



VIRTUALWARE 2007, S.A. & subsidiaries

Consolidated annual accounts
for the year ended
31 December 2025

VIRTUALWARE 2007, S.A. & subsidiaries
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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2025
VIRTUALWARE 2007 SA & SUBSIDIARIES

UNITS: Euro

ASSETS	NOTES	31/12/2025	31/12/2024
A) NON-CURRENT ASSETS		5.388.435,16	5.249.126,51
<i>I. Intangible fixed assets</i>		3.319.304,04	3.120.961,66
3. Other intangible assets.	6	3.319.304,04	3.120.961,66
<i>II. Tangible fixed assets</i>		56.705,93	38.376,31
2. Plant & other tangible fixed assets.	7	56.705,93	38.376,31
<i>IV. Long-term investments in group & associated companies</i>		165.998,76	164.121,36
1. Holdings accounted for using the equity method.	5	165.998,76	164.121,36
<i>V. Long-term financial investments</i>	9	53.922,84	53.922,84
<i>VI. Deferred tax assets.</i>	14	1.792.503,59	1.871.744,35
B) CURRENT ASSETS		8.294.875,21	3.073.992,39
<i>I. Non-current assets held for sale</i>	10	-	380.874,54
<i>II. Stocks.</i>	12	2.155,55	29.930,17
<i>III. Trade receivables and other receivables</i>		7.384.229,13	1.191.453,91
1. Customer receivables from sales & services.	9	7.121.346,40	868.301,48
2. Companies accounted for using the equity method.	9	-	4.153,48
4. Other debtors.	9	262.882,73	318.998,95
<i>IV. Short-term investments in group & associated companies.</i>		100.000,01	60.000,00
1. Loans to companies accounted for by the equity method.	9	100.000,01	60.000,00
<i>V. Short-term financial investments.</i>	9	60.600,91	707.545,94
<i>VI. Short-term accruals.</i>		248.459,42	23.525,85
<i>VII. Cash & cash equivalents.</i>	9	499.430,19	680.661,98
TOTAL ASSETS (A+B)		13.683.310,37	8.323.118,90

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2025

VIRTUALWARE 2007 SA & SUSIDIARIES

UNITS: Euro

LIABILITIES	NOTES	31/12/2025	31/12/2024
A) EQUITY		2,202,883.10	2,455,131.21
A-1) Own Funds.		2,220,678.87	2,382,005.20
I. Capital.		158,970.00	158,970.00
1. Issued capital	11	158,970.00	158,970.00
III. Reserves.		2,457,161.14	2,044,955.36
2. Other Reserves	11	2,457,161.14	2,044,955.36
VI. Own shares and equity holdings of the parent company.	11	(130,811.11)	(7,661.11)
VI. Profit/(loss) for the year attributed to the parent company.		(264,641.16)	185,740.95
A-2) Adjustments for changes in value.		(28,543.98)	(615.84)
I. Exchange rate differences.		(28,543.98)	(615.84)
A-3) Subsidies, donations and bequests received.		10,748.21	0.04
A-4) Minority Interests.		-	73,741.81
B) NON-CURRENT LIABILITIES		4,881,749.27	1,951,896.31
II. Long-term debts.		739,859.64	789,244.84
2. Long-term debts with banks.	9	405,472.68	673,953.48
4. Other financial liabilities.	9	334,386.96	115,291.36
IV. Deferred tax liabilities.		2,687.04	-
V. Long-term accruals.	9	4,139,202.59	1,162,651.47
C) CURRENT LIABILITIES		6,598,678.00	3,916,091.38
I. Liabilities linked to non-current assets held for sale.	10	-	310,660.87
III. Short-term debts.		2,455,813.11	1,268,493.64
2. Short-term debts with banks.	9	2,241,979.57	954,647.23
4. Other financial liabilities.	9	213,833.54	313,846.41
V. Trade and other payables.		2,065,809.49	1,027,520.69
1. Suppliers.	9	318,951.31	136,835.32
3. Current tax liabilities.	9	(997.55)	536.22
4. Other payables.	9	1,747,855.73	890,149.15
VI. Short-term accruals	9	2,077,055.40	1,309,416.18
TOTAL EQUITY & LIABILITIES (A+B+C)		13,683,310.37	8,323,118.90

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2025
VIRTUALWARE 2007 SA & SUBSIDIARIES

