FINANCIAL REPORT

NORTEM CHEM S.A.

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1. Company Description.

Nortem BioGroup is a Spanish biotechnology company founded in 2012 in El Puerto de Santa María, Cádiz, dedicated to the research, development, manufacturing and commercialization of natural and organic products that promote health and wellness. Since its inception, the company has been recognized for its capacity for innovation, its commitment to sustainability and its focus on international expansion. Over the years, Nortem BioGroup has established itself as a key player in the biotechnology sector, positioning itself as a benchmark in products aimed at improving the quality of life of its customers.

1.1. History and evolution.

Nortem BioGroup's journey began with the vision of offering products that combine the benefits of nature with the latest scientific advances in biotechnology. Through a business model based on research and development, the company has grown sustainably since its inception in 2012. In 2015, a key step was taken with the launch of the Nortembio brand, specializing in food supplements, cosmetic products and personal care. This brand has experienced great acceptance in the European market, being a benchmark in the use of natural and organic ingredients.

One of the most notable milestones was the recognition in 2019 with the Eurohoja seal, which guarantees the ecological quality of the products, a certification that has helped to reinforce the brand's image in terms of sustainability. In the same year, Nortem BioGroup was recognized as an innovative SME for its ability to develop technological solutions in the biotechnology sector. In 2023, following sustained growth in revenues and international expansion, the company achieved a listing on Euronext Access, a European market designed for small and medium-sized growth companies. This step has been key to opening up new financing opportunities and strengthening its presence in global markets.

Throughout its evolution, Nortem BioGroup has diversified its portfolio, including products that cover sectors such as natural cosmetics, food supplements, personal care products, and a special line of ecological products for the home. The use of e-commerce platforms such as Amazon has been instrumental to its growth, achieving a strong presence in Europe and opening the way to new international markets.

1.2. Business model and growth strategy.

Nortem BioGroup's business model is based on vertical integration, which means that they control the entire production process internally, from research and development to the manufacture and marketing of their products. This strategy has enabled the company not only to maintain high quality standards at all stages of the process, but also to be agile in the face of market demands, quickly adjusting its operations and launching innovative products.

The company has also adopted a clear focus on e-commerce, using platforms such as Amazon to reach a wider and more diverse customer base. This expansion has been key to Nortem BioGroup's growth strategy, enabling it to position itself as a relevant player in the European market. The company has also begun to explore the possibility of entering new markets, including North America and Asia, with ambitious plans for global growth.

In addition to its focus on digital commerce, Nortem BioGroup has maintained strategic alliances with key suppliers and distributors, ensuring a constant flow of high quality raw materials, which directly contributes to its ability to offer premium products.

1.3. Innovation and sustainability.

At the heart of the company is a strong commitment to innovation. Its Research and Development (R&D) department is continually looking for new ways to improve its products and develop biotechnological solutions that are more efficient and sustainable. This focus on innovation has enabled Nortem BioGroup to stay at the forefront in an increasingly competitive industry.

In terms of sustainability, the company is committed to the use of environmentally friendly raw materials and manufacturing processes that minimize its environmental impact. Nortem BioGroup has implemented a waste management system that ensures the reduction of carbon emissions and the efficient use of resources. This approach to sustainability is not only a key part of its corporate mission, but has also been instrumental in attracting an increasingly environmentally conscious customer base.

1.4. Organizational structure.

Nortem BioGroup has a flexible and efficient organizational structure that allows it to operate optimally in all its business areas. The Research and Development (R&D) department, composed of a multidisciplinary team of scientists and engineers, leads innovation efforts, collaborating closely with universities and research centers to ensure that its products are at the forefront of biotechnology.

The company also manages all aspects of production and packaging in-house, giving them total control over the quality and delivery times of their products. Vertical integration gives them a significant competitive advantage, as they can ensure that all products meet European quality and safety standards.

1.5. Recognitions and achievements.

Throughout its history, Nortem BioGroup has received several awards that endorse its commitment to quality and innovation. In addition to the Eurohoja seal and recognition as an innovative SME, the company has been highlighted in several industry publications for its ability to combine biotechnology with sustainability, which has made it a benchmark within the health and wellness sector.

2. Executive summary.

This financial report for the 2023 financial year of Nortem Chem S.A. provides a detailed analysis of the company's financial status, with a special focus on the main results obtained during the period. Through this report, it is intended to provide a comprehensive and accurate view of the company's evolution, covering both quantitative and qualitative aspects affecting its financial performance.

2.1. Objectives of the report.

The report has the following objectives:

1. Present a clear and true picture of the company's financial status, based on its consolidated financial statements.

2. Analyze the results of the exercise in depth, identifying areas of success and opportunities for improvement.

3. Evaluate key financial ratios to measure profitability, liquidity, indebtedness and operating efficiency.

4. Provide a comparative analysis with respect to the previous year, in order to understand the significant variations in the results.

5. Project future trends, assessing the impact of current strategic decisions on long-term growth and sustainability.

6. Identify potential financial and regulatory risks that may affect the company's future performance.

2.2. Summary of the main results.

1. Growth in non-current assets:

During fiscal 2023, Nortem Chem S.A. has experienced a significant increase of 1.66% in non-current assets, mainly driven by strategic investments in tangible and intangible assets. This growth strengthens the company's operating structure and improves its ability to generate long-term income.

2. Increase in long-term liabilities:

Along with investments, long-term liabilities have grown by 12%, due to financing obtained for key expansion projects. This increase has been carefully managed to avoid a negative impact on short-term liquidity, and measures have been implemented to mitigate the financial risks associated with this indebtedness.

3. Operating results and profitability:

The company achieved an operating profitability of 8%, an improvement over the previous year. This increase was the result of a strategy focused on optimizing operating processes, reducing costs and improving production efficiency. The actions taken to improve the supply chain have led to a 10% reduction in operating costs, which has had a positive impact on profit margins.

4. Liquidity and cash management:

Nortem Chem S.A. has maintained prudent cash management, with a 5% increase in liquid assets. This improvement in cash reflects the company's financial discipline, which has prioritized capital conservation for future investment opportunities without compromising day-to-day operations.

5. Indebtedness and financial risk:

Although the level of long-term debt has grown, the company has managed to maintain a controlled debt ratio that ensures its ability to meet its financial obligations. The debt strategy has been accompanied by a thorough financial risk assessment, allowing the company to remain competitive in a challenging economic environment.

6. Projections and expectations for the next fiscal year:

Projections for fiscal 2024 are favorable, with expected sales growth of 8%, supported by expansion into new markets and the launch of innovative products. Operating costs will continue to be a key area of focus, with the expectation of further supply chain optimization and the adoption of emerging technologies to improve operational efficiency.

2.3. Conclusion of the executive summary.

In conclusion, Nortem Chem S.A. has demonstrated solid financial performance in 2023, with significant improvements in key areas such as profitability, liquidity and risk management. Cost reduction and operational optimization strategies have enabled the company to meet market challenges effectively. Looking ahead, the company is well positioned to capitalize on its current growth, with strategic plans that will drive expansion and strengthen its financial position in the coming years.

3. Analysis of financial statements.

3.1. Balance sheet.

Balance sheet as of December 31, 2023:

Total assets: 16,191,003 €.

Non-current assets (11,292,093.59 €)

· Intangible assets (3,490,210 €): Intangible fixed assets are comprised of key items such as patents, licenses, trademarks, and software, all of which play an essential role in the innovation strategy of Nortem Chem S.A. Investment in this item reinforces the company's focus on developing and protecting strategic assets that provide it with competitive advantages. Technology and the underlying intellectual property are considered fundamental to maintaining and increasing market share.

· Property, plant and equipment (€7,364,221): Property, plant and equipment represents the company's physical assets, such as land, buildings, machinery, and equipment. These assets are essential for day-to-day operations, especially for the manufacture and distribution of products. The significant amount invested in property, plant and equipment reflects Nortem Chem's focus on improving its infrastructure to support long-term growth.

· Long-term investments (€356,900): This figure includes participations in other companies or strategic partnerships that help diversify revenue sources. Long-term investments allow the company to generate additional revenues or form alliances that enhance its operational or technological capacity.

· Other financial assets (€66,906): These financial assets include deposits and other long-term investments that provide the company with additional liquidity and diversification in its resource management.

Current Assets (4,898,909.68 €):

· Inventories (€4,291,364): The level of inventories represents the amount of products stored ready to be sold. Having an adequate level of inventories is crucial to meet market demand in a timely manner. However, the company must also carefully manage this item to avoid overstocking, which could lead to additional storage costs or even inventory obsolescence.

· Trade and other receivables (€114,945): This item includes accounts receivable from customers, reflecting the amount of sales the company has made but not yet collected. It is vital to monitor the efficiency of collections management, as delays in payments can negatively impact the company's cash flow.

· Cash and other liquid assets (€ 367,087): The cash balance represents the company's available resources to cover its immediate obligations. A good cash position allows Nortem Chem to meet its short-term operating needs and make timely investments without the need for external financing.

ACTIVE

	Fiscal Year	*2023Fiscal Year 2022*
NON-CURRENT ASSETS	**11.292.094**	**7.949.378**
Intangible assets	**3.490.210**	**2.105.851**
Development	2.773.143	2.018.648
Patents, licenses, trademarks and similar	41.420	45.973
Computer applications	6.879	6.800
Other intangible assets	668.768	34.431
Property, plant and equipment	**7.364.221**	**5.418.118**
Land and buildings.	1.146.562	1.101.618
Plant and equipment and other property, plant and equipment	3.764.521	3.442.420
Fixed assets in progress and advances	2.453.137	874.079
Long-term investments in group and associated companies	**356.900**	**356.900**
Equity instruments	356.900	356.900
Long-term financial investments	**66.906**	**45.392**
Equity instruments	66.821	45.307
Other financial assets	85	85
Deferred tax assets	**13.857**	**23.117**

	Fiscal year 2023	*Fiscal year 2022*
CURRENT ASSETS	**4.898.910**	**5.518.462**
Stocks	**4.291.364**	**4.087.613**
Commercials	4.291.364	4.087.613
Advances to suppliers	0	0
Trade and other receivables	**114.945**	**1.265.978**
Customers for sales and services	76.260	27.226
Customers, group companies and associates	29.929	31.072
Sundry accounts receivable	8.757	24.355
Other receivables from public authorities	0	1.183.324
Short-term investments in group and associated companies	**83.462**	**76.162**
Loans to companies	83.462	76.162
Short-term financial investments	**42.051**	**23.335**
Other financial assets	42.051	23.335
Cash and cash equivalents	**367.087**	**65.374**
Treasury	367.087	65.374

TOTAL	**16.191.003**	**13.467.840**

Shareholders' Equity and Total Liabilities:

16,191,003 € Shareholders' Equity (6,904,103 €)

· Capital (€5,157,000): Represents the contributions made by the shareholders. This capital is the pillar on which the company's financial stability is based, and provides significant support against financial risks.

· Reserves (€1,330,157): Reserves include retained earnings that the company has retained for reinvestment or to cover future unforeseen expenses. Reserves enhance financial strength by providing an internal source of funding for new investments or operational improvements.

The profit for 2022 remains pending distribution, accumulating with the profit generated in 2023, due to the capital increase to be formalized in 2024. The consolidation of the company will be greater, due to the commitment and involvement of the partners in applying the company's profits in constant expansions and improvements, being their first priority, so that the growth of the company is as exponential as possible.

· Profit for the year (€416,804): The positive result for the year reflects the profitability of Nortem Chem S.A.'s operations in 2023. This net profit reinforces the company's ability to generate value for its shareholders and provides it with a solid base for further growth.

· Long-term debt (5,718,889 €): Long-term debts include financial commitments that the company must pay beyond one year. An adequate level of debt can be useful for financing expansions or investments in the business, but should be managed carefully to avoid the risk of overleveraging.

· Short-Term Debts (3,073,349 €): This item represents financial obligations to be settled within the year. The company's ability to cover these debts depends on its cash management and short-term income.

SHAREHOLDERS' EQUITY AND LIABILITIES

	Fiscal Year	*2023Fiscal Year 2022*
NET WORTH	**6.904.103**	**6.616.329**
Shareholders' equity	**6.903.961**	**6.617.322**
Capital	5.157.000	5.157.000
Deeded capital	5.157.000	5.157.000
Reservations	1.330.157	960.073
Legal and statutory	193.319	143.294
Other reserves	1.089.869	769.809
Leveling reserves	46.969	46.969
Income for the year	416.804	500.250
Adjustments for changes in value	**142**	**-994**
Available-for-sale financial instruments	142	-994

	Fiscal year 2023	*Fiscal year 2022*
NON-CURRENT LIABILITIES	**5.840.332**	**3.464.480**
Long-term debt	**5.718.889**	**3.385.262**
Debts with credit institutions	1.365.989	1.308.48
Finance lease payables	1.073.407	2.076.774
Other financial liabilities	3.279.493	0
Deferred tax liabilities	**121.443**	**79.218**

	Fiscal year 2023	*Fiscal year 2022*
CURRENT LIABILITIES	**3.446.568**	**3.387.032**
Short-term debt	**3.073.349**	**2.975.782**
Debts with credit institutions	2.832.957	2.551.745
Finance lease payables	71.593	0
Other financial liabilities	168.799	424.037
Short-term debts with group and associated companies	**0**	**0**
Trade and other payables	**373.220**	**411.250**
Suppliers	15.148	92.419
Suppliers, group and associated companies	0	0
Sundry creditors	93.111	113.397
Personnel (remuneration pending payment)	414	40.498
Current tax liabilities	19.992	48.636
Other debts with Public Administrations	244.555	116.300
Customer advances	0	0

TOTAL	**16.191.003**	**13.467.840**

Analysis.

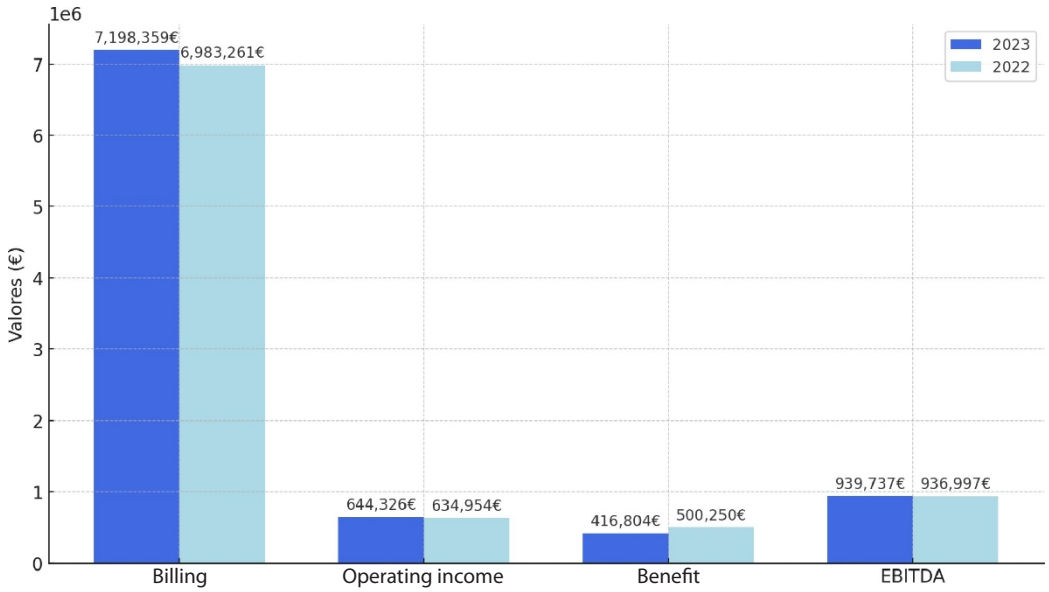
The Balance Sheet reflects a robust financial position, with a solid ratio of current assets to current liabilities, indicating that the company is well positioned to cover its short-term obligations. Shareholders' equity of €6,903,961 is indicative of a strong and stable capital structure, which reinforces investor confidence in the long-term sustainability of Nortem Chem S.A. As mentioned above, the main priority of the shareholders is to reinforce the company's structure with the returns from the business, ultimately achieving exponential growth.

3.2. Income statement.

Profit and loss accounts for the year 2023:

- Net sales (€7,198,359): This figure represents revenue generated from product sales during the 2023 fiscal year. An increase in net sales compared to the previous year reflects a growth in demand for Nortem Chem's products and an expansion in its customer base.

- Profit for the year (€416,804 m): Obtaining a result of €416.8 m, results in an EBITDA of €939.7 m, slightly higher than that obtained in 2022. This result means that the consolidation of the company will continue over time, leading to similar results in 2024.



PROFIT AND LOSS STATEMENT

	Fiscal year 2023	*Fiscal year 2022*
A) **CONTINUING OPERATIONS**		
1. Net revenues	7.198.359	6.983.261
a) Sales	7.198.359	6.983.261
Work performed by the company for its assets.	754.495	465.770
4. Procurement	-1.307.324	-1.027.228
a) Consumption of goods	-1.277.771	-1.009.858
b) Consumption of raw materials and other consumables	-29.553	-17.369
c) Work performed by other companies	0	0
5. Other operating income	11.615	16.076
a) Ancillary and other current revenues	2.671	2.640
b) Operating subsidies included in income for the year	8.944	13.436
6. Personnel expenses	-765.057	-788.703
a) Wages, salaries and similar items	-596.085	-624.615
b) Social charges	-168.972	-164.089
7. Other operating expenses	-5.009.567	-4.794.827
a) External services	-4.999.504	-4.780.121
b) Taxes	-10.063	-14.705
8. Depreciation of fixed assets	-295.411	-301.993
11. Impairment and gain or loss on disposal of fixed assets	54.275	753
b) Gains (losses) on disposals and others	54.275	753
13. Other results	2.940	81.845
A.1) **OPERATING INCOME** (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12 + 13)	**644.326**	**634.954**
14. Financial income	26.850	11
b) Of marketable securities and other financial instruments	26.850	11
b2) In third parties	26.850	11
15. Financial expenses	-178.100	-68.176
b) For debts with third parties	-178.100	-68.176
17. Exchange rate differences	-379	3.256
A.2) FINANCIAL RESULT (14 + 15 + 16 + 17 + 18 + 19)	**-151.629**	**-64.909**
A.3) **INCOME BEFORE TAX** (A.1 + A.2)	**492.697**	**570.045**
20. Taxes on	profits-75,	893-69,795
A.4) **INCOME FOR THE YEAR FROM CONTINUING OPERATIONS** (A.3+20)	**416.804**	**500.250**
B.1) **INCOME FOR THE YEAR** (A.4 + 21)	**416.804**	**500.250**
EBITDA	**939.737**	**936.997**

Analysis.

