



VIRTUALWARE 2007, S.A

Calle Usausuaga n° 7, 48970, Basauri, Vizcaya, Spain

www.virtualwareco.com

INFORMATION DOCUMENT

ADMISSION TO TRADING OF SHARES ON EURONEXT
GROWTH PARIS

June 2025

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Le présent Document d'Information ne constitue pas un prospectus au sens du règlement européen (UE) 2017/1129 du Parlement européen et du Conseil du 14 juin 2017 concernant le prospectus à publier en cas d'offre au public de valeurs mobilières ou en vue de l'admission de valeurs mobilières à la négociation sur un marché réglementé.

The present Information Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71.

Le présent Document d'Information a été établi sous la responsabilité de l'Émetteur. Il a été examiné par le Listing Sponsor et a fait l'objet d'une revue appropriée par Euronext afin d'évaluer son exhaustivité, sa cohérence et sa compréhensibilité.

The present Information Document has been drawn up under the responsibility of the Issuer. It has been reviewed by the Listing Sponsor and has been subject to an appropriate review of its completeness, consistency and comprehensibility by Euronext

Where information has been sourced from a third party, the Issuer confirms that the information has been accurately reproduced. To the best of the Issuer's knowledge and based on publicly available information or information published by the third party, no facts have been omitted that would render the reproduced information

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Ce document peut également être consulté sur le site internet VIRTUALWARE 2007, S.A. (<https://www.virtualwareco.com/>)

Copy of this Information Document is available free of charge at VIRTUALWARE 2007, S.A. website (<https://www.virtualwareco.com/>)

L'opération proposée ne nécessite pas de visa de l'Autorité des Marchés Financiers (AMF). Ce document n'a donc pas été visé par l'AMF. / The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF). This document was therefore not endorsed by the AMF.

The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF). This document has therefore not been approved by the AMF. / The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF). This document was therefore not endorsed by the AMF.

GLOSSARY

(A)

Augmented Reality: An experience that utilizes a camera to change or enhance something in the user's real world. This augmented reality experience can be app-based or web-based.

AR Head Mounted Display: A device with clear glasses or goggles that attaches to a user's head and shows virtual images projected on, or in, the real world.

Allow Rate: The percentage of users that allow camera access when they encounter an AR ad through an app or on the mobile web.

AR Engagement: When a user interacts with the AR experience in some manner.

AR Analytics: There are a wide range of AR Analytics types, and lots of ways to track Augmented Reality performance. From platforms like Google Analytics, to cutting-edge technologies like Spatial Tech.

Automatic Initialization: Automatic initialization is the instant processing of the real-world environment in order to automatically place virtual elements onto that image seamlessly. This includes reading objects and the orientation of those things, people and places, to accurately scale the Augmented Reality experience into it.

Ambisonics: Ambisonics is the name given to a method of recording and reproducing sounds in 360°. This is done using a special array of at least 4 microphones to capture sounds from every direction. These sounds are then stored and decoded for use with surround sound and 360° videos.

(C)

CAVE: A cave automatic virtual environment or CAVE uses projections on the walls and ceiling of a room to create the illusion of a real environment. A viewer can move around anywhere inside the cave, giving them the illusion of immersion.

(D)

Degrees of Freedom: Degrees of freedom or DOF refers to the different degrees of movement available to an object inside a space. There are six types of movement that can be further divided into translation (straight line movement in a specific direction) and rotation (a movement about the x-, y-, or z-axis) move sets.

Dollhouse view: A dollhouse view refers to a zoomed out, usually top-down view of a given 3D space or structure from the outside. It enables designers to observe the entire area without moving around and view computer-modeled designs in their entirety before physical prototyping begins.

(E)

Extended Reality: Can be utilized as an umbrella term that encompasses any type of immersive content.

Eye-tracking: A technique that tracks where a user's eyes are looking. Eye tracking allows developers to optimize the performance of AR/VR experiences by focusing system resources on where the user is looking.

Embedded AR: Embedded AR means affixing an Augmented Reality experience into an existing website.

Equirectangular Projection: In an equirectangular projection, a spherical image is mapped to a flat plane.

(F)

FOV: The field of view is the total number of degrees visible at any given moment from a given point of view. Most people's field of view is approximately 200°; about ~120° of binocular vision and another ~40° of monocular vision on either side of this area which is covered only by one eye's field of view.

Frame Rate: Frame rates are the frequency at which an image/frame on a monitor is replaced by another. Each frame represents a still image to replace the previous image with, giving off the illusion of change/movement on a monitor.

(G)

Geo AR: Geo AR, or location-based Augmented Reality, places virtual elements into the user's real-world environment into fixed, real-time locations.

Gamification: Gamification is the use of game-focused elements that help to increase the engagement within an Augmented Reality experience. Elements such as scoring points, competing against other players or skill based mini-games.

Gaze-based interaction: Gaze-based interactions refer to interactions between the user and the VR content, where the content is directly impacted by the user's gaze, i.e., the direction the user is looking in when wearing a VR headset.

(H)

Hand-tracking: A technology that tracks the location of a user's hand in an AR/VR experience in order to bring more control to the experience and create more realistic avatars.

Head-tracking: When the computer creates and displays content in real time. This technique allows the AR/VR experience to change in real time.

Heat Map: A visual color-coded analysis of an AR or VR experience that indicates what parts of the scene people are paying most attention to. The heat map can be generated based on where the user is gazing or by where the user is within the scene.

Haptics: Haptics refers to the use of technology that stimulates the feeling of touch and motion, which is extremely useful within Augmented Reality experiences to increase the feeling of immersion.

HUD: Is a transparent graphic which displays data in the line of sight, eliminating the need to look away from the usual viewpoint.

HMD: A head mounted display or HMD refers to a VR headset, basically a set of lenses combined with either an inbuilt display or attached smartphone in the form of a helmet or goggles that can be strapped around your head.

(I)

Immersion: Immersion is the viewer's sense of being part of a virtual environment. It is achieved when sound, design, atmosphere, visualization, etc. are able to create a sense of actually being in the virtual world.

Inside-out tracking: Inside-out and outside-in tracking refer to the two different approaches to monitoring the user's movements outside of VR to mirror them inside of the VR environment.

(L)

Location-based VR: A VR experience that takes place outside the home. In location-based VR, a user is wearing a head mounted display and the location itself is designed in a way to heighten the experience further.

Locomotion: Locomotion refers to the means by which the user is able to move around within a VR environment.

(M)

Marker Based: A type of AR experience that uses a specific marker in the real world, such as a QR code or an AI learned concept (recognized object) to trigger the display of AR content. It does require a pre-determined image, pattern, or physical object that is recognized by the camera and image recognition software to launch the AR experience.

Markerless: Markerless AR technology is used to recognize patterns or features in an environment that were not previously provided to the application, enabling, for instance, a consumer to scan a real world environment like a tabletop or a room in

their apartment using their smartphone camera and virtually place a product there to see how it would look.

Monoscopic VR: A form of VR that is captured with one lens. Monoscopic VR is used to create flat 360 degree images and is typically less immersive than stereoscopic VR.

Mixed Reality: Refers to an experience that is a hybrid of AR and VR. The viewer is still able to see the real world but virtual objects are incorporated seamlessly into that environment.

(O)

Outside-in tracking: Outside-in tracking focuses on placing cameras, sensors, and other tracking devices around the user to cover whatever area is used to simulate the virtual box the user will interact with. These devices trace the locations of any moving objects in the scene and translate them into virtual movements.

(P)

Parallax: Parallax describes the perceived movement of objects when the viewer moves.

POV: The point of view or POV is the reference point from which observations, calculations, and measurements take place; the location or position of the viewer/object in question.

(R)

Room Scale VR: A highly immersive VR experience where the user can explore the experience as though they were physically present. The user is able to move in all directions with 6 degrees of freedom motion tracking.

Reticle: The reticle refers to a visual marker representing the user's gaze in a 3D environment.

Room-scale / Room Tracking: Room-scale VR is a subcategory of VR that extends the VR environment to a room-sized setting. The user's physical movements are tracked and reproduced inside of the virtual environment, allowing them to interact with objects in a much wider sphere of influence than stationary seated/standing VR would.

(S)

Stereoscopic VR: A form of VR where different images are delivered to each eye to create an experience that has more depth. This type of VR is captured with two lenses to replicate the placement of your eyes.

Side-by-side (SBS): Side-by-side or SBS refers to a rendering method in which two separate camera recordings (often slightly different versions of the same recording) from a stereoscopic video are rendered in a single video file, with one recording mapped to the left eye and the other mapped to the right eye.

Stitching: Video stitching is a technique used to produce large or high-resolution images. It takes multiple different overlapping images from separate points of view and 'stitches' them together to form one composite image.

(T)

Tethered headset: There are currently two different types of headsets for VR: tethered and mobile. Tethered headsets are physically connected to a powerful computer using wires, allowing them to make use of the processing power available to track positions, movements, etc.

(U)

User Context: The physical environment in which computer-generated images are being inserted. Context is critically important to an AR experience.

(V)

Virtual Reality (VR): An experience that is made to be significantly more immersive than standard video assets. VR allows a user to be completely immersed into an environment of the marketer's choice.

VR Head Mounted Display: A device that attaches to your head and presents VR content directly to your eyes.

Volumetric Capture: The ability to capture real people or objects in 3D to be used in VR environments. The opposite technique would be to start with a 3D object and try to make it look realistic.

(W)

Web AR: Enables a consumer to load AR experiences directly from the web on their browser. WebAR minimizes friction that a consumer may experience when trying to view AR content.

Web AR Holograms: Web Augmented Reality Holograms is a 2D or 3D animation or video, be it a person or thing, that plays or appears in the user's real-world environment. Web AR means that it can be activated using the customer's internet browser on their phone. Therefore, they don't need to download an app in order to experience the AR hologram content.

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Company representative for Information Document

VIRTUALWARE 2007, S.A. incorporated under the laws of Spain, is a Spanish company domiciled in Calle Usausuaga nº 7, 48970, Basauri, Vizcaya, Spain. The Company is registered with the Commercial Registry of Vizcaya at volume 4.377, sheet 1, page number BI-38.500, inscription 1º, with tax identification number A-95291613, is duly represented by Unai Extremo Baigorri, Chief Executive Officer who is also the person responsible for the present Information Document.

Person responsible for the Information Document

Unai Extremo, as Chairman of the Board of Directors, acting for and on behalf of VIRTUALWARE 2007, S.A. (hereinafter, the “Company” or the “Issuer” or “Virtualware”) hereby declares, after taking all reasonable measures for this purpose and to the best of his knowledge, that the information contained in this Information Document is in accordance with the facts and that the Information Document makes no material omission.

Liability Statement

Pursuant to as provided for by the Euronext Growth Rule Book, Virtualware’s Board of Directors declare the following: “We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.”

Unai Extremo Baigorri Digital Signature:

Firmado por ***6175** UNAI EXTREMO (R: ****9161*) el día 23/03/2023 con un certificado emitido por AC Representación

Listing Sponsor

VIRTUALWARE 2007, S.A. designated LKS Financial Solutions & Corporate, S.L. (hereinafter, “LKS”) as a Listing Sponsor in order to lead the incorporation to Euronext Growth of the Issuer. It was authorised by the Euronext Listing Board on the 21st of January 2025. LKS Financial Solutions & Corporate, S.L. is domiciled in Don Diego López de Haro 33, 3ª planta 48009 Bilbao, Spain, registered in the Mercantile Registry, with Identification Code: B95650107. It is represented in this operation by Mr. Mariano Colmenar, Managing Director of the firm. LKS is

represented by a multidisciplinary team of professionals with high experience in security issuance and overall capital markets activities both in public as well as in private markets. No other consultants concur in the incorporation process or in the preparation of this information document.

SECTION 1: COMMON STRUCTURE OF THE INFORMATION DOCUMENT

PART A: GENERAL INFORMATION

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PART B: INFORMATION ABOUT THE ISSUER

1. PERSON RESPONSIBLE

1.1 IDENTITY OF THE PERSON RESPONSIBLE

Unai Extremo Baigorri

Chief Executive Officer

VIRTUALWARE 2007, S.A.

1.2 DECLARATION OF THE PERSON RESPONSIBLE

Unai Extremo, as Chairman of the Board of Directors, acting for and on behalf of VIRTUALWARE 2007, S.A. (hereinafter, the “Company” or the “Issuer” or “Virtualware”) hereby declares, after taking all reasonable measures for this purpose and to the best of his knowledge, that the information contained in this Information Document is in accordance with the facts and that the Information Document makes no material omission.

Pursuant to as provided for by the Euronext Growth Rule Book, Virtualware’s Board of Directors declare the following: “We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.”

Unai Extremo Baigorri Digital Signature:

Firmado por ***6175** UNAI EXTREMO (R:
****9161*) el día 23/03/2023 con un
certificado emitido por AC Representación

1.3 EXPERT REPORTS

Not applicable

1.4 INFORMATION SOURCED FROM A THIRD PARTY

Where information has been sourced from a third party, the Issuer confirms that the information has been accurately reproduced. To the best of the Issuer's knowledge and based on publicly available information or information published by the third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. While the sources have been identified to the extent possible, all information is taken from public sources.

2. STATUTORY AUDITORS

Auditor: Auren Auditores SP SLP

Auditor's address: Av. del General Perón, 38, Tetuán, 28020 Madrid

During FY2023, the statutory auditor of Virtualware was Mazarredo Auditores S.L. For the audit of FY2024, the company appointed Auren Auditores SP, S.L.P. as its new statutory auditor. This change did not result from any disagreement or issue with the former auditor, but rather reflects the company's decision to engage a larger audit firm with broader national and international presence, aligned with Virtualware's growth strategy and increasing reporting requirements.

3. RISK FACTORS

Investing in the Company involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out in this section before making an investment decision in respect of the Shares. The risks and uncertainties described below are not the only ones facing the Group. Additional risks not presently known to the Company or that the Company currently deems immaterial, may also impair the Group's business, and adversely affect the price of the Shares. If any of the following risks materialise, individually or together with other circumstances, the Group's business, prospects, financial position and/or operating results could be materially and adversely affected, which in turn could lead to a decline in the value of the Shares and the loss of all or part of an investment in the Shares.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Information Document, and should consult his or her own expert advisors as to the suitability of an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of an investment in the Shares.

The information herein is presented as of the date hereof and is subject to change, completion or amendment without notice.

All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements except as required by applicable law or regulation. Investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, but are not limited to, those described in this Information Document.

Risk	Probability of Occurrence	Significance
3.1 General Risks		
3.1.1 Rising competitors	Medium	Medium
3.1.2 Brand and reputation image	Low	Medium
3.1.3 Economic cycle	High	Low
3.1.4 Shareholding concentration	Medium	Low
3.1.5 Geographical	Low	Low
3.1.6 Suppliers	Low	Low
3.2 Operational Risks		
3.2.1 Data protection	Medium	High
3.2.2 Cybersecurity	Medium	High
3.2.3 Client satisfaction	Medium	High
3.2.4 Dependence on client contracts	Medium	Medium
3.2.5 Inability to retain key persons	Medium	Medium
3.2.6 Business Strategy	Low	Medium
3.2.7 Corporate Governance	Low	Low

3.3 Financial Risks		
3.3.1 Liquidity	High	Medium
3.3.2 Interest rate	Low	Medium
3.3.3 Credit	Low	Medium
3.3.4 Foreign Currency Exchange	Low	Low
3.4 Legal and Regulatory Risks		
3.3.4 Certifications and licenses	Medium	Medium
3.3.1 Regulatory changes	Low	Medium
3.3.6 Litigations regarding Intellectual Property	Medium	Low
3.3.2 Different Jurisdictions	Low	Low
3.3.3 Insurance against customer harm	Low	Low
3.3.5 Procedures and litigations	Low	Low
3.5 Risk of the listing of shares		
3.5.1 Risk of ownership dilution	Low	Medium
3.5.2 Liquidity of the listed shares	Medium	Low
3.5.3 Increase costs following listing	Low	Low
3.5.4 Risk of dividend payment	Low	Low
3.5.5 Risk related to the volatility of shares/market	Low	Low
3.5.6 Tax risk	Low	Low
3.5.7 Obligations as a listed company	Low	Low

3.1 GENERAL RISKS

3.1.1 RISING COMPETITORS

The virtual reality and augmented reality sector is made up of young companies in a large market, where there is still room for more competitors. Currently, new technologies are emerging to converge with augmented reality, leaving room for the creation of new manufacturers and suppliers. The digitization trends of companies, are driving an incipient growth of this market, creating short-term opportunities for suppliers of virtual and augmented reality solutions. Increased competition could translate into lower margins for the company, directly affecting the bottom line.

The company is one of the pioneers in the application of these technologies and has a unique product that today represents a series of competitive advantages in the market. Faced with the risk of the emergence of competitors, the company is working intensively on its growth, expanding the installed base of customers and positioning itself as a national and international reference.

3.1.2 BRAND AND REPUTATION DAMAGE

Virtualware's competitive positioning is based on a series of competitive strengths, which, if not maintained in the medium and long term, could have a negative impact on the business results, financial situation and profitability of the company. If the company's market reputation were to be damaged, it could have a negative impact as its customer base could be reduced.

Virtualware is working hard to position its brand and generate awareness in its target markets. Over the next few years, a significant increase in investment dedicated to raising the company's profile and reputation is expected.

3.1.3 ECONOMIC CYCLE

Global macroeconomic conditions affect the Group's customers' businesses, which may have a consequential effect on their spending and demand for the Group's products and/or services. Economic volatility and uncertainty are particularly challenging because many of the projects the Group undertakes for customers require major investment by them, which customers are less willing to make in uncertain economic conditions. Volatile, negative or uncertain economic conditions in the Group's customers' markets, may undermine, business confidence and cause the Group's customers to reduce or defer their spending on

new initiatives and technologies, or may result in customers reducing, delaying or eliminating spending relating to the Groups' products and services, or putting pressure on the Group's pricing. In addition, international, national or local political volatility may negatively impact the Group and its customers. Any of the above-mentioned factors could negatively affect the Group's business, results of operations, financial condition, cash flow and/or prospects.

Virtualware has managed in recent years to move its revenue model from the development of large-scale projects to the provision of fully scalable services. The flexibility that the company now has to offer scalable plans to the market helps mitigate the risk of economic cycles that paralyze or pause large investments in companies.

3.1.4 SHAREHOLDING CONCENTRATION

Although there is no acting in concert among the founders, they are in a position to effectively control, directly or indirectly, matters requiring shareholders' approval, including, among other significant corporate actions, the appointment and dismissal of the members of our Board of Directors, the payment of dividends, changes in the issued share capital, the adoption of amendments to our bylaws, the execution of mergers or other business combinations and the acquisition or disposal of substantial assets. The company cannot assure that the interests of the founders are or will be aligned with the interests of other shareholders of the company.

While the founders hold a significant shareholding, the Company is committed to maintaining a governance structure that ensures accountability and transparency. The Company adheres to corporate governance best practices and takes steps to ensure that decisions are made in the best interests of all shareholders, with a focus on long-term value creation and equitable treatment of all investors.

3.1.5 GEOGRAPHICAL

The group's business performance is influenced by the economic conditions of the countries in which it operates. Normally, robust economic growth in those areas where the Group is located results in greater demand for its services, while slow economic growth or economic contraction adversely affects demand for its services.

The group operates in three areas worldwide: Europe, North America and Latin America. This could entail some economic risks, arising from the fluctuation of local currencies against the euro, legal specifics or different economic cycle moments.

In addition, the Latin American area presents its own risks, such as political instability, which can lead to legal uncertainty in business. In addition, in this geographical area there are economic risks such as the increase in the fiscal deficit of governments, which could lead to a deterioration in the credit quality of the country and high annual inflation rates.

The diversification of the business in the 3 territories allows Virtualware to mitigate the risk of instability in any of these territories. The strategy of increasing the indirect channel in these territories will also allow to eliminate some risks related to instability which, although indirectly, will not affect the company directly. Additionally, having a presence in different countries and territories allows Virtualware to not depend on a single country or territory and therefore their business will not be affected to a great extent by the instability of one territory.

However, as noted above, there are a variety of macroeconomic factors which could have a negative impact on the group's revenues and could increase the group's financing costs. As a result, any of these factors could have a material adverse effect on the group's business, financial condition and results of operations.

3.1.6 SUPPLIERS

The Group's ability to serve its customers in a timely manner depends on the ability of the Group's strategic suppliers and resellers to perform their obligations and deliver their products and/or services in a timely manner and in accordance with contractual requirements.

The company already has a diverse group of suppliers and there is no supplier that, being critical for the deployment of the company's solutions, cannot be replaced by an alternative. In addition, the company's business is becoming more and more dependent on software-as-a-service products, where dependence on suppliers is lower and there are different alternatives in the market.

3.2 OPERATIONAL RISKS

3.2.1 DATA PROTECTION

The Company may receive, store and process personal information and other user data through its business and operations in multiple jurisdictions. This makes the Company exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for non-compliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data. The main regulations are the General Data Protection Regulation (EU) 2016/679 (the "GDPR") and the Spanish Data Protection Regulation 3/2018 of December 5, on the protection of personal data and guarantee of digital rights. It is possible that these laws are interpreted or applied in a manner that is averse to the Company or otherwise inconsistent with the Company's practices, which could result in litigation, potential legal liability or oblige the Company to change its practices in a manner adverse to its business. As a result, the Company's reputation may be harmed, substantial costs may incur and consumers, customers and/or revenues may be lost.

Virtualware has established a series of protocols and processes to mitigate risk. In addition, in 2022 it obtained the ISO 27.001 certification, which allows the company to comply with the highest security standards.

3.2.2 CYBERSECURITY

The Company is exposed to any cyber-attack that may breach the information systems required for the normal conduct of its business. The Company, as an innovative technology company, develops and maintains systems and applications that could be subject to cyberattacks. This risk arises both for the Company's own systems used for its normal operation and for the applications developed for its different clients. A possible attack could result in the loss of customers or the deterioration of corporate reputation, or even litigation in other cases. Detection of the attack should be addressed as soon as possible to minimise the consequences of improper use of information.

Virtualware has established a series of protocols and processes to mitigate risk. In addition, in 2022 it obtained the ISO 27.001 certification, which allows the company to comply with the highest security standards.

3.2.3 CLIENT SATISFACTION

As Virtualware continues to evolve, the company's strategic shift towards a subscription-based SaaS model has important implications for client satisfaction. Ensuring a high level of user experience is critical for maintaining trust, fostering long-term relationships, and reducing churn rate risks.

The Company is also working closely with partners who have direct access to end clients. These partners play a crucial role in understanding customer needs, providing localized support, and ensuring seamless service delivery. Additionally, Virtualware has established dedicated teams in strategic markets, including North America, to provide direct support and strengthen client relationships.

To minimize the likelihood of failing to meet client expectations, Virtualware will work on the following:

- Refine and enhance the service provision process.
- Increase capacity to serve content to user entities.
- Deploy regional support teams to provide localized assistance.
- Automate data collection to improve service delivery.
- Enhance content creation tools

3.2.4 DEPENDENCE ON CLIENT CONTRACTS

The company formalizes contracts on projects which can be terminated in relatively short periods of time. The cancellation or modification of such contracts under different conditions from the current could affect the business and its reputation.

Due to the company's strategic shift towards a subscription-based business model, the risk associated with client contract dependency has significantly diminished. Virtualware now operates with annual recurring contracts, ensuring a stable and predictable revenue stream. This business model minimizes the impact of contract cancellations or modifications, as clients commit to ongoing service agreements rather than short-term projects.

Additionally, Virtualware has successfully diversified its client base. Previously, losing a single client could have had a considerable impact due to a limited number of contracts. However, as the company continues to expand its portfolio with a growing variety of clients, the relative impact of losing an individual client is significantly reduced. This diversification further strengthens business stability and mitigates risks related to client dependency.

3.2.5 INABILITY TO RETAIN KEY PERSONS

Since the Company's future success is dependent on its ability to continue to enhance its existing services and introduce new services, the Company is heavily dependent on the ability to attract and retain qualified personnel with the requisite education, background, and industry experience. As the Company expands its business, its success will also depend, in part, on the ability to attract and retain qualified personnel capable of supporting a larger and more diverse customer base. The termination of the employment relationships with a significant number of key persons could be disruptive. In addition, if any of the key persons joins a competitor or decides to otherwise compete with the Company, the Issuer may experience a material disruption of operations and business strategy, which may result in a loss of clients, in an increase in operating expenses and in a diversion of personnel's focus.

The Company will mitigate this risk through the following activities:

- Evaluation of new ways of working in order to increase capacity to capture new employees. Full remote.
- Strengthen retention and participation models
- Promote training and professional development

3.2.6 BUSINESS STRATEGY

The value of an investment in the Company is dependent, inter alia, upon the Company successfully implementing its growth plans and achieving the aims set out in this document. Although the Company has been successful in implementing its strategy to date and has a clearly defined strategy going forward, there can be no guarantee that its objectives will be achieved or that the Company will achieve the continued level of success that the directors expect or that certain successes might not replicate previous successes. Furthermore, the Company may decide to change aspects of its strategy described in this document. The Company's ability to implement its business strategy successfully may be adversely impacted by factors that the Company cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors.

The Company regularly reviews and adjusts its business strategy to ensure it remains aligned with market conditions, technological advancements, and internal capabilities. To mitigate risks associated with unforeseen factors, the Company maintains a flexible approach to strategy implementation, allowing for adjustments as needed. Additionally, the Company focuses on strong risk management

practices and comprehensive market analysis to identify potential challenges early and adapt its approach accordingly.

3.2.7 CORPORATE GOVERNANCE

As a company that works with and aspires to collaborate with the largest and most important companies in the world, VMware must be prepared in corporate terms to meet requirements related to compliance, quality, cybersecurity, and sustainability. These elements will remain a priority for the company, consolidating certifications, strengthening its presence in international networks, and optimizing processes and systems to effectively respond to market demands.

VMware will mitigate this risk through:

- Maintaining its certification in the Information Security Management System (ISO 27.001).
- Advancing the process of becoming a B Corp company.
- Continuously strengthening and adapting its compliance and communication protocols to align with international standards and best industry practices.

3.3 FINANCIAL RISKS

3.3.1 LIQUIDITY

Liquidity risk is the risk that the Company will not be able to meet its monetary needs through company financial resources. Financial resources include resources generated by activities and those that can be mobilised by third parties. Liquidity risk is characterised by the existence of an asset with a longer term than the liability, resulting in the inability to repay short-term debts in the event that the assets are not sold.

The business model implemented of multi-year subscription plans with high upfront payment percentages is helping to mitigate the liquidity problem. Virtualware will also work, on structuring alternative ways of financing working capital if necessary.

3.3.2 INTEREST RATE

The volatility in interest rates may have an impact on the cost of the financial resources necessary for the development of the activity. In addition, indirectly, interest rate variations affect the disposable income of present and future users and may affect Virtualware's revenues. A higher interest rate will make it more expensive for the company to finance through debt which may cause a variation in the financing strategies followed by the Company.

The Company actively monitors interest rate trends and evaluates their potential impact on financing strategies. To manage the risk of interest rate fluctuations, the Company may consider using financial instruments such as hedging or fixed-rate debt to lock in more favorable terms. Additionally, the Company may explore a balanced mix of debt and equity financing to mitigate the effect of rising borrowing costs on its operations and strategic plans.

3.3.3 CREDIT

Credit risk refers to the risk a counterparty defaults on its payment obligations. Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Excess cash flows may be written to provide additional cover for credit risk. When a lender faces heightened credit risk, it can be mitigated via a higher coupon rate, which provides for greater cash flows.

Although it's impossible to know exactly who will default on obligations, properly assessing and managing credit risk can lessen the severity of a loss. Interest payments from the borrower or issuer of a debt obligation are a lender's or investor's reward for assuming credit risk.

The company's shareholding, composed mostly by the founding partners, implies a high capacity of the company to raise capital through capital increase mechanisms that can mitigate credit risk or a potential problem related to the management of current loans.

3.3.4 FOREIGN CURRENCY EXCHANGE

Foreign exchange risk arises when a company engages in financial transactions denominated in a currency other than the one where that company is based. Any appreciation/depreciation of the base currency or the depreciation/appreciation of the denominated currency will affect the cash flows emanating from that transaction. Foreign exchange risk can also affect investors who trade in international markets, and businesses engaged in the import/export of products or services to multiple countries.

Companies in a strong competitive position selling a product or service with a strong brand may be able to transact in only one currency. This passes the exchange risk onto the local customer/supplier. In practice, this may be difficult since there are certain costs that must be paid in local currency, such as taxes and salaries.

3.4 LEGAL AND REGULATORY RISKS

3.4.1 CERTIFICATIONS AND LICENSES FROM AUTHORITY

As an application developer, the Company is subject to specific patent and intellectual property legislation. The achievement of patents is the Company's main competitive advantage: innovation. The exploitation of an application entails the need to obtain a patent in the different countries in which the Company is operating in order to acquire protection in each of them. The company depends on obtaining a patent, to be able to grow its international business, so any loss of protection can block the business in the country where it is intended to expand and thus its growth.

To this end, the company is very active in R&D and strives to be at the forefront of the certifications and licences needed to compete in the industry and to offer its customers innovative and safe services.

3.4.2 REGULATORY CHANGES

The changes on legal framework and the regulations on labour, immigration and tax matters (as well as regulations related to the handling of personal data) of the different countries where it operates, could alter the normal course of the Company's operations, causing deviations in the expected results, as well as contingencies that need to be solved in the shortest possible time. This eventual situation could have an impact on the results or compromise the Company's financial situation.

To mitigate this risk, the Company keeps itself informed of the regulatory and legislative situation in the different countries where it operates. In addition, Virtualware complies with the highest quality certifications and ensures regulatory compliance in the event of the introduction of new laws through the supervision of the board of directors and members of various committees.

3.4.3 LITIGATIONS REGARDING IP RIGHTS

There can be no assurance that the Company may not infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge the Company's rights to continue to use or sell certain products, services and/or may seek damages from the Company. Any claims and legal proceedings made by or against the Company could be time-consuming, result in costly litigation, cause product delays, divert its Management from their regular responsibilities or require

the Company to enter settlements. These types of claims and proceedings may expose the Company to monetary damage, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations or loss of reputation, all of which could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

The Company actively monitors and manages its intellectual property (IP) portfolio and implements rigorous due diligence processes when developing new products or entering new markets to avoid potential infringement.

3.4.4 DIFFERENT JURISDICTIONS

The Company operates under the economic and political situation of the geographical areas where it does business, especially in Spain. The diversity of legal aspects that apply in each area may cause different contingencies for which the company could not be prepared and may affect the normal development of the business. Unexpected political or regulatory changes, especially in Latin America, could have an impact on cost increases or revenue cuts.

In a similar way to the risk mentioned above, the company ensures compliance with the applicable jurisdiction in terms of commercial, tax and civil law in the country where it operates irrespective of the different jurisdictions.

3.4.5 INSURANCE AGAINST CUSTOMER HARM

The company manages confidential information of its clients, as a consequence of the elaboration of projects, which may contain knowledge or data that must be taken care of until the product to be developed is made available to the public. Failure in the management of the contents may cause damage to the client that must be compensated. In the case of Virtualware, it may be that one of their clients has an unwanted or unprovoked accident when using virtual reality in an uncontrolled space.

To mitigate this risk against damage that may be caused to a natural person, Virtualware has Liability Insurance Policies covering damages up to €6M which cover all services offered by Virtualware, Hermeneus World and Evolv Rehabilitation Technologies. It specifically covers: Professional Indemnity, General Liability and CyberClear. The policy number is as follows which is renewed annually: HD IP6 2080527.

3.4.6 PROCEDURES AND LITIGATIONS

The Company may be party to various legal proceedings that arise in the ordinary course of its business, including disputes relating to contractual obligations and non-disclosure agreements. The value of contracts, non-disclosure and intellectual property rights are of high importance for the Company, as it operates in a highly competitive commercial environment where the strength of the contracts and intellectual property rights may be an important feature that distinguish the Company from its competitors. It is therefore important for the Company to ensure the value and commercial use of its contracts and intellectual property rights. There can be no assurance that third parties, such as suppliers or customers, have not or may not infringe contracts or intellectual property rights owned by the Company, who may have to challenge such parties' rights to continue to use or sell certain products or services and/or may seek damages from such parties.

Any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorised release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against the Company. Any such failure could cause customers and vendors to lose their trust in the Company. If third parties violate applicable laws or its policies, such violations may also put users of the Company's products at risk and could in turn have an adverse effect on the Company's business. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such content is obtained, could increase the Company's costs and require the Company to modify its services and features, possibly in a material manner, which the Company may be unable to complete and may limit its ability to store and process user data or develop new services and features.

The Company engages specialized legal counsel to manage regulatory compliance and protect its contractual and intellectual property rights. It has also implemented internal policies and compliance procedures related to data privacy and information protection, and conducts regular reviews to ensure alignment with applicable regulations, thereby reducing the risk of litigation and regulatory sanctions.

4. INFORMATION ABOUT THE ISSUER

4.1 HISTORY AND DEVELOPMENT OF THE ISSUER

Virtualware was founded in 2004 by three engineers with the goal of delivering enterprise software solutions using real-time 3D technology. Their initial focus was on the real estate sector, where they identified a growing demand for tools to support the purchase and sale of real estate projects. As the company grew, Virtualware expanded into various sectors such as tourism and heritage, healthcare, education, transportation, energy, manufacturing, and defense.

As Virtualware's first few years of existence passed, and as a result of its success, the company made the decision to expand internationally, opening their first office in the UK, followed by another in Mexico two years later.

The initial business model consisted of developing tailor-made built-to-suit solutions to specific needs of their clients, rapidly expanding towards the application of 3D technology in the industrial and educational sectors, strengthening the software used and seeking for a more recurrent business model.

As time progressed with the entry and growing acceptance of 3D-powered solutions in the sectors Virtualware worked for, they began to benefit from the ability for greater customisation in the software systems. This allowed the company to scale its business and find in the SaaS model the recurrence they were looking for.

Today, Virtualware is formed by a multidisciplinary team of more than 50 employees located in its headquarters in Spain and international offices in Canada, Sweden and US. Over the past two years, the company has reached several key milestones, including its listing on Euronext Access Paris, the acquisition of Simumatik, and the establishment of a new subsidiary in the USA. These developments, along with notable partnerships and high-value deals in sectors such as Energy and Education, have marked an important phase of growth and international expansion for Virtualware, ultimately leading to the company's uplisting to Euronext Growth.

4.1.1 LEGAL AND COMMERCIAL NAME OF THE ISSUER

Legal name: Virtualware 2007, S.A.

Commercial name: Virtualware

4.1.2 THE PLACE OF REGISTRATION OF THE ISSUER, ITS REGISTRATION NUMBER AND LEGAL ENTITY IDENTIFIER (“LEI”)

Register number: The Company is registered with the Commercial Registry of Vizcaya at volume 4.377, sheet 1, page number BI-38.500, inscription 1º, with tax identification number A-95291613.

LEI: 9598009U245XCDWVED44

4.1.3 THE DATE OF INCORPORATION AND THE LENGTH OF LIFE OF THE ISSUER, EXCEPT WHERE INDEFINITE

The company duration is set out in Article 5 of its bylaws.

“Article 5 – Commencement and duration of business activity

- 1. The Company is incorporated for an indefinite term.*
- 2. The Company started its operations on 1 January 2004.”*

4.2 DOMICILE AND LEGAL FORM OF THE ISSUER

Legal form: Sociedad Anónima, which is the Spanish equivalent of a public limited company.

Address: Calle Usausuaga nº 7, 48970, Vizcaya, Spain

Legislation under which the Issuer operates: The Issuer operates under the Spanish Capital Companies Act (Ley de Sociedades de Capital), approved by Royal Legislative Decree 1/2010 of 2 July.

Telephone number of the Issuer: +34 946 452 130

Registered office: Polígono Artunduaga- C/ Usausuaga, 7, 48970, Basauri, Bizkaia

Website: <https://www.virtualwareco.com/>

4.3 IMPORTANT EVENTS IN THE DEVELOPMENT OF VIRTUALWARE'S BUSINESS

Virtualware is a global technology company specializing in developing 3D-driven enterprise software. It is composed of Virtualware 2007 S.A. and its offices abroad (Canada, USA, and Sweden). The headquarters is located in the town of Basauri (near Bilbao), Spain.

- Virtualware 2007, S.A.: Parent company
- Virtualware UK Ltd – 100% owned by Virtualware 2007, S.A.
- Virtualware Canada Inc – 100% owned by Virtualware 2007, S.A.
- Virtualware Sweden - 100% owned by Virtualware 2007, S.A.
- Virtualware USA - 100% owned by Virtualware 2007, S.A.

The Company that pursues to list on Euronext Growth Paris is Virtualware 2007, S.A.. Founded in 2004, the Company has been building enterprise solutions globally for two decades operating from its headquarters in Bilbao, Spain. Virtualware delivers a professional and practical approach to real-time 3D by providing companies and institutions with the tools and support they need to grow, strengthen, and accelerate their adoption of advanced visualization and simulation technologies, including XR, digital twin and virtual commissioning.

2004	<ul style="list-style-type: none">• Founded in Bilbao, Spain, with main focus in the real estate industry
2006-09	<ul style="list-style-type: none">• Entered in the tourism and heritage industry
2010	<ul style="list-style-type: none">• Enter the education and healthcare sector• VirtualRet Product launch
2011-12	<ul style="list-style-type: none">• First international office in UK• VirtualRehab product launch
2013- 2015	<ul style="list-style-type: none">• Mexico Head Quarter to cover LATAM• Expansion into Chile and Colombia
2016-18	<ul style="list-style-type: none">• Expansion into the EMEA region• Enter the Transportation, Energy and Manufacturing industry• Spin-off Evolv Rehabilitation Technologies

2019-21

- Canada HQ to cover North America
- VIROO XR platform launch
- Enter the Energy Industry in the US
- Enter the Defense industry
- Multi-year deal signed in the Transportation sector

2022-2023

- Board approval to list Virtualware on Euronext Access Paris for 2023
- Listing on Euronext Access Paris
- Multi-year 7-figure deals signed in the Energy and Education sector

2024

- Simumatik Acquisition.
 - New subsidiary Virtualware USA in Orlando
 - 7-figure deal signed in the Education sector
 - Program partner in a multi-million battery manufacturing training initiative in Canada
 - Partnership agreement signed with a major XR player
-

5. BUSINESS OVERVIEW

Virtualware has over 20 years of experience in developing enterprise solutions globally. The company specializes in 3D-driven software, offering practical tools and support for real-time 3D adoption, including XR, digital twin, and virtual commissioning technologies.

Its product portfolio, including VIROO and Simumatik, aims to enhance decision-making and efficiency across various industries, such as energy, automotive, transportation, defense, manufacturing, education, and healthcare. The company's solutions focus on optimizing training, engineering, and operational processes to improve organizational competitiveness and sustainability.

Virtualware's clients include GE Vernova, Petronas, Volvo, Gestamp, Alstom, ADIF, Bosch, Biogen, Kessler Foundation, Invest WindsorEssex, McMaster University, the University of El Salvador, the Spanish Ministry of Defense, and the Basque Government.

The company's headquarters are in Bilbao, Spain, with offices in Orlando, US, Toronto, Canada, and in Skövde, Sweden.

5.1 DESCRIPTION OF PRINCIPAL ACTIVITIES

5.1.1 3D-POWERED PRODUCTS

VIROO - Enterprise XR platform

Virtualware's award-winning enterprise platform, VIROO, provides multiple ready-to-use applications for users, and tools for developers to create and distribute their own custom multi-user XR, simulation and digital twin applications.

Since its launch in 2019, when it was recognized as the VR Enterprise Solution of the Year at the VR Awards, VIROO has played a key role in advancing the adoption of immersive technology in business. The platform enables companies to develop and manage their own XR strategies, providing full control over their solutions and their implementation.

By turning XR into a service, VIROO streamlines access for developers, clients, and end-users, optimizing costs, time, and usability. This approach accelerates the integration of XR across industries, driving broader adoption and more effective implementation.

VIROO's Selling Proposition

- Offers a suite of tools and APIs through VIROO Studio for Unity, designed specifically for developers to create multi-user XR applications. The platform supports both visual scripting and custom coding.
- With VIROO, users can not only create and join multi-user sessions remotely, but also deploy their applications in large-scale immersive rooms, known as VIROO Rooms.
- Cloud-agnostic, supporting private, public, and on-premises deployments.
- Ensures the highest levels of security and privacy, including ISO 270001 certification, scalability, and performance, integrating all XR needs into a single platform.

Simumatik - Virtual Commissioning and Emulation platform

Simumatik is an advanced, cloud-based emulation platform that enables users to design, test, and validate automation systems in a highly flexible and cost-efficient virtual environment. With a powerful suite of ready-to-use components and tools for developers to create custom models and simulations, Simumatik empowers businesses and educators to accelerate digital transformation and optimize system development.

Since its launch, Simumatik has helped organizations reduce costs, minimize risks, and improve efficiency by providing an open and collaborative environment for developing digital twins and virtual commissioning solutions. By offering a scalable and hardware-agnostic platform, Simumatik allows users to build, test, and refine their systems before deployment—saving valuable time and resources.

Simumatik is redefining the way companies and institutions approach system design, automation training, and R&D by making emulation more accessible, cost-effective, and collaborative. As industries increasingly adopt smart manufacturing and digital twin technology, Simumatik provides the autonomy and flexibility needed to stay ahead of the curve.

Simumatik’s Selling Proposition

- Supports real-time simulation of automation systems, including PLCs, robots, and IoT devices, enabling realistic virtual commissioning.
- Offers a rich library of pre-built components, while also allowing users to create and integrate custom models tailored to their specific needs.
- Cloud-native and accessible from anywhere, it seamlessly integrates with third-party tools and hardware while providing a secure, collaborative environment through a robust architecture and multi-user capabilities.
- Designed for both professional and academic use, making it an ideal solution for engineers, researchers, and students.

Services-friendly products

One of the essential characteristics of Virtualware’s products is the concept of service-friendly design, meaning they are designed to be complemented by third-party services. This approach is highly relevant to the company’s business model, which focuses on growth through subscriptions.

“Service-Friendly Products” are not additional products beyond VIROO and Simumatik. Rather, “Service-Friendly Products” is a common feature of the two products, meaning they have been designed and developed with the aim of facilitating the provision of services over them by third parties.

5.1.2 BUSINESS MODEL AND REVENUE STREAM

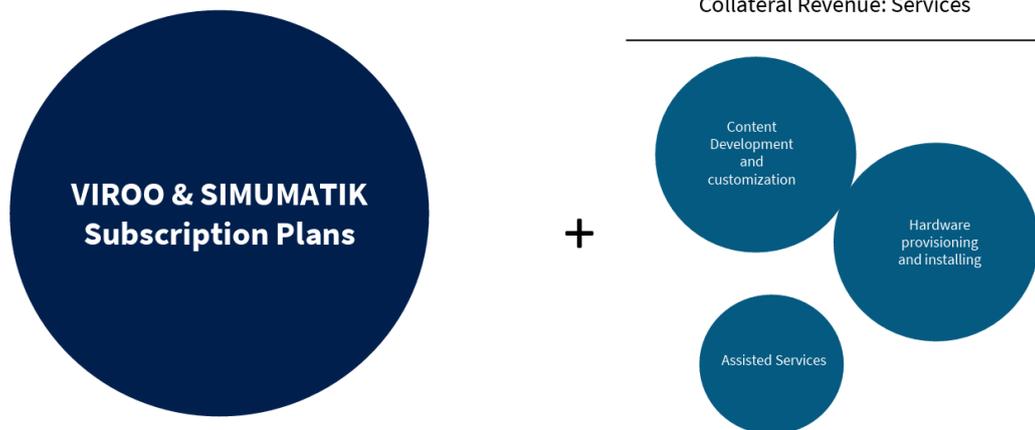
Virtualware's core business is based on a subscription-based model with the company’s SaaS products at the center of its revenues. This approach generates predictable and recurring revenue, as customers pay regular fees annually for

continued access to the service. The model supports scalability, allowing Virtualware to grow efficiently as the users' base expands.

Flexibility is also a key advantage, as customers can easily upgrade, downgrade, or cancel their subscriptions based on their needs, contributing to higher customer satisfaction and retention. This revenue generation model fosters long-term relationships with clients, driving sustainable growth.

Software as a Service at the center of the revenue generation model

Annual Recurrent Revenue (ARR): SaaS



The company's revenue lines are:

Annual subscription plans

The sale of subscription plans for our products in *as-a-service* format. These are plans contracted on an annual basis. The plans include support as well as in the case of Corporate accounts support from CSMs to get the most value out of the product. In some cases they may include content owned by Virtualware that is offered under this subscription mode.

Services over subscriptions plans

- Content under the subscription model

The creation of content by Virtualware or by third parties under exploitation models by Virtualware, is an element that can be of high interest for the capture of new income or the loyalty of existing accounts.

- Content Development Services

Content generation services, Virtualware or third parties provide for the entities that have subscribed to the platform. These services are provided in two different ways: Through milestone contracts or annual contracts with a fixed number of dedication hours with a fixed hourly price.

- Equipment provision and commissioning services

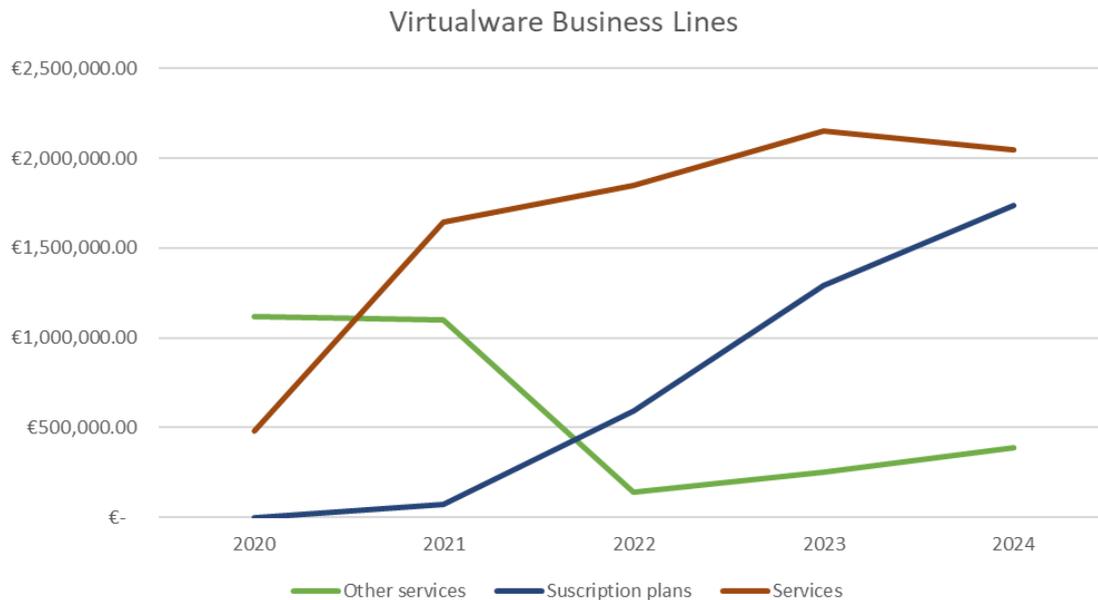
Services that the company provides for entities interested in receiving equipment and starting it up. It includes the provision of equipment and commissioning services. This line can also include the development of special hardware systems in case they need it. It is a tailor-made service.

- Assisted Services

These services support user entities with adaptation, new equipment commissioning, and customized platform configurations.

Services over subscription plans are monetized through a service delivery model. That is, normally the customer who has subscribed to a VIROO or Simumatik plan requires services that are budgeted and approved by the customer. Sometimes Virtualware provides these services and monetizes them. The “Services” line in the chart bellow represents such revenues. At other times, it is third-party companies (channel partners) that provide these services, and therefore Virtualware does not generate any revenue from them.

This graph shows the evolution of Virtualware’s business model and revenue streams over recent years, highlighting key trends and shifts. As shown, the “Other Services” category significantly decreased in 2022, reflecting the company’s strategic decision to shift focus toward more scalable, predictable revenue models. This transition aligns with the company’s emphasis on expanding its subscription-based model, which has become the cornerstone of its revenue generation.



“Other Services” refers primarily to software development services provided to legacy customers, which are not related to the Company’s current subscription-based services. These customers are companies for whom Virtualware delivered custom projects prior to the launch of its core products. Although no longer part of the main strategic focus, the Company continues to provide certain specific services to these clients on a timely basis. In 2024, the “Other Services” revenue line showed a slight recovery, though it remains under €500,000, reflecting a continued focus on scaling subscription-based revenue rather than one-time service contracts.

On the other hand, subscription plans experienced strong growth, surpassing €1.5 million in 2024. This increase demonstrates the success of the company’s SaaS offerings, with a growing user base and a stable stream of recurring income. The “Services” revenue line has remained stable around €2 million, which indicates steady demand for Virtualware’s content development and equipment provision and commissioning services, while reflecting the company’s ability to diversify its revenue streams.