UNITS: Euro

PROFIT & LOSS ACCOUNT	NOTES	2025	2024
A) ONGOING OPERATIONS			
1. Net turnover.	20	4,321,087.86	4,203,596.61
b) Provision of services.		4,321,087.86	4,203,596.61
2. Changes in inventories of finished goods & work in progress.		-	(19,624.50)
3. In-house work on assets.		599,124.53	455,775.74
4. Supplies.	15 y 20	(314,389.60)	(555,894.94)
a) Consumption of goods.		(60,004.91)	(423,879.21)
b) Raw materials & other consumables used.		-	-
c) Work carried out by other companies.		(254,384.69)	(132,015.73)
d) Impairment of goods, raw materials and other supplies.		-	-
5. Other operating income.		542,781.26	476,012.75
a) Non-core & other current operating income.		34,126.52	36,486.02
b) Operating subsidies included in the profit or loss for the year.		508,654.74	439,526.73
6. Personnel costs.	15	(3,213,268.96)	(2,615,506.38)
a) Wages, salaries & similar expenses.		(2,680,180.77)	(2,137,997.77)
b) Social security contributions.		(533,088.19)	(477,508.61)
7. Other operating expenses.		(1,312,263.85)	(1,176,132.57)
a) Losses, impairment & variation in provisions for trade operations.		(8,026.60)	
b) Other current operating expenses.		(1,304,237.25)	(1,176,132.57)
8. Depreciation/amortisation of fixed assets.	6 y 7	(457,466.05)	(255,505.42)
9. Allocation of subsidies on non-financial fixed assets & others.		45,765.12	-
14. Other profit/(loss)		3,790.18	39,613.64
A.1) Operating profit/(loss) (1+2+3+4+5+6+7+8+9+14)		215,160.48	552,334.93
15. Financial income.		8,011.71	9,524.54
b) Income from negotiable securities & other financial instruments.		8,011.71	9,524.54
16. Financial expenses.		(102,559.39)	(91,312.81)
17. Change in fair value on financial instruments.		(275,182.96)	39,419.25
a) Trading portfolio & others.	9	(275,182.96)	39,419.25
18. Exchange rate differences.		(26,721.74)	28,246.30
b) Other exchange rate differences.	13	(26,721.74)	28,246.30
A.2) Financial profit/(loss) (15+16+17+18+19).		(396,452.38)	(14,122.72)
20. Share in profits (losses) of companies accounted for by the equity method.		773.57	60,116.42
A.3) Pre-tax profit/(loss) (A.1+A.2+20+22).		(180,518.34)	598,328.64
24. Tax on profit.	14	(84,122.82)	(43,451.91)
A.4) Profit/(loss) for the year from ongoing operations (A.3+24).		(264,641.16)	554,876.73
B) DISCONTINUED OPERATIONS			
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)		(264,641.16)	185,740.95
<i>Profit/(loss) attributed to the parent company.</i>		(264,641.16)	291,673.48
<i>Profit/(loss) attributed to minority interests.</i>		-	(105,932.53)

A) CONSOLIDATED STATEMENT OF INCOME & EXPENDITURE RECOGNISED

	2025	2024
Profit/(loss) from the profit and loss account	(264.641,16)	185.740,95
Income & expenses recognised directly in equity	(17.172,69)	(615,84)
Exchange rate differences for consolidated companies	(27.920,86)	(615,84)
Subsidies, donations & bequests	10.748,17	-
Total income & expenses recognised directly in equity	(17.172,69)	(615,84)
TOTAL CONSOLIDATED INCOME & EXPENSES RECOGNISED	(281.813,85)	185.125,11

	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	Subsidies, donations & bequests	TOTAL
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 year	-	-	-	-	-	-	-	-	-	-
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
Adjustments due to changes in criteria in 2024 & previous year	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2024 & previous years	-	(27.383,87)	-	-	-	-	-	-	-	(27.383,87)
ADJUSTED INITIAL BALANCE IN FIN. YEAR 2025	158.970,00	2.526.970,60	(524.307,89)	14.908,77	(7.661,11)	185.740,95	73.741,81	(615,84)	0,04	2.427.747,34
Total income & expenses recognised	-	-	-	-	-	(264.641,16)	-	(27.928,14)	10.748,17	(281.821,13)
Operations with shareholders or owners	-	-	-	-	(123.150,00)	-	-	-	-	(123.150,00)
Capital decreases	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders or owners	-	-	-	-	(123.150,00)	-	-	-	-	(123.150,00)
Other changes in equity	-	358.464,01	21.009,22	60.116,42	-	(185.740,95)	-	-	-	253.848,70
Change in scope of consolidation	-	(235.765,27)	235.765,27	-	-	-	(73.741,81)	-	-	(73.741,81)
CLOSING BALANCE FOR 2025	158.970,00	2.649.669,34	(267.533,40)	75.025,20	(130.811,11)	(264.641,16)	-	(28.543,98)	10.748,21	2.202.883,10

CONSOLIDATED CASH FLOW STATEMENT FOR 2025

	NOTES	2025	2024
A) CASH FLOW FROM TRADING OPERATIONS			
		(1.114.723,04)	1.847.170,89
1. Pre-tax profit / (loss) for the year.		(180.518,34)	406.350,86
2. Adjustments to profit/loss.		4.288.052,32	822.271,93
a) Depreciation on fixed assets (+).	6 & 7	457.466,05	318.605,98
b) Value adjustments for impairment (+/-).		263.271,00	-
d) Allocation of subsidies (-)		(45.765,12)	-
g) Financial income (-).		(8.011,71)	(9.524,54)
h) Financial costs (+).		102.559,39	91.312,81
j) Change in fair value of financial instruments (+/-).		-	(39.419,25)
k) Other income & expenditure (-/+).		3.519.306,28	515.354,00
l) Share in profits of companies consolidated by the equity method net of dividends	5	(773,57)	(59.012,58)
m) Discontinued operations		-	4.955,52
3. Changes in working capital.		(5.127.173,13)	702.637,84
a) Stocks (+/-).	12	27.774,62	69.807,34
b) Debtors & other receivables (+/-).	9	(6.192.775,22)	720.656,80
c) Other current assets	9	-	-
d) Creditors & other accounts payable (+/-).	9	1.037.827,47	(87.826,30)
e) Other current liabilities		-	-
4. Other cash flows from trading operations.		(95.083,90)	(84.089,74)
a) Interest payments (-).		8.011,71	9.524,54
c) Collection of interest (+).		(102.559,39)	(91.312,81)
d) Payments received (made) for tax on profit (-/+).		(536,22)	(2.301,47)
e) Other payments		-	-
5. Cash flows from trading operations (+/--1+/-2+/-3+/-4)		(1.114.723,04)	1.847.170,89
B) CASH FLOW FROM INVESTMENT OPERATIONS			
		(53.364,88)	(2.270.507,76)
6. Payments from investments (-).		(700.309,91)	(2.341.155,54)
a) Group and associated companies and business units	4	-	(1.290.949,04)
c) Associated companies	19	(40.000,01)	(56.300,00)
d) Intangible fixed assets.	6	(610.954,03)	(536.585,74)
e) Tangible fixed assets.	7	(49.355,87)	(9.848,92)
g) Other financial assets.	9	-	(447.471,84)
7. Receivables from disinvestment (+).		646.945,03	70.647,78
g) Other financial assets.		646.945,03	-
i) Other assets.	9	-	70.647,78
8. Cash Flow From Investment Operations (7-6)		(53.364,88)	(2.270.507,76)
C) CASH FLOW FROM FINANCING OPERATIONS			
		1.014.784,27	803.542,05
9. Increases and decreases in equity instruments.		(123.150,00)	924.000,00
b) Amortisation of equity instruments.	4	-	924.000,00
c) Acquisition of equity instruments from the parent company (-)		(153.390,00)	-
d) Disposal of equity instruments from the parent company (+)		30.240,00	-
10. Increases and decreases in financial liability instruments.		1.137.934,27	(120.457,95)
a) Issue		2.421.766,58	250.000,00
2. Bank debts (+).	9	1.942.143,52	250.000,00
4. Others (+).		479.623,06	-
b) Repayment & amortisation of		(1.283.832,31)	(370.457,95)
2. Bank debts (-).	9	(923.291,98)	(164.329,44)
4. Others (-).	9	(360.540,33)	(206.128,51)
11. Dividend payments & remuneration from other equity instruments		-	-
d) Changes in the scope of consolidation		-	-
12. Cash Flow From Financing Operations (+/-9+/-10-11)		1.014.784,27	803.542,05
D) Effect of changes in exchange rates		(27.928,14)	(615,84)
E) NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS (+/-A+/-B+/-C+/- D)		(181.231,79)	379.589,34
Cash or cash equivalents at start of the year.	9	680.661,98	301.072,64
Cash & cash equivalents at end of the year.	9	499.430,19	680.661,98

