Virtualware Annual Report 2024.

VIRTUALWARE

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INTRODUC–
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Letter from the CEO

The Flatland and the 3D World That's Coming: A Look at Virtualware's 2024.

When English schoolmaster Edwin Abbott first published his novella on a 2D world, Flatland: A Romance of Many Dimensions, in 1884, it did not have much success. It was not until Albert Einstein's general theory of relativity was published in 1905 that the satirical work came to prominence due to its examination of reality – whether extended or perceptive.

As a player enhancing our view of the world with 3D software for over two decades, I can't help but relate to the sense of infinite possibility that Flatland brings to its many readers. Let me explain why.

The 2024 numbers.

We closed our first full year as a listed company with an EBITDA margin of 19%, just over €800,000, and a net yield exceeding €500,000. This fulfills our promise of double-digit annual growth while strengthening our gross margin to 86%.

Our 20th anniversary year witnessed growth in subscription revenues by 33% as we rolled out two new versions of our flagship XR platform, VIROO - now in use in critical sectors from energy to automotive, and manufacturing to education.

In October, we celebrated our first inorganic operation with the acquisition of Simumatik, a Swedish emulation platform used by entities such as Volvo, Kornit Digital, and the University of Ohio.

In addition, we set up a subsidiary in Orlando, Florida, and increased our footprint in North America with the addition of more people in the US and Canada. 2024 revenues from North America accounted for 36% of the company's turnover.

All these developments took place against the backdrop of our 2024–2026 Strategic Plan, which seeks to grow Virtualware sustainably.

For these reasons, we should celebrate these results even more. Not only have we achieved record figures, but we have done so by significantly improving our position in the market, investing in the acquisition of new products, innovating with technological improvements, and committing to opening up and expanding in high-interest markets. I am certain that our shareholders feel positive about our progress, and I am proud of the 50+ colleagues who get up every day to innovate in a field that is still at the cutting edge with infinite potential in front of it.

But it hasn't all been plain sailing, 2024 has been a complicated year for signing new contracts. As a company, we are no strangers to uncertainty and this year some of the deals we were hoping to sign have been postponed until 2025. The total value of signed contracts was €3.8 million, down from €5.4 million in 2023. Although the figure is not ideal, the final quarter of 2024 brought momentum, securing contracts worth around €1.5 million and returning to the path of 2023.

And so, we enter 2025 guided by our Strategic Plan, focused on sustainable growth, double-digit EBITDA, positive results, and continued expansion.

The team, led by co-founder and my friend, Sergio Barrera, is constantly materializing our vision into new functionalities and technological advances that make our products so valuable for end users. 2025 will be no different. We are already gearing up to deploy VIROO 3.0, which will be a significant advance on the latest versions of VIROO, and we will see some new functionalities that, we are sure, will open new opportunities for our clients and stakeholders alike.

As has already been announced, we will move from trading on Euronext Access to Euronext Growth. We committed to this step some time ago to improve the liquidity of shares for our shareholders and to meet the objectives we set for ourselves when we decided to go public back in 2022. We hope to do so during Q2 and we hope to continue our upward trajectory in share value.

Also in 2025, we will continue to focus on growth in the US, working with our partners and allies, and in Canada, where we have major clients and projects that are backed by important institutions, such as the Government of Canada

And we are not forgetting our commitment to sustainability. We hope to obtain an internationally recognized certification that will allow us to align with the UN Sustainable Development Goals.

When we announced our Strategic Plan for organic growth, we did not rule out taking advantage of inorganic growth opportunities. Our first operation of this type, carried out in 2024, is helping us understand the potential for a company of our scale and ambition.

The great Chinese author Cixin Liu once said, "I did not start writing for the love of literature. I did it for the love of science." Something similar happened to us. We do it for the love of technology. And we have been pioneering for more than 20 years in what was called virtual reality, then extended reality, and then real-time 3D software, on a global level. However, this remains a highly fragmented market where innovation happens at lightning speed. With products of interest that can complement our technological offer, combined with solid financial health and results like the ones we are registering, we can bet on inorganic growth to make significant leaps forward.