This shift in focus towards subscription-based models underscores Virtualware’s strategy to build long-term, predictable revenue streams, increase customer retention, and promote sustainable growth. The growth in subscription revenues, combined with the steady demand for services, positions Virtualware for greater scalability and operational efficiency in the future.

5.1.3 CLIENTS

Driving industry transformation with 3D technology is at the core of Virtualware's commitment to delivering exceptional value to its clients. By utilizing advanced 3D solutions, companies streamline operations, improve efficiency, and drive business success, staying ahead in today's dynamic market.



5.1.4 STRATEGIC PARTNERS AND ALLIANCES

Virtualware is trusted by a dynamic and robust ecosystem of partners and alliances that serves as the cornerstone of its growth strategy. This ecosystem, composed of key tech and industry partners, innovators, and thought leaders, provides the company with the resources, knowledge, and collaborative opportunities needed to drive continuous improvement, technological advancement and business expansion.



Technological associations in the **immersive technology industry** in which Virtualware participates to promote and disseminate its solutions.

- AIXR: AIXR is a platform and community that helps tech companies build and scale their products faster by connecting them with tools, experts, and industry insights tailored to their needs.
- ImmersivaXR: ImmersivaXR is an association dedicated to promoting the development and adoption of immersive technologies, providing resources and support to its members.
- XR Association (XRA): The XR Association promotes the dynamic global growth of the XR industry, including virtual reality, augmented reality, mixed reality, and future immersive technologies, by convening stakeholders, developing best practices, and advocating on behalf of its members.
- VR/AR Association (VRARA): The VR/AR Association is an international organization designed to foster collaboration between XR, mixed reality, spatial computing, and artificial intelligence solution providers and end-users to accelerate growth, research, education, and the development of industry best practices.

Industry associations that the Company belongs to for the promotion and dissemination of its solutions.

- ETSA: ETSA is the European voice of the Modelling, Simulation & Training (MS&T) community, connecting professionals from industry, government, and academia to collaborate, innovate, and shape the future of MS&T through exclusive events, networking, best practices, and mentoring programs.
- MAFEX (Spanish Railway Association): MAFEX is the association that represents the Spanish railway industry, bringing together companies to promote internationalization, competitiveness, innovation, and strategic positioning in the global market.
- National Center for Simulation (NCS): The National Center for Simulation is a not-for-profit trade association with government, academic, and industry members operating as an open consortium to promote, protect, and grow the modeling, simulation, and training community.
- Robotekin: Robotekin is a cooperative ecosystem between companies and agents linked to the robotics and automation sector, aiming to promote synergies and collaboration opportunities among its associated members.

Technology partners that are part of **the ecosystem of Virtualware's solutions**.

- Unity: Unity is the leading RT3D platform to create and grow games and interactive experiences across all major platforms, including mobile, PC, console, and extended reality (XR).
- HTC Vive: HTC Vive is a line of virtual and mixed reality headsets produced by HTC Corporation, encompassing headsets designed for use with personal computers as well as standalone devices.
- PICO: PICO is a virtual reality company offering immersive interactive VR experiences with all-in-one VR headsets, focusing on innovation and research and development capabilities.
- Meta: Meta (formerly Facebook) builds technologies that help people connect, find communities, and grow businesses, with a focus on virtual and augmented reality through products like Meta Quest.
- Varjo: Varjo delivers the world's most advanced virtual and mixed reality headsets technology to demanding industries such as aerospace, defense, engineering, and research, focusing on superlative immersion and realism.
- Amazon Web Services (AWS): Amazon Web Services is the world's most comprehensive and broadly adopted cloud platform.
- Barco: Barco is a Belgian technology company that specializes in digital projection and imaging technology, focusing on entertainment, enterprise, and healthcare markets.
- Microsoft: Microsoft is a global technology company that develops, licenses, and supports a wide range of software products, services, and devices, including Microsoft Azure.

Other industry and consulting partners Virtualware collaborates with to promote and disseminate our solutions.

- Siemens: Siemens is a global technology company focusing on industry, infrastructure, transport, and healthcare, providing solutions for automation, digitalization, and electrification.
- PwC: PwC is a global network of firms delivering assurance, advisory, and tax services, helping organizations and individuals create the value they're looking for.

5.1.5 SUCCESSFUL BUSINESS CASES

Virtualware focuses on developing VR solutions that help complex industries tackle real-world challenges, from training strategic workers in nuclear plants and managing construction operations to maintaining railway infrastructure and providing medical solutions on the battlefield.



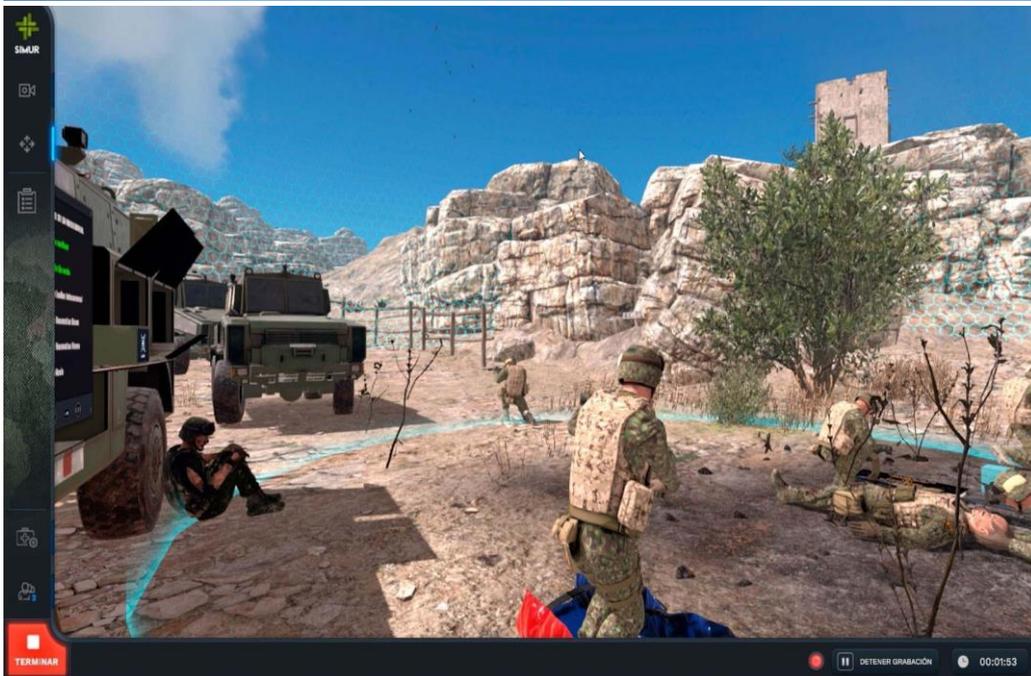
To address lengthy production cycles, lack of collaborative exercises, and limited system integration, Adif, the Spanish Railway Infrastructure Manager, and Virtualware, created an award-winning VR railway simulation solution powered by Virtualware’s enterprise XR platform VIROO. It is based on a new holistic and systemic approach focusing on the full training lifecycle to deliver tailored, interactive experiences for technical and operational tasks, paving the way for the next generation of railway training.

AUTOMOTIVE | Accelerating VR CAVE capabilities for the automobility sector



Invest WindsorEssex (IWE) and Virtualware partnered to further support innovation in Canada's automobility ecosystem through the expansion of Canada's largest publicly accessible VR CAVE capabilities. Using the advanced Virtualware's VIROO XR platform, participants can be supported by the IWE VR CAVE staff to develop their digital twin models and iterate in real-time using a variety of 2D and 3D devices. This helps to remove any previous barriers to support and access to services that once existed where participants needed to be on-site to use this specialized software.

DEFENSE | Advancing medical training of the Military Health Corps



Virtualware and EMISAN, part of the Central Academy of Defense and responsible for the education and advanced training in the Military Health Corps of the Spanish Armed Forces, has implemented an award-winning medical training VR solution powered by VIROO (SIMUR) to assess and improve performance in highly specific situations, such as CBRN events, but also to enable trainers to evaluate participants on several metrics such as leadership, teamwork, communication skills, and decision-making proficiency in complex scenarios and extreme stress situations.

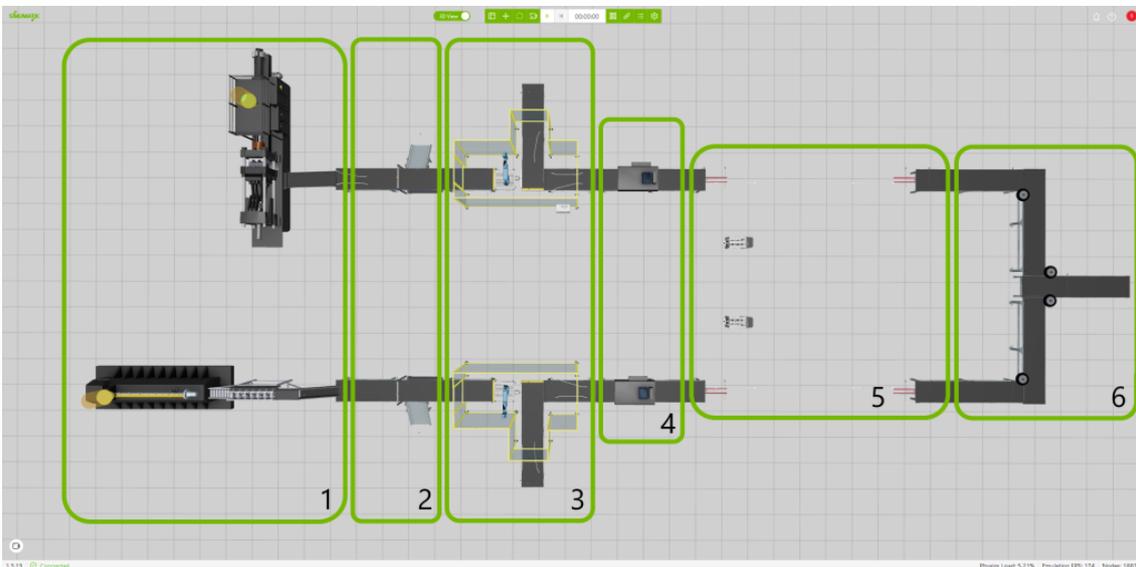
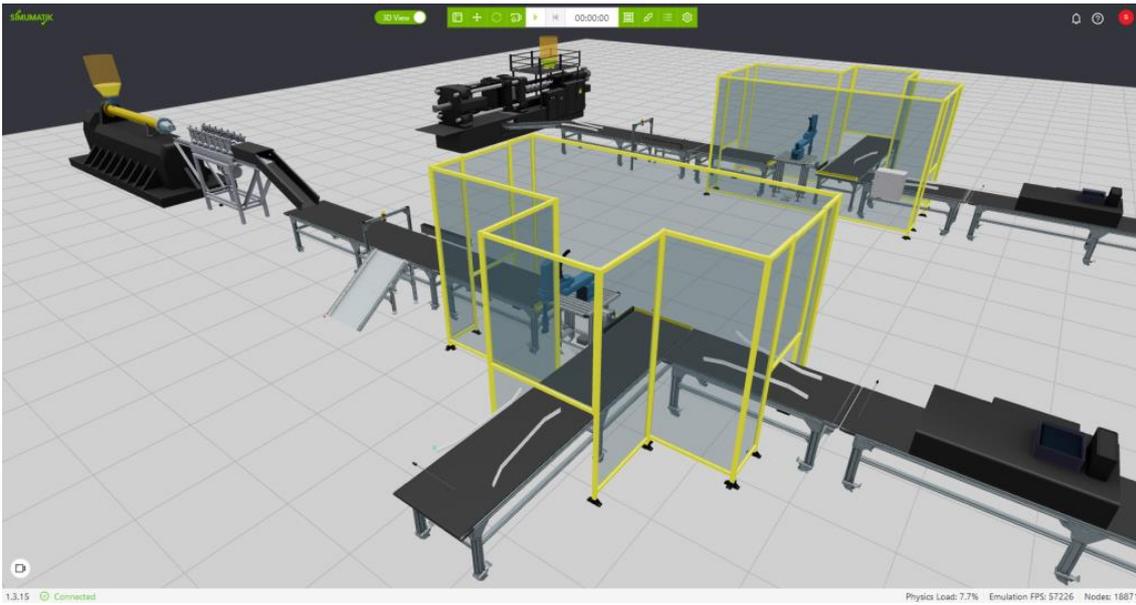
MANUFACTURING | Providing advanced training for the battery manufacturing sector.



Virtualware partnered with Invest WindsorEssex and NextStar Energy in the Battery Boost program initiative, aimed at providing advanced training for the growing battery manufacturing sector. Funded by Upskill Canada and supported by the Canadian government, the program equips individuals, especially those seeking career transitions, with the skills necessary for roles in battery manufacturing.

Virtualware plays a pivotal role in this partnership program by bringing its expertise in immersive technology. As a program partner, the company will design and deliver cutting-edge VR training modules in a custom-built VR room tailored for hands-on training, all powered by its award-winning enterprise XR platform, VIROO.

MANUFACTURING | Optimizing production workflows through Digital twins



Bosch Global Software Technologies virtual factory based on Simumatik emulation platform showcases the benefits of Bosch's DeviceBridge software. This digital twin simulates real manufacturing processes, allowing Bosch to demonstrate how their technology can optimize production workflows. By using the virtual setup, Bosch is able to gather data, monitor operations, and make improvements without needing a physical factory.

HEALTH | Leveraging training in triage and patient management.



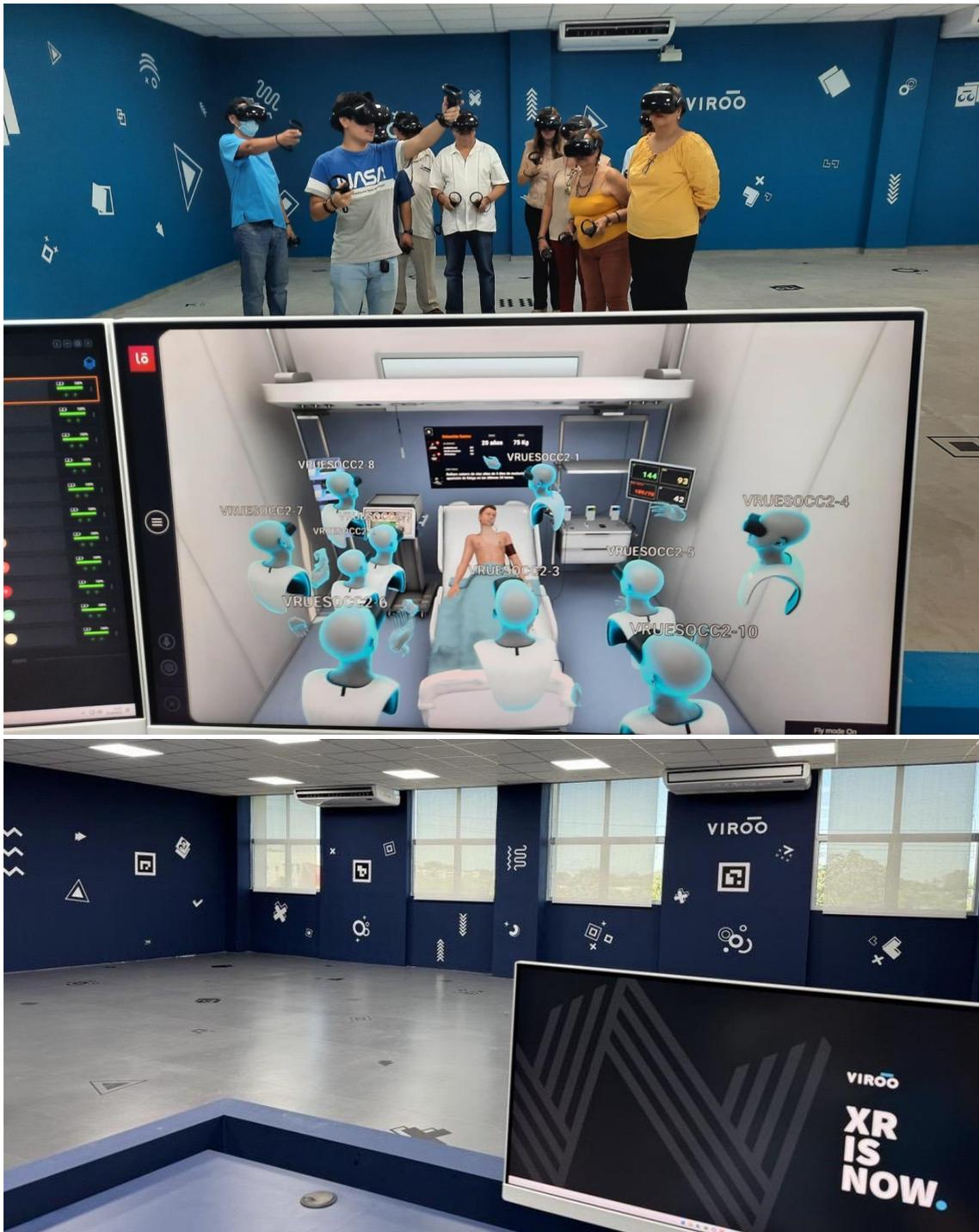
Virtualware is collaborating with BioBizkaia, the Health Research Institute of Bizkaia within the Basque health system, to develop a nursing triage simulation experience powered by VIROO. This VR simulation takes place in a detailed replica of the emergency department at Basurto Hospital and is designed to train students and healthcare professionals in triage and patient management. Future developments will expand the experience with additional scenarios and clinical cases, further enriching their training capabilities.

HIGHER EDUCATION | Positioning Basque professional education at the forefront of Europe



Virtualware is a key partner of the Basque Government's strategy in Spain to integrate immersive technologies into education, aimed at position Basque professional education at the forefront of Europe by leveraging Virtual Reality technology. A total of 34 vocational training centers across the whole country are equipped with Virtualware's VIROO platform, including those implementing VIROO's multi-user virtual reality rooms, setting the standard for this type of technology in education.

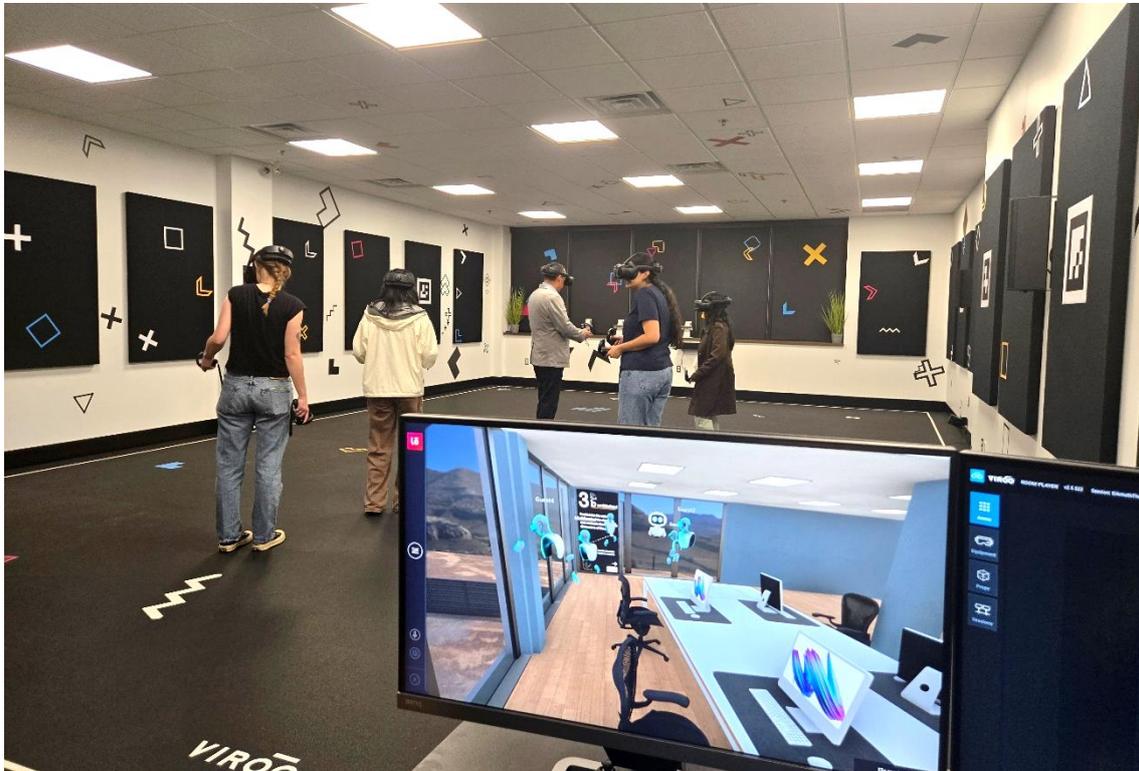
HIGHER EDUCATION | Improve the way people teach and learn in Central America



Virtualware is bringing its XR platform VIROO to the University of El Salvador to help improve the way people teach and learn. With VIROO, Central American teachers have the ability to create and deploy virtual reality learning resources and activities autonomously, making the Virtual Reality-driven content creation process much

simpler and valuable. The initiative includes 7 VIROO immersive rooms at different university campuses.

HIGHER EDUCATION | Enabling immersive technology for students and industry partners



Virtualware partnered with the Faculty of Engineering at McMaster University to introduce its first VIROO Immersive Room at McMaster Innovation Park in Hamilton (Canada). The new VR Lab called IMRSV@MAC 100m2 facility has made it possible

for students and industry partners to leverage this innovative technology and therefore benefit from interacting with simulated environments.

5.1.6 SIGNIFICANT RECOGNITIONS

Virtualware, along with its 3D-driven enterprise software, stands at the forefront of innovation, recognized for its impact, reliability, and transformative potential across industries. These efforts and initiatives have been rewarded with several recognitions which are listed below:

2024 | Virtualware and ADIF win in Brandon Hall’s Excellence in Technology Awards

Virtualware and ADIF, the Spanish Railway Infrastructure manager, won a coveted Brandon Hall Group Bronze award for excellence in the Best Advance in Augmented and Virtual Reality category. This recognition celebrates both companies’ innovative work in expanding and facilitating the use of XR in training, particularly within the railway industry.

2024 | Best Technological Development and Best Technological Convergence at Inmersiva XR Awards



At the Inmersiva XR Awards, held during the DescubreXR event in Madrid, Virtualware’s VIROO Simumatik App were honored with two prestigious awards: Best Technological Development and Best Technological Convergence. These awards highlight the impact of VIROO and Simumatik, two groundbreaking platforms that embody Industry 5.0’s vision. Together, they enable teams to interact with and refine complex systems in a virtual environment before real-world deployment.

2024 | Finalist in three categories at the 8th International AIXR XR Awards

Virtualware was named a finalist in three categories at the prestigious 8th International AIXR XR Awards. This recognition underscores Virtualware’s enduring

commitment to expanding and facilitating the use of XR across industries. The company is honored to be shortlisted for: XR Education & Training Solution of the Year, Obsidian Award for Open Innovation and Outstanding XR Company of the Year.

2024 | Winner of the best training solution at XR awards



Virtualware won the Best Training Solution with its enterprise XR platform VIROO at 2024 XR Awards celebration hosted by XR today.

2023 | Virtualware Global Leadership in VR with Dual Gold Wins at Brandon Hall Group’s Excellence Awards



Virtualware won a coveted Brandon Hall Group Gold Award for Edtech Excellence in the Best AR VR Solution category together with Mc Master University and Universidad de El Salvador (UES).

The company also won gold in the Brandon Hall Group’s Excellence in Technology Awards for Best Advance in Augmented and Virtual Reality category with GE Hitachi Nuclear Energy (GEH). The two companies have been working together for several years to improve the industrial group’s training processes using Virtualware’s VIROO XR platform.

2023 | Vodafone-DEIA Awards: Most Innovative SME



Virtualware was recognized as the Most Innovative SME by the Vodafone-Deia Awards, setting a new milestone in the company’s history. Hosted at the iconic Akuna Center, the 9th edition of the Vodafone DEIA Innovation Awards brought together a large part of the Basque business landscape, highlighting the innovative efforts of companies, institutions, SMEs, and start-ups.

Selected from a pool of remarkable candidates, the Basque Agency, Innobasque named Virtualware as the Best Innovative SME of 2023. This recognition underscores the exceptional contributions and remarkable technological advancements that have defined Virtualware throughout this year. The award is a recognition of the company’s pioneering work in product innovation, which continues to evolve through the application of innovative and disruptive technologies.

2023 | Technology Leadership Award at the Human Hub Saria Awards



Unai Extremo, Founder and CEO of Virtualware, was recognized as Tech Leadership at the Human Hub Awards, for his personal career and impact on society. This award recognizes his contribution to digital innovation but also serves as a reference, fostering collaboration and encouraging active participation in building a better future. This award reinforces Virtualware’s commitment to innovation and its vision of using real-time 3D technology to solve real-world problems and improve people’s lives.

2023 | Nominated for 2023 Outstanding VR Company of the Year

Virtualware was named finalist for “Outstanding VR Company of the Year” at the prestigious 7th International AIXR VR Awards. The year 2023 has unfolded as a testament to Virtualware’s relentless pursuit of excellence, culminating in its

nomination for a prestigious VR Awards. This recognition stands as a testament to Virtualware’s commitment to pushing the boundaries of real-time 3D technology.

2022 | Unity Government and Aerospace Creator Award

Issued by Unity, the leading real-time 3D platform, the Unity Government and Aerospace Creator Awards recognizes the successes of their customers and partners.

Hosted at I/ITSEC 2022, the main industry Training, Simulation and Education Conference, Virtualware was awarded in “Best medical training application in Europe” category for the SIMUR is VR training simulator deployed in VIROO the Spanish Military Health School is implementing to address the challenges of training army units in medical protocols.

2022 | Brandon Hall Group Excellence in Technology Gold award

The Brandon Hall Group Excellence in Technology Awards are the largest and longest running awards program in Human Capital Management and recognize the best organizations and individuals for their exceptional use of technology to improve business processes and outcomes. The awards are highly competitive, with entries coming from all over the world.

In 2022 Virtualware won a coveted Gold award for excellence in the “Best Advance in Augmented and Virtual Reality” category to the entry “Multiuser Training Applications Made Simple With VIROO”.

2022 | E-nnova Health Award



Organized by Diario Médico and Correo Farmacéutico, two of Spain’s most important specialized publications in the field of healthcare, these awards recognize the work of institutions, companies, and professionals whose digital initiatives have added value, contributed to the sustainability of the system and improved the patient’s life throughout 2022.

In 2022 Virtualware and The Spanish Military School of Health (EMISAN), received the E-nnova Health Award in the Digital Transformation category, in recognition of the application of new technologies to improve the system.

2022 | ISO 27001 Certification

In 2022 Virtualware and its proprietary VR platform VIROO was awarded International Organization for Standardization ISO 27001 Certification, as part of a continuous effort to uphold the privacy and security of its customers and business partners worldwide.

The ISO 27001 accreditation builds on Virtualware’s attainment of the ISO 9001:2015 Quality Management Systems standard in 2007. The ISO 9001:2015 certification sets the standard for a quality management system (QMS), achieved when an organization exhibits its ability to consistently provide products and services that meet customer and regulatory requirements.

Both certificates are a recognition of the commitment from across the organization to establish ways of working that bring value to the customers and reflect a conscious decision by the company to formalize a culture that has always existed within the business.

2021 | The world’s Innovative VR Company



Acknowledged as the world’s Innovative VR Company at the edition of the VR Awards, held on November 18th 2021, in San Francisco and London. The Awards adds to the slew of honors already won by Virtualware, notably in developing a new Virtual Reality framework to be adopted by industrial-oriented content creators and large corporations.

The Academy specially recognized Virtualware for building and deploying its patented VIROO platform, which the firm has been spearheading over the last three years as the new standard for creating, managing and, deploying VR content that can solve complex problems.

2020 | LAVAL Virtual Awards – VIROO Immersive Room

Laval Virtual, is the Europe's first Virtual Reality and Augmented Reality exhibition, throughout its 20 years of existence. It has become the indispensable prestigious international event about XR taking place every year in France. It unites a community of 5000 + professionals, bringing together in one place, all major players in the field of VR/AR: researchers, startups, large groups, investors, artists and users. Laval Virtual honours virtual reality and augmented reality projects that help solve industrial, commercial issues. or pioneering uses through the Laval Virtual Award. Virtualware was selected to be a finalist in the VR/AR for Safety and Improvement of Work Environment category for these awards for the Immersive Room Solution.

2019 | VR Enterprise Solution of the Year Award – VIROO Immersive Room



The VR Awards is at the center of recognition and celebration of outstanding achievement in Virtual Reality. Every year, this prestigious event brings the world's most influential names in immersive technology together. Organised and produced by The Academy of International Extended Reality (AIXR), the third annual VR Awards celebrated the very best in virtual reality in 2019. The categories include VR Hardware of the Year, VR Healthcare of the Year and VR Enterprise Solution of the Year among others.

Virtualware was named finalist in two categories, it was awarded with the Immersive Room solution as VR Enterprise Solution of the Year. A category which specifically rewards projects that satisfy the needs of an organisation rather than individual users. Such organisations include corporations, universities and governments. Considered as the Next Breakthrough in Enterprise VR, Virtualware Immersive Room is a professional, affordable and simple solution that allows companies to review their engineering designs, train their workers in large spaces, where multiple people can interact with total freedom of movement, among other things. A boundless solution designed with the most advanced virtual reality technology, replacing the obsolete and expensive CAVEs.

Other recognitions

- 4x ASPID Pharmaceutical and Healthcare Awards (2016-2017)

- Medical Device Manufacturer Certificate (2014)
- School 2.0 Seal of Excellence (2011)
- European Seal of e-Excellence Platinum Award (2009,2010)

5.2 STRATEGY

From 2021 to 2023, the company underwent a significant transformation, marked by a clear commitment to VIROO and the development of a proven business model centered on this differentiating product. This shift has shaped the company's direction and growth strategy moving forward.

The company made a risky decision prioritizing focus on the core elements that aligned with its expertise and value proposition. The business model has shifted to revolve entirely around the VIROO platform. As a result, both turnover and margins have grown, with the company having successfully pivoted to this new direction.

VIROO has received international recognition, helping companies of varying sizes, industries, and regions improve their processes and capitalize on the potential of immersive technologies. The company has maintained a strong commitment to quality, continuing to invest in high standards for both processes and the platform. It has kept its ISO 9001:2015 quality system intact while also obtaining ISO 27001:2013 certification.

Virtualware no longer operates alone. It is now part of a broader community, having gone public with a listing in Paris. The company firmly believes in the potential of VR and immersive technologies to enhance competitiveness and sustainability across industries. It recognizes the significant value these technologies can offer in areas such as education, training, and engineering. Furthermore, the company is dedicated to simplifying the adoption of complex technologies through platforms that can manage this complexity. Empowering businesses to develop their own immersive solutions is seen as key to the mass adoption of VR and immersive technologies.

VIROO will remain at the heart of the company's strategy. The subscription model is already gaining momentum and will continue to be a primary focus, driving growth and development. All company activities will align with the core strengths and market needs surrounding VIROO. Activities that deviate from this focus will be discarded, ensuring the company stays on course.

The new strategic plan reflects a clear strategy with a consolidated product, aimed at the next three years, supported by a market that demands the technology. The company's strategy is built on four key pillars:

- **Business:** Enhance the size of the company with a focus on its own product and its growth in high-potential markets.
- **Organization:** To provide customers with an excellent product and quality services that ensure maximum return on value and impact.
- **Impact:** Generate a positive impact on society by promoting sustainability, as well as helping organizations in the environment to be more sustainable.
- **Talent:** To be an attractive company for the best talent to find in Virtualware the ideal place to develop their professional career.

5.2.1 GROWTH PLAN

1. A SaaS-based organic growth plan

Virtualware is committed to an organic growth strategy focused on the strong expansion of its SaaS (subscription-based) business model. This strategy is built around three key pillars:

- Expansion in North America (USA & Canada): Strengthening Virtualware's presence in these high-potential markets.
- Establishing an Indirect Channel & Services: Leveraging partnerships and third-party networks to drive adoption.
- Highest Quality in Service Provision: Ensuring excellence in customer experience and long-term satisfaction.

The objective is to achieve significant growth in recurring revenue while keeping minimal increases in the Services line. The introduction of Simumatik and the expansion of customer adoption in sectors such as education will gradually lower the Average Revenue Per Customer (ARPC). Simultaneously, the focus is on attracting large-scale enterprise customers, evolving from elephants to whales, to strengthen long-term business sustainability.

2. Inorganic growth

Growth through inorganic operations can significantly expand the company's size, market presence, and visibility in key strategic regions. Acquisitions and partnerships provide an opportunity to accelerate expansion and enhance Virtualware's position in the industry.

Inorganic growth initiatives will be based on three key criteria:

- Goodwill: Acquiring companies with established customer bases and strategic accounts, contributing to a substantial increase in the VIROO recurring revenue ratio.

- **International Markets of Interest:** Targeting companies with a strong presence in key international markets, aligning with the strategic plan to accelerate market entry and customer acquisition.
- **Technology of Interest:** Integrating companies with complementary technologies that enhance the product portfolio, enabling greater commercial and sales synergies.

By leveraging these factors, inorganic growth serves as a catalyst for scalability and long-term business sustainability.

5.2.2 FIRST YEAR OF VIRTUALWARE'S NEW STRATEGIC PLAN

During 2024, as a result of market evolution and the emergence of acquisition opportunities, such as the acquisition of Simumatik, the company's approach has expanded to encompass a broader scope regarding its focus, mission, and vision.

This new direction aligns with the concept of 3D software and Real-Time 3D (RT3D), covering all software solutions that utilize real-time 3D technology—XR being a key component within this umbrella. This evolution aims to create further value and unlock new opportunities for growth and market impact.

In 2024, Virtualware achieved significant financial milestones, closing its first full year as a listed company with an EBITDA margin of 19%, a net yield exceeding €500,000, and a gross margin of 87%. The company saw a 33% increase in subscription revenues and successfully rolled out two new versions of its XR platform, VIROO, now deployed in key sectors such as energy, automotive, manufacturing, and education.

October marked the company's first inorganic acquisition with the purchase of Simumatik, a Swedish emulation platform used by leading companies such as Volvo and Kornit Digital. Virtualware also expanded its presence in North America, with 36% of its 2024 revenue derived from the region, supported by a new subsidiary in Orlando, Florida.

Despite facing challenges in contract signings, Virtualware secured €3.8 million in signed contracts, slightly down from €5.4 million in 2023, with a recovery in the final quarter amounting to €1.5 million.

Looking ahead to 2025, Virtualware is set to deploy VIROO 3.0, with new functionalities aimed at creating further opportunities for clients. Growth efforts will focus on North America, especially in the US and Canada, where major projects with key institutions, including the Government of Canada, are underway.

As part of its commitment to sustainability, Virtualware aims to secure an internationally recognized certification to align with the UN Sustainable Development Goals. Additionally, the company will continue to explore inorganic growth opportunities, leveraging strong financial results to drive further expansion.

Corporate

Virtualware is currently in the process of transferring from Euronext Access to Euronext Growth, a significant milestone aimed at enhancing the liquidity of the company's stock in the future.

Alongside this effort, Virtualware has also advanced in its commitment to corporate responsibility by submitting its candidacy to become a B Corp company. The evaluation process is currently underway, and the company expects to achieve certification in the coming weeks. This initiative aligns with Virtualware's broader mission of creating a positive impact on society, reinforcing its values of sustainability and ethical business practices.

As part of its geographic expansion strategy, Virtualware has established two new subsidiaries: Virtualware USA Inc. in the United States and Virtualware Sweden, following the acquisition of Simumatik. These expansions mark an important step in strengthening the company's presence in key international markets, allowing Virtualware to broaden its reach, access new business opportunities, and accelerate growth in North America and Northern Europe.

Simumatik

The integration of Simumatik has been a pivotal step in expanding Virtualware's capabilities. This process included the establishment of a new subsidiary in Sweden, where three team members are currently based. The goal is to build a commercial structure that enables the Company to better access the Northern European markets.

This acquisition positions Virtualware as a company capable of pursuing inorganic growth through strategic operations, opening up new growth opportunities in the future. Furthermore, the integration of Simumatik's platform with VIROO has enabled the company to offer an attractive solution for the manufacturing sector, a market that is now being actively explored.

Additionally, the acquisition transforms Virtualware into a multi-product company, expanding its scope beyond XR to include real-time 3D and business software, thereby broadening its market reach and product offering.

Growth in NA

Virtualware continues to strengthen its presence in North America, with notable progress in both Canada and the United States.

- Canada: The company is in a favorable position, having secured key contracts and identified promising opportunities for further expansion.
- United States: Still in the early stages of market entry, efforts are focused on establishing strategic relationships and increasing brand recognition.
- Market Presence: Virtualware has increased its participation in industry events, further solidifying its position in the region.

VIROO

The development of VIROO has made significant progress in 2024, with the launch of version 2.6, which introduces key changes to the content generation model. Additionally, the first “ready-to-use” applications of VIROO have begun to be launched. Looking ahead to 2025, the company plans to release VIROO 3.0, which will include standalone support, a feature expected to open new doors for growth in the market.

5.2.3 ORGANISATIONAL MODEL

The Company’s organizational model is built on three fundamental principles:

Self-Management

Virtualware operates as a self-managed organization, replacing traditional hierarchy, authority, and control with autonomy, trust, and transparency to foster innovation. Autonomy, defined as the ability to take responsibility for one’s own actions, is a key driver of personal motivation. One of the core pillars of self-management is the formation of autonomous teams, structured around dynamic roles and transparent rules.

Creativity & Discipline

The aim is to build an excellent organization that combines the strengths of creativity and discipline, where discipline is understood as respect for and adherence to rules, as well as compliance with what has been agreed and decided.

Key aspects of this principle include:

- Cultivating a culture of responsibility and freedom within a well-defined operational framework.
- Encouraging self-discipline at all levels.
- Avoiding confusion between self-discipline and bureaucracy or disciplinary tyranny.

- Keeping the “business concept” clear and periodically refining it to eliminate inefficiencies.

Leadership

Leadership is embedded across all levels of the organization. Every individual within Virtualware is expected to act as a leader within their respective area of influence. The company functions as a collective of individuals who embody and uphold its leadership principles, ensuring the proper execution of the business model.

These leadership principles serve as guidelines for decision-making, communication, and day-to-day interactions, both within the organization and in engagements with stakeholders. They define how relationships are managed internally and externally, shaping Virtualware’s identity.

5.2.4 LISTING ON EURONEXT GROWTH PARIS

Part of Virtualware’s strategy relies on strengthening its position in a stock market of reference for technological companies. Following its successful listing on Euronext Access, the Company is now preparing to transfer to Euronext Growth in Paris, Europe’s largest stock. This move is expected to enhance its international reach, increase visibility, and create new opportunities for strategic partnerships in the coming years. In line with European market regulations, the transition to Euronext Growth will be executed through a technical admission.

In conclusion, the company has chosen to transfer to Euronext Growth as it will allow the company to:

- Strengthen its global position, and increase its profile, notoriety and trustworthiness before the market.
- Develop new tools for the retention and acquisition of key talent through equity and/or profit participation.
- Enable solid financing mechanisms that will allow the company to raise the necessary resources to finance the future growth of the company.
- To provide a liquidity mechanism that can benefit the Company’s shareholders while expanding its shareholder base.
- Growth inorganically through acquisitions by financing M&A operations using shares instead of relying on debt.

5.3 PRINCIPAL MARKETS AND COMPETITIVE LANDSCAPE

The **global enterprise software market** is experiencing significant growth, projected to reach **\$263.79 billion in 2024**, with a **compound annual growth rate (CAGR) of 12.1%** from 2025 to 2030. This growth is driven by the increasing demand for automated and integrated solutions that enhance operational efficiency in large organizations. Leading companies such as SAP, Oracle, and Microsoft dominate the market, providing key solutions like ERP (Enterprise Resource Planning), CRM (Customer Relationship Management), and SCM (Supply Chain Management). Additionally, trends like cloud computing, artificial intelligence, and big data analytics are accelerating the adoption of enterprise software, offering businesses flexibility and scalability.

A key segment within this market is **visualization and 3D rendering software**, which is experiencing rapid expansion. This market is expected to grow at a **CAGR of 30.6%** from 2023 to 2030, driven by the increasing demand for advanced solutions that optimize design, production, and customer engagement across industries such as architecture, engineering, construction (AEC), automotive, healthcare, and entertainment. The integration of emerging technologies like AR/VR and digital twins is further enhancing the capabilities of this software.

The **simulation software market** is also thriving, **valued at \$20.96 billion in 2023**, with a projected **growth rate of 13.8%** until 2030. The adoption of simulation software is being driven by the need to reduce production costs, minimize errors, and streamline R&D processes, especially in industries like automotive and defense.

Furthermore, the **digital twin market**, which intersects both simulation and 3D visualization software, is experiencing exponential growth. The market is expected to **expand from \$17.6 billion in 2023 to \$88.9 billion by 2028**, at a **CAGR of 38.6%**. This surge is driven by the adoption of technologies like IoT, AI, and real-time data analytics.

Finally, the **Augmented Reality and Virtual Reality (XR)** market, which encompasses both VR and AR, continues to grow rapidly, with projections to reach **\$96.32 billion by 2029**. The market's expansion is fueled by applications in gaming, entertainment, healthcare, and education. While privacy concerns and technological limitations remain challenges, government initiatives and R&D investments are accelerating the adoption of these technologies.

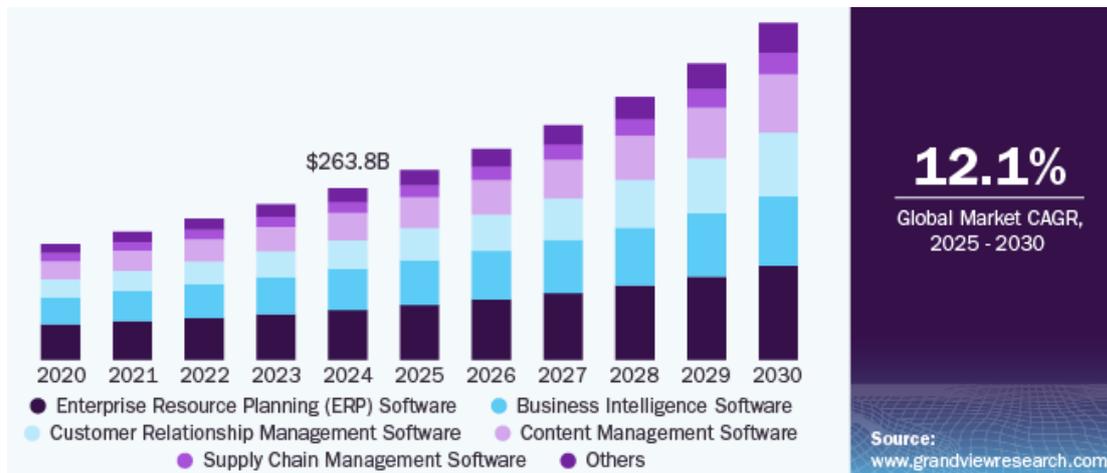
These markets are driving digital transformation through advanced solutions and the integration of emerging technologies, representing a growth opportunity for businesses that embrace these trends.

5.3.1 ENTERPRISE SOFTWARE MARKET

Market Size

In 2024, the global enterprise software market was valued at an estimated \$263.79 billion, according to Grand View Research. It is projected to grow at a compound annual growth rate (CAGR) of 12.1% from 2025 to 2030, driven by the increasing demand for automated and integrated solutions. This growth reflects the critical role of enterprise software as the digital backbone of large organizations, enhancing efficiency and streamlining operations. Leading companies like SAP, Oracle, and Microsoft dominate the market, providing solutions for Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Supply Chain Management (SCM). These integrated systems are designed to meet the complex operational demands of large businesses, further fueling market expansion.

Figure 1. Enterprise Software Market Size, 2020-2030 (\$ Billion)



Source: Grand View Research

Enterprise software is evolving with key trends like cloud computing, artificial intelligence (AI), and big data analytics. Cloud-based solutions enhance flexibility and scalability, enabling businesses to adopt new technologies without heavy infrastructure costs. AI, particularly generative AI, streamlines operations by automating tasks, improving decision-making, and predicting trends. Meanwhile, big data analytics empowers companies to uncover insights, optimize processes, and gain a competitive edge. At the same time, key industry trends such as Industry 4.0, digitization, modern manufacturing, robotics, and the rise of connected devices are driving the demand for advanced technology solutions across sectors

like BFSI (Banking, Financial Services and Insurance), manufacturing, healthcare, and government.

Enterprise software is increasingly tailored to meet the needs of entire organizations, emphasizing cybersecurity, scalability, system integration, and data management. Businesses that effectively leverage these solutions will strengthen their position in the digital age. A major driver of this transformation is Software-as-a-Service (SaaS), with companies like Salesforce leading the way. SaaS models offer subscription-based access to powerful tools, reducing costs, simplifying deployment, and ensuring continuous updates, making enterprise software more accessible to businesses of all sizes.

5.3.2 VISUALIZATION AND 3D RENDERING SOFTWARE

As enterprise software continues to evolve and expand across industries, one key segment driving innovation is Visualization and 3D Rendering Software. This type of software plays a crucial role in sectors such as architecture, engineering, construction (AEC), manufacturing, automotive, entertainment, and healthcare, where realistic simulations, digital prototyping, and immersive experiences are essential for optimizing design, production, and customer engagement.

The growing adoption of Industry 4.0, digital twins, and AR/VR technologies is further increasing the demand for advanced 3D rendering solutions. Companies leverage these tools to create high-quality visual representations, streamline workflows, and enhance decision-making processes. Integrated with enterprise software systems such as Product Lifecycle Management (PLM), Building Information Modeling (BIM), and Computer-Aided Design (CAD), visualization and rendering solutions contribute to greater operational efficiency and cost reduction.

The global market for visualization and 3D rendering software was valued at \$2.20 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 30.6% from 2023 to 2030. This rapid expansion is driven by the increasing demand for advanced digital solutions that enhance efficiency and innovation across industries. The rising importance of cost and time efficiency, a strong emphasis on innovation, and the growing need for highly realistic media are key factors fueling the adoption of visualization and 3D rendering software. This technology allows businesses to receive real-time feedback, facilitating informed decision-making to optimize profitability.

The global visualization and 3D rendering software market is divided into on-premises and cloud-based solutions. In 2022, the cloud segment accounted for over 77.7% of total revenue and is expected to grow at a CAGR of 31.7% in the coming years. This shift is driven by technological advancements, as cloud-based

solutions provide greater scalability, mobility, and on-demand resource availability, optimizing both costs and time. Additionally, businesses are increasingly adopting customized cloud solutions, further accelerating cloud deployment.

Despite the cloud's rapid adoption, the on-premises segment is also projected to grow. Data security concerns remain a key factor for organizations in highly regulated industries, where maintaining full control over sensitive information is a priority. On-premise deployment allows businesses to implement enhanced security measures and comply with strict data protection regulations.

Market segmentation based on applications

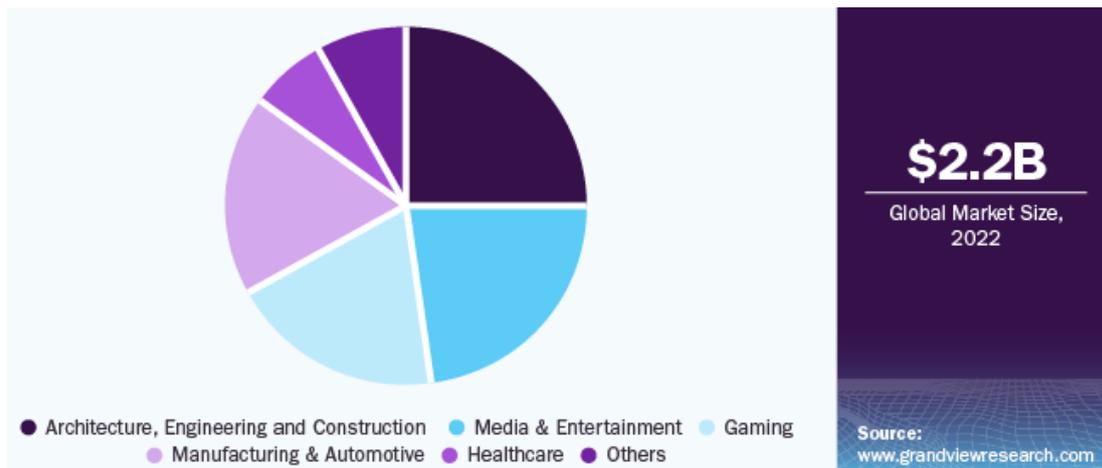
Based on applications, the visualization and 3D rendering software market is categorized into product design & modeling, animation, visualization & simulation, and others. In 2022, the product design and modeling segment held the largest revenue share at 32.8%, driven by the growing influence of virtual reality (VR) and augmented reality (AR). These technologies enable immersive, interactive product visualization, allowing designers and customers to assess aesthetics and functionality in a virtual space. As a result, businesses are integrating VR and AR into design software to enhance collaboration, efficiency, and innovation.