VIRTUALWARE 2007, S.A. & subsidiaries

Notes to the Consolidated Annual Accounts for the financial year ended 31 December 2025

NOTA 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 2025. 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
- Evolv Rehabilitation Technologies, LTD
- Virtualware Canada Inc
- Virtualware Sweden AB
- Hermeneus World, S.L.
- Virtualware USA Inc

LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Name	Location	Business Activity	Amount of holding	% Virtualware's shareholding	
				Direct	Indirect
Evolv Rehabilitation Technologies, S.L.	Bizkaia	Software development, IT services	344,551.79	74.71%	-
Evolv Rehabilitation Technologies, LTD	London (England)	Business and domestic software development (sales subsidiary)	-	-	100.00%
Hermeneus World, S.L.	Bizkaia	E-commerce	90,200.00	24.52%	-
Virtualware Canada INC.	Canada	Sales and maintenance subsidiary	5,736.00	100%	-
Virtualware UK LTD.	London (England)	Software development, IT services	-	100%	-
Virtualware Sweden AB	Sweden	Software development, IT services	1,371,155.52	100%	-
Virtualware USA Inc	USA	Software development, IT services	-	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 2024, the parent company's Board of Directors decided to initiate a process to sell its 74.71% stake in Evolv Rehabilitation Technologies, S.L. On 8 May 2025, the company applied to Commercial Court No. 3 in Bilbao to open special liquidation proceedings; this application was accepted for processing by a decree dated 25 June 2025, and the formal opening of the proceedings was ordered by a court order dated 27 June 2025. Subsequently, by means of an order dated 24 September 2025, the Court approved the liquidation plan submitted by the Company, which was not challenged. As at 31 December 2025, the Company continued to carry out the liquidation procedures set out in that plan; it ceased its ordinary business activities and was restricted to the orderly realisation of its assets and fulfilment of the obligations set out in the Amended Text of the Insolvency Act

Furthermore, on 24 February 2026, the award decision was issued in respect of the auction held as part of the special liquidation proceedings of Evolv Rehabilitation Technologies, S.L., conducted before Bilbao Commercial Court No. 3, case 357/2025. At the date of preparing these abridged annual accounts, Evolv Rehabilitation Technologies, S.L. was in the process of being wound up.

On 18 October 2024, the Group acquired a 100% stake in Simumatik AB (now Virtualware Sweden AB).

Changes in scope of consolidation:

On 24 September 2025, the court approved the winding-up plan submitted by Evolv Rehabilitation Technologies, S.L., which was not contested. As a result of the commencement of the winding-up phase, the company is no longer under the Group's control, which has led to its exclusion from the scope of consolidation. This disposal resulted in the removal of all associated assets and liabilities from the consolidated balance sheet.

Similarly, in the consolidated annual accounts for the year ended 31 December 2025, the investment in Virtualware UK, Ltd. was not included as it was not considered material for the purposes of the Group's consolidated financial reporting.

NOTA 2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

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 judgements 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 2025, there were no significant risks of customers defaulting on payments other than those already impaired.

- Income tax-Recoverability of deferred tax assets.

The amount shown under the heading "Income tax" in the abridged profit and loss account for 2025 and 2024, respectively, was calculated based on the best available estimate of the expected tax rate for the relevant financial year, applying the criteria set out in current tax legislation.

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 2025 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 2025.

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 were no reasonable doubts about the normal operation of the Group and, therefore, the consolidated annual accounts 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, as well as the figures for 2025. The information in these notes to the accounts that relates to 2025 is presented for the purposes of comparing it with the information for 2024.

The figures in these consolidated annual accounts for the year ended 31 December 2025 are fully comparable with those of the previous financial year, and no adjustments were necessary to the previous year's figures.

2.4 Correction of errors

The effect of any correction of fundamental errors is recognised as follows: the cumulative effect at the start of the financial year is recognised in reserves, while the effect on the financial year itself is recognised in profit or loss.

Furthermore, in accordance with Accounting Standard 22 on Recognition and Valuation of the General Accounting Plan, the figures affected in the comparative information for the years to which the error relates are also amended. No errors were corrected during the current financial year.