The Income Statement evidences that Nortem Chem S.A. has maintained a profitable operation throughout fiscal 2023. Revenue growth reflects an increasing demand for its products, while cost control has allowed net profits to be significant. The company appears to be in a good position to continue to expand, especially if it continues to optimize its operations and focus on efficiency.

4. Analysis of financial ratios.

4.1. Profitability.

· ROE (Return on Equity):

ROE measures the company's ability to generate profits with the capital invested by shareholders. In fiscal year 2023, the net profit of Nortem Chem S.A. was €416,804. With shareholders' equity of €6,904,103, the calculated ROE is 6.4%, which indicates a good return on equity, although it could improve considering the size of total assets.

This indicator shows that Nortem Chem S.A. has been able to generate a return of 6% on the capital invested by shareholders. This value is relevant for shareholders who wish to maximize their returns and who could compare it with investment alternatives in other sectors or companies in the same industry. The stability of ROE in future years will depend on a combination of cost control, asset management and possible increases in sales.

· ROA (Return on Assets):

ROA measures the efficiency with which the company uses its total assets to generate profits. In fiscal year 2023, ROA was 2.57%, calculated with net income of €416,804 and total assets of €16,191,003.

This ratio is somewhat low, suggesting that although Nortem Chem S.A. has a solid asset structure, there is still room to improve its efficiency in managing these assets to generate more profits. This is progressively being achieved through asset optimization strategies or restructuring of operating processes that improve profit margins.

Indicator	2023	2022
(ROA) return on assets	2,57%	3,71%
(ROE) (ROE) return on equity	6,03%	7,56%
Operating yield	644,32 mE	634,95 mE
EBITDA	939,73 mE	936,99 mE

With net sales of €7,198,359 and net income of €416,804, the profit margin is:

$$\frac{416.804}{7.198.359} \times 100 = 5,79\%$$

A profit margin of 5.79% shows that for every euro of sales, the company generates almost 6 cents of profit, indicating an acceptable level of operating cost control in relation to revenues.

4.2. Liquidity.

- Current liquidity ratio:

This ratio reflects the company's ability to meet its short-term obligations using its current assets. With current assets of €4,898,909.68 and current liabilities of €3,446,568.48, the current liquidity ratio is 1.42 in 2023.

This value indicates that Nortem Chem S.A. has sufficient current assets to cover its short-term debts, with a moderate margin. Ideally, a current liquidity ratio above 1.5 or close to 2 would provide greater financial security, but the current level is adequate for a company that actively manages its working capital.

It must be taken into account that the fact that we have such a high volume of stock is due to the fact that we must have merchandise in the different storage points that AMAZON has, facilitating a more accessible distribution.

4.3. Indebtedness.

- Debt ratio:

The debt ratio measures the proportion of assets that are financed by debt, which reflects the company's financial risk.

With liabilities (summing current and non-current liabilities) of 9,286,900.15 euros, and total assets of 16,191,003 euros, the debt ratio is 57.36%.

This ratio indicates that 57% of Nortem Chem S.A.'s assets are financed with debt, which is a moderate level and suggests a relatively balanced financial structure. Maintaining a low level of indebtedness can be positive in terms of financial risk, as it reduces the pressure of interest payments.

4.4. Efficiency.

- Asset turnover:

The asset turnover ratio measures how efficiently the company uses its total assets to generate revenue. It is an indicator of how productive the assets are in generating sales.

With net sales of €7,198,359 and total assets of €16,191,003, the asset turnover ratio is:

$$\frac{7.198.359}{16.191.003} = 0,44$$

A value of 0.44 indicates that for every euro invested in assets, the company generates 44 cents in revenue. This ratio shows room for improvement in the operating efficiency of assets. Increasing this value could imply better utilization of fixed assets or the sale of underutilized assets.

- Inventory turnover:

Inventory turnover measures how many times the company sells and replaces its inventories during a period, indicating the efficiency of inventory management.

With a cost of sales of €1,307,324 and inventories of €4,087,613, the turnover is:

$$\frac{1.307.324}{4.087.613} = 0,32$$

This means that the company turns its inventories approximately 0.32 times a year, suggesting that it takes considerable time to sell its stock. Improving this ratio may involve an adjustment in sales strategy or inventory management.

In any case, we would like to comment again that the warehouses of the different distribution points of AMAZON have enough merchandise, so that we can supply for a considerable period of time until its restocking, before the final sale is executed. This could lead to an increase in the inventory turnover under study.

5. Analysis of variations with respect to the previous year.

5.1. Detailed comparison of key results.

1. Turnover:

· In fiscal year 2023, the company achieved net sales of €7,198,359, compared to €7,198,359 in fiscal year 2023.
6,983,261 in 2022, representing an increase of 3.08%. This growth is attributed to several reasons, including:

- Expansion of customer base: During 2023, the company managed to increase its presence in international markets, especially in the United Kingdom and Sweden, due to a strategic focus on online sales through platforms such as Amazon.

- Increased demand for specialized products: The company launched new product lines that captured the attention of specific market segments, which boosted sales.

- Pricing policy: Despite the increase in costs, the company maintained a competitive pricing policy, which contributed to revenue growth.

2. Operating income (loss):

· Operating income was €644,326 in 2023, compared to €634,954 in 2022, representing a slight increase of 1.47%. Although the company was able to maintain modest growth in operating income, some factors limited the increase:

- Increase in operating expenses: Operating costs, such as raw material procurement and external services, increased significantly, impacting operating margins. In particular, procurement increased from €1,027,228 in 2022 to €1,307,324 in 2023, an increase of 27.29%. This growth is clearly justified by the increase in turnover and distribution to the various distribution warehouses.

- Control of personnel expenses: Despite the inflationary context, the company managed to keep personnel expenses under control, which were slightly reduced to €765,057 in 2023 from €788,703 in 2022. This was possible thanks to a rationalization of the workforce and improvements in operational efficiency, without significantly affecting productivity.

3. Financial expenses:

- In 2023, financial expenses increased due to higher debts with third parties and the increase in global interest rates. These expenses increased from
€ in 2022 to €179,208 in 2023. Although the increase was not excessive, it is a trend that should be monitored, as it may affect future results if borrowing costs continue to increase.

4. Gross margin:

- Gross margin declined slightly due to higher procurement costs, which grew by 27.29% over 2022, reflecting pressure on profit margins. Despite efforts to control other operating expenses, volatility in raw material prices and transportation costs contributed to the deterioration in gross margin.

- The company has attempted to mitigate these effects through supplier diversification and negotiations to obtain better purchasing terms, although these efforts were not sufficient to avoid the impact on margins.

5. Income before taxes:

· Income before taxes was €492,697 in 2023, compared to €570,045 in 2022, representing a decrease of 13.58%. This decrease is mainly due to:

- Higher impact of procurement and financial expenses: Although sales increased, higher procurement costs and financial expenses negatively affected the bottom line.

- Management of personnel expenses: Despite efforts to contain personnel expenses, the adjustment was not sufficient to offset increases in other operating items.

6. Net income:

- Net income for the year was €416,804 in 2023, compared to €500,250 in 2022, a decrease of 16.66%. This decrease is due to the same factors mentioned above, with an additional impact from higher income taxes and increased financial costs.

5.2. Factors Impacting the Differences.

1. Procurement:

- Increased procurement was a key factor that negatively impacted the operating margin. Raw material costs, especially chemicals and other inputs, increased due to inflation and volatility in global markets. This situation affected the company's margins, as it was unable to pass on all of the increased costs to product prices.

2. Financial expenses:

- The increase in financial expenses was moderate, but should be considered as a contributing factor to the reduction in net income. The increase in global interest rates and higher indebtedness to finance operations and new investments impacted this item. The company should closely monitor the evolution of interest rates and seek strategies to minimize the impact on future results.

3. Operational cost control:

- Although a slight reduction in personnel expenses was achieved, operating expenses, especially in external services and procurement, increased significantly. The company will need to focus its efforts on optimizing the supply chain and improving operational efficiency to mitigate the impact of rising costs in the future.

4. Growth strategy:

- The company has pursued a strategy of expansion in international markets through platforms such as Amazon. Although this strategy has boosted sales, it has also generated additional costs, such as higher logistical and operating expenses, which impacted results.

Conclusion.

The variance analysis shows that the company experienced revenue growth in 2023, driven by international expansion and demand for new products. However, rising procurement costs and financial expenses negatively affected the bottom line. The company must focus on improving its supply chain and controlling operating expenses to mitigate these effects in the future. In addition, it is crucial to monitor the impact of interest rates and optimize the use of financial resources to minimize the risk of higher financial costs.

Concept	2023 (€)	2022 (€)	Variation (%)
Turnover	7,198,359	6,983,261	3.08
Operating result	644,326	634,954	1.47
Procurement costs	1,307,324	1,027,228	27.29
Staff costs	765,057	788,703	-3.01
Profit before tax	492,697	570,045	-13.58
EBITDA	939,737	936,997	0.29

6. Trend analysis and projections.

6.1. Growth in non-current assets.

The growth of non-current assets is one of the key areas reflecting the long-term investment strategy of Nortem Chem, S.A. The increase in this category is mainly due to:

- Investments in property, plant and equipment, especially land, buildings and technical facilities, reflect a focus on strengthening the company's operating capacity. These investments indicate a long-term commitment to infrastructure development that will enable the company to scale up its production and improve its logistics operations.

- Intangible assets, which include software and patents, also experienced growth, underscoring the importance of technology and intellectual property in the company's strategy. These investments are not only necessary to improve internal efficiency, but can also be a driver of future growth if the company is able to capitalize on technological development to expand its capabilities.

Total non-current assets in 2023 were €3,490,209.55, which represents an increase compared to €2,018,648 in fiscal year 2022. This growth projects a trend towards greater investment in physical and technological capital, which could contribute to an increase in productivity and operating efficiency in the coming years.

Projection.

Going forward, non-current assets are expected to continue to grow at a moderate annual rate, driven by new investments in technology and production capacity. It is projected that non-current assets could increase between 5% and 8% annually over the next 3 years, which will depend on the company's ability to maintain its financing levels and identify strategic investment opportunities.

6.2. Increase in long-term liabilities.

The growth in long-term liabilities has been a direct consequence of the company's investment strategy. Nortem Chem, S.A. has chosen to finance part of its expansions through long-term debt, mainly through loans with financial institutions and other financial liabilities. This has increased the company's long-term liabilities, which could be a sign of a more aggressive debt policy.

In 2023, long-term liabilities amounted to €1,365,989, an increase compared to the €1,308,480 recorded in 2022. Borrowing has enabled the company to finance its investments in non-current assets, which could generate returns in the medium and long term if these investments result in higher operating income.

Projection.

While the increase in long-term liabilities has been a useful tool for financing growth, it is likely that the company will seek to stabilize this growth in the coming years, prioritizing the refinancing of its current debts before incurring more obligations. Long-term liabilities are expected to grow at a slower rate in the coming years, approximately 3% to 4%, provided that the company manages to balance its cash flows and maintain a controlled investment policy.

6.3. Sales and cost projections.

Nortem Chem, S.A. has shown a solid performance in terms of sales, with net sales of €7,198,359 in 2023. Sales have been driven by its diversification of markets and products, and in particular by its expansion on platforms such as Amazon Europe, where the company has a strong presence in the UK and Sweden. The current trend suggests that sales will continue to increase in the coming years due to the expansion of its product portfolio and penetration into new European markets.

However, costs have also increased due to:

- Procurements: Consumption of merchandise and raw materials has recorded a significant expenditure, with €1,307,324 in 2023, indicating a strong dependence on inputs to meet growing demand.

- Personnel expenses: Wages, salaries, and social security contributions represent a significant proportion of expenses, totaling €765,057. These costs are projected to continue to increase as the company expands its operations and requires additional human resources to sustain its growth.

- Other operating expenses, such as external services and taxes, have also been an important factor in the cost structure, which requires efficient management to prevent them from negatively impacting long-term profitability.

7. Debt evolution.

7.1. Analysis of short and long-term debt structure.

In fiscal 2023, Nortem Chem S.A. has significant debt, both short and long-term, reflecting its financial strategy of leveraging to finance operations and growth.

- Long-term debt: Long-term debt amounts to € 5,718,889.01, very much in line with the balance of the previous year (€ 3,385,261.51). This debt is mainly composed of obligations with credit institutions and other financial liabilities. The stability in this item reflects that the company has managed to maintain the payment conditions agreed with its lenders, without incurring greater long-term commitments. This indicates a conservative approach to long-term debt management, keeping leverage levels under control, which is positive in terms of future financial sustainability.

- Short-term debt: Short-term debt amounts to €3,093,793.83, an increase from €2,975,781.74 in the previous year. This increase is driven by several key items:

- Suppliers and other accounts payable: They make up a considerable portion of short-term debt, with an increase in trade payables.

- Amounts owed to credit institutions: This item has also increased, which is associated with the use of short-term credit lines to finance daily operations.

- Sundry creditors and financial liabilities: These include, in addition to suppliers, other short-term obligations, such as current taxes, payments to personnel and other liabilities to be settled in the next 12 months.

- Ratio between short-term and long-term debt: In terms of structure, long-term debt represents 62.88% of total debt, while short-term debt accounts for the remaining 37%. This indicates a relatively balanced distribution between the two, although there is an increasing trend in the use of short-term debt. This balance suggests that the company maintains a prudent approach in managing its exposure to debt maturities, which allows it to retain financial flexibility without compromising its ability to pay in the short term.

7.2. Financial risk assessment.

The financial risk analysis reveals some important aspects for Nortem Chem.
S.A. during the fiscal year 2023. This analysis mainly covers two critical areas: liquidity risk and debt risk.

- Liquidity risk: The increase in short-term debt poses risks related to the company's ability to meet its short-term obligations without compromising its operations. The company faces €3,093,793.83 in debt maturing in the next 12 months, which puts considerable pressure on operating cash flows. Although Nortem Chem S.A. has cash and cash equivalents at the end of the year, the difference between short-term debt and available cash requires careful cash management planning to avoid liquidity problems.

Nortem Chem S.A. has managed this risk by renegotiating payment terms with suppliers and efficiently utilizing credit lines. The company continues to improve its operating cycle, optimizing customer collections and controlling supplier payments to effectively mitigate this risk.

- Debt risk: The company's debt ratio (total debt to equity) is at relatively high levels. With a total debt of €8,812,682.84 (adding short and long-term debt) and a net equity of €6,903,961, the debt/equity ratio is approximately 1.79, which means that for every euro of net equity, the company has €1.79 of debt. This level of indebtedness may be sustainable in the short term, especially since the company continues to generate sufficient revenues to cover its financial costs. However, this high leverage also exposes the company to financial risks if market conditions worsen or if it experiences a drop in revenues.

Nortem Chem S.A. is maintaining strict debt management, focusing on gradually reducing its dependence on external financing and improving its operating cash flow generation to reduce the level of leverage.

- Interest and exchange rate risk exposure: Most of the Company's debt is subject to variable interest rates, which exposes it to fluctuations in interest rates. Although there were no significant increases in interest costs in 2023, an increase in interest rates could significantly increase the cost of debt. Hedging these risks is crucial to avoid negative impacts on financial results.

Conclusion of the debt evolution analysis.

In summary, Nortem Chem S.A. has managed its debt structure with a balanced approach between short and long-term, although the increase in short-term debt and the risks associated with liquidity and high leverage require careful management. The company continues to evaluate its financing strategy to ensure that it can meet its obligations without compromising its long-term financial stability.

8. Cost management and operational efficiency.

Cost management and operating efficiency are fundamental pillars of the company's financial strategy to maintain competitiveness in the market. During fiscal 2023, several initiatives were implemented to reduce operating costs and optimize the supply chain. These measures led to a significant improvement in profit margins and greater responsiveness to changes in the global economic environment.

8.1 Operating cost reduction strategy.

In 2023, Nortem Chem S.A. implemented a comprehensive operating cost reduction program based on three key pillars: process automation, contract renegotiation and optimization of the use of resources.

- Process automation: Significant investments were made in technology and automation within the manufacturing and logistics operations. This allowed us to significantly reduce production times and reduce errors in the supply chain, resulting in improved efficiency and lower labor costs. With the implementation of automatic systems in production lines and quality control, the number of man-hours was reduced by 15%, optimizing the work flow and reducing the margin of human error.

- Contract renegotiation: Another central strategy was the renegotiation of contracts with suppliers. During 2023, an exhaustive analysis of the main suppliers of raw materials and logistics services was carried out. An adjustment in the prices of the most important contracts was achieved, particularly in raw materials contracts, where an average 8% reduction in unit prices was achieved. This was possible thanks to a closer and more collaborative approach with suppliers, establishing more strategic and long-term relationships.

- Resource optimization: Resources were optimized through the implementation of more efficient management systems in key areas such as energy, water, and production materials. These systems enabled a 12% reduction in energy costs through the use of renewable energy sources and the implementation of more sustainable practices in production processes. In addition, the use of materials was optimized, minimizing waste during manufacturing, which generated additional savings in the cost of inputs.

8.2 Supply chain optimization.

Supply chain optimization was one of the main factors contributing to the reduction of operating costs during 2023. The strategic focus was on reengineering logistics processes and improving collaboration with suppliers.

- Reengineered logistics processes: Redesigned workflows and distribution routes to improve efficiency in product delivery. Advanced software solutions were implemented to more effectively manage inventory and coordinate transportation, reducing warehousing costs and minimizing supply chain disruptions. These improvements resulted in an 18% decrease in logistics costs through improved route planning and the use of multimodal transportation.

- Collaboration with suppliers: The company also improved collaboration with suppliers by implementing "just-in-time" agreements for input deliveries, which reduced inventory by 22% and lowered costs associated with warehousing. This approach also facilitated more competitive pricing on bulk purchases, resulting in substantial savings in the procurement of raw materials. In addition, strengthened relationships with key suppliers ensured a constant supply, thereby reducing the risk of shortages or interruptions.

8.3. Improving operational efficiency in production.

On the production side, several significant improvements were made that contributed to greater operating efficiency, enabling the company to maintain its production capacity while controlling costs.

- Lean manufacturing implementation: One of the most important approaches was the implementation of Lean Manufacturing methodologies, which helped to eliminate non-value-added activities within the production process. This included the elimination of redundant tasks, the restructuring of production lines and the continuous training of personnel in process improvement. Thanks to these actions, the company was able to increase productivity by 20% and reduce cycle times by 25%.

- Integrated quality control: Another key factor was the improvement in integrated quality control systems, which reduced the costs associated with rework. The use of advanced real-time inspection and analysis technologies during the production process made it possible to detect defects earlier, reducing the cost of nonconforming products and customer returns.

