROSS CLOSING BALANCE FOR YR.</b>	<b>354,103.01</b>
<b>C) TOTAL DEPRECIATION, OPENING BALANCE</b>	<b>(375,989.60)</b>
(+) Provisions for depreciation in the year	(46,516.84)
( + ) Increases via acquisitions or transfers	-
( - ) Decreases via write-offs, outgoing or transfers	157,417.88
<b>D) TOTAL DEPRECIATION, CLOSING BALANCE</b>	<b>(265,088.56)</b>
<b>M) NET BOOK VALUE AT YEAR END</b>	<b>89,014.45</b>

The additions to fixed assets shown are activations under "Other Tangible Fixed Assets" and "Data Processing Equipment" of Virtualware 2007, S.A.

No adjustments have been made in the value of fixed assets.

**ANDREA ALVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3080

30-03-2022

It is Company policy to take out insurance policies to cover the risks to which its various tangible fixed assets may be subject. The administrators review cover and the risks covered yearly or whenever advisable due to circumstances, and establish reasonable coverage amounts for the following year.

## 8. Leases and similar operations

### 8.1 Financial leases

At the close of the year reported on here, the Group had no financial lease agreements in place.

### 8.2. Operational leases

The parent company rents the facilities where it carries on its main activity. Total spending on rent in financial year 2022 was €80,118.26 compared to €75,519.10 in 2021, under the following contract terms:

<u>Virtualware2007, S.A.</u>	<u>Contract</u>
Date of contract	1 June 2018
Term	1 June 2023
Instalments for yr.	€6,000.00/month
Update	CPI

## 9. Financial Asset Instruments

### 9.1 General Points

The information required in the sections below applies to financial instruments included in the scope of registration and valuation regulation 9 of the General Accounting Plan.

This note requires companies to include information in their annual accounts to enable users to assess the following:

- a) The significance of financial instruments in the financial situation and profit/loss of the Company, and
- b) The nature and extent of risks arising from financial instruments to which the company has been exposed during the period reported on, and to which it is exposed at the year end, and the way in which those risks are managed.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Interprete Jurada de INGLÉS  
Nº 3060

30-03-2023

For the purposes of presentation in the annual report, certain information must be broken down according to types of financial instrument. Those types are defined in line with the nature of the financial instruments and the categories set out in registration and valuation regulation nine. Information must be provided on the types defined by the company.

**9.2 Information on the significance of financial instruments in the financial situation and profit/loss of the Group**

9.2.1.- Information concerned with the consolidated balance sheet.

9.2.1.a). -Types of financial assets and liabilities

a.1) Financial assets other than investments in the equity of associated companies.

The movements in the year for each class of non-current financial asset were as follows:

Category	Financial assets					
	Long-term				Totals	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
	<b>Equity instruments</b>	<b>Equity instruments</b>	<b>Loans, derivatives &amp; others</b>	<b>Loans, derivatives &amp; others</b>	<b>Total</b>	<b>Total</b>
Financial assets at amortised cost	20,212.97	20,212.97	44,154.52	110,654.51	64,367.49	130,867.48
<b>Total</b>	<b>20,212.97</b>	<b>20,212.97</b>	<b>44,154.52</b>	<b>110,654.51</b>	<b>64,367.49</b>	<b>130,867.48</b>

**ANDREA ALVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 3060  
 30-03-2023

The information on financial instruments under assets on the Group's 's balance sheet in the short term breaks down as follows:

Category	Financial assets					
	Short-term				Totals	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
	Equity instruments	Equity instruments	Loans, derivatives & others	Loans, derivatives & others	Total	Total
Financial assets at fair value through profit or loss	398,725.93	281,433.76-	-	-	398,725.93	281,433.76
Financial assets at amortised cost	-	-	1,203,148.38	2,301,422.23	1,203,148.38	2,301,422.23
<b>Total</b>	<b>398,725.93</b>	<b>281,433.76</b>	<b>1,203,148.38</b>	<b>2,301,422.23</b>	<b>1,601,874.31</b>	<b>2,582,855.99</b>

Cash & cash equivalents	Financial year 2022
Treasury	172,163.92

The total for cash and cash equivalents is included in the cash flow statement.

The book amounts for cash for the Group as denominated in Euros.

## a.2) Financial Liabilities

*Financial liabilities from the long-term consolidated liabilities of the Group, broken down by categories.*

Category	Types				Totals	
	Bank debts		Other financial liabilities		Total	Total
	Fin. Yr. 2022	Fin. Yr. 2021	Fin. Yr. 2022	Fin. Yr. 2021	Fin. Yr. 2022	Fin. Yr. 2021
Fin. liabilities at amortised cost	853,945.43	1,162,435.61	342,773.80	558,267.92	1,196,719.23	1,720,703.53
<b>Total</b>	<b>853,945.43</b>	<b>1,162,435.61</b>	<b>342,773.80</b>	<b>558,267.92</b>	<b>1,196,719.23</b>	<b>1,720,703.53</b>

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

The "Other Financial Liabilities" heading comprises subsidised loans to Virtualware 2007, S.A. from public bodies to the tune of €265,273.80, other long-term debts with banks to the tune of €749,775.04 and two loans from the public bodies Seed Capital and Enisa involving EvolvRehabilitation Technologies, S.L. to the tune of €77,500.00 and €104,132.62 with banks.