Meanwhile, the visualization & simulation segment is expected to witness substantial growth in the coming years. These applications help companies analyze customer insights, deliver customized visual solutions, and optimize animation and graphics-related services. Additionally, as competition intensifies, businesses are increasingly adopting visualization and 3D rendering software to gain a strategic edge in the market.

Market segmentation based on end user

Based on end user, the visualization and 3D rendering software market is divided into architecture, engineering and construction (AEC), gaming, healthcare, manufacturing and automotive, media and entertainment, and others. In 2022, the AEC sector led the market with a 25.0% revenue share, as architects and designers increasingly use 3D rendering tools for realistic project visualizations, virtual reality (VR) integration, and real-time rendering. These features enhance client presentations and improve design communication. Additionally, the demand for sustainable and energy-efficient buildings is driving the adoption of 3D rendering in architecture. These tools help architects simulate environmental performance, optimizing designs for energy efficiency, daylighting, and thermal comfort, ultimately reducing the environmental impact of buildings.

Figure 2. Global Visualization & 3D Rendering Software Market Share, by End-user, 2022 (%)



Source: Grand View Research

5.3.3 SIMULATION SOFTWARE MARKET

In 2023, the global simulation software market was valued at \$20.96 billion and is projected to grow at a CAGR of 13.8% from 2024 to 2030. This software enables the virtual creation of real-time environments to test product and process efficiency before implementation. Key advantages, such as lower production costs and reduced training expenses, are driving market growth. Additionally, simulation tools are widely used in military applications to assess the impact of weapons, while the automotive industry leverages them to develop optimized vehicle prototypes aimed at reducing CO₂ emissions.

Market Drivers and Restraints

The increasing adoption of simulation software is driven by the need to reduce production costs, minimize errors, and streamline R&D processes. By enabling virtual prototyping, the software helps eliminate faulty designs early, cutting down on manual testing expenses and improving overall efficiency. Manufacturers, who traditionally faced high costs from complex prototyping and frequent product failures, benefit from virtual testing that reduces risks and lowers both pre- and post-production expenses. This has led to growing investments in AI-driven simulation technologies.

The rising demand for AI-enabled devices, autonomous vehicles, and electric vehicles (EVs) is also accelerating market expansion. For instance, automotive manufacturers use simulation software to test performance, ensure compliance with industry standards, and evaluate real-world adaptability. BMW's \$115 million investment in a high-fidelity driving simulation center is a prime example of the industry's commitment to virtual testing advancements.

However, the market faces several restraints. Regulatory scrutiny, especially in sectors like aerospace and healthcare, presents challenges, particularly around data security, intellectual property, and accuracy. Compliance with evolving industry standards is crucial for software providers to maintain trust and ensure continued adoption. Additionally, simulation software competes with alternative modeling methods, such as physical prototyping, AI-driven analysis, and cloud-based simulation services, all of which present cost and efficiency considerations.

Lastly, the market shows significant end-user concentration, particularly within the automotive, aerospace, healthcare, and electronics sectors. Vendors must increasingly tailor their solutions to meet the specific needs of these industries, fueling further innovation and customization in the simulation software landscape.

Market concentration and characteristics

The simulation software market is highly innovation-driven, fueled by advancements in algorithms, computational power, and AI integration. Vendors continuously enhance their solutions with real-time simulations and immersive experiences, expanding applications across various industries. The market is characterized by a high level of mergers and acquisitions, which are key for market consolidation and strategic growth as they enable companies to broaden their portfolios, acquire complementary technologies, and enhance global competitiveness.

Figure 3. Simulation Software Market, Concentration and Characteristics

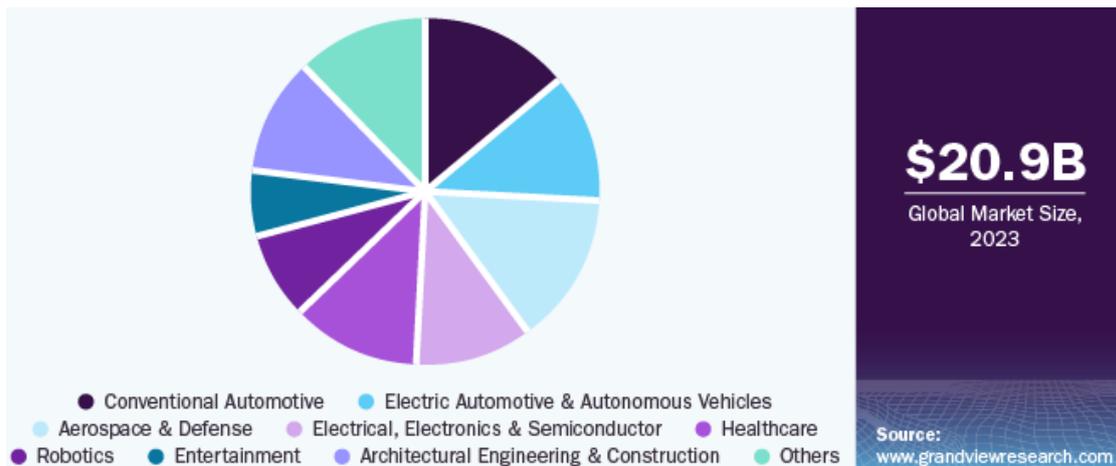


Source: Grand View Research

Market segmentation based on end user

The automotive segment led the market in 2023, capturing the largest revenue share due to the early adoption of virtual tools for product development. This growth is further driven by industry's shift toward electric and autonomous vehicles, with simulation software playing a key role in optimizing production processes.

Figure 4. Global Simulation Software Market Share, by End-use, 2023 (%)



Source: Grand View Research

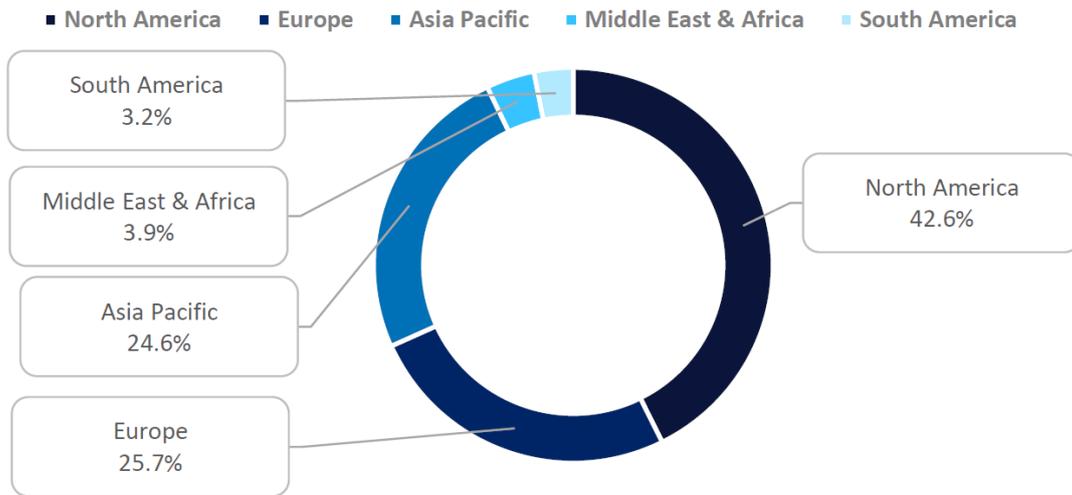
Market share by region

In 2023, North America led the market with a 42.6% market share, driven by the presence of major industry players in the U.S. and Canada. The region's dominance is expected to continue due to strong R&D investments and its reputation as an early adopter of advanced technologies.

The Asia Pacific region is projected to experience the fastest CAGR during the forecast period, fueled by expanding manufacturing activities in industries like automotive and healthcare. Growth in construction and healthcare sectors in countries such as Japan and India is also contributing to market expansion.

Meanwhile, Europe held a significant market share, with Germany and the U.K. playing key roles. The region's high AI adoption rates and rising defense expenditures are major factors supporting its growth.

Figure 5. Simulation Software - Regional Market Share - 2023 (%)



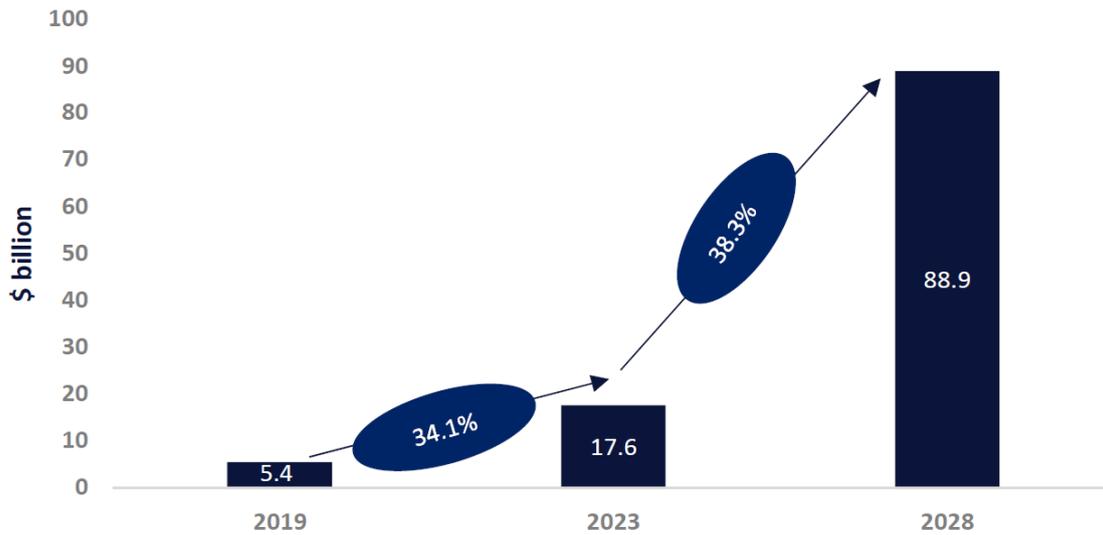
Source: Global Data

5.3.4 DIGITAL TWIN MARKET

The Digital Twin Market intersects with both the Simulation Software Market and the Visualization & 3D Rendering Software Market, playing a crucial role in industries like manufacturing, automotive, healthcare, and smart infrastructure. Digital twins are real-time virtual replicas of physical objects, systems, or processes, utilizing simulation software to predict performance, optimize operations, and reduce costs. They also rely on advanced visualization and 3D rendering tools to create highly detailed, interactive representations of complex data.

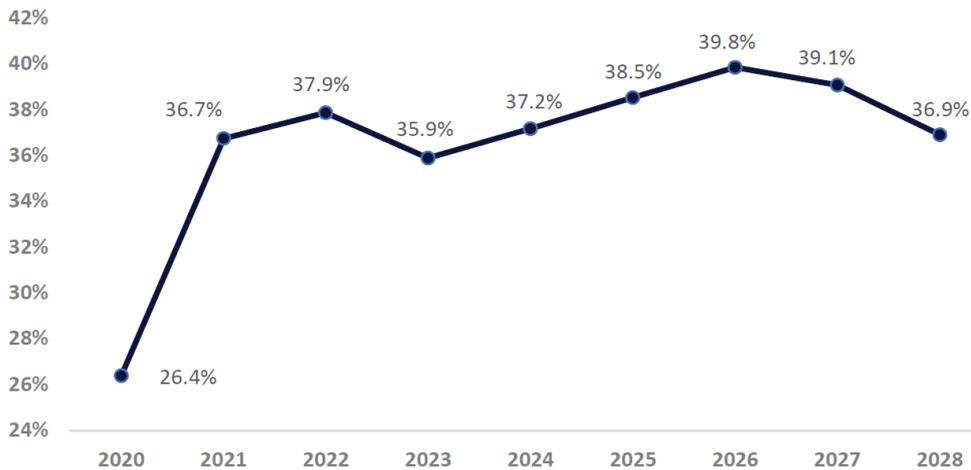
The global digital twin market is projected to grow from \$17.6 billion in 2023 to \$88.9 billion by 2028, at a CAGR of 38.6% between 2024 and 2028. This rapid growth is driven by the rising adoption of real-time data analytics, IoT integration, and AI-driven simulations. In sectors such as architecture, engineering, and construction, digital twins enable precise 3D modeling before physical implementation. Businesses are increasingly leveraging virtual prototyping, predictive maintenance, and process automation, positioning digital twins as a key enabler of Industry 4.0 and the future of intelligent operations.

Figure 6. Digital Twins - Global Market value (\$ Billion)



Source: Global Data

Figure 7. Digital Twins - Y-o-Y Global Market Growth (%)



Source: Global Data

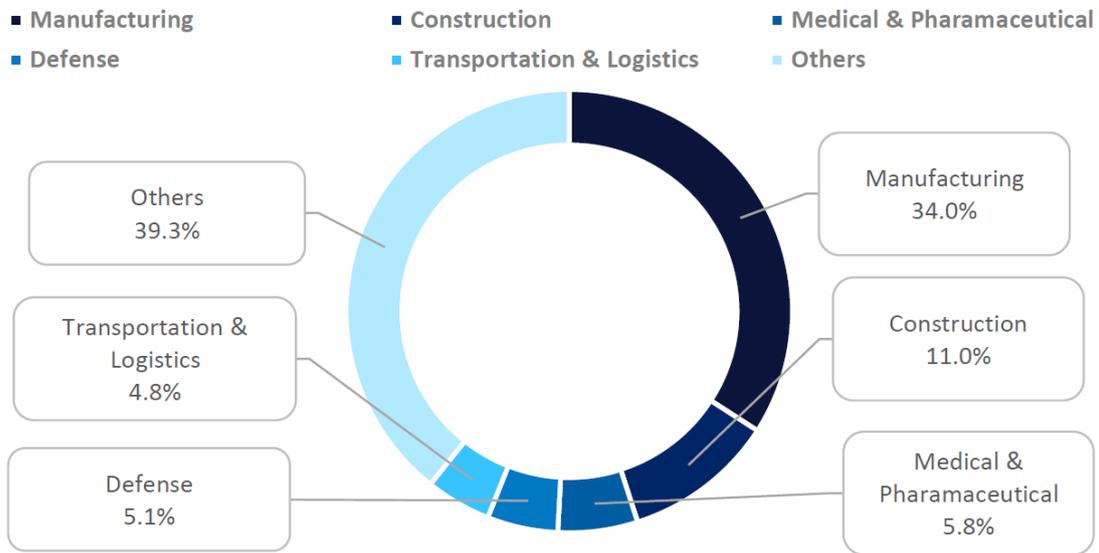
Market share by segment

In 2023, the manufacturing sector led the digital twin market, accounting for over 34% of total revenue. This dominance is driven by the increasing use of digital twins to create virtual models of production lines, equipment, and supply chain operations. By simulating processes, manufacturers can identify inefficiencies, predict disruptions, and optimize logistics management.

Beyond supply chain improvements, digital twins play a crucial role in predictive maintenance, reducing equipment downtime, and extending asset lifespan. They also support real-time monitoring, enhancing quality control and compliance with industry standards. As Industry 4.0 advances, the adoption of digital twins is

expected to reshape factory automation, resource optimization, and decision-making processes across the manufacturing industry.

Figure 8. Digital Twins - Market Share by Segment - 2023 (%)



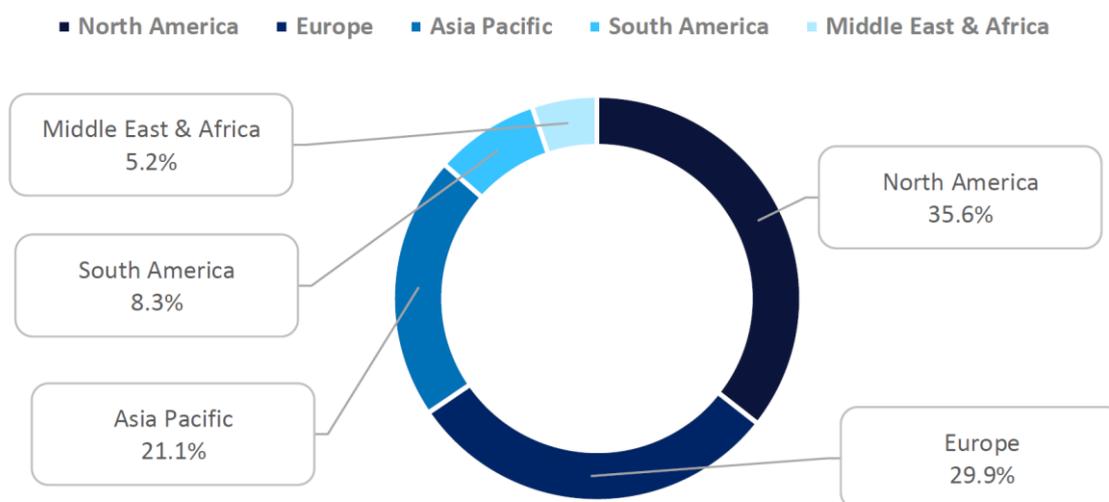
Source: Global Data

Market share by region

As of 2023, North America holds the largest share of the digital twin market, exceeding 35%, due to early adoption and strong technological infrastructure. The region is a hub for manufacturing, automotive, aerospace, and energy, where digital twins are streamlining operations, improving efficiency, and fostering innovation.

AI, IoT, and cloud computing have further accelerated adoption, enabling real-time simulation and optimization of industrial processes. Additionally, government initiatives and investments in smart infrastructure, particularly in smart cities, energy management, and defense, are expanding the market's applications beyond manufacturing. As digital twin technology evolves, its impact is expected to grow across healthcare, logistics, and urban planning, further solidifying North America's leadership in the global market.

Figure 9. Digital Twins - Regional Market Share - 2023 (%)



Source: Global Data

5.3.5 AUGMENTED AND VIRTUAL REALITY MARKET

According to Markets and Markets, the XR market size was valued at \$ 22.12 billion in 2024 and is expected to reach \$ 96.32 billion by 2029, growing at a CAGR of 34.2% during the forecast period 2024 to 2029.

Virtual reality (VR) is a technology that creates a computer-generated, three-dimensional environment where users can interact using specialized equipment like headsets or sensor-equipped gloves. This immersive experience makes it feel as though they are in a different place or world, engaging with virtual objects or characters. The VR market is divided into hardware and software, with hardware primarily consisting of VR headsets, while software includes apps and content available through app stores. However, the market does not account for revenue from services like hardware design, app development, or VR arcades. Instead, market volume is measured by the number of VR headsets shipped.

XR Market trends: drivers and challenges

The rapid growth of AR and VR applications in gaming and entertainment is a major driver of market expansion. Augmented reality transforms user experiences by merging the real and digital worlds, fostering interaction and immersion. In gaming, AR encourages exploration, collaboration, and even physical activity, making gameplay more dynamic and engaging. Meanwhile, VR has gained momentum due to hardware advancements that enhance performance, comfort, and display quality.

However, despite this growth, privacy concerns and technological limitations pose significant restraints. AR's ability to overlay digital content onto the physical world raises security issues, as it often involves collecting sensitive personal data, including location, images, and behavioral patterns. This data, used for profiling and analysis, heightens concerns about retention and misuse, potentially slowing AR adoption. In VR, the restricted field of view remains a challenge, as most headsets offer a much narrower perspective than natural human vision. This limitation reduces immersion and prevents VR from fully replicating real-world perception, creating a barrier to widespread acceptance.

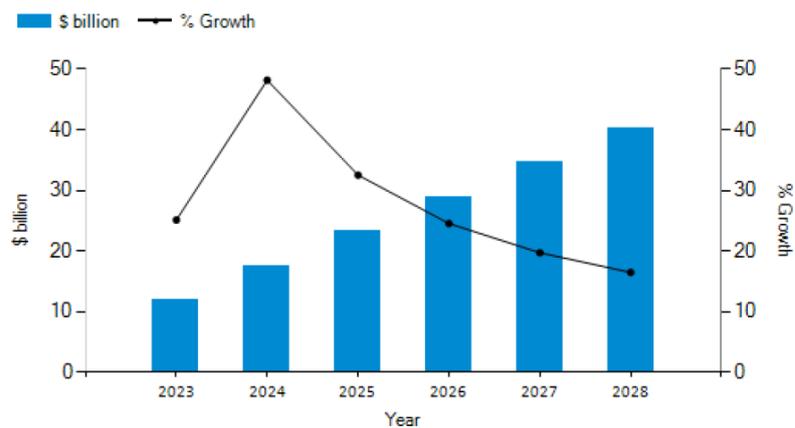
Amid these challenges, government initiatives and investments present significant opportunities for AR and VR development. Global funding and research support have accelerated AR innovation, as seen in investments like Envisics' \$100 million Series C round, a UK-based holographic company aiming to commercialize AR head-up displays. Similarly, companies like Snapchat have introduced monetization programs for AR creators, expanding industry awareness and adoption. In the VR sector, increasing financial backing reflects growing confidence in its transformative potential across industries, including healthcare, education, and finance. These investments highlight VR's expanding role beyond entertainment, reinforcing its long-term market growth.

Nonetheless, technical challenges persist, limiting the scalability of AR and VR technologies. AR's lack of platform flexibility complicates content development, as proprietary hardware and software create compatibility issues. Developing cross-platform AR applications remains costly and time-consuming, delaying market expansion. In VR, challenges such as display resolution and haptic feedback continue to hinder immersion. The "screen door effect," where visible pixel grids disrupt realism, remains a significant issue, preventing VR from fully achieving its intended level of visual fidelity. These persistent technological hurdles dampen market appeal and slow widespread adoption, despite the industry's overall progress.

5.3.6 VIRTUAL REALITY MARKET

The global virtual reality (VR) market generated total revenues of \$11.8 billion in 2023, reflecting a compound annual growth rate (CAGR) of 17.4% from 2018 to 2023. This growth was fueled by advancements in technology and expanding adoption across industries. Looking ahead, the market is expected to maintain strong double-digit growth, although at a slightly slower pace compared to the historical period. By 2028, the global VR market is forecast to reach \$40.4 billion, marking an increase of 240.8% from 2023. The compound annual growth rate for the market during the period from 2023 to 2028 is projected to be 27.8%.

Figure 10. Global virtual reality market value forecast, 2023-2028 (\$ Billion)

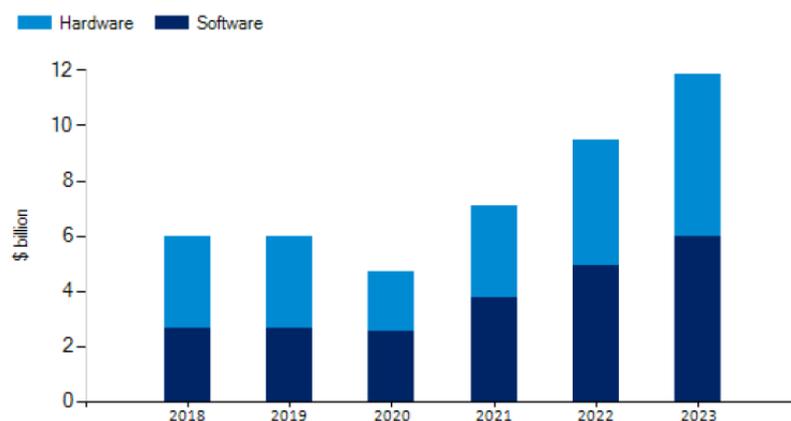


Source: Global Data

VR Market Share by Category

In 2023, the software segment led the global virtual reality market, making up 50.7% of the total value. This growth is driven by the rising demand for immersive applications across sectors like gaming, healthcare, and education, where advanced VR content and platforms are increasingly integral. The hardware segment, comprising VR headsets and related devices, accounted for the remaining 49.3%. This nearly equal split underscores the importance of both software and hardware in delivering a complete VR experience. As the market continues to expand, ongoing advancements in both areas will be crucial to sustaining growth and enhancing user engagement.

Figure 11. Global Virtual Reality Market category segmentation, 2018-2023 (\$ Billion)



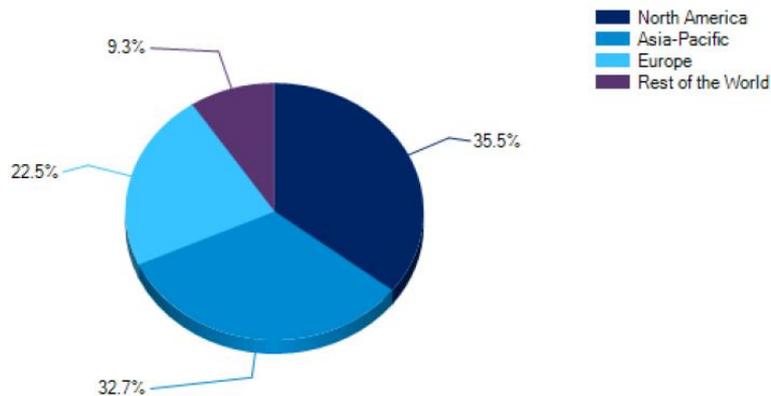
Source: Global Data

XR Market Share by Region

In 2023, North America led the global virtual reality market, accounting for 35.5% of its total value. The region benefits from the strong presence of major VR companies, advancements in technology, and high consumer demand, particularly in gaming,

entertainment, and enterprise applications. Asia-Pacific followed closely, contributing 32.7% to the global market. The rapid adoption of VR in countries like China, Japan, and South Korea, along with increased investment in both hardware and software, has driven significant growth in the region. Together, these two regions dominate the global VR landscape, reflecting their pivotal roles in driving innovation and market expansion.

Figure 12. Global Virtual Reality Market geography segmentation, by value, 2023 (\$ Billion)



Source: Global Data

5.3.7 COMPETITIVE LANDSCAPE

The main companies in the market are global leaders in developing advanced technological solutions, specializing in enterprise software for product design, simulation, and lifecycle management. They also stand out for integrating virtual reality, digital twins, automation, and immersive simulation technologies to optimize product development and industrial processes, driving digital transformation in key industries like energy, automotive, aerospace, manufacturing and infrastructure.

DASSAULT SYSTEMES

Dassault Systèmes is a global technology company that provides software solutions for product design, engineering, and manufacturing. In the field of virtual reality, it offers immersive tools like 3DEXPERIENCE to create and visualize digital twins and simulate real-world environments. Its enterprise software helps industries such as aerospace, automotive, and construction optimize product development, innovation, and collaboration.

SIEMENS DIGITAL INDUSTRIES SOFTWARE

Global leader in providing comprehensive software solutions for product design, manufacturing, and lifecycle management. It offers tools for simulation, automation, and digital twins to optimize product development. In the field of virtual reality, Siemens integrates immersive technologies into its software, allowing for enhanced design visualization, real-time collaboration, and virtual prototyping, helping businesses streamline processes and innovate more efficiently across industries like automotive, aerospace, and industrial equipment.

HEXAGON AB

Hexagon AB is a global technology company that provides digital solutions for industries like manufacturing, construction, and agriculture. Its software focuses on data analytics, automation, and geospatial technologies. In the realm of virtual reality, Hexagon offers immersive solutions for visualization, design, and simulation, helping businesses optimize operations, improve product development, and drive digital transformation.

PTC INC

Global technology company that provides software solutions for product design, manufacturing, and service management. Known for its industry-leading CAD (Computer-Aided Design) software, like Creo, PTC also offers tools for augmented reality (AR), IoT (Internet of Things), and digital transformation. In the realm of virtual reality, PTC's Vuforia platform enables immersive AR experiences, allowing businesses to enhance product design, training, and operational efficiency.

AVEVA GROUP LTD

Global technology company specializing in industrial software for engineering, design, and operations. In the field of virtual reality, it provides immersive simulation and digital twin solutions to enhance industrial asset management. Additionally, its enterprise software enables businesses to optimize processes, improve efficiency, and drive digital transformation across industries such as ENERGY, MANUFACTURING, AND INFRASTRUCTURE.

BENTLEY SYSTEMS INC

Global software company specializing in infrastructure engineering solutions. It offers digital twin and immersive visualization technologies to enhance the design, construction, and operation of infrastructure projects. Additionally, its enterprise software helps businesses optimize asset performance, improve collaboration, and drive digital transformation across industries such as transportation, utilities, and construction.

ANSYS, INC.

Ansys, Inc. is a technology company specializing in engineering simulation software for product design and testing. In the field of virtual reality, it provides immersive simulation solutions that enhance product development and visualization. Additionally, its enterprise software enables businesses to optimize engineering processes, improve efficiency, and drive innovation across various industries.

ESI GROUP

ESI Group is a global software company specializing in virtual prototyping and simulation solutions. It offers advanced tools for industries like automotive, aerospace, and energy to optimize product design and manufacturing processes. In the field of virtual reality, ESI provides immersive simulation technologies that enable realistic testing and visualization of products in virtual environments, helping businesses improve performance and reduce time-to-market.

5.4 INVESTMENTS DESCRIPTION

5.4.1 DESCRIPTION OF THE ISSUERS MATERIAL INVESTMENTS FOR THE LAST 2 YEARS.

In October 2024, VIRTUALWARE 2007, S.A. acquired 100% of the shares of SIMUMATIK AB, a Sweden-based company, for a total consideration of €1.371 million. The transaction was structured through a €450,000 cash payment and the issuance of 110,000 shares of VIRTUALWARE 2007, S.A. at €8.40 per share. As part of the purchase price allocation (PPA) process, the Group assigned the entire €1.292 million premium over SIMUMATIK AB's book value to the fair value of acquired intangible assets, specifically the industrial property associated with its Virtual Commissioning platform.

The other material investment in the financial years 2023 and 2024 has been the capitalization of development costs associated with the improvements and new functionalities of VIROO.

5.4.2 DESCRIPTION OF THE ISSUERS MATERIAL INVESTMENTS THAT ARE IN PROGRESS

Virtualware does not have any material investments in progress.

5.5 PATENTS, LICENSES, TRADEMARKS AND DOMAIN NAMES

This section will detail all permissions, licences, certificates and patents currently held by Virtualware. These patents and certifications are a sign of the quality of the product and service offered by the company to its customers.

5.5.1 CERTIFICATES

LRQA Approval Certificate ISO 9001:2015



- **Certify the Management System of:** Virtualware 2007, S.A.
- **Domicile:** Pol. Artunduaga, P.8.1 (Bilbondo) – C/ Usausuaga, 7, Vizcaya, 48970 Basauri, Spain
- **Approval number(s):** ISO 9001 – 0038193
- **Scope of approval:** Project Development and Digital content applications. Integration of technological solutions based on digital interactive content platforms. Quality certification according to ISO 9001:2015 approved on the 26th of July 2010 and issued on the 26th of July 2022, with certificate identity number 1021436, and expiration date on the 25th of July of 2025.

LRQA Approval Certificate ISO 27001:2013



- **Certify the Management System of:** Virtualware 2007, S.A.
- **Domicile:** Pol. Artunduaga, P.8.1 (Bilbondo) – C/ Usausuaga, 7, Vizcaya, 48970 Basauri, Spain
- **Approval number(s):** ISO 27001 – 00038156
- **Scope of approval:** The Security Information Management System for the services carried out:
 - Development of projects and applications of digital content delivered in DEVaaS mode (Development as a Service).
 - Integration of technological solutions based on interactive digital content platforms.
 - Services that ensure the availability of the Logical Infrastructure for critical functionality in VRaaS (Virtual Reality as a Service).
 - Quality certification according to ISO 27001:2013 approved on the 1st of November 2022, with certificate identity number 10477067, and expiration date on the 31st of October of 2025.

5.5.2 LICENSES AND TRADEMARKS

The following is a summary of all the brand licenses held by Virtualware 2007, S.A.:

VIRTUALWARE

Modality: National Trademark

Countries: Chile, Colombia



VIRTUALWARE.

Modality: National Trademark

Countries: United Kingdom, Canada, USA

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU

s i m u m a t i k

Modality: National Trademark

Countries: Canada, China, Sweden, USA

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU



Modality: National Trademark

Countries: United Kingdom

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU



Modality: National Trademark

Countries: United Kingdom

Modality: International Trademark

Countries: Canada, Colombia, Mexico, United States

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU



Modality: National Trademark

Countries: Canada



Modality: National Trademark

Countries: United Kingdom

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU



Modality: National Trademark

Countries: United Kingdom

Modality: European Union Trademark

Countries: Intellectual Property Office of the EU

Detailed table with all Trademark Registers of Virtualware 2007, S.A.

Trademark	Modality	Approval	Expiration	Location
	National Trademark	04/11/2015	04/11/2025	Chile
		29/07/2015	29/07/2025	Colombia
	National Trademark	pending	pending	Canada
		05/07/2019	22/01/2029	United Kingdom
		10/03/2020	10/03/2030	USA
	EU Trademark	05/07/2019	22/01/2029	Intellectual Property Office of the EU
simumatik	National Trademark	pending	pending	Canada
		07/04/2022	06/04/2032	China
		22/11/2013	22/11/2033	Sweden
		pending	pending	USA
	EU Trademark	pending	pending	Intellectual Property Office of the EU
	EU Trademark	27/01/2010	09/07/2029	Intellectual Property Office of the EU
	National Trademark	27/01/2010	09/07/2029	United Kingdom
VIROO	International Trademark	07/06/2022	10/02/2031	Canada, Colombia, Mexico, USA
	EU Trademark	14/12/2020	24/09/2029	Intellectual Property Office of the EU
	National Trademark	14/12/2020	24/09/2029	United Kingdom
	National Trademark	28/01/2016	28/01/2031	Canada
	EU Trademark	21/02/2018	15/09/2027	Intellectual Property Office of the EU
	National Trademark	21/02/2018	15/09/2027	United Kingdom
	EU Trademark	17/11/2017	18/07/2027	Intellectual Property Office of the EU
	National Trademark	17/11/2017	18/07/2027	United Kingdom
	EU Trademark	22/01/2020	19/07/29	Intellectual Property Office of the EU
	National Trademark	22/01/2020	19/07/29	United Kingdom

6. ORGANISATIONAL STRUCTURE

6.1 CORPORATE STRUCTURE

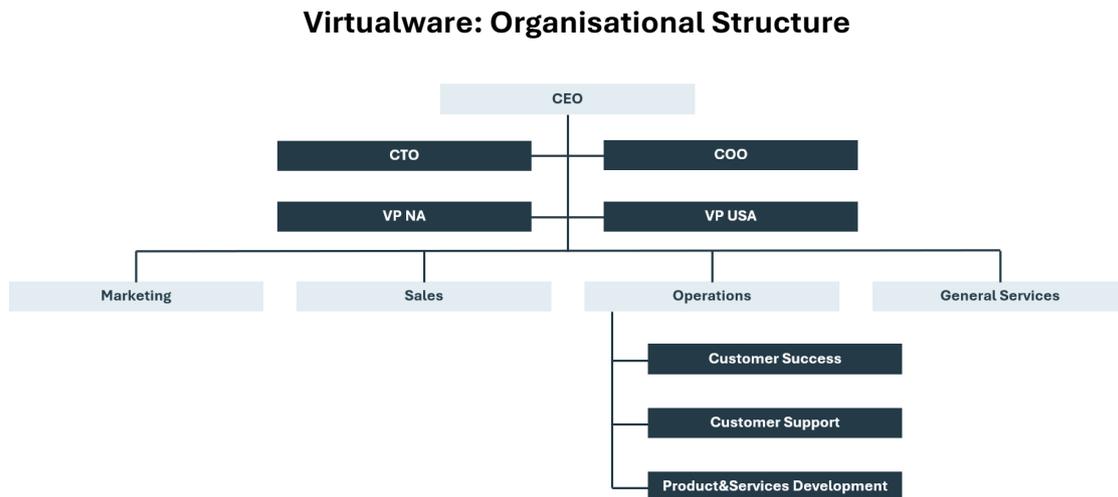
At the date of publication of this document, the company structure of Virtualware 2007, S.A. is as follows:

- Virtualware UK ltd – 100% owned by Virtualware 2007, S.A.
- Virtualware Canada Inc – 100% owned by Virtualware 2007, S.A.
- Virtualware Sweden - 100% owned by Virtualware 2007, S.A.
- Virtualware USA - 100% owned by Virtualware 2007, S.A.
- Evolv Rehabilitation Technologies, S.L. – 74% owned by Virtualware 2007, S.A. During the 2024 fiscal year, the Board of Directors of the parent company decided to initiate the sale process of its 74.71% stake in Evolv Rehabilitation Technologies, S.L. As of December 31, 2024, the company is committed to a divestment plan for this asset, having launched a program to identify potential buyers and complete the transaction. Currently, active negotiations are underway to sell the stake at a price aligned with its fair market value.
- Hermeneus World, S.L. – 23% owned by Virtualware 2007, S.A.
- Fundación Virtualware Labs, Virtualware Mexico S. de RL de CV, currently do not form part of the group.

Simumatik AB was legally acquired by Virtualware 2007, S.A. on 18 October 2024, as stated in Note 1 and Note 4 of the 2024 audited accounts. Following the acquisition, Simumatik AB was renamed Virtualware Sweden AB, and it is now a fully consolidated subsidiary of the Group. Therefore, Simumatik no longer exists under its original name, but its legal identity continues as Virtualware Sweden AB. Simumatik does not appear separately in the list of subsidiaries because it has been renamed and integrated into the Group under that new name.

6.2 ORGANISATIONAL STRUCTURE

Currently, Virtualware’s headcount is 52 people. Spread over the different offices in the countries in which the company operates, the organisational structure is as follows:



Source: Virtualware 2007, S.A.

Below is a breakdown of all the activities carried out in all the departments that make up the company:

Department	Function Description
MK & Sales	Responsible for the communication and development of the "Virtualware" brand and its services in line with the company's strategy, managing communication with stakeholders, and overseeing lead generation and account management for the sale of Virtualware services.
Customer Success & Support	Responsible for supporting customers in the development and use of the acquired services in the best possible way.
Product & Services Development	Responsible for the development of the products and associated services, including software, content, and hardware installations, as well as the necessary devices. Oversees content development, manages the back-log for development teams, and ensures seamless integration of all components to enhance the service.

General Services	Responsible for managing suppliers and subcontractors, overseeing logistics, administration, finance, and cash flow of the company, while also ensuring talent development and well-being within the organization.
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7. OPERATING AND FINANCIAL REVIEW

7.1 FINANCIAL CONDITION

In 2023, the Company achieved record revenues of €4.55 million, representing a 41% increase over the prior year. This performance was driven by the accelerated adoption of its Virtual Reality-as-a-Service (VRaaS) subscription plans and the growing contribution of its core technology, VIROO, which generated €1.30 million—an increase of 118% compared to 2022. The strategic emphasis on VIROO subscriptions, supported by complementary services such as multi-user VR room installations and immersive content creation, enabled the VRaaS model to contribute 35% of total revenues and linked services to account for a further 54%. Gross profit margin improved to 74%, up from 70%, and would have exceeded 80% on a standalone basis excluding Evolv Rehabilitation Services. EBITDA rose 29% to €423,480, with adjusted EBITDA of €211,484 after excluding one-off IPO expenses. Salary expenses increased by 25% to €3.06 million—reflecting workforce expansion, merit increases and share-based compensation—while net debt was reduced by €400,000 to €1.3 million (a 23% reduction). Contract signings totaled €5.6 million, geographically diversified across North America (43%), EMEA (33%) and Latin America (24%). These results validated the Company’s VRaaS strategy, strengthened its balance sheet, and established a platform for further expansion.

In 2024, under the 2024–2026 Strategic Plan, the Company sustained double-digit growth and further enhanced profitability. Core XR platform revenues reached €4.20 million, up 13.5% from 2023, while EBITDA increased by 90% to €808,000 and net profit climbed 750% to €544,000. Subscription-based services grew to represent 41% of total revenue, with VIROO XRaaS revenues rising to €1.73 million—an overall 192% increase since 2022. Geographic expansion in North America delivered 36% of total revenues, supported by the establishment of a subsidiary in Orlando and team growth in Toronto. A strategic partnership with HTC VIVE facilitated entry into the United States through new channel arrangements and the opening of an Enterprise Simulation Lab in Berkeley, California. In Canada, collaboration with Invest WindsorEssex and Nexstar Energy on a €3.5 million

battery-training program further diversified revenue streams and showcased immersive training capabilities. The acquisition of Simumatik in October 2024 broadened the product portfolio into industrial emulation. Despite a lower total contract value of €3.8 million due to the deferral of certain large deals, fourth-quarter bookings of €1.5 million restored sales momentum. The Company closed the year with a net financial debt to EBITDA ratio of 0.5, underscoring a strong financial position and efficient capital structure. This low leverage level reflects prudent financial management and provides ample headroom to support future growth initiatives through strategic investment or targeted financing, if required.

7.1.1 BALANCE SHEET

Audited Balance Sheet Account for Virtualware 2007, S.A. ended the 31st of December 2023 and 2024

(Expressed in EUR €)

ASSETS	2023	2024
A) NON-CURRENT ASSETS	4,151,604.53	5,249,126.51
I. Intangible Assets	1,745,985.75	3,120,961.66
3. Patents, Licenses, Trademarks, and Similar Rights	1,745,985.75	3,120,961.66
II. Tangible Assets	170,207.87	38,376.31
2. Technical Installations and Other Tangible Fixed Assets	170,207.87	38,376.31
IV. Investments in Group Companies and Associates (Long-term)	108,574.68	164,121.36
1. Equity Investments	108,574.68	164,121.36
V. Long-term Financial Investments	38,632.03	53,922.84
VI. Deferred Tax Assets	2,088,204.20	1,871,744.35
B) CURRENT ASSETS	2,596,334.83	3,073,992.39
I. Non-current assets held for sale	0.00	380,874.54
II. Inventories	64,924.37	29,930.17
III. Trade Receivables and Other Accounts Receivable	1,914,458.20	1,191,453.91
1. Trade Receivables from Sales and Services (Short-term)	1,432,647.89	868,301.48
2. Equity-accounted investees	0.00	4,153.48
4. Other debtors	481,810.31	318,998.95
IV. Investments in Group Companies and Associates (Short-term)	3,700.00	60,000.00
1. Loans to equity-accounted investees	3,700.00	60,000.00
V. Short-term Financial Investments	306,593.44	707,545.94
VI. Short-term Accruals	5,586.18	23,525.85
VII. Cash and Cash Equivalents	301,072.64	680,661.98
TOTAL ASSETS (A+B)	6,747,939.36	8,323,118.90

EQUITY AND LIABILITIES

2023

2024

A) EQUITY	1,194,557.20	2,455,131.22
A-1) Shareholders' Equity	1,124,030.39	2,382,005.20
I. Capital	158,970.00	158,970.00
1. Subscribed Capital	158,970.00	158,970.00
III. Reserves	1,005,520.84	2,044,955.36
2. Other reserves	1,005,520.84	2,044,955.36
VII. Treasury Shares and Equity Holdings in the Parent Company	-38,846.43	-7,661.11
VIII. Profit for the Year Attributable to the Parent Company	-1,614.02	185,740.95
A-2) Adjustments for Changes in Value	0.00	-615.84
A-3) Grants, Donations, and Bequests Received	0.00	0.04
A-4) Non-controlling Interests (Minority Interests)	70,526.81	73,741.81
B) NON-CURRENT LIABILITIES	2,184,499.75	1,951,896.31
II. Long-term Debt	1,166,477.08	789,244.84
2. Bank Borrowings	811,718.96	673,953.48
4. Other Financial Liabilities	354,758.12	115,291.36
IV. Deferred Tax Liabilities	8,638.65	0.00
V. Long-term Accruals	1,009,384.02	1,162,651.47
C) CURRENT LIABILITIES	3,368,882.41	3,916,091.37
I. Liabilities associated with non-current assets held for sale	0.00	310,660.87
III. Short-term Debt	1,283,432.47	1,268,493.64
2. Bank Borrowings	952,847.93	954,647.23
4. Other Financial Liabilities	330,584.54	313,846.41
V. Trade Payables and Other Accounts Payable	1,156,059.99	1,027,520.69
1. Trade payables	219,247.51	136,835.32
3. Current tax liabilities	2,301.47	536.22
4. Other payables	934,511.01	890,149.15
VI. Short-term Accruals	929,389.95	1,309,416.17
TOTAL NET EQUITY AND LIABILITIES (A+B+C)	6,747,939.36	8,323,118.90

KEY TAKEAWAYS

Intangible assets

The Group's intangible assets primarily consist of industrial property, including capitalized development costs related to enhancements and new functionalities of VIROO, a multi-user virtual reality (VR) platform, as well as the acquisition cost of the SIMUMATIK product, which was integrated into the Group following the acquisition of the company.

SIMUMATIK's acquisition, detailed in Note 4 of the 2024 audited accounts, included all the operations, intellectual property, and personnel of Simumatik. Following the acquisition, the Group recognised the Simumatik-developed "Virtual Commissioning" platform as industrial property, in line with the accounting treatment outlined in Note 3 of the 2024 audited accounts. This valuation reflects the capitalised development costs and the strategic value of the technology acquired. The platform is now integrated into Virtualware's broader technology portfolio and continues to be developed and commercialised under the Group's direction.

In October 2024, VIRTUALWARE 2007, S.A. acquired 100% of the shares of SIMUMATIK AB, a Sweden-based company, for a total consideration of €1.371 million. The transaction was structured through a €450,000 cash payment and the issuance of 110,000 shares of VIRTUALWARE 2007, S.A. at €8.40 per share. As part of the purchase price allocation (PPA) process, the Group assigned the entire €1.292 million premium over SIMUMATIK AB's book value to the fair value of acquired intangible assets, specifically the industrial property associated with its Virtual Commissioning platform.

The patents/licenses/trademarks item increased significantly from €1.7m FYE 2023 to €3.1m FYE 2024. This increase is not related to new intellectual property protections. The increase in intangible assets is mainly due to the increase in industrial property:

- On the one hand, capitalized development costs associated with improvements and new functionalities of VIROO.
- On the other hand and mainly, the acquisition cost of the SIMUMATIK product, which has been integrated into the group after the acquisition of the company.

Tangible assets

The item tangible assets primarily includes Information Processing Equipment and other tangible assets. No revaluation adjustments have been made to these

tangible assets. The company's policy is to formalize insurance policies to cover potential risks associated with its tangible assets. Management reviews the coverage and risks annually or whenever necessary due to changing circumstances, and agrees on the amounts that should reasonably be covered for the following year.

The decrease in the net book value of tangible assets from €170,208 at 31 December 2023 to €38,376 at 31 December 2024 is mainly due to the transfer of assets related to the subsidiary Evolv Rehabilitation Technologies, S.L. These assets were reclassified under "non-current assets held for sale" as of 31 December 2024.

The sale of the Company's stake in Evolv Rehabilitation Technologies, S.L. is expected to have a limited financial impact on the Group. Since Evolv is already classified as an asset held for sale in the consolidated balance sheet and its results are reported under discontinued operations in the consolidated income statement, the transaction will not significantly affect the Group's continuing operations.

Evolv is included in the consolidated balance sheet as an asset held for sale. The profit and loss account of Evolv was recognised on the last line of the consolidated P&L statement under the heading "Discontinued operations" as "Profit/(loss) for the year from discontinued operations net of tax". Evolv contributed a loss of 369.135,78 in the consolidated income statement for the financial year ended 31 December 2024.

The acquisition of Simumatic in October 2024, caused additions of €4,836 related to business combinations during the year. However, these were not sufficient to offset the impact of the aforementioned transfers and depreciation charges. This explains why the overall tangible asset balance decreased despite the acquisition.

Non-current assets held for sale

As of December 31, 2024, the Group reclassified the assets and liabilities of Evolv Rehabilitation Technologies, S.L. as non-current assets held for sale and liabilities associated with non-current assets held for sale, respectively. Additionally, its results were recorded under discontinued operations in the Profit and Loss Account. This follows the decision by the Board of Directors of the parent company in 2024 to initiate the sale of its 74.71% stake in Evolv Rehabilitation Technologies, S.L. At the time of preparing the consolidated financial statements, the company is committed to a sale plan and has begun identifying potential buyers. Active negotiations are ongoing at a price aligned with its current fair value, and the transaction is expected to be completed in the short term.

Cash

The increase in cash is due to the increase in the cash balance of Virtualware Canada in 2024. Virtualware Canada closed the year with a cash balance of €367,252.90, resulting from the invoicing and payment of the first milestone of the Windsor Essex Palette project.

Long-term financial investments

This party mainly reflects deposits related to the leased premises where the parent company conducts its activities. At the end of the 2024 fiscal year, a new commercial security deposit was included, along with a credit to a third party. This latter credit, due in April 2027, bears an annual interest rate of 5%, which has resulted in the recognition of financial income of 1,025 euros in the attached consolidated profit and loss account. This credit corresponds to a € 20,500 loan extended to one of Virtualware's employees, Mr. David Moreno Canta.