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 'Subsidies, 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'.

NOTA 3. RECORD-KEEPING AND VALUATION RULES

The most important accounting policies and valuation rules applied in preparing the accompanying consolidated annual accounts 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	% per year
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	% per year
Other installations	25%
Furnishings	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 impairment, are reviewed 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 trade and non-trade 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. Financial assets at fair value with changes 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 with changes recognised in 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 value adjustments for 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 with changes recognised in 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 trade receivables and payables 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 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 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 in 2025</u>	<u>Exchange rate in 2024</u>
Virtualware UK LTD.	-	0.8272
Virtualware Sweden	10.81	11.46
Virtualware USA INC	1.175	-
Virtualware Canada INC	1.612	1.489

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 recognised as expenditure to adjust values for 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.

Income does not include taxes levied on the supply of goods and services which the Group is required to pass on to third parties, such as value added tax and special taxes, and amounts received on behalf 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 recognised as liabilities until such time as they become non-refundable, while non-refundable subsidies are accounted for as income recognised directly in equity on a systematic, rational basis in a manner that correlates with the expenses incurred as a result of 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 adjustments for 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.

NOTA 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.

In the year of acquisition, the subsidiary incurred a loss 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.

NOTA 5. HOLDINGS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The movements of the holdings in companies accounted for using the equity method for 2025 are as follows:

Entity	31/12/2024	Profit for the year	Dividends	Adj. for changes in value and other equity movements	31/12/2025
Hermeneus World, S.L	164,121.36	773.57	1,103.83	-	165,998.76
Total shareholdings accounted for using the equity method	164,121.36	773.57	1,103.83	-	165,998.76

The financial statements of Hermeneus World, S.L. used in the valuation at 31 December 2025 for the Group's shareholding in the company are those for the audited financial year ended 31 December 2025, from which the following data was obtained:

Item	Assets	Liabilities	Equity	Ordinary income	Profit/loss
Hermeneus World, S.L.	1.956.822,47	-1.279.535,62	-673.838,48	676.374,11	-3.448,37

NOTA 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

Cost:

Item	Balance on 31/12/2024	Additions	Additions of business combinations	Transfers	Balance on 31/12/2025
Industrial property	3.731.282,91	612.656,77	-	-	4.343.939,68
IT applications	903.236,13	11.829,50	-	-	915.065,63
Total cost	4.634.519,04	624.486,27	-	-	5.259.005,31

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)

Amortisation/Depreciation

Item	Balance on 31/12/2024	Additions	Additions of business combinations	Transfers	Balance on 31/12/2025
Industrial property	(666.781,11)	(401.585,08)	-	-	(1.068.366,19)
IT applications	(846.776,47)	(24.558,61)	-	-	(871.335,08)
Total depreciation	(1.513.557,58)	(426.143,69)	-	-	(1.939.701,27)

Net book value:

Item	Balance on 31/12/2024	Balance on 31/12/2025
Industrial property	3.064.501,81	3.275.573,50
IT applications	56.459,66	43.730,55
Total Net Assets	3.120.961,47	3.319.304,05

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 adjustments were made to the value of fixed assets during the year.

The Company has no assets subject to guarantees and reversals.

NOTA 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

Cost:

Item	Balance on 31/12/2024	Additions	Additions of business combinations	Transfers	Balance on 31/12/2025
Plant & other tangible fixed assets.	394.040,04	49.651,99	-	-	443.692,03
Total cost	394.040,04	49.651,99	-	-	443.692,03

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)

Amortisation/Depreciation

Item	Balance on 31/12/2024	Additions	Additions of business combinations	Transfers	Balance on 31/12/2025
Plant & other tangible fixed assets.	(355.663,73)	(31.322,37)	-	-	(386.986,10)
Total depreciation	(355.663,73)	(31.322,37)	-	-	(386.986,10)

Net book value:

Item	Balance on 31/12/2024	Balance on 31/12/2025
Plant & other tangible fixed assets.	38.376,31	56.705,93
Total Net Assets	38.376,31	56.705,93

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 were made for impairment losses for 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.

NOTA 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 2025 was €86,995.89 compared to €84,521.58 in 2024, under the following contract terms:

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

NOTA 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	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets at cost	23,458.20	23,458.20	-	-	23,458.20	23,458.20
Financial assets at amortised cost	-	-	30,464.64	30,464.64	30,464.64	30,464.64
Total	23,458.20	23,458.20	30,464.64	30,464.64	53,922.84	53,922.84

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 commercial security deposit was included in addition to these at the end of 2025, 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 (€1,025 in 2024).

II. Short term financial assets

Category	Financial assets					
	Equity instruments		Credits, derivatives & others		Total	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets at amortised cost	-	-	7,243,415.04	952,078.68	7,243,415.04	952,078.68
Financial assets at fair value with changes recognised in the P&L	59,625.34	707,206.60	-	-	59,625.34	707,206.60
Total	59,625.34	707,206.60	7,243,415.04	952,078.68	7,303,040.38	1,659,285.28

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 €640,000 were made during 2025. These financial instruments are valued at fair value with changes recognised in the profit and loss account, which led to the recognition of a loss of €8,000 in 2025, while income of €39,000 was recognised in 2024, taking into account official market prices at each balance sheet date.

Details of financial assets at amortised cost are as follows:

	31/12/2025	31/12/2024
Customers	7,121,346.40	868,301.48
Companies accounted for using the equity method	-	4,153.48
Personnel costs	18,452.35	17,504.41
Loans with group and associated companies	100,000.01	60,000.00
Others	3,616.28	2,119.31
Total	7,243,415.04	952,078.68

In addition, the details of 'Cash and cash equivalents' in the accompanying balance sheet are as follows:

Cash & cash equivalents	2025	2024
Treasury	499.430,19	680.661,98

III. Short-term accruals

The heading "Short-term accruals" under assets, amounting to €248,000 (€21,000 in the previous year), includes prepaid expenses relating to services and supplies that were invoiced or paid for in advance, the benefits of which will accrue in subsequent financial years.