In financial year 2020, Virtualware 2007, S.A. took out three loans due to COVID-19, via La Caixa, Banco Santander and Banco Sabadell. The terms of those loans are as follows:

<u>Lender</u>	<u>Banco La Caixa</u>	<u>Banco Sabadell</u>	<u>Banco Santander</u>
Contract date	9 June 2020	30 April 2020	7 April 2020
Initial amount	€150,000.00	€225,000.00	€600,000.00
Maturity	8 June 2025	30 April 2025	7 April 2025
Interest rate	0.5%	1.5%	1.51%

A variable interest rate loan was also taken out with Bankinter and a personal loan for payment of taxes, with the following terms and conditions:

<u>Lender</u>	<u>Bankinter</u>
Contract date	13 January 2020
Initial amount	€150,000.00
Maturity	13 January 2025
Interest rate	1.75%

*Financial liabilities from the short-term consolidated liabilities of the Group, broken down by categories.*

Category	Types				Totals	
	Bank debts		Other financial liabilities		Total	Total
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
Fin. liabilities at amortised cost	798,870.68	1,250,029.10	1,174,092.68	2,726,574.61	1,972,963.36	3,946,772.78
<b>Total</b>	<b>798,870.68</b>	<b>1,250,029.10</b>	<b>1,174,092.68</b>	<b>2,726,574.61</b>	<b>1,972,963.36</b>	<b>3,976,603.71</b>

ANDREA ALVAREZ SÁEZ  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 3060

30-03-2023

### 9.2.1.b) Classification by maturity dates

Maturity of the Group's financial assets at year-end 2022

	Maturity in years		
	1	Over 5	Total
<b>IV. Investments in group &amp; associated companies</b>		<b>35,297.10</b>	<b>35,297.10</b>
1 Holdings via the equity method		35,297.10	35,297.10
<b>V. Financial investments</b>	<b>398,725.93</b>	<b>64,367.49</b>	<b>463,093.42</b>
1. Equity instruments	398,725.93	20,212.97	418,938.90
5. Other financial assets		44,154.52	44,154.52
<b>III: Trade &amp; other receivables</b>	<b>1,203,148.38</b>		<b>1,203,148.38</b>
1. Customer receivables from sales & services	744,323.09		744,323.09
3. Sundry debtors	458,825.29		458,825.29
<b>TOTAL</b>	<b>1,601,874.31</b>	<b>64,367.49</b>	<b>1,666,241.80</b>

Maturity of the Group's financial liabilities at year-end 2022

	Maturity in years						
	1	2	3	4	5	Over 5	Total
<b>II. Debts</b>	<b>1,040,207.25</b>	<b>422,419.03</b>	<b>302,597.29</b>	<b>230,269.80</b>	<b>176,860.11</b>	<b>64,573.00</b>	<b>2,236,926.48</b>
2. Bank debts	798,870.68	225,250.25	199,957.91	187,304.16	176,860.11	64,573.00	1,652,816.11
5. Other financial liabilities	241,336.57	197,168.78	102,639.38	42,965.64			584,110.37
<b>V. Trade &amp; other payables</b>	<b>932,756.11</b>						<b>932,756.11</b>
1. Suppliers	114,819.24						114,819.24
2. Sundry accounts payable	443,492.26						443,492.26
4. Personnel	114,682.40						114,682.40
7. Customer advances	259,762.21						259,762.21
<b>TOTAL</b>	<b>1,972,963.36</b>	<b>422,419.03</b>	<b>302,597.29</b>	<b>230,269.80</b>	<b>176,860.11</b>	<b>64,573.00</b>	<b>3,169,682.59</b>

### 9.2.1.c) Adjustments due to impairments arising from credit risk.

Adjustments due to impairments arising from credit risk.

	Types of financial assets	
	Loans, derivatives & others	Total
	Short-term	Short-term
Impairment losses at end of 2021	(2,371.60)	(2,371.60)
(-) Reversal of impairment	2,371.60	2,371.60
Impairment losses at end of 2022	-	-

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Interprete Jurada de INGLÉS

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Interprete Jurada de INGLÉS

Nº 3060

30-08-2023

### 9.2.2.- Information concerned with the Profit & Loss account and net equity.

Corrections in value due to impairment for each type of financial asset, and the amount of any financial income attributed to the consolidated P&L from such assets.

TYPES	Corrections in value due to impairment		Fin. income attributed to P&L related to such assets	
	Financial year 2022	Financial year 2021	Financial year 2022	Financial year 2021
Equity instruments				
Debt securities			(43,038.22)	16,597.27
Loans, derivatives & others		(2,371.60)		20,140.57
<b>TOTAL</b>		<b>(2,371.60)</b>	<b>(43,038.22)</b>	<b>36,737.84</b>

Net losses or gains from the various categories of financial liability.

CATEGORY	Net losses/gains	
	Financial year 2022	Financial year 2021
Debits and payables	-	(86,221.33)
<b>TOTAL</b>	-	<b>(86,221.33)</b>

### 9.2.3.- Other information

#### a) Stakes in equity instruments.

companies not included in notes 1 & 2, in which the companies that make up the consolidated bloc have holdings.

In the consolidated annual accounts for the year ending on 31 December 2022 the financial statements of the following Group company are not integrated as it is not operating, so its accounts are not significant for the total consolidated annual accounts.