It's a sweet spot. A moment in time when Flatland's central protagonist – the Square – opens its mind to new and, dare I say, higher dimensions. We will take advantage of this passage of time, we will strive to do our best, we will be ambitious, we will not lose sight of our values, and we hope that the results will continue to accompany us.

Unai Extremo
CEO of Virtualware

01.2_

Letter from the CTO

When we started developing VIROO over five years ago, we never imagined it would become an essential platform for dozens of leading organizations in industries such as energy, automotive, and education. Today, every day, numerous users worldwide use VIROO to train in industrial processes or carry out advanced product engineering tasks.

As CTO and co-founder of Virtualware, I want to share how we are expanding our impact and strengthening our technological vision.

Our VIROO technology, recognized as one of the most innovative in Real-Time 3D by industry awards, continues to evolve, incorporating improvements driven by listening to our customers. This results in new capabilities that further enhance its impact.

VIROO is already a benchmark product in the XR field, but not our only one. The acquisition of Simumatik and its integration into our portfolio strengthens us as a company, expands our presence in the industrial sector, and reinforces our diversification strategy.

VIROO: A Consolidated and Barrier-Free Platform

Let's start with the facts: VIROO has already built a solid network of organizations worldwide, including clients, partners, and end users. This ecosystem creates, distributes, and utilizes XR applications as key tools in various fields, such as process training, product engineering, academic education, and marketing.

After achieving a stable platform capable of integrating and connecting different roles—content creators, application developers, corporate users, end users, and content managers—2024 marked the successful achievement of two major milestones.

The first was improving VIROO Studio's usability as an editing tool, simplifying the editing and publishing processes and implementing automatic validation systems, among other enhancements, to eliminate entry barriers to our platform.

The second was refining VIROO's deployment capabilities by enabling application publishing on standalone Android-based devices, allowing better hardware resource utilization and a more streamlined operation in many cases.

VIROO Studio: Towards Intuitive and Limitless Creation VIROO Studio already features a robust set of ready-to-drag-and-drop components, tested in various projects, enabling the development of complex logical systems required for training projects.

We have adopted industry standards in Unity so that platform users feel comfortable with their usual workflow. One of the most significant features in this regard is the integration of the XR Interaction Toolkit into VIROO components. This greatly facilitates the migration of existing projects to the VIROO platform.

Additionally, we have unified the VIROO user interface within the Unity development environment by creating a toolbar that simplifies the addition of our component subsystems, including action systems, interactions, and networking.

Furthermore, we have introduced the first templates that enable Visual Scripting for complex and commonly used cases, making them available to potential content creators to enhance their development workflows.

Greater Deployment Freedom

In previous version of VIROO, content publishing was restricted to the Windows-based PCVR platform using Unity's Built-In Render Pipeline.

The shift from VIROO Scenes to VIROO Apps has made it possible to publish native applications on Android, giving content creators the freedom to choose the Scriptable Render Pipeline (SRP). They can now use any SRP, including the preferred choice for most content creators, the Universal Render Pipeline (URP).

This feature aligns with Unity's trend toward making project assets cross-platform, allowing applications to be published on both Windows and Android. This, in turn, enables VIROO Cross-Platform sessions, where users can experience an application from different platforms, seamlessly mixing Windows PCVR with native Meta Quest, Vive Focus, and PICO devices.

A More Advanced Cloud Experience Than Ever

VIROO Backend Services continues to leverage cutting-edge technologies to offer the best experience for our end users. The cloud technologies we use allow us to continuously implement improvements in information security, accessibility, and platform scalability, with minimal impact on service for our user base.

Challenges for 2025

Real-Time 3D Visualization in the Industry

With the acquisition of the Swedish company Simumatik—our first inorganic growth operation—we have added a new product to our portfolio and, as a company, are focusing on strengthening our position in industrial visualization.

Simumatik is a pioneering tool in the market for creating digital twins of industrial environments through the emulation of automation systems. It enables interoperability with leading automation environments based on PLCs and robots. Additionally, it features a powerful component editor, making it highly extensible and allowing the integration of new technologies and manufacturers into the emulation environment.