Non current assets held for sale

The item Non-current assets held for sale, which appears under current assets in the financial statements, refers to assets that were previously classified as non-current but are now being reclassified to current assets because they meet the criteria for sale within the next 12 months. This classification aligns with the company's intention to dispose of these assets, typically in accordance with IFRS or other relevant accounting standards. Regarding Evolv's reclassified assets held for sale, these are indeed included under the category of Non-current assets held for sale.

Inventories

In financial year 2023, Virtualware had some boards accounted for in its inventory. These boards were part of the Company's hardware product. In financial year 2024 these stocks can no longer be sold because of obsolescence, so Virtualware has decided to depreciate them and remove them from its inventory.

Trade Receivables

Trade receivables decreased from €1.9m FYE 2023 to €1.2m FYE 2024, due to decreases in trade receivables from sales and services (short term) and other debtors. When Virtualware started invoicing subscription plans (in fiscal years 2022

and 2023), the Company decided to account for all contracts already signed as anticipated customer revenue on its liabilities side, whether they had been invoiced or not. Therefore, the trade receivables account was composed of the account “customers” and the account “customer invoices to be issued”.

However, in this fiscal year Virtualware has decided to reflect in its balance sheet only invoices already issued and not to include the amounts of contracts already signed but not yet invoiced, as they believe that this gives a more accurate picture of its balance sheet.

Additionally, the balance of the “customers” account is lower than in the previous year because the Company received several client payments toward the end of the fiscal year. This is also reflected in the increase in the cash and cash equivalents account.

Profit for the Year Attributable to the Parent Company

The significant increase in Profit for the Year Attributable to the Parent Company, from a loss of €1.6k in FY2023 to a profit of €186k in FY2024, is due to improved operational performance and the structure of the consolidated results. Specifically, the consolidated profit for the year 2024 amounts to €185,740.95, which includes the full results of both the parent company and its subsidiaries.

Out of this amount, €291,673.48 corresponds to the profit attributable to the parent company, while €105,932.53 is deducted and recorded as "Profit/loss attributed to minority interests." This adjustment reflects the fact that 25.29% of Evolv's shareholding is owned by minority shareholders and not by Virtualware. Therefore, 25.29% of Evolv's loss for the year (amounting to €418,871.20) is excluded from Virtualware's attributable profit and recognized under minority interests.

As a result, the consolidated profit for the year appears as €185,740.95, while the profit attributable specifically to the parent company is €291,673.48. For a more visual answer please refer to the document I uploaded on the other documents section under the name “Consolidated P&L for 2024”.

Short and long term debt

Short-term and long-term debt include bank loans with: Caixa, Sabadell, Santander, Santander, Bankinter, ALMI and BBVA.

<u>Lender</u>	<u>Banco La Caixa</u>	<u>Banco Sabadell</u>	<u>Banco Santander</u>	<u>Banco Bankinter</u>	<u>Banco Bankinter</u>	<u>Banco ALMI</u>	<u>Banco BBVA</u>
Contract date	09/06/2020	30/04/2020	07/04/2020	13/01/2020	05/07/2023	20/06/2023	06/02/2024
Initial amount	150,000.00	225,000.00	600,000.00	150,000.00	252,000.00	87,268.00	250,000.00
Maturity	08/06/2028	30/04/2028	07/04/2028	13/01/2025	05/01/2027	20/06/2028	06/02/2027
Interest rate	0.50%	1.50%	1.51%	1.75%	6.45%	8.85%	4.25%

The heading "Other Financial Liabilities" does not relate to traditional bank borrowings. Instead, it comprises subsidised loans (loans received under favourable terms, generally from public entities), debts convertible into subsidies (amounts initially recorded as liabilities but expected to be converted into grants or subsidies subject to meeting certain conditions), payables to suppliers, other creditors, staff and customer advances.

The headings of long-term and short-term debts convertible into grants includes amounts granted by national and international public administrations, companies and individuals in the form of refundable grants, donations or bequests to finance the specific expenses of multi-year projects.

	Other financial liabilities			
	Long-term		Short-term	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Subsidised loans	45,573.66	145,605.02	84,808.72	196,757.40
Debts convertible into subsidies	69,717.70	209,153.10	229,037.69	133,827.14
Suppliers	-	-	136,835.32	219,247.51
Other creditors	-	-	182,480.38	356,697.62
Staff	-	-	111,702.14	99,080.06
Customer advances	-	-	136,070.31	12,460.20
Total	115,291.36	354,758.12	880,934.56	1,018,069.93

The decrease in long-term liabilities from €354,758 in 2023 to €115,291 in 2024 is mainly due to the reclassification of a significant portion of these liabilities to short-term, as they are approaching maturity. This is particularly noticeable in:

- Subsidised loans, which dropped from €145,605 (long-term) to €45,573.
- Debts convertible into subsidies, which reduced from €209,153 to €69,718.

This shift reflects the natural movement of obligations as they near their due date and are expected to be settled or converted within 12 months.

Deferred tax assets

The deferred tax assets reflect the amounts recognized by the company based on the expected recovery of tax benefits in future periods. The company conducts an

assessment at least at the end of each fiscal year to evaluate the recoverability of these assets, based on projections included in the budget and an estimation of adjustments to the taxable base for each fiscal year, according to the applicable tax regulations at the end of the evaluation period. These assets evolve based on projected results, estimates, and market behavior in which the company operates.

Deferred tax assets are recognized when there is sufficient evidence of their recoverability within a reasonable time horizon, generally defined by the company as a maximum period of 10 years.

As of December 31, 2024, and December 31, 2023, the company has recognized recoverable tax credits and tax losses within the mentioned period. Specifically, as of December 31, 2024, these assets consist of pending negative taxable bases to be offset, amounting to €682,448 and €897,636, respectively, and are fully activated.

These deferred tax assets are not the result of overpayment of taxes in 2023 and 2024 but are related to recognized tax losses that can be used to offset future taxable income.

Trade Payables

The decrease of approximately 37% in "Trade Payables" from €219,247.51 in 2023 to €136,835.32 in 2024 primarily reflects a reduction in the outstanding amounts owed to suppliers at year-end. As shown in Note 9 of the financial statements, the "Suppliers" item under short-term other financial liabilities declined significantly year-over-year, indicating improved payment cycles or lower purchasing activity towards the year-end closing. In contrast, some other sub-items under "Other Payables," such as staff liabilities and customer advances, experienced an increase, but these are classified separately and do not offset the drop in trade payables.

This reduction is tied to the company's working capital management efforts or the timing of operational purchases and supplier settlements around the closing of the fiscal year.

Short term financial investments

Equity instruments primarily reflect the participation in an investment fund, on which investments and disinvestments of approximately 410 thousand euros have occurred during the 2024 fiscal year. These financial instruments are valued at fair

value with changes recognized in the profit and loss account, resulting in the recognition of income of 39 thousand euros for the fiscal year ending December 31, 2024, and 34 thousand euros for the fiscal year ending December 31, 2023. These values are based on official market quotations at each closing date.

Investments in group companies and associates

The increase in investments in group companies and associates in the short term is due to a short-term loan granted to Hermeneus World S.L. (an equity-accounted company).

Voluntary reserves

The increase in voluntary reserves is due to a reclassification of the balances that were realized when treasury shares were delivered at a price higher than their cost. At the time of the delivery of the shares in 2023, this movement was accounted for within the treasury shares account. However, the auditors advised the Company that only the actual balance of the treasury shares should remain in this account, and any balances realized from delivering the treasury shares at a price higher than their cost should be transferred to a reserve account. Therefore, in 2024, Virtualware reclassified this balance to the voluntary reserves account.

7.1.2 PROFIT & LOSS

Audited Profit & Loss Account for Virtualware 2007, S.A. ended the 31st of December, 2023 AND 2024

(Expressed in EUR €)

A) CONTINUING OPERATIONS	2023	2024
1. Net Revenue	4,552,007.56	4,203,596.61
b) Rendering of Services	4,552,007.56	4,203,596.61
2. Change in Inventories of Finished Goods and Work in Progress	6,398.34	-19,624.50
3. Work Performed by the Company for Its Own Assets	527,607.66	455,775.74
4. Supplies	-1,260,439.74	-555,894.94
a) Consumption of Merchandise	-549,603.60	-423,879.21
b) Consumption of Raw Materials and Other Consumables	-110,998.68	0
c) Work Performed by Other Companies	-523,522.72	-132,015.73
d) Impairment of goods, raw materials, and other supplies.	-76,314.74	0
5. Other Operating Income	415,257.74	476,012.75
a) Ancillary Income and Other Ordinary Management Income	21,625.05	36,486.02
b) Operating Grants Recognized in the Profit for the Year	393,632.69	439,526.73
6. Personnel Expenses	-3,061,663.26	-2,615,506.38
a) Wages, Salaries, and Similar Expenses	-2,481,382.57	-2,137,997.77
b) Social Security Contributions	-580,280.69	-477,508.61
7. Other Operating Expenses	-882,708.41	-1,176,132.57
b) Other Ordinary Management Expenses	-882,708.41	-1,176,132.57
8. Depreciation of Fixed Assets	-271,605.70	-255,505.42
9. Recognition of Grants for Non-financial Fixed Assets and Others	43,209.97	0
14. Other results	42,492.41	39,613.64
A.1) OPERATING PROFIT	110,556.57	552,334.93
15. Financial Income	115.25	9,524.54
b) From Marketable Securities and Other Financial Instruments	115.25	9,524.54
16. Financial Expenses	-89,449.58	-91,312.81
17. Changes in Fair Value of Financial Instruments	34,182.96	39,419.25
a) Trading Portfolio and Others	34,182.96	39,419.25
18. Exchange Rate Differences	-23,117.08	28,246.30
b) Other exchange rate differences.	-23,117.08	28,246.30
A.2) FINANCIAL RESULT	-78,268.45	-14,122.72
20. Share of profit (loss) of equity-accounted investees.	-21,354.21	60,116.42
A.3) PROFIT BEFORE TAX	10,933.91	598,328.64
24. Income Tax	-34,827.74	-43,451.91
A.4) Profit (loss) for the year from continuing operations	-23,893.83	554,876.73
B) DISCONTINUED OPERATIONS	0	-369,135.78
24. Result for the year from discontinued operations, net of tax.	0	-369,135.78
A.5) Consolidated profit for the year (A.4+25)	-1,614.01	185,740.95
Profit Attributable to the Parent Company	-5,642.71	291,673.48
Profit Attributable to Non-controlling Interests	4,028.70	-105,932.53

KEY TAKEAWAYS

- Overall revenues have decreased because Evolve's results are no longer included in the 2024 figures, as it is no longer consolidated. In 2023, revenues excluding Evolve amounted to €3.679 million, rising to approximately €4.2 million in 2024, representing a 12% increase.
- EBITDA over 800,000 €.
- Liquidity remained stable, allowing for the execution of extraordinary investments.
- Net financial debt continued to decline, closing 2024 at 0.5x EBITDA.
- Revenue from SaaS subscription plans continued to grow, approaching 50% of total revenue.
- North American revenue (U.S. and Canada) accounted for 39% of total revenue, reinforcing the commitment to these markets.

Changes in Inventories of Finished Goods and Work in Progress

The item Changes in Inventories of Finished Goods and work in progress decreased significantly because Virtualware carried forward a work in progress of 19.624,50 from financial year 2023. Due to the change in the Company's business model, the tendency is not to work so much on custom-made projects, so the company's work in progress as of December 31, 2024 has been 0. This has generated that the item "Changes in Inventories of Finished Goods" at the end of the year has been - 19.624,50.

Supplies

All sub-items under Supplies fell, resulting in a decrease from -€1.3m to -€555k. This is because the weight of revenues from business lines involving purchases from third parties has decreased. As a result, the gross margin has improved significantly.

Ancillary Income and Other Ordinary Management Income and Operating Grants

This item mainly includes "income from services to personnel". It also includes some income that is not related to the company's main activity.

Personnel Expenses

The lower personnel expenses in 2024, despite an increase in the number of employees (55 in 2024 compared to 52 in 2023), are primarily due to the salary item in 2023 including share-based compensation given to employees as a reward for the listing.

Other Operating Expense

The item "Other Operating Expenses" primarily includes expenses associated with the U.S. operations and the professional services of the individual who joined in 2024. This led to an increase in the item from -€883k to -€1.2m.

Financial Income and Expenses

The Financial Income item reflects interest from the credit to a third party. The credit accrues an annual interest rate of 5%, which has led to the recognition of financial income of €1,025 in the accompanying consolidated profit and loss account. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the profit and loss account. Interest is recognised using the effective interest method and dividends when the right to receive them is declared.

As mentioned on note 9.1 from the 2024 audited accounts, the equity instruments are mainly made up of the holding in an investment fund, in which investments and divestments of a net amount of approximately €410,000 were made during 2024. These financial instruments are valued at fair value with changes recognised in the profit and loss account, which has led to the recognition of income in the years ended 31 December 2024 and 31 December 2023 of €39,000 and €34,000, respectively, taking official listed market values at each closing date into account.

Conversely, Financial Expenses reflect interest owed by the Company under its bank loans and other financial liabilities.

Virtualware has a 24.52 % shareholding in the company Hermeneus World S.L. The results of this company are included in the Company's consolidated financial statements under the item Share in profits (losses) of companies accounted for by the equity method. In the financial year 2024 Hermeneus has had a profit of €245,173, so the result that has impacted Virtualware's consolidated profit and loss account has been 60,116 € (24,52% of their result).

7.2 ASSESSMENT OF THE BOARD OF DIRECTORS RELATED TO BANKRUPTCY, LIQUIDATION, AND/OR FRAUD RELATED CONVICTIONS

The Board of Directors declares that they have not been subject to fraud convictions in the past, neither are there any on-going procedures in this regard in which any person in the management and/or Board of the Issuer has been involved.

8. PROFIT FORECASTS OR ESTIMATES

The issuer has not published a profit forecast or profit estimate.

9. BOARD, MANAGEMENT, AND SUPERVISORY BODIES

9.1 DESCRIPTION OF THE BOARD OF DIRECTORS AND THE MANAGEMENT OF THE ISSUER

9.1.1 NAMES, BUSINESS ADDRESS AND FUNCTIONS IN THE ISSUER OF EACH MEMBER OF THE BOARD, MANAGEMENT AND SUPERVISORY BODIES

BOARD OF DIRECTORS' COMPOSITION

The Board of Directors is composed of Unai Extremo as Chairman and CEO, Sergio Barrera as member and Asier Extremo as member secretary, as appointed by on the 7th of February of 2019.

President and CEO

- **Name:** Unai Extremo
- **Passport n°:** PAP56015

Secretary and Member:

- **Name:** Asier Extremo
- **NIF:** PAE635698

Member:

- **Name:** Sergio Barrera
- **Passport n°:** PAJ992504

As for disclosure, the directors do not engage in any significant activities outside of Virtualware. Their business address is C/Usausuaga 7, 48970 BASAURI.

There is a family relationship between two of the directors: Asier Extremo and Unai Extremo are brothers.

DIRECTORS AND MANAGEMENT TEAM

The Management Board is assisted by a management committee ensuring compliance with best governance practices. Several committees, including a Sustainability Committee, have been in place since 2018 and are already developing a yearly ESG Report. Subsequent to a future listing, the company is drafting plans to expand the Board of Directors, create an Audit Committee, a Sustainability Committee, a Remuneration, and a Nominations and Remunerations Committee.



Unai Extremo – Founder and Chief Executive Officer (CEO)

VIRTUALWARE I Founder and CEO (2003-Present)

Unai leads the company from a strategic point of view. He is in charge of the generation and monitoring of the strategic plan. He leads the marketing, sales and business development teams, contributing with his vision, knowledge and experience. As CEO, he reports quarterly to the company's board of shareholders. Additionally, he participates in the Company's R&D&I and contribute his experience in the generation of business models.

EVOLV I CEO (2018-Present)

Supports and adds value to the management in the planning and monitoring of the company's strategy. Unai manages and leads fundraising, investment and financial support. He additionally supports the generation of institutional relationships and reports quarterly to the board of the company.

SOFTWARE BIIZKAIA SOLUTIONS I 3D Department Director (2002-2003)

Unai was in charge of managing a department with up to 14 people dedicated to the design and development of 3D environments for simulators, virtual reality systems and the generation of 3D videos and infographics.

DEUSTO UNIVERSITY I Assistant University Lecturer (2001-2002)

Integrated in the computing centre of the Faculty of Engineering of the University of Deusto, He was in charge of generating the contents and teaching practical subjects related to software development in .NET and multimedia.

- Computer Engineering – Deusto University, 1999-2001
- Masters Degree Virtual Reality – Desuto University, 2001-2002
- Project Management Program – Universitat Politècnica de Catalunya, 2004-2005



Sergio Barrera – Founder and Chief Technology Officer (CTO)

VIRTUALWARE I CTO (2003-Present)

Handling and management of software and hardware in the field of visualization and user interaction technologies to achieve new products and solutions. Internal and external technical advice. Planning and management of complex projects.

UNIVERSITY OF WALES I Operative Systems Teacher (2007-2008)

Professor of several subjects related to Operating Systems programming, including Unix Operating Systems and Distributed Operating Systems.

SOFTWARE BIZKAIA SOLUTIONS I Lead Programmer (2001-2003)

Developing a realtime 3D engine for a multipurpose Virtual Reality Platform. Additionally, Sergio was in charge of:

- BEC Stereostopic project for Bilbao Exhibition Centre.
- Bilbao Stereostopic for Bizkaia Foral Deputation.
- Implementation of the video serialization module for a PC-based CAVE-like system.
- Implementation of stereoscopy module for PC-based CAVE homolog system.
- VR-IntEngine v1.0, v1.5, v2.0, design and dynamics module, collision detection models with virtual environment, object kinematics for VR-IntEngine v1.0.
- Computer Engineering – Deusto University, 2000
- Masters Degree Virtual Reality – Deusto University, 2001



Asier Extremo – Chief Financial Officer (CFO) and Chief Operation Officer (COO)

VIRTUALWARE I CFO & COO (2009-Present)

Reporting to the general manager of the company, assume management responsibilities with the idea of professionalizing the management and achieving the strategic objectives set by the company, prioritizing, among them, the internationalization of the company.

ECOMAT I Manager (2008-2009)

Assume the responsibilities of manager of the company depending on the board of directors, his main duties were:

- Company results, investments and personnel management
- Creation and development of a business plan
- Modernization of management (introduction of ITs, process management, obtaining certification ISO 9000-2000 CERTIFICATION).
- Development of a marketing plan, customer orientation.
- Other duties and responsibilities of the position.

GEA I Industrial Manager (2005-2008)

As Industrial Manager, he reported to the Managing Director and was a member of the company's board of directors. Asier was in direct charge of a team of 80 people, 60MD directly and 20MI (Production, Supply Chain and Quality Control Managers) managing a 2007 turnover of 50 M€ turnover in 2007. Main responsibilities and functions were the management and direction of the production teams of the different plants and the management of investments.

GEA I Production Manager (2002-2005)

During this period, Asier assumed responsibility for the production department of the factory, which is made up of 45 direct and 10 indirect employees, managing more than 15 M€ of turnover in 2002 and 25 M€ in 2005. The key responsibilities were:

- Production management, cost control.
- Development of strategic plans of Technological and Organizational character.
- HR management of the factory at production level.

GEA | Production Planner (2000-2002)

Belonging to the factory production department, responsible for organizing and planning production. During this period, he developed a system for collecting and analyzing production data and introducing continuous improvement systems. and introduction of continuous improvement systems.

CLUSTER ENERGIA EUSKADI I (1998-1999)

Asier's main mission was to contact the companies belonging to the Cluster selecting possible projects and tenders to be developed by them.

Final degree project, development of a cogeneration system for a hospital, market study, commercial feasibility, land and construction.

Academics:

- Industrial Engineering – Universidad del País Vasco, 1991-1999
- MBA – ESIC, 2008-2009



Ainara Larrinaga – Financial and Administration Manager

VIRTUALWARE | Financial and Administration Manager (2020-Present)

Lead the global financial-economic cycle, ensuring the efficiency of process and operations through the implementation of processes which meet Virtualware strategic goals. Execution of strategic planning to elaborate the annual budget, supervising the areas of finance, accounting, management control, treasury and investments.

VIRTUALWARE | Responsible for Administration and Economic Management (2016-2020)

Focused on accounting, invoicing, tax management, audits, and general administrative management of Virtualware. Cooperate in the management of commercial and R+D+I projects collaborating with the CFO in the financial-economic area automation. Also member of Virtualware Gender Equality and Health Business work committees.

VIRTUALWARE I Administration and Economic Technician (2011-2016)

Support the company with the strategy of expansion and internationalisation in North America. Academics:

- Degree in Business Management & Administration – University of Basque Country, 2005- 2012
- Accounting, Tax and Labour Analysis – Sarriko Business School, 2010



David Moreno – Chief Marketing Officer (CMO)

VIRTUALWARE | CMO (2014-Present)

David is responsible for global revenue generation. He defines and implements the commercial strategy at global level supporting the commercial directors of Spain, Mexico, Chile and Colombia.

Development of ICT proposals and commercial tools for the search of new opportunities and new customers at global level.

VIRTUALWARE | Business Development Director – Spain and Mexico (2012-2014)

In charge of the direction, management and coordination of the commercial strategy in Spain and Mexico. Involved with strategic planning with area managers to generate new business opportunities in Spain and Mexico. Additionally, in charge of:

- Elaboration of ICT proposals and commercial tools for the search of new opportunities and new clients in Spain and Mexico.
- Direction and management of projects and key accounts.
- Integration and alignment of all functions related to revenue generation, including marketing, sales, billing and production.

VIRTUALWARE | Education Business Unit Manager (2010-2012)

Some of the key responsibilities David had in this position were:

- Direction, management and coordination of commercial actions for the generation of opportunities and new clients in the education sector.
- Elaboration of ICT proposals and commercial tools for the achievement of projects in the education sector.
- Direction and management of projects and key accounts in the education sector.

VIRTUALWARE | Creative Director (2006-2009)

- Some of the key responsibilities David had in this position were:
- Responsible for the final aesthetic and usability finish of the applications.
- Design and programming of the User Interface (UI) of the applications.
- Design and programming of the User Experience (UX) of the applications.

Academics:

- Bachelor of Science Honours in Computing – University of Wales, 2003-2007.
- Sales Management Superior Program (PSDV) – ESIC Business & Marketing School, 2014.



Maria Isabel Nuñez – Talent Manager

VIRTUALWARE I Talent Manager (2020-Present)

Dedicated to own the global talent cycle, ensuring efficiency of agile talent process and operations, creating and implementing changes or improvements, whilst aligning process with Virtualware’s strategic goals. Focused on developing recruitment strategies as well as designing and executing selection criteria and procedures for personnel selection.

VIRTUALWARE I Corporate Marketing Manager (2018-2020)

Lead the marketing department coordinating the different work teams involved. Design and execution of marketing and branding strategies that respond to the business growth objectives. Plan and fulfil the timing of key marketing activities, in coordination with other areas of the company and the entire value chain.

ALBOAN I Corporate Relations (2015-2017)

Marketing and communication tasks to make visible initiatives and projects of the area aimed at companies, educational entities and other organisations.

GAIA I Responsible for Multilateral Projects and International Promotion (2000-2015)

Collaboration in strategic plans for the sector, internationalization, market and foreign promotion. Involved with the management of grant and multilateral projects for GAIA initiatives whilst advising to member on grants available to them for their internationalization strategies. Plans to promote the visibility of partners and GAIA and its projects/services coordinating and editing GAIA publications.

Academics:

- Business Studies, International Trade Business Studies – Cavendish College, 1999
- Degree in Political Science and Public Management – Faculty of Social Sciences and Communication, 1992-1998



Jesus Garrido – Chief Sales Officer (CSO)

VIRTUALWARE | CSO (2011-Present)

Plans, directs and coordinates the sales and marketing activities of the company.

GOLD MILLENIUM | Consultant (2009-2010)

Leading the project "Real Madrid Summer Campus", collaborating in the preparation and development of trainings for PMI (Project Management Institute), client acquisition for different projects in the consultancy, mainly focused on the Import/Export area for different projects in the consultancy, especially focused on the area of Import/Export. Development of the "Glamour" project (introduction of Cosmetic Companies in China) and client acquisition.

CAJA DE AHORROS DEL MEDITERRANEO | BUSINESS MANAGER (2007-2008)

Commercial, account control and customer service for companies. New customer acquisition.

HEALTHNESS IBERICA | CRM JUNIOR CONSULTANT (2006-2008)

Sales representative to install the CRM system and search for new clients. Coordinator of Personal Trainers and organization of sporting events. Working part-time.

BANKINTER | Administrator (2006-2008)

Collaborator of the Senior Commercials in the follow-up, control, pricing and commercial tasks with the companies.

Academics:

- Bachelor in Business Management and Administration – Universidad Autónoma, 2002- 2007
- Post-Graduate of Investigation and Market Techniques – Univesidad Autónoma, 2007



Michael Rosas – Senior Vice President (SVP- North America)

VIRTUALWARE | VP General Manager (2020-Present)

Support the company with the strategy of expansion and internationalisation in North America.

TRICON FILMS & TELEVISION | Creative Director (2005-2016)

With many years under his belt as a creative director and leader of strategy, sales and innovation, Michael has honed his skills working with North America's top talent to develop, create, brand, and sell thousands of hours of broadcast programming, VR entertainment and Branded Content.

Academics:

- Bachelor Degree on Media Arts – Sheridan College, 1998-2001



John Cunningham - President USA

VIRTUALWARE | President (2024-Present)

Establishes and leads Virtualware's expansion into the US market. Responsible for operations, marketing, sales, delivery, and overall P&L of the business.

As a member of the advisory board, he provides strategic guidance and supports global growth initiatives and collaboration with multinational clients, including GE Hitachi Nuclear Energy, Ontario Power Generation, Petronas, Iberdrola, and others.

VR/AR ASSOCIATION (VRARA) | Chief Operating Officer (2023-Present)

Oversees global strategy, operations, and partnerships for the leading VR/AR industry association with over 50 local chapters and 27K+ professionals. Drives research, education, industry standards, and business growth initiatives.

SPATIAL SYNERGY | Founder (2023-Present)

Founded Spatial Synergy, a consulting firm specializing in spatial computing, XR, AI, and digital twins. Helps organizations integrate emerging technologies to drive business growth and innovation.

EXPANDED EXISTENCE (eXeX) | Advisory Board (2023-Present)

Advises eXeX, a company revolutionizing the surgical suite through AI and mixed reality technologies.

UNITY TECHNOLOGIES | Founder & Head of Government and Aerospace Business (2020-2023)

THE DISTI CORPORATION | Chief Revenue Officer (2017-2020)

OTHER KEY MANAGERS:

- Laura Perez (VIROO Content Service Owner)
- Gaizka Elozegui (VIROO Product Owner)
- Mikel Ayani (Simumatik Product Owner)
- Iñaki Ruiz (Hardware Service Owner)
- Iñaki Linaza (Senior developer)
- Iñigo Arribalzaga (Senior developer)
- Borja Dominguez (Senior developer)
- Elena Vallejo (UI/UX Manager)
- Jon Casuso (Hardware Delivery Manager)
- Maria Madarieta (Customer support Manager)
- Miker Silvosa (Senior 3D developer)
- Vicent Oron (Support Manager)

- Zuriñe Hernandez (Customer support Manager)

- Julio Alvarez (Customer support Manager)

9.1.2 FAMILY RELATIONSHIPS BETWEEN BOARD MEMBERS

There is a family relationship between two of the directors: Asier Extremo and Unai Extremo are brothers.

9.1.3 BOARD OF DIRECTORS COMPOSITION ACCORDING TO THE COMPANY'S BYLAWS

The company's Board of Directors conditions are set out in Articles 20-24 of its bylaws.

"Article 20 – Company's administration body

The Company will be managed by the Board of Directors."

"Article 21 – Powers of the Board of Directors

- 1. The Board of Directors will have authority to manage and represent the Company as provided by Law.*

2. *In carrying out their duties, directors shall take into account in their decisions and actions the effects of such decisions or actions on the interests of (i) shareholders; (ii) employees of the Company and its subsidiaries; (iii) customers, suppliers and other parties directly or indirectly related to the Company, such as the community where, directly or indirectly, the Company operates. They shall also ensure the protection of the local and global environment and the Company's interests in the short and long term.”*

“Article 22 – Term of office of director

1. *Directors will be appointed for six (6) years. This period is the same for all directors, without prejudice to any re-election or the power of the general meeting to dismiss a director at any time in accordance with the provisions of the Law.*
2. *If a vacancy arises during a director’s appointment, and no substitute is appointed, the Board of Directors can designate from among the shareholders a person to fill this vacancy until the next meeting of the General Meeting of Shareholders.”*

“Article 23 – Directors’ remuneration

1. *The remuneration of directors in their position as such will be a fixed cash allowance determined by the General Meeting and will be regulated by the following rules.*
 - a. *The remuneration shall be set by the General Meeting at a meeting held at any time before the end of the financial year to which the remuneration relates or at which the change in remuneration is to take effect.*
 - b. *The remuneration will be considered established for each financial year of twelve (12) months. If a financial year is less than twelve (12) months, the remuneration will be reduced proportionally.*
 - c. *As the remuneration will accrue monthly in arrears, the remuneration for each director will be proportional to the time he/she has held office in each financial year to which the remuneration applies.*
 - d. *Payment will be made monthly in arrears within the first five (5) days of the calendar month following the month in which the remuneration accrued. Until the General Meeting of Shareholders amends the current remuneration, the most recently agreed remuneration will be applied monthly. Where necessary, the remuneration paid will be adjusted with an increase or decrease within the first five (5) days of the calendar month following the month the general meeting amended the remuneration.*
 - e. *Where there are several directors, if a vacancy is not covered during part of a year, the portion of the unassigned remuneration will not be allocated to the*

other directors, except if so resolved by the General Meeting of Shareholders, indicating the signature of allocation.

2. *If a member of the Board of Directors is appointed managing director or assigned executive functions under another title (the "Executive Director"), the Executive Director shall additionally receive a remuneration consisting of one or more of the following components, which will be specified in that Executive Director's contract under article 249 of the Law:
 - a. *fixed amount;*
 - b. *variable remuneration with general reference indicators or parameters;*
 - c. *potential compensation for dismissal or termination of the relationship with the Company;*
 - d. *any amounts the Company must pay as insurance premiums or contributions to savings plans.**
3. *The maximum annual remuneration for all directors shall be approved by the General Meeting of Shareholders and will remain in force until any amendment is approved. Unless the General Meeting of Shareholders determines otherwise, the directors will agree on how to distribute this remuneration among themselves, and in the case of the Board of Directors, by decision of itself, considering the contractual duties and responsibilities assigned to each director and the commitments the Company has taken on under the agreements entered into with the Executive Directors, paying particular attention to the commitments assumed by the Company in the contracts that it had concluded with the Executive Directors.*
4. *The provisions in this article are compatible with and separate from the payment of any fees or salaries the Company owes to any director for providing professional services or on account of an employment relationship that does not result from the office of director. These fees will be subject to the applicable legal regulations."*

"Article 24 – Governance and functioning of the Board of Directors

1. *The Board of Directors will be composed of at least three (3) members and a maximum of twelve (12). The General Meeting of Shareholders will decide the exact number of directors.*
2. *The Board of Directors will name from among its members a chairman, and may appoint a vice-chairman who will replace the chairman in the case of a vacancy, absence or sickness. The Board of Directors will also name a secretary, and may name a vice-secretary who will replace the secretary in the case of a vacancy, absence or sickness. The secretary may or may not be a member of the Board of Directors, in which case the secretary will have the right to be heard, but will not have voting rights. This also applies to the vice-secretary.*
3. *The Board of Directors must meet at least once every quarter.*

4. *The Board of Directors will be convened by the chairman or acting chairman. Directors representing at least one-third of the members of the Board of Directors may convene the board, setting out its agenda, to meet in the municipality where the Company's registered office is located, if the chairman, once requested and without a justified reason, does not convene the board within a month.*
5. *The notice calling the meeting will be delivered by letter, telegram, fax or any other written or telematic way. The notice will be addressed personally to each director at least three (3) days prior to the calling of the meeting. A meeting of the Board of Directors without notice will be valid if all members of the board are present and unanimously agree to hold a meeting.*
6. *Unless other mandatory majorities apply, the Board of Directors will be validly constituted when at least the absolute majority of its members are present, whether in person or represented by proxy. If composed of an uneven number of directors, the absolute majority of the directors will be determined by default (for example, 2 directors must be present on a board of directors composed of 3 members; 3 on a board composed of 5 members; 4 on a board composed of 7 members).*
7. *Resolutions may be passed validly by the Board of Directors at meetings held using videoconference, conference call or any equivalent system, provided always that the necessary technical means are available and that the directors recognize each other. In such event, the meeting of the Board of Directors will be considered to have been held at the Company's registered office.*
8. *A director may only be represented by another director at the meeting of the Board of Directors. Proxies must be appointed in writing and addressed to the chairman.*
9. *The chairman will call meetings to order and direct the deliberations on all business to come before the board, having the power to open the floor and to give board members information and reports on the Company's status.*
10. *Unless other mandatory majorities apply, resolutions will be adopted by an absolute majority of the directors present at a meeting. If an uneven number of directors attend a meeting, an absolute majority will be determined by default (for example, 2 directors in favour if 3 members are present; 3 directors in favour if 5 are present; 4 directors in favour if 7 are present).*
11. *Resolutions adopted by written resolution without a meeting will be valid if no board member opposes such a procedure.*
12. *Discussions and resolutions adopted by the Board of Directors will be entered into a minutes book.*
13. *Without prejudice to any powers of attorney granted to an individual, the Board of Directors can appoint from among its members one or more managing directors or executive committees, establishing the content, restrictions and types of delegation. The permanent delegation of authority by the Board of Directors to an executive committee or to one or more managing directors, and the appointment of the director or directors that will hold this office, requires the affirmative vote of at least*

two-thirds of the members of the board of directors, and it will not become effective until it has been entered on the Commercial Registry.”

9.2 POTENTIAL CONFLICTS OF INTEREST

There are no transactions between the Issuer and persons discharging managerial responsibilities, board members, their affiliates, major shareholders, or any other company within the same group as Virtualware.

10. BOARD PRACTICES IN RELATION TO THE ISSUERS LAST COMPLETED FINANCIAL YEAR

The Company does not currently have an audit committee or a remuneration committee.

11. DESCRIPTION OF THE WORKFORCE OF THE ISSUER

The Company has been working for longer than 20 years now on the edge of the immersive technologies with more than 50 employees, almost half of which have been in the company for more than a decade. As of 2024, Virtualware's gender breakdown is 77% men and 23% women.

As recorded in the databases of the General Treasury of Social Security in the company VIRTUALWARE 2007, S.A. the average number of workers who have remained on active employment during the stipulated periods is as follows:

Years	2017	2018	2019	2020	2021	2022	2023	2024
Virtualware 2007 S.A.	30	31	33	34	32	43	43	45
Virtualware Uk Ltd.	1	1	1	-	-	0	0	0
Virtualware Canada Inc.	-	-	-	-	-	2	3	4
Virtualware USA	-	-	-	-	-	-	-	1
Virtualware Sweden	-	-	-	-	-	-	-	3
Evolv Rehabilitation Technologies SL	-	7	4	3	5	5	6	2
Fundacion Virtualware Labs	8	7	4	3	3	0	0	0
Virtualware Mexico S. de RL de CV	20	15	10	3	-	-	-	-
TOTAL	59	61	52	43	40	50	52	55

Source: Virtualware 2007, S.A.

Evolv Rehabilitation Technologies, S.L. is no longer included in Virtualware's consolidation. Additionally, Fundación Virtualware Labs and Virtualware México S. de R.L. de C.V. are not currently part of the group.

Following the company's strategy change from a business model based on the development of customized solutions to a Virtual Reality as a Service business model, the company decided to withdraw from Mexico and establish a partnership structure in the region to continue its presence in the market. This allows it to maintain local customers and accounts with an indirect structure.

Heads of Department

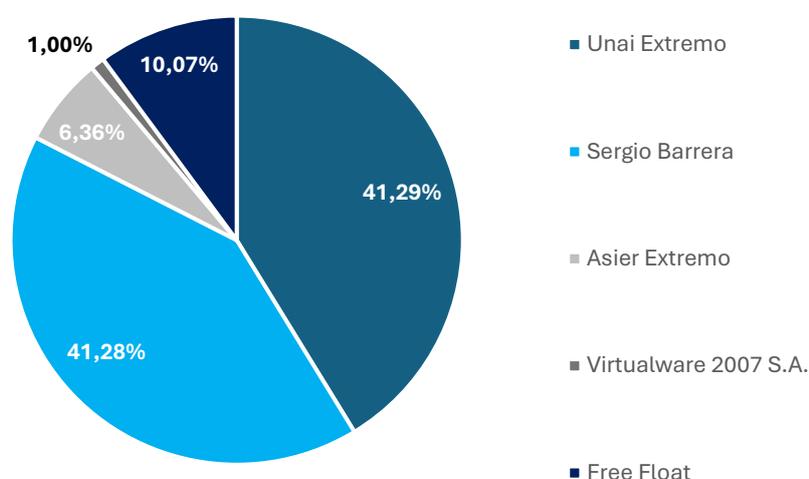
- **Management:** Unai Extremo
- **Technology:** Sergio Barrera
- **Operations:** Asier Extremo
- **Finance:** Ainara Larrinaga
- **Marketing and Business Development:** David Moreno
- **People:** Maribel Nuñez
- **Sales:** Jesus Garrido
- **VP NA:** Michael Rosas
- **VP USA:** John Cunningham

The Company has a share-based incentive program for senior executives, which is linked to the performance of the Company's stock.

12. MAJOR SHAREHOLDERS

The ownership of Virtualware 2007, S.A. is structured and divided between: Unai Extremo holder of 1,875,220 shares (41.29%), Sergio Barrera holder of 1,874,900 shares (41.28%), Asier Extremo holder of 289,036 shares (6.36%), a free float of 457,322 shares (10.07%) and 45.522 shares that belong to treasury stock (1%). The total share capital amounts to 158,970 euros and it is divided into 4,542,000 shares.

Virtualware: Shareholding structure



Source: Virtualware 2007, S.A.

Virtualware: Shareholding structure evolution

HOLDER	1. INCORPORATION		2. BUY		3. BUY		4. BUY		5. BUY	
	18/12/2003		15/12/2005		07/06/2007		29/01/2010		30/11/2011	
	Nº	NUM	Nº	NUM	Nº	NUM	Nº	NUM	Nº	NUM
UNAI EXTREMO	976	4,149/5,124			488	489/976	366	1,831/2,196	183	1,465/1,647
SERGIO BARRERA	976	5,125/6,100			488	977/1,464	366	2,197/2,562	183	1,648/1,830
ASIER EXTREMO										
MEXICAN PARTNERS										
RICARDO MORENO										
TREASURY STOCK							610	2,563/3,172		
TOTAL		6,100								
NOMINAL VALUE (€)		10								
SHARE CAPITAL		61,000								

HOLDER	6. NOM RAISE		7. ALVARO EXIT ASIER ENTRY		8. BUY/SELL MEX ENTRY		9. EXIT MEX PARTNERS		10. AMORT TREASURY STOCK	
	23/10/2013		16/07/2015		13/07/2017		2/08/2021		08/2021	
	Nº	NUM	Nº	NUM	Nº	NUM	Nº	NUM	Nº	NUM
UNAI EXTREMO										
SERGIO BARRERA										
ASIER EXTREMO			288	1/288						
MEXICAN PARTNERS					1,438	289/488	-1,438	289/488		
RICARDO MORENO						2,563/3,800		2,563/3,800		
TREASURY STOCK			1,464	289/488	-1,438	289/488			-1,588	289/488
				3,173/4,148		2,563/3,800	1,438	289/488		2,563/3,800
			-288	1/288						3,801/3,920
TOTAL		6,100								-1,558
NOMINAL VALUE (€)		35								35
SHARE CAPITAL		213,500								-54,530

HOLDER	11. BUY NEW PARTNERS 11/11/2022		12. BUY TREASURE STOCK 01/02/2023		13. SPLIT	14. SIMUMATIK's ACQUISITION 21/10/2024	
	Nº	NUM	Nº	NUM		Nº	NUM
	UNAI EXTREMO	976	4,149/5,124	-100		5,025/5,124	
SERGIO BARRERA			-100	5,125/5,224			
ASIER EXTREMO							
MEXICAN PARTNERS							
RICARDO MORENO	228	3,921/4,188					
TREASURY STOCK	-228	3,921/4,188	200				-110000
TOTAL							
NOMINAL VALUE (€)					0.035		
SHARE CAPITAL							

The **current shareholder's structure** is as follows:

	HOLDER				
	UNAI EXTREMO	SERGIO BARRERA	ASIER EXTREMO	TREASURY STOCK	FREE FLOAT
CURRENT SITUATION	1,875,188	1,874,784	289,036	45,502	457,490
%	41.29%	41.28%	6.36%	1.00%	10.07%

TOTAL	4,542,000
NOMINAL VALUE (€)	0.035
SHARE CAPITAL	158,970

Source: Virtualware 2007, S.A.

Regarding beneficial ownership as defined by EU anti-money laundering legislation, Unai Extremo and Sergio Barrera are currently the only individuals meeting the 25% ownership threshold.

13. RELATED PARTY TRANSACTIONS

The Board of Directors is responsible for making the decisions concerning the financial and strategic policies of the Company.

The Company has no transactions with related party transactions with related parties or members of the Board of Directors, except for contributions made by shareholders.

14. FINANCIAL INFORMATION

The Annual Accounts of the Company, which form a single unit, comprise these Balance Sheets, the attached Profit and Loss Account, Statement of Changes in Equity and the Annual Report.

The financial statements are prepared using the accounting records of the Company and its subsidiaries. The Directors of the company are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results, in accordance with Spanish GAAP, and in accordance with Law 16/2007 of 4 July, 2007 concerning the reform and adaptation of the commercial legislation in terms of accounting for its international harmonisation based on European Union legislation, Royal Decree 1514/2007 of 16 November, 2007 approving the General Accounting Plan, and Royal Decree 1159/2010 of 17 September, 2010 approving the standards for the preparation of annual accounts, in all that does not expressly oppose that set out in the commercial reform mentioned with the aim of presenting a true image of the equity, financial situation and results of the Company as well as the accuracy of the cash flows included in the cash flow statement.

There has been no significant change in the Issuer's financial position since the end of the last financial period for which audited financial information has been published.

14.1 AUDITED HISTORICAL FINANCIAL INFORMATION FOR THE PAST 2 YEARS

Please refer to ANEX I to see the audited accounts for 2023 and 2024.

14.2 INTERIM AND OTHER FINANCIAL INFORMATION

14.2.1 FIRST ANNUAL GENERAL SHAREHOLDER MEETING FOLLOWING THE APPLICATION

The date of the first annual general shareholders' meeting following the technical admission on Euronext Growth is set for April 30, and the audited financial statements will be published on March 31.

14.2.2 CASH POSITION DATING FROM LESS THAN THREE (3) MONTHS BEFORE THE PLANNED DATE OF FIRST ADMISSION TO TRADING

Virtualware's cash position as of March 31st was €327,226.

14.3 KEY PERFORMANCE INDICATORS

2023 KPIs

Financial Performance

Revenues	€4.55 M (+41 % vs 2022)
EBITDA	€423,480 (+29 % vs 2022)
Adjusted EBITDA (ex-IPO costs)	€211,484
Gross Profit Margin	74 % (80 % excluding Evolv)
Net Debt	€1.30 M (–23 % vs 2022)

Operational Performance

VIROO Subscription Revenue	€1.288 M (+118 % vs 2022)
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Subscriptions % of Total Revenue	35 %
VIROO-Linked Services Revenue	€2.15 M (54 % of VRaaS segment)
Total Contract Signings	€5.6 M
Revenue from North America	43 % of total

Human Resources

Annual Employee Turnover Rate	6.81 %
Overall Satisfaction	4.35 / 5
Happiness Index	8.48 / 10
Average Tenure	7.5 years
Permanent Contracts	96 %
Hours of Training & Knowledge Transfer	790 hours
Employees > 10 years' Sector Experience	50 %
Average Age	38 years
Gender Split	76 % men / 24 % women

2024 KPIs

Financial Performance

Revenues	€4.20 M (-7.7 % vs 2023)
EBITDA	€808 000 (+90 % vs 2023)
Net Profit	€544 000 (+750 % vs 2023)
Net financial debt to EBITDA ratio	0.5

Operational Performance

VIROO Subscription Revenue	€1.726 M (+34 % vs 2023)
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Subscriptions % of Total Revenue	41 %
VIROO-Linked Services Revenue	€2.04 M
Total Contract Signings	€3.8 M
Revenue from North America	36 %

Human Resources

Annual Employee Turnover Rate	4.12 %
Overall Satisfaction	92 % rated 4–5
Happiness Index	8.41 / 10
eNPS	+40
Average Tenure	7.5 years
Permanent Contracts	95 %
Hours of Training & Knowledge Transfer	840 hours
Employees > 5 years' Sector Experience	47 %
Average Age	39 years
Gender Split	77 % men / 23 % women

14.4 DIVIDEND POLICY

The Issuer has not distributed dividends as of the date of this document, as per the recent constitution of the Company and the stage of its development. The company does not plan in the short term to distribute dividends to their shareholders once they are listed on Euronext Growth Paris.

14.5 LEGAL AND ARBITRATION PROCEEDINGS

The Company is not involved in any legal or arbitration proceedings.

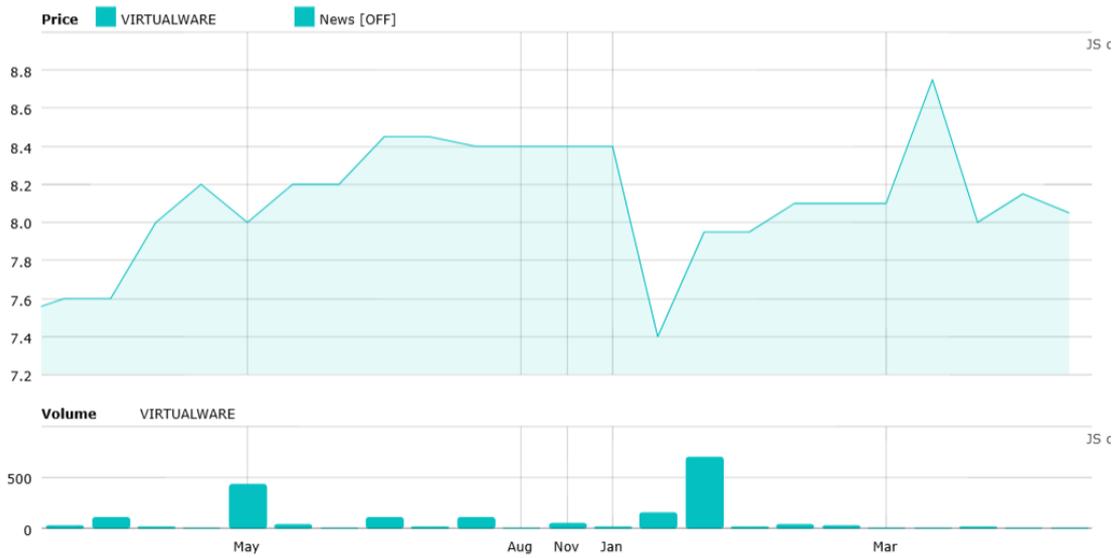
14.6 CHANGE IN THE ISSUER'S FINANCIAL POSITION

There has been no significant change in the Issuer's financial position since the end of the last financial period for which audited financial information has been published.