Tax ID n°	Name:	Address:	Activity
G95661575	Fundación Virtualware Labs	Bizkaia	Foundation

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 5060

30-03-2023

b) other information:

Discount lines, credit agreements & guarantees at the year-end.

Banks	Limit granted	Drawn down	Available
Total discount lines	200,000.00	0.00	200,000.00
Total credit agreements	1,044,500.00	443,918.36	600,581.64

As of 31 December 2022 there are guarantees to the tune of €192,212.00.

9.3 *Information on the nature and level of risk from financial instruments*

The Company is exposed to certain market risks, which it manages by applying identification, measuring, limitation of concentration and supervision systems.

Detailed information on risks and on the policies for managing same follows:

Qualitative information

Management of financial risks at the Company is centralised in the Financial Management, which has set up the mechanisms needed to control exposure to variations in interest and exchange rates, and to credit and liquidity risks. The main financial risks that could impact the Company are listed below:

Credit risk

The main exposure to credit risk concerns trade debts and other receivables. In general, the Company holds its treasury funds and equivalent liquid assets at financial institutions with high credit ratings. The balances shown on the balance sheet have a high collectability rating and a proven track record of recoverability.

The amounts shown on the balance sheet are net of corrections in value due to insolvency, as estimated by the senior management based on the experience of previous years and on their assessment of the economic environment.

Moreover, there is no significant concentration of credit risk with third parties.

Liquidity risk

The company maintains liquidity policy that consists of contracting credit facilities for an amount sufficient to support envisaged needs for a period of time determined as per the market situation.

Interest rate risk

The treasury funds and financial debts of the Company are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. As of 31 December the financial debts of the Company are linked to a market interest rate. The Euribor is the benchmark interest rate used in all cases.

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023



## 10. Stocks

The balance of stocks shown on the consolidated balance sheet is as follows:

Item	Financial year 2022	Financial year 2021
Trade	113,643.86	15,118.20
Work in progress	22,470.00	192,341.63
Prepayments to suppliers	665.84	2,780.89
<b>Total</b>	<b>136,779.70</b>	<b>210,240.72</b>

There are no limitations on the availability of stocks due to guarantees, pledges, bonds or similar reasons.

There are no other circumstances of the substantive nature that may affect the ownership, availability or valuation of stocks that need to be indicated in the annual report.

It is Company policy to take out insurance policies to cover the risks to which its stocks may be subject.

## 11. Net equity & shareholders' equity

As of 31 December 2022 the share capital of the parent company is €158,970.00, represented by 4542 shares with a face value of €35 each, numbered from 1 to 288, from 489 to 2562 and from 3921 to 6100 inclusive.

On 29 December 2021 a public deed was drawn up by which the share capital of the Company was reduced, on the one hand via the writing-off of treasury stock, with the shares written off being cancelled and the certificates representing them destroyed (affecting 1438 shares, numbered from 289 to 488 and from 2563 to 3800) plus 120 shares, numbered from 3801 to 3920, acquired under a public deed of purchase of treasury shares drawn up in Bilbao on 16 July 2015. The share capital was thus reduced by €54,530.

On 23 December 2022 the shareholders unanimously resolved and agreed at a general meeting to offset losses from previous financial years as per account (121) by means of a payment into that account of €861,363.84 against voluntary reserves as per account (113).

As of 31 December 2021 the Company held treasury stock to the tune of €18,664.56, representing 228 shares at €81.862 each.

On 11 October 2022 Virtualware 2007, S.A. sold and transferred treasury shares valued at €18,664.56 for the sum of €14,139.99. The shares affected were those numbered from 3921 to 4148.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

The company distributed no dividends on account in financial years 2022 or 2021.

As of 31 December 2022 the share capital of the parent company is distributed as follows:

<b>SHAREHOLDERS</b>	<b>Percentage Holding</b>
Extremo Baigorri, Asier	6.34%
Extremo Baigorri, Unai	44.32%
Barrena Mayo, Sergio	44.32%
Moreno, Ricargo	5.02%

### *Legal reserve*

In accordance with the recast wording of the Spanish Corporations Act, the equivalent of 10% of profits for the financial year must be set aside as provision for legal reserves until such reserves reach at least 20% of the share capital. Such amount of the legal reserve as may exceed 10% of the capital after the increase may be used to increase capital. Other than for that purpose, so long as they do not exceed 20% of the stock capital legal reserves may only be used to offset losses, and even then only when no other reserves are available in sufficient amount for that purpose.

## **12. Foreign currency**

The average and year-end exchange rates used in converting balances in the main foreign currencies to Euros are the following:

	<u>Exchange rate in</u> <u>2022</u>	<u>Exchange rate in</u> <u>2021</u>
Virtualware UK LTD.	0.88693	0.84028
Evolv Rehabilitation Technologies, LTD	0.88693	
Virtualware Canada INC	1,444	

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

The overall amount of asset and liability items denominated in foreign currencies is as shown in the following table, which includes a breakdown of the main assets and liabilities per currency:

ASSETS		VIRTUALWARE UNITED KINGDOM
<b>CURRENT ASSETS</b>		<b>1,380.70</b>
<b>III:</b>	<b>Trade &amp; other receivables</b>	<b>75.07</b>
4.	Other debtors	75.07
<b>VII.</b>	<b>Cash &amp; cash equivalents</b>	<b>1,305.63</b>
1.	Treasury	1,305.63
<b>TOTAL ASSETS</b>		<b>1,380.70</b>