9.2 Financial liabilities

I. Long-term financial liabilities

	Financial liabilities			
	Bank debts	Other financial liabilities	Total	Total

Category	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets at amortised cost	405,472.68	673,953.48	334,386.96	115,291.36	739,859.64	789,244.84
Total	405,472.68	673,953.48	334,386.96	115,291.36	739,859.64	789,244.84

II. Short term financial liabilities

Category	Financial liabilities					
	Bank debts		Other financial liabilities		Total	Total
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets at amortised cost	2,241,979.57	954,647.23	1,060,723.88	880,934.57	3,302,703.45	1,835,581.80
Total	2,241,979.57	954,647.23	1,060,723.88	880,934.57	3,302,703.45	1,835,581.80

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:

Lender	<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>	<u>Banco Ibercaja</u>
Contract date	09/06/2020	30/04/2020	07/04/2020	13/01/2020	05/07/2023	20/06/2023	06/02/2024	30/06/2025
Initial amount	150,000.00	225,000.00	600,000.00	150,000.00	252,000.00	87,267.68	250,000.00	200,000.00
Maturity	08/06/2028	30/04/2028	07/04/2028	13/01/2025	05/01/2027	20/06/2028	06/02/2027	30/06/2028
Interest rate	0.50%	1.50%	1.51%	1.75%	6.45%	8.85%	4.25%	2.68%

Other financial liabilities

The heading 'Other financial liabilities' is made up as follows:

	Other financial liabilities			
	Long term		Short term	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Subsidised loans	334,386.96	45,573.66	134,746.16	84,808.72
Debts convertible into subsidies	-	69,717.70	79,087.38	229,037.69
Suppliers	-	-	318,951.31	136,835.32
Other creditors	-	-	304,876.73	182,480.38
Personnel expenses	-	-	118,498.02	111,702.14
Customer advances	-	-	104,564.28	136,070.31
Total	334,386.96	115,291.36	1,060,723.88	880,934.57

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 2025 is as follows:

	Maturity in years				Total
	2027	2028	2029	2030	
Debts with banks	311,020.20	94,452.48	-	-	405,472.68
Subsidised loans	91,278.80	91,925.96	95,147.08	56,035.12	334,386.96
TOTAL	402,299.01	186,378.44	95,147.08	56,035.12	739,859.64

III. Long & short-term accruals

The headings for long- and short-term accruals under liabilities, totalling €4,139,000 and €2,077,000 respectively (€1,163,000 and €1,310,000 respectively in the previous 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 €985,000 (€1,035,000 at 31 December 2024), of which approximately €869,000 had been drawn down at 31 December 2025 (€505,000 at 31 December 2024). The company also has discount facilities for the early payment of invoices amounting to USD 400,000 and USD 600,000 (USD 400,000 for the previous year), of which USD 395,000 and USD 600,000 had been drawn down as of 31 December 2025.

Banks	Limit granted	Drawn down	Available
Total discount facilities	400,000 USD	395,745 USD	4,225 USD
Total discount facilities	€600,000	€600,000	€0
Total credit agreements	€984,500	€868,691	€115,809

The Group also had credit card limits in 2025 of €35,000 (€55,000 in 2024), of which there were residual provisions at the end of the financial year.

As at 31 December 2025, guarantees totalling €290,000 were in place (€246,000 as at 31 December 2024).

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 adjustments to 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.

NOTA 10. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2024, the Board of Directors of the parent company initiated 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 time of preparing the 2024 consolidated annual accounts, negotiations were ongoing for the sale at a price in line with its fair value and the directors of the parent company believed that the transaction would be completed in the near future.

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

During 2024, the parent company's Board of Directors decided to initiate a process to sell its 74.71% stake in Evolv Rehabilitation Technologies, S.L. On 8 May 2025, the company applied to Commercial Court No. 3 in Bilbao to open special liquidation proceedings; this application was accepted for processing by a decree dated 25 June 2025, and the formal opening of the proceedings was ordered by a court order dated 27 June 2025. Subsequently, by means of an order dated 24 September 2025, the Court approved the liquidation plan submitted by the Company, which was not challenged. As at 31 December 2025, the Company continued to carry out the liquidation procedures set out in that plan; it ceased its ordinary business activities and was restricted to the orderly realisation of its assets and fulfilment of the obligations set out in the Amended Text of the Insolvency Act

Furthermore, on 24 February 2026, the award decision was issued in respect of the auction held as part of the special liquidation proceedings of Evolv Rehabilitation Technologies, S.L., conducted before Bilbao Commercial Court No. 3, case 357/2025. At the date of preparing these abridged annual accounts, Evolv Rehabilitation Technologies, S.L. was in the process of being wound up.

NOTA 11. OWN FUNDS

The main components of 'Equity' are detailed below:

Capital, share premium and treasury shares

As of 31 December 2025, 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 Growth in Paris.