14.7 EVOLUTION OF THE SHARE PRICE

Date	Open	High	Low	Last	Close	N. Shares	N. Trades	Turnover	vwap
2025-04-09	8,05	8,05	8,05	8,05	8,05	2	1	16	8,05
2025-03-28	8,15	8,15	8,15	8,15	8,15	1	1	8	8,15
2025-03-17	8	8	8	8	8	10	3	80	8
2025-03-14	8,75	8,75	8,75	8,75	8,75	3	1	26	8,75
2025-03-07	8,1	8,1	8,1	8,1	8,1	1	1	8	8,1
2025-02-21	8,1	8,1	8,1	8,1	8,1	20	1	162	8,1
2025-02-18	8,1	8,1	8,1	8,1	8,1	30	1	243	8,1
2025-02-13	7,95	7,95	7,95	7,95	7,95	10	1	80	7,95
2025-02-10	7,95	7,95	7,95	7,95	7,95	700	1	5565	7,95
2025-01-13	7,4	7,4	7,4	7,4	7,4	150	2	1110	7,4
2025-01-02	8,4	8,4	8,4	8,4	8,4	15	1	126	8,4
2024-11-26	8,4	8,4	8,4	8,4	8,4	47	2	395	8,4
2024-08-22	8,4	8,4	8,4	8,4	8,4	1	1	8	8,4
2024-06-25	8,4	8,4	8,4	8,4	8,4	100	1	840	8,4
2024-05-29	8,45	8,45	8,45	8,45	8,45	14	1	118	8,45
2024-05-22	8,45	8,45	8,45	8,45	8,45	100	2	845	8,45
2024-05-16	8,2	8,2	8,2	8,2	8,2	1	1	8	8,2
2024-05-15	8,2	8,2	8,2	8,2	8,2	32	1	262	8,2
2024-05-03	8	8	8	8	8	434	1	3472	8
2024-04-22	8,2	8,2	8,2	8,2	8,2	1	1	8	8,2
2024-04-19	8	8	8	8	8	14	1	112	8
2024-04-16	7,6	7,6	7,6	7,6	7,6	106	1	806	7,6
2024-04-04	7,6	7,6	7,6	7,6	7,6	25	2	190	7,6
2024-03-25	7,519	7,519	7,519	7,519	7,519	1	1	8	7,52
2024-03-13	8,25	8,25	8,25	8,25	8,25	100	3	825	8,25
2024-03-06	8	8	8	8	8	365	1	2920	8
2024-02-29	8	8	7,5	7,5	7,5	2278	3	17388	7,6328
2024-02-14	7,25	7,25	7,25	7,25	7,25	500	1	3625	7,25
2024-01-29	7,2	7,2	7,2	7,2	7,2	2	1	14	7,2
2023-11-09	7,5	7,5	7,5	7,5	7,5	66	1	495	7,5
2023-11-07	7,499	7,499	7,499	7,499	7,499	5	1	38	7,5
2023-10-11	8	8	8	8	8	16	1	128	8
2023-08-25	8,5	8,5	8,5	8,5	8,5	13	1	111	8,5
2023-08-02	8,55	8,55	8,55	8,55	8,55	24	3	205	8,55
2023-07-31	6,5	6,5	6,5	6,5	6,5	1	1	7	6,5
2023-07-28	7	7	7	7	7	26	2	182	7
2023-07-26	8,5	8,5	8,5	8,5	8,5	180	3	1530	8,5
2023-07-17	7	7	7	7	7	15	1	105	7

2023-07-13	7	7	7	7	7	100	2	700	7
2023-07-12	6,35	7	6,35	7	7	37	6	258	6,9649
2023-06-21	6,35	6,35	6,35	6,35	6,35	30	2	191	6,35
2023-06-16	6,3	6,3	6,3	6,3	6,3	10	1	63	6,3
2023-05-31	6,3	6,3	6,3	6,3	6,3	110	1	693	6,3
2023-05-30	6,25	6,25	6,25	6,25	6,25	17	1	106	6,25
2023-05-26	6,25	6,25	6,25	6,25	6,25	600	2	3750	6,25
2023-05-24	6,75	6,75	6,75	6,75	6,75	17	1	115	6,75
2023-05-23	6,75	6,75	6,75	6,75	6,75	628	2	4239	6,75
2023-05-22	6,5	6,5	6,5	6,5	6,5	170	2	1105	6,5
2023-05-19	6,25	6,25	6,25	6,25	6,25	300	3	1875	6,25
2023-05-18	6	6	6	6	6	897	4	5382	6
2023-05-12	8,5	8,5	8,5	8,5	8,5	432	7	3672	8,5
2023-05-11	8,2	8,3	8,2	8,3	8,3	661	8	5441	8,2307
2023-05-10	8	8	8	8	8	5475	18	43800	8
2023-05-08	6,9	6,9	6,9	6,9	6,9	600	2	4140	6,9



14.8 STATEMENT OF COMMUNICATIONS MADE ON THE HOME MARKET OVER A PERIOD OF 12 MONTHS PRECEDING THE DATE OF ADMISSION TO EURONEXT GROWTH.

Below is a list with the communications to the market that Virtualware has released during the last 12 months.

Released	Title	Topic
05/05/2025	Virtualware Ordinary General Shareholders' Meeting	General meeting / Board Meeting
16-abr-25	Virtualware to expand North America presence and accelerate defense-oriented XR technologies.	Meetings / events
27/03/2025	Virtualware registered 91% EBITDA Growth and 0.5 Financial net debt to EBITDA ratio in 2024, as per audited results filed today before Euronext	Relevant Information
12/02/2025	Virtualware CEO Unai Extremo publishes letter on growth strategy and market expansion	Other subject
06/02/2025	Virtualware achieves 90% EBITDA growth in 2024, driven by SaaS expansion in North America and acquisitions in Europe	Relevant Information
28/01/2025	Virtualware announces uplisting process to Euronext Growth	Relevant Information
13/01/2025	Litchfield Hills Research reiterates buy recommendation for Virtualware at €12 per share	Trends / Analyses
12/12/2024	Virtualware Canada joins forces with Invest WindsorEssex and NextStar Energy in \$3.8 million battery manufacturing training program	Relevant Information
11/12/2024	Virtualware's Extraordinary General Shareholders' Meeting	General meeting / Board Meeting
21/10/2024	Virtualware Acquires Sweden's Simumatik to Strengthen Position in the Real-Time 3D Enterprise Software Industry	Relevant Information
07/10/2024	HTC VIVE and Virtualware partner to accelerate adoption of enterprise XR	Relevant Information
24/10/2024	Litchfield Hills Research raises its buy recommendation for Virtualware to €12 per share	Relevant Information
18/07/2024	Virtualware reports revenues of €2.034 million and net profit of €199,164 in 1H2024	Relevant Information
13/06/2024	Virtualware partners with MACE Virtual Labs to support US market growth for enterprise VR solutions	Relevant Information
04/06/2024	Virtualware Partners with AXXIST to Strengthen VIROO's Presence in Latin America	Relevant Information
21/05/2024	Litchfield Hills Research reiterates buy recommendation at \$10.00 per share	Relevant Information
07/05/2024	Virtualware and the Centre for Integrated Transportation and Mobility partner to introduce VIROO platform for design review in transportation sector	Relevant Information
03/05/2024	Assemblée Générale Ordinaire des Actionnaires de la Société Virtualware	General meeting / Board Meeting
26/04/2024	Unai Extremo (VIRTUALWARE) Believes that VIROO Will Propel the Future of VR in Industry and Education	Relevant Information
25/04/2024	Pre-Investor Call Presentation available to shareholders	Relevant Information
18/04/2024	Virtualware and Totalpower forge strategic partnership to introduce VIROO in Brazil	Relevant Information

11/04/2024	INVESTOR CALL: Virtualware's CEO to present Annual Report to shareholders	Relevant Information
20/03/2024	Virtualware partners with 302 Interactive Virtual to expand VIROO's presence in the US	Relevant Information
14/03/2024	Virtualware partners with Xplorient to introduce VIROO in UK	Relevant Information
04/03/2024	Virtualware appoints a new USA operations president, John A. Cunningham, to lead the company's growth in the American market	Relevant Information
13/02/2024	Litchfield Hills Research Maintains 'Buy' Rating and €10 Price Target for Virtualware, Highlighting Expansion in Virtual Reality Technologies	Relevant Information
30/01/2024	Virtualware partners with GE21 Realidade Virtual to introduce VIROO in Brazil	Relevant Information
24/01/2024	La empresa de Realidad Virtual Virtualware ingresó 4,52 millones de euros en el 2023, un 40% más que en el año anterior	Relevant Information
24/01/2024	Virtualware annonce (MLVIR.PA) un chiffre d'affaires record de 4,52 millions d'euros en 2023, soit une augmentation de 40 % par rapport à l'année précédente	Relevant Information
24/01/2024	Virtualware Reports (MLVIR.PA) Record €4.52 Million Revenue in 2023, a 40% Surge from Previous Year	Relevant Information
19/01/2024	Virtualware partners with Octav to introduce VIROO in Morocco	Relevant Information

15. SHARE CAPITAL

“Article 6. – Share capital

The Company's share capital is ONE HUNDRED AND FIFTY-EIGHT THOUSAND NINE HUNDRED AND SEVENTY EUROS (158,970€), divided into 4,542,000 common shares, all of the same class and series, each having a par value of 0.035 euros, fully subscribed and paid up, numbered consecutively from 1 to 4,542,000, both inclusive.”

Details of the evolution of the company's share capital together with the entry and exit of shareholders can be found in section “3.2.1 - Ownership and shareholding structure”.

Total share capital is €158,970, divided into 4,542,000 ordinary shares, each with a nominal value of €0.035.

Virtualware has not issued any convertible securities, exchangeable securities, or securities with warrants.

There are no acquisition rights or obligations over authorized but unissued share capital, nor is there any undertaking to increase the capital.

There is currently no capital of any member of the group that is under option or subject to any agreement, whether conditional or unconditional, to be put under option.

Treasury stock amounts to 29,070 shares with a nominal value €0.035. For further details, please refer to section 12 of the ID.

16. IMPORTANT CONTRACTS

All material contracts entered into by the Company are publicly disclosed in accordance with its listing on Euronext Access. Key agreements signed with third parties include:

- April 2023 – Multi-year partnership with Invest WindsorEssex (Canada) to expand access to and use cases for the largest public VR CAVE in Canada.
- April 2023 – €1.16 million multi-year agreement in Central America to deploy the VIROO platform across leading universities.
- August 2023 – Strategic reseller partnership with Advansoft (Malaysia) to introduce VIROO into the Malaysian market.
- August 2023 – Collaboration agreement with VRLogic (Germany) to integrate VIROO into their VR CAVE installations.
- December 7, 2023 – \$352,000 contract with Kessler Foundation (USA) to enhance VR rehabilitation solutions.
- March 14, 2024 – Partnership with Xplorient (UK) for VIROO rollout across British enterprises.
- March 20, 2024 – Alliance with 302 Interactive Virtual (USA) to broaden VIROO's footprint in North America.
- April 18, 2024 – Agreement with Totalpower (Brazil) to accelerate VIROO adoption in Latin America's energy sector.
- May 7, 2024 – Collaboration with the Centre for Integrated Transportation and Mobility (Spain) to deploy VIROO for transport design reviews.
- June 2024 – Partnership with MACE Virtual Labs (USA) to support growth of enterprise VR solutions in the U.S. market.
- October 2024 – Strategic alliance with HTC VIVE (global) to accelerate adoption of enterprise XR through HTC channels.
- December 2024 – \$3.8 million training programme agreement with Invest WindsorEssex and NextStar Energy (Canada) for VR-based battery manufacturing instruction.

SECTION 2: ADDITIONAL INFORMATION TO DISCLOSE REGARDING THE TYPE OF SECURITIES ADMITTED

1. RISK FACTORS RELATED TO THE SHARES

1. Risk of the listing of shares		
1.1. Risk of ownership dilution	Low	Medium
1.2 Liquidity of the listed shares	Medium	Low
1.3 Increase costs following listing	Low	Low
1.4 Risk of dividend payment	Low	Low
1.5 Risk related to the volatility of shares/market	Low	Low
1.6 Tax risk	Low	Low
1.7 Obligations as a listed company	Low	Low

1.1 RISK OF OWNERSHIP DILUTION

The Company may in the future decide to offer and issue new Shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company. Additionally, the Company could implement stock compensation schemes for employees that could dilute previous shareholders.

The Company is committed to evaluating its capital-raising strategies carefully and, where appropriate, considers mechanisms to protect existing shareholders from excessive dilution.

1.2 LIQUIDITY OF THE LISTED SHARES

An investment in the Shares is associated with a high degree of risk, and the price of the Shares may not develop favourably. Prior to the Admission to Trading on Euronext Growth, the Shares were traded on Euronext Access, where there was limited liquidity. Following the Admission to Trading on Euronext Growth, an active or liquid trading market for the Shares may not develop or be sustained. If such a market fails to develop or be maintained, it could have a negative impact on the price of the Shares. Investors may not be able to sell their shares quickly, at the market price, or at all if there is insufficient trading activity in the Shares.

The Company is committed to enhancing market visibility and investor engagement to support the development of a more active trading market. It aims to maintain transparent communication with the market and may consider initiatives such as investor roadshows, research coverage, and market-making arrangements to promote share liquidity post-admission.

1.3 INCREASE COSTS FOLLOWING LISTING OF SHARES

As a listed company, the Issuer will be subject to rules and regulations that listed companies must follow in the market. In order to be compliant, the Issuer may need to establish certain procedures as well as adopt certain policies, which may result in significant compliance costs for the Issuer. Such increased costs may adversely affect the Issuer's business, financial and economic positions and results of operations.

However, it is important to note that Virtualware is transferring from Euronext Access to Growth, and therefore the Company has already been subject to listed-company requirements for the past two years. During this time, it has successfully absorbed the associated compliance and market costs without any material impact. Furthermore, the expected revenue growth in the first 2–3 years following the uplisting is anticipated to more than offset any additional incremental costs, thus limiting any adverse financial effect.

1.4 RISK OF DIVIDEND PAYMENT

The Company's ability to pay dividends on Shares may be restricted by the terms of any future debt incurred or preferred securities issued by the Company or law. Payments of future dividends, if any, may be proposed after considering various factors, including Impulse business, financial conditions, results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on the Company's ability to pay dividends. There can be no assurance that, in the future, the Company will be able to make dividend payments. If cash is not available to pay dividends, the board may decide to pay in shares.

If cash is not available to pay dividends, the board may decide to pay in shares. Nevertheless, the Company does not plan to distribute dividends to its shareholders in the short-term, hence this risk will not happen at least in the first year of listing.

The Company does not intend to distribute dividends in the short term, as it plans to reinvest earnings to support growth and development. Therefore, this risk is not expected to materialize during the first year following the listing. Any future dividend decisions will be made prudently, based on the Company's financial performance, cash position, and strategic priorities, while also taking into account any legal or contractual restrictions.

1.5 RISK RELATED TO THE VOLATILITY OF SHARES / MARKET

The share prices of companies admitted to trading on Euronext Growth can be highly volatile and the trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the

Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares.

The market price of the Shares may be affected by high level of volatility. In fact, market price for newly listed shares, as the Shares, is often volatile for a period after the Listing. The share market in general, and for smaller companies, may be subject to significant price and volume fluctuations, which are not possible to predict out of the companies' developments or disclosed results. As a result of this potential volatility, Shareholders may not be able to sell their Shares at or above the initial Listing Price. The market price of the Shares may fluctuate significantly in response to several factors, many of which are beyond the Company's control, including, among others:

- Actual or anticipated fluctuations in the Company or Company's revenues and results of operations.
- Announcements by the Company or its competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments.
- The standalone and/or consolidated financial projections that the Company may provide to the public, any changes in these projections, or the Company or the Company's failure to meet these projections.
- Failure of securities analysts to initiate or maintain coverage of the Company, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow the Company, or the Company's failure to meet these estimates or the expectations of investors.
- The size of the Issuer's free float.
- Price and volume fluctuations in the trading of the Shares and in the overall stock market, including as a result of trends in the economy.
- New laws or regulations or new interpretations of existing laws or regulations applicable to the Company's business or industry, including data privacy, data protection, and information security.
- Lawsuits threatened or filed against the Company and its Company.
- Changes in the Company's Board of Directors or key management.

The Company is committed to maintaining transparent communication with investors to help manage market expectations. It will continue to provide regular, accurate updates on financial performance and strategic initiatives, including earnings reports and forward-looking statements, to reduce uncertainties and potential mispricing of shares.

1.6 TAX RISK

By purchasing and holding the Shares, investors should take their own tax advice as to the consequences of owning such Shares as well as receiving returns from them. Investors should be aware that ownership of the Shares could be treated in different ways in different jurisdiction.

The Company aims to provide clear and timely information regarding its tax status and any relevant tax implications related to the ownership of its shares.

1.7 OBLIGATIONS AS A LISTED COMPANY

Though the constraints are lower than those applicable for a company listed on a regulated market, as a public company, the Company will incur significant legal, accounting, audit, reporting and other expenses in connection with its obligations under applicable securities laws, including the internal and external costs of maintaining the system of internal controls as well as the costs of preparing and distributing periodic public reports, including financial statements and notes, and including the costs related to the ongoing reporting obligations under the EU regulation N°596/2014 of the European Parliament dated April 16th, 2014 on market abuse (“Market Abuse Regulation”).

Effective internal controls are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause the Company to fail to meet its reporting obligations. In addition, changing laws, rules and regulations relating to corporate governance and public disclosure, including regulations implemented by Euronext for companies listed on the Euronext Growth market, increase the Companies legal and financial costs, including costs relating to monitoring, evaluating and complying with such laws, rules and regulations.

These laws, rules and regulations are subject to varying interpretations and may evolve over time as new guidance is provided by regulatory and governing bodies, which may result in increased compliance and governance costs and the diversion of management resources. If the Companies efforts to comply with such laws, rules and regulations are not successful, it could be subject to fines, penalties or regulatory proceedings, which can be time consuming and costly to litigate and could lead to negative publicity. If any of these risks occur, or if these requirements divert the management's attention from other business concerns, they could have

a material adverse effect on the Companies business, financial condition and results of operations.

The Company is committed to maintaining robust internal controls and ensuring compliance with all applicable securities laws and regulations, including the Market Abuse Regulation. To manage the increased legal, accounting, and reporting costs associated with its obligations as a listed company, the Company continuously monitors its compliance efforts and regularly reviews its internal control systems to ensure they meet regulatory requirements.

2. WORKING CAPITAL STATEMENT

Cash Flow Forecast 12 Months (May 2025-May 2026)

	may.- 25	jun.- 25	jul.- 25	aug.- 25	sep.- 25	oct.- 25
Opening Balance, including funds.	111.564,00 €	482.303,29 €	487.973,11 €	678.956,50 €	885.357,29 €	815.376,26 €
Sales charges	896.438,50 €	488.610,81 €	697.300,00 €	672.100,00 €	402.810,81 €	885.475,00 €
Personnel Payment	329.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €
Purchase Payment	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €
General Service Payment	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €
Debt Payments	27.599,21 €	44.840,99 €	68.216,61 €	27.599,21 €	34.691,84 €	27.599,21 €
Closing balace	482.303,29 €	487.973,11 €	678.956,50 €	885.357,29 €	815.376,26 €	1.235.152,05 €

	nov.- 25	dec.- 25	jan.- 26	feb.- 26	mar.- 26	abri.- 26
Opening Balance, including funds.	1.235.152,05 €	1.393.018,89 €	1.515.169,16 €	1.007.849,24 €	1.012.150,03 €	584.450,82 €
Sales charges	623.566,05 €	594.871,89 €	45.000,00 €	470.000,00 €	45.000,00 €	90.000,00 €
Personnel Payment	269.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €	269.500,00 €
Purchase Payment	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €	46.600,00 €
General Service Payment	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €	122.000,00 €
Debt Payments	27.599,21 €	34.621,62 €	114.219,92 €	27.599,21 €	34.599,21 €	27.599,21 €
Closing balace	1.393.018,89 €	1.515.169,16 €	1.007.849,24 €	1.012.150,03 €	584.450,82 €	208.751,61 €

Source: *Virtualware 2007, S.A.*

- In terms of Sales Charges, Virtualware has some multi-annual contracts signed with their main customers with different type of payments, quarterly, or one shot payment, 60% payment in advance. The cash Flow table shows the reception of these different payments according to the contract signed with them and reflects expected sales based on the pipeline that the Company currently manages.

- Other charges make reference to the payments due to different grants and loans that the company receives.
- Purchase payments cover all the goods and service purchases that Virtualware has to make for the development of their different customer projects and services.
- Debt payments include some special loans due to R+D projects with the Spanish government and financial debt with different banks.

Virtualware confirms that the working capital available to the Issuer is sufficient for its present requirements, that is, for at least the next twelve months from the date of this document.

3. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

3.1 TYPE AND CLASS OF SECURITIES

Admission to trading procedure: Registration of shares for trading on Euronext Growth Paris through Technical Admission.

ISIN: ES0105704003

LEI: 9598009U245XCDWVED44

Euronext Ticker: ALVIR

Number of shares to be listed: 4,542,000 ordinary shares

Nominal price per share: 0.035 EUR €

Reference price per share: closing price on Euronext Access

Central Securities Depository: IBERCLEAR – Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores S.A. Unipersonal

Listing Sponsor: LKS Financial Solutions & Corporate, S.L.

Legal Advisor: Cuatrecasas Legal SLP

Paying Agent: CaixaBank, S.A.

3.2 CONDITIONS FOR THE TRANSFER OF SHARES

“Article 8 – Transfer of shares

Shares are freely transferrable, subject to the applicable legal provisions.”

3.3 MANDATORY TAKEOVER BIDS

Virtualware is not aware of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the shares.

3.4 RATIONALE OF THE LISTING

This transaction is carried out within the procedure for a technical admission to trading on the Euronext Growth Market operated by Euronext Paris S.A. The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF). The listing on Euronext Growth will give the company greater credibility among customers, suppliers and investors, allowing it to build stronger relationships and giving it a competitive advantage.

The uplisting will provide the company with access to a broader and more diverse universe of investors, as well as an indication of how the market evaluates its business model. It will also give current shareholders and new investors access to a market with greater liquidity in the medium term. Additionally, the uplisting creates an opportunity for inorganic growth by financing M&A operations with shares instead of relying on debt.

4. INFORMATION ON THE ISSUE/ OFFER/ DISTRIBUTION SALE THAT WILL BE CARRIED OUT IN CONNECTION WITH ADMISSION TO TRADING

All offered shares were existing ordinary shares transferred on the market at the closing price on Euronext Access.

Offer-Related Costs

Total transaction costs (listing fees, legal, audit and sponsor services) approximated € 100,000.

Lock-Up Agreements

None.

Dividend Rights

Each ordinary share carries equal entitlement to dividends declared after the listing; no special dividend arrangements apply to the transferred shares.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 TRADING PLATFORM

The Company's ordinary shares (ISIN ES0105569038) have been admitted to trading on the Euronext Access segment of Euronext Paris since 20 April 2023. As part of the planned market transfer, those same shares will be transferred to the Euronext Growth segment of Euronext Paris (ticker: MLVIR) during Q2 2025. The Company's shares are not currently admitted on any other trading venues.

5.2 LIQUIDITY PROVIDER

Kepler Partners LLP has been appointed as the liquidity provider.

Kepler Partners LLP is a limited liability partnership registered in England and Wales with registered number OC334771 and is authorised and regulated by the Financial Conduct Authority. Registered Office: 70 Conduit Street, London, W1S 2GF.

6. LISTING SPONSOR

LKS Financial Solutions & Corporate, S.L.

Address: Calle Don Diego López de Haro 33, 3ª planta 48009 Bilbao, Spain

Telephone: +34 943 038 714

Web: <https://www.lksnext.com/es/servicios/financiamiento-corporativo/>

VIRTUALWARE 2007, S.A. designated LKS Financial Solutions & Corporate, S.L. as a Listing Sponsor in order to lead the incorporation to Euronext Growth of the Issuer. It was authorised by the Euronext Listing Board on the 21st of January 2025.

LKS is domiciled in Don Diego López de Haro 33, 3ª planta 48009 Bilbao, Spain, registered in the Mercantile Registry, with Identification Code: B95650107. It is represented in this operation by Mr. Mariano Colmenar, Managing Director of the firm.

LKS Financial Solutions & Corporate is represented by a multidisciplinary team of professionals with high experience in security issuance and overall capital markets activities both in public as well as in private markets. No other consultants concur in the incorporation process or in the preparation of this information document.

LKS confirms that it does not have any ownership interest in Virtualware.

Cuatrecasas Legal SLP has acted as legal adviser to the Company in connection with the preparation of this Information Document and the admission of the Company's shares to trading.

7. LARGE TRANSACTIONS

Virtualware has not carried out any transaction that represents more than 25% of its total assets.

8. ARTICLES OF ASSOCIATION

VIRTUALWARE

ARTICLES OF ASSOCIATION OF VIRTUALWARE 2007, S.A.

(the "Company")

Section I. Name, Purpose, Address & Term of the Company

Article 1. Company name:

The company is named VIRTUALWARE 2007, S.A.

Article 2. Corporate purpose

1. The corporate purposes of the Company are: a) the development of software; b) security consultancy; c) telecommunication systems consultancy; d) the provision of IT services; e) 3D modelling; f) the provision of draughting services; g) technology consultancy; h) the renting of projection systems; i) training in technological matters. [Under the CNAE the main activity of the Company is listed as code 6209 ("Other services related to information technology and computing")].
2. The corporate purposes exclude all activities for which the law establishes special requirements not met by this company. Should the law require specific qualifications, authorisation from the administration or entry in public registers or make any other specific requirement for the conducting of any or all of the activities indicated, such activities may not commence until the relevant administrative requirements are met, and must in any event be conducted by persons who hold the qualifications required.
4. The company may carry out the operations that make up its corporate purpose wholly or partly in a direct fashion or through holdings in companies with the same or similar purposes.
5. In fulfilling its corporate purposes, the Company strives to have a positive impact on society, on the people related to it and on the environment.

Article 3. Registered offices

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1. The company has its registered offices at Calle Usausuga 7, Basauri.
2. The Board of Directors has the authority to (i) resolve to set up, close down and move branch offices, agencies and delegations anywhere in and outside Spain; (ii) move the registered offices within Spanish territory; and (iii) resolve to modify, move or delete the website of the Company.

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Article 4. Corporate Website

The corporate website of the Company is www.virtualwareco.com for all purposes envisaged in the Capital Companies Act and such other legislation as may be applicable. Any modification, transfer or deletion of the corporate website of the Company must be approved by the administrative body.

Article 5. Term & commencement of activities

1. The company is incorporated for an indefinite term.
2. It commenced operations on 1 January 2004.

Section II Stock Capital

Article 6. Stock Capital

The share capital is ONE HUNDRED AND FIFTY-EIGHT THOUSAND NINE HUNDRED AND SEVENTY EUROS (€158,970.00), represented by 4,542,000 ordinary shares [*acciones*] with a face value of €0.035 each, fully taken up and paid up and numbered from 1 to 4,542,000 inclusive.

Article 7. Representation of shares

1. Shares are represented by book entries constituted as such by virtue of their entry in the relevant accounting records. They are governed by the regulations applicable in regard to the stock market.
2. The task of keeping the books in regard to stocks represented by book entries is to be attributed to an organisation designated by the Company from among those authorised to perform this function under the regulations applicable in regard to the stock market.
3. ~~Legitimation for the exercise of shareholders' rights is obtained via entry in the~~ accounting records, where there is a presumption of legitimate ownership; such entry enables the registered owner to require the Company to recognise him/her/it as a shareholder. Such legitimation may be accredited by the showing of the relevant certificates issued by the organisation charged with keeping the relevant account books.
4. Should the Company make any provision in favour of the recorded owner as per the account book, it shall be released from the relevant obligation, even if it is not the beneficial owner of the share, provided that it acts in good faith and without serious fault.
5. Should the person shown as the lawful owner in an account book entry appear as such as a result of a trust, as a financial broker acting on account of a client or in other similar circumstances, the Company may require them to disclose the identity of the

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beneficial owner of the shares and any acts of transfer and encumbrances on same:

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Article 8. Transfer of shares

Shares may be transferred freely, subject to the provisions of law.

Article 9. Usufruct of shares

In any usufruct of shares, shareholding shall lie with the bare owner but the usufructuary shall in all cases be entitled to any dividends agreed by the Company during the usufruct. The usufructuary shall facilitate the exercising by the bare owner of the rights of the latter. Relations between the usufructuary and the bare owner shall be governed by the terms of the deed under which the usufruct is constituted and, by default, by the provisions of the Act and, additionally, by the Civil Code (or by the applicable civil legislation, as the case may be).

Article 10. Pledging of shares

1. Should any shares in the Company be pledged, shareholding rights shall be held by their owner. The pledgee shall be obliged to facilitate the exercising of those rights.
2. Should the owner of the shares fail to honour the obligation to make the payment pending, the pledgee may fulfil the obligation itself or proceed to enforce the pledge.

Article 11. Attachment of shares

Should shares be attached, the provisions of the foregoing article shall apply provided that they are compatible with the specific framework of attachment.

SECTION III Company Bodies

Article 12. Bodies of the company

The governing bodies of the Company shall be:

- (a) The General Meeting of Shareholders.
- (b) The Board of Directors.

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Concerning the General Meeting of Shareholders

Article 13. Types of meeting

1. General Meetings of Shareholders may be Annual Meetings or Extraordinary Meetings.
2. The Annual General Meeting must be duly called and held within the first six (6) months of each financial year to approve (or not) the management of the company and the accounts for the previous year, and to decide on the application of profit/loss. It may also deal with any other matter included on the agenda. The Annual General Meeting shall be valid even if called or held after the deadline indicated.
3. Any General Meeting other than that envisaged in the foregoing paragraph is classed as Extraordinary.

Article 14. Authority to call meetings

1. General Meetings shall be called by the Board of Directors or, as the case may be, by the liquidators. The Board of Directors shall call a General Meeting whenever deemed necessary or convenient for the interests of the Company, and in any event on the dates or within the periods laid down in law.
2. A meeting shall also be called whenever requested by one or more shareholders representing at least five (5) per cent of the share capital. Such requests must indicate the agenda to be discussed. In this case a General Meeting must be called for within two (2) months as from the date on which a notarised request to do so is filed with the administrative body. The agenda must include the items indicated as reasons for the request.
3. In calls for General Meetings issued by a clerk of the court or by the mercantile registrar, the provisions set out in the Act shall apply.

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Article 15. Calling and constituting of meetings

1. Meetings must be called via an announcement posted on the corporate website in the form and with the contents envisaged in law.
2. Calls shall in all cases indicate (i) the name of the Company, the date and the time set for the meeting; (ii) the agenda, listing all items to be discussed; and (iii) the post held by the person(s) who make(s) the call. If relevant, the date on which the General Meeting is to meet in its second call may also be indicated.


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3. The General Meeting shall be held in the municipality where the Company has its corporate headquarters. Should the venue for the General Meeting not be indicated in the call, it shall be deemed to be the corporate headquarters.
4. Between the call and the date envisaged for the General Meeting there must be prior notice of at least one (1) month (or two -2- months for the transfer abroad of the registered address).
5. Shareholders who represent at least five (5) per cent of the share capital may request publication of a supplement to the call for a General Meeting including one or more points on the agenda. This right must be exercised via certified notice, which notice must be received at the registered offices within five (5) days as from the publication of the call. Such supplements to calls must be published at least fifteen (15) days prior to the date set for the General Meeting.
6. Unless a different majority is required in law, the General Meeting shall be validly constituted in its first call if the shareholders present and represented account for at least twenty-five (25) per cent of the issued capital with voting rights. In the second call, General Meetings shall be validly constituted regardless of the proportion of the capital represented. However, for the General Meeting to be able validly to approve resolutions in regard to the matters indicated in Article 194 of the Act, the meeting must be attended in person or by proxy in its first call by shareholders who account for at least fifty (50) per cent of the capital subscribed with voting rights. In the second call, shareholders who account for twenty-five (25) per cent of the capital shall suffice.
7. However, a Universal Extraordinary General Meeting shall be deemed to be validly constituted to deal with any issue whatsoever, with no need for a prior call, if shareholders representing the entire share capital are present or represented and they unanimously agree to hold such a meeting and agree to an agenda for same. A 'Universal' General Meeting may be held anywhere on domestic territory or abroad.

Article 16. Attendance and Proxies

1. The holders of shares registered in the relevant book five (5) days prior to the date set for the General Meeting are entitled to attend, speak and vote thereat. Proof of entitlement may be provided in the form of the relevant attendance card, a certificate issued by any legally authorised body or any other form admissible in law.
2. At the choice of the Board of Directors, General Meetings may be held face-to-face, entirely remotely or in hybrid form (i.e. with some attendees physically present and others attending remotely). In compliance with Articles 182 and 182bis of the Act, meetings may be attended remotely (including video-conferencing) when the Company has provided sufficient means (in line with the state of the art and the circumstances of the Company) to ensure the identification and authorisation of shareholders and their representatives and the effective participation of all attendees at the meeting (in terms of exercising their rights in real time and following the interventions of other attendees). Calls for meetings must therefore include information on the procedures for recording and drawing up the list of attendees,

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and must indicate the periods, forms and modes set by the Directors for exercising shareholders' rights so as to enable the meeting to take place in an orderly fashion and be properly reported in the minutes.

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3. All shareholders entitled to attend a General Meeting may do so by proxy. Proxy holders need not be shareholders. Proxies must be granted in writing and are specific to each meeting, on the terms and with the scope set out in the Act.
4. Proxies may be revoked in all cases. Proxies shall be revoked should the shareholder represented attend the meeting in person.
5. In all cases, votes on proposals on items included on the agenda of General Meeting may be delegated or cast by shareholders by postal or electronic correspondence, by video-conference or by any other means of remote communication provided that (a) the identity of the individual who casts the vote is duly proven and (b) the vote is recorded on a data carrying medium.
6. The constraints on proxies envisaged in Articles 184 and 186 of the Act shall not apply when the proxy holder is the spouse, a forebear or a descendant of the principal, or when the proxy holder holds a general power of attorney granted via a public deed with powers to administer all the assets of the principal on Spanish territory.

Article 17. Panel of the General Meeting of Shareholders

1. The Panel of the General Meeting of Shareholders shall comprise a chair and a secretary, these being in principle the chair and secretary to the Board of Directors or, by default, whomsoever may be designated by the attending shareholders at the commencement of the meeting.
2. The Chair shall direct the discussions at General Meetings, granting the floor, setting the duration and ordering the conclusion of interventions accordingly.

Article 18. Separate voting on matters

The General Meeting must vote separately on matters that are substantially independent. Even if they appear in the same item on the agenda, the following items must be voted on separately: (a) the appointment, ratification, re-election or dismissal of each director; (b) the amendment of each article or group of articles deemed to form an independent unit in the Articles of Association; (c) items for which separate voting is compulsory (e.g. the lifting of the non-competition obligations imposed on directors under Article 230.3 of the Act); and (d) any other items for which this is specifically required in these Articles of Association.

Article 19. Majorities Required for Resolutions to be Passed

1. Unless other majorities must be applied:

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- (a) Company resolutions shall be passed by a simple majority of the votes of the shareholders present and represented at the meeting, with a resolution deemed to have been passed when more votes in favour than against it are cast by the holders of the capital present and represented.
- (b) However, to pass the resolutions referred to in Article 194 of the Act it is sufficient for the resolution to obtain an absolute majority if the holders of capital present and represented exceed fifty per cent. However, the vote in favour of two thirds of the capital accounted for by the shareholders present and represented shall be required when the meeting is attended in its second call by shareholders who represent twenty-five (25) per cent or more but less than fifty (59) per cent of the subscribed capital with voting rights.

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- 2. As per the final paragraph of Article 190.1 of the Act, shareholders are expressly prohibited from exercising the voting rights conferred by their shares when the resolution to be voted on is to authorise them to transfer shares subject to constraints in law or under the articles of association or to exclude them from the Company.
- 3. The shares of the shareholder(s) deemed to have a conflict of interests shall be deducted from the share capital when determining whether the majority of votes required in each case has been obtained.

Concerning the Board of Directors

Article 20. Administration of the company

The Company shall be administered by a Board of Directors.

Article 21. Areas of Authority of the Board of Directors

- 1. The power to manage and represent the Company on the terms set out in the Act lies with the Board of Directors.
- 2. In making decisions and taking actions in the exercise of their posts, Directors must consider the effects of those decisions and actions in regard to the interests of (i) shareholders; (ii) the employees of the Company and its subsidiaries; (iii) customers, suppliers and other stakeholders directly or indirectly linked with the Company, such as the community in which it operates directly or indirectly. They must also strive to protect the local and global environment and safeguard the short- and long-term interests of the Company.

Article 22. Term of directorships

- 1. Directors shall hold their posts for a term of six (6) years, which term shall apply to them all equally, though they may be re-elected, and the General Meeting shall have the power to dismiss them at any time as provided for in the Act.


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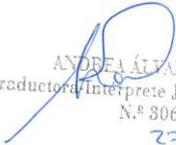
2. Should any vacancy arise during the term for which Directors are appointed and should there be no replacements, the Board of Directors may designate someone from among the shareholders to fill the vacancy until the next General Meeting of shareholders.

Article 23. Remuneration of Directors

1. The remuneration paid to Directors as such shall consist of a fixed amount in cash to be set by the General Meeting, in accordance with the following rules.
 - (a) Remuneration shall be set by a General Meeting held at any time prior to the end of the financial year to which the remuneration applies or in which any change thereto is to take effect.
 - (b) That remuneration shall be understood to be set for each financial year of twelve (12) months. As a result, should there be a financial year that lasts less than twelve (12) months the remuneration shall be reduced proportionally.
 - (c) Remuneration shall accrue monthly in arrears, so that each Director is remunerated in proportion to the time for which he/she has held his/her post in each financial year for which the amount set remains valid.
 - (d) Remuneration shall be paid monthly in arrears within the first five (5) days of the calendar month after that in which the amount in question accrues. The last amount set shall be paid each month until such time as the General Meeting may change the remuneration. In that case, the remuneration received shall be adjusted upwards or downwards within the first five (5) days of the calendar month following the month in which the General Meeting approves the change in remuneration.
 - (e) Should there be more than one Director, when a vacancy arises during the financial year the fraction of the remuneration thus left unallocated shall not be allocated to the remaining Directors unless the General Meeting resolves to do so, in which case it must indicate the form of allocation.

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2. Should any member of the Board of Directors be appointed as Chief Executive Officer or given executive functions under another name (the "**Executive Director**"), that Executive Director shall receive additional remuneration for one or more of the following items, to be set in his/her contract as envisaged in Article 249 of the Act:
 - (a) a fixed amount;
 - (b) a variable amount with general reference parameters or indicators;
 - (c) any compensation payable for dismissal or termination of his/her relationship with the


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Company;

(d) sums payable by the Company in the form of insurance premiums or contributions to savings schemes.

3. The maximum amount in remuneration per annum for directors as a whole must be approved by the General Meeting, and shall remain in force until any modification is approved. Unless otherwise determined by the General Meeting, the distribution of remuneration between directors shall be set by a resolution of the Board of Directors, taking into account the functions and responsibilities allocated to each director and, in particular, the commitments undertaken by the Company in the contracts entered into with executive directors.
4. The situation envisaged in this article shall be compatible with and independent of the payment of any fees or salaries that may be proven to be payable by the Company for the provision of services or under an employment relationship, as the case may be, that arise from a contractual relationship other than that entailed by the post of Director, which payments shall be subject to whatever legal framework may be applicable to them.

Article 24. Rules & Operation of the Board of Directors.

1. The Board of Directors shall be made up of at least three (3) and at most twelve (12) members. The specific number of directors shall be set by the General Meeting.
2. The Board of Directors shall appoint one of its members as Chair and may, should it so agree, also appoint a Deputy Chair to stand in for the Chair in cases of vacancy, absence and illness. It shall also designate the person who is to act as Secretary, and may appoint a Deputy Secretary to stand in for the Secretary in cases of vacancy, absence or illness. The Secretary need not be a director, but if not he/she shall have speaking rights but not voting rights. The same shall apply to the Deputy Secretary, if any.
3. The Board of Directors shall meet at least once per quarter.
4. The Board of Directors shall meet whenever convened by the Chair or by whomsoever acts in his/her stead. Meetings may also be called by directors who represent at least one third of the members of the Board, in which case the call shall indicate the agenda, and shall be held in the town where the corporate address is located, should the Chair fail without good reason to call a meeting within one month of having been asked to do so.
5. Calls for meetings shall be made by letter, telegram, fax or any other written or electronic means. Calls shall be addressed personally to each member of the Board of Directors with at least three (3) days' prior notice. Board meetings may be held validly with no prior call should all members gather together and unanimously decide to hold a meeting.

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6. Unless there is an obligation to apply other majorities, the Board of Directors shall be validly constituted when its meetings are attended in person or by proxy by an absolute majority of its members. Should there be an odd number of directors, the "absolute majority" shall be determined by default (e.g. 2 must be present if the board has 3 directors, 3 if it has 5, 4 if it has 7, etc.).
7. Resolutions passed by board meetings held remotely by video-conference, by telephone conference call or by any other similar system shall be valid, provided that the directors have the technical means required for same and are able to recognise one another. In such cases the meeting shall be deemed to have taken place at the corporate headquarters.

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8. ~~Directors may only be represented at board meetings by another director. Proxies must be granted by means of a letter addressed to the Chair.~~
9. The Chair shall open the meeting and lead the discussion of the points on the agenda, giving the floor to Board members and providing them with news and reports on the running of the Company's affairs.
10. Unless a different majority is required in law, resolutions shall be passed by an absolute majority of directors attending the meeting. Should there be an odd number of directors, the absolute majority shall be determined by default (e.g. 2 votes in favour if there are 3 directors present, 3 if there are 5, 4 if there are 7, etc.).
11. Votes on resolutions held in writing without convening a meeting shall be valid provided that no Director objects to this procedure.
12. The discussions and resolutions of the Board of Directors shall be recorded in a minute book.
13. Without prejudice to powers of attorney in fact granted to any persons, the Board of Directors may appoint one or more CEOs or an executive committee from among its number, and may establish the content, limits and forms of such delegations of power. The indefinite delegation of any power of the Board of Directors to an executive committee or to one or more Chief Executive Officers, and the designation of the director(s) to occupy those posts shall be valid only with the vote in favour of two thirds of the members of the Board, and shall not take effect until entered in the Mercantile Register.

SECTION IV Company Financial Year and Annual Accounts

Article 25. Company financial year

The Company's financial year shall run from 1 January to 31 December each year.

Article 26. Application of profit/loss

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1. The General Meeting shall decide how to apply the profit/loss for the year as envisaged in the Act. Any dividends to be distributed shall be distributed to the shareholders in proportion to their paid-up holdings in the share capital, with payment being made at such time as the General Meeting may determine.
2. Dividends not claimed within five (5) years as from the time indicated for their collection shall revert to the Company.
3. The General Meeting or the Board of Directors may agree to distribute sums on account of dividends, with the limits and in compliance with the requirements set out in the Act.

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Section V.- Winding up & Liquidation of the Company

Article 27. Winding Up & Liquidation of The Company

1. The Company may be wound up on the grounds and in the manner indicated in Article 360 et seq. of the Act.
2. The administrators at the time of winding up shall become the liquidators, unless the General Meeting designates others on resolving to wind up the Company.
3. The mandate of the liquidators shall be for an indefinite period.

SECTION VI General Provisions

Article 28. Applicable legislation

The Company shall be governed by these Articles of Association and, in matters not covered herein, by the provisions of the Capital Companies Act and other applicable provisions. All references to the "**Act**" in these articles of association are understood to refer to the Capital Companies Act.

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9. ONGOING OBLIGATIONS

In accordance with the Euronext Growth Rule Book, the next Ordinary Shareholders' Meeting following the Technical Admission will be held on April 30, in order to resolve on the approval of the financial statements for the financial year ended in 2024.

Website

An Issuer shall maintain an up-to-date website containing general information on its operations, governance and contact details. In accordance with the Market Abuse Regulation an Issuer shall post inside information on its website.

Accounting Standards

An Issuer must establish its accounting standards in accordance with the accounting standards of IFRS for consolidated accounts and local GAAP for individual accounts without prejudice to the National Regulations. An Issuer must publish on its website its annual financial statements in accordance with National Regulations timetable. In case no publication is foreseen in local rules and regulation, financial statements shall be published before the end of the first semester of the following year.

Report of changes

An Issuer shall report to Euronext the changes to its senior executive's team (managers with the power to take managerial decisions affecting the future developments and business prospects of the issuer) and the composition of its board as well as any changes to its Beneficial Owners to be made public in accordance with the Market Abuse Regulation as soon as the Issuer becomes aware of it. This information shall be sent to Euronext as soon as it is disclosed on the website.

Annual Certificate

An Issuer shall provide Euronext in December of each year a certificate in the form prescribed by Euronext confirming – among other things – that it has and will comply with the Market Abuse Regulation and that the changes in the management, board composition and shareholders have been duly notified to Euronext. This provision does not apply to Issuers that are admitted to trading on a Regulated Market or on another organised market subject to equivalent standards as determined by Euronext.

Corporate action

Each Issuer shall inform Euronext of events affecting Securities that Euronext deems necessary to run a fair, orderly and efficient market. The relevant information shall be provided to Euronext in due time before the event affecting the Securities or the relevant corporate action, so that Euronext may take any appropriate technical measure. The events covered by this provision include the corporate actions as referred to in Article 61004/2 of Euronext Rule Book I.

Application of new securities

An application for admission to trading must cover all the Issuer's Securities of the same class issued at the time of the application or proposed to be issued for the admission planned. When additional Securities of the same class as Securities already admitted to trading are issued, application for admission to trading of such additional Securities shall be made:(a) as soon as they are issued in the case of a Public Offer of the Securities; and/or(b) no later than ninety (90) days after their issue in cases other than Public Offer.

Legal Entity Identifier

An Issuer shall take all necessary measures to have its LEI for as long as its Securities are admitted to trading on Euronext Growth.

CONFIDENTIALITY NOTICE

All the information contained in this document is confidential. It has been provided to you solely for your possible investment. For 2 years from the date of access to this document, you are obliged to: I. Maintain the Information in strict confidentiality, i.e. not to transmit it (in whole or in part) to any natural or legal person. This information shall not be transmitted to any other person or entity except with prior authorisation or in cases where its disclosure is legally required, in which case you shall immediately inform the company concerned. II. Use the Information exclusively for the purpose of studying its participation in the Project.

ANNEX I

VIRTUALWARE 2007, S.A. & DEPENDENT COMPANIES

Consolidated annual accounts & management report

31 December 2023

(plus audit report)

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CONSOLIDATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING ON 31 December, 2023

(in Euros)

ASSETS	Notes	to 31-12-23	to 31-12-22
A) NON-CURRENT ASSETS		4,151,604.53	3,723,203.04
I. Intangible fixed assets	6	1,745,985.75	1,410,186.61
2. Development		0.19	-
3. Patents, Licences, Trade Marks & Similar		1,715,227.46	1,368,181.39
5. Software applications		30,758.10	42,005.22
II. Tangible fixed assets	7	170,207.87	92,621.37
2. Plant & other tangible fixed assets		170,207.87	92,621.37
IV. Long-term inv. in group & assoc. companies	15	108,574.68	35,297.10
1. Holdings consolidated using the equity method		108,574.68	35,297.10
V. Long-term financial investments	9	38,632.03	64,367.49
1. Equity instruments		23,458.20	20,212.97
2. Loans to third parties		-	-
5. Other financial assets		15,173.83	44,154.52
VI. Deferred tax assets	13	2,088,204.20	2,120,730.47
B) CURRENT ASSETS		3,701,772.78	1,912,632.59
II. Stocks	10	99,414.38	136,779.70
1. Trade		79,413.21	113,643.86
3. Work in progress		19,624.53	22,470.00
5. Advances to suppliers		376.64	665.84
III: Trade and other receivables		2,985,406.14	1,203,148.38
1. Short-term trade receivables for sales & services	9	2,514,330.69	744,323.09
6. Other receivables from public administrations	13	471,075.45	458,825.29
IV. Short-term inv. in group & assoc. companies	15	-	-
2. Loans to companies		-	-
V. Short-term financial investments	9	310,293.44	398,725.93
1. Equity instruments		310,293.44	398,725.93
2. Loans to companies		-	-
VI. Short-term accruals		5,586.18	1,814.66
VII. Cash & cash equivalents		301,072.64	172,163.92
1. Cash & Banks	9	301,072.64	172,163.92
TOTAL ASSETS (A+B)		7,853,377.31	5,635,835.63

Notes 1-17 to the report form an integral part of the consolidated balance sheet to 31 December 2023.



CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDING ON**31 December 2023****(in Euros)**

NET EQUITY & LIABILITIES		to 31-12-23	to 31-12-22
A) NET EQUITY		1,558,346.97	825,618.60
A-1) Shareholders' Equity (Own Funds)	11	1,144,839.92	799,624.27
I. Capital		158,970.00	158,970.00
1. Issued capital		158,970.00	158,970.00
III: Reserves		1,174,082.06	829,372.48
Legal & statutory		42,700.00	42,700.00
Other reserves		1,131,382.06	786,672.48
IV. Reserves at consolidated companies		(186,935.90)	(532,409.85)
V. Reserves at equity-accounted companies		18,374.68	(54,902.90)
V. Earnings from previous periods		-	-
Losses from previous years		-	-
VI. Own shares and equity holdings of the Parent Company		(38,846.43)	
VIII. Profit/loss for the year attributed to the controlling company		19,195.51	398,594.54
A-3) Subsidies, donations & bequests received	14	342,980.24	35,227.48
A-4) External Stakeholders		70,526.81	(9,233.15)
B) NON-CURRENT LIABILITIES		2,765,474.75	1,869,558.97
II. Long-term liabilities		957,323.98	1,196,719.23
2. Bank debts		811,718.96	853,945.43
5. Other Financial Liabilities		145,605.02	342,773.80
IV. Deferred tax liabilities	13	8,638.65	8,638.65
V. Long-term accruals	3.11	1,799,512.12	664,201.09
C) CURRENT LIABILITIES		3,529,555.58	2,940,658.06
III: Short-term debts	9	1,149,605.33	1,040,207.25
2. Bank debts		952,847.93	798,870.68
5. Other Financial Liabilities		196,757.40	241,336.57
V. Trade and other accounts payable		1,159,098.83	1,392,269.35
1. Suppliers (short-term)	9	219,247.51	114,819.24
3. Sundry accounts payable	9	356,697.62	443,492.26
4. Wages & salaries payable	9	99,080.06	114,682.40
5. Current tax liabilities		2,301.47	2,162.65
6. Other amounts payable to public administrations	13	469,311.96	457,350.59
7. Customer advances	9	12,460.20	259,762.21
VI. Short-term accruals	3.11	1,220,851.42	508,181.46
TOTAL NET EQUITY & LIABILITIES (A+B+C)		7,853,377.31	5,635,835.63

Notes 1-17 to the report form an integral part of the consolidated balance sheet to 31 December 2023.