LIABILITIES		VIRTUALWARE UNITED KINGDOM
<b>NET EQUITY</b>		<b>(99,715.06)</b>
<b>A-1)</b>	<b>Shareholders' Equity</b>	<b>(99,715.06)</b>
I.	Capital	1.13
III:	Reserves & profit/Loss from previous years	(96,416.17)
2.	Non-distributable reserves	25.82
3.	Profit/Loss from previous years	(96,441.99)
VIII.	Profit/loss for the year attributed to the controlling company	(3,300.02)
<b>NON-CURRENT LIABILITIES</b>		<b>37.77</b>
<b>II.</b>	<b>Long-term liabilities</b>	<b>37.77</b>
2.	Bank debts	37.77
<b>CURRENT LIABILITIES</b>		<b>101,057.99</b>

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

IV.	Short-term debts with group & associated companies	9,020.06
V.	Trade & other payables	90,572.20
3.	Sundry accounts payable	90,572.20
VI	Short-term accruals	1,465.73
<b>TOTAL NET EQUITY &amp; LIABILITIES</b>		<b>1,380.70</b>

Profit & loss account		VIRTUALWARE UNITED KINGDOM
Other operating expenses		(3,300.02)
a)	External services	(3,300.02)
<b>OPERATING PROFIT/LOSS</b>		<b>(3,300.02)</b>
Tax on profits		-
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>(3,300.02)</b>

ASSETS		EVOLV.LTD LONDON
<b>CURRENT ASSETS</b>		<b>339,344.71</b>
III:	<u>Trade &amp; other receivables</u>	339,247.74
1.	Customer receivables from sales & services	339,247.74
VI	Accruals/deferrals	
VII	Cash & cash equivalents	9696
1.	Treasury	9696
<b>TOTAL ASSETS</b>		<b>339,344.71</b>

ANDREA ALVAREZ SÁEZ  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

LIABILITIES		EVOLV.LTD LONDON
<b>NET EQUITY</b>		<b>(3,959.73)</b>
<b>A-1)</b>	<b>Shareholders' Equity</b>	<b>(3,959.73)</b>
<b>I.</b>	Capital	112.75
<b>III:</b>	Reserves & profit/Loss from previous years	(450.99)
<b>3.</b>	Profit/Loss from previous years	(450.99)
<b>VIII.</b>	Profit/loss for the year attributed to the controlling company	(3,621.48)
<b>CURRENT LIABILITIES</b>		<b>343,304.43</b>
<b>IV.</b>	<b>Short-term debts with group &amp; associated companies</b>	<b>2,006.92</b>
<b>V.</b>	<b>Trade &amp; other payables</b>	<b>339,132.74</b>
<b>1.</b>	Suppliers	-
<b>2.</b>	Suppliers, group & associated companies	282,787.82
<b>6.</b>	Other amounts payable to public administrations	56,344.92
<b>VI.</b>	<b>Short-term accruals</b>	<b>2,164.77</b>
<b>TOTAL NET EQUITY &amp; LIABILITIES</b>		<b>339,344.71</b>

Profit & loss account		EVOLV.LTD LONDON
<b>ONGOING OPERATIONS</b>		
	Net turnover	282,706.64
	b) Services provided	282,706.64
	Supplies	(282,706.64)
	c) Work done by other companies	(282,706.64)
	Other trading expenses	(3,621.48)
	d) Other current operating expenses	(3,621.48)
<b>OPERATING PROFIT/LOSS</b>		<b>(3,621.48)</b>
<b>PRE-TAX PROFIT/LOSS</b>		<b>(3,621.48)</b>
	Tax on profits	-
<b>PROFIT/LOSS FOR THE YEAR FROM ONGOING OPERATIONS</b>		<b>(3,621.48)</b>
<b>PROFIT/LOSS FOR YEAR (A.4+19)</b>		<b>(3,621.48)</b>

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

		ASSETS		VIRTUALWARE
				CANADA
<b>A)</b>	<b>NON-CURRENT ASSETS</b>			<b>5,069.11</b>
	<b>II.</b>	<b>Tangible fixed assets</b>		<b>5,069.11</b>
	2.	Plant & other tangible fixed assets		5,069.11
<b>B)</b>	<b>CURRENT ASSETS</b>			<b>(109,791.08)</b>
	<b>IV.</b>	<b>Investments in group &amp; associated companies</b>		<b>(122,473.90)</b>
	<b>VI.</b>	<b>Accruals/deferrals</b>		<b>(1,385.04)</b>
	<b>VII.</b>	<b>Cash &amp; cash equivalents</b>		<b>14,067.86</b>
	1.	Treasury		14,067.86
<b>TG.</b>	<b>TOTAL ASSETS</b>			<b>(104,721.97)</b>