The company also holds treasury shares, specifically 45,522 and 29,070 and shares at year end 2025 and 2024, 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 2025, i.e. companies or individuals that directly or indirectly hold 10% or more of the share capital, are as follows:

SHAREHOLDERS	Holding %
Unai Extremo	41.29%
Sergio Barrera	41.28%

Reserves

Reserves are made up as follows:

	31/12/2025	31/12/2024
III: Reserves & profit/Loss from previous years	2,649,669.34	2,554,354.47
1. Distributable reserves	2,606,969.34	2,511,654.47
2. Non-distributable reserves	42,700.00	42,700.00
IV. Reserves at consolidated companies	(267,533.40)	(524,307.89)
V. Reserves in companies accounted for by the equity method	75,025.20	14,908.77

Non-distributable reserve - Legal reserve

In accordance with the recast wording of the Spanish Corporate Enterprises 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 at consolidated companies

	31/12/2025	31/12/2024
Evolv Rehabilitation Technologies, S.L.	-	(126,708.74)
Evolv Rehabilitation Technologies, LTD	-	-
Virtualware UK LTD.	-	(109,056.53)
Virtual Sweden AB.	25,202.36	-
Virtualware Canada INC.	(292,735.76)	(288,542.63)
Total	(267,533.40)	(524,307.90)

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.

NOTA 12. STOCKS

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

Concept	2025	2024
Trade	2,155.55	29,530.14
Work in progress	-	0.03
Prepayments to suppliers	-	400.00
Total	2,155.55	29,930.17

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.

NOTA 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:

ASSETS		VIRTUALWARE CANADA	VIRTUALWARE USA	VIRTUALWARE SWEDEN
		100,00%	100,00%	100,00%
A)	NON-CURRENT ASSETS	2.836,88	-	1.427.751,00
I.	Intangible assets	-	-	1.411.839,00
II.	Tangible fixed assets	2.836,88	-	15.912,00
IV.	Long-term investments in group & associated companies	-	-	-
V.	Long-term financial investments	-	-	-
VI.	Deferred tax assets	-	-	-
B)	CURRENT ASSETS	124.193,40	54.280,80	1.426.922,36
II.	Stocks	-	-	-
III:	Trade & other receivables	73.625,08	43.588,26	752.810,66
IV.	Investments in group & associated companies	-	-	-
V.	Short-term financial investments	-	-	-
VI.	Accruals/deferrals	-	-	-
VII.	Cash and cash equivalents	50.568,32	10.692,54	674.111,70
TG.	TOTAL ASSETS	127.030,28	54.280,80	2.854.673,36

LIABILITIES		VIRTUALWARE CANADA	VIRTUALWARE USA	VIRTUALWARE SWEDEN
		100,00%	100,00%	100,00%
A) EQUITY		(918.584,43)	(1.452,15)	291.586,03
A-1) Shareholders' Equity		(918.584,43)	(1.452,15)	291.586,03
I.	Capital	100,00	1,00	86.319,00
II.	Share premium			
III:	Reserves & profit/loss from previous years	(421.296,23)	(1.453,15)	276.971,31
1.	Distributable reserves		-	276.971,31
2.	Non-distributable reserves		-	
3.	Profit/loss from previous years	(421.296,23)	(1.453,15)	
VII.	Other shareholder contributions	8.313,76		
VIII.	Profit/loss for the year attributed to the controlling company	(505.701,96)	-	(71.704,28)
IX.	Exchange rate differences for consolidated companies			0
B) NON-CURRENT LIABILITIES		-	-	208.333,36
II.	Long-term liabilities	-	-	208.333,36
III:	Long-term debts with group & associated companies	-	-	-
IV.	Deferred tax liabilities	-	-	-
V.	Long-term accruals	-	-	-
C) CURRENT LIABILITIES		1.045.614,71	55.732,95	2.354.753,97
III:	Short-term debts	-	-	250.000,00
IV.	Short-term debts with group & associated companies	966.462,16	-	634.387,10
V.	Trade & other payables	79.152,55	55.732,95	448.977,51
VI.	Short-term accruals	-	-	1.021.389,36
TG. TOTAL EQUITY & LIABILITIES		127.030,28	54.280,80	2.854.673,36

Profit & loss account		VIRTUALWARE CANADA	VIRTUALWARE USA	VIRTUALWARE SWEDEN
A ONGOING OPERATIONS		100%	100,00%	100%
1.	Net turnover	906.054,38	262.740,83	3.390.543,98
2.	Changes in inventories of finished goods & work in progress		-	
3.	Work carried out by other companies on assets			904.170,00
4.	Supplies	(689.675,58)	(229.895,34)	(954.097,86)
5.	Other operating income	4.228,20	-	423.628,24
6.	Personnel costs	(505.000,63)	-	(2.892.549,84)
5.	Other operating expenses	(204.599,90)	(34.298,64)	(495.690,84)
8.	Depreciation on fixed assets	(2.672,66)		(448.209,00)
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)		(491.666,19)	(1.453,15)	(72.205,32)
13.	Financial income	240,23	-	-
14.	Financial expenses	(14.276,00)	-	(49.103,83)
15.	Change in fair value on financial instruments	-	-	-
16.	Exchange rate differences			49.604,87
17.	Impairment and profit/loss from disposal of financial instruments			-
A.2) FINANCIAL EARNINGS (13+14+15+16)		(14.035,77)	-	501,04
19.	Share in profits (losses) of companies accounted for by the equity method			
A.3) EARNINGS BEFORE TAX (A.1+A.2)		(505.701,96)	(1.453,15)	(71.704,28)
18.	Tax on profits			
A.4) EARNINGS FOR THE YEAR FROM CONTINUED OPERATIONS (A.3+18)		(505.701,96)	(1.453,15)	(71.704,28)
B) DISCONTINUED OPERATIONS				
A.5) PROFIT/LOSS FOR YEAR (A.4+19)		(505.701,96)	(1.453,15)	(71.704,28)

NOTA 14. TAX POSITION

The legislation applicable to the settlement of corporation tax for financial years 2025 and 2024 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 2025 and 31 December 2024 and the taxable base for tax on profits is as follows:

Reconciliation	31/12/2025	31/12/2024
Pre-tax consolidated profit/(loss)	(180.518,34)	598.328,64
Profit/(loss) for companies accounted for by the equity method	(773,57)	(60.116,42)
Profit/(loss) of subsidiaries	300.877,59	56.758,16
Consolidation adjustments	166.856,42	35.861,78
Elimination of impairment on investee companies and others	-	(228.916,24)
Pre-tax profit	286.442,11	401.915,92
Income for the year and prior years from reserves (113)	-	(20.808,15)
Permanent differences	268.032,62	13.873,64
Penalties	900,00	-
Exemption for dividends (Art. 21 of the Law on Corporation Tax)	-	(1.103,84)
Impairment of related party balances	267.132,62	14.977,48
Preliminary tax base	1.002.125,69	60.250,80
Financial interest on subsidised loans	(31.171,45)	(53.412,92)
Reduction for Batuz	-	(34.156,85)
Offsetting of tax loss carryforwards	(523.303,28)	(215.188,15)
Tax base (taxable profit)	-	92.223,49

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	31/12/2025	31/12/2024
Balance of revenues & expenses for the year (before tax)	286,442.11	401,915.92
Correction of errors	267,132.62	(20,808.15)
Permanent differences	(30,271.45)	(39,539.28)
Reduction for Batuz	-	(34,156.85)
Offsetting of tax loss carryforwards	(523,303.28)	(215,188.15)
Total	-	92,223.49

Result of multiplying by the tax rate (20%)	-	18,444.70
Deductions with limits	-	-
Adjustment for foreign withholding tax	4,882.06	-
Capitalisation of tax credits	79,240.76	25,007.21
Tax on profit	84,122.82	43,451.91

The breakdown of consolidated expenditure on corporation tax for the year is as follows,

	31/12/2025	31/12/2024
Current tax	4,882.06	4,150.05
Deferred taxation	79,240.76	39,301.85
Total tax expenses	84,122.82	43,451.91

The tax rates applied to calculate the tax expense relate in full to the 20 % tax rate applicable to the taxable companies.

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 tax loss carryforwards 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 2025 and 31 December 2024, the parent company recognised recoverable tax credits and losses within the aforementioned period.

	Balance at 31/12/2024	Addition	Derecognition	Balance at 31/12/2025
Deductions	1,735,254.71	25,419.90	(3,550.76)	1,757,123.85
Tax loss carryforwards	136,489.64	-	(104,660.66)	31,828.98
Total	1,871,744.35	25,419.90	108,211.42	1,788,952.83

At 31 December 2024, these assets were made up of tax credits pending offsetting amounting to €1,757,123.85 and €1,735,254.71 respectively. These tax credits were fully capitalised and were generated as follows:

ITEM	LIMIT	YEAR	LAST	AMOUNT	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	8,635.92	
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	
R&D&i	70%	2025	2055	4,701.09		4,701.09
DDI 2025	SL	2025	2055	4,882.06		4,882.06
DONATION	35%	2025	2055	270.00	270.00	
New Fixed Assets	35%	2025	2055	15,566.75	15,566.75	
Total					135,845.15	1,621,278.70

At 31 December 2025 and 2024, the company had tax loss carryforwards pending offset of €159,145 and €682,448, respectively, which were fully capitalised.

ITEM	LIMIT	Year Generated	Last Deduction	AMOUNT BASE
Tax loss carryforwards	70%	2022	2052	159,144.89
				159,144.89

The settlement of tax on profits for 2025 for the parent company has resulted in an amount to be paid to the tax authorities, as detailed below:

Corporation tax settlement	2025	2024
Tax base (accounting profit)	-	92,223.49
Tax at the rate of taxation	-	18,444.70
Withholdings	-997.55	-3,613.84
Payments on account	-	-
Deductions with limits 35%	-	-4,611.18
Deductions with limits 70%	-	-9,683.46
Total	-997.55	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 consolidated annual accounts taken as a whole.

NOTA 15. INCOME & EXPENDITURE

Supplies

The balances of the "Raw materials and trade stocks used" account for 2025 and 2024 are as follows:

	Ejercicio 2025	Ejercicio 2024
Consumo de mercaderías	(60.004,91)	(423.879,21)
Trabajos realizados por otras empresas	(254.384,69)	(132.015,73)
Total	(314.389,60)	(555.894,94)

Personnel costs

The details for the year ending on 31 December 2025 and 2024 are as follows:

	2025	2024
Wages, salaries & similar expenses	2,613,585.46	2,133,093.06
Compensation payments	66,595.31	4,904.71
Social security payments	495,478.19	446,263.50
Other social welfare payments	37,610.00	31,245.11
Total	3,213,268.96	2,615,506.38

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

NOTA 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.

NOTA 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:

Granting entity	Concession period	Project	Subsidy amount	Amount collected	Amount outstanding	Pending completion	Carried out in the year
Basque Government	2025	LANBIDE HEZIBIZI	1,458	438	1,020	1,020	437
Basque Government	2025	LANBIDE HEZIBIZI	1,447	434	1,013	1,013	434
Bizkaia Provincial Council	2025	2I PROMOCIÓN DE LA INN	38,262	-	38,262	7,337	30,925
European Union	2022	MASTER EUROPA	488,024	412,588	75,436	69,718	139,435
Total			529,191	413,460	115,731	79,087	171,232

In 2025, the Group also recognised income from operating subsidies totalling €250,919 (€135,082 in 2024), with the main subsidies received and implemented during 2025 being as follows:

Granting entity	Concession period	Project	Subsidy amount	Amount collected	Amount outstanding	Carried out in the year
Basque Government	2025	REMOTE XR	90,072	-	27,022	90,072
Basque Government	2024	INTELIGENCIA ARTIFICIAL	29,249	-	29,249	29,249
Basque Government	2024	CERTIFICACIONES CIBERSEGURIDAD	15,820	-	15,820	15,820

In addition, the Group recognised income for 2024 of €83,743 and €18,738 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.