8.4. Impact on financial results.

As a result of cost reduction and supply chain optimization strategies, Nortem Chem S.A. managed to improve its operating margins in 2023. Some of the main financial impacts derived from these actions are highlighted below:

- Cost of sales reduction: Thanks to the optimization of the supply chain and the reduction in the cost of raw materials, the cost of sales was reduced by 12% compared to the previous year. This had a direct impact on the company's gross margin improvement.

- Decrease in operating expenses: The implementation of automation and the reduction in energy and logistics costs led to a 10% decrease in total operating expenses, which contributed to improving the company's Operating Income.

- Increased working capital efficiency: Reduced inventory levels and improved customer collection terms helped increase working capital turnover, allowing the company to operate with lower short-term financing needs.

9. Growth strategies.

9.1. Market expansion.

During fiscal 2023, Nortem Chem, S.A. has reinforced its international expansion strategy, concentrating efforts on penetrating new key markets within Europe and other regions. This expansion has been possible thanks to the diversification of sales channels and a solid structure of international operations.

One of the main pillars of this expansion has been the use of global e-commerce platforms such as Amazon Europe, which has enabled the company to consolidate its presence in countries such as the United Kingdom, Sweden, Germany and France. The strategy in these markets has consisted of optimizing distribution through agreements with local logistics centers, which has reduced delivery times and improved customer satisfaction, key aspects for gaining market share.

In addition, Nortem Chem has achieved greater diversification in its revenue streams, managing transactions in multiple currencies (including British pounds sterling and Swedish kronor), which has mitigated the risks associated with currency fluctuations. This approach has enabled the company to maintain continuous growth in revenues from external markets, contributing significantly to consolidated results.

Another relevant factor in this strategy has been the identification of emerging markets with growth potential, where demand for chemicals, food and nutritional supplements has shown an upward trend. The ability to adapt products and packaging to local regulations and consumer preferences has been a key factor for success in these geographies.

9.2. New products and business lines.

Product innovation has been one of the cornerstones of Nortem Chem's growth strategy. During 2023, the company has launched new product lines focused on the health, wellness, and nutrition sectors. This strategic move has not only allowed the company to enter new market niches, but has also positioned the company as a relevant player in areas such as food supplements and probiotics.

The development of these new lines has been supported by a strong focus on research and development (R&D), which has enabled Nortem Chem to offer innovative products that meet the highest market demands. The products have been designed with a focus on preventive health and wellness, aligning with global trends of more health-conscious consumers.

In addition, the company has taken advantage of its existing production infrastructure to optimize the production cost of these new products, thus improving profit margins without compromising quality. The introduction of advanced technologies in the manufacturing process has also allowed for greater product customization, responding to the specific demands of local markets.

Another highlight in product expansion has been the opening of new lines within the chemical and biochemical industry. Nortem Chem has boosted the production and marketing of products for industrial sectors, increasing its presence in specialized technical applications markets. Diversification into products for the pharmaceutical, cosmetics and food industries has opened up new sources of income and reduced dependence on a single sector.

Strategic alliances and distribution.

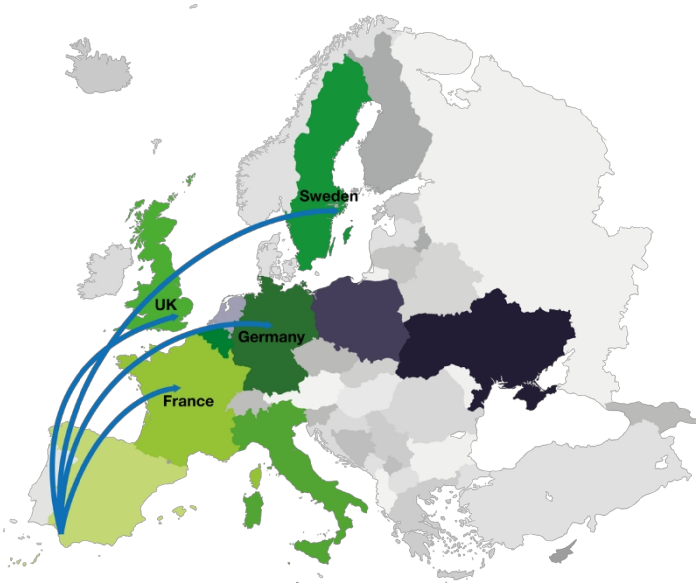
As part of its growth strategy, Nortem Chem has established strategic alliances with local distributors and retailers, as well as partnerships with industrial partners in key markets. These alliances have facilitated entry into new distribution channels, ensuring a greater presence in strategic points of sale and optimizing the supply chain.

In addition, the company has strengthened its distribution network with improvements in logistics and inventory management. Thanks to these improvements, the company has been able to reduce lead times and improve its responsiveness to growing demand. The use of advanced inventory management systems has enabled Nortem Chem to reduce operating costs and improve efficiency in inventory management.

Future growth opportunities.

As for future opportunities, the company continues to evaluate markets in emerging regions such as Asia and Latin America, where continued growth in demand for specialty chemicals, nutritional supplements and wellness products is expected. Nortem Chem is developing entry strategies in these markets, including potential local alliances and distribution agreements.

Finally, the company continues to explore opportunities to expand its digital presence, improving its e-commerce infrastructure and taking advantage of digital trends. The implementation of digital marketing strategies focused on personalization and customer experience is ongoing, with a view to increasing loyalty and new customer acquisition.



10. Regulatory compliance and financial risks.

10.1. Compliance with current regulations.

During the 2023 financial year, Nortem Chem S.A. has followed a rigorous compliance with the applicable accounting, tax, labor and sectorial regulations at both national and European level. This includes the respect and application of the guidelines imposed by the Commercial Code, the Capital Companies Act, and the International Financial Reporting Standards (IFRS), among other relevant regulatory frameworks.

With regard to the specific regulations of its sector, which include the chemical industry and the marketing of health and food products, Nortem Chem has complied exhaustively with all safety and quality regulations. This includes the correct classification, handling and labeling of products, as well as waste and emissions management, in line with environmental protection legislation.

Furthermore, in the field of data protection, Nortem Chem has adapted all its internal procedures to the regulations of the European Union's General Data Protection Regulation (GDPR), ensuring the correct management and processing of the personal information of its customers and suppliers. During 2023, no significant incidents related to data protection or regulatory breaches have been reported.

With regard to tax obligations, the company has filed all its tax returns on a timely basis, including VAT, corporate income tax and other applicable taxes. The company's tax compliance policy includes proactive planning, which avoids contingencies and penalties, ensuring transparency in financial operations.

Finally, Nortem Chem S.A. has followed labor regulations, applying the corresponding collective bargaining agreements and ensuring compliance with occupational health and safety regulations. No non-compliances have been detected that could pose legal or financial risks for the company.

10.2. Identification of financial and operational risks.

Financial and operational risk management is a critical aspect for Nortem Chem S.A., which has established mechanisms to identify, evaluate and mitigate the most relevant risks faced by the company. The main risks identified and the measures adopted for their management are described below.

1. Liquidity risk:

Nortem Chem S.A. has prioritized the efficient management of its liquidity, with daily monitoring of cash flow to ensure that it has the necessary resources to cover its financial obligations. The company maintains a balance between collections and payments, optimizing its operating cycle through favorable agreements with suppliers and strict collection policies with customers. The cash and cash equivalents balance as of December 2023 was adequate to meet short-term commitments, significantly mitigating this risk.

In situations of low liquidity, the company has implemented available lines of credit that allow it to obtain short-term financing, thus guaranteeing business operations without interruptions.

2. Interest rate risk:

Nortem Chem S.A.'s exposure to changes in interest rates is considerable, since it has debts with financial entities at variable interest rates, both short and long term. An increase in interest rates could increase the cost of financial obligations, affecting the company's profitability.

To mitigate this risk, the company has implemented interest rate hedges through financial instruments that establish a ceiling on the rate applicable to its loans. This approach allows Nortem Chem S.A. to control increases in financing costs, protecting against sharp market fluctuations.

5. Operational risk:

Sustained growth and diversification of product lines at Nortem Chem.
S.A. have generated operational challenges, particularly in terms of supply chain management** and inventory control. Operational risk also includes potential production interruptions or logistical problems that could impact the company's ability to meet the demand for its products.

Nortem Chem S.A. has taken a number of measures to mitigate these risks, such as improving inventory management systems and diversifying key suppliers to avoid excessive dependence on a single supplier. In addition, the company has invested in technology to improve supply chain visibility and anticipate problems before they affect operations. In 2023, we reported no significant interruptions in production or product distribution.

Nortem Chem S.A. has also identified risks related to operational compliance, particularly in international markets where regulations may vary. The company has implemented robust internal controls to ensure that all products comply with local safety and quality regulations, thus minimizing the risk of sanctions or product recalls.

10.3. Risk management strategy.

Overall, Nortem Chem S.A. has implemented a comprehensive risk management strategy that is periodically reviewed to adapt to changing market conditions. The company's financial and operational risk committees conduct ongoing assessments, enabling management to make informed and proactive decisions regarding risk exposure.

In 2023, this strategy has proven to be effective, enabling the company to navigate a complex economic environment and maintain its competitive position in the market. The priority remains to strengthen Nortem Chem S.A.'s ability to identify and manage risks early, ensuring its solvency and long-term financial stability.

11. Financial sustainability.

11.1. Long-term sustainability assessment:

The long-term financial sustainability of Nortem Chem S.A. has been examined in terms of its ability to maintain operational and financial stability in the face of market fluctuations. In fiscal year 2023, the company has shown strength in its main financial indicators, achieving an appropriate balance between debt management, control of operating costs and the ability to generate revenues on a consistent basis. This approach has enabled the company to preserve a robust operating cash flow that has sustained both its day-to-day operations and the strategic investments necessary for its expansion.

One of the key pillars of long-term sustainability is the company's financial structure, characterized by an adequate management of short and long-term liabilities. In 2023, Nortem Chem S.A. has managed to repay a significant portion of its debts, particularly those associated with credit institutions, and has renegotiated favorable conditions in some financing lines, which has allowed it to maintain a solid liquidity position. The company has also secured stable access to external financing to support future investments, without compromising its solvency.

In addition, the company's policy regarding profit distribution and reinvestment of earnings has been prudent, favoring the strengthening of shareholders' equity. This has generated an adequate financial cushion to face possible contingencies, which is essential for sustainability in the current volatile environment. The 2023 fiscal year did not present an interim dividend distribution, prioritizing reinvestment in key areas such as innovation, operational improvement and market expansion.

11.2. Impact of investments in assets:

During fiscal year 2023, Nortem Chem S.A. has continued to implement an asset investment strategy aimed at strengthening its long-term productive and technological capacity. Investments have focused on the acquisition and updating of tangible and intangible fixed assets. These include improvements in technical facilities, the acquisition of new technologies and the optimization of production systems, with the aim of increasing operating efficiency and reducing costs in the medium and long term.

Intangible fixed assets, consisting mainly of patents, licenses and specialized software, have received particular attention, as these investments are seen as critical to ensure the company's competitiveness in the chemical and biotechnology sector. The amortization of these assets follows a prudent policy, with adequate terms that guarantee the recovery of the investment over a time horizon aligned with the generation of future revenues.

Long-term prospects:

Based on the results for fiscal 2023 and the investments made in key areas, Nortem Chem S.A. is in a solid position to face the future. The company has prioritized a prudent approach to financial management, which has allowed it to maintain sustainable levels of indebtedness while making investments that increase its capacity to generate revenues in the future.

The growth in property, plant and equipment and intangible assets is indicative of a commitment to modernization and expansion of operating capacity, which is expected to drive revenue growth in the coming years. This approach, together with a risk management strategy that includes market and product diversification, ensures that the company can withstand external pressures and continue to grow in a sustainable manner.

In summary, Nortem Chem S.A.'s financial sustainability analysis shows that the company has laid the foundation for solid and sustained long-term growth. The combination of a robust financial structure, prudent debt management and strategic investment in key assets positions the company favorably to continue generating value for its shareholders in the years to come.

12. Conclusions and recommendations.

12.1. Summary of key findings.

1. Solid Financial Results:

- The analysis of the financial statements for fiscal 2023 shows that Nortem Chem. S.A. has maintained a sound financial structure.

This is reflected in the stability of the balance sheet, where both assets and equity have grown compared to the previous year.

- Net income has been consistent, indicating good operating and financial management. The company has managed to balance its revenues and expenses, with effective cost control, particularly in the areas of procurement and operating expenses.

- The income statements show a significant improvement in the profitability of continuing operations, with an increase in operating income and a decrease in financial expenses compared to the previous year.

2. Growth of non-current assets:

- During fiscal 2023, Nortem Chem S.A. made significant investments in property, plant and equipment and intangible assets, with a focus on improving its production and technological capacity. This is reflected in the increase in non-current assets, which positions the company for long-term growth.

- Investments in technology and infrastructure are a positive indicator that the company is prepared to take advantage of future opportunities, both in production and in new product development.
- The company has also strengthened its capacity to manage its intangible assets, which will contribute to its operational efficiency and competitiveness in the market.

3. Debt control:

- Nortem Chem S.A. has maintained a balanced debt structure, with a focus on reducing short-term liabilities, which improves its financial risk profile. The reduction of current liabilities and the control of long-term debt reflect a prudent strategy to reduce exposure to fluctuations in interest rates and other economic variables.

- The company's level of indebtedness is sustainable, and solvency and liquidity indicators show that the company has the capacity to meet its financial commitments without difficulties. This reinforces the perception of financial stability in the eyes of investors and creditors.

4. Satisfactory liquidity:

- The company has improved its liquidity position, with an increase in liquid assets (cash and cash equivalents) at year-end. This allows Nortem Chem S.A. to meet its short-term obligations without resorting to external financing.

- Liquidity ratios show a healthy level of cash in relation to short-term liabilities, which provides a financial buffer against possible market fluctuations or drops in demand.

5. Increase in profits:

- The results show a growth in net profits, driven by cost optimization in the areas of raw material consumption and personnel expenses, as well as more efficient procurement management. The company has been able to increase its profit margins** without sacrificing product quality or compromising its investment capacity.

12.2. Recommended strategies to improve liquidity, profitability and efficiency.

1. Optimization of working capital:

- To improve liquidity, we recommend implementing measures to reduce the cash conversion cycle. This includes accelerating the collection of accounts receivable through prepayment agreements with customers and optimizing inventory levels to reduce warehousing costs.

- More favorable terms should be negotiated with suppliers to extend payment terms, which will allow the company to retain cash longer and improve operating liquidity.

2. Diversification of financing sources:

- Although the company has a controlled debt structure, it would be prudent to diversify funding sources to reduce dependence on a single type of creditor or debt market.

- The company could explore alternative financing, such as issuing corporate debt or seeking private investors who are interested in financing the company's future growth through innovative financial instruments or strategic alliances.

3. Innovation and market expansion:

- Given the stable revenue growth, Nortem Chem S.A. must continue to invest in product innovation to remain competitive in the market. The creation of new products and services that respond to the emerging demand in the chemical and biotechnology market can open up new lines of revenue.

- It is also recommended to strengthen the company's presence in international markets, especially in areas where the company already has operations through Amazon and other channels. Geographic diversification will reduce the risk of exposure to fluctuations in demand in a single market and take advantage of growth in emerging economies.

4. Automation and operational efficiency:

- To further reduce operating costs and increase profitability, Nortem Chem. S.A. should continue to invest in internal process automation. This includes the implementation of advanced management software in the supply chain and production, as well as the use of artificial intelligence technologies to optimize decision making in inventory and production management.

- The company could improve operational efficiency by integrating data analytics systems to anticipate market demands and adjust operations in real time, improving response speed and reducing resource waste.

5. Improved debt management:

- Despite good debt control, it is recommended that the company consider refinancing its short-term debt by issuing long-term debt at more competitive interest rates. This would free up cash flow and improve the ability to invest in growth projects.

- It would also be beneficial to implement a financial risk hedging strategy to protect against interest rate and exchange rate fluctuations, especially considering that the company operates in several international markets.

6. Promoting social responsibility and sustainability:

- Nortem Chem S.A. must continue to promote sustainable business practices, not only from an environmental but also from a financial point of view. The implementation of energy saving measures in its facilities and the optimization of the use of natural resources will contribute not only to reduce costs, but also to improve the perception of the company as an organization committed to the environment.

- In addition, communicating these practices to investors and the general public through corporate social responsibility (CSR) reporting can enhance the company's reputation and attract investors interested in sustainable projects.

13. Annex: Auditor's report and annual accounts (fiscal year 2023)

AUDIT REPORT ON THE ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

To the partners of Nortem Chem, S.A.:

Qualified opinion
We have audited the accompanying financial statements of Nortem Chem, S.A. (the Company), which comprise the balance sheet as of December 31, 2023, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements give, in all material respects, a true and fair view of the Company's net worth and financial position as of December 31, 2023, and of its results and cash flows for the year then ended, in accordance with the applicable financial reporting framework (identified in note 2 of the accompanying notes) and, in particular, with the accounting principles and criteria contained therein.

Basis for the qualified opinion
We have not been able to obtain sufficient and adequate evidence of the accounts receivable from the Amazon service provider, originating from the collections of sales invoices managed by this service provider. From the information that Amazon makes available to the companies that operate through its portal, there is no information that could provide a specific balance at any given time, so it has not been possible for us to confirm the outstanding balances receivable that are recorded under the heading "Sundry debtors" of the current assets of the balance sheet as of December 31, 2023 for a value of 0 euros. The audit report for the 2022 financial year, issued by us on June 29, 2023, included a qualification concerning this matter.

We conducted our audit in accordance with Spanish auditing standards. Our responsibilities under those standards are described below in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the annual accounts in Spain as required by the regulations governing the auditing of accounts. In this sense, we have not provided services other than those of the audit of accounts, nor have there been any situations or circumstances which, in accordance with the provisions of the aforementioned regulations, have affected the necessary independence in such a way that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Audit highlights
The key audit matters are those that, in our professional judgment, have been identified as the most significant risks of material misstatement in our audit of the current period's financial statements. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion on them, and we do not express a separate opinion on those risks.

Except for the matters described in the "Basis for Qualified Opinion" section, we have determined that there are no other more significant risks considered in the audit that should be communicated in our report.

Other information: Management report
The other information comprises exclusively the management report for fiscal year 2023, the preparation of which is the responsibility of the Company's Directors, and does not form an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in accordance with the requirements of the regulations governing the auditing of accounts, is to evaluate and report on the consistency of the management report with the annual accounts, based on our knowledge of the Company obtained during t h e audit of the aforementioned accounts and without including information other than that obtained as evidence during the audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work performed as described in the preceding paragraph, except for the limitation to the scope described in the following paragraph, the information contained in the management report is consistent with that in the financial statements for the year ended December 31, 2023 and its content and presentation are in accordance with the applicable regulations.