			LIABILITIES		VIRTUALWARE
					CANADA
<b>NET EQUITY</b>					<b>(141,884.26)</b>
<b>A-1)</b>	<b>Own funds</b>				<b>(141,884.26)</b>
I.	Capital				69.25
III:	Reserves & profit/Loss from previous years				(16,001.39)
3.	Profit/Loss from previous years				(16,001.39)
VIII.	Profit/loss for the year attributed to the controlling company				(125,952.13)
<b>CURRENT LIABILITIES</b>					<b>37,162.29</b>
<b>III:</b>	<b>Short-term debts</b>				<b>(29.14)</b>
2.	Bank debts				(29.14)
<b>V.</b>	<b>Trade &amp; other payables</b>				<b>37,191.43</b>
2.	Suppliers, group & associated companies				21,323.51
3.	Sundry accounts payable				7,561.47
6.	Other amounts payable to public administrations				8,306.45
<b>TOTAL NET EQUITY &amp; LIABILITIES</b>					<b>(104,721.97)</b>

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 N° 3060

30-03-2023

Profit & loss account		VIRTUALWARE CANADA
<b>ONGOING OPERATIONS</b>		
<b>Net turnover</b>		<b>67,536.09</b>
b) Provision of services		67,536.09
<b>Supplies</b>		<b>(34,430.09)</b>
b) Consumption of raw materials & other consumables		(34,430.09)
<b>Personnel costs</b>		<b>(133,629.00)</b>
a) Wages, salaries & similar expenses.		(133,629.00)
<b>Other operating expenses</b>		<b>(23,226.91)</b>
a) External services		(23,226.91)
<b>Depreciation on fixed assets</b>		<b>(2,202.22)</b>
<b>OPERATING PROFIT/LOSS</b>		<b>(125,952.13)</b>
<b>PRE-TAX PROFIT/LOSS</b>		<b>(125,952.13)</b>
Tax on profits		-
<b>PROFIT/LOSS FOR THE YEAR FROM ONGOING OPERATIONS</b>		<b>(125,952.13)</b>
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>(125,952.13)</b>

### 13. Tax situation

#### 13.1. Tax on profits

As of 31 December 2022 the parent company has deferred tax liabilities to the tune of €8,638.65.

The details of the reconciliation between the book results of the parent company and taxable income for corporation tax in 2022 are as follows:

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-07-2023

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS

	Increases	Decreases	Total
<b>After-tax book profit/loss</b>			<b>(134,167.80)</b>
Corporation tax	-	-	-
Permanent differences	-	(70,578.69)	(70,578.69)
Temporary differences	-	-	-
Provision for accounting purposes	-	-	-
Offsetting of negative tax bases	-	-	-
<b>Tax base</b>			<b>(204,746.49)</b>

The details of the reconciliation between the book results of the parent company and taxable income for corporation tax in 2021 are as follows:

	Increases	Decreases	Total
<b>After-tax book profit/loss (parent co.)</b>			<b>(282,977.49)</b>
Corporation tax	-	-	-
Permanent differences	82,979.42	(70,608.69)	12,370.73
Temporary differences	-	-	-
Provision for	-	-	-
Offsetting of negative tax bases	-	-	-
<b>Tax base</b>			<b>(270,606.76)</b>

Reconciliation of net income and expenditure in the year with the taxable base for corporation tax is as shown in the following table:

	2022	2021
<b>Pre-tax book profit/loss</b>	<b>(134,167.80)</b>	<b>(282,977.49)</b>
Permanent differences	(70,578.69)	12,370.73
Temporary differences	-	-
Preliminary tax base	-	-
<b>Preliminary tax base</b>	<b>(204,746.49)</b>	<b>(270,606.76)</b>
<b>Full tax liability (20%)</b>		
Use of tax credits	348,010.10	-
<b>After-tax book profit/loss</b>	<b>213,842.30</b>	<b>(270,606.76)</b>

As of 31 December 2022 the parent company has negative tax liabilities pending offsetting to the tune of €1,053,006.12, with those arising from the year reported on here being €204,746.49.

As of 31 December 2022 there are deductions pending offsetting to the tune of €1,730,043.33, arising as follows:

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023



Year	Deductions with limits
Fin. Yr 2009 w/lim.	93,515
Fin. Yr 2010 w/lim. 35%	2,695
Fin. Yr 2010 w/lim. 70%	171,929
Fin. Yr 2011 w/lim. 35%	17,714
Fin. Yr 2011 w/lim. 70%	196,128
Fin. Yr 2012 w/lim. 35%	26,409
Fin. Yr 2012 w/lim. 70%	314,528
Fin. Yr 2013 w/lim. 35%	11,296
Fin. Yr 2013 w/lim. 70%	299,863
Fin. Yr 2014 w/lim. 35%	9,800
Fin. Yr 2014 w/lim. 70%	102,811
Fin. Yr 2015 w/lim. 35%	19,600
Fin. Yr 2015 w/lim. 70%	71,496
Fin. Yr 2016 w/lim. 35%	4,419
Fin. Yr 2016 w/lim. 70%	105,880
Fin. Yr 2017 w/lim. 35%	19,600
Fin. Yr 2017 w/lim. 70%	45,033
Fin. Yr 2018 w/lim. 35%	5,916
Fin. Yr 2018 w/lim. 70%	24,032
Fin. Yr 2019 w/lim. 35%	8,462
Fin. Yr 2019 w/lim. 70%	41,509
Fin. Yr 2020 w/lim. 70%	96,230
Fin. Yr 2021 w/lim. 70%	960
Fin. Yr 2022 w/lim. 70%	40,219
<b>TOTAL</b>	<b>1,730,043</b>

Evolv Rehabilitation Technologies, S.L has negative tax liabilities pending offsetting, arising as follows:

Year	Amount
2018	43,682.65 Euros
2019	248,279.43 Euros
2020	217,551.52 Euros
2021	136,772.47 Euros
<b>Total</b>	<b>646,286.07 Euros</b>

The said company also has deductions with limits pending application, arising as follows:

Year	Amount
2018 w/lim. 70%	19,751.61 Euros
2019 w/lim. 70%	31,077.10 Euros
<b>Total</b>	<b>50,828.71 Euros</b>

**ANDREA ALVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

The legislation applicable for the settlement of corporation tax for financial years 2022 and 2021 is Provincial Regulation 11/2013 of 5 December of the Province of Bizkaia.