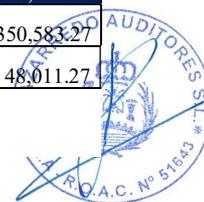


CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR TO 31 December 2023

(in Euros)

A) ONGOING OPERATIONS		Notes	to 31-12-23	to 31-12-22
1.	Net turnover	14	4,552,007.56	3,219,374.82
	b) Services provided		4,552,007.56	3,219,374.82
2.	Changes in inventories of finished goods & assets under construction		6,398.34	(179,332.32)
3.	In-house work on assets		527,607.66	638,906.00
4.	Supplies	14	(1,184,125.01)	(768,542.29)
	a) Consumption of goods		(549,603.60)	(146,570.61)
	b) Raw materials & other consumables used		(110,998.68)	(185,569.44)
	c) Work carried out by other companies		(523,522.72)	(436,402.24)
5.	Other operating income		415,257.74	541,837.36
	a) Non-core & other current operating income		21,625.05	63,448.86
	b) Operating subsidies incorporated into earnings for the year		393,632.69	478,388.50
6.	Personnel costs	14	(3,061,663.26)	(2,445,915.52)
	a) Wages, salaries & similar expenses		(2,481,382.57)	(2,000,289.35)
	b) Social welfare charges		(580,280.69)	(445,626.17)
7.	Other operating expenses		(874,109.07)	(720,152.15)
	a) External Services		(819,827.01)	(712,471.75)
	b) Taxes		(4,282.06)	(89.56)
	c) Losses, impairment & variation in provisions for trade operations.		(50,000.00)	-
	d) Other current operating expenses		-	(7,590.84)
8.	Depreciation on fixed assets	6.7	(271,605.70)	(299,200.38)
9.	Allocation of subsidies on non financial fixed assets & others	14	43,209.97	59,533.29
11.	Impairment & gains/losses on disposal of fixed assets		(41,824.73)	-
13.	Other profit/loss		42,492.41	(18,324.46)
A.1) OPERATING PROFIT/LOSS			153,645.90	28,184.35
14.	Financial revenues		115.25	73.12
	b) Negotiable securities & other financial instruments		115.25	73.12
	a.2) Third parties	14	115.25	73.12
16.	Financial expenses		(89,449.58)	(77,064.21)
	b) Debts to third parties		(89,449.58)	(77,064.21)
17.	Change in fair value on financial instruments		34,182.96	(43,038.22)
	a) Trading portfolio & others		34,182.96	(43,038.22)
18.	Exchange rate differences		(23,117.08)	4,030.69
19.	Impairment & earnings from disposal of financial instruments		(21,354.21)	(39,524.57)
A.2) FINANCIAL PROFIT/LOSS			(99,622.66)	(155,523.19)
A.3) PRE-TAX PROFIT/LOSS			54,023.25	(127,338.84)
17.	Tax on profits	13	(34,827.74)	525,933.37
A.4) CONSOLIDATED PROFIT/LOSS FOR THE YEAR			19,195.51	398,594.53
	Profit/loss allocated to the parent company		15,166.81	350,583.27
	Profit/loss allocated to minority shareholders		4,028.70	48,011.27

Notes 1-17 to the consolidated report form an integral part of the consolidated profit & loss account for the financial year to 31 December 2023.



	2023	2022
P&L account figures	19,195.51	398,594.53
Income & expenses attributed directly to net equity	321,396.83	15,600.00
Grants, donations & bequests received	350,962.73	19,500.00
Tax effect	(29,565.90)	(3,900.00)
Total income & expenses attributed directly to net equity	321,396.83	15,600.00
Transfers to P&L account	(32,839.58)	(47,626.63)
Grants, donations & bequests received	(43,209.97)	(59,533.29)
Tax effect	10,370.39	11,906.66
Total transfers to P&L account	(32,839.58)	(47,626.63)
TOTAL CONSOLIDATED INCOME & EXPENSES RECOGNISED	307,752.76	366,567.90

Notes 1-17 to the consolidated report form an integral part of the statement of changes in net assets for the financial year closed on 31 December 2022.



B) STATEMENT OF TOTAL CHANGES IN NET ASSETS FOR THE YEAR CLOSED ON 31 DECEMBER 2023

	Euros								
	Issued capital	Reserves of the parent company	Reserves at consolidated companies	Reserves at equity-accounted companies	Treasury shares	Profit/loss for the year	Subsidies, donations & bequests received	External Stakeholders	TOTAL
CLOSING BALANCE FOR 2021	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	-	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE FOR FIN. YEAR 2022	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	-	-	-	-	-	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	-	-	(20,980.81)	(29,353.37)
Capital decreases	-	-	-	-	-	-	-	-	-
Other operations with shareholders & owners	-	283,614.14	(255,748.36)	(54,902.90)	18,664.56	-	-	(20,980.81)	(29,353.37)
Other changes in net equity	-	(578,386.35)	155,555.49	-	-	422,830.86	-	-	-
CLOSING BALANCE FOR 2022	158,970.00	829,372.48	(532,409.85)	(54,902.90)	-	398,594.54	35,227.48	(9,233.15)	825,618.60
Adjustments due to changes in criteria in 2022 & previous years	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2022 & previous years	-	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE FOR FIN. YEAR 2023	158,970.00	829,372.48	(532,409.85)	(54,902.90)	-	398,594.54	35,227.48	(9,233.15)	825,618.60
Total income & expenses recognised	-	-	-	-	-	19,195.51	307,752.76	-	326,948.27
Operations with shareholders or owners	-	130,912.73	160,676.26	73,277.58	(38,846.43)	-	-	79,759.96	405,780.10
Other operations with shareholders & owners	-	130,912.73	160,676.26	73,277.58	(38,846.43)	-	-	79,759.96	405,780.10
Other changes in net equity	-	213,796.85	184,797.69	-	-	(398,594.54)	-	-	0.00
CLOSING BALANCE FOR 2023	158,970.00	1,174,082.06	(186,935.90)	18,374.68	(38,846.43)	19,195.51	342,980.24	70,526.81	1,558,346.97

CASH FLOW STATEMENT

To 31 December 2023

(in Euros)

	at 31-12-22	at 31-12-21
A) CASH FLOW FROM TRADING OPERATIONS		
1. Pre-tax profit or loss in the financial year	(127,338.83)	(422,830.86)
2. Adjustment of profit/loss	334,684.91	218,612.89
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)
3. Changes in working capital	573,206.72	332,313.54
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)
4. Other cash flows from trading operations	409,934.75	(64,487.52)
a) Interest payments (-)	(77,064.21)	(86,221.33)
c) Interest collected (+)	73.12	13.40
d) Payments received (made) for tax on profit (+/-)	525,933.37	-
e) Other payments made/received (+/-)	(39,007.53)	21,720.41
5. Cash flows from trading operations (+/- 1+/-2+/-3+/-4)	1,190,487.55	63,608.04
B) CASH FLOW FROM INVESTMENT OPERATIONS		
6. Payments from investments (-)	(1,220,653.19)	(231,477.19)
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)	-
8. Cash Flow From Investment Operations (7-6)	(1,220,653.19)	(231,477.19)
C) CASH FLOW FROM FINANCING OPERATIONS		
9. Collections & payments from equity instruments	27,506.66	109,892.03
e) Subsidies, donations & bequests received (+)	27,506.66	109,892.03
10. Collections & payments from financial liability instruments	(318,948.29)	454,821.46
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)
11. Dividend payments & remuneration from other equity instr.	(8,372.57)	(168,914.92)
b) Changes in scope of consolidation (-)	(8,372.57)	(168,914.92)
12. Cash Flow From Financing Operations (+/-9+/-10-11)	(299,814.20)	395,798.57
E) NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS (+/-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 cash flow statement for the financial year closed on 31 December 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.

The Company is the parent company of a group named Grupo Virtualware, and has no obligation to submit consolidated annual accounts at the year end, as per Royal Decree 1159/2010 of 17 September approving the regulations for consolidated accounting.

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.

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 n°	Euros		
					Subscribed capital	Reserves	Losses from previous years
EvolvRehabilitation Technologies, S.L.	Bizkaia	Software development, IT services	B95902433	73,889.00	650,796.15	(445,812.80)	12,712.52
EvolvRehabilitation Technologies, LTD	London (England)	Business and domestic software development (sales subsidiary)	GB 393175867	115.07	-	(4,156.26)	3,951.44
HermeneusWorld, S.L.	Bizkaia	E-commerce	B95654950	7,460.50	1,199,381.27	(797,268.16)	33,226.89
VirtualwareCanada INC.	Canada	Sales & maintenance subsidiary	2618563	68.30	-	(139,995.13)	(142,195.14)
Virtualware UK LTD.	London (England)	Software development, IT services	7756699	1.15	26.35	(101,794.12)	(6,360.97)

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.

- Direct or indirect holdings in excess of 50%, with effective control.
- 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.

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 tax year 2023 there were no changes in the scope of consolidation.

2. Bases for the presentation of annual accounts

2.1. True Picture

The attached consolidated annual accounts for financial year 2023 were drawn up by the Board of Directors on the basis of the accounting records of the Group as of 31 December 2023, 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.

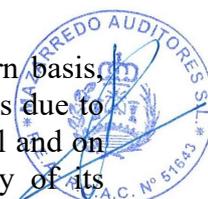
The consolidated annual accounts attached will be put before the Annual General Meeting of Shareholders for approval, and are expected to be approved without change.

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 Group has drawn up its consolidated annual accounts on a going concern basis, taking into account the situation in financial year 2023 as regards cost increases due to inflation and the war in Ukraine, the possible effects on the economy in general and on business in particular and concluding that there is no risk to the continuity of its



operations. The main effects of these factors on the business, in our opinion, are outlined below:

Access to financing has become more expensive:

- More restrictive bank requirements for accessing financing.
- Instability in the supply of technology due to sudden changes in demand, price variation, etc.

The main mitigating factors in regard to the said situation, which have resulted in the application of the going concern principle, are the following:

- The main financing lines are concluded until 2027 with ICO guarantees at costs well below current levels, which mitigates the overall cost of the company's debt.
- Positive cash flow and growth in business under or licensing model mean that we have no need to resort to borrowing on the market.
- Agreements have been reached with our main suppliers to manage stock at their premises.

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 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.

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

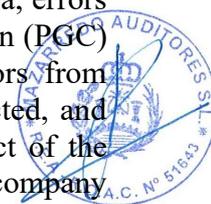
No adjustments were made during the year in the annual accounts for 2023 due to changes in accounting criteria.

2.8. Correction of errors

The annual accounts for financial year 2023 include the following adjustments made against reserves as a result of errors detected in the year:

- (€9,000.00) Regularisation of an invoice and resolution of an operational subsidy corresponding to financial year 2022
- €3,671.22 Regularisation of balance outstanding with Social Security bodies.

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 2023. 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 2023.

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.

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 19 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 19 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.

3.3. Transactions between companies included in 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 appropriation 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 registration in the profit and loss account.

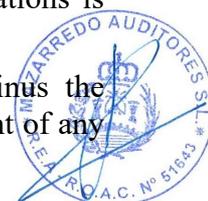
Adjustments in earnings, in gains and losses attributed directly to net equity and in other net equity items affect the company that disposes of the asset or provides the service and, therefore, the amount attributable to the external shareholders of the said company.

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%
Software 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.

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) Software 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 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.

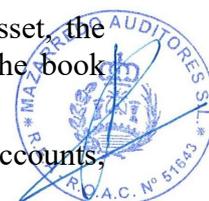
Description	% per annum
Other facilities	25%
Furnishings	15%
Data processing equipment	25%
Other tangible fixed assets	25%

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 2023 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 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;
- 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 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 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 or 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



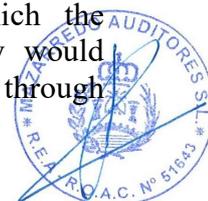
value through profit or loss and any gains for which it is not possible to obtain a reliable estimate of fair value.

- 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 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, evidenced 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.

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

3.7.3. Retirement of financial assets

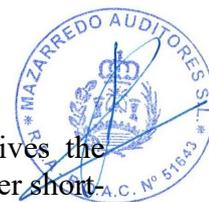
The Group writes off financial assets when they expire, when the rights to the associated cash flows are assigned and when the risks and benefits inherent in ownership of same have been substantially transferred. In the specific case of receivables, this is considered in general to occur when the risks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

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 involuntary 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.



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.

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 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>2023</u>	<u>Exchange rate in</u> <u>2022</u>
Virtualware UK LTD.	0.86905	0.88693
Evolv Rehabilitation Technologies, LTD	0.86905	0.88693
Virtualware Canada INC	1.4642	1,444

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.



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.

- **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, 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 nonfulfilment 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.

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 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.

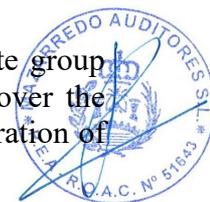
3.16. Criteria applied to transactions between related parties

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 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.

No new business combinations took place in 2023.

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 2023.



6. Intangible fixed assets

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

	Industrial property	Software applications	TOTAL
GROSS OPENING BALANCE FOR 2022	940,576.61	1,117,136.93	2,057,713.54
(+) Other incoming	643,151.00	23,880.00	667,031.00
(-/+) Transfers to/from other items		32,523.84	32,523.84
GROSS CLOSING BALANCE FOR 2022	1,583,727.61	1,173,540.77	2,757,268.38
CUMUL. DEPRECIATION, OPENING BALANCE FOR 2022	(126,182.49)	(974,821.04)	(1,101,003.53)
(+) Provisions for depreciation 2021	(121,887.38)	(124,190.86)	(246,078.24)
CUMUL. DEPRECIATION, CLOSING BALANCE FOR 2022	(248,069.87)	(1,099,011.90)	(1,347,081.77)
NET BALANCE ON 31/12/2022	1,335,657.74	74,528.87	1,410,186.61

GROSS OPENING BALANCE FOR 2023	1,583,727.61	1,173,540.77	2,757,268.38
(+) Other incoming	527,607.66	16,303.50	543,911.16
GROSS CLOSING BALANCE FOR 2023	2,111,335.27	1,189,844.27	3,301,179.54
CUMUL. DEPRECIATION, OPENING BALANCE FOR 2023	(248,069.87)	(1,099,011.90)	(1,347,081.77)
(+) Provisions for depreciation 2023	(180,561.59)	(27,550.43)	(208,112.02)
CUMUL. DEPRECIATION, CLOSING BALANCE FOR 2023	(428,631.46)	(1,126,562.33)	(1,555,193.79)
NET BALANCE ON 31/12/2023	1,682,703.81	63,281.94	1,745,985.75

Intangible fixed assets comprise industrial property and software applications 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 Evolv Rehabilitation 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.



7. Tangible fixed assets

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

	Plant & other tangible fixed assets	TOTAL
GROSS OPENING BALANCE FOR 2022	354,103.01	354,103.01
(+) Extensions and improvements	49,576.16	49,576.16
(-/+) Transfers to/from other items	(4,185.69)	(4,185.69)
GROSS CLOSING BALANCE FOR 2022	399,493.48	399,493.48
CUMUL. DEPRECIATION, OPENING BALANCE FOR 2022	(265,088.56)	(265,088.56)
(+) Provisions for depreciation 2022	(53,122.14)	(53,122.14)
(-) Decreases via write-offs, retirements, reductions or transfers	6,269.48	6,269.48
CUMUL. DEPRECIATION, CLOSING BALANCE FOR 2022	(311,941.22)	(311,941.22)
NET BALANCE ON 31/12/2022	87,552.26	87,552.26
GROSS OPENING BALANCE FOR 2023	399,493.48	399,493.48
(+) Extensions and improvements	144,270.45	144,270.45
(-/+) Transfers to/from other items		
GROSS CLOSING BALANCE FOR 2023	543,763.93	543,763.93
CUMUL. DEPRECIATION, OPENING BALANCE FOR 2023	(311,941.22)	-311,941.22
(+) Provisions for depreciation 2023	(61,614.84)	(61,614.84)
CUMUL. DEPRECIATION, CLOSING BALANCE FOR 2023	(373,556.06)	(373,556.06)
NET BALANCE ON 31/12/2023	170,207.87	170,207.87

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

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

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 2023 was €82,820.16 compared to €80,118.26 in 2022, under the following contract terms:

<u>Virtualware2007, S.A.</u>	<u>Contract</u>
Contract date	01 June 2023
Term	1 June 2028
Annual fee	€6901.68/month
Updating	Annual 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.

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:

	Financial assets					
	Long-term				Totals	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
Category	Equity instruments	Equity instruments	Credits, derivatives & others	Credits, derivatives & others	Total	Total
Financial assets at amortised cost	23,458.20	20,212.97	15,173.83	44,154.52	38,632.03	64,367.49
Total	20,458.20	20,212.97	15,173.83	44,154.52	38,632.03	64,367.49

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

	Financial assets					
	Short-term				Totals	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
Category	Equity instruments	Equity instruments	Credits, derivatives & others	Credits, derivatives & others	Total	Total
Financial assets at fair value through profit or loss	310,293.44	398,725.93	-	-	310,293.14	398,725.93
Financial assets at amortised cost	-	-	2,985,406.14	1,203,148.38	2,985,406.14	1,203,148.38
Total	310,293.44	398,725.93	2,985,406.14	1,203,148.38	3,295,699.58	1,601,874.31

Cash & cash equivalents	Financial year 2023
Cash & Banks	301,072.64



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

The book amounts for cash for the Group are 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
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
Financial assets at amortised cost	811,718.96	853,945.43	145,605.02	342,773.80	957,323.98	1,196,719.23
Total	811,718.96	853,945.43	145,605.02	342,773.80	957,323.98	1,196,719.23

The "Other Financial Liabilities" heading comprises subsidised loans to Virtualware 2007, S.A. by public bodies to the tune of €129,029.99 and other long-term debt.

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	09 June 2020	30 April 2020	07 April 2020
Initial amount	150,000.00 Euros	225,000.00 Euros	600,000.00 Euros
Maturity	08 June 2025	30 April 2025	07 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>Banco Bankinter</u>
Contract date	13 January 2020
Initial amount	150,000.00 Euros
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
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
Financial assets at amortised cost	952,847.93	798,870.68	1,355,856.23	1,174,092.68	2,308,704.16	1,972,963.36
Total	952,847.93	798,870.68	1,353,856.23	1,174,092.68	2,308,704.16	1,972,963.36

9.2.1.b) Classification by maturity dates

Maturity of Group financial assets at close of 2023

	Maturity in years		
	1	Over 5	Total
IV. Investments in Group and associated companies		108,574.68	108,574.68
1 Holdings in equity-accounted companies		108,574.68	108,574.68
V. Financial investments	310,293.44	38,632.03	348,925.47
1. Equity instruments	310,293.44	23,458.20	333,751.64
5. Other financial assets		15,173.83	15,173.83
III: Trade and other receivables	2,985,406.14		2,985,406.14
1. Trade for sales and services	2,514,330.69		2,514,330.69
3. Sundry debtors	471,075.45		471,075.45
TOTAL	3,295,699.58	38,632.03	3,334,331.61



Maturity of Group financial liabilities at close of 2023

	Maturity in years					Total
	1	2	3	4	5	
II. Debts	1,149,605.33	370,436.70	306,902.12	216,952.71	63,032.45	2,106,929.31
2. Bank debts	952,847.93	267,797.32	263,936.48	216,952.71	63,032.45	1,764,566.89
5. Other Financial Liabilities	196,757.40	102,639.38	42,965.64			342,362.42
V. Trade & other payables	687,485.39					687,485.39
1. Suppliers	219,247.51					219,247.51
2. Sundry accounts payable	356,697.62					356,697.62
4. Personnel	99,080.06					99,080.06
7. Customer advances	12,460.20					12,460.20
TOTAL	1,837,090.72	370,436.70	306,902.12	216,952.71	63,032.45	2,794,414.70

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

Impairments arising from credit risk

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

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

Impairments per type of financial asset & amount of any financial revenues attributed to the consolidated P&L for those assets.

TYPE	Corrections in value due to impairment		Fin. revenues attributed to P&L related to those assets	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
	Equity instruments			
Debt securities:			34,182.96	16,597.27
Loans, derivatives & others		(2,371.60)		20,140.57
TOTAL		(2,371.60)	34,182.96	36,737.84



Profit or loss from the various categories of financial liability

CATEGORY	Net profit or loss	
	Financial year 2023	Financial year 2022
Debits and payables	89,449.58	77,064.21
TOTAL	89,449.58	77,064.21

9.2.3.- Other information

a) Stakes in equity instruments.

b) Other information:

Banks	Limit granted	Drawn down	Available
Total discount lines	USD250,000	0.00	USD250,000
Total credit facilities	984,500.00	553,313.13	431,186.87

As of 31 December 2023 there were financial guarantees for the amount of €417,361.30 and technical guarantees for the amount of €219,491.40.

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:

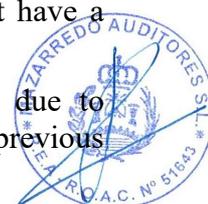
Qualitative information

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.

10. Stocks

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

Item	Financial year 2023	Financial year 2022
Trade	79,413.21	113,643.86
Work in progress	19,624.53	22,470.00
Advances to suppliers	376.64	665.84
Total	99,414.38	136,779.70

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 2023 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.

On 3 February 2023 100 registered shares owned by shareholder Unai Extremo Baigorri and 100 registered shares owned by shareholder Asier Extremo Baigorri were sold to the parent company Virtualware 2007, S.A. These 200 shares in Virtualware 2007, S.A. were those numbered from 5025 to 5224, with a face value of €35 each.

In financial year 2023 shares in the parent company Virtualware, 2007, S.A. were distributed among the employees of the Group companies Virtualware 2007, S.A., Evolv Rehabilitation Technologies, S.L. and Virtual Canada Ltc. (See note 17.1)

The company distributed no dividends on account in financial years 2023 or 2022.

As of 31 December 2023 the share capital of the parent company is distributed as follows:

SHAREHOLDERS	Shareholding
Unai Extremo	41.50%
Sergio Barrera	41.50%
Asier Extremo	6.36%
Treasury Stock	3.15%
Free Float	7.49%



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</u> <u>in 2023</u>	<u>Exchange rate</u> <u>in 2022</u>
Virtualware UK LTD.	0.86905	0.88693
Evolv Rehabilitation Technologies, LTD	0.86905	0.88693
Virtualware Canada INC	1.4642	1,444

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	EVOLV LTD	VIRTUALWARE	VIRTUALWARE
	LONDON	UNITED KINGDOM	CANADA
A) NON-CURRENT ASSETS	-	-	2,251,00
II. Tangible fixed assets	-	-	2,251,00
2. Plant & other tangible fixed assets			2,251.00
B) CURRENT ASSETS	24,582.00	250.00	39,410.00
III: Trade and other receivables	-	84.00	
4. Other debtors		84.00	
IV. Investments in group & associated companies	22,631.00		
VII. Cash & cash equivalents	1,951.00	166,00	39,410.00
1. Cash & Banks	1,951.00	166.00	39,410.00
TG. TOTAL ASSETS	24,582.00	250.00	41,661.00



LIABILITIES		EVOLV LTD	VIRTUALWARE	VIRTUALWARE
		LONDON	UNITED KINGDOM	CANADA
A)	NET EQUITY	(78.00)	(93,968.28)	(413,083.00)
A-1)	Shareholders' Equity (Own Funds)	(78.00)	(93,968.28)	(413,083.00)
I.	Capital	100.00	1.00	100.00
III:	Reserves & profit/loss from previous years	(3,612.00)	(88,441.28)	(204,980.87)
2.	Non-attributable reserves	-	22,90	
3.	Profit/Loss from previous years	(3,612.00)	(88,464.18)	(204,980.87)
VIII.	Profit/loss for the year attributed to the controlling company	3,434.00	(5,528.00)	(208,202.13)
C)	CURRENT LIABILITIES	24,660.00	94,218.28	454,744.00
III:	Short-term debts		(1.95)	
5.	Other Financial Liabilities	-	(1.95)	
IV.	Short-term debts with group & associated companies	-	10,000.00	426,441.00
V.	Trade and other accounts payable	24,660.00	80,300.23	28,303.00
1.	Suppliers	19,714.00	80,264.23	
2.	Suppliers, group & associated companies	-	-	28,303,00
3.	Sundry accounts payable	-	36,00	-
6.	Other amounts payable to public administrations	4,946.00		-
VI.	Short-term accruals	-	3,920,00	
TG.	TOTAL NET EQUITY & LIABILITIES	24,582.00	250.00	41,661.00

	Profit & loss account	EVOLV. LTD LONDON	VIRTUALWARE UNITED KINGDOM	VIRTUALWARE CANADA
A	ONGOING OPERATIONS			
1.	Net turnover	563,024.00	-	210,711.00
	b) Provision of services	563,024.00	-	210,711,00
4.	Supplies	(551,329.00)	-	(77,472.00)
	b) Raw materials & other consumables used	-	-	(53,372.00)
	c) Work carried out by other companies	(551,329.00)	-	(24,100.00)
5.	Other operating income	30.00	-	879.00
	a) Non-core & other current operating revenues	30.00	-	879,00
2	Personnel costs	-	-	(293,822.00)
	a) Wages, salaries & similar expenses.	-	-	(293,822.00)
7.	Other operating expenses	(8,291.00)	(5,189.00)	(43,325.00)
	a) External services	(8,291.00)	(5,189.00)	(43,325.00)
8.	Depreciation on fixed assets	-	-	(2,751.00)
A.1)	OPERATING EARNINGS (1+2+3+4+5+6+7+8+9+10+11 +12)	3,434.00	(5,189.00)	(205,780.00)
14.	Financial expenses	-	(339.00)	(2,422.13)
14.	b) Debts to third parties	-	(339.00)	(2,422.13)
A.2)	FINANCIAL EARNINGS (13+14+15+16)	-	(339.00)	(2,422.13)
A.3)	EARNINGS BEFORE TAX (A.1+A.2)	3,434.00	(5,528.00)	(208,202.13)
A.4)	EARNINGS FOR THE YEAR FROM CONTINUED OPERATIONS (A.3+18)	3,434.00	(5,528.00)	(208,202.13)
A.5)	EARNINGS FOR THE YEAR (A.4+19)	3,434.00	(5,528.00)	(208,202.13)

13. Tax situation*13.1. Tax on profits*

The details of the reconciliation between the book results of the parent company and taxable income for corporation tax in 2023 are as follows:

	2023
Pre-tax profit/loss	54,023.25
Consolidation adjustments	200,741.00
Elimination of impairment on investee companies	-115,635.55
Aggregate pre-corporation tax earnings	139,128.70
Permanent adjustments	-55,905.24
Preliminary tax base	83,223.46
Reduction for Batuz	-33,184.29
Offsetting of negative tax bases	-135,582.48
Tax base	-85,543.31

2023	Preliminary tax base	Tax base
Virtualware 2007, S.A.	202,302.19	51,587.06
Evolv Rehabilitation Technologies, S.L.	18,926.43	4,826.24
Virtualware Canada	-135,595.64	-135,595.64
Virtualware United Kingdom Ltd	-6,360.97	-6,360.97
Evolv Rehabilitation Technologies UK Ltd	3,951.44	0.00
	83,223.45	-85,543.31

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

Aggregate pre-corporation tax earnings	139,128.70
Permanent differences	-55,905.24
Temporary differences	
Negative tax bases from previous years	-135,582.47
Reduction for Batuz	-33,184.29
Tax base	-85,543.30
Full tax liability (20%)	11,282.66
Deductions with limits	-8,981.19
Tax accrued	2,301.47
Use of tax credits	32,526.27
Expenditure for corporation tax	34,827.74
Aggregate after-tax earnings	104,300.96



As of 31 December 2023 the Group has negative tax bases pending offsetting to the tune of €1,918,144.99. These break down year by year as follows:

YEAR	AMOUNT
Financial year 2018	32,421.41
Financial year 2019	248,279.43
Financial year 2020	674,834.59
Financial year 2021	407,379.23
Financial year 2022	270,179.15
Financial year 2023	285,051.19
TOTAL	1,918,144.99

In regard to the said negative tax bases, the Group has recognised deferred tax assets to the tune of €306,532.23.

As of 31 December 2023 the Group also has deductions pending application for an amount of €1,781,671.99, basically at 70% on investments in R&D&i activities and at 35% on investments in new fixed assets & job creation, generated as follows:

YEAR	Deductions with limits
Fin. Yr 2009 w/lim. 70%	88,820.29
Fin. Yr 2010 w/lim. 35%	0.00
Fin. Yr 2010 w/lim. 70%	171,928.66
Fin. Yr 2011 w/lim. 35%	16,797.87
Fin. Yr 2011 w/lim. 70%	196,128.19
Fin. Yr 2012 w/lim. 35%	26,408.89
Fin. Yr 2012 w/lim. 70%	314,527.96
Fin. Yr 2013 w/lim. 35%	11,296.30
Fin. Yr 2013 w/lim. 70%	299,863.49
Fin. Yr 2014 w/lim. 35%	9,800.00
Fin. Yr 2014 w/lim. 70%	102,811.39
Fin. Yr 2015 w/lim. 35%	19,600.00
Fin. Yr 2015 w/lim. 70%	71,495.88
Fin. Yr 2016 w/lim. 35%	4,418.77
Fin. Yr 2016 w/lim. 70%	105,879.72
Fin. Yr 2017 w/lim. 35%	19,600.00
Fin. Yr 2017 w/lim. 70%	45,032.94
Fin. Yr 2018 w/lim. 35%	5,916.27



Fin. Yr 2018 w/lim. 70%	43,108.17
Fin. Yr 2019 w/lim. 35%	39,538.74
Fin. Yr 2019 w/lim. 70%	41,508.46
Fin. Yr 2020 w/lim. 70%	96,230.02
Fin. Yr 2021 w/lim. 70%	960.00
Fin. Yr 2022 w/lim. 70%	40,218.86
Fin. Yr 2023 w/lim. 70%	9,644.32
Fin. Yr 2023 w/lim. 35%	136.80
TOTAL	1,781,671.99

In regard to the said deductions, the Group has recognised deferred tax assets to the tune of €1,781,671.99.

Deferred tax assets for deductions and negative tax bases pending offsetting are recognised only to the extent that the Group is likely to obtain future tax benefits that permit their application.

As of 31 December 2023 the parent company has deferred tax liabilities to the tune of €8,638.65, in regard to subsidies.

The legislation applicable to the parent company 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.

The legislation applicable for the settlement of corporation tax for financial year 2023 by the parent company is Provincial Regulation 11/2013 of 5 December of 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 year 2023.

The administrators of the Company have calculated the amounts for this tax for financial year 2023 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 balances outstanding with public administrations are shown in the following table.

	Financial year 2023		Financial year 2022	
	Debit	Credit	Debit	Credit
<u>Entitlements for deductions pending application</u>	2,088,204.20	-	2,120,730.47	-
<u>Deferred taxes</u>	-	(8,638.65)	-	(8,638.65)
<u>Long-term sum total</u>	2,088,204.20	(8,638.65)	2,120,730.47	(8,638.65)
Receivables from public authorities for subsidies	383,887.97	-	397,769.36	-
Public treasury payable/receivable for VAT	86,472.93	(140,559.59)	57,462.21	(116,706.09)
Social Security	-	(61,252.32)	-	(57,956.76)
Withholdings	-	(261,859.71)	-	(240,387.01)
Others	714.55	(5,640.34)	3,593.72	(42,300.73)
<u>Short term sum total</u>	471,075.45	(469,311.96)	458,825.29	(457,350.59)
Corporation tax payable	-	(2,301.47)	-	(2,162.65)
<u>Short term sum total</u>	471,075.45	(467,010.49)	-	459,513.24

14. Income and expenditure*14.1. Net turnover*

The net turnover in financial years 2023 breaks down by geographical markets and operations as follows:

Geographical markets	Financial	Financial year
	year 2023	2022
Domestic	1,968,448.79	1,474,845.80
Europe	662,060.97	103,657.86
Other foreign markets	1,921,497.8	1,640,871.16
Total	4,552,007.56	3,219,374.82



14.2 Supplies

The balance of the "Raw materials and trade stocks used" account for financial year 2023 is as follows:

	Financial year 2023	Financial year 2022
Consumption of goods	(549,603.60)	(146,570.61)
Raw materials & other consumables used	(110,998.68)	(185,569.44)
Work carried out by other companies	(523,522.72)	(436,402.24)
Total	(1,184,125.01)	(768,542.29)

The purchases made by the Company in financial year 2023 are as follows, broken down by origins:

Geographical markets	Financial year 2023	Financial year 2022
Domestic	817,193.32	547,706.34
Europe	273,878.35	102,450.54
Other foreign markets	93,053.34	118,345.61
Total	(1,184,125.01)	768,542.29

14.3 Personnel costs

The details for the year ending on 31 December 2023 are as follows:

	Financial year 2023	Financial year 2022
Wages, salaries & similar expenses	2,456,406.27	2,000,289.35
Compensation payments	24,976.30	-
Social welfare charges	559,768.35	445,626.17
Other social welfare payments	20,512.34	-
Sum total	3,061,663.26	2,445,915.52

The breakdown by categories of the workforce at 31 December 2023 is as follows:

CATEGORY	Financial year 2023	Financial year 2022
Manager	3	3
Qualification holders	37	36
Unskilled	10	10
TOTAL	50	49



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

Job category	Financial year 2023			Financial year 2022		
	Men	Women	Total	Men	Women	Total
Engineers & degree holders	7	3	10	7	3	10
Engineering technicians, expert appraisers & qualified assistant engineers	8	2	10	8	2	10
Clerical & workshop supervisors	4	2	6	4	2	6
Clerical officers	16	6	22	16	5	21
Clerical assistants	2	-	2	2	-	2
Level 1 & 2 officers	-	-	-	-	-	-
Total	37	13	50	37	12	49

14.4 Subsidies

Operating subsidies received in financial year 2023 totalled €393,632.69.

The movements of capital subsidies in 2023 were as follows:

Balance as at 31 December 2021	67,254.11
Concession	19,500.00
Transfer to profit/loss	8,006.66
Balance as at 31 December 2022	35,227.48
Concession	350,962.73
Transfer to profit/loss	(43,209.97)
Balance as at 31 December 2023	342,980.24

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 2023

Description	Virtualware 2007, S.A.	Evolv Rehabilitation Technologies, S.L.	Virtualware UK LTD.	Virtual Canada LTD	Evolv Rehabilitation Technologies, LTD	Total
Customers	53,277.64	-	-	-	-	53,277.64
Suppliers	-	(28,345.65)	-	(20,152.98)	-	(48,498.63)
Current account	0	-	-	-	-	-
Loans to companies	296,960.50	(26,012.15)	(11,506.82)	(291,245.05)	26,041.08	(5,762.44)
Total	350,238.14	(54,357.80)	(11,506.82)	(311,398.03)	26,041.08	(983.43)

Balances for 2022

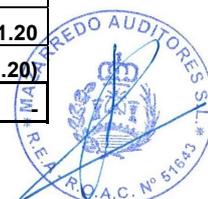
Description	Virtualware 2007, S.A.	Virtualware UK LTD.	Hermeneus World, S.I.	Virtual Canada LTD	Evolv Rehabilitation Technologies	Total
Customers	-	-	-	21,328.51	10,708.50	32,037.01
Suppliers	(32,037.01)	-	-	-	-	(32,037.01)
Current account	182296.81	(9,131.28)	-	(124,165.53)	(49,000.00)	-
Loans to companies	57324.01	-	(57,324.01)	-	-	-
Total	207,583.81	(9,131.28)	(57,324.01)	(102,837.02)	(38,291.50)	-

Transactions in 2023

Description	Virtualware 2007, S.A	Evolv Rehabilitation Technologies, S.L.	Virtualware UK LTD.	Virtual Canada	Evolv Rehabilitation Technologies, LTD	Total
Sales	50,256.96	-	-	63,038.15	196,759.26	310,054.37
Purchases	(63,038.15)	(247,016.22)	-	-	-	(310,054.37)
Total	(12,781.19)		-	63,038.15	196,759.26	-

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)	-	-	(102,381.20)
Total	(97,381.20)	-	40,652.69	21,328.51	35,400.00	-



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 2023 and 2022 are €353,844.54 and €306,523.40 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.

16. Subsequent events

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. Further information

17.1 Further Information

In 2023 Virtualware 2007 S.A. completed the IPO that it began in September 2022, and thus began to be listed on the Euronext Access stock market in Paris on 1 April 2023. At the time of its listing, Virtualware distributed over 50,000 shares to all those employees who had been with the company at least one year, in proportion to their years of service, in acknowledgement of their work over the years. Virtualware thus became one of the companies that has distributed a greatest percentage of its total shares to its employees, underlining its commitment to its stakeholders, and among them to its employees.

Financial year 2023 saw the consolidation of the new business model set up in 2021 based on the VIROO platform. The soundness and stability of this platform and the value that it provides for users have resulted in the signing of long-term contracts with customers which secure sufficient stability and visibility in the medium and long term for the company to be able to draw up an ambitious strategic plant for 2024-2026 with the focus on growth, especially in the USA and Canada, where it has been well received by the various stakeholders of the VIROO platform.



17.2 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.

17.3 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:

	2023	2022
	Days	Days
Average supplier payment period	90 days	90 days
Transactions paid ratio	-	-
Transactions pending payment ratio	60 days	60 days
	Amount (Euros)	Amount (Euros)
Total payments made	2,212,708.30	2,205,400.37
Total payments pending	575,945.13	417,016.61



CONSOLIDATED AUDIT MANAGEMENT REPORT 2023

In 2023 Virtualware registered record sales with revenue of €4.55 million, up 41% on the previous year.

This growth can be attributed mainly to increased take-up of its VR as a Service (VRaaS) subscription plans and to the adoption of its main technology, VIROO, which brought in revenue of €1.3 million, up a substantial 118.26% on the previous year.

One of the main reasons for this increase was the company's strategy of focusing exclusively on VIROO as a source of revenue (via subscriptions), backed up by collateral services linked to VIROO (venues, customised projects, customer service).

The company also reported the following significant data:

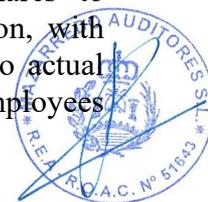
In 2023 Virtualware consolidated its VRaaS model, which in just three years has grown to the point where it accounts for 35% of the company's annual business revenue (excluding Evolv). Services linked to VIROO, which include the installation of actual: multi-user virtual reality rooms and the creation of immersive content, brought in €2.15 million, 54% of the total for this segment (excluding Evolv).

The company's gross profit margin in 2023 was 74%, up from 70% in 2022. This evidences a continual improvement in operating efficiency. The gross profit increases significantly to over 80% if only the business of Virtualware as a company is considered, excluding Evolv Rehabilitation Services, S. L.

In the period reported on here, the EBITDA was €423,480, up 29% on the previous year.

The adjusted EBITDA for the year once extraordinary expenditure associated with stock exchange flotation is discounted stands at €211,484.92. This is a substantial recovery from the loss of €293,000 recorded in 2022.

The company's wage costs, including the extraordinary allocation of shares to employees associated with the stock exchange flotation, totalled €3.06 million, with year-on-year growth of 25%. 12% of that wage cost increase is attributable to actual wage increases and growth in the workforce, and 13% to the share payout to employees associated with listing on Euronext.



In the period reported on here, the company's debt fell by approximately €400,000 to a net figure of €1.3 million. This is a 23% drop on the figure for 2022.

In 2023, Virtualware signed contracts worth €5.6 million, 43% of which came from North America (USA and Canada), 33% from the EMEA (mainly Spain) and 24% from Latin America (particularly El Salvador).



Unai Extreño Baigorri
CEO Virtualware.



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 - 6) for financial year 2023.

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, 25 March 2024

The Chair

Unai Extremo Baigorri

The Secretary

Jose Ramón Berecibar Mutiozabal

Ordinary Director

Sergio Barrera Mayo

Ordinary Director

Asier Extremo Baigorri





**Independent Audit Report On Annual Accounts Issued By An
Independent Auditor**

VIRTUALWARE 2007, S.A.

**Abridged Annual Accounts For The Financial Year Closed On 31
December 2023**

MAZARREDO AUDITORES, S.L.
Bilbao, 26 March 2024

Corporate HQ San Vicente, 8 • Edificio Albia 1 ■ Planta 10 ■ Departamento 5 ■ 48001 Bilbao (Bizkaia) Tel.:
944 237 806 • www.mazarredoauditores.com

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of Virtualware 2007, S.A., commissioned by the Annual General Meeting:

Opinion

We have audited the annual accounts of Virtualware 2007, S A. (the Company), comprising the balance sheet to 31 December 2023, the profit and loss account, the statement of changes in net assets, the cash-flow statement (all abridged) and the annual report for the financial year ending on that date.

In our opinion, in all significant aspects the abridged annual accounts attached hereto give a true picture of the equity and the financial situation of the company as of 31 December 2023, of its earnings and of its cash flow in the financial year ending on that date, as per the applicable regulatory framework for financial reporting (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 annual accounts in our report.

We are independent of the Company, as per the ethical requirements, including those for independence, applicable to our auditing of 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.

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 annual accounts for this period. These risks are dealt with in the context of our audit of the annual accounts as a whole and in the formation of our opinion thereon. We do not express a separate opinion on same.

- Related party transactions

Description:

As indicated in Note 11 to the abridged annual report attached, the Company holds stock in several group companies for a total book amount of €324,852.24 as of 31 December 2023.

The Company also maintains substantial balances with Group companies.

As a result, the proper recording of related party transactions is considered as a key point for auditing.

Our answer:

Our auditing procedures in addressing this issue have included obtaining and analysing the annual accounts of Group member companies, along with business plans when necessary, to confirm that the holdings in group companies are correctly valued. We have also analysed and confirmed the balances held by the Company with these companies, and found the risk to be mitigated.

Responsibility of the Board of Directors in regard to the annual accounts

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

In the preparation of annual accounts, the Board of Directors is responsible for assessing the ability of the Company 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 it intends to liquidate the company or cease operations, or unless there is no realistic alternative.

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

Our goals are to obtain reasonable assurances that the 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 annual accounts.

Annex 1 to this audit report includes a more detailed description of our responsibilities in regard to annual account auditing. This description, set out on page 5 of this document, is an integral part of our audit report.

MAZARREDO AUDITORES, S.L.

Entered in the Official Register of Account Auditors under nº S-1643.

IGNACIO CABIA AGUSTÍN

Entered in the Official Register of Account Auditors under nº 17216 C/ San

Vicente nº8 Edif Albia I, Planta 10 48001 Bilbao (Bizkaia). Bilbao, 26 March

2024

(Illegible signature)

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 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 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 organisation.
- We assess whether the accounting policies applied are adequate and the accounting estimates and the information on same disclosed by the administrators are reasonable.
- We draw conclusions as to whether the Board of Directors 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 company 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 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 company ceasing to be a going concern.
- We assess the overall presentation, structure and content of the 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 Board of Directors of the 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 Board of Directors of the Company are most significant in terms of the auditing of the 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.

VIRTUALWARE 2007, S.A.

**Audit report,
Consolidated Financial Statements as of
December 31, 2024 and Consolidated
Management Report for the year 2024**

Protocol nº 119/2024-2025



AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the Shareholders of VIRTUALWARE 2007, S.A.

Opinion

We have audited the consolidated annual accounts of VIRTUALWARE 2007, S.A. (The parent company) and its subsidiaries (the Group), comprising the balance sheet to 31 December 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash-flow statement and the notes to the accounts, all of them consolidated, for the financial year ending on that date.

In our opinion, the attached consolidated annual accounts express a true and fair view of the equity and financial position of the Group at December 31, 2024 in all significant respects and its results and cash flows for the year ended on that date, in accordance with the regulatory framework for financial information that applies (which is identified in Note 2.1 of the notes to the consolidated accounts) and, in particular, with the accounting principles and criteria 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, in accordance with the ethical requirements, including those of independence, that apply to our audit of consolidated annual accounts in Spain, as required by the regulatory legislation governing the audit activity. 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

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.

We determined that the risks described below are the most significant risks covered by the audit that should be disclosed in our report.

Recoverability of assets for deferred taxes

Description The consolidated balance sheet for the Group at 31 December 2024 shows a balance for deferred tax assets of €1,872,000. The Group has presented a business plan in this respect, the projections of which envisage the generation of sufficient earnings to allow for the full recovery of the deferred tax assets recognised at 31 December 2024. Due to the significance of the balance, and the level of estimation required by the management to prepare the business plan on which the recoverability of the balance is based, we considered the valuation of these assets to be a significant aspect of our audit.

Our answer Our audit procedures to address this issue included, among others, understanding and analysing the key assumptions considered by management when estimating the recoverability of deferred tax assets. Moreover, we evaluated the sensitivity of the results to possible changes in the assumptions made.

We also determined that the information disclosed in the consolidated annual accounts meets the requirements of the regulatory financial reporting framework that applies to the group.

Capitalisation and valuation of industrial property

Description As stated in note 6 of the accompanying notes to the consolidated annual accounts, at 31 December 2024 the Group recognised an amount of €3,065,000 under intangible assets in its consolidated balance sheet for industrial property. The capitalisation of this type of expense requires the judgement of the management to assess whether the costs incurred meet the criteria for recognition as an asset, as set out in valuation rules 5 and 6 of the General Accounting Plan. As the recognition of these assets is subject to a high degree of estimation by the Company, we consider this to be a significant issue in our audit.

Our answer Our audit procedures to address this issue included, among others, understanding and reviewing the assumptions made by the management in relation to the capitalisation and valuation of industrial property. Moreover, we carried out detailed tests on the projects that have been capitalised, consisting of obtaining and analysing technical information and business plans in order to verify whether the costs that have been capitalised can be classified as an asset.

We also determined that the information disclosed in the consolidated annual accounts meets the requirements of the regulatory financial reporting framework that applies to the group.

Recognition of income

Description As stated in note 3.k of the accompanying notes to the consolidated annual accounts, the Group's main operations consist of providing IT solutions by means of annual subscriptions, and tailor-made services to large companies. We considered this to be a material aspect of our audit due to the susceptibility to material misstatement, particularly at year end in relation to proper timing

Our Answer Our audit procedures included, among other things, understanding and evaluating the internal procedures implemented by the Group in relation to recognising income. Moreover, we carried out substantive procedures consisting of analysing the main contracts on an individual basis, among others, in order to assess the reasonableness of the estimates made by the Group. We also analysed the reasonableness of the implementation rate achieved at year end.

Lastly we assessed whether the information disclosed in the consolidated annual accounts meets the requirements of the requirements of the regulatory financial reporting framework that applies to the group.

Other issues

The consolidated annual accounts for the group for the year ended 31 December 2023 were audited by a different auditor who, on 26 March 2024, expressed an unqualified opinion on them.

Other information: Consolidated Management Report

Other information exclusively covers the consolidated management report for 2024, the preparation of which is the responsibility of the directors of the parent company and is not 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:

- a) To check that the consolidated non-financial information statement has been provided in the form required by the applicable regulations and, if not, to provide a report on it.
- b) To assess and report on the consistency of the other information included in the consolidated management report with the consolidated annual accounts, based on the knowledge of the Group obtained in the course of auditing said accounts, and to assess and report on whether the content and presentation of this part of the consolidated management report comply 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.

Based on the work carried out as described in the preceding paragraph, except for the possible effects of the qualification described in the Basis of a Qualified Opinion section, the information contained in the consolidated management report is consistent with that in the consolidated annual accounts for the year ended 31 December 2024 and its content and presentation are in compliance with the applicable regulations.

Responsibility of the directors regarding the consolidated annual accounts

The directors 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 directors 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.

As part of an audit in line with the current 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 appropriate and the reasonableness of the accounting estimates and corresponding information disclosed by the directors of the parent company.
- We ascertain whether the use by the directors of the parent company of the accounting principle of a going concern is appropriate and, based on the audit evidence obtained, whether or not there is a material uncertainty related to events or conditions that can lead to significant doubts about 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 the 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 obtained sufficient, appropriate evidence relating to the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for managing, supervising and carrying out the audit of the Group. We hold sole liability for our opinion as auditors.