Moreover, Simumatik serves as an excellent example of how to efficiently integrate technology with VIROO, demonstrating mutual enrichment on both sides.

In this case, VIROO has made it possible for Simumatik's workspaces—consisting of complex emulation environments with hardware dependencies and other software packages—to be loaded and shared through VIROO's infrastructure. This enables remote users to collaborate and interact with PLC signals from thousands of kilometers away across all VIROO-compatible environments, from laptops and desktop PCs to all compatible headsets, multi-user VIROO collaboration rooms, and CAVE systems.

The integration of Simumatik marks a milestone not only from a technological standpoint but across all areas of the company.

New VIROO Cloud Portal: Growing with Our Customers

With the increasing number of organizations and users, we are developing a unified website that will allow them to manage all VIROO resources, simplifying application deployment/distribution and user and role management autonomously.

Additionally, this website portal will serve as an entry point for relevant news about the platform, as well as a unified access hub for documentation and resources.

VIROO Studio: Growth and Creation

Ease of content creation remains our key driver for success and scalability in platform usage. We will continue expanding our team to enhance VIROO's user experience, ensuring it keeps pace with technological advancements.

New Key Players, New Opportunities

With Google's disruption in the XR landscape through the development of the Android XR operating system, it appears poised to become the future standard for deploying applications on Android-based XR devices.

Our development teams are already evaluating the potential advantages and considering how to adapt VIROO to this new platform so that when the technology is ready and tested, our creators can easily deploy their applications on Android XR.

2025: A Year of Strategic Challenges

For Virtualware, 2025 presents significant strategic challenges stemming from our new multi-product approach, made possible by the maturity of our VIROO platform. The reality is that we have reached a level of product development that is recognized globally as a benchmark in XR and Real-Time 3D.

Virtualware's technology team remains committed to delivering an increasingly robust solution to the market—one that continuously lowers barriers to entry.

We can be incredibly proud of what we are achieving and how we are doing it, all while staying true to the same commitment that Virtualware was founded on over 20 years ago: democratizing visualization technologies so that more people can benefit from the value of our solutions and drive their growth.

And so, we keep moving forward.

Thank you.

Sergio Barrera Mayo
Chief Technology Officer of Virtualware

01.3_

Virtualware at a glance

+90%
EBITDA GROWTH

+192%
XRaaS GROWTH OVER 2 YEARS

92%
SATISFACTION AND +40 ENPS

€4,2m
IN TOTAL REVENUE

36%
OF REVENUE FROM NORTH AMERICA

4
AWARDS

01.4_

Purpose, vision and mission

The 2024–2026 Strategic Plan is the lighthouse that guides the work and mission of Virtualware.

However, throughout 2024, due to market evolution and acquisition opportunities such as Simumatik, we adopted a broader approach regarding the company's focus, mission, and vision.

We now see our approach as aligned with the concept of 3D software, Real-Time 3D (RT3D), and all software solutions that leverage real-time 3D technology

(including XR under this umbrella) to create value.

Purpose

Enhancing real-time 3D technology and expanding its use to help organizations and institutions become more competitive and sustainable, contributing to a better future.

Virtualware exists to support the development and advancement of real-time 3D technology and to expand its use as a tool capable of delivering outstanding results in terms of competitiveness and

sustainability for businesses and institutions, thereby contributing to a better future.

Since our inception, we have firmly believed in the potential of RT3D technology—an emerging technology that is proving its immense value across numerous fields, processes, and applications.

Mission

Founded in 2004, Virtualware is a global company specializing in real-time 3D and immersive technologies. Businesses of all sizes and industries use our software to transform their training, engineering, and sales processes, enabling them to become more competitive and sustainable.

By facilitating the adoption of real-time 3D technology through our products, we drive industry competitiveness and sustainability, contributing to a more sustainable, equal, and just world.

Vision

To be one of the largest real-time 3D enterprise software manufacturers in Europe in terms of market capitalization.

Values

Innovation

We understand innovation as an essential quality for the development of society and our organization. Caring for innovation implies developing an organizational model based on creativity, tolerance to failure and continuous questioning of what has been adopted.