The said legislation sets a time limit of 30 years for the application of deductions and the offsetting of negative tax liabilities arising as per Provincial Regulation 2/2018 of 21 March amending Provincial Regulation 11/2013 of 5 December on corporation tax in the Province of Bizkaia.

All non-statute-barred years remain open to inspection.

Further liabilities could result from an inspection as a result of, for instance, differences in interpretation of current tax legislation. In any event, the administrators consider that any such liabilities would not significantly affect the annual accounts for financial years 2022 and 2021.

The administrators of the Company have calculated the amounts for this tax for financial year 2022 and for the other years open to inspection as per the regulations in force at the end of each year.

### 13.2 Public Administrations.

Details of the the balances outstanding with public administrations are shown in the following table.

	Financial year 2022		Financial year 2021	
	Debit	Credit	Debit	Credit
Entitlements for deductions pending application	2,120,730.47	-	1,592,634.45	-
Deferred taxes		(8,638.65)	(16,645.31)	(130.37)
<b>Long-term sum total</b>	<b>2,120,730.47</b>	<b>(8,638.65)</b>	<b>1,575,989.14</b>	<b>(130.37)</b>
Receivables from public authorities for subsidies	397,769.36	-	439,944.14	-
Public treasury payable/receivable for VAT	57,462.21	(116,706.09)	39,241.87	(239,389.64)
Corporation tax payable	-	(2,162.65)	-	-
Social Security	-	(57,956.76)	-	(41,577.05)
Withholdings	-	(240,387.01)	-	(95,458.77)
Others	3,593.72	(42,300.73)	27.46	-
<b>Sum total</b>	<b>458,825.29</b>	<b>(459,513.24)</b>	<b>479,213.47</b>	<b>(376,425.46)</b>
Current taxation		-	-	-
<b>Short term sum total</b>			<b>479,213.47</b>	<b>(376,425.46)</b>

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3080

30-03-2023

## 14. Income and expenditure

### 14.1. Net turnover

The net turnover in financial years 2022 breaks down by geographical markets and operations as follows:

<b>Geographical markets</b>		
	<b>Fin. Yr. 2022</b>	<b>Fin. Yr. 2021</b>
Domestic	1,474,845.80	1,687,341.41
Europe	103,657.86	70,670.00
Other foreign markets	1,640,871.16	1,062,880.77
<b>Total</b>	<b>3,219,374.82</b>	<b>2,820,892.18</b>

### 14.2 Supplies

The balance of the "Raw materials and trade stocks used" account for financial year 2022 is as follows:

	<b>Financial year 2022</b>	<b>Financial year 2021</b>
Consumption of goods	(146,570.61)	(20,651.11)
Raw materials & other consumables used	(185,569.44)	(681,400.40)
Work carried out by other companies	(436,402.24)	(404,701.31)
<b>Total</b>	<b>(768,542.29)</b>	<b>(1,106,752.82)</b>

The purchases made by the Company in financial year 2022 are as follows, broken down by origins:

<b>Geographical markets</b>	<b>Financial year</b>	<b>Financial year</b>
Domestic	547,706.34	985,010.01
Europe	102,450.54	88,540.23
Other foreign markets	118,345.61	33,202.58
<b>Total</b>	<b>768,542.29</b>	<b>1,106,752.82</b>

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

### 14.3 Personnel costs

The details for the year ending on 31 December 2022 are as follows:

	Financial year	Financial year
Wages, salaries & similar	2,000,289.35	1,596,758.43
Compensation payments	-	-
Social welfare payments	445,626.17	353,337.67
Other social welfare payments	-	12,833.65
<b>Sum total</b>	<b>2,445,915.52</b>	<b>1,962,929.75</b>

The breakdown by categories of the workforce at 31 December 2022 is as follows:

CATEGORY	Financial year 2022	Financial year 2021
Manager	3	3
Qualification holders	36	29
Unskilled	10	10
<b>TOTAL</b>	<b>49</b>	<b>42</b>

The workforce breaks down by gender as follows, to a sufficient number of categories and levels.