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

Among the significant risks which were the subject of a communication to the directors of the parent company, we determined those that were of the greatest significance in the audit of the consolidated annual accounts for the current period and which, therefore, were considered to be the most significant risks.

These 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.



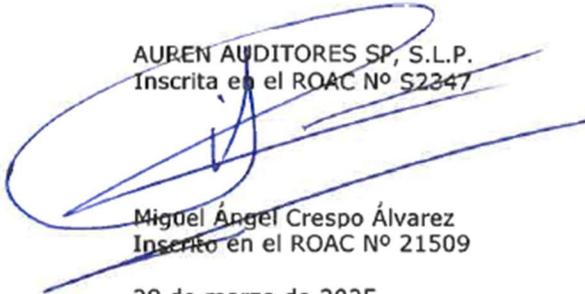
VIRTUALWARE 2007, S.A.
and subsidiaries

AUREN AUDITORES SP, S.L.P.
Registered in the ROAC No. S2347

Miguel Ángel Crespo Álvarez
Registered in the ROAC Nº 21509

28th of March, 2025

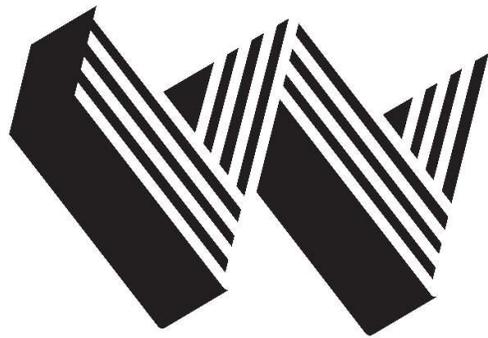
AUREN AUDITORES SP, S.L.P.
Inscrita en el ROAC Nº S2347



Miguel Ángel Crespo Álvarez
Inscrito en el ROAC Nº 21509

28 de marzo de 2025





VIRTUALWARE[®]

VIRTUALWARE 2007, S.A. & subsidiaries
Consolidated Annual Accounts for the financial year ended 31 December 2024

VIRTUALWARE 2007, S.A. & subsidiaries
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ASSETS	NOTES	31/12/2024	31/12/2023
A) NON-CURRENT ASSETS		5,249,126.51	4,151,604.53
<i>I. Intangible assets</i>		3,120,961.66	1,745,985.75
3. Other intangible assets.	6	3,120,961.66	1,745,985.75
<i>II. Tangible fixed assets</i>		38,376.31	170,207.87
2. Plant & other tangible fixed assets.	7	38,376.31	170,207.87
<i>IV. Long-term inv. in group & assoc. companies</i>		164,121.36	108,574.68
1. Holdings accounted for using the equity method.	5	164,121.36	108,574.68
<i>V. Long-term financial investments.</i>	9	53,922.84	38,632.03
<i>VI. Deferred tax assets.</i>	14	1,871,744.35	2,088,204.20
B) CURRENT ASSETS		3,073,992.39	2,596,334.83
<i>I. Non-current assets held for sale</i>	10	380,874.54	-
<i>II. Stocks.</i>	12	29,930.17	64,924.37
<i>III: Trade & other receivables</i>		1,191,453.91	1,914,458.20
1. Customer receivables from sales & services.	9	868,301.48	1,432,647.89
2. Companies accounted for using the equity method.	9	4,153.48	-
4. Other debtors.	9	318,998.95	481,810.31
<i>IV. Short-term investments in group & associated companies.</i>		60,000.00	3,700.00
1. Loans to companies accounted for by the equity method.	9	60,000.00	3,700.00
<i>V. Short-term financial investments.</i>	9	707,545.94	306,593.44
<i>VI. Short-term accruals</i>		23,525.85	5,586.18
<i>VII. Cash & cash equivalents</i>	9	680,661.98	301,072.64
TOTAL ASSETS (A+B)		8,323,118.90	6,747,939.36

EQUITY & LIABILITIES	NOTES	31/12/2024	31/12/2023
A) NET EQUITY		2,455,131.21	1,194,557.20
A-1) Own Funds.		2,382,005.20	1,124,030.39
I. Capital		158,970.00	158,970.00
1. Issued capital	11	158,970.00	158,970.00
III: Reserves.		2,044,955.36	1,005,520.84
2. Other Reserves	11	2,044,955.36	1,005,520.84
VI. (Own shares and equity holdings of the parent company)	11	(7,661.11)	(38,846.43)
VI. Profit/(loss) for the year attributed to the parent company.		185,740.95	(1,614.02)
A-2) Adjustments for changes in value.		(615.84)	-
I. Exchange rate differences.		(615.84)	-
A-3) Subsidies, donations & bequests received.		0.04	-
A-4) Minority Interests.		73,741.81	70,526.81
B) NON-CURRENT LIABILITIES		1,951,896.31	2,184,499.75
II. Long-term debts.		789,244.84	1,166,477.08
2. Bank debts.	9	673,953.48	811,718.96
4. Other financial liabilities.	9	115,291.36	354,758.12
IV. Deferred tax liabilities.		-	8,638.65
V. Long-term accruals.	9	1,162,651.47	1,009,384.02
C) CURRENT LIABILITIES		3,916,091.38	3,368,882.41
I. Liabilities linked to non-current assets held for sale	10	310,660.87	-
III: Short-term debts.		1,268,493.64	1,283,432.47
2. Bank debts.	9	954,647.23	952,847.93
4. Other financial liabilities.	9	313,846.41	330,584.54
V. Trade & other payables.		1,027,520.69	1,156,059.99
1. Suppliers.	9	136,835.32	219,247.51
3. Current tax liabilities.	9	536.22	2,301.47
4. Other payables	9	890,149.15	934,511.01
VI. Short-term accruals	9	1,309,416.18	929,389.95
TOTAL NET EQUITY & LIABILITIES (A+B+C)		8,323,118.90	6,747,939.36

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024
VIRTUALWARE 2007 SA & SUBSIDIARIES

UNITS: euros

PROFIT & LOSS ACCOUNT	NOTES	2024	2023
A) CONTINUED OPERATIONS			
1. Net turnover	20	4,203,596.61	4,552,007.56
b) Provision of services.		4,203,596.61	4,552,007.56
2. Changes in inventories of finished goods & work in progress		(19,624.50)	6,398.34
3. In-house work on assets.		455,775.74	527,607.66
4. Supplies	15 y 20	(555,894.94)	(1,260,439.74)
a) Consumption of goods.		(423,879.21)	-549,603.60
b) Raw materials & other consumables used.		-	(110,998.68)
c) Work carried out by other companies.		(132,015.73)	-523,522.72
d) Impairment of goods, raw materials and other supplies.		-	(76,314.74)
5. Other operating income.		476,012.75	415,257.74
a) Non-core & other current operating revenues.		36,486.02	21,625.05
b) Operating subsidies included in the profit or loss for the year.		439,526.73	393,632.69
6. Personnel costs	15	(2,615,506.38)	(3,061,663.26)
a) Wages, salaries & similar expenses..		(2,137,997.77)	(2,481,382.57)
b) Social security contributions		(477,508.61)	(580,280.69)
7. Other operating expenses.		(1,176,132.57)	(882,708.41)
b) Other current operating expenses.		(1,176,132.57)	(882,708.41)
8. Depreciation/amortisation on fixed assets.	6 y 7	(255,505.42)	(271,605.70)
9. Allocation of subsidies on non financial fixed assets & others.		-	43,209.97
14. Other profit/loss		39,613.64	42,492.41
A.1) Operating profit/(loss) (1+2+3+4+5+6+7+8+9+14)		552,334.93	110,556.57
15. Financial income		9,524.54	115.25
b) Negotiable securities & other financial instruments.		9,524.54	115.25
16. Financial expenses		(91,312.81)	(89,449.58)
17. Change in fair value on financial instruments.		39,419.25	34,182.96
a) Portfolio for negotiation & others	9	39,419.25	34,182.96
18. Exchange rate differences.		28,246.30	(23,117.08)
b) Other exchange rate differences.	13	28,246.30	(23,117.08)
A.2) Financial profit/(loss) (15 15+16+17+19).		(14,122.72)	(78,268.45)
20. Share in profits (losses) of companies accounted for by the equity method		60,116.42	(21,354.21)
A.3) Pre-tax profit / (loss) (A.1+A.2+20+22).		598,328.64	10,933.91
24. Tax on profit.	14	(43,451.91)	(34,827.74)
A.4) Profit/(loss) for the year from continued operations (A.3+24).		554,876.73	(23,893.83)
B) DISCONTINUED OPERATIONS		(369,135.78)	-
24. Profit/(loss) for the year from discontinued operations net of tax.	10	(369,135.78)	-
A.5) Consolidated profit/(loss) for the year (A.4+25)		185,740.95	(1,614.01)
Profit/(loss) attributed to the parent company.		291,673.48	(5,642.71)
Profit/loss attributed to minority interests.		(105,932.53)	4,028.70

A) CONSOLIDATED STATEMENT OF INCOME & EXPENDITURE RECOGNISED

	2024	2023
Profit/(loss) from the profit and loss account	185,740.95	(1,614.02)
Income & expenses recognised directly in equity	(615.84)	-
Exchange rate differences for consolidated companies	(615.84)	-
Total income & expenses recognised directly in equity	(615.84)	-
TOTAL CONSOLIDATED INCOME & EXPENSES RECOGNISED	185,125.11	(1,614.02)

B) STATEMENT OF TOTAL CHANGES IN NET ASSETS FOR THE YEAR CLOSED ON

	Issued capital	Reserves of the parent company	Reserves at consolidated companies	Reserves at equity-accounted companies	Treasury shares	Profit/loss for the year	Minority interests	Exchange rate differences	Subsidiaries, donations & bequests received	TOTAL
CLOSING BALANCE FOR 2022	158,970.00	829,372.48	(532,409.85)	(54,902.90)	-	398,594.54	(9,233.15)	-	-	790,391.12
Adjustments due to changes in criteria in 2022 & previous years	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2022 & previous years	-	-	-	-	-	-	-	-	-	-
ADJUSTED INITIAL BALANCE IN FIN. YEAR 2023	158,970.00	829,372.48	(532,409.85)	(54,902.90)	-	398,594.54	(9,233.15)	-	-	790,391.12
Total income & expenses recognised	-	-	-	-	-	(1,614.02)	-	-	-	(1,614.02)
Operations with shareholders or owners	-	130,912.73	160,676.26	73,277.58	(38,846.43)	-	79,759.96	-	-	405,780.10
Capital decreases	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders or owners	-	130,912.73	160,676.26	73,277.58	(38,846.43)	-	79,759.96	-	-	405,780.10
Other changes in equity	-	213,796.85	184,797.69	-	-	(398,594.54)	-	-	-	0.00
CLOSING BALANCE FOR 2023	158,970.00	1,174,082.06	(186,935.90)	18,374.68	(38,846.43)	(1,614.02)	70,526.81	-	-	1,194,557.20
Adjustments due to changes in criteria in 2023 & previous years	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2023 & previous years	-	109,577.92	(4,738.84)	(11,613.14)	-	-	-	-	-	93,225.94
ADJUSTED INITIAL BALANCE IN FIN. YEAR 2024	158,970.00	1,283,659.98	(191,674.74)	6,761.54	(38,846.43)	(1,614.02)	70,526.81	-	-	1,287,783.14
Total income & expenses recognised	-	-	-	-	-	185,740.95	-	(615.84)	-	185,125.11
Operations with shareholders or owners	-	918,865.83	-	-	31,185.32	-	3,215.00	-	-	953,266.15
Capital decreases	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders or owners	-	918,865.83	-	-	31,185.32	-	3,215.00	-	-	953,266.15
Other changes in equity	-	351,828.66	(332,633.15)	8,147.23	-	1,614.02	-	-	0.04	28,956.80
CLOSING BALANCE FOR 2024	158,970.00	2,554,354.47	(524,307.89)	14,908.77	(7,661.11)	185,740.95	73,741.81	(615.84)	0.04	2,455,131.21

CONSOLIDATED CASH FLOW STATEMENT FOR 2024

	NOTES	2024	2023
A) CASH FLOW FROM TRADING OPERATIONS		1,847,170.89	(934,509.99)
1. Pre-tax profit / (loss) for the year.		406,350.86	54,023.25
2. Adjustments to profit/loss.		822,271.93	349,874.15
a) Depreciation on fixed assets (+).	6 & 7	318,605.98	271,605.70
d) Allocation of subsidies		-	(43,209.97)
e) Profit/(loss) from retirements & disposals of fixed assets		-	41,824.73
f) Profit/(loss) from retirements & disposals of financial instruments		-	21,354.21
g) Financial income (-).		(9,524.54)	(115.25)
h) Financial costs (+).		91,312.81	89,449.58
i) Exchange-rate differences		-	23,117.08
j) Change in fair value of financial instruments (+/-).		(39,419.25)	(34,182.96)
k) Other income & expenditure (-/+).		515,354.00	(19,968.97)
l) Share in profits of companies consolidated by the equity method net of dividends	5	(59,012.58)	-
m) Discontinued operations		4,955.52	-
3. Changes in working capital.		702,637.84	(1,225,311.20)
a) Stocks (+/-).	12	69,807.34	37,365.32
b) Debtors & other receivables (+/-).	9	720,656.80	(1,782,257.76)
c) Other current assets	9	-	84,660.97
d) Creditors & other accounts payable (+/-).	9	(87,826.30)	(233,170.52)
e) Other current liabilities		-	668,090.79
4. Other cash flows from trading operations.		(84,089.74)	(113,096.19)
a) Interest payments (-).		9,524.54	(89,449.58)
c) Collection of interest (+).		(91,312.81)	115.25
d) Payments received (made) for tax on profit (-/+).		(2,301.47)	(34,827.74)
e) Other payments		-	11,065.88
5. Cash flows from trading operations (+/-1+/-2+/-3+/-4)		1,847,170.89	(934,509.99)
B) CASH FLOW FROM INVESTMENT OPERATIONS		(2,270,507.76)	(700,007.19)
6. Payments from investments (-).		(2,341,155.54)	(700,007.19)
a) Group and associated companies and business units	4	(1,290,949.04)	-
b) Jointly controlled companies, net of cash in consolidated companies		-	(543,911.16)
c) Associated companies	19	(56,300.00)	(141,080.18)
d) Intangible fixed assets.	6	(536,585.74)	-
e) Tangible fixed assets.	7	(9,848.92)	25,735.46
g) Other financial assets.	9	(447,471.84)	(40,751.31)
7. Receivables from disinvestment (+).		70,647.78	-
i) Other assets.	9	70,647.78	-
8. Cash Flow From Investment Operations (7-6)		(2,270,507.76)	(700,007.19)
C) CASH FLOW FROM FINANCING OPERATIONS		803,542.05	1,763,425.90
9. Increases and decreases in equity instruments.		924,000.00	307,752.76
b) Amortisation of equity instruments.	4	924,000.00	-
e) Subsidies, donations & bequests received		-	307,752.76
10. Increases and decreases in financial liability instruments.		(120,457.95)	1,049,893.03
a) Issue		250,000.00	1,049,893.03
2. Bank debts (+).	9	250,000.00	111,750.78
4. Others (+).		-	938,142.25
b) Repayment & amortisation of		(370,457.95)	-
2. Bank debts (-).	9	(164,329.44)	-
4. Others (-).	9	(206,128.51)	-
11. Dividend payments & remuneration from other equity instruments		-	405,780.10
d) Changes in the scope of consolidation		-	405,780.10
12. Cash Flow From Financing Operations (+/-9+/-10-11)		803,542.05	1,763,425.90
D) Effect of changes in exchange rates		(615.84)	-
E) NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS (+/-A+/-B+/-C+/-D)		379,589.34	128,908.72
Cash or cash equivalents at start of the year.	9.00	301,072.64	172,163.92
Cash & cash equivalents at end of the year.	9.00	680,661.98	301,072.64

VIRTUALWARE 2007, S.A. & subsidiaries

Notes to the Consolidated Annual Accounts for the financial year ended 31 December 2024

NOTE 1. NATURE AND PRINCIPAL ACTIVITIES

1.1 Parent company

VIRTUALWARE 2007, S.A. (hereinafter called the “parent company”) is the parent company of the group (hereinafter called the Group) and was incorporated for an indefinite period on 18 December 2003.

The corporate headquarters of the Company is at Polígono Industrial Artunduaga, Calle Usasuaga mod. 7, 48970 Basauri.

The Company's articles of association describe its basic corporate purposes as covering the following activities:

- 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.
- Development of software, security consultancy, telecommunications systems consultancy, provision of IT services, 3D modelling, provision of draughting services, technology consultancy, hiring out of projection systems, training on technology-related matters.

The corporate purposes exclude all activities for which the law establishes special requirements not met by the Company. Should the law require specific qualifications, authorisation from the administration or entry in public registers or make any other specific requirement for the conducting of any or all of the activities indicated, such activities may not commence until the relevant administrative requirements are met, and must in any event be conducted by persons who hold the qualifications required.

The Company's current activities are in line with its corporate purpose.

The currency in which the company operates is the euro. The criteria set out in the General Accounting Plan, as described in Section 2, were used to prepare the consolidated annual accounts in euros for the year ending 31 December 2024. Registration and valuation regulations

1.2 Group Structure

The Company is the parent company of a corporate group under the terms set out in Article 42 of the Code of Commerce, made up of the following companies:

- Virtualware UK LTD.
- Evolv Rehabilitation Technologies, S.L
- Virtualware Canada Inc
- Virtualware Sweden AB
- Hermeneus World, S.L.

LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Evolv Rehabilitation Technologies, S.L.	Bizkaia	Software development, IT services	344,551.79	74.71%	-
Evolv Rehabilitation Technologies, LTD	Londres (England)	Business and domestic software development (Commercial subsidiary)	-	-	100.00%
Hermeneus World, S.L.	Bizkaia	Electronic commerce	90,200.00	24.52%	-
Virtualware Canada INC.	Canada	Commercial and maintenance subsidiary	5,736.00	100%	-
Virtualware UK LTD.	Londron (England)	Software development, IT services	-	100%	-
Virtualware Sweden AB	Sweden	Software development, IT services	1,371,155.52	100%	-

The financial year and closing dates of the latest financial statements for the subsidiaries are the same as those of the parent company.

All of the subsidiaries under the control of the Virtualware Group have been incorporated using the full consolidation method. As an associated company, the investee Hermeneus World, S.L. has been accounted for using the equity method.

During the 2024 financial year, the Board of Directors of the parent company decided to initiate a process to sell its 74.71% stake in the company Evolv Rehabilitation Technologies, S.L. As of December 31, 2024, the company was committed to selling this asset, having started a programme to identify potential buyers and complete the transaction. Currently, active negotiations are underway to sell the company at a price that reflects its current fair value.

Consequently, at 31 December 2024, all assets related to Evolv Rehabilitation Technologies, S.L. were reclassified as non-current assets held for sale and its liabilities as liabilities associated with non-current assets held for sale, while its profit and loss account was recognised under the heading “Discontinued operations”.

On 18 October 2024, the Group acquired a 100% stake in Simumatik AB (now Virtualware Sweden AB).

There were no other changes in the scope of consolidation at 31 December 2024 compared to the year ended 31 December 2023. However, in the consolidated annual accounts at 31 December 2024, the stake in Evolv Rehabilitation Technologies, Ltd. was not included as it was not considered material.

NOTE 2. BASIS FOR PRESENTING INTERIM FINANCIAL STATEMENTS

2.1 True and fair view and applicable framework for financial reporting

The consolidated annual accounts attached were obtained from the accounting records of VIRTUALWARE 2007, S.A. and the Investee companies, which are detailed in Note 1, and are presented in accordance with the applicable regulatory framework for financial reporting and, in particular, the accounting principles and criteria contained therein, after making the necessary adjustments and reclassifications to ensure the consistency of valuation with the parent company, and to eliminate balances and transactions between consolidated companies, so as to present a true and fair view of the Group's equity, financial position, results and cash flows.

There are no exceptional reasons why legal provisions concerning accounting have not been applied in order to show a true and fair view.

These consolidated annual accounts were drawn up by the Board of Directors of the parent company under the regulatory framework for financial reporting applicable, as set out in:

- The Code of Commerce and other mercantile legislation;
- The General Accounting Plan approved by Royal Decree 1514/2007, amended by Royal Decree 602/2016 and Royal Decree 1/2021, of 12 January, and its sectoral adaptations.
- The compulsory regulations approved by the Institute of Accountants and Auditors in implementing the General Accounting Plan and its supplementary regulations.
- Royal Decree 1159/2010, of 17 September, approving the regulations for preparing consolidated annual accounts.
- Other applicable Spanish accounting regulations.

2.2 Critical aspects of assessing and estimating uncertainty

The preparation of consolidated annual accounts requires the Group to make use of certain estimates and judgement calls in regard to the future which are subject to continual assessment and are based on past experience and other factors, including expectations regarding future events which are deemed reasonable under the current circumstances.

By definition, the resulting accounting estimates seldom coincide exactly with the relevant actual results. These estimates refer basically to:

- Activating development costs-Industrial Property

The Group's management will assess whether the development expenses incurred during the year meet the criteria for being recognised as an asset, as set out in valuation standards 5 and 6 of the General Accounting Plan. The management will also carry out an impairment test on these intangible assets at least once a year, looking at the possible technological obsolescence of these assets and changes in the factors that initially allowed them to be capitalised. Once this has been assessed, the Group will incorporate them as an increase in the value of the industrial property being exploited.

- Useful life of intangible assets.

The management of the Group will determine the estimated useful life and corresponding depreciation/amortisation charges for its intangible assets. One of the aspects that could change the value of non-current assets in the future would be a change to the estimated useful life of intangible assets.

- Investments in Group and associated companies

Every year, the Group checks whether its investments in the equity of Group and associated companies have suffered any impairment losses, as per the accounting policies.

- Valuation adjustments to receivables

The Group is exposed to credit risk insofar as its customers are unable to meet their payment obligations.

The valuation adjustment for customer bad debts involves judgement by the management and a review of individual balances based on the credit quality of the customers and current market trends. At 31 December 2024, there were no significant risks of customers defaulting on payments other than those already impaired.

- Income tax-Recoverability of deferred tax assets.

The amount included under 'Income tax' in the consolidated profit and loss account for the twelve-month periods ended 31 December 2024 and 31 December 2023, respectively, was calculated based on the best estimate for the expected tax rate for the corresponding financial years.

Tax credits and deductions, and the tax effect of applying unused tax loss carryforwards, are treated as a reduction of the tax expense in the year in which they are applied or offset. The calculation of income tax did not require any significant estimates, except for recognising capitalised tax credits, and was consistent with the annual financial statements. In this respect, the Group assessed the recoverability of the capitalised tax credits by taking the evolution of the business for 2024 into account, as well as future projections updated with the information available, and did not identify any risk of impairment.

The Group recognises deferred tax assets, as described in Note 3.j), insofar as it is probable that future taxable profits will be available against which temporary differences can be offset. Estimates of the recoverability of taxes are based on the projected profits of the company that contributed the assets to the Group. The management periodically adjusts these estimates based on updated business plans and results achieved.

All other estimates have no material effect on the amounts recognised in the accompanying consolidated annual accounts for the period ended 31 December 2024.

Although these estimates are based on the best information available on the events analysed at each date, future events may make it necessary to modify them (upwards or downwards) in future financial years. If necessary, this will be done prospectively.

There are no reasonable doubts about the normal operation of the Group and, therefore, the consolidated interim financial statements were prepared on a going concern basis.

2.3 Comparison of information

For comparative purposes, the consolidated annual accounts show the figures for the previous financial year for each item on the consolidated balance sheet, the consolidated P&L account, the consolidated statement of changes in equity and the consolidated cash flow statement. The information in these notes to the accounts for financial year 2024 is presented for the purposes of comparison with the information for 2023.

The figures in these consolidated annual accounts are fully comparable, after the previous year's figures were adjusted in accordance with the adjustments described in section 2.4 of the notes to the consolidated accounts. However, note 10 of these notes to the consolidated accounts must be taken into account when making this comparison, as it explains the classification assigned by the Group's directors to the assets and liabilities of the subsidiary Evolv Rehabilitation Technologies, S.L. in 2024.

2.4 Correction of errors

The accompanying consolidated financial statements for the year ended 31 December 2024 include a correction to the comparative information for 2023 compared to the consolidated financial statements for 2023, which were prepared by the Board of Directors and approved by the Annual General Meeting on 2 May 2024.

(Adjustments to correct the consolidated financial statements as at 31/12/2023)

ASSETS	31/12/2023	EQUITY & LIABILITIES	31/12/2023
CURRENT ASSETS	(1,105,437.95)	EQUITY	(363,789.67)
<i>II. Stocks</i>	(34,490.01)	<i>Profit/loss for the year</i>	(20,809.53)
<i>III: Trade debtors & other receivables</i>	(1,070,947.94)	<i>Capital subsidies</i>	(342,980.24)
		NON-CURRENT LIABILITIES	(580,975.00)
		<i>II. Long-term debts (other liabilities)</i>	209,153.10
		<i>V. Long-term accruals.</i>	(790,128.10)
		CURRENT LIABILITIES	(160,673.18)
		<i>III: Short-term debts (other liabilities)</i>	133,827.14
		<i>V. Trade & other payables</i>	(3,038.83)
		<i>VI. Short-term accruals</i>	(291,461.49)
TOTAL ASSETS	(1,105,437.95)	TOTAL EQUITY & LIABILITIES	(1,105,437.95)

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 will also modify the figures for comparative information and incorporate the relevant information into the notes to the consolidated annual accounts.

2.5 Consolidation principles

Subsidiaries

Subsidiaries are all entities, including special purpose entities, over which the Group directly or indirectly has or may have control, where control is understood as the power to govern the financial and operating policies of a business so as to obtain economic benefits from its operations. The existence and effect of potential voting rights that can currently be exercised or converted are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from the consolidation on the date on which control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred to acquire a subsidiary is the fair value of the assets transferred, the liabilities incurred to the previous owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or at the proportional share of the non-controlling interest of the recognised amounts of the acquiree's identifiable net assets.

Costs related to the acquisition are recognised as expenditure in the year in which they are incurred.

Acquisitions by the parent company (or another Group company) of control of a subsidiary constitute a business combination accounted for using the acquisition method. This method requires the acquirer to account for the identifiable assets acquired and liabilities assumed in a business combination and any related goodwill or negative goodwill at the acquisition date. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from the consolidation on the date on which control ceases.

The acquisition cost is determined as the sum of the fair values of the assets transferred, liabilities incurred or assumed and equity instruments issued by the acquirer at the acquisition date and the fair value of any contingent consideration that is dependent on future events or the fulfilment of certain conditions, which must be recognised as an asset, liability or equity depending on its nature.

Expenses related to issuing the equity instruments or financial liabilities transferred are not part of the cost of the business combination and are recognised in accordance with the rules that apply to financial instruments. Fees paid to legal advisers or other professionals involved in the business combination are recognised as expenses as they are incurred. The cost of the combination does not include the expenses incurred internally for these items, or those incurred by the acquired company, where applicable.

The excess of the cost of the business combination at the acquisition date, over the proportional share of the value of the identifiable assets acquired, less the liability assumed representing the equity interest in the acquired company, is recognised as goodwill. In the exceptional case that this amount exceeds the cost of the business combination, the excess will be recognised in the profit and loss account as income.

When control over a subsidiary is acquired through various transactions on different dates, the goodwill (or negative goodwill) will be the difference between the cost of the business combination plus the fair value of any previous investment of the acquirer in the acquiree at the acquisition date and the value of the identifiable assets acquired less the value of the liabilities assumed.

Any profit or loss resulting from a valuation at fair value at the date on which control of the acquirer's previously held interest in the acquiree was obtained is recognised in profit or loss. If the investment had previously been measured at fair value, the valuation adjustments not yet taken to profit or loss will be transferred to the profit and loss account.

The assets, liabilities, income and expenses of subsidiaries are included in the consolidated annual accounts using the full consolidation method:

1. Consistency in timing.

The consolidated annual accounts were drawn up on the same date and for the same period as the annual accounts of the company to be consolidated. The inclusion of companies with a different year end is done by means of interim accounts for the same date and period as the consolidated accounts.

2. Consistency in valuation.

The assets and liabilities, income and expenses and other items in the annual accounts of the Group companies were valued using standardised methods. Those assets or liabilities, income or expense items that were measured on a basis that is not consistent with that applied in the consolidation were revalued and the adjustments required were made solely for the purpose of consolidation.

3. Aggregation.

The different items in the individual annual accounts that have been harmonised beforehand are aggregated based on their nature.

4. Elimination of investment-equity.

The book values of the equity instruments of the subsidiary held, directly or indirectly, by the parent company are offset against the proportionate share of the subsidiary's equity items attributable to those holdings, usually on the basis of the values resulting from applying the acquisition method described above. In consolidations subsequent to the year in which control was acquired, the excess or deficit in equity generated by the subsidiary since the acquisition date that is attributable to the parent company is shown in the consolidated balance sheet under reserves or adjustments for changes in value, depending on their nature. The share attributable to minority interests is entered under 'Minority interests'.

5. Stake of minority interests.

Minority interests are valued based on their effective stake in the net assets of the subsidiary after the aforementioned adjustments have been incorporated. Goodwill on consolidation is not attributed to minority interests. The excess of losses attributable to the minority interests of a subsidiary over their proportionate share of equity is allocated to them, even if this results in a debit balance in that item.

6. Elimination of intra-group items.

Receivables and payables, including the equity loan used to finance the payment of the sale of its shares to former shareholders, income and expenses and cash flows between Group companies are eliminated in full. Similarly, all earnings from internal transactions are eliminated and deferred until they are carried out with third parties outside the Group.

Note 2 provides the identification details of the subsidiaries.

Changes in shareholding without loss of control

Once control of a subsidiary has been obtained, subsequent transactions that result in a change in the parent company's interest in the subsidiary, without losing control of the subsidiary, are treated in the consolidated annual accounts as an own equity transaction and the following rules apply:

- There is no change in the amount of goodwill or negative goodwill recognised, or in the amount of other assets and liabilities recognised.
- The profit or loss that would have been recognised in the individual accounts is eliminated on consolidation, with a corresponding adjustment to the reserves of the company whose shareholding is reduced.
- The amounts for 'Adjustments for changes in value' and 'Grants, donations and bequests' are adjusted to reflect the interest in the subsidiary's capital held by the Group companies.

The stake of minority interests in the subsidiary's equity will be shown based on the percentage of ownership that non-Group third parties hold in the subsidiary after the transaction has taken place, which includes the percentage of ownership in the goodwill recognised in the consolidated accounts associated with the change that has taken place.

The adjustment required as a result of the above will be recognised in reserves.

Loss of control

The following rules apply when control of a subsidiary is lost:

- The profit or loss recognised in the individual annual accounts is adjusted for consolidation purposes.
- If the subsidiary is classified as a jointly controlled entity or associated company, it will be consolidated and initially recognised using the equity method, and the fair value of the shareholding retained at that date will be taken into account for initial valuation purposes.
- The interest in the equity of the subsidiary retained after the loss of control and not included in the scope of consolidation will be valued in accordance with the criteria applicable to financial assets, and the fair value at the date on which it ceases to be included in the scope of consolidation will be taken as the initial valuation.
- An adjustment is recognised in the consolidated profit and loss account to show the interest of minority interests in the income and expenses generated by the subsidiary in the year up to the

date of loss of control, and in the transfer to the profit and loss account of income and expenses recognised directly in equity.

Associated companies

Associated companies are accounted for using the equity method. Associated companies are those in which significant influence can be exercised over their management, understood as the power to get involved in the financial and operating policy decisions of the shareholding, but without having control or joint control. Significant influence in a company can be assumed to exist for companies in which the shareholding is equal to or more than 20%.

The equity method consists of including the value of any net assets and goodwill relating to the holding in the associated company in the consolidated balance sheet line 'Long-term investments in Group and associated companies - Shareholdings accounted for using the equity method'. The net profit/(loss) obtained in each year relating to the percentage of ownership in these companies is reflected in the consolidated profit and loss account as 'Share in profits (losses) of companies consolidated by the equity method'.

NOTE 3. RECORD-KEEPING AND VALUATION RULES

The most important accounting policies and valuation rules applied in preparing the accompanying consolidated interim financial statements for the six months ended 30 June 2024 are described below:

a) Intangible assets

Intangible assets are recognised at their acquisition and production cost and subsequently valued at cost less any accumulated amortisation and impairment losses.

The amount of work carried out by the Group related to its own intangible assets is calculated by adding the purchase price of consumable materials and the direct or indirect costs attributable to the asset.

The Company recognises any impairment losses in the carrying amounts for these assets. The criteria for recognising impairment losses and, if necessary, recoveries of impairment losses recognised in prior years, are similar to those applied for tangible assets.

Intangible fixed assets are amortised on a straight line basis over their estimated useful lives, in line with the following lives in years:

Description	Years	Annual
Industrial Property	10	10%
IT Applications	4	25%

IT applications

IT applications purchased from third parties are capitalised based on the costs incurred in acquiring them and preparing them to use the specific software. These costs are amortised over their estimated useful lives.

Expenses related to maintaining computer software are recognised as an expense when they are incurred.

Once the appropriate checks had been carried out, no impairment adjustments were made to IT applications.

Industrial property

Industrial property rights will be valued at the cost incurred in acquiring ownership, the right to use or the concession to use their various manifestations, provided that the financial terms and conditions of the relevant contracts require them to be inventoried by the acquiring firm. These will include patents for inventions, utility model protection certificates, industrial design protection and patents of introduction.

Industrial property rights will be valued at their acquisition price or cost of production. The carrying amount of development expenditure capitalised at the time the corresponding patent or similar is obtained will be accounted for under this item. This will include the cost of registering and formalising the industrial property, provided that the legal conditions for registering it in the relevant register are met, and without prejudice to any amounts that may also be accounted for by reason of the acquisition from third parties of the relevant rights. Research expenditure will follow the amortisation rate and under no circumstances will it be incorporated into the book value of industrial property.

Any adjustments that need to be made to assets accounted for as industrial property, both for amortisation and impairment, will be made as generally specified for intangible assets.

The Group currently recognises the capitalised development costs associated with the enhancements to and new functionalities of VIROO, its virtual reality (VR) platform, as industrial property. This solution was designed to facilitate the creation, management and deployment of immersive multi-user content. Moreover, as a result of acquiring ownership of Virtualware Sweden AB, the Group has recognised the cost of acquiring the SIMUMATIK product as industrial property.

b) Tangible fixed assets

Tangible fixed assets are accounted for at acquisition price or production cost minus cumulative depreciation and, where relevant, the cumulative amount of any losses recognised.

The amount of work carried out by the Group related to its own tangible assets is calculated by adding the purchase price of consumable materials and the direct or indirect costs attributable to the asset.

The costs of extending, modernising and upgrading tangible fixed assets are incorporated into assets as increases in value of the assets themselves only when they entail an increase in capacity or productivity or an extension of useful life, and only provided that the book value of the elements written off the inventory on replacement can be determined or estimated. Major repair costs are capitalised and depreciated over their estimated useful lives, while recurring maintenance costs are charged to the profit and loss account in the year in which they are incurred.

Financial expenses directly attributable to acquiring or constructing fixed assets that require a period of more than one year to be ready for use are included in their cost until they are ready for use.

Depreciation of tangible fixed assets is calculated systematically using the straight-line method, in line with their estimated useful life, with the exception of land, which is not depreciated, taking into account the depreciation actually incurred from operating, using and enjoying them. Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives 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 life.

Description	Annual %
Other Fixtures & Fittings	25%
Furniture	15%
Data Processing Equipment	25%
Other Tangible Fixed Assets	25%

Assets that are subject to depreciation are tested for impairment whenever some event or changes in circumstances suggest that the carrying amount may not be recoverable.

An impairment loss is recognised for the asset's excess carrying amount over its recoverable amount, which is the higher of fair value less sale costs and value in use.

Assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units) for the purposes of evaluating impairment losses. Non-financial assets, other than goodwill,

which have suffered a deterioration loss, are submitted to reviews at each balance sheet date in case there has been a reversal of the loss.

Profit and loss from the sale of tangible fixed assets are calculated by comparing the income from sales with the book value and are recorded in the profit and loss account.

Derecognitions and disposals are recorded by writing off the cost of the relevant item and the corresponding accumulated depreciation.

c) Leasing and similar operations

When the Group is a lessee

Leasing operations are classified as finance leases and operating leases.

Leases in which the Group assumes the risks and benefits of owning the leased asset are classified as finance leases.

Finance leases, where the Group acts as a lessee, are recognised as an asset at the start of the term of the lease, in accordance with their nature, and as a liability for the lower of the fair value of the leased asset and the current value of the minimum lease payments, discounted at the explicit interest rate of the agreement and, if this cannot be determined, the Group's interest rate for similar transactions will be used. Initial direct costs are included as an increase in the value of the asset. Minimum payments are divided between the finance charge and the reduction of the outstanding debt.

The finance charge is spread over the term of the lease in the profit and loss account so that the interest rate is constant for each year on the outstanding balance of the debt to be repaid. The payment obligation arising from the lease, net of finance charge, is shown in long-term or short-term payables, depending on its maturity date. Contingent lease payments are recognised as an expense when it is likely that they will be incurred.

Assets acquired under finance leases are depreciated in accordance with the criteria applied by the Group to assets of the same type. If, at the start of the lease, there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the term of the lease, the tangible asset acquired will be depreciated over the shorter of the useful life of the asset and the term of the lease.

Leases where the lessor retains a significant portion of the risks and benefits of ownership are classified as operating leases.

Where the Group acts as lessee, lease expenses are recognised in the profit and loss account on a straight-line basis over the term of the lease, irrespective of the manner of payment stipulated in the lease. In cases where lease incentives have been agreed upon by the lessor in the lease agreement in the form of payments to be made by the lessor that should be made by the lessee, the income from these payments is recognised in the profit and loss account as a reduction of the lease costs on a straight-line basis, as are the lease expenses.

d) Non-current assets (or disposal groups) held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered primarily through a sale transaction and such a sale is considered highly likely. Non-current assets (or disposal groups) classified as held for sale are valued at the lower of their carrying amount and their fair value less selling costs. A discontinued operation is a component of the Group that has been disposed of or classified as held for sale and represents a separate line of business or geographical area. The results of discontinued operations are presented separately in the profit and loss statement.

e) Financial assets

A financial asset is considered to be any asset which comprises cash, an equity instrument of another company or the contractual right to receive cash or other financial assets (debt instruments) or exchange financial assets or liabilities with third parties on potentially favourable terms

For valuation purposes, financial assets are included in one of the following categories:

1. Financial assets at amortised cost

In general, this category includes trading receivables and non-trading receivables.

Also included in this category are debt securities with a fixed maturity date, even if they are traded in an active market, that the Group holds for the purpose of receiving cash flows from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

These financial assets are initially measured at fair value, including the transaction costs that are directly attributable to them, and subsequently at amortised cost, recognising accrued interest based on the effective interest rate, which is understood to be the discount rate that matches the carrying amount of the instrument with all of its estimated cash flows up to maturity. Trade receivables maturing in less than one year are valued, both at initial recognition and subsequently, at their nominal value provided that the effect of not adjusting the flows is not material.

Any adjustments for impairment are made at least at year end if there is objective evidence that not all of the amounts due will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the current value of estimated future cash flows, discounted at the effective interest rate at initial recognition. Value adjustments and their reversal, where applicable, are recognised in the profit and loss account.

2. Changes in financial assets at fair value recognised in equity

Financial assets will be 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. Also included in this category are investments in equity instruments that are not held for trading, and are not to be valued at cost, for which the Group has made an irrevocable decision at the outset to recognise subsequent changes in fair value directly in equity.

They are measured at fair value, with changes in fair value recognised directly in equity until the asset is disposed of or impaired, at which time accumulated profits and losses in equity are recognised in the profit and loss account, provided that it is possible to determine the fair value. Otherwise they are recognised at cost less impairment losses.

Valuation adjustments are made to these assets if there is objective evidence that their value is impaired as a result of a reduction or delay in estimated future cash flows in the case of debt instruments acquired or due to the non-recoverability of the carrying amount of the asset in the case of investments in equity instruments.

In the case of equity instruments that are valued at cost because their fair value cannot be determined, the value adjustment is determined in the same way as for equity investments in Group companies, jointly controlled entities and associated companies. If there is objective evidence of impairment, the Group recognises the cumulative losses previously recognised in equity in the profit and loss account as an impairment loss.

Impairment losses recognised in the profit and loss account for equity instruments are not reversed through the profit and loss account.

3. Financial assets at fair value through the profit and loss account

Financial assets held for trading are included in this category. The concept of trading in financial instruments generally reflects active, frequent buying and selling in order to make a profit from short-term fluctuations in price or brokerage margin. The Group also includes those financial assets that have not been included in any of the other categories under this heading.

These financial assets are valued, both initially and in subsequent appraisals, at a fair value, attributing the changes produced to that value in the profit and loss account for the year. The transaction costs directly attributable to the acquisition are recognised in the profit and loss account.

4. Financial assets at cost

This valuation category includes equity investments in Group, jointly controlled and associated companies, as defined in Rule 13 on preparing annual accounts. It also includes other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying such investments. Where they exist, this category also includes financial assets whose fair value cannot be reliably estimated, unless they qualify for recognition at amortised cost, contributions made as a result of a joint venture contract and similar arrangements, equity loans whose interest is contingent either because a fixed or variable rate of interest has been agreed and is conditional on the borrowing company achieving a milestone (e.g. profits) or because a fixed or variable interest rate has been agreed and is conditional on the borrower meeting a milestone (e.g. making a profit), or because it is calculated solely on the basis of the borrower's business performance and any other financial assets that were initially classified in the portfolio at fair value through the profit or loss account when it is not possible to obtain a reliable estimate of their fair value.

Investments included in this category will initially be valued at cost, which will be equivalent to the fair value of the consideration provided plus any directly attributable transaction costs. Where applicable, the criterion in Section 2 on the rule on transactions between group companies and the criteria for determining the cost of the combination set out in the standard on business combinations.

However, if there was an investment prior to its classification as a Group, jointly controlled or associated company, the cost of that investment is taken to be its book value immediately before the company is classified as such.

Equity instruments included under this heading must subsequently be valued at cost, less the cumulative amount of any corrections in value due to impairment.

When a value needs to be assigned to these assets for derecognition or other purposes, the weighted average cost method shall be applied to them by homogeneous groups, with these understood as values with equal rights.

The Group will make any necessary valuation adjustments at least at the year end if there is objective evidence that the book value of an investment will not be recoverable. The amount of impairment will be the difference between the book value and the amount recoverable, with the latter being the fair value less selling costs or the current value of future cash flows deriving from the investment, whichever is greater. For equity instruments, future cash flows will be calculated by estimating expected receipts from the distribution of dividends by the investee company 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 company 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 will be calculated in line with the equity of the investee company and any tacit increases in value as of the valuation date, net of tax effects.

5. Investment in the Equity of Group, Jointly Controlled and Associated Companies

Group companies are deemed to be those that have a direct or indirect control relationship with the Company. Similarly, associated companies are considered to be those over which the Company exercises significant influence (significant influence is presumed to exist when at least 20% of the voting rights of another company are held). Jointly controlled companies are those that include companies in which the Company exerts joint control with one or more other partners by virtue of an agreement.

Investments in group, jointly controlled and associated companies are initially valued at cost, which means the fair value of the consideration provided plus transaction costs. When there is an investment prior to its classification as a Group, jointly controlled or associated company, the investment cost is deemed to be its book value before having this classification.

They are then valued at cost less any accumulated impairment loss adjustments, where applicable. These adjustments are calculated as the difference between the book value and the recoverable amount, defined as the higher of fair value less costs of selling and the current value of the cash flows earmarked for investment and, if these are not available, the equity of the investee will be taken into consideration, adjusted for any tacit capital gains on the valuation date (including goodwill, if any).

Valuation adjustments for impairment and, where applicable, their reversal, shall be recorded in the profit and loss account in the financial year in which they occur.

6. Interest & dividends received on financial assets

Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the profit and loss account. Interest is recognised using the effective interest method and dividends when the right to receive them is declared.

For these purposes, in the initial valuation of financial assets, the amount of interest explicitly accrued but not due 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. Explicit interest is defined as interest obtained by applying the contractual interest rate for the financial instrument.

7. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at banks and other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts.

8. Retirement of financial assets

Financial assets, or part of same, are derecognised by the Group when they expire or when the contractual rights to the cash flows arising from them are transferred, and it is necessary for the risks and benefits inherent in their ownership to be substantially transferred. When a financial asset is derecognised, the difference between the consideration received net of attributable transaction costs, taking into account any new asset obtained less any liability assumed, and the book value of the financial asset, determines the profit or loss resulting from derecognising the asset, and is part of the profit/loss for the year.

f) Financial Liabilities

1. Financial assets at amortised cost

These include trade payables (financial liabilities arising from the purchase of goods and services in connection with the company's business transactions with deferred payment) and non-trade payables (financial liabilities which, as they are not derivative instruments, do not have a trading origin, but arise from loans or credits received).

These debts are initially recognised at their fair value adjusted by any directly attributable transaction costs, being recorded subsequently at their amortised cost using the method of effective interest rate.

Trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

2. Financial liabilities at fair value through the profit and loss account

This category includes liabilities that are issued or assumed for the purpose of repurchase in the short term or that are part of a portfolio of financial instruments identified and managed together for short-term profit, and financial liabilities that the Group designates for inclusion in this category when they are initially recognised.

These financial liabilities are valued, both initially and in subsequent appraisals, at a fair value, attributing the changes produced to that value in the profit and loss account for the year. Transaction costs directly attributable to the issue are recognised in the profit and loss account in the year in which they arise.

3. Hedging derivatives

This category includes financial instruments classified as accounting hedges (note 3.h).

4. Derecognition of financial liabilities

The Company derecognises a financial asset or part of same when the related obligation has been met or cancelled or has expired. It will also derecognise its own financial liabilities that it acquires, albeit with the intention of redeploying them in the future. The difference between the carrying amount of the financial liability or the part of the financial liability that has been derecognised and the consideration paid, including any costs or fees incurred and including any asset transferred other than cash or the liability assumed, is recognised in the profit and loss account in the period in which it arises.

g) Fair value

As per Royal Decree 1/2021 of 12 January, 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.

For purposes of determining fair value, the Group uses the listed value of instruments on an active market, if any. If there is no listed price, the valuation methods used are based on market references for substantially identical assets or cash flow discount techniques, with the use of observable market variables being maximised.

It is assumed that the book value of credit and debit entries for trading operations is approximately the same as their fair value.

h) Financial derivatives and hedge accounting

Financial derivatives are valued at fair value, both initially and in subsequent valuations. The method used to account for any resulting profit and loss depends on whether the derivative is designated as a hedging instrument or not and if so on the type of hedging involved. The Group designates certain derivatives as:

- Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

- Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised temporarily in equity. They are recognised in the profit and loss account in the years in which the expected hedged transaction affects profit or loss, unless the hedge relates to an expected transaction that results in recognising a non-financial asset or liability, in which case the amounts recognised in equity are included in the cost of the asset when it is acquired or the liability when it is assumed.

In the case of derivatives that do not qualify for hedge accounting, profits and losses on the fair value of derivatives are recognised immediately in the profit and loss account.

The Group uses derivative financial instruments to hedge the risks to which its activities and operations are exposed, primarily those arising from exchange rate fluctuations.

In order for these financial instruments to qualify for hedge accounting, the Group must document the relationship between the hedging instrument and the hedged item at the start of each transaction, and the objective of risk management and the hedging strategy for the hedged transaction. The hedge accounting must be effective over the entire expected term to offset changes in cash flows attributable to the hedged risk, consistent with the initially documented risk management strategy. The Group will also assess the effectiveness of hedges, both at the outset and in their subsequent performance.

The following requirements must be met for the accounting hedge to be classified as effective by the Group:

- There is an economic relationship between the hedged item and the hedging instrument.
- The credit risk must not have a dominant effect on the changes in value that result from that economic relationship.
- The hedge ratio of the hedge accounting relationship, defined as the quantity of the hedged item divided by the quantity of the hedging instrument, must be the same as the hedge ratio used for the purposes of managing the hedged risk.

The Group would only discontinue hedge accounting prospectively when the hedging relationship (or a portion of it) no longer meets the required criteria, after taking into account any rebalancing of the hedging relationship, if applicable, for example, when the hedging instrument expires, is sold, terminated or exercised. However, the recording and valuation of the hedge will not cease if the Group revokes the designation of the hedge if all other requirements continue to be met. The Group did not rebalance any hedging relationships during the year.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised temporarily in equity.

They are recognised in the profit and loss account in the years in which the expected transaction covered by the hedge affects profit or loss, unless the hedge relates to an expected transaction that is highly likely to result in recognising a non-financial asset or liability, in which case the amounts recognised in equity will be included in the cost of the asset when it is acquired or the liability when it is assumed. The profit or loss on the non-effective part is recognised immediately in the profit and loss account.