Continuous innovation implies embracing change and assuming it as something natural and necessary to keep moving forward.

Innovation is a key aspect of being the world's most advanced platform manufacturer (vision).

Sustainability

We believe in sustainable development as the way forward for a better society.

Equality, diversity, improving education, working conditions, reducing inequalities, or reducing environmental impact are some of the commitments we have acquired and to which we are committed as an organization to progress as a society.

Immersive technologies can help companies to be more sustainable and we are aware of this and we reinforce the visibility of those use cases of our technology platform where the impact is important and can be an example to improve the world

Trust

Trust is the foundation on which any relationship is built. Generating trust implies coherence, discipline, transparency, respect, kindness, truth. We understand trust as an essential element in our values and we are committed to taking care of all the necessary aspects to generate and maintain this trust with the people who are part of the organization, as well as with our stakeholders.

Becoming the most prestigious platform manufacturer is directly related to the platform's ability to generate confidence in our clientele, for which we adopt the highest standards of development quality, service quality and cybersecurity.

COMPANY HIGHLIGHTS OF THE YEAR

02

02.1_
Simumatik acquisition

October marked the company's first inorganic acquisition with the purchase of Simumatik, a Swedish emulation platform used by leading companies such as Volvo and Kornit Digital.

Virtualware acquired the Swedish corporation Simumatik AB for 1.37 million euros.

The transaction allowed Virtualware to fully integrate Simumatik's capabilities and team, accelerating its position in the real-time 3D enterprise software industry, a movement in line with the 2024–2026 Strategic Plan.

As per the terms of the transaction, Virtualware made a cash payment of approximately 450,000 euros for the Swedish company, along with a share payment of 110,000 Virtualware shares at a market price of 8.40 euros.

The board had consciously decided to pursue a strategy that included inorganic growth through strategic acquisitions to drive the company's expansion forward.

Simumatik, has been established in 2018 and headquartered in Skövde, devises digital twin emulation for industrial applications. It counts among its clients Volvo, Loramendi, Kornit Digital, and educational sector players such as Mondragon University, Ohio University, Singapore Polytechnic and HoGent.

Following the acquisition of Simumatik, Virtualware Sweden subsidiary has been stablished.

02.2_

New subsidiary in the USA

Virtualware also expanded its presence in North America, with 36% of its 2024 revenue derived from the region, supported by a new subsidiary in Orlando, Florida.

These expansions mark an important step in strengthening the company's presence in key international markets, allowing Virtualware to broaden its reach, access new business opportunities, and accelerate growth in North America.

Virtualware continues to strengthen its presence in North America, with notable progress in both Canada and the United States, increasing its participation in industry events, further solidifying its position in the region.

02.3_

HTC VIVE strategic partnership

In October, 2024, HTC VIVE and Virtualware signed a strategic partnership to drive the adoption of enterprise XR solutions across the Americas. HTC VIVE serves as the official distributor of Virtualware's VIROO Enterprise XR Software Platform and its applications, both directly and through its reseller network in North America.

This partnership strengthens both companies' positions in the enterprise XR ecosystem, offering scalable solutions to help businesses adopt immersive technologies securely and efficiently.

02.4_

Battery Boost Program

Virtualware Canada joins forces with Invest WindsorEssex and NextStar Energy in $3.8 million battery manufacturing training program

In December 2024, Virtualware partnered with Invest WindsorEssex (IWE) and NextStar Energy to launch the Battery Boost: Technical Training for Battery Manufacturing Careers program, a $3.8 million initiative funded by Upskill Canada and supported by the Government of Canada.

This program aims to provide innovative technical training using XR and advanced simulators to prepare individuals for careers in battery manufacturing. Our role includes designing and delivering XR training modules powered by VIROO.

Scheduled from February 2025 to March 2026, the program seeks to train over 400 participants at the Invest WindsorEssex Automobility and Innovation Centre, equipping them with practical skills essential for the growing battery manufacturing sector.

Contracts signed

Regarding the origin of bookings in 2024, 59.56% come from the EMEA region, with Europe showing strong performance.

North America accounts for 37.68% of the total, with 0.72M€ from the USA (21.22%) and 0.56M€ from Canada (16.46%).