JOB CATEGORY	Financial year 2022			Financial year		
	Men	Women	Total	Men	Women	Total
Engineers & graduates	7	3	10	8	1	6
Engineering technicians, appraisers and qualified	8	2	10	7	3	3
Clerical and workshop	4	2	6	4	2	1
Senior clerical staff	16	5	21	10	4	1
Junior clerical staff	2	-	2	2	-	2
Tier 1 and 2 staff		-	-	-	1	1
<b>Total</b>	<b>37</b>	<b>12</b>	<b>49</b>	<b>31</b>	<b>11</b>	<b>14</b>

### 14.4 Subsidies

Operating subsidies received in financial year 2022 totalled €478,388.50.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

The movements of capital subsidies in 2022 were as follows:

<b>Balance on 31 December 2020</b>	<b>525.76</b>
Concession	83,243.29
Transfer to profit/loss	-
Others	(16,514.94)
<b>Balance on 31 December 2021</b>	<b>67,254.11</b>
Concession	19,500.00
Transfer to profit/loss	8,006.66
<b>Balance on 31 December 2022</b>	<b>35,227.48</b>

## 15. Related party transactions

Information on operations with parties related to the Group is shown in the following tables:

### 15.1 Balances & transactions between Group companies

#### Balances for 2022

Description	Virtualware 2007, S.A.	Virtualware UK LTD.	Hermeneus World, S.I.	Virtual Canada LTD	Evolv Rehabilitation Technologies	Total
Customers	-	-	-	21,328.51	10,708.50	<b>32,037.01</b>
Suppliers	(32,037.01)	-	-	-	-	<b>(32,037.01)</b>
Current Account	182,296.81	(9,131.28)	-	(124,165.53)	(49,000.00)	-
Loans to companies	57,324.01	-	(57,324.01)	-	-	-
<b>Total</b>	<b>207,583.81</b>	<b>(9,131.28)</b>	<b>(57,324.01)</b>	<b>(102,837.02)</b>	<b>(38,291.50)</b>	-

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

30-03-2023

### Balances for 2021

Description	Virtualware 2007, S.A.	Evolv Rehabilitation Technologies, S.L.	Fundación Virtualware Labs	Virtualware UK	Virtualware Canada Inc	Total
Customers	6,924.10	-	113,927.55	-	-	120,851.65
Suppliers	(113,927.55)	(6,924.10)	-	-	-	(120,851.65)
Current Account	157,422.00	-	(130,250.00)	(5,562.00)	(21,610.00)	-
<b>Total</b>	<b>50,418.55</b>	<b>(6,924.10)</b>	<b>(16,322.45)</b>	<b>(5,562.00)</b>	<b>(21,610.00)</b>	<b>-</b>

### Transactions in 2022

Description	Virtualware 2007, S.A.	Virtualware UK LTD.	Hermeneus World, S.L.	Virtual Canada	Evolv Rehabilitation Technologies	Total
Sales	2,500.00	-	43,152.69	21,328.51	35,400.00	102,381.20
Purchases	(99,881.20)	-	(2,500.00)	-	-	(102,381.2)
<b>Total</b>	<b>(97,381.20)</b>	<b>-</b>	<b>40,652.69</b>	<b>21,328.51</b>	<b>35,400.00</b>	<b>-</b>

### Transactions in 2021

Description	Virtualware 2007, S.A.	Evolv Rehabilitation Technologies, S.L.	Fundación Virtualware Labs	Total
Sales	6,364.71	-	95,792.31	102,157.02
Purchases	(95,792.31)	(6,364.71)	-	(102,157.02)
Inc. other services	40,699.11	-	-	-
Exp. Other services	-	(40,699.11)	-	(40,699.11)
<b>Total</b>	<b>(48,728.49)</b>	<b>(47,063.82)</b>	<b>95,792.31</b>	<b>(40,699.11)</b>

#### *15.2 Other related party transactions*

The amounts received by members of the administrative body and senior management of the Group and of the parent company in financial years 2022 and 2021 are €306,523.40 and €272,446.30 respectively.

There are no staff classed as senior management who are not members of the Board of Directors.

Pursuant to the provisions of Article 229ter of the reformulated wording of the Capital Companies Act, it is placed on record that other than the posts, functions and activities carried out by the Board of Directors at the member companies of the Group, the directors have no posts or holdings in companies with similar purposes.

**ANDREA ÁLVAREZ SÁEZ**  
 Traductora-Intérprete Jurada de INGLÉS  
 Nº 3060

36-63-2023

## 16. Subsequent events

Virtualware has begun the process for listing on the Euronext Access public market in Paris, where it expects to start trading in Q2 of 2023.

Various actions were taken in 2022 to address this challenge, particularly in organisational terms, and the company is at the final stages prior to becoming a listed company in the first half of 2023.

This is a landmark event for the company, and the change is expected to place it in a better position to meet the challenges that it will face in the coming years.

The company is unaware of any information on subsequent events concerning circumstances already existing at the year end which, under the registration and valuation rules, might require an adjustment in the figures contained in the documents that make up the annual accounts, which do not require adjustments in the attached annual accounts but necessitate changes in the information provided in the annual report, or which are deemed significant enough to affect the ability of users to assess the annual accounts, other than those mentioned here.

## 17. Other information

### 17.1 Environmental Information

Given the operations carried out by the Company, there are no significant responsibilities, expenses, assets, provisions or contingencies of an environmental nature in terms of equity, financial situation and results. There is therefore no specific breakdown of information in regard to environmental issues in this report.

### 17.2 Information on deferred payments to suppliers Additional Provision Three "Duty of Information", of Act 15/2010 of 5 July.