As described in the section "Basis for the qualified opinion", we have not been able to obtain sufficient and appropriate evidence of the accounts receivable from the Amazon service provider, originating from the collections of sales invoices managed by this service provider. From the information that Amazon makes available to the companies that operate through its portal, there is no information that could provide a specific balance at any given time, so it has not been possible for us to confirm the outstanding balances receivable that are recorded under the heading "Sundry debtors" of the current assets of the balance sheet as of December 31, 2023 for a value of 0 euros. Consequently, we have not been able to reach a conclusion as to whether there is a material misstatement in the management report in relation to this matter.

Directors' liability in relation to the annual accounts
The Directors are responsible for the preparation of the accompanying financial statements in order to present fairly the Company's net worth, financial position and results of operations, in a c c o r d a n c e with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless the Directors intend to liquidate the Company or to cease operations, or there is no realistic alternative.

Auditor's responsibilities in connection with the audit of the annual accounts
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance but does not guarantee that an audit performed in accordance with Spanish auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of the financial statements.
As part of an audit in accordance with the regulations governing the auditing of accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, deliberate misstatements, intentional misrepresentations, or the circumvention of internal control.

• We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• We assessed the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

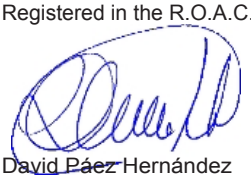
• We assessed the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicated with the Directors of Nortem Chem, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identified during the course of the audit.

Among the significant risks that have been reported to the Company's Directors, we have identified those that have been of the greatest significance in the audit of the financial statements for the current period and which are, consequently, the risks considered to be the most significant.

We describe these risks in our audit report unless legal or regulatory provisions prohibit public disclosure.

AUDITORES PÁEZ, S.L.
Registered in the R.O.A.C. No. S2497



David Páez Hernández
Registered in the R.O.A.C. nº
18280 June 26th, 2024

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NORTEM CHEM S.A.

BALANCE SHEET

A C T I V E

	NOTE	EURO	
		31 - Dec - 202331	- Dec - 2022
NON-CURRENT ASSETS		**11.292.094**	**7.949.378**
Intangible assets.	6	3.490.210	2.105.851
Development.		2.773.143	2.018.648
Patents, licenses, trademarks and		41.420	45.973
similar. Computer applications.		6.879	6.800
Other intangible assets.		668.768	34.431
Property, plant and equipment.	5	7.364.221	5.418.118
Land and buildings.		1.083.588	1.101.618
Technical installations and other tangible fixed		3.827.496	3.442.420
assets. Fixed assets under construction and		2.453.137	874.079
advances.			
Long-term investments in group and associated companies.	8, 15	356.900	356.900
Equity instruments.		356.900	356.900
Long-term financial investments.	8	66.906	45.392
Equity instruments. Other		66.821	45.307
financial assets.		85	85
Deferred tax assets.	11	13.857	23.117
CURRENT ASSET		**4.898.910**	**5.518.462**
Stocks.	9	4.291.364	4.087.613
Commercial.		4.291.364	4.087.613
Trade and other receivables.	8	114.945	1.265.978
Customers for sales and services rendered.		76.260	27.226
Customers, group companies and associates.	15	29.929	31.072
Sundry debtors.		8.757	24.355
Other receivables from public authorities.	11	0	1.183.324
Short-term investments in group and associated companies.	8, 15	83.462	76.162
Loans to companies.		83.462	76.162
Short-term financial investments.	8	42.051	23.335
Other financial assets.		42.051	23.335
Cash and cash equivalents.	8	367.087	65.374
Treasury.		367.087	65.374
	TOTAL:	**16.191.003**	**13.467.840**

NORTEM CHEM S.A.

BALANCE SHEET
SHAREHOLDERS' EQUITY AND LIABILITIES

	NOTE	EURO	
		31 - Dec - 2023	31 - Dec - 2022
NET WORTH		**6.904.103**	**6.616.329**
Equity.	8	6.903.961	6.617.322
Capital.		5.157.000	5.157.000
Deeded capital.		5.157.000	5.157.000
Reservations.	3, 8	1.330.157	960.073
Legal and statutory.		193.319	143.294
Other reserves.		1.089.869	769.809
Equalization reserves		46.969	46.969
Result of the fiscal year.	3	416.804	500.250
Adjustments for changes in value.	8	142	-994
Available-for-sale financial instruments.		142	-994
NON-CURRENT LIABILITIES		**5.840.332**	**3.464.480**
Long-term debt.	8	5.718.889	3.385.262
Debts with credit institutions. Creditors for		1.365.989	1.308.488
financial leasing. Other financial liabilities.		1.073.407	0
		3.279.493	2.076.774
Deferred tax liabilities.	11	121.443	79.218
CURRENT LIABILITIES		**3.446.568**	**3.387.032**
Short-term debt.	8	3.073.349	2.975.782
Debts with credit institutions. Creditors for		2.832.957	2.551.745
financial leasing. Other financial liabilities.		71.593	0
		168.799	424.037
Trade and other payables.	8	373.220	411.250
Suppliers. Sundry		15.148	92.419
creditors.		93.111	113.397
Personnel (remunerations pending payment).		414	40.498
Current tax liabilities.	11	19.992	48.636
Other debts with Public Administrations.	11	244.555	116.300
	TOTAL:	**16.191.003**	**13.467.840**

NORTEM CHEM S.A.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2023

	NOTE	EURO 31 - Dec - 2023	31 - Dec - 2022
1. Revenue.		7.198.359	6.983.261
a. Sales.		7.198.359	6.983.261
3. Work performed by the company for its assets.	6	754.495	465.770
4. Procurement.	12	-1.307.324	-1.027.228
a. Consumption of goods.		-1.277.771	-1.009.858
b. Consumption of raw materials and other consumables.		-29.553	-17.369
5. Other operating income.	14	11.615	16.076
a. Ancillary and other current management income.		2.671	2.640
b. Operating subsidies included in income for the year.		8.944	13.436
6. Personnel expenses.	15	-765.	057-788.703
a. Wages, salaries and similar.		-596.085	-624.615
b. Social charges.		-168.972	-164.089
7. Other operating expenses.		-5.009.567	-4.794.827
a. External services.		-4.999.504	-4.780.121
b. Taxes.		-10.	063-14.705
8. Depreciation of fixed assets.	5, 6	-295.	411-301.993
11. Impairment and gain or loss on disposal of fixed assets.		54.275	753
b. Gains (losses) on disposals and other.		54.275	753
13. Other results.		2.940	81.845
A.1) OPERATING INCOME (1+2+3+4+4+5+6+7+7+8+9+9+10+11+12+13)		**644.326**	**634.954**
14. Financial income.		26.850	11
b. Marketable securities and other financial instruments.		26.850	11
b2) From third parties.		26.850	11
15. Financial expenses.		-178.100	-68.176
b. Debts with third parties.		-178.100	-68.176
17. Exchange differences.		-379	3.256
A.2) FINANCIAL RESULT (14+15+16+17+17+18+19)		**-151.629**	**-64.909**
A.3) INCOME BEFORE TAXES (A.1+A.2)		**492.697**	**570.045**
20. Taxes on profits.	11	-75.	893-69.795
A.4) INCOME FOR THE YEAR FROM CONTINUING OPERATIONS (A.3+20)		**416.804**	**500.250**
B.1) RESULT FOR THE YEAR (A.4 + 21)		**416.804**	**500.250**

NORTEM CHEM, S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY **PN1**

A) Statement of income and expenses recognized in the year

	NOTE	FISCAL YEAR 2023	FISCAL YEAR 2022
A) Profit and loss account result		416.804 €	500.250 €
INCOME AND EXPENSES CHARGED DIRECTLY TO SHAREHOLDERS' EQUITY			
I. Valuation of financial instruments		1.515 €	-1.325 €
1. Financial assets at fair value through equity	8	1.515 €	-1.325 €
IV. For actuarial gains and losses and other adjustments		-130.165 €	10.840 €
VII. Tax effect		-379 €	331 €
B) Total income and expenses charged directly to shareholders' equity	2	-129.029 €	9.846 €
TRANSFERS TO THE PROFIT AND LOSS ACCOUNT			
C) Total transfers to the profit and loss account		0 €	0 €
TOTAL RECOGNIZED REVENUES AND EXPENSES	3	**287.775 €**	**511.089 €**

The accompanying notes are an integral part of the Statement of Changes in Shareholders' Equity for the year 2023.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY **PN2**

B) Statement of changes in total equity

		NOTE	ISSUED CAPITAL	RESERVATIONS	RESULTS FOR PREVIOUS YEARS	RESULT FOR THE YEAR	ADJUSTMENTS FOR CHANGES IN VALUE	TOTAL
A) BALANCE, END OF YEAR	**2021**		**4.187.000 €**	**385.051 €**		**564.182 €**		**5.136.233 €**
B) ADJUSTED BALANCE, BEGINNING OF YEAR	**2022**		**4.187.000 €**	**385.051 €**		**564.182 €**		**5.136.233 €**
I. Total recognized income and expenses				**10.840 €**		**500.250 €**	-994 €	**510.096 €**
II. Transactions with partners or owners			**970.000 €**					**970.000 €**
Capital increases			970.000 €					970.000 €
III. Other changes in shareholders' equity				**564.182 €**		**-564.182 €**		
C) BALANCE, END OF YEAR	**2022**		**5.157.000 €**	**960.073 €**		**500.250 €**	**-994 €**	**6.616.329 €**
D) ADJUSTED BALANCE, BEGINNING OF YEAR	**2023**		**5.157.000 €**	**960.073 €**		**500.250 €**	**-994 €**	**6.616.329 €**
I. Total recognized income and expenses		2, 3, 10		**-130.165 €**		**416.804 €**	**1.136 €**	**287.775 €**
II. Transactions with partners or owners		10						
Capital increases								
III. Other changes in shareholders' equity				**500.250 €**		**-500.250 €**		
E) BALANCE, END OF YEAR	**2023**	10	**5.157.000 €**	**1.330.157 €**		**416.804 €**	**142 €**	**6.904.104 €**

The accompanying notes are an integral part of the Statement of Changes in Shareholders' Equity for the year 2023.

NORTEM CHEM, S.A.
CASH FLOW STATEMENT

	NOTES	EXERCISE 2023	EXERCISE 2022
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes		492.697 €	570.045 €
2. Adjustments to the result		**393.143 €**	**362.894 €**
a) Depreciation of fixed assets	5, 6	295.411 €	301.993 €
e) Results from retirements and disposals of fixed assets		-54.275 €	-753 €
g) Financial income		-27.579 €	-5.618 €
h) Financial expenses		179.208 €	70.527 €
i) Exchange differences	10	379 €	-3.256 €
3. Changes in working capital		**984.255 €**	**-730.447 €**
a) Inventories	9	-203.751 €	-1.920.100 €
b) Debtors and other accounts receivable	8	1.181.743 €	-222.427 €
c) Other current assets	8	-26.016 €	15.353 €
d) Accounts payable and other payables	8	-65.287 €	-4.676 €
e) Other current liabilities	8	97.567 €	1.401.403 €
4. Other cash flows from operating activities		**-205.060 €**	**-165.781 €**
a) Interest payments		-179.208 €	-70.527 €
c) Interest income		27.579 €	5.618 €
d) Income tax collections (payments)	11	-53.431 €	-100.871 €
5. Cash flows from operating activities (1+2+3+4)		**1.665.036 €**	**36.711 €**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments for investments (-)		**-3.620.520 €**	**-2.155.559 €**
b) Intangible assets	6	-1.395.083 €	-490.256 €
c) Property, plant and equipment	5	-2.203.923 €	-1.665.076 €
e) Other financial assets	8	-21.514 €	-227 €
7. Proceeds from divestments (+)		**11.510 €**	**-8.000 €**
b) Intangible assets	6	2.250 €	-8.000 €
e) Other financial assets	8	9.260 €	0 €
8. Cash flows from investing activities (6+7)		**-3.609.010 €**	**-2.163.559 €**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Proceeds and payments for equity instruments		**-130.165 €**	**980.840 €**
a) Issuance of equity instruments	8	27.217 €	980.840 €
b) Amortization of equity instruments	2, 8	-157.382 €	0 €
10. Receivables and payments for financial liability instruments		**2.375.852 €**	**1.150.685 €**
a) Issuance		5.248.237 €	2.729.455 €
2. Debts with credit institutions	8	2.067.656 €	702.781 €
5. Other debts	8	3.180.581 €	2.026.674 €
b) Repayment and amortization of		-2.872.385 €	-1.578.770 €
2. Debts with credit institutions	8	-2.010.155 €	-594.558 €
5. Other debts	8	-862.229 €	-984.212 €
11. Dividend payments and remuneration from other equity instruments			
12. Cash flows from financing activities (9+10+11)		**2.245.687 €**	**2.131.525 €**
D) Effect of changes in exchange rates		0 €	0 €
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (5+8+12+D)		301.713 €	4.677 €
Cash or cash equivalents at beginning of year	8	65.374 €	60.698 €
Cash or cash equivalents at end of year	8	367.087 €	65.374 €

The accompanying notes are an integral part of the Statement of Cash Flows for the year 2023.

Nortem Chem S.A.

NORMAL MEMORY (fiscal year 2023)

NORTEM CHEM, S.A.
Notes to the Consolidated Financial Statements for the year ended December 31, 2023

1. Business activity

NORTEM CHEM, S.A. (hereinafter the Company) was incorporated on November 21, 2002 as a Limited Company under the name Valltis Lan S.L. On October 31, 2012 the Company changed its corporate name to Nortem Chem S.L. On September 03, 2019 it was transformed into a Public Limited Company.

Its registered office was originally located in Bilbao, at C/ Cardenal Gardoqui, 3-6. On October 31, 2012, it changed its registered office to Jerez de la Frontera (Cádiz), at C/ Sudáfrica 136. Subsequently, in October 2013, it changed its registered office to El Puerto de Santa María (Cádiz), at C/ Alexander Humboldt, 12B, which is its current address.

It constitutes its corporate purpose:

1) Manufacture of food products, food supplements and probiotics.
2) Chemical and biochemical industry. Manufacture and wholesale and retail trade of chemical products.
3) Manufacture of cosmetic products.
4) Manufacture, import and distribution of medical devices.
5) Scientific and technical research.
6) Purchase, sale, lease, temporary assignments of any kind, management, administration, exploitation, mere ownership, development and urbanization of all kinds of rural and urban properties. Engineering contracts, always understood as a media company and not as a professional company.
7) The creation and management of documentary and bibliographic funds, as well as the compilation, documentation and recording of any activities and their filing, communication, dissemination, publishing, distribution and commercialization, by itself or by a third party, in any medium and by any means permitted by law. The preparation, purchase and sale and marketing, including advertising distribution, of all kinds of products and services related to the activities carried out by the company.

The Capital Companies Law (in force since September 1, 2010), whose revised text was approved by Royal Legislative Decree 1/2010, of July 2, 2010, the Commercial Code and complementary provisions apply to the Company.

At December 31, 2023, Nortem Chem, S.A. is the parent company of a group formed by the subsidiaries Nortem Biotechnology Group S.L. and Acys Proyectos S.L. It is exempt from consolidation due to its size, in accordance with Article 43.1 of the Commercial Code and Article 7.1 of the Rules for the Preparation of Consolidated Financial Statements.

The functional currency in which the company operates is the euro, although a significant number of transactions are received in pounds sterling and Swedish kronor in connection with sales made through Amazon Europe in its UK and Swedish offices.

The financial statements have been prepared in euros in accordance with the criteria established in the Spanish National Chart of Accounts, as described in the "Recording and Valuation Standards" section.

2. Basis of presentation of the financial statements

2.1. Faithful image

The accompanying Financial Statements for 2023 have been prepared by the Sole Administrator on the basis of the Company's accounting records as of December 31, 2023, and have been restated by applying the following criteria

the accounting principles and valuation criteria set forth in Royal Decree 1514/2007, approving the General Accounting Plan, and the amendments applied thereto by Royal Decree 1159/2010, and the other legal provisions in force on accounting matters, and show a true and fair view of the Company's net worth, financial position and results, as well as the veracity of the cash flows included in the cash flow statement.

There are no exceptional reasons why, in order to show a true and fair view, statutory accounting provisions have not been applied.

The attached Financial Statements will be submitted to the decision of the General Shareholders' Meeting, and it is expected that they will be approved without any changes. The Annual Accounts for the previous year were approved by the General Shareholders' Meeting on June 30, 2023.

2.2. Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied in these financial statements.

2.3. Critical aspects of valuation and estimation of uncertainty and relevant judgments in the application of accounting policies

The preparation of the financial statements requires management to make significant accounting estimates, judgments, estimates and assumptions that could affect the accounting policies adopted and the reported amounts of assets, liabilities, income, expenses and related disclosures.

The estimates and assumptions made are based, among others, on historical experience or other facts considered reasonable considering the circumstances at the closing date, the result of which represents the basis of judgment on the book value of assets and liabilities not immediately determinable. Actual results could differ from those estimated. These estimates and judgments are continually evaluated.

Certain accounting estimates are considered significant if the nature of the estimates and assumptions is material and if the impact on the financial position or operating performance is material. Although these estimates were made by the Company's management based on the best information available at the end of each year, applying its best estimate and market knowledge, it is possible that future events may require the Company to modify them in the following years. In accordance with current legislation, the effects of the change in estimates will be recognized prospectively in the income statement.

The main estimates and judgments made by the Company are detailed below:

- Useful lives of property, plant and equipment and intangible assets (Notes 5 and 6)

2.4. Comparison of information

For comparative purposes, the financial statements present, in addition to the figures for the year 2023, the figures for the previous year for each of the items in the balance sheet, income statement, statement of changes in equity and cash flow statement. Likewise, the information contained in these notes to the financial statements referring to fiscal year 2023 is presented for comparative purposes with the information for fiscal year 2022.

2.5. Line item grouping

There are no items in the financial statements that have been grouped together in the balance sheet, income statement, statement of changes in equity or cash flow statement.

2.6. Items collected under various line items

There are no assets and liabilities recorded in two or more balance sheet items.

2.7. Changes in accounting criteria

During fiscal year 2023 there have been no significant changes in accounting criteria with respect to the criteria applied in the previous fiscal year.

2.8. Correction of errors

The financial statements for 2023 include adjustments made as a result of the correction of errors and recognition of prior years' expenses, the net effect of which on equity amounts to -130,165 euros.

2.9. Relative Importance

In determining the information to be disclosed in this report on the different items of the financial statements or other matters, the Company, in accordance with the Conceptual Framework of the Spanish National Chart of Accounts, has taken into account the relative importance in relation to the annual accounts for the year 2023.