The remaining 2.76% (0.09M€) comes from the Rest of the World (RoW).

60%
EMEA

37.68%
NA

3%
ROW

The company started working on creating an indirect marketing channel in 2023. That is, attracting and activating third parties to market VIROO.

In 2024, 5% of the value of the signed contracts come from the indirect channel.

95%
DIRECT

5%
INDIRECT

02.6_

New partners

Virtualware has a Partner Program that includes the following types of partners:

- Value Added Reseller (VAR)

- Reseller

- Content Partner

The following companies have signed an agreement to be part of the program:

1. Octav (MOROCCO)

2. GE21 Realidade Virtual (BRAZIL)

3. Xplorient (UK)

4. 302 Interactive (US)

5. Totalpower (BRAZIL)

6. CITM (CANADA)

7. AXXIST (GUATEMALA)

8. MACE Virtual Labs (US)

9. Invia Digital (US)

10. Integra (SPAIN)

11. Absolute Technologies (PORTUGAL–BRAZIL)

12. Cellcone (SAUDI ARABIA)

13. MadXR (US)

14. BARCO (NETHERLANDS)

"The US market is at a point where large enterprises, educational institutions and public sector organizations are looking to leverage the rapid advances in virtual reality technology to develop new products, improve collaboration and train staff and this requires enterprise class solutions that can be easily deployed, secured and managed. Virtualware's VIROO software platform is a full-featured enterprise VR platform that meets our customers' needs and we look forward to adding VIROO to our portfolio of solutions."

Edgar Acosta, Managing Partner of MACE Virtual Labs

"Our partnership with Virtualware allows us to offer enterprise customers a broader portfolio of solutions that are integrated with HTC VIVE's products and technologies. The VIROO platform is a proven enterprise XR software platform that enables large organizations to scale multi-user collaboration, training and digital twin capabilities securely and cost effectively through public cloud and private corporate infrastructure,"

Dan O'Brien,
President Americas at HTC VIVE

"Virtualware's VIROO is revolutionizing our services by offering a complete, cloud-based virtual reality platform, allowing us to provide clients with immersive and collaborative solutions in an efficient and innovative way, as well as facilitating the continuous updating of the content we generate for them."

Adriana Correa, Business and Marketing Director of GE21

02.7_
Key active projects
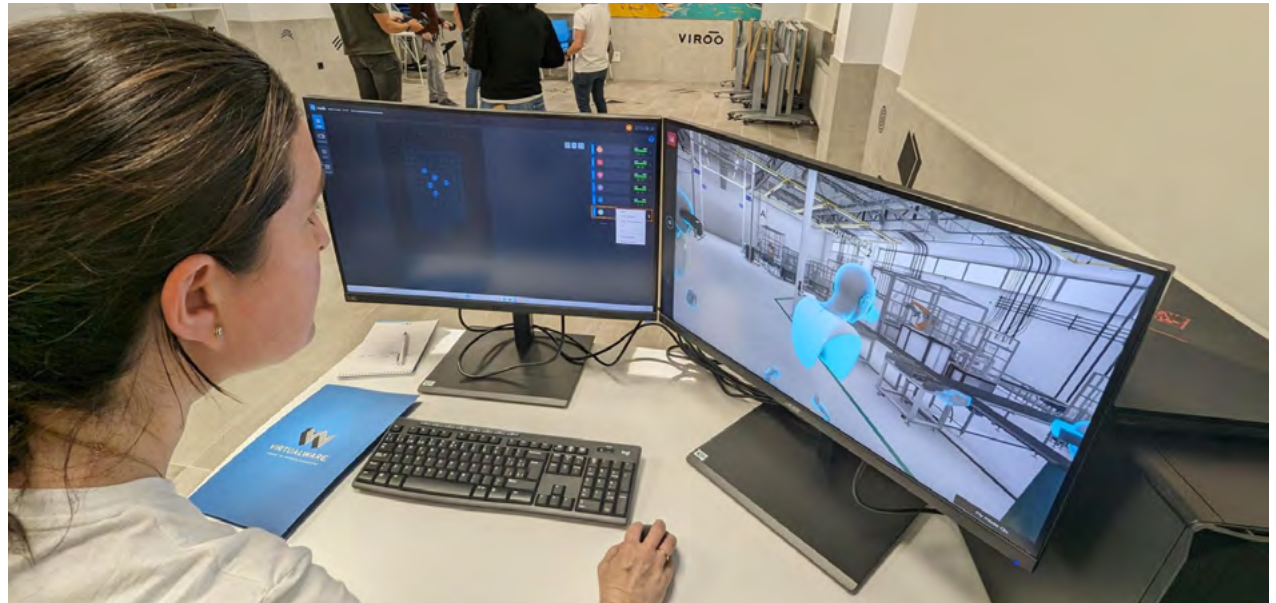
UNIMETA (Colombia)