Hedging instruments are valued and recorded based on their nature insofar as they are not, or cease to be, effective hedges.

i) Foreign currency transactions

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

At the end of each period, 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 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 equity.

Any differences that arise during the conversion process are recognised under "Exchange Rate Differences" in equity.

The year-end exchange rates used to convert balances from the main foreign currencies to euros are as follows:

	<u>Exchange rate</u> <u>in 2024</u>	<u>Exchange rate</u> <u>in 2023</u>
Virtualware UK LTD.	0.8272	0.86905
Virtualware Sweden	11.46	-
Evolv Rehabilitation Technologies, LTD	-	0.86905
Virtualware Canada INC	1.489	1.464

j) Tax on profit

It should be borne in mind that the tax on profit applicable to each year will only be finally determined when there is a final settlement by the tax authorities or when the statute of limitations has elapsed for the tax. When calculating tax, the Company may include interpretations of the applicable regulations or valuations and estimates of the relevant circumstances that may be disputed by the tax authorities.

Moreover, the correct valuation of expense for the tax on profits depends on several factors, including estimates of the timing and realisation of tax credits and deferred tax assets, as well as the timing of the payments of tax on profits. Collections and payments may be materially deferred as a result of changes in the expected evolution of the Company's business or changes in tax rules or their interpretation, as well as unforeseen future transactions that impact the Company's tax balances.

k) Recognition of income

The Group's operations are primarily focused on providing Virtual Reality (VR) solutions through its flagship platform VIROO. Its strategy is centred on offering Virtual Reality as a Service (VRaaS) through annual subscriptions, and providing tailor-made services to large companies.

The main lines of business are:

1. The VIROO Platform (VRaaS): a model based on recurring subscriptions that includes access to the platform, training content and technical support.
2. VIROO deployment services: specific customisations for large companies, including private cloud deployment and integration with corporate systems.
3. Development of VR content: creation of customised immersive experiences for customers through annual contracts.
4. VIROO Room: installation of large-scale physical VR rooms, with technology patented in the US and Europe.

the Group has increased its product portfolio with the acquisition of the Swedish company Simumatik in 2024, which manufactures the Simumatik emulation platform for industrial companies. The strategy for exploiting the product is similar to that described for the VIROO product.

Revenue includes the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's business, net of value added tax, returns and discounts. The

Company recognises income when or as it fulfils a performance obligation by transferring a good or a service promised to a customer.

In the case of a variable consideration, when valuing income, the Group takes into account the best estimate of this 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 said consideration is resolved.

The Group takes the following successive steps to recognise income: Identification of contracts with customers; identification of the obligations to be fulfilled; determination of the price or consideration for the contract transaction; allocation of the transaction price between the obligations to be fulfilled; and recognition of income when the entity fulfils each contracted obligation (at a point in time or over time).

-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.

- Fulfilment of obligations over time

The Group 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 Group (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 Group 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 Group 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 Group 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 Group 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 life 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, 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.

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.
- 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.

l) Provisions and contingencies

Provisions are recognised when the Group has a current legal or implicit obligation resulting from past events, it is likely that outlay will be required to settle the obligation and the amount can be reliably estimated.

Provisions are valued at the current value of expenditure that is expected necessary to liquidate the obligation using a pre-tax rate that reflects current market evaluations of the provisional money value and the specific risks of the obligation. Adjustments made to update the provision are recognised as a finance cost when accrued.

Provisions maturing not exceeding one year, with no significant financial effect, are not discounted.

When it is expected that part of the expenditure necessary to liquidate the provision will be reimbursed by a third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically certain.

In turn, contingent liabilities are considered those possible obligations arising as a result of past events, whose realization is conditioned by whether one or more future events beyond the control of the group happens or not or . These liabilities are not subject to accounting records, with the details being presented in the notes to the accounts.

m) Subsidies, donations & bequests

Refundable subsidies are recorded as liabilities until such time as they become non-refundable, while non-refundable subsidies are recognised as revenues directly in equity on a systematic, rational basis in correlation with expenses arising from the subsidies.

Accordingly, a subsidy is considered as non-refundable when there is an individual agreement for its granting, all the terms and conditions set for its granting have been met and there are no reasonable doubts as to whether it will be received.

Monetary subsidies are valued at the fair value of the amount granted and non-monetary subsidies at the fair value of the asset received, with both values being taken at the time of recognition.

Non-refundable subsidies linked to the acquisition of tangible & intangible fixed assets and real estate investments are attributed to revenue for the year in proportion to the amortisation of the assets in question or on the disposal, value correction due to impairment or write-off of the assets on the balance sheet, as the case may be.

Non-refundable subsidies linked to specific costs are recognised in the P&L in the year in which the relevant costs accrue, and subsidies granted to offset operating deficits in the year in which they are granted, except when they are earmarked for offsetting operating deficits in future years, in which case they are attributed to those years.

n) Business combinations

Merger and demerger operations and non-monetary contributions of a business between group companies are recognised by valuing the assets and liabilities acquired at their carrying amounts in the consolidated annual accounts of the ultimate Spanish parent company prepared in accordance with the NFCAC on the date on which the operation is carried out. If these consolidated annual accounts are not prepared, they are valued at the values before the transaction in the individual annual accounts of the contributing company. Any differences that may arise are recorded in reserves. The date for accounting purposes is the start date of the financial year in which the transaction is approved.

Merger or demerger operations other than those mentioned above and business combinations arising from the acquisition of all the assets and liabilities of a company or of a portion that constitutes one or more businesses are recorded by valuing the assets and liabilities acquired, in accordance with the acquisition method. Therefore, as a general rule, these assets and liabilities are valued at their fair value on the date of the operation. For accounting purposes, the date of the business combination is the date of the shareholders' meeting of the company acquired that approved the operation, although its effectiveness is subject to its registration in the Mercantile Register.

In the case of business combinations arising from the acquisition of shares or equity interests in a company, the Company recognises the investment in accordance with the provisions for investments in the equity of group, jointly controlled and associated companies.

o) Related party transactions

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 jointly controlled 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 directors 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 the director of the parent company when the latter is a legal person.

NOTE 4. BUSINESS COMBINATIONS

On 18 October 2024, VIRTUALWARE 2007, S.A. acquired 100% of the shares of SIMUMATIK AB, a company founded in 2018 with headquarters in Skövde (Sweden), for a total amount of €1,371,000. This transaction was structured as a cash payment of €447,000, in addition to the transfer of 110,000 shares in VIRTUALWARE 2007, S.A. at a price of €8.40 per share.

As a result of the process of allocating the purchase price, and in relation to the book value of SIMUMATIK AB at the date of purchase, the Group allocated the entire excess price of the transaction of €1,292,000 to the fair value of the assets acquired, which relates to the industrial property developed by SIMUMATIK AB consisting of a 'Virtual Commissioning' emulation platform.

With this acquisition, VIRTUALWARE Group is looking to consolidate its presence in key markets in North America and the European Union, and to expand its portfolio of technology solutions with advanced capabilities in digital twins.

The subsidiary reported a loss for the year of €189,000; the portion of income and profit and loss attributable to the business combination from the date of acquisition totalled €25,000 and a loss of €46,000 respectively.

NOTE 5. HOLDINGS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The movements of the holdings in companies accounted for using the equity method for 2024 are as follows:

Company	31/12/2023	Profit for the year	Dividends	Valuation adjs and other equity movements	31/12/2024
Hermeneus World, S.L	108,574.68	60,116.42	(1,103.84) -	3,465.90	164,121.36
Total equity-accounted holdings	108,574.68	60,116.42	(1,103.84)	(3,465.90)	164,121.36

The financial statements of Hermeneus World, S.L. used in the valuation at 31 December 2024 for the Group's shareholding in the company are those for the audited financial year ended 31 December 2024, from which the following data was obtained:

Item	Assets	Liabilities	Equity	Ordinary income	Profit/loss
Hermeneus World, S.L.	1,636,424.80	966,462.32	669,962.48	844,206.47	245,173.02

NOTE 6. INTANGIBLE ASSETS

The details of this chapter relating to assets directly assigned to operations are as follows:

Cost:

Item	Balance on 31/12/2023	Additions	Additions of business combinations	Transfers	Balance on 31/12/2024
Industrial property	2,111,335.27	455,775.93	1,483,211.76	(319,040.05)	3,731,282.91
IT applications	1,189,844.27	45,810.00	-	(332,418.14)	903,236.13
Total cost	3,301,179.54	501,585.93	1,483,211.76	(651,458.19)	4,634,519.04

Amortisation/Depreciation

Item	Balance on 31/12/2023	Additions	Additions of business combinations	Transfers	Balance on 31/12/2024
Industrial property	(428,631.46)	(206,823.36)	(98,748.23)	67,421.94	(666,781.11)
IT applications	(1,126,562.33)	(20,108.44)	-	299,894.30	(846,776.47)
Total depreciation	(1,555,193.79)	(226,931.80)	(98,748.23)	367,316.24	(1,513,557.58)

Net book value:

Item	Balance on 31/12/2023	Balance on 31/12/2024
Industrial property	1,682,703.81	3,064,501.81
IT applications	63,281.94	56,459.66
Total Net Assets	1,745,985.75	3,120,961.47

Intangible assets are mainly made up of industrial property, which includes capitalised development costs associated with the improvements to and new functionalities of VIROO, a virtual reality (VR) platform designed to create, manage and deploy immersive multi-user content, and the acquisition cost of the SIMUMATIK product, which has been integrated into the group following the acquisition of the company, as described in note 4 of the notes to the consolidated accounts.

The transfers relate to the classification at 31 December 2024 of the intangible assets of the subsidiary Evolv Rehabilitation Technologies, S.L. as non-current assets held for sale. See note 10.

There were no events with a significant effect on the current financial year or future years affecting residual values, useful lives or amortisation methods. Similarly, no corrections were made to the value of fixed assets during the year.

The Company has no assets subject to guarantees and reversals.

NOTE 7. TANGIBLE ASSETS

The details of this chapter relating to assets directly assigned to operations are as follows:

Cost:

Item	Balance on 31/12/2023	Additions	Additions of business combinations	Transfers	Balance on 31/12/2024
Plant & other tangible fixed assets.	543,763.93	9,848.92	4,836.02	(164,408.83)	394,040.04
Total cost	543,763.93	9,848.92	4,836.02	(164,408.83)	394,040.04

Amortisation/Depreciation

Item	Balance on 31/12/2023	Additions	Additions of business combinations	Transfers	Balance on 31/12/2024
Plant & other tangible fixed assets.	(373,556.06)	(28,573.62)	(2,238.41)	48,704.36	(355,663.73)
Total depreciation	(373,556.06)	(28,573.62)	(2,238.41)	48,704.36	(355,663.73)

Net book value:

Item	Balance on 31/12/2023	Balance on 31/12/2024
Plant & other tangible fixed assets.	170,207.87	38,376.31
Total Net Assets	170,207.87	38,376.31

The transfers relate to the classification at 31 December 2024 of the tangible assets of the subsidiary Evolv Rehabilitation Technologies, S.L. Which were included under the heading non-current assets held for sale. See note 10.

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

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

NOTE 8. LEASING AND OTHER OPERATIONS OF A SIMILAR NATURE

8.1 Financial leases

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

8.2. Operating leases

The parent company rents the facilities where it carries on its main activity. Total spending on rent in financial year 2024 was €84,521.58 compared to €82,820.16 in 2023, under the following contract terms:

<u>Virtualware2007, S.A.</u>	<u>Contract</u>
Contract date	June 1, 2023
Term	01 June 2028
Annual fee	€6901.68/month
Updating	Annual CPI

NOTE 9. FINANCIAL INSTRUMENTS

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

9.1 Financial Assets

I. Long-Term Financial Assets

Category	Financial assets					
	Equity instruments		Credits, derivatives & others		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Financial assets at cost	23,458.20	23,458.20	-	-	23,458.20	23,458.20
Financial assets at amortised cost	-	-	30,464.64	15,173.83	30,464.64	15,173.83
Total	23,458.20	23,458.20	30,464.64	15,173.83	53,922.84	38,632.03

Short-term loans, derivatives and others at the end of the previous year included guarantees that related mainly to the leased premises where the parent company carries out its operations. A new commercial security deposit was included in addition to these at the end of the financial year 2024, along with a credit facility with a third party. The latter, which matures in 2027, accrues an annual interest rate of 5%, which has led to the recognition of financial income of €1,025 in the accompanying consolidated profit and loss account.

II. Short term financial assets

Category	Financial assets					
	Equity instruments		Credits, derivatives & others		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Financial assets at amortised cost	-	-	952,078.68	1,447,797.30	952,078.68	1,447,797.30
Financial assets at fair value through the profit and loss	707,206.60	306,593.44	-	-	707,206.60	306,593.44
Total	707,206.60	306,593.44	952,078.68	1,447,797.30	1,659,285.28	1,754,390.74

The equity instruments are mainly made up of the holding in an investment fund, in which investments and divestments of a net amount of approximately €410,000 were made during 2024. These financial instruments are valued at fair value with changes recognised in the profit and loss account, which has led to the recognition of income in the years ended 31 December 2024 and 31 December 2023 of €39,000 and €34,000, respectively, taking official listed market values at each closing date into account.

Details of financial assets at amortised cost are as follows:

	31/12/2024	31/12/2023
Customers	868,301.48	1,432,647.89
Companies accounted for by the equity method	4,153.48	-
Staff	17,504.41	-
Loans with group and associated companies	60,000.00	3,700.00
Others	2,119.31	11,449.41
Total	952,078.68	1,447,797.30

In addition, the details of 'Cash and cash equivalents' in the accompanying balance sheet are as follows:

Cash & cash equivalents	financial year 2024	financial year 2023
Cash	680,661.98	301,072.64

9.2 Financial liabilities

I. Long-term financial liabilities

Category	Financial liabilities					
	Bank debts		Other financial liabilities		Total	Total
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Financial assets at amortised cost	673,953.48	811,718.96	115,291.36	354,758.12	789,244.84	1,166,477.08
Total	673,953.48	811,718.96	115,291.36	354,758.12	789,244.84	1,166,477.08

II. Short term financial liabilities

Category	Financial liabilities					
	Bank debts		Other financial liabilities		Total	Total
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Financial assets at amortised cost	954,647.23	952,847.93	880,934.57	1,018,069.93	1,835,581.80	1,970,917.86
Total	954,647.23	952,847.93	880,934.57	1,018,069.93	1,835,581.80	1,970,917.86

Bank debts

The Group has arranged loans with various financial institutions, which have been classified as non-current and current liabilities based on the maturity date stipulated in the contract, as it is considered that there has been no breach of the clauses in the contract that would give rise to the early maturity of the debt. The terms of those loans are as follows:

<u>Lender</u>	<u>Banco La Caixa</u>	<u>Banco Sabadell</u>	<u>Banco Santander</u>	<u>Banco Bankinter</u>	<u>Banco Bankinter</u>	<u>Banco ALMI</u>	<u>Banco BBVA</u>
Contract date	09/06/2020	30/04/2020	07/04/2020	13/01/2020	05/07/2023	20/06/2023	06/02/2024
Initial amount	150,000.00	225,000.00	600,000.00	150,000.00	252,000.00	87,268.00	250,000.00
Maturity	08/06/2028	30/04/2028	07/04/2028	13/01/2025	05/01/2027	20/06/2028	06/02/2027
Interest rate	0.50%	1.50%	1.51%	1.75%	6.45%	8.85%	4.25%

Other financial liabilities

The heading 'Other financial liabilities' is made up as follows:

	Other financial liabilities			
	Long-term		Short-term	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Subsidised loans	45,573.66	145,605.02	84,808.72	196,757.40
Debts convertible into subsidies	69,717.70	209,153.10	229,037.69	133,827.14
Suppliers	-	-	136,835.32	219,247.51
Other creditors	-	-	182,480.38	356,697.62
Staff	-	-	111,702.14	99,080.06
Customer advances	-	-	136,070.31	12,460.20
Total	115,291.36	354,758.12	880,934.56	1,018,069.93

The headings of long-term and short-term debts convertible into grants includes amounts granted by national and international public administrations, companies and individuals in the form of refundable grants, donations or bequests to finance the specific expenses of multi-year projects.

Breakdown by maturity periods

The breakdown by maturity of the Group's long-term financial liabilities at 31 December 2024 is as follows:

Debts with credit institutions	371,256.90	242,380.89	60,315.69	673,953.48
Subsidised loans	43,066.01	2,507.65	-	45,573.66
Debts convertible into subsidies	69,717.70	-	-	69,717.70
TOTAL	484,040.61	244,888.54	60,315.69	789,244.84

III. Long & short-term accruals

The heading for long- and short-term accruals under liabilities, totalling €1,163,000 and €1,310,000 respectively (€1,009,000 and €929,000 respectively in the previous financial year), includes contractual liabilities that relate to obligations yet to be fulfilled for which a consideration has been received from the customer.

IV. Other information

The Group does not have any firm commitments either to purchase or sell financial assets. There are no circumstances of a substantive nature that affect the financial assets, such as lawsuits, embargoes, etc.

The Group's credit facilities have a limit of €1,035,000 (€984,000 at 31 December 2023), of which approximately €505,000 had been drawn down at 31 December 2024 (€553,000 at 31 December 2023). The company also has discount facilities for the early payment of invoices amounting to USD 400,000 (USD 250,000 for the previous year), of which USD 108,000 had been drawn down as of 31 December 2024.

Banks	Limit granted	Drawn down	Available
Total discount facilities	400,000 USD	108,000 USD	292,000 USD
Total credit agreements	€1,034,500.00	€505,910.46	€528,589.54

The Group also had credit card limits in financial year 2024 of €55,000, of which there were residual provisions at the end of the financial year.

At 31 December 2024, there were guarantees to the value of €246,975 (€417,361.30 in financial guarantees and €219,491.40 in technical guarantees at 31 December 2023).

V. Information on the nature and level of risk from financial instruments

The Group's financial risks are managed by the Financial Department, which has set up the mechanisms needed to control exposure to changes 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 is related to trade debts and other receivables. In general, the Group keeps its cash and cash equivalents 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.

Liquidity risk

The Group has a liquidity policy that consists of contracting credit facilities for an amount sufficient to support envisaged needs for a period of time that will depend on the market situation.

Interest rate risk

The cash and financial debts of the Group 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 Group are linked to a market interest rate. The Euribor is the benchmark interest rate used in all cases where the contracted rates are not fixed but variable.

NOTE 10. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2024, the Board of Directors of the parent company decided to initiate a process to sell its entire shareholding in Evolv Rehabilitation Technologies, S.L., which represented 74.71% of the share capital of this company. At the date of preparing these consolidated annual accounts, the company was committed to a sale plan, having initiated a programme to identify potential buyers.

Negotiations are currently underway for the sale at a price in line with its current fair value and the directors of the parent company believe that the transaction will be completed in the short term.

Consequently, at 31 December 2024, all assets related to Evolv Rehabilitation Technologies, S.L. were reclassified as non-current assets held for sale and its liabilities as liabilities associated with non-current

assets held for sale, while its profit and loss account was recognised under the heading “Discontinued operations”.

The details of assets and liabilities classified as held for sale are as follows:

ASSETS	31/12/2024
A) NON-CURRENT ASSETS	
<i>I. Intangible assets</i>	281,943.62
II. Tangible fixed assets	16,523.46
B) CURRENT ASSETS	
II. Stocks.	75,104.45
III: Trade debtors & other receivables	2,347.49
VII. Cash.	4,955.52
TOTAL NON-CURRENT ASSETS HELD FOR SALE	380,874.54

LIABILITIES	31/12/2024
B) NON-CURRENT LIABILITIES	
<i>II Long-term debts.</i>	72,388.49
C) CURRENT LIABILITIES	
<i>II Short-term debts.</i>	195,231.31
V. Trade & other payables.	43,068.85
TOTAL LIABILITIES OF DISPOSAL GROUPS HELD FOR SALE	310,688.65

The net profit/(loss) contributed by the subsidiary Evolv Rehabilitation Technologies, S.L., which was recognised under ‘Profit/(loss) for the year from discontinued operations net of tax’ in the accompanying consolidated profit and loss account, amounted to a loss of €369,000 for the year ended 31 December 2024. This investee contributed sales of €1,069,000 and a consolidated profit of €19,000 to the Group in financial year 2023.

NOTE 11. OWN FUNDS

The main components of ‘Equity’ are detailed below:

Capital, share premium and treasury shares

As of 31 December 2024, the share capital of the parent company is €158,970.00, represented by 4,542,000 fully paid-up shares with a nominal value of €0.035 each, listed on Euronext Access in Paris.

The company also holds treasury shares, specifically 29,070 and 142,856 and shares at year end 2024 and 2023, respectively, with a book value of €7,661.11 and €38,846.43, respectively.

The most significant holdings in the share capital of Virtualware 2007, S.A. at 31 December 2024, i.e. companies or individuals that directly or indirectly hold 10% or more of the share capital, are as follows:

SHAREHOLDERS	Shareholding %
Unai Extremo	41.51%
Sergio Barrera	41.50%

Reserves

Reserves are made up as follows:

	31/12/2024	31/12/2023
III: Reserves & profit/Loss from previous years	2,554,354.47	1,174,082.06
1. Distributable reserves	2,511,654.47	1,131,382.06
2. Non-distributable reserves	42,700.00	42,700.00
IV. Reserves at consolidated companies	(524,307.89)	(186,935.90)
V. Reserves in companies accounted for by the equity method	14,908.77	18,374.68

Non-distributable reserve - 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.

Reserves in consolidated companies

	31/12/2024	31/12/2023
Evolv Rehabilitation Technologies, S.L.	(126,708.74)	(16,206.26)
Evolv Rehabilitation Technologies, LTD	-	(4,041.19)
Virtualware UK LTD.	(109,056.53)	(101,766.62)
Virtualware Canada INC.	(288,542.63)	(64,921.83)
Total	(524,307.90)	(186,935.90)

Exchange rate differences

Exchange rate differences include exchange rate differences arising as a result of changes in the exchange rate of the euro against the main currencies of the Group's foreign companies.

NOTE 12. STOCKS

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

Item	2024	2023
Trade	29,530.14	45,299.84
Products in progress	0.03	19,624.53
Supplier advances	400.00	-
Total	29,930.17	64,924.37

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 notes to the annual accounts.

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

NOTE 13. FOREIGN CURRENCY

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:

2024		Pound	Pound	Canadian Dollar	SEK
ASSETS		<u>EVOLV. LTD LONDON</u>	<u>VIRTUALWARE UNITED KINGDOM</u>	<u>VIRTUALWARE CANADA</u>	<u>VIRTUALWARE SWEDEN</u>
A)	NON-CURRENT ASSETS	-	-	4.209,19	971.790,00
	I. Intangible assets	-	-	-	944.795,00
	II. Tangible fixed assets	-	-	4.209,19	26.995,00
	IV. Long-term investments in group & associated companies	-	-	-	-
	V. Long-term financial investments	-	-	-	-
	VI. Deferred tax assets	-	-	-	-
B)	CURRENT ASSETS	725,00	7.420,00	(287.572,95)	433.587,00
	II. Stocks	-	-	-	-
	III. Trade & other receivables	271,00	84,00	-	116.988,00
	IV. Investments in group & associated companies	-	-	(834.339,08)	-
	V. Short-term financial investments	-	-	-	-
	VI. Accruals/deferrals	-	-	-	24.094,00
	VII. Cash and cash equivalents	454,00	7.336,00	546.766,13	292.505,00
TG.	TOTAL ASSETS	725,00	7.420,00	(283.363,76)	1.405.377,00

	Pound	Pound	Canadian Dollar	SEK
LIABILITIES	EVOLV. LTD LONDON	VIRTUALWARE UNITED KINGDOM	VIRTUALWARE CANADA	VIRTUALWARE SWEDEN
A) EQUITY	(12.845,00)	(99.533,28)	(411.011,53)	360.045,54
A-1) Shareholders' Equity	(12.845,00)	(99.533,28)	(411.011,53)	376.327,75
I. Capital	100,00	1,00	100,00	87.533,98
II. Share premium	-	-	-	-
III. Reserves & profit/Loss from previous years	(178,00)	(93.969,28)	(413.182,56)	814.045,98
1. Distributable reserves	-	-	-	814.045,98
2. Non-distributable reserves	-	22,90	-	-
3. Profit/Loss from previous years	(178,00)	(93.992,18)	(413.182,56)	-
VII. Other shareholders' contributions	-	-	8.313,76	-
VIII. Profit/loss for the year attributed to the controlling company	(12.767,00)	(5.565,00)	(6.242,73)	(525.252,21)
IX. Exchange rate differences for consolidated companies	-	-	-	-16282,21
B) NON-CURRENT LIABILITIES	-	-	-	458.333,42
II. Long-term liabilities	-	-	-	458.333,42
III. Long-term debts with group & associated companies	-	-	-	-
IV. Deferred tax liabilities	-	-	-	-
V. Long-term accruals	-	-	-	-
C) CURRENT LIABILITIES	13.570,00	106.953,28	127.647,77	586.998,05
III. Short-term debts	-	-	-	253.773,65
IV. Short-term debts with group & associated companies	8.670,00	103.032,23	127.647,77	-
V. Trade & other payables	-	1,05	-	233.104,36
VI. Short-term accruals	4.900,00	3.920,00	-	100.120,03
TG. TOTAL EQUITY & LIABILITIES	725,00	7.420,00	(283.363,76)	1.405.377,00

	Pound	Pound	Canadian Dollar	SEK
Profit & loss account	EVOLV. LTD LONDON	VIRTUALWARE UNITED KINGDOM	VIRTUALWARE CANADA	VIRTUALWARE SWEDEN
A ONGOING OPERATIONS				
1. Net turnover	-	-	578.576,57	387.758,35
2. Changes in inventories of finished goods & work in progress	-	-	-	-
3. Work carried out by other companies on assets	-	-	-	-
4. Supplies	(5.150,00)	-	(129.361,10)	(145.905,70)
5. Other operating income	-	-	-	1.452,27
6. Personnel costs	-	5.565,00	(315.330,67)	(504.084,95)
5. Other operating expenses	(7.617,00)	-	(123.686,77)	(134.504,17)
8. Depreciation on fixed assets	-	-	(2.450,45)	(112.052,00)
9. Allocation of subsidies on non financial fixed assets & others	-	-	-	-
11. Impairment & gains/losses on disposal of fixed assets	-	-	-	-
12. Other profit/loss	-	-	-	-
A.1) OPERATING EARNINGS (1+2+3+4+5+6+7+8+9+10+11 +12)	(12.767,00)	5.565,00	7.747,58	(507.336,20)
13. Financial revenues	-	-	203,69	-
14. Financial expenses	-	-	(14.194,00)	(17.916,01)
15. Change in fair value on financial instruments	-	-	-	-
16. Exchange rate differences	-	-	-	-
17. Impairment & gains/losses from disposal of financial instruments	-	-	-	-
A.2) FINANCIAL EARNINGS (13+14+15+16)	-	-	(13.990,31)	(17.916,01)
19. Share in profits (losses) of companies accounted for by the equity method	-	-	-	-
A.3) EARNINGS BEFORE TAX (A.1+A.2)	(12.767,00)	5.565,00	(6.242,73)	(525.252,21)
18. Tax on profits	-	-	-	-
A.4) EARNINGS FOR THE YEAR FROM CONTINUED OPERATIONS (A.3+18)	(12.767,00)	5.565,00	(6.242,73)	(525.252,21)
B) DISCONTINUED OPERATIONS				
A.5) PROFIT/LOSS FOR YEAR (A.4+19)	(12.767,00)	5.565,00	(6.242,73)	(525.252,21)

NOTE 14. TAX SITUATION

The legislation applicable for the settlement of corporation tax for financial years 2024 and 2023 by the parent company of the Group is Provincial Regulation 11/2013 of 5 December of the Province of Bizkaia, amended by Provincial Regulation 2/2018 of 12 March.

The reconciliation of net income and expenditure in the years ended 31 December 2024 and 31 December 2023 and the taxable base for tax on profits is as follows:

Reconciliation	Annual period ending 31/12/2024	Annual period ending 31/12/2023
Pre-tax profit/loss	598,328.64	54,023.25
Profit/(loss) for companies accounted for by the equity method	(60,116.42)	21,354.21
Profit / (loss) for subsidiaries	56,758.16	107,866.41
Consolidation adjustments	35,861.78	179,386.79
Elimination of impairment on investee companies and others	(228,916.24)	(115,635.55)
Pre-tax profit / (loss)	401,915.92	246,995.11
Income for the year and prior years from Reserves (113)	(20,808.15)	20,808.15
Permanent differences	13,873.64	(65,501.17)
Exemption for dividends (Art. 21 of the Law on Corporation Tax)	(1,103.84)	-
Impairment of related party balances	14,977.48	-
Preliminary tax base	60,250.80	202,302.09
Financial interest on subsidised loans	(53,412.92)	-
Reduction for Batuz	(34,156.85)	(30,345.33)
Offsetting of tax loss carryforwards	(215,188.15)	(120,369.80)
Tax base (accounting profit)	92,223.49	51,586.96

The profits/(losses) of companies accounted for using the equity method and subsidiaries are taxed at their respective tax domiciles.

- The profits/(losses) of companies accounted for by the equity method relate to Hermeneus World, S.L., which is subject to Bizkaia's provincial corporation tax regulations.
- The profits/(losses) of subsidiaries relate to the profits/(losses) contributed to the consolidated profit and loss account by the foreign subsidiaries, which made losses in the current year.

The reconciliation between the expense for the parent company's tax on profits and the profit/(loss) resulting from multiplying the applicable tax rate to the total recognised income and expense is as follows:

Reconciliation	Annual period ending 31/12/2024	Annual period ending 31/12/2023
Balance of revenues & expenses for the year (before tax)	401,915.92	235,600.01
Correction of errors	(20,808.15)	32,203.25
Permanent differences	(39,539.28)	(65,501.17)
Reduction for Batuz	(34,156.85)	(30,345.33)
Offsetting of tax losses	(215,188.15)	(120,369.80)
Total	92,223.49	51,586.96
Result of multiplying by the tax rate (20%)	18,444.70	10,317.39
Deductions with limits	-	(8,305.51)
Use of tax credits	25,007.21	29,598.37
Tax on profit	43,451.91	31,610.25
Difference	-	-

The breakdown of consolidated expenditure on corporation tax for the year is as follows,

	31/12/2024	31/12/2023
Current taxation	4,150.05	-
Deferred taxation	39,301.85	34,827.74
Total tax expenses	43,451.91	34,827.74

The tax rates applied to calculate the tax expense relate in full to the 20 % tax rate applicable to the taxable companies.

The rest of the subsidiaries included in the consolidation made losses which were not subject to taxation and did not generate income or expenses from adjustments to deferred assets or liabilities, except for Evolv Rehabilitation Technologies, S.L. Based on its recurring losses, the Board of Directors of this company decided to derecognise its recognised tax credits, which resulted in a deferred tax expense of €177,000. At year-end 2024, the result of this company's corporation tax settlement is included under 'Profit/(loss) for the year from discontinued operations net of tax'.

Current and deferred tax assets and liabilities are offset if, and only if, there is a legally recognised right to offset the amounts recognised for these items, and when such assets and liabilities arise from income taxes levied by the same taxation authority on the same taxable entity or taxpayer, or different taxable entities or taxpayers, that intend to settle the current tax assets and liabilities on a net basis.

Recovery of tax losses and credits

The Group carries out an assessment of the recoverability of deferred tax assets at least at the end of each year, based on the projections included in its budget and an estimate of adjustments to the tax base for each year, based on the applicable tax regulations in force at the end of the year of assessment. In the context of this assessment, deferred tax assets evolve based on projected results and estimates, together with current knowledge of the behaviour of the market in which they operate.

Deferred tax assets are recognised when there is sufficient evidence that they will be recovered within a reasonable time frame, which the Group generally defines as a maximum of 10 years.

Tax credits of the parent company

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.

At 31 December 2024 and 31 December 2023, the parent company recognised recoverable tax credits and losses within the aforementioned period.

	Balance at 31/12/2023	Addition	Derecognition	Balance at 31/12/2024
Deductions	1,731,518.93	18,030.42	(14,294.64)	1,735,254.71
Tax loss carryforwards	179,527.27	-	(43,037.63)	136,489.64
Total	1,911,046.20	18,030.42	(57,332.27)	1,871,744.35

At 31 December 2024, these assets were made up of tax credits pending offsetting amounting to €1,735,254.71 and €1,731,518.95 respectively. These tax credits were fully capitalised and were generated as follows:

ITEM	LIMIT	YEAR	LAST	AMOUNT OF	PENDING	PENDING
		GENERATED	DEDUCTION	DEDUCTION	35%	70% / NO LIMIT
R&D	70%	2009	2043	164,999.67		79,136.82
R&D	70%	2010	2043	171,928.66		171,928.66
Job Creation	35%	2011	2043	13,800.00	12,186.69	
R&D	70%	2011	2043	196,128.19		196,128.19
New Fixed Assets	35%	2012	2043	15,971.76	15,971.76	
Training	35%	2012	2043	637.13	637.13	
Job Creation	35%	2012	2043	9,800.00	9,800.00	
R&D	70%	2012	2043	314,527.96		314,527.96
New Fixed Assets	35%	2013	2043	1,352.32	1,352.32	
Training	35%	2013	2043	143.98	143.98	
Job Creation	35%	2013	2043	9,800.00	9,800.00	
R&D	70%	2013	2043	299,863.49		299,863.49
Job Creation	35%	2014	2044	9,800.00	9,800.00	
R&D	70%	2014	2044	102,811.39		102,811.39
Job Creation	35%	2015	2045	19,600.00	19,600.00	
R&D	70%	2015	2045	71,495.88		71,495.88
New Non-Current Assets	35%	2016	2046	4,418.77	4,418.77	
R&D	70%	2016	2046	105,879.72		105,879.72
Job Creation	35%	2017	2047	19,600.00	19,600.00	
R&D	70%	2017	2047	45,032.94		45,032.94
New Non-Current Assets	35%	2018	2048	5,916.27	5,916.27	
R&D	70%	2018	2048	24,032.23		24,032.23
New Non-Current Assets	35%	2019	2049	3,461.64	3,461.64	
Job Creation	35%	2019	2049	5,000.00	5,000.00	
R&D	70%	2019	2049	41,508.46		41,508.46
R&D	70%	2020	2050	96,230.02		96,230.02
BATUZ (Tech. Doc. 25)	No Limit	2021	2051	960.00	960.00	
R&D	70%	2022	2052	40,218.86		40,218.86
R&D	70%	2023	2053	9,644.32		9,644.32
DEDUCTION FOR BATUZ	35%	2023	2053	136.80	136.80	
R&D&i	70%	2024	2054	13,256.61		13,256.61
New Fixed Assets	35%	2024	2054	4,773.81	4,773.81	
Total					123,559.17	1,611,695.55

At 31 December 2024 and 2023, the company had tax loss carryforwards pending offset of €682,448 and €897,636, respectively, which were fully capitalised.

ITEM	LIMIT	Year Generated	Last Deduction	AMOUNT OF BASE
Tax loss carryforwards	70%	2020	2050	242,094.92
Tax loss carryforwards	70%	2021	2051	270,606.76
Tax loss carryforwards	70%	2022	2052	169,746.49
				682,448.17

Tax credits of the subsidiaries

The subsidiary Evolv Rehabilitation Technologies, S.L. has tax credits for tax loss carryforwards and deductions that have not been included in the Group's consolidated annual accounts, because the accounting criteria that allow them to be capitalised have not been met.

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.

ITEM	LIMIT	Year Generated	Last Deduction	AMOUNT OF BASE
Tax loss carryforwards	70%	2017	2047	0.00
Tax loss carryforwards	70%	2018	2048	32,421.41
Tax loss carryforwards	70%	2019	2049	248,279.43
Tax loss carryforwards	70%	2020	2050	217,551.52
Tax loss carryforwards	70%	2021	2051	136,772.47
Tax loss carryforwards	70%	2024	2054	241,713.20
				876,738.03

ITEM	LIMIT	YEAR GENERATED	LAST DEDUCTION	AMOUNT OF DEDUCTION	PENDING 35%	PENDING 70% / NO LIMIT
R&D	70%	2018	2048	164,999.67		19,075.93
R&D	70%	2019	2049	196,128.19		31,077.10

The settlement of tax on profits for 2024 for the parent company has resulted in an amount to be paid to the tax authorities, as detailed below:

Corporation tax settlement		2024
Tax base (accounting profit)		92,223.49
Tax at the rate of taxation		18,444.70
Withholdings		(3,613.84)
Payments on account		0.00
Deductions with limits 35%		(4,611.18)
Deductions with limits 70%		(9,683.46)
	Total	536.21

Generally speaking, the financial years that are not subject to the statute of limitations, in accordance with the different tax legislations applicable to each of the companies in the Group, the period for which is set at between 4 and 6 years from the time when the obligation becomes enforceable and the deadline for filing taxes expires, are 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 Directors consider that any such liabilities, should they arise, would not significantly affect these interim consolidated financial statements taken as a whole.

NOTE 15. Income and expenditure

Supplies

The balance of the "Raw materials and trade stocks used" account for financial year 2024 is as follows:

	2024	2023
Consumption of goods	(423,879.21)	(549,603.60)
Consumption of raw materials and others	-	(110,998.68)
Work carried out by other companies	(132,015.73)	(523,522.72)
Total	(555,894.94)	(1,184,125.01)

Personnel costs

The details for the year ending on 31 December 2024 are as follows:

	2024	2023
Wages, salaries and similar	2,133,093.06	2,456,406.27
Compensation	4,904.71	24,976.30
Social security contributions	446,263.50	559,768.35
Other social security charges	31,245.11	20,512.34
Total	2,615,506.38	3,061,663.26

Income

Income from licences is recognised on an accruals basis. Licences granted to our customers are recognised in the income statement on a straight-line basis over the term of the licence, which is generally one year. Where an advance payment is received, that income is recognised as a liability (unearned income) until the income is recognised on a pro rata basis over time. See Note 9

NOTE 16. ENVIRONMENTAL DISCLOSURES

a) Environmental information

No expenses were incurred during the financial year for protecting and improving the environment. Furthermore, there were no expenses or risks that needed to be covered by provisions for environmental actions, or contingencies related to protecting and improving the environment.

b) Information on greenhouse gas emission allowances

During the financial year, there were no movements in respect of any item related to greenhouse gas emission allowances or their allocation.

NOTE 17. SUBSIDIES, DONATIONS & BEQUESTS

The amount and details of the main subsidies that appear in the Consolidated Balance Sheet as debts that can be converted into subsidies are as follows:

Concessionaire	Year Provided	Project	Amount of subsidy	Amount collected	Amount to be collected	Pending execution	Executed in the year
Basque Governmer	2024	BIZKAIA CREATIVA	35,000	-	35,000	18,000	17,000
Provincial Council of Bizkaia	2023	2I PROMOCIÓN DE LA INNOVACIÓN	29,864	-	29,864	13,708	16,156
Basque Governmer	2024	FAST TRACK	111,866	67,119	44,746	46,611	65,255
European Union	2022	MASTER EUROPA	488,024	412,588	75,436	209,153	139,435
Basque Governmer	2024	LEHEN AUKERA	22,568	-	22,568	11,284	11,284
Total			687,322	479,707	207,614	298,755	249,131

In 2024 the Group also recognised income from operating subsidies totalling €135,082, with the main subsidies received and implemented during the year being as follows:

Concessionaire	Year Provided	Project	Amount of subsidy	Amount collected	Amount to be collected	Pending execution
Basque Government	2024	REMOTE XR	57,834	-	57,834	57,834
Basque Government	2024	KLOUD	29,336	-	29,336	29,336
Provincial Council of Bizkaia	2024	INDUSTRIA DIGITALA	23,000	23,000	-	23,000

In addition, the Group recognised income this year of €41,490 and €13,698 under the heading of operating subsidies incorporated into the profit and loss for the year as a result of R&D financing agreements signed between the Group and two independent third parties.

The Group complies at all times with the conditions associated with the subsidies granted.

NOTE 18. SUBSEQUENT EVENTS

The Directors of the parent company are not aware of any event subsequent to the year end date of 31 December 2024 that might materially affect the consolidated annual accounts that closed on that date.

NOTE 19. RELATED PARTY TRANSACTIONS

Related parties are considered to be the Group's direct shareholders (including minority interests), the Directors and the companies over which the former have significant influence or control, key management personnel and their close relatives, and the investee companies consolidated by the equity method.

The balances detailed below relate in full to the associated company Hermeneus World, S.L, which is consolidated by the equity method, as a result of which the balances and transactions have not been eliminated. The transactions between the two companies are limited to the provision of services of an intangible nature.

Related company balances:

Hermeneus World, S.L.	2024	2023
Customers	53,922.84	38,742.52
Loans to companies	60,000.00	3,700.00
Total	113,922.84	42,442.52

Remuneration of and balances with members of the Board of Directors and senior management.

The Group considers “senior management” to mean those persons who carry out functions concerned with the general goals of the Group, such as the planning, management and control of activities, and perform those functions autonomously and with full liability limited only by the criteria and instructions set by the legal owners of the Group or by the governing and administrative body that represents those owners. The Group has no one on its workforce who could be thus classed as “senior management”.

As of 31 December 2024 no prepayments or loans had been granted and there were no commitments as regards pensions or life insurance in regard to the directors of the parent company.

In financial years 2024 and 2023, the directors of the parent company accrued remuneration to the tune of €394,332.32 and €353,844.54 respectively.

Situations of conflict of interest

The directors of the parent company and its related persons, as defined in the Spanish Companies Act, have not disclosed any situations of direct or indirect conflict that they or persons related to them may have with the interests of the Company to the General Meeting.

NOTE 20. SEGMENTED INFORMATION

Net turnover

The net turnover in financial years 2024 breaks down by geographical markets and operations as follows:

Geographic markets	2024	2023
Domestic	2,253,680.80	1,968,448.79
European	74,597.05	662,060.97
Rest of the international market	1,875,318.76	1,921,497.80
Total	4,203,596.61	4,552,007.56

Supplies

The purchases made by the Group in financial year 2024 are as follows, broken down by origins:

Geographic markets	2024	2023
Domestic	449,816.44	817,193.32
European	13,319.85	273,878.35
Rest of the international market	92,758.65	93,053.34
Total	555,894.94	1,184,125.01

NOTE 21. OTHER INFORMATION

The average number of persons employed during the course of the financial years 2024 and 2023 and those at the end of these years, expressed by category and gender, was as follows:

Professional category	2024			2023		
	Men	Women	Total	Men	Women	Total
Engineers and qualified assistants	7	3	10	7	3	10
Technical engineers, appraisers and qualified assistants	10	1	11	8	2	10
Administrative and workshop supervisors	4	2	6	4	2	6
Senior clerical staff	19	6	25	16	6	22
Junior clerical staff	2	-	2	2	-	2
Tier 1 and 2 staff	-	-	-	-	-	-
Total	42	12	54	37	13	50

Auditors' fees

The fees accrued during the year for audit services came to €17,100 and those related to other work to €9,800, and there were no incompatibilities as set out in article 51 of Law 44/2002 as regards the performance of their work.

NOTE 22. INFORMATION ON DEFERRED PAYMENTS TO SUPPLIERS. ADDITIONAL PROVISION THREE. LAW 15/2010 OF 5 JULY.

The table below provides information on the average payment period to suppliers in accordance with the third additional provision 'Duty of Disclosure' of Law 15/2010 of 5 July, which sets out measures to combat late payments for commercial transactions.

The breakdown of the information required for financial year 2024 is as follows:

	2024
	Days
Average payment period to suppliers	59
Ratio of paid transactions	47
Ratio of transactions pending payment	105
	Amount (euros)
Total payments made	1,307,196
Total payments pending	338,960

The information on invoices paid in a period shorter than the maximum period set out in Law 15/2010 is as follows:

	2024
Amount paid within the maximum time limit	819,332
% of the amount of invoices paid	49.74%
Number of invoices paid within the maximum time limit	9,701
% of the number of invoices paid	62.99%

The information included in the table above was prepared in accordance with Law 15/2010 of 5 July, which amended Law 3/2004 of 29 December, which set out measures to combat late payments for commercial transactions, and in accordance with the Resolution of 29 January 2016 of the Spanish Institute of Accountants and Auditors on the information to be included in the Notes to the Annual Accounts in relation to deferrals of payment to suppliers for commercial transactions.

The specifications with which this information was prepared are as follows:

- Ratio of paid transactions: amount in days resulting from the quotient of the sum of the products corresponding to the amount of each transaction paid and the number of days for payment and, from the denominator, the total amount of payments made in the financial year.
- Ratio of transactions pending payment: amount in days resulting from the quotient of the sum of the products corresponding to the amount of the transaction pending payment and the number of days pending payment and, from the denominator, the total amount of payments pending.
- Suppliers: trade payables included in the current liabilities on the balance sheet for debts owed to suppliers of goods or services.
- Suppliers of fixed assets and creditors for finance leases are excluded from the scope of reporting.

VIRTUALWARE 2007, S.A. & subsidiaries
Consolidated management report for the year ended December 31, 2024

Development of the Group's business and situation:

2024 was an exceptional year in terms of economic performance:

- We increased our income by more than 12% compared to 2023.
- The result was very positive, doubling last year's EBITDA.
- With regard to liquidity, it was a quiet year in which we were even able to make extraordinary investments.
- We continued to reduce our net financial debt, closing 2024 with a ratio of 0.5 times EBITDA.

As far as the evolution of the company's business is concerned, the increase in income was good news, but it is also important to understand how this increase came about:

- Income from subscription plans for our services increased by almost 35%, and now accounted for almost 50% of our total income.
- 91% of income came from plans or services associated with subscription plans. In other words, income from other services not related to our core business strategy is of little or no significance.
- Income from North America (USA and Canada) accounted for 36% of our total income, which reinforced our conviction to keep focusing in these markets.

A significant indicator of our performance was the 87% gross margin we achieved on our income, a high margin that is linked to a primarily software-as-a-service business with a significant recurring revenue model.

Moreover, 2024 was an intense year in which we achieved the following, among other things:

- We met the requirements to start the uplisting process to the growth segment of Euronext, which will undoubtedly improve the liquidity of our stock.
- We completed the sustainability assessment to be recognised as a BCorp company, a process in which we have been engaged and expect to obtain in 2025.
- We set up a new subsidiary in the USA, specifically in the state of Florida, from where we hope to continue to grow significantly in the coming years.
- We significantly increased the number of partners across our channel, particularly in the US, which is essential to our strategic plan. It is worth noting that the agreement signed with the technology firm HTC in the US in October will hopefully generate interesting opportunities for us.

One of the biggest milestones in 2024 was the acquisition of the Swedish company Simumatik. This company manufactures the Simumatik emulation platform for industrial companies, which we have added to our product portfolio. It was an important transaction as it was our first operation of this kind and because of the new opportunities that this platform opens up for us in the advanced manufacturing sector.

Through this operation, we are seeing the enormous possibilities of having different products that are compatible with each other, and we are taking advantage of the synergies with Simumatik's installed customer base.

Finally, 2024 was, as usual, an intense year in terms of product development and evolution. We released version 2.6 of VIROO, which incorporated radical innovations primarily aimed at developers, and which are being very well received. We also introduced the concept of VIROO 'Ready to use' applications and developed integration with the Simumatik platform that we have incorporated. We are now about to release version 3.0 of VIROO, which we worked on for most of 2024 and which will be an important step forward and we are sure it will help us to continue to grow and generate value.

Therefore, we ended 2024, the first year of our new strategic plan, very satisfied, convinced that we are on the right track and with an exciting 2025 ahead of us.

Events that occurred after year end:

The Directors of the parent company are not aware of any event subsequent to the year end date of 31 December 2024 that might materially affect the consolidated annual accounts that closed on that date.

Research, development and technological innovation activities:

Research and development activities continue to be very important for Virtualware. In 2024, Virtualware took part in three research projects. One was a European project, Master, and the other two were local projects, XR and IMERIKU. Our VIROO platform played an important role in developing all three projects, seeking to expand their functionalities and applicability.

Expenditure on research and development has reached €500,000 per year, exceeding 10% of turnover, with more than 15,000 hours devoted to them in 2024.

Virtualware's commitment to research and development has been a constant since its creation and continues to be a cornerstone of our development.

Purchase of treasury stock:

No treasury stock was acquired by Virtualware in 2024.

Signature Authentication Procedure

In compliance with current legislation, the directors who at the date of this report made up all of the members of the Board of Directors of VIRTUALWARE 2007, S.A. prepared the consolidated annual accounts (consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated accounts) and the Group's Consolidated Management Report for the year ended 31 December 2024, comprising 57 pages numbered from 1 to 57.

By signing this sheet, attached to said documents, they declare that each and every one of those documents has been signed by them.

Basauri, 20 March 2025

Chair

Unai Extremo Baigorri

Ordinary Director

Ordinary Director

Sergio Barrera Mayo

Asier Extremo Baigorri