3. Application of Results

The proposed application of the result by the Sole Administrator is as follows:

Basis of allocation	**Fiscal year 2023**
Profit and loss account balance	416.804 €
Application	**Fiscal year 2023**
To legal reserve	41.680 €
To voluntary reserves	375.124 €
	416.804 €

No interim dividends were distributed during the year.

The Company is obliged to transfer 10% of its net income for the year to the legal reserve, until such reserve reaches at least 20% of its capital stock. This reserve is not distributable to shareholders until it exceeds 20% of capital stock.

After covering the expenses provided for by law or the bylaws, dividends may only be distributed out of the profit for the year, or out of unrestricted reserves, if:

- The services provided for by law or by the bylaws have been covered.
- The value of shareholders' equity is not or, as a result of the distribution, is not less than the capital stock. For these purposes, the profits imputed directly to the net equity may not be distributed, either directly or indirectly. If there were losses from previous years that would cause the value of the Company's net assets to be less than the amount of the share capital, the profit shall be used to offset these losses.

Any distribution of profits is also prohibited unless the amount of available reserves is at least equal to the amount of research and development expenses and there are no available reserves equal to the unamortized balances of the above accounts.

4. Recording and Valuation Standards

4.1. Intangible assets

Intangible assets are initially valued at cost, either acquisition price or production cost. The cost of intangible assets acquired through business combinations is their fair value at the acquisition date.

After initial recognition, intangible assets are valued at cost, less accumulated amortization and, if applicable, the accumulated amount of impairment losses recorded.

Intangible assets are assets with finite useful lives and are therefore amortized systematically on the basis of their estimated useful lives and residual values. The amortization methods and periods applied are reviewed at each year-end and, where appropriate, adjusted prospectively. At least at year-end, the existence of signs of impairment is assessed, in which case the recoverable amounts are estimated and the appropriate valuation adjustments are made.

Amortization of intangible assets is provided on a straight-line basis over their estimated useful lives, based on the following years of useful life:

Description	Years	% Annual
Development	5	20
Patents, licenses, trademarks and similar	5	20
Computer applications	3	33,33

When the useful life of these assets cannot be reliably estimated, they are amortized over a period of ten years, without prejudice to the periods established in the specific rules on intangible assets.

The Company includes in the cost of intangible assets that require more than one year to be ready for use, exploitation or sale, the financial expenses related to specific or generic financing, directly attributable to the acquisition, construction or production.

a) Research and development

Research expenses are capitalized from the moment the following conditions are met (if they are chosen to be capitalized):

Be specifically individualized by projects and their cost clearly established so that it can be distributed over time.

A strict relationship can be established between research "project" and objectives pursued and obtained. The assessment of this requirement is carried out generically for each set of activities interrelated by the existence of a common objective.

The development expenses for the year are capitalized when all of the following conditions are met:

Existence of a specific and individualized project that makes it possible to reliably assess the disbursement attributable to the implementation of the project.

The assignment, allocation and time distribution of the costs of each project are clearly established.

At all times there are well-founded reasons for technical success in the realization of the project, both for the case in which the intention is that of direct exploitation, and for the sale to a third party of the result of the project once it is completed, if there is a market.

The economic and commercial profitability of the project is reasonably assured.

The financing of the various projects is reasonably assured to complete the realization of the projects. In addition, the availability of adequate technical or other resources to complete the project and to use or sell the intangible asset is assured.

There is an intention to complete the intangible asset in question, to use or sell it.

Compliance with all the above conditions is verified during all the years in which the project is carried out, and the amount to be capitalized is the amount that arises from the moment in which these conditions are met.

In no case are disbursements initially recognized as expenses for the year and which have subsequently met the aforementioned conditions for capitalization capitalized.

Research and development projects commissioned to other companies or institutions are valued at their acquisition cost.

Projects carried out with the company's own means are valued at production cost, which comprises all directly attributable costs necessary to create, produce and prepare the asset for it to operate as intended.

Capitalized expenses are charged to income in accordance with the following criteria:

Research expenses included in assets are amortized over their useful life, over a maximum period of five years, from the time they are capitalized, unless there are reasonable doubts as to the technical success or the economic and commercial profitability of the project, in which case they are charged directly to losses for the year.

The development costs shown under assets are amortized over a maximum of five years, with amortization commencing on the date of completion of the project.

b) Patents, licenses, trademarks and similar

Industrial property is valued at the costs incurred to obtain ownership or the right to the use or concession of the use of the different manifestations thereof, provided that, due to the economic conditions arising from the contract, they must be inventoried. This includes, among others, invention patents, utility model protection certificates, industrial design and introductory patents.

Industrial property rights are valued at acquisition or production cost. This item includes the book value of development expenses capitalized at the time the corresponding patent or similar is obtained, including the cost of registration and formalization of the industrial property, provided that the following conditions are met

The Company's financial statements are prepared in accordance with the legal requirements necessary for their registration in the corresponding registry, and without prejudice to the amounts that may also be recorded for the acquisition of the corresponding rights from third parties. Research expenses continue to be amortized and are not included in the book value of industrial property.

Patents can be used for a period of 20 years and are amortized on a straight-line basis over this period.

c) Computer applications

They are valued at acquisition price or production cost, including in this caption the development costs of the web pages (provided they are expected to be used for several years). The useful life of these items is estimated at 3 years.

The expenses of the Company's own personnel who have worked on the development of the computer applications are included as an increase in the cost thereof, with a credit to the "Work performed by the Company on its assets" caption in the statement of income and expenses.

Repairs that do not represent an extension of useful life and maintenance costs are charged to the income statement in the year in which they are incurred.

d) Impairment of intangible fixed assets

At year-end or whenever there are indications of impairment losses, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the asset does not generate cash flows on its own that are independent of other assets, the Company calculates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use.

To estimate value in use, the Company prepares forecasts of future pre-tax cash flows based on the most recent budgets approved by the Company's Manager. These budgets incorporate the best available estimates of income and expenses of the cash generating units using past experience and future expectations.

In assessing value in use, the estimated future cash flows are discounted to their present value using a risk-free market interest rate, adjusted for risks specific to the asset that have not been taken into account in estimating future cash flows.

4.2. Property, plant and equipment

They are valued at acquisition or production cost, which includes, in addition to the invoiced amount after deducting any discounts or price reductions, all additional and directly related expenses incurred until they are put into operation, such as earthmoving and demolition costs, transportation, insurance, installation, assembly and other similar expenses. The Company includes in the cost of property, plant and equipment that requires a period of more than one year to be ready for use, operation or sale, the financial expenses related to specific or generic financing, directly attributable to the acquisition, construction or production. The value of property, plant and equipment also includes the initial estimate of the present value of the obligations assumed as a result of dismantling or retirement and other obligations associated with the asset, such as rehabilitation costs, when these obligations give rise to the recording of provisions. As well as the best estimate of the present value of the contingent amount, however, the contingent payments that depend on magnitudes

The expenses related to the development of the activity are recorded as an expense in the income statement as they are incurred.

Amounts delivered on account of future acquisitions of property, plant and equipment are recorded as assets and the adjustments arising from the restatement of the value of the asset associated with the advance give rise to the recognition of finance income as accrued. For this purpose, the supplier's incremental interest rate existing at the initial moment is used, i.e. the interest rate at which the supplier could be financed under conditions equivalent to those resulting from the amount received, which will not be subject to change in subsequent years. In the case of advances maturing in less than one year and the financial effect of which is not significant, no discounting is required.

The Company has no dismantling, retirement or rehabilitation commitments for its assets. Therefore, no securities have been recorded in assets to cover such future obligations.

The Company's Manager considers that the book value of the assets does not exceed their recoverable value.

An impairment loss is recognized for an item of property, plant and equipment when its carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Expenses incurred during the year in connection with construction work carried out by the Company are charged to the appropriate expense accounts. The costs of expansion or improvement leading to an increase in production capacity or to a lengthening of the useful lives of the assets are included in the assets as an increase in their value. Property, plant and equipment in progress accounts are charged for the amount of such expenses, with a credit to the income item which includes the work performed by the Company for itself.

Costs related to major repairs of property, plant and equipment are recognized as replacements when incurred and are depreciated over the period until the next repair, derecognizing any amount associated with the repair that might remain in the carrying amount of the asset.

In finance leases, the asset is recorded in accordance with its nature, and a financial liability for the same amount, which is the lower of the fair value of the leased asset and the present value at the inception of the lease of the agreed minimum lease payments.

Depreciation of property, plant and equipment is provided on a straight-line basis over their estimated useful lives from the time they are available for use, estimating a residual value of zero, based on the following years of useful life:

Description	Years	% Annual
Constructions	50	2 % - 3%
Machinery	8	12% - 20%
Tooling	4 / 5	20% - 25%
Other facilities	10	10%
Furniture	10	10%
Information processing equipment	5	20%
Transport elements	5 / 6	15% - 20%

The Company assesses at least at the end of each reporting period whether there is any indication of impairment losses on its property, plant and equipment that would reduce the recoverable amount of such assets to an amount lower than their carrying amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the asset does not generate cash flows that are independent from other assets, the recoverable amount of the asset is estimated.

assets or groups of assets, the Company calculates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount of assets is the higher of their fair value less costs to sell and their value in use. The value in use is determined on the basis of the expected future cash flows to be derived from the use of the asset, expectations about possible variations in the amount or time distribution of the flows, the time value of money, the price to be paid for bearing the uncertainty related to the asset and other factors that market participants would consider in the valuation of future cash flows related to the asset.

In the event that the estimated recoverable amount is lower than the net book value of the asset, the corresponding impairment loss is recorded with a charge to the income statement, reducing the book value of the asset to its recoverable amount.

Once the impairment loss or reversal of impairment has been recognized, the depreciation for subsequent years is adjusted to the new carrying amount.

Notwithstanding the foregoing, if the specific circumstances of the assets reveal an irreversible loss, this is recognized directly in losses from fixed assets in the income statement.

In 2023 the Company has not recorded any impairment losses on property, plant and equipment.

4.3. Real estate investments

The Company classifies as investment property those non-current assets which are real estate and which are held to earn rentals, for capital appreciation or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. As well as land and buildings whose future uses are not determined at the time of their incorporation into the Company's assets.

Investment property is valued using the property, plant and equipment criteria for land and buildings, as follows:

- Unbuilt plots of land are valued at their acquisition price plus the costs of preparation, such as enclosures, earthworks, drainage and sewerage works, demolition of buildings when necessary to carry out new construction work, inspection and drawing up of plans when carried out prior to their acquisition, as well as the initial estimate of the present value of the present obligations arising from the costs of rehabilitating the plot of land.

- Buildings are valued at their acquisition price or production cost, including those installations and elements that are of a permanent nature, the fees inherent to the construction and the project and construction management fees.

4.4. Leases

Leases are classified as finance leases whenever the terms of the lease imply that substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee. Other leases are classified as operating leases.

Current regulations establish that the cost of leased assets shall be recorded in the balance sheet according to the nature of the leased asset and, at the same time, a liability for the

same amount. This amount will be the lower of the fair value of the leased asset and the present value at the beginning of the lease of the agreed minimum amounts, including the purchase option, when there are no reasonable doubts as to its exercise. Contingent rent, the cost of services and taxes payable by the lessor are not included in the calculation.

Assets recorded for this type of transactions are depreciated using criteria similar to those applied to property, plant and equipment as a whole, based on their nature.

The finance lease contracts have been included directly as assets of the Company and the existing debt with the creditor is shown as a liability. Interest is recognized directly as an expense as the corresponding installments are paid.

In operating leases, the ownership of the leased asset and substantially all the risks and rewards incidental to the leased asset remain with the lessor.

When the Company acts as lessee, lease expenses are charged to the income statement on a straight-line basis according to the agreements and the life of the lease.

Assets acquired under finance leases are recorded in accordance with their nature, at the lower of the fair value of the asset and the present value at the inception of the lease of the agreed minimum lease payments, and a financial liability is recorded for the same amount. Lease payments are distributed between financial expenses and the reduction of the liability. The same depreciation, impairment and derecognition criteria are applied to the assets as to other assets of the same nature.

Operating lease payments are recorded as an expense in the income statement when accrued.

In those fixed assets that the Company leases to third parties, income from operating leases is recorded in the income statement when accrued. Direct costs attributable to the contract are included as an increase in the value of the leased asset and are recognized as an expense over the term of the contract, applying the same criteria used for the recognition of lease income.

4.5. Financial instruments

The Company has recorded under financial instruments those contracts that give rise to a financial asset in one company and, simultaneously, to a financial liability or equity instrument in another company. Therefore, this standard is applicable to the following financial instruments:

a) Financial assets:

1) Cash and cash equivalents.
2) Trade receivables: trade accounts receivable and sundry accounts receivable.
3) Loans to third parties: such as loans and financial credits granted, including those arising from the sale of non-current assets.
4) Debt securities of other companies acquired: such as debentures, bonds and promissory notes.
5) Equity instruments of other companies acquired: shares, units in collective investment schemes and other equity instruments.
6) Derivatives with favorable valuation for the company: including futures, options, swaps and forward foreign currency purchase and sale.
7) Other financial assets: such as deposits in credit institutions, advances and loans to personnel, guarantees and deposits, dividends receivable and disbursements required on own equity instruments.

b) Financial liabilities:

1) Trade accounts payable: suppliers and sundry creditors.
2) Debts with credit institutions;
3) Debentures and other marketable securities issued: such as bonds and notes;
4) Derivatives with unfavorable valuation for the company: including futures, options, swaps and forward foreign currency purchase and sale;
5) Debts with special characteristics, and
6) Other financial liabilities: debts with third parties, such as loans and financial credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on participations.

c) Own equity instruments: all financial instruments included in shareholders' equity, such as common shares issued.

Long-term and short-term financial investments

- **Financial assets at amortized cost.** A financial asset is included in this category, even when it is admitted to trading on an organized market, if the company holds the investment with the objective of receiving the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding. Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent to an agreement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is agreed at a zero or below-market interest rate. In general, this category includes trade receivables (financial assets arising from the sale of goods and the rendering of services in connection with the company's business transactions with deferred payment), and non-trade receivables (financial assets which, not being equity instruments or derivatives, are not of commercial origin and whose collections are of a determined or determinable amount, arising from loan or credit transactions granted by the company). In other words, this category includes loans and accounts receivable, as well as those debt securities with a fixed maturity date, collections of a determined or determinable amount, which are traded in an active market and which the Company intends and has the capacity to hold until maturity.

- Initial valuation: They are initially valued at fair value plus directly attributable transaction costs. However, trade receivables maturing in less than one year and which do not have an explicit contractual interest rate, as well as receivables from personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, may be valued at their nominal value when the effect of not discounting cash flows is not significant.

- Subsequent measurement: at amortized cost and accrued interest is recognized in the income statement using the effective interest rate method.

However, loans maturing in less than one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their face value, will continue to be valued at that amount, unless they have been impaired.
When the contractual cash flows of a financial asset change due to the issuer's financial difficulties, the company shall analyze whether an impairment loss should be recognized.

- Impairment: The Company records impairment losses for the difference between the recoverable amount of accounts receivable and the carrying amount at which they are recorded.

At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset included in this category, or of a group of financial assets with similar risk characteristics valued collectively, is impaired as a result of one or more events occurring after its initial recognition and causing a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, if applicable, those from the execution of real and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition.

Impairment losses, as well as their reversal when the amount of such loss decreases due to a subsequent event, are recognized as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognized at the date of reversal had no impairment loss been recognized.

- Financial assets at fair value through profit or loss.

All financial assets are included in this category, unless they should be classified in any of the other categories. Financial assets held for trading must be included in this category.

For equity instruments that are neither held for trading nor measured at cost, the Company may make an irrevocable election at the time of initial recognition to present subsequent changes in fair value directly in equity.

In any case, the company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a valuation inconsistency or asymmetry.

- Initial valuation: They are valued at fair value. Transaction costs directly attributable to them are recognized in the income statement for the year.

- Subsequent valuation: Fair value through profit or loss.

- Impairment: They are not impaired since they are at all times valued at fair value, and changes in value are charged to income for the year.

- Financial assets at cost. This category includes, among others, investments in the equity of group companies, jointly controlled entities and associates, as well as 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 a reliable estimate thereof cannot be obtained.

Also included in this category are participating loans whose interest is contingent and any other financial asset that should initially be classified in the fair value portfolio with changes in the profit and loss account when it is not possible to obtain a reliable estimate of its fair value.

- Initial valuation: They are valued at cost, which is equal to the fair value of the consideration given plus directly attributable transaction costs.

- Subsequent valuation: The equity instruments included in this category are valued at cost, less, if applicable, the accumulated amount of impairment adjustments.

- Impairment: At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the carrying amount of an investment is not recoverable. The Company records the corresponding impairment losses for the difference between the book value and the recoverable amount, understood as the higher of fair value less costs to sell and the present value of the future cash flows derived from the investment, which in the case of equity instruments are calculated, either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee, both from its ordinary activities and from its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealized gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee has in turn invested in another investee, the equity included in the consolidated financial statements prepared by applying the criteria of the Commercial Code and its implementing regulations is taken into account.

The recognition of impairment losses and, if applicable, their reversal, are recorded as an expense or income, respectively, in the income statement. The reversal of the impairment will be limited to the carrying amount of the investment that would be recognized at the date of reversal if the impairment had not been recorded.

- **Financial assets at fair value through equity.** A financial asset is included in this category when the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and it is not held for trading or classified in the category of financial assets at amortized cost. Also included in this category are investments in equity instruments for which, although they should have been included in the category of financial assets at fair value through profit or loss, the irrevocable option to classify them in this category has been exercised.

- Initial valuation: Fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

- Subsequent measurement: Fair value, without deducting transaction costs that may be incurred in its disposal. Changes in fair value are recorded directly in equity until the financial asset is derecognized or impaired, at which time the amount so recognized is taken to the income statement.

- Impairment: At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset is impaired as a result of one or more events that have occurred after its initial recognition, and which cause: - delay in estimated future cash flows; or
- the lack of recoverability of the carrying amount of the asset, evidenced, for example, by a prolonged or significant decline in its fair value.

The valuation adjustment for impairment of these financial assets is the difference between their cost or amortized cost less, if applicable, any valuation adjustment for impairment previously recognized in the income statement and the fair value at the time the valuation is made. The accumulated losses recognized in equity due to a decrease in fair value, provided that there is objective evidence of impairment in the value of the asset, are recognized in the income statement.

If the fair value is increased in subsequent years, the valuation adjustment recognized in prior years is reversed with a credit to the income statement for the year. No

However, in the event of an increase in the fair value of an equity instrument, the valuation adjustment recognized in prior years is not reversed with a credit to the income statement and the increase in fair value is recorded directly in equity.