UNIMETA and Virtual4, a Virtualware VAR partner, formed a strategic alliance to install a 100m² multi-user immersive lab at the UniMetaTech Innovation Centre in Villavicencio, Colombia. Managed by Virtual4 and deployed using VIROO, this lab focused on excellence in technology education, offering specialized courses in programming, technology, marketing, and innovation.

The VIROO room provided students and educators with access to advanced research, professional simulations, and collaborative learning opportunities. This project enhanced UNIMETA's competitiveness in immersive technologies, supported employment and entrepreneurship, and successfully integrated XR into training processes, enriching educational innovation.

Basque Government

This initiative is part of the Basque Government's strategy to integrate immersive technologies into higher education and has awarded Virtualware a 1.5-million-euro contract.

In 2024, we have completed the installation of immersive rooms (HTC VIVE equipped) in 12 Vocational Training VET centers in the Basque Country (Spain).

The teaching staff has already been trained, and the schools are also experiencing the multiple ready-to-use applications VIROO provides for education, design, training, and collaboration.

GE Vernova

Virtualware continues to strengthen its partnership with GE Vernova as part of the five-year contract signed in 2023, expanding the deployment of its XR training solutions for critical and highly skilled nuclear operations.

This includes the introduction of new training modules, such as Fuel Movement, and Vessel Assembly and Disassembly, as well as expanding the development of simulators from Boiling Water Reactors (BWR) to Pressurized Water Reactors (PWR).

The team recently installed another VIROO Room at GE Vernova's Wilmington, NC, training facility to support sales and marketing efforts for Small Modular Reactors (SMRs).

In 2024, new contracts worth nearly $1 million were secured, reinforcing the long-term collaboration between both companies.

Incibe

We developed four collaborative immersive experiences for the National Cybersecurity Institute of Spain (INCIBE) as part of a nationwide cybersecurity awareness initiative. The project, led by Ortzadar and powered by Virtualware's expertise in immersive technology, aimed to enhance cybersecurity education through interactive XR training.

Built on the VIROO platform, these experiences enabled up to 10 users to engage simultaneously in immersive environments tailored to different audiences. They completed missions that promoted digital security aligned with the Sustainable Development Goals (SDGs).

The project toured Spain starting in 2024 and continued into 2025, delivering a comprehensive 360° campaign to boost cybersecurity awareness and provide hands-on training to a diverse range of participants.

ADIF

In 2024, Virtualware continued its collaboration with ADIF, advancing the Railway Infrastructure Simulator (SIF) for maintenance operations training.

Early in the year, between February and March, the simulator's hardware and software were deployed nationwide. In April, teams of instructors from other national and regional centers of the ADIF Training Sub-Directorate were trained.

By summer, SIF deployed in a VIROO room, was officially launched, coinciding with the classroom training of new recruits from the public employment service.

The project gained international recognition, being showcased at the Talent & Expertise Development Platform's Autumn Event by the International Union of Railways and set to be presented in 2025 at the 7th UIC World Congress on Rail Training.

02.8_

VIROO innovations and technological developments

Over 90 companies with different VIROO plans for more than 750 floating licenses and 47 VIROO rooms, have shaped the VIROO ecosystem in 2024.

VIROO 2.6

The new 2.6 release introduced new features such as visual scripting and enhanced interoperability, allowing users to publish applications directly from the platform. This gives developers complete freedom to create XR applications without limitations, streamlining the creative process and reducing deployment time.