The following is indicated in regard to deferred payments to suppliers as per Additional Provision Three of Act 15/2010 of 5 July and the Resolution of the Institute of Accounting and Account Auditing of 29 January 2016 concerning the information to be incorporated into the annual reports and annual accounts of small and medium enterprises in regard to the average supplier payment period in trading operations:

	2022	2021
	Days	Days
Average supplier payment period	90 days	128 days
Transactions paid ratio	-	177 days
Transactions pending payment ratio	60 days	60 days
	Amount (Euros)	Amount (Euros)
Total payments made	2,205,400.37	€1,342,898.26
Total payments pending	417,016.61	€945,569.57

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

## **CONSOLIDATED AUDIT MANAGEMENT REPORT 2022**

2022 was a landmark year for the companies that make up Virtualware. The consolidation of Virtualware's new business model centred on the VIROO platform, which enables customers to work simply with virtual reality technology in a business model focused on the sale of licences, SaaS (Software as a Service) resulted in invoicing from licences increasing from €77,501 in 2021 to €572,000 in 2022, i.e. growth of over 700% in this line in a single year. This evidences how widely accepted and deeply rooted this platform has become for our customers.

The recurrent nature of SaaS, with annual renewals and multi-year license contracts signed with various customers in 2022 gives us great security concerning the near future and enables us to plan and manage a firmer, more consolidated growth and development strategy.

The workforce grew steadily in 2022 with the incorporation of new job profiles on the technical and management sides as necessary to pilot sustained growth and continue developing our platform with the highest standards of quality and security, to which Virtualware is firmly committed.

That commitment enabled the company to obtain ISO 27001 certification for its Information Security Management System in 2022. The certificate covers both day-to-day operations at Virtualware and the VIROO platform. This gives an idea of how committed Virtualware is to information security management as an increasingly important matter.

Turnover in 2022 matched that of 2019, the year before the pandemic. This evidences the level of development of the business lines set up in 2021.

In geographic terms, 2022 saw Virtualware consolidate its business in North America, particularly the USA and Canada: 25% of our turnover now comes from these countries. The office in Canada has consolidated its position and entered into major partnerships, e.g. with McMaster University, where the company is to work with others to set up a VIROO room in Q1 of 2023. This will give us a permanent demo and testing facility in Canada.

2022 was also a great year for our investee companies. Evolv Rehabilitation Technologies S.L. achieved its best turnover since its incorporation in 2017, invoicing over €600,000 and ending the year with highly positive results. Its business is internationally highly diversified and the company is beginning to consolidate a position as a leading provider of rehabilitation services at home. At the end of 2022 a project was secured via the UK subsidiary under phase II of the UK's SBRHI programme, with a budget for the coming year of over £700,000 for the development of a pilot project to introduce Evolv technology into the NHS (National Health Service).

**ANDREA ÁLVAREZ SÁEZ**

Traductora-Intérprete Jurada de INGLÉS

Nº 3060

30-03-2023



Hermeneus World S.L. continued to build on its good results in 2020 and 2021, recording major growth in its third consecutive year of profits and increasing turnover.

The Virtualware Group ended 2022 with turnover up by almost 15% on 2021 at over €3,200,000, an EBITDA of over 8% and, most importantly, the creation of cash flows that enabled us to reduce indebtedness by 35% on the 2021 figure.

We therefore regard 2023 with great optimism. It is set to be an important year, when we will take a great leap forward in qualitative and quantitative terms, as we intend to start trading in the Euronext Access segment of the Paris stock exchange. Virtualware will be listed as from early in 2023. This will be a new paradigm for the company, which we hope will help us to consolidate our growth, raise our profile, increase visibility and enhance transparency and trustworthiness.

Everyone at Virtualware is greatly looking forward to 2023, which will bring the biggest change since the company was incorporated in 2004. We are opening up the company to the public market, where we are sure we will find a warm welcome. We shall continue to work with the utmost honesty and humility, as we have done to date, and hope not to disappoint anyone.

*[Illegible Signature]*

Unai Extremo Baigorri  
CEO Virtualware.

**ANDREA ALVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS  
Nº 3060

30-03-2023

**VIRTUALWARE 2007, S.A. & dependent companies**  
**DRAWING UP BY THE ADMINISTRATIVE BODY**

As per current legislation, the administrators of VIRTUALWARE 2007, S.A. draw up the consolidated annual accounts of VIRTUALWARE 2007 and its dependent companies, comprising: consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in net equity, cash flow statement, consolidated annual report and consolidated management report, comprising Notes 1 - 17 (pages 1 - 66) for financial year 2022.

By signing this sheet, attached to the said documents, they declare each and every one of those documents to have been signed by their hands.

Basauri, 15 March 2023

The Chair

Unai Extremo Baigorri

The Secretary

Asier Extremo Baigorri

Ordinary Director

Sergio Barrera Mayo

*[Stamp: Mazarredo Auditores S.L. – Registro A.C. N°51643]*

Doña Andrea Álvarez Sáez, Traductora-Intérprete Jurada de inglés nombrada por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en lengua española. En Bilbao, a 30 de marzo de dos mil veintitres.

N° TIJ: 3060

Ms. Andrea Álvarez Sáez, Sworn/Certified Translator and Interpreter of English appointed by the Spanish Ministry of Foreign Affairs, European Union and Cooperation, hereby certifies that the preceding translation is a true and complete translation into English of a document drafted in Spanish. Signed in Bilbao on 30 March 2023.

**ANDREA ÁLVAREZ SÁEZ**  
Traductora-Intérprete Jurada de INGLÉS

N° 3060

30-03-2023