- Reclassification of financial assets

When the company changes the way in which it manages its financial assets to generate cash flows, it shall reclassify all the assets affected in accordance with the criteria established in the preceding sections of this standard. The reclassification of category is not a derecognition but a change in the valuation criteria.

The following reclassifications may occur:

- Reclassification of financial assets at amortized cost to the category of financial assets at fair value through profit or loss and vice versa.
- Reclassification of financial assets at amortized cost to the category of financial assets at fair value through equity and, conversely.
- Reclassification of financial assets at fair value through profit or loss to the category of financial assets at fair value through equity and, conversely.
- Reclassification of investments in equity instruments valued at cost to the category of financial assets at fair value through profit or loss and vice versa.

- Interest and dividends received from financial assets

Interest and dividends on financial assets accrued after the time of acquisition are recognized as income in the income statement. Interest on financial assets measured at amortized cost is recognized using the effective interest method and dividend income from investments in equity instruments is recognized when the Company's rights to receive it have arisen.

In the initial valuation of financial assets, the amount of explicit interest accrued and not yet due at that time, as well as the amount of dividends agreed by the competent body at the time of acquisition, are recorded separately in the initial valuation of financial assets, based on their maturity.

Also, if the dividends distributed unequivocally derive from results generated prior to the date of acquisition because amounts in excess of the profits generated by the investee since the acquisition have been distributed, they are not recognized as income and reduce the carrying amount of the investment.

The judgment as to whether profits have been generated by the investee is made exclusively on the basis of the profits recorded in the individual profit and loss account since the date of acquisition, unless there is no doubt that the distribution out of such profits should be considered as a recovery of the investment from the perspective of the entity receiving the dividend.

- Derecognition of financial assets

The Company derecognizes financial assets when the rights to the cash flows of the related financial asset expire or have been assigned and the risks and rewards of ownership have been substantially transferred. In the specific case of accounts receivable, it is understood that this is generally the case if the risks of insolvency and default have been transferred.

When the financial asset is derecognized, the difference between the consideration received net of attributable transaction costs and the carrying amount of the asset, plus any cumulative amount recognized directly in equity, determines the gain or loss arising on derecognition of the asset, which forms part of the profit or loss for the year in which i t arises.

On the other hand, the Company does not derecognize financial assets, and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

- Cash and cash equivalents

This caption in the accompanying balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments maturing in less than three months, which are readily realizable in cash and are not subject to a risk of changes in value.

Financial liabilities

Financial liabilities, for valuation purposes, are included in one of the following categories:

- **Financial liabilities at amortized cost**. All financial liabilities are classified in this category except when they must be valued at fair value with changes in the profit and loss account. In general, this category includes trade and non-trade payables.

Participating loans that have the characteristics of an ordinary or common loan will also be included in this category without prejudice to the fact that the operation is agreed at a zero interest rate or below market.

- Initial valuation: They are initially valued at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received adjusted for directly attributable transaction costs. However, trade payables maturing in less than one year and which do not have a contractual interest rate, as well as disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, may be valued at their nominal value, when the effect of not discounting cash flows is not significant.

- Subsequent valuation: at amortized cost. Accrued interest is recorded in the profit and loss account, applying the effective interest rate method. However, debts maturing in less than one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their nominal value, will continue to be valued at that amount.

- **Financial liabilities at fair value through profit or loss.** Financial liabilities that meet some of the following conditions are classified in this category:

- They are liabilities held for trading;

- These are liabilities that, from the time of initial recognition, have been irrevocably designated by the entity to be carried at fair value through profit or loss, provided that such designation complies with the objective established in the accounting regulations.

- Optionally and irrevocably, hybrid financial liabilities subject to the requirements established in the PGC may be included in their entirety in this category.

- Initial measurement: Fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs directly attributable to them are recognized in the income statement for the year.

- Subsequent valuation: Fair value through profit or loss.

- Derecognition of financial liabilities

The Company derecognizes a financial liability, or part of it, when the obligation has been extinguished; that is, when it has been satisfied, cancelled or has expired.

- Bonds delivered and received

Deposits or guarantees provided as security for certain obligations are valued at the amount actually paid, which does not differ significantly from their fair value.

For guarantees given or received for operating leases or for the rendering of services, the difference between their fair value and the amount disbursed is considered as an advance payment or collection for the lease or rendering of the service, which is charged to the income statement during the period of the lease or during the period in which the service is rendered, in accordance with the standard on income from sales and rendering of services.

In estimating the fair value of the bonds, the remaining period is taken as the minimum contractual term committed during which the amount cannot be returned, without taking into account the statistical behavior of return.

When the bond is short-term, it is not necessary to discount cash flows if its effect is not significant.

- Fair value

Fair value is the price received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. The fair value is determined without any deduction for transaction costs that may be incurred due to disposal or disposition by other means. Under no circumstances will fair value be considered to be the result of a forced or urgent transaction or as a consequence of an involuntary liquidation situation. In general, in the valuation of financial instruments valued at fair value, the Company calculates fair value by reference to a reliable market value, the quoted price in an active market being the best reference for such fair value. For those instruments for which there is no active market, the fair value is obtained, where appropriate, by applying valuation models and techniques.

It is assumed that the carrying value of trade receivables and payables approximates their fair value.

- Derivative financial instruments and hedge accounting

The Company classifies hedging transactions in the following categories:

a) Fair value hedge: hedges the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments, or a specific portion thereof, attributable to a specific risk that may affect the income statement (for example, the contracting of a swap to hedge the risk of fixed-rate financing).

Changes in the value of the hedging instrument and the hedged item attributable to the hedged risk are recognized in the income statement.

When the hedged item is an unrecognized firm commitment or a component thereof, the cumulative change in the fair value of the hedged item subsequent to its designation is recognized as an asset or liability, and the related gain or loss is reflected in the income statement.

Changes in the carrying amount of hedged items that are measured at amortized cost will result in the effective interest rate of the instrument being adjusted either at the time of the change or (at the latest) at the time hedge accounting ceases.

b) Cash flow hedge: hedges the exposure to the variation in cash flows that is attributable to a specific risk associated with all or a component of a recognized asset or liability (such as the contracting of a swap to hedge the risk of variable interest rate financing), or to a highly probable forecast transaction (for example, hedging the exchange rate risk related to forecast purchases and sales of property, plant and equipment, goods and services in foreign currency), and that may affect the income statement. The hedge of the exchange rate risk of a firm commitment may be accounted for as a cash flow hedge or as a fair value hedge.

The Company is exposed to fluctuations in the exchange rates of the different countries in which it operates. In order to mitigate this risk, it follows the practice of formalizing, on the basis of its forecasts and budgets, hedging contracts for exchange rate risk when the outlook for market evolution makes it advisable to do so.

Likewise, it maintains an exposure to the exchange rate due to potential variations that may occur in the different currencies in which it maintains debt with financial entities, and therefore hedges this type of transaction when the outlook for the evolution of the market so advises.

On the other hand, the Company is exposed to variations in interest rate curves as it maintains all its debt with financial entities at variable interest rates. In this regard, the Company enters into interest rate risk hedging contracts, basically through contracts with structures that guarantee maximum interest rates.

At year-end, the contracts in force have been valued by comparing, for each contract individually, the agreed price with the quotation of each currency and, if applicable, with the reference interest rate at the closing date, recognizing the changes in value thereof in the income statement.

- Compound financial instruments

The Company's issuance of exchangeable bonds complies with the requirements established by the Spanish National Chart of Accounts to be considered as financial liabilities. For this reason, from the net amount received from the issue of the bonds, the amount corresponding to the liability element of the equity component, which represents the fair value of the embedded option of this instrument, has been differentiated.

- Investments in group companies, jointly controlled entities and associates

Investments in Group companies, jointly controlled entities and associates are initially measured at cost, which is the fair value of the consideration given plus transaction costs.

At least at year-end, the Company evaluates whether there has been any impairment in the value of the investments. Impairment losses and reversals, if any, are recorded as an expense or income, respectively, in the statement of income.

An impairment correction is applied whenever there is objective evidence that the carrying amount of an investment will not be recoverable. Recoverable amount is understood to be the higher of its fair value less costs to sell and the present value of future cash flows derived from the investment, calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment itself, or by estimating its share of the cash flows expected to be generated by the investee. Unless there is better evidence of the recoverable amount, the equity of the investee, adjusted by the unrealized gains existing at the valuation date, is taken into consideration.

Financial liabilities and equity instruments are classified according to the content of the agreed contractual arrangements and taking into account the economic substance. An instrument

The equity method is a contract that represents a residual interest in the group's equity after deducting all of its liabilities.

4.6. Stocks

They are valued at acquisition price or production cost. The acquisition price is the amount invoiced by the supplier, net of discounts and interest added to the nominal amount of the debits, plus the additional costs of making the inventories available for sale: transportation, customs duties, insurance and other costs attributable to the acquisition.

As for the cost of production, inventories are valued by adding to the acquisition cost of raw materials and other consumables, the costs directly attributable to the product and the portion that reasonably corresponds to the costs indirectly attributable to the products.

Indirect taxes on inventories are only included in the acquisition price or production cost when they are not directly recoverable from the tax authorities.

For inventories that require a period of more than one year to be sold, financial expenses are included as provided for in the standard on property, plant and equipment.

Advances to suppliers on account of future supplies of inventories are valued at cost.

The valuation of obsolete, defective or slow-moving products is reduced to their potential realizable value.

When the net realizable value of inventories is lower than their acquisition price or production cost, the appropriate valuation adjustments are made and recognized as an expense in the income statement.

If the circumstances that caused the adjustment to the value of inventories cease to exist, the amount of the adjustment is reversed and recognized as income in the income statement.

4.7. Transactions in foreign currencies

Transactions in foreign currencies are recorded in the Company's functional currency (euros) at the exchange rates prevailing at the time of the transaction. During the year, differences arising between the exchange rate recorded and the exchange rate in effect at the date of collection or payment are recorded as financial results in the income statement. The Company has not changed its functional currency, which is the euro, during the year.

Also, at December 31 of each year, balances receivable or payable denominated in foreign currencies are translated at the closing exchange rate. The resulting valuation differences are recorded as financial results in the income statement.

4.8. Income tax

The current tax expense is determined by adding the current tax expense and the deferred tax. The current tax expense is determined by applying the current tax rate to the taxable income, and reducing the result thus obtained by the amount of the general allowances and deductions applied in the year.

Deferred tax assets and liabilities arise from temporary differences, defined as amounts that are expected to be payable or recoverable in the future and that arise from

difference between the book value of assets and liabilities and their tax basis. These amounts are recorded by applying to the temporary difference the tax rate at which they are expected to be recovered or settled.

Deferred tax assets also arise as a result of tax loss carryforwards and tax credits generated but not applied.

A corresponding deferred tax liability is recognized for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or from the initial recognition in a transaction that is not a business combination of other assets and liabilities in a transaction that, at the time of its realization, affects neither the taxable profit nor the accounting profit.

Deferred tax assets, identified with deductible temporary differences, are only recognized if it is considered probable that the Company will have sufficient taxable profits in the future against which they can be utilized and they do not arise from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that does not affect either the taxable profit or the accounting profit. T h e remaining deferred tax assets (tax loss and tax credit carryforwards) are only recognized if it is considered probable that the Company will have sufficient taxable profits in the future against which they can be utilized.

At the end of each accounting period, the deferred taxes recorded (both assets and liabilities) are reviewed to verify that they are still valid, and the appropriate adjustments are made, based on the results of the analyses performed.

The deferred tax expense or income relates to the recognition and cancellation of deferred tax liabilities and assets and, where appropriate, to the recognition and allocation to the income statement of income directly attributed to equity that may result from the recognition of deductions and other tax benefits that have the economic nature of a grant.

4.9. Revenues and expenses

Common aspects.

The Company recognizes revenue in the ordinary course of business when control of the goods or services promised to customers is transferred. At that time, the Company will measure the revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.
Revenue is not recognized on exchanges of homogeneous items such as exchanges of finished goods, or goods that are interchangeable between two companies in order to be more efficient in their commercial efforts to deliver the product to their respective customers.
Recognition.

The Company recognizes revenue under a contract when (or as) control over the committed goods or services (i.e., the obligation(s) to be performed) is transferred to the customer.
Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.
For each obligation to be fulfilled (delivery of goods or provision of services) that is identified, the company determines at the beginning of the contract whether the commitment undertaken will be fulfilled over time or at a specific point in time.
Revenue from commitments (generally for the rendering of services or sale of goods) that are fulfilled over time is recognized by reference to the stage of completion.

or progress towards full compliance with contractual obligations provided that the company has reliable information to measure the degree of progress.
The Company reviews and, if necessary, modifies the estimates of revenue to be recognized as it fulfills the commitment assumed. The need for such reviews does not necessarily indicate that the outcome or result of the transaction cannot be reliably estimated. When, at a given date, the company is not able to reasonably measure the degree of fulfillment of the obligation (for example, in the early stages of a contract), although it expects to recover the costs incurred to satisfy the commitment, revenue and the corresponding consideration are only recognized in an amount equivalent to the costs incurred up to that date. In the case of contractual obligations that are fulfilled at a certain point in time, the revenues derived from their execution are recognized at that date. Until such time, costs incurred in the production or manufacture of the product (goods or services) are recorded as inventories.
When there are doubts as to the collectibility of the receivable previously recognized as revenue from sales or services rendered, the impairment loss is recorded as an impairment loss and not as a reduction in revenue.

Fulfillment of the obligation over time.

It is understood that the company transfers control of an asset (generally a service or product) over time when one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the company's activity (generally the provision of a service) as the entity performs it, as is the case with some recurring services (security or cleaning). In such a case, if another company were to take over the contract, it would not need to substantially re-perform the work completed to date.

b) The company produces or improves an asset (tangible or intangible) that the customer controls as the activity develops.

c) The company produces a specific asset for the customer (generally a complex technical facility or service or a particular good with unique specifications) without an alternative use and the company has an enforceable right to payment for the activity completed to date.

If the transfer of control over the asset does not occur over time, the company recognizes revenue following the criteria established for obligations that are fulfilled at a given time.

Indicators of compliance with the obligation at a point in time.

In order to identify the specific moment at which the customer obtains control of the asset (generally a property), the company considers, among others, the following indicators:

a) The customer assumes the significant risks and rewards of ownership of the asset. In assessing this point, the company excludes any risk that would give rise to a separate obligation, other than a commitment to transfer the asset.

b) The company has transferred physical possession of the asset.

c) The customer has received (accepted) the asset in accordance with the contractual specifications. If a company can objectively determine that control of the good or service has been transferred to the customer in accordance with the agreed specifications, the customer's acceptance is a formality that would not affect the determination of transfer of control.

However, if the company cannot objectively determine that the good or service provided to the customer meets the specifications agreed in the contract, it cannot conclude that the customer has obtained control until it receives the customer's acceptance.

When products (goods or services) are delivered to a customer on a trial or evaluation basis and the customer has not committed to pay the consideration until the trial period expires, control of the product has not been transferred to the customer until the customer accepts the product or the trial period expires without having communicated its non-conformity.

d) The company has a collection right for transferring the asset.

e) The customer has ownership of the asset. However, where the company retains ownership only as protection against default by the customer, this would not prevent the customer from gaining control of the asset.

Valuation.

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, at the fair value of the consideration received or expected to be received, which, unless there is evidence to the contrary, is the price agreed for the assets to be transferred to the customer, less: the amount of any discounts, price rebates or other similar items that the Company may grant, as well as interest included in the face value of the receivables. However, interest incorporated into trade receivables with a maturity not exceeding one year that do not have a contractual interest rate may be included, when the effect of not discounting cash flows is not significant.

Taxes levied on the delivery of goods and the rendering of services that the Company must pass on to third parties, such as value added tax and excise taxes, as well as amounts received on behalf of third parties, are not included in income.

The Company takes into account in the measurement of revenue the best estimate of the variable consideration if it is highly probable that there will not be a significant reversal of the amount of revenue recognized when the uncertainty associated with the consideration is subsequently resolved.

As an exception to the general rule, variable consideration related to license assignment agreements, in the form of participation in the sales or use of those assets, is only recognized when (or as) the later of the following events occurs:

a) Sale or subsequent use takes place; or

b) The obligation assumed by the company under the contract and to which part or all of the variable consideration has been allocated is satisfied (or partially satisfied).

4.10. Provisions and contingencies

Obligations existing at the balance sheet date arising as a result of past events which could result in a loss for the Company, the amount and timing of which are undetermined, are recorded in the balance sheet as provisions at the present value of the most probable amount that it is estimated the Company will have to pay to settle the obligation.

The compensation to be received from a third party at the time of settling the obligation does not imply a reduction in the amount of the debt, without prejudice to the recognition in the Company's assets of the corresponding collection right, provided that there are no doubts that such reimbursement will be received, recording such asset for an amount not exceeding the obligation recorded for accounting purposes.

4.11. Environmental assets

Costs incurred, if any, in systems, equipment and facilities aimed at minimizing the environmental impact of the activity and/or protecting and improving the environment are recorded as investments in fixed assets.

All other expenses related to the environment, other than those mentioned above, are considered to be expenses for the year. For the calculation of possible environmental provisions that may arise, provisions are made according to the best estimate of their accrual at the time they become known, and in the event that insurance policies do not cover the damages caused.

4.12. Criteria used for recording and valuing personnel expenses

In the case of defined benefit compensation, the contributions to be made give rise to a liability for long-term employee benefits when, at year-end, there are unpaid accrued contributions.

The amount recognized as a provision for long-term employee compensation is the difference between the present value of the compensation commitments and the fair value of any assets assigned to the commitments with which the obligations will be settled. Except in the case of just cause, companies are obliged to compensate their employees when they leave their services.

In the absence of any foreseeable need for abnormal termination of employment and given that employees who retire or voluntarily terminate their services do not receive severance payments, severance payments, when they arise, are expensed at the time the decision to terminate is made.

4.13. Grants, donations and legacies

Non-refundable capital subsidies are valued at the amount granted and are initially recognized as income directly in equity and are taken to income in proportion to the depreciation of the assets financed by such subsidies during the period, except in the case of non-depreciable assets, in which case they are taken to income in the year in which they are disposed of or retired from inventory.

As long as they are in the nature of reimbursable grants, they are recorded as long-term liabilities that can be converted into grants.

When grants are awarded to finance specific expenses, they will be recognized as income in the year in which the expenses they are financing are accrued.

4.14. Criteria used in related party transactions

Where they exist, transactions between companies of the same group, regardless of the degree of relationship, are accounted for in accordance with the general rules. The items involved in the transactions carried out are initially recorded at their fair value. Subsequent valuation is carried out in accordance with the provisions of the specific rules for the corresponding accounts.