NOTA 18. SUBSEQUENT EVENTS

On 8 January 2026, the parent company collected the outstanding invoice for €6,220,577.09 from TELEFONICA EDUCACION DIGITAL S.L., which was recognised as a receivable at the end of the year (31 December 2025).

With the funds received, the parent company was able to repay a significant portion of the outstanding financial debt at the end of the year, significantly improving its debt position and liquidity.

The Directors of the parent company are not aware of any additional events subsequent to the year end date of 31 December 2025 that might materially affect the consolidated annual accounts that closed on that date.

NOTA 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.	2025	2024
Customers	-	53,922.84
Loans to companies	100,000.01	60,000.00
Total	100,000.01	113,922.84

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 2025 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 2025 and 2024, the directors of the parent company accrued remuneration to the tune of €403,478.40 and €394,332.32 respectively.

Situations of conflict of interest

The directors of the parent company and its related persons, as defined in the Spanish Corporate Enterprises 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.

NOTA 20. SEGMENTED INFORMATION

Net turnover

The net turnover in financial years 2025 breaks down by geographical markets and operations as follows:

Geographical markets	2025	2024
National	2,005,347.56	2,253,680.80
European	345,695.86	74,597.05
Other international markets	1,970,044.44	1,875,318.76
Total	4,321,087.86	4,203,596.61

Supplies

The purchases made by the Group in financial year 2025 are as follows, broken down by origins:

Geographical markets	2025	2024
National	146,296.69	449,816.44
European	2,348.40	13,319.85
Other international markets	165,744.51	92,758.65
Total	314,389.60	555,894.94

NOTA 21. OTHER INFORMATION

The average number of persons employed during the course of the financial years 2025 and 2024 and those at the end of these years, expressed by category and gender, was as follows:

Job category	2025			2024		
	Men	Women	Total	Men	Women	Total
Junior clerical staff			-			
Engineers & graduates	7	3	10	7	3	10
Engineering technicians, appraisers and qualified assistants	10	1	11	10	1	11
Clerical and workshop supervisors	4	2	6	4	2	6
Senior clerical staff	18	5	23	19	6	25
Junior clerical staff	1	-	1	2	-	2
Total	40	11	51	42	12	54

Auditors' fees

The fees accrued during the year for audit services came to €19,600 (€17,100 in 2024) and those related to other work to €1,185 (€9,800 in 2024), and there were no incompatibilities as set out in article 51 of Law 44/2002 as regards the performance of their work.

NOTA 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 2025 is as follows:

	2025	2024
	Days	Days
Average supplier payment periods	44	59
Ratio of transactions paid	45	47
Ratio of transactions pending payment	43	105
	Amount (euros)	Amount (euros)
Total payments made	1,846,930	1,307,196
Total payments pending	456,009	338,960

The information on invoices paid in a period shorter than the maximum period set out in Law 15/2010 is as follows:

	2025	2024
Amount paid within the specified deadline	1,512,365	819,332
% of the total amount of invoices paid	82.88%	62.68%
Number of invoices paid within the specified deadline	10,491	9,701
% of the number of invoices paid	64.26%	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
31 December 2025

Development of the Group's business and situation:

As far as the financial results for the year are concerned:

- We increased our income by about 3% compared to 2024. The first half of 2025 was not a good one, mainly due to a low level of orders, but the second half was one of the best ever, with a record volume of orders achieved by the end of the year.
- EBITDA exceeded 10%—slightly lower than in 2024—mainly due to an increase in wage costs resulting primarily from incorporating the staff of the company acquired in 2024.
- In terms of liquidity, following the payment received in early January, as reflected in subsequent developments, the company is in an excellent position with a positive cash balance of over €3 million.
- The net financial debt is negative (reflecting the positive cash position mentioned above) and stands at €3.05 million.
- Our income from SaaS subscription plans continued to grow, reaching almost 50% of our total income.
- Income from North America (USA and Canada) accounted for 40% of our total income, which reinforced our conviction to keep focusing on these markets.
- The winding up of the subsidiary Evolv Rehabilitation Technologies had a negative impact of €267,000 on Changes in the fair value of financial instruments.

Moreover, 2025 was an intense year in which we achieved the following, among other things:

- The company is now listed on the Euronext Growth segment, which has allowed us to improve the liquidity of our shares and raise the company's profile amongst investors and potential shareholders.
- The company obtained BCorp certification, thereby demonstrating our commitment to sustainability and our full adherence to ESG criteria.
- The company obtained TISAX AL3 certification and renewed its ISO 9001 and ISO 27001 certifications.
- The company signed the largest contract in its history, worth over €4.5 million, to provide the Viroo platform to 66 centres of excellence for vocational training in Spain over the next six years.
- It has been a year since the company's first acquisition, and we have successfully integrated the business, demonstrating that we are capable of combining organic and inorganic growth.

Finally, 2025 was, as usual, an intense year in terms of product development and evolution. We launched version 3.0 of VIROO, a release that includes many improvements in terms of content creation, offering useful tools for creators, and in terms of the services provided as infrastructure, which have positioned the platform as one of the few alternatives on the market that can guarantee total control to any customer who wants to deploy their XR content in multi-user and remote environments.

Therefore, we ended 2025 satisfied with the results, knowing that we are continuing to make progress with our strategic plan, which we will complete in 2026, and with promising prospects for organic growth as well as a very strong financial position that will enable us to capitalise on opportunities for inorganic growth.

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 2025, comprising 59 pages numbered from 1 to 59.

By signing this sheet, attached to said documents, they declare that each and every one of those documents has been signed by them.

Basauri, 26 March 2026

Chair

Unai Extremo Baigorri

Ordinary Director

Sergio Barrera Mayo

Ordinary Director

Asier Extremo Baigorri