This valuation standard affects the related parties specified in the 13th Standard for the preparation of financial statements of the General Accounting Plan. In this respect:

a) It will be understood that a company is part of the group when both companies are linked by a direct or indirect control relationship similar to that provided for in Article 42 of the Commercial Code, or when the companies are controlled by any means by

one or more legal entities acting jointly or under a single management by agreements or statutory clauses.

b) It shall be understood that a company is an associate when, without being a group company in the sense indicated above, the controlling company or individuals exercise significant influence over that associate, as developed in detail i n the aforementioned Standard for the preparation of annual accounts 13.

c) A party is considered to be related to another party when one of them exercises or has the possibility of exercising, directly or indirectly or by virtue of pacts or agreements between shareholders or participants, control over the other party or significant influence in the financial and operating decision-making of the other party, as detailed in detail in Statement of Financial Statements 15.

In addition to group, associated and multi-group companies, individuals who directly or indirectly hold any interest in the voting rights of the Company, or in its parent company, in such a way as to enable them to exercise significant influence over one or the other, as well as their close relatives, are considered to be related parties of the Company, key personnel of the Company or its parent company (individuals with authority and responsibility for the planning, management and control of the Company's activities, either directly or indirectly), including the Directors and Executives, together with their close relatives, as well as entities over which the aforementioned persons may exercise a significant influence. Companies that share a director or executive with the Company, except when the latter does not exercise a significant influence on the financial and operating policies of both, and, if applicable, close relatives of the natural person representative of the Director, legal entity, of the Company, are also considered as related parties.

5. Property, plant and equipment

Details of property, plant and equipment and related accumulated depreciation for the years ended December 31, 2023 and 2022 are summarized in the following tables:

2023 **Cost**	**Land and constructions**	**Facilities technical and other fixed assets material**	**Fixed assets in progress and advances**	**Total**
opening balance 2023	1.267.497 €	5.216.707 €	874.079 €	7.358.283 €
tickets		1.269.865 €	1.579.058 €	2.848.923 €
retirements / transfers		-645.000 €		-645.000 €
ending balance 2023	**1.267.497 €**	**5.841.572 €**	**2.453.137 €**	**9.562.206 €**
Amortization				
opening balance 2023	-165.878 €	-1.774.287 €	0 €	-1.940.165 €
endowment	-82.230 €	-265.619 €		-347.849 €
retirements / transfers	64.200 €	25.830 €		90.030 €
ending balance 2023	**-183.908 €**	**-2.014.076 €**	**0 €**	**-2.197.985 €**
Book Value 2023	**1.083.589 €**	**3.827.496 €**	**2.453.137 €**	**7.364.221 €**

2022 Cost	Land and constructions	Facilities technical and other fixed assets material	Fixed assets in progress and advances	Total
opening balance 2022	1.267.497 €	4.431.180 €		5.698.677 €
tickets		790.997 €	874.079 €	1.665.076 €
retirements / transfers		-5.472 €		-5.472 €
ending balance 2022	**1.267.497 €**	**5.216.705 €**	**874.079 €**	**7.358.281 €**
Amortization				
opening balance 2022	-133.416 €	-1.528.351 €	0 €	-1.661.767 €
endowment	-32.462 €	-251.960 €		-284.422 €
retirements / transfers		6.018 €		6.018 €
ending balance 2022	**-165.878 €**	**-1.774.293 €**	**0 €**	**-1.940.171 €**
Book Value 2022	**1.101.619 €**	**3.442.412 €**	**874.079 €**	**5.418.110 €**

From the above detail, under the heading "Land and Buildings", the value of the land and the construction amount to 142,191 euros and 1,125,305 euros, respectively.

There are no capitalized financial expenses.

There are no estimated dismantling, removal or rehabilitation costs included as an increase in the value of the assets. Likewise, there are no assets subject to guarantee or reversion, nor are there any restrictions on their ownership.

The Company's policy is to take out insurance policies to cover the possible risks to which the various items of property, plant and equipment are subject. Management reviews annually, or when circumstances make it necessary, the coverage and risks covered and the amounts to be reasonably covered for the following year are agreed upon.

There are assets (machinery) acquired under finance leases amounting to 1,145,000 euros (see note 7).

6. Intangible Fixed Assets

Details of property, plant and equipment and related accumulated depreciation for the years ended December 31, 2023 and 2022 are summarized in the following tables:

2023 Cost	Development expenses	Patents and trademarks	Computer applications	Advances (marks)	Total
opening balance 2023	2.018.648 €	91.050 €	8.610 €	34.431 €	2.118.308 €
tickets	754.495 €		4.000 €	636.587 €	1.395.082 €
low				-2.250 €	-2.250 €
ending balance 2023	**2.773.143 €**	**91.050 €**	**12.610 €**	**668.768 €**	**3.545.571 €**
Amortization					
opening balance 2023	0 €	-45.078 €	-1.811 €		-46.889 €
endowment		-4.553 €	-3.922 €		-8.474 €
ending balance 2023	**0 €**	**-49.631 €**	**-5.733 €**	**0 €**	**-55.363 €**
Book Value 2 0 2 3	**2.773.143 €**	**41.420 €**	**6.877 €**	**668.768 €**	**3.490.208 €**

2022	Development expenses	Patents and trademarks	Investment in cryptocurrencies	Computer applications	Advances (marks)	Total
Cost						
opening balance 2022	1.552.878 €	72.000 €	8.000 €	3.174 €		1.636.052 €
tickets	465.770 €	19.050 €		5.436 €	34.431 €	524.687 €
low			-8.000 €			-8.000 €
ending balance 2022	**2.018.648 €**	**91.050 €**	**0 €**	**8.610 €**	**34.431 €**	**2.152.739 €**
Amortization						
opening balance 2022	0 €	-27.000 €		-1.761 €		-28.761 €
endowment		-18.078 €		-50 €		-18.128 €
ending balance 2022	**0 €**	**-45.078 €**	**0 €**	**-1.811 €**	**0 €**	**-46.889 €**
Book Value 2 0 2 2	**2.018.648 €**	**45.972 €**	**0 €**	**6.799 €**	**34.431 €**	**2.105.850 €**

7. Leases and other similar transactions

Operating leases

As a lessor, the company leases an office located within its main premises to a related entity/group. The income accrued in this connection amounted to 2,640 euros (2,640 euros in the previous year).

As lessee, the company has leased three industrial buildings where it carries out its activity. The lease is for 5 years and expires in November 2026. The annual rent for the three buildings amounted to a total of 66,036 euros (66,036 euros in the previous year).

Finance leases

During the year, the Company has acquired various machinery under finance leases. The total amount of the assets and the corresponding debts amount to 1,145,000 euros. Of these amounts, 645,000 euros correspond to lease-back operations. One-year payments amount to
71,593 euros; payments between 1 and 5 years amount to 915,465 euros and over 5 years amount to 157,942 euros. The total residual value amounts to 21,364 euros.

8. Financial Instruments

8.1. Information on the relevance of financial instruments to the company's financial position and results of operations

Information related to the balance sheet

a) Category of financial assets and liabilities

The carrying amounts of each of the categories of financial assets and liabilities indicated in the ninth accounting and valuation standard are presented below:

a.1) Financial assets except for investments in the equity of group, multigroup and associated companies.

Information on financial instruments on the asset side of the Company's long-term balance sheet, classified by category, is as follows:

	CLASSES					
	Instruments of patrimony		Derivative loans Others		TOTAL	
	2023	2022	2023	2022	2023	2022
Financial assets at cost			85 €	85 €	85 €	85 €
Assets at fair value with changes in shareholders' equity	66.515 €	45.307 €			66.515 €	45.307 €
TOTAL	**66.515 €**	**45.307 €**	**85 €**	**85 €**	**66.600 €**	**45.392 €**

The financial assets at cost correspond to long-term guarantees and provisions and the assets at fair value with changes in equity consist of investment funds managed by Banco de Santander for a fair value of 66,210 euros, shares of Banco de Santander for a fair value of 306 euros and shares of Cajamar for a value of 305 euros. At year-end the value of the investment funds and the shares have been adjusted to fair value, resulting in an effect on equity of 142 euros (net of tax effect).

Information on short-term financial instruments on the assets side of the Company's balance sheet, excluding cash and cash equivalents, classified by category, is shown below:

	CLASSES			
	Derivative loans Other		TOTAL	
	2023	2022	2023	2022
Financial assets at cost	240.459 €	182.150 €	240.459 €	182.150 €
TOTAL	**240.459 €**	**182.150 €**	**240.459 €**	**182.150 €**

Not including balances with Public Administrations

The most relevant financial assets in the above table are detailed below:

- Customer balances in the amount of 76,260 euros (27,226 euros in the previous year) and balances with group customers in the amount of 29,929 euros (31,072 euros in the previous year).
- Balance of trade and other receivables in the amount of 8,757 euros (24,355 euros in the previous year).
- Loans to group companies and other related parties in the amount of 125,513 euros (99,497 euros in the previous year).

Information on cash and cash equivalents is as follows:

Treasury	**Balance at 31.12.2023**	**Balance at 31.12.2022**
Box	00 €	103 €
C/C in banks and financial institutions	366.404 €	68.826 €
C/C in GPB (foreign currency)	572 €	(3.633) €
C/C in USD (foreign currency)	22 €	22 €
C/C in PLN (foreign currency)	57 €	57 €
C/C in CZK (foreign currency)	33 €	00 €
Total	**367.088 €**	**65.375 €**

a.2) Financial liabilities

Long-term financial instruments on the liability side of the Company's balance sheet, classified by category, are as follows:

	CLASSES					
	Debts with credit institutions		Derivatives and others		TOTAL	
	2023	2022	2023	2022	2023	2022
Financial liabilities at amortized cost or cost	1.365.989 €	1.308.488 €	4.352.900 €	2.076.774 €	5.718.889 €	3.385.262 €
TOTAL	**1.365.989 €**	**1.308.488 €**	**4.352.900 €**	**2.076.774 €**	**5.718.889 €**	**3.385.262 €**

Information on loans with financial institutions is as follows:

- ICO loan with Banco de Sabadell for a principal amount of 240,000 euros. Outstanding principal: 141,752 euros. Short-term maturities: 58,147 euros. Long-term maturities: 83,604 euros. Maturity of the loan in April 2025.

- ICO loan with Banco de Santander for a principal amount of 600,000 euros. Outstanding principal: 269,662 euros. Short-term maturities: 201,646 euros. Long-term maturities: 68,016 euros. Maturity of the loan in April 2025.

- ICO loan with Bankinter for a principal amount of 400,000 euros. Outstanding principal: 190,528 euros. Short-term maturities: 144,975 euros. Long-term maturities: 45,553 euros. Maturity of the loan in April 2025.

- ICO loan with Deutsche Bank for a principal amount of 250,000 euros. Outstanding principal: 121,810 euros. Short-term maturities: 66,672 euros. Long-term maturities: 55,138 euros. Maturity of the loan in November 2025.

- ICO loan with Deutsche Bank for a principal amount of 200,000 euros. Outstanding principal: 182,851 euros. Short-term maturities: 37,539 euros. Long-term maturities: 145,312 euros. Maturity of the loan in May 2028.

- ICO loan with Banco de Sabadell for a principal amount of 250,000 euros. Outstanding principal: 226,759 euros. Short-term maturities: 47,611 euros. Long-term maturities: 179,148 euros. Maturity of the loan in June 2028.

- ICO loan with Bankinter for a principal amount of 200,000 euros. Outstanding principal: 190,965 euros. Short-term maturities: 50,019 euros. Long-term maturities: 140,945 euros. Maturity of the loan in September 2027.

- Loan with Banco de Santander for a principal amount of 500,000 euros. Outstanding principal: 447,220 euros. Short-term maturities: 61,447 euros. Long-term maturities: 385,773 euros. Maturity of the loan in January 2030.

- Loan with Elkargi for a principal amount of 300,000 euros. Outstanding principal: 300,000 euros. Short-term maturities: 37,500 euros. Long-term maturities: 262,500 euros. Maturity of the loan in May 2028.

- Loan with Elkargi for a principal amount of 300,000 euros. Outstanding principal: 300,000 euros. Short-term maturities: 37,500 euros. Long-term maturities: 262,500 euros. Maturity of the loan in May 2028.

The caption "Derivatives and others" consists of the following transactions:

- Creditors for financial leasing as follows:

  - Lease-back with Banco de Santander for 121,000 euros of principal. Outstanding principal: 121,000 euros. Short-term maturities: 4,381 euros. Long-term maturities: 116,618 euros. Maturity of the loan in October 2028.

  - Lease-back with Banco de Santander for a principal amount of 167,000 euros. Outstanding principal: 167,000 euros. Short-term maturities: 6,069 euros. Long-term maturities: 161,531 euros. Maturity of the loan in October 2028.

  - Lease-back with Banco de Santander for 135,000 euros of principal. Outstanding principal: 135,000 euros. Short-term maturities: 4,889 euros. Long-term maturities: 130,111 euros. Maturity of the loan in October 2028.

  - Lease-back with Banco de Santander for a principal amount of 96,900 euros. Outstanding principal: 96,900 euros. Short-term maturities: 3,509 euros. Long-term maturities: 93,391 euros. Maturity of the loan in October 2028.

  - Lease-back with Banco de Santander for 124,500 euros of principal. Outstanding principal: 124,500 euros. Short-term maturities: 4,508 euros. Long-term maturities: 119,992 euros. Maturity of the loan in October 2028.

  - Leasing with BBVA for a principal amount of 500,000 euros. Outstanding principal: 500,000 euros. Short-term maturities: 48,236 euros. Long-term maturities: 451,764 euros. Maturity of the loan in September 2030.

- Reimbursable public aid as follows:

- Reindustrialization aid loan (REINDUS) granted in 2012 by the Ministry of Industry. Loan amount: 2,000,000 euros. Amount outstanding at year-end:
  329,420 euros. In relation to this loan, its repayment and the claim for interest, an ADMINISTRATIVE CONTENTION APPEAL has been filed before the Central Contentious-Administrative Courts, alleging the full nullity of the repayment resolution issued by the administration on the basis of the expiration of the entire repayment procedure and consequently the statute of limitations of the right of the administration to claim the repayment of the aid. Said appeal is based on what is set forth in Supreme Court Ruling 461/2020, which establishes the criteria to be taken into account to determine the deadlines and the moment of termination of the procedures initiated by the administration, and specifically its application to the provisions of the General Law on Subsidies regarding the expiration of the procedures and the statute of limitations thereof, and which, transferred to the specific case, where the deadlines have been violated to declare the expiration of an initial procedure and subsequently continue with another administrative procedure on the same matter, This means that the contentious-administrative appeal filed by the company regarding the full nullity of all the proceedings in the aid reimbursement file **must be upheld in its entirety by the Central Contentious-Administrative Court handling the proceedings, as there is no room for any interpretation of the premises established by the High Court on this matter, which means that the claim will be 100% successful and all the amounts will be recovered.** Due to the delay in the judicial terms, the procedure will almost certainly cover the years 2023 and 2024.

- Partially refundable loan granted by the Centro Tecnológico de Desarrollo Industrial (CDTI) for the acquisition of machinery. The amount of the loan is 398,475 euros. Short-term maturities: 55,172 euros. Long-term maturities: 165,525 euros. Non-reimbursable part: 39,847 euros, coinciding with the last maturity of the loan, in March 2028.

- Company loans in the amount of 2,744,700 euros. The Company plans to capitalize part of these credits in 2024. The proposed capitalization to creditors will be carried out for a total of 1,486,200 euros.

Information on the Company's short-term financial instruments on the liability side of its balance sheet, classified by category, is as follows:

	CLASSES					
	Debts with credit institutions		Derivatives and others		TOTAL	
	2023	2022	2023	2022	2023	2022
Financial liabilities at amortized cost or cost	2.832.957 €	2.551.746 €	349.064 €	601.487 €	3.182.021 €	3.153.233 €
TOTAL	**2.832.957 €**	**2.551.746 €**	**349.064 €**	**601.487 €**	**3.182.021 €**	**3.153.233 €**

The debts with credit institutions correspond to the short-term maturities of the loans detailed above, with financing of payments to suppliers for the amount of 1,403,597 euros (1,473,271 euros in the previous year) and with balances drawn down on credit facilities amounting to 697,468 euros (529,430 euros in the previous year).

The caption "Derivatives and others" consists mainly of the following transactions:

- Short-term maturities of finance leases reported above in the amount of 71,593 euros
- Short-term maturities of the public loans reported above in the amount of 83,272 euros (331,999 euros in the previous year).

- Loans from group companies and other related parties in the amount of 85,527 euros.

- Trade and other payables amounting to 108,672 euros (177,450 euros in the previous year) according to the breakdown shown in the balance sheet.

b) Non-payment and non-compliance with contractual conditions

During the year there have been no defaults in the payment of principal or interest on loans contracted by the entity, nor have there been any contractual breaches that could give the lender the right to claim early repayment of loans.

Other information

a) Group companies, jointly controlled entities and associates

The analysis of the movement during the year of long-term investments in group and associated companies is as follows:

	Long-term investments in group and associated companies		
	Equity instruments	Loans to companies	**TOTAL**
Balance at beginning of fiscal year 2022	356.900,00		339.900,00
(+) New		76.162,00	76.162,00
Ending balance for the year 2022	356.900,00	76.162,00	433.062,00
Balance at beginning of year 2023	356.900,00	76.162,00	433.062,00
(+) New		7.300,00	7.300,00
(-) Outflows and reductions			0,00
Closing balance for the year 2023	**356.900,00**	**83.462,00**	**440.362,00**

The item "Equity Instruments" includes the nominal value of the investment in Nortem Biotechnology Group S.L., amounting to 356,900 euros and the value of the shareholding in Acys Proyectos SL amounting to 9,000 euros, which is fully impaired.
The item "Loans to companies" consists of the balance of a current account with the company Nortem Biotechnology Group S.L. amounting to 83,462 euros.

b) Other information

The Company guarantees a loan from the related company Biotechnology Research Lab SL with an outstanding capital at year-end of 96,297 euros (185,185 euros in the previous year). The loan matures in January 2025.

8.2. Information on the nature and level of risk arising from financial instruments

The Company is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Market risk includes interest rate risk, currency risk and price risk.

Credit risk

The Company's financial assets consist mainly of cash and, to a lesser extent, commercial debt. With respect to cash, there are no restrictions on its immediate liquidity. On the other hand, the Company considers that it is not exposed to credit risk for commercial debt, since most of its sales are made through the Amazon distribution channel, which has always maintained strict compliance with its payment obligations in due time and form.

Liquidity risk

The Company's management considers that it has no liquidity risk as it maintains significant balances in its cash accounts, which are not subject to any type of restriction for immediate disposal.

The maturity classifications of the Company's financial liabilities with a specific or determinable maturity, of the amounts maturing in each of the years following the end of the fiscal year and until their last maturity, are detailed in the following table:

Classification by maturity	(thousands of euros) Debt to	(thousands of euros) Short-term debt	(thousands of euros) Long-term debt					
	31.12.2023	2024	2025	2026	2027	2028	Rest	Total L/P
Debts with credit institutions	**4.198.946 €**	2.832.957 €	482.461 €	280.844 €	280.472 €	206.746 €	115.466 €	1.365.989 €
Creditors for lease fro.	**1.145.000 €**	71.593 €	212.638 €	225.415 €	238.961 €	253.322 €	143.071 €	1.073.407 €
Other financial liabilities	**3.378.413 €**	98.920 €	1.857.956 €	372.756 €	412.603 €	317.584 €	318.594 €	3.279.493 €
Debt with related parties	**69.879 €**	69.879 €	-	-	-	-	-	00 €
Trade and other accounts payable payable	**211.881 €**	211.881 €	-	-	-	-	-	00 €
TOTAL	**9.004.119 €**	**3.285.230 €**	2.553.055 €	879.015 €	932.036 €	777.652 €	577.131 €	**5.718.889 €**

- Market risk

Exchange rate risk. The functional currency in which the Company operates is the euro, although a significant amount of transactions are received in pounds sterling and Swedish kronor due to sales made through Amazon Europe in its branches in the United Kingdom and Sweden. However, the management body considers that the Company is not highly exposed to exchange rate r i s k .

Interest rate risk. Interest rate risk arises from financial liabilities at variable interest rates. The Company's directors consider that there is exposure to interest rate risk insofar as it maintains variable interest loan policies, but in their opinion, it is not a highly significant risk.

8.3. Shareholders' equity

The capital stock amounts to 5,157,000 euros and has the following composition:

Shares			
Classes / **Series**	**Number**	**Nominal Value**	**Total**
UNICA	51.570	100,00 €	5.157.000 €

Reservations

In accordance with the Corporations Law, the legal reserve, until it exceeds 20% of capital stock, is not distributable to shareholders and may only be used to offset losses if no other reserves are available. This reserve may also be used to increase capital stock to the extent that it exceeds 10% of the increased capital stock.

Likewise, no profit may be distributed unless the amount of available reserves is at least equal to the amount of research and development expenses and there are no available reserves equal to the unamortized balances of the above accounts.

Evolution of Shareholders' Equity

The evolution of the company's shareholders' equity during the year was as follows:

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Capital	5.157.000 €			5.157.000 €
Reservations	960.073 €	527.467 €	157.382 €	1.330.158 €
Result Ex.	500.250 €	416.804 €	500.250 €	416.804 €
Total	**6.617.322 €**	**944.271 €**	**657.632 €**	**6.903.962 €**

The Company has not distributed any interim dividends during the year.

9. Stocks

The Company maintains inventories in its own warehouses and in Amazon's distribution centers. Products in process are not significant.

10. Foreign Currency

The Company conducts part of its sales operations in pounds sterling and Swedish kronor through the distributor Amazon Europe. They also use dollar accounts for payment to their suppliers in China. Negative exchange differences recorded in fiscal year 2023 amounted to €379 (€3,256 in the previous year of positive differences).

11. Tax status

11.1. Balances with general government

The composition of balances with public administrations is as follows:

Balances with general government	Balance as of 12.31.2023	Balance at 31.12.2022
Balances receivable		
Deductions to be applied	13.857 €	22.786 €
H.P. V.A.T. debtor 2018	00 €	106.434 €
H.P. V.A.T. debtor 2020	00 €	415.522 €
H.P. V.A.T. debtor 2021	00 €	150.905 €
H.P. debtor for V.A.T. 2022	00 €	257.940 €
Public Administrations in arrears for subsidies	00 €	252.523 €
Total	**13.857 €**	**1.206.110 €**
Credit balances		
Tax effect equalization reserve	(11.742) €	(11.742) €
Tax effect of accelerated depreciation	(109.653) €	(67.476) €
H.P. payable for corporate income taxes	(19.992) €	(48.436) €
H.P. V.A.T. creditor.	(201.953) €	(72.947) €
H.P. creditor for V.A.T. European Union countries	(161.792) €	(23.148) €
H.P. creditor for withholding taxes	(5.226) €	(5.306) €
Social Security at the company's expense	(14.226) €	(14.898) €
Total	**(524.584) €**	**(243.953) €**

11.2. Income tax

Corporate income tax is calculated on the basis of the economic or accounting result, obtained by applying generally accepted accounting principles, which does not necessarily coincide with the tax result, understood as the taxable income.

	Profit and loss account 2023	Profit and loss account 2022
Balance of income and expenses for the year	,804 €494	,846 €
	Increases Decreases	Increases Decreases
Corporate income tax	75.893 €	75.198 €
Permanent	differences777€	
	(126,468) €2,048 €2,048 Temporary	
differences:		
(168,709) € (168,709) € (168,709) € (168,709)	(168.709) €	(168.709) €
Taxable income (taxable income)	**198.296 €**	**403.383 €**

Increases due to permanent differences correspond to non-deductible expenses for fines and penalties and decreases due to adjustments of deductible items charged to shareholders' equity.

The corporate income tax expense in 2023 corresponds to a current tax expense of EUR 24,787 and a deferred tax expense of EUR 51,106 (EUR 50,403 and EUR 24,795, respectively, in the previous year). The general tax rate in force has not changed with respect to the previous year (25%).

The Company has recognized liabilities for taxable temporary differences amounting to 42,177 euros as a result of accelerated depreciation on new fixed assets acquired in 2021.

The years open to inspection include the last four years. Tax returns cannot be considered final until the statute of limitations has expired or they have been accepted by the tax authorities and, regardless of the fact that tax legislation is open to interpretation, the directors consider that any additional tax liabilities that may become apparent as a result of an inspection will not have a material effect on the financial statements taken as a whole. The Directors consider that any additional tax liabilities that may arise as a result of an inspection will not have a material effect on the financial statements taken as a whole.

12. Revenues and expenses

The detail of the accompanying income statement is as follows:

Detail of the profit and loss account	Fiscal year 2023	Fiscal year 2022
Consumption of goods	**1.227.771 €**	**1.009.858 €**
a) Purchases	1.431.522 €	3.105.396 €
- national	*467.968 €*	*622.713 €*
- intra-community acquisitions	*162.476 €*	*208.946 €*
- imports	*801.078 €*	*2.273.737 €*
b) Variation in inventories	-203.751 €	-2.095.538 €
2. Consumption of raw materials and other consumables	**29.553 €**	**17.369 €**
a) Purchases	29.553 €	17.369 €
- national	*29.553 €*	*16.981 €*
- intra-community acquisitions		*375 €*
- imports		*13 €*
b) Variation in inventories	0 €	0 €
3. Social charges:	**174.096 €**	**164.088 €**
a) Pension contributions and endowments	0 €	0 €
b) Other social charges	174.096 €	164.088 €

13. Environmental information

Given the activity in which the Company engages, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to its net worth, financial position and results. For this reason, no specific disclosures are included in this report with respect to information on environmental matters.

Possible environmental contingencies that the Company may incur are covered by liability insurance.

The company does not carry out any activity with an impact on the emission of greenhouse gases, so it does not have greenhouse gas emission rights, does not incur in expenses derived from the control of these gases and therefore does not receive subsidies to implement systems for the reduction of greenhouse gas emissions.

14. Related parties

For the purpose of presenting the Financial Statements, a party is considered to be related to another party when one of them or a group acting in concert exercises or has the possibility of exercising, directly or indirectly or by virtue of pacts or agreements between shareholders or participants, control over another party or significant influence in the financial and operating decision-making of the other party, analogous to Article 42 of the Commercial Code.

In compliance with the provisions of Article 229 of the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010, in order to reinforce transparency, we hereby inform you that the Directors do not directly or indirectly own shares or hold positions and functions in companies with the same, similar or complementary type of activity to that carried out by the Company.

The Company's related party disclosures were as follows:

Related party transaction	Type of	Income / - Expenditure Disinvestment / - Investment PYG 2023	Income / - Expenditure Disinvestment / - Investment PYG 2022	Balance as of 12.31.2023 +d / -h	Balance as of 12.31.2022 +d / -h
Nortem Biotechnology Group SL	Warehouse rental	2.640 €	2.640 €	0 €	1.788 €
Nortem Biotechnology Group SL	Product sales	-	-	29.928 €	31.072 €
Nortem Biotechnology Group SL	C/C group company	-	-	113.757 €	76.162 €
Covar Obras y Cosntrucciones S.L.	Purchase of machinery			-	-
Covar Obras y Cosntrucciones S.L.	Purchases		-9.017 €	-	-
Covar Obras y Cosntrucciones S.L.	Short-term receivables from parties linked	-	-	-18.455 €	-36.455 €
Abensay S.L.	C/C related company	-	-	23.335 €	23.335 €
José Luis Vázquez	C/C with partners	-	-	-51.424 €	-37.490 €

The Company has taken out a sole director's liability policy for a premium amount of 772 euros (772 euros in the previous year).

15. Other information

Information on the Company's personnel, average number, average number with a disability greater than or equal to 33% and at the end of the year, is summarized in the following tables:

Distribution of the average number of personnel by category

	Fiscal Year 2023	Fiscal Year 2022
Scientific and intellectual and support technicians and professionals	15	20
Administrative employees	6	6
Other qualified personnel	6	6
Unskilled workers	7	5
Total average personnel for the year	**34**	**37**

(1) All the members of the Board of Directors who are employees should be included

Included in the above table, the breakdown of the average number of people employed during the year with a disability of 33% or more, by category, is as follows:

Distribution of the average number of personnel by category

	Fiscal Year 2023	Fiscal Year 2022
Scientific and intellectual and support technicians and professionals		
Total average personnel for the year	**0**	**0**

(1) All the members of the Board of Directors who are employees should be included

Breakdown of the company's personnel at year-end, by category and gender

	Men		W omen		**Total**	
	Fiscal Year 2023	**Fiscal Year 2022**	**Fiscal Year 2023**	**Fiscal Year 2022**	**Fiscal Year 2023**	**Fiscal Year 2022**
Technicians and scientific and technical professionals	8	12	7	8	15	20
intellectual and support						
Administrative type employees	0	4	6	2	6	6
Other qualified personnel	6	6	0		6	6
Unskilled workers	5	4	2	1	7	5
Total personnel at the end of the year	**19**	26	**15**	11	**34**	37

(1) All the members of the Board of Directors who are employees should be included

Fees received by the auditors and from companies belonging to the same group of companies to which the auditor belongs, or companies to which the auditor is related by common ownership, management or control, amounted to 9,026 euros (8,755 euros in the previous year).

16. Subsequent events

No subsequent events have occurred that reveal circumstances that already existed at the closing date of the fiscal year and that, by application of the recording and valuation standard, have led to the inclusion of an adjustment in the figures contained in the documents that comprise the annual accounts or that have not led to an adjustment in the accompanying annual accounts but the information contained in the annual report must be modified in accordance with said event or that these events are of such importance that they could affect the evaluation capacity of the users of the annual accounts.

There are no known subsequent events affecting the application of the going concern principle.

17. Information on average supplier payment period

The information in relation to the average period of payment to suppliers in commercial operations is as follows (Third additional provision. Duty of information of Law 15/2010, of July 5. Resolution of January 29, 2016, of the Instituto de Contabilidad y Auditoría de Cuentas):

	2023	**2022**
	Days	Days
Average supplier payment period	31,50	32,50
Ratio of paid operations	31,95	32,45
Ratio of transactions pending payment	21,00	20,59
	Amount (euros)	Amount (euros)
Total payments made	11.532.918 €	11.615.890 €
Total outstanding payments	108.259 €	171.383 €

Volume of money and number of fa c tures pa ga da s in a period of time less than the maximum period established in the morodida tive standard of morodida d	**2023**		**2022**	
	%	Volume (€)	%	Volume (€)
Monetary volume	100%	11.532.918 €		11.615.890 €
Number of invoices	100%	2.652		2.403

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El Puerto de Santa María, March 31, 2024

Mr. José Luis Vázquez González Sole
Administrator

NORTEM CHEM, S.A.

MANAGEMENT REPORT

Fiscal year 2023

Situation of the Company

NORTEM CHEM, S.A. is consolidated in the development of its economic activities of research and development of high quality products aimed at improving the health, well-being and quality of life of its customers, as well as the manufacture, marketing and sale, mainly through digital channels, of products for domestic, cosmetic and personal wellness use, as well as research, development and innovation activities. Therefore, the company manufactures natural products with ingredients of the highest quality, through innovative processes, offering the consumer clinically effective products with great benefits for our body. The volume and characteristics can be observed through the different components of the Profit and Loss Statement included in these annual accounts.

The following is certain information intended to clarify the Company's situation taken from the different financial statements:

First, a representative table of the economic and financial structure of the Company's balance sheet at the end of fiscal year 2023 is included.

Non-Current Assets	11.292.093,59 €
Current Assets	4.880.193,69 €
TOTAL ASSETS	**16.172.287,28 €**

Equity	6.904.103,12 €
Non-Current Liabilities	5.924.643,28 €
Current Liabilities	3.343.540,88 €
TOTAL EQUITY AND LIABILITIES	**16.172.287,28 €**
Net sales	7.198.359,09 €
EBITDA	**939.736,38 €**

The working capital (current assets minus current liabilities) is positive in 1,536,652.81 euros. The Company has a DISBURSED CAPITAL of 5,157,000 euros, which represents its OWN FINANCING. The Net Equity figure is within the legal requirements established by mercantile regulations.

The evolution of the Company's PROFIT BEFORE TAXES in the year under review amounts to 492,696.84 €, affected by the increase in interest rates in which we have been immersed in the year in question.

Management Report Fiscal Year 2023. Nortem Chem S.A.

Business evolution

The evolution of Nortem BioGroup's business in the market was marked by several important milestones and growth strategies. In the economic context, the results have remained within the admissibility ranges set by the management, having a positive evolution, reinforcing our position in the market.

Here are the highlights:

1. Brand Growth

- Product Expansion: Nortem BioGroup has strengthened its main brand, NORTEMBIO, through the introduction of new product lines. This has allowed it to diversify its offering and attract a larger customer base.

- Quality and Control: The products are manufactured with high quality ingredients and under strict control measures, ensuring their clinical efficacy and health benefits.

2. Distribution and Sales Channels

- Amazon as the main channel: 95% of the company's main turnover comes from Amazon, which underlines the importance of this platform for its business model.

- Platform Diversification: In addition to Amazon, the company is expanding its presence on new Marketplace platforms such as Nortembio, Natural Pharma, Ecodeskalk and Biosalt. It has also increased sales through its own websites.

- Positive Evolution: Diversification and expansion in multiple channels have shown a positive evolution in sales and market reach.

3. Key Events

- IPO: The IPO on Euronext Paris in September 2023 was a significant event, and a major effort for the company, both financially and personally, reinforcing the image of the company and its products, in order to be profitable in the coming years. It is key to the company's strategy, as it prepares it for a consolidation of strong future commitments.

- Commitment to Sustainability: The company stands out for its green philosophy and the use of organic and biodegradable substances, which has resonated well in the market, especially among consumers concerned about sustainability and the environment.

4. Financial Performance

- Sales growth: Sales exceeded €7 million in 2023, reflecting sustained growth and a positive result for the year of 492.7 mE before tax.

- Working Capital: The company maintains a positive working capital, allowing it to meet its daily operations and continue with ongoing investments and projects.

5. Investments and Future Strategies

- New Investments in Production and Packaging: The company plans to invest in new production and packaging lines, which is crucial to maintaining its competitiveness and growth in the market.

- Ongoing Projects: The new investments in fixed assets show a strong commitment to expansion and long-term development. These new product lines will bring new quality certifications that will allow us to access new markets and thus make the project profitable in the coming years, thus ensuring the future growth of the company and its business diversification.

6. Debt and Financial Management. The company works with the most important banks in the sector, such as Sabadell, Santander, Bankinter, Deutsche Bank and BBVA. They have enabled the company to make significant investments without compromising its liquidity. In addition, credit policies have been established to guarantee the working capital necessary for daily operations.

In summary, Nortem BioGroup has shown solid growth in the market by diversifying its sales channels and products, expanding its product portfolio and executing prudent financial strategies. The IPO and commitment to sustainability have strengthened its market position, preparing it for continued and sustainable growth in the future.

Foreseeable evolution of the company

Turnover is expected to increase exponentially in the coming years. Nortem BioGroup has demonstrated a solid capacity to consolidate its growing turnover through sales channel diversification strategies, product innovation, and prudent financial management. We detail some of the most important aspects that will be worked on in the coming years:

1. Sales Channel Optimization

- Expansion in Marketplaces: Increase presence on Marketplace platforms in addition to Amazon, thereby diversifying revenue streams and reducing dependence on a single channel.

- Direct Online Sales: Strengthen sales through the company's own web pages, optimizing the user experience and offering exclusive promotions that encourage direct purchases.

- E-commerce and Digital Marketing: Implement effective digital marketing strategies, such as SEO, SEM, and social media campaigns, to increase visibility and attract more customers.

2. Geographic Expansion

- New International Markets: Explore and enter new geographic markets, adapting products to local preferences and needs to ensure good acceptance. Especially throughout Europe, having legal labeling currently in up to 10 languages.

- Strategic Alliances: Establish alliances with local distributors and commercial partners to facilitate entry and expansion in these markets.

3. Customer Relations and Loyalty

- Loyalty Programs: Implement loyalty programs that reward frequent customers, encouraging recurring purchases and increasing customer lifetime value (CLV).

- Customer Service: Provide exceptional customer service to resolve issues quickly and maintain high customer satisfaction, which can lead to positive recommendations and reviews.

4. Marketing Strategies and Promotions

- Promotions and Discounts: Plan strategic promotions and discounts at key times of the year to stimulate sales, such as during peak seasons or special dates.

- Marketing Campaigns: Develop integrated marketing campaigns that include online advertising, traditional media and influencer marketing to increase brand awareness and sales.

8. Commitment to Sustainability

- Green Products: Continue to focus on eco-friendly and sustainable products, which not only appeals to environmentally conscious consumers, but can also open up opportunities in marketplaces and platforms specializing in green products.

- Corporate Social Responsibility: Promote corporate social responsibility (CSR) initiatives to improve the company's image and attract customers and investors who value sustainability and business ethics.

These integrated strategies will enable the company to maintain steady growth and ensure a constant turnover over time.

El Puerto de Santa María on March 31, 2024.