VIROO 2.6 introduced updates to the publishing workflow, offering enhanced capabilities for creating multi-scene applications. It provides complete flexibility to configure Unity projects, allowing the inclusion of third-party assets and code libraries, just as in any standard Unity project.

VIROO makes it easy to create, distribute, and manage custom XR applications while handling infrastructure updates automatically, allowing organizations to focus on innovation.

The main key features in VIROO 2.6 include:

- Improvements in VIROO Studio SDK for Unity enabling developers to create VIROO apps with greater logical depth.

  - Creators can now include any third-party assets into their projects

  - Universal Render Pipeline compatibility

  - Integration with Unity's Visual Scripting and XR Interaction Toolkit

- Upgrades in VIROO deployment options:

  - Enhanced on-premises operation with deployment support and advanced management tools.

- Introducing a new collection of VIROO Apps. Enterprise-ready-to-use applications are designed to fulfill the common needs of users and can be used immediately without having to build your own applications.

HTC Vive's VIVERSE Polygon Streaming integration with VIROO

By combining the scalability of VIVERSE Polygon Streaming with VIROO's multi-user capabilities, we're making spatial computing more accessible and cost-effective, enabling businesses to unlock the full potential of immersive technologies.

VIVERSE Polygon Streaming is a highly optimized rendering method that combines server-side processing and client-side rendering to efficiently stream only the necessary polygon data for rendering the visible sections of a 3D asset. This enables complex 3D assets and scenes to be rendered even on lower-end devices, democratizing access to next-generation immersive graphics and interactivity regardless of the user's device.

The integration with VIROO multi-user collaboration, training and digital twin capabilities will enable companies to incorporate complex 3D content on their XR solutions in a simple way. This simplicity will enhance scalability, while mitigating the limitations of client-side computing.

Simumatik integration

The integration of VIROO and Simumatik enables a seamless connection between immersive XR environments and industrial automation emulation. Users can export complete apps from Unity using VIROO Studio, incorporating third-party assets and libraries to create advanced experiences. This has allowed Simumatik's digital twin platform to connect in real-time with VIROO, even linking to real PLCs in factories to visualize and control machinery within the immersive environment.

VIROO's hardware- and cloud-agnostic nature simplifies these integrations, making it easier for other platforms to leverage XR technology. By using Simumatik APIs, the VIROO App Simumatik imports models and data into an interactive VR space, enhancing collaboration, remote teamwork, and efficiency in industrial processes.

This integration exemplifies how XR can enhance and improve various processes in the workplace. It builds upon the powerful Simumatik platform, elevating it to a new level by enabling it to benefit from the immersion and interaction that XR offers. By using Simumatik APIs, the app connects, retrieves, and imports models and data from the workspace into the immersive VIROO environment.

Ready-to-use Apps

A new range of ready-to-use VIROO applications has been added to the VIROO platform. These applications are designed for multi-user and multi-device XR experiences, enabling seamless collaboration across industries. They provide immersive environments that optimize training, design, and decision-making.

They cover real-world use cases, including:

- Anatomy: Interactive 3D exploration of human body systems.

- Design Review: Virtual spaces to analyze and refine 3D models collaboratively.

- Civil Works: Step-by-step simulations of construction processes.

- Emergency Clinical Cases: Medical training scenarios for decision-making in critical situations.

- Cooking School: Hands-on simulations for culinary education.

- Design Thinking: Brainstorming and idea development in virtual spaces.

- Ecofarm: Hydroponic cultivation training for sustainable farming.

Key Features

- Multi-user collaboration: Work together from anywhere using XR headsets or desktop mode.

- Full-scale immersion: Experience 3D environments in immersive rooms and CAVE systems.

- Real-time interaction: Seamlessly manipulate and analyze 3D models and simulations.

- Cross-industry adaptability: Solutions tailored to healthcare, engineering, education, and more.

VIROO Applications bring cutting-edge XR technology to your workflow, making immersive learning and collaboration more accessible than ever.

02.9 _

Awards, recognitions and events

To showcase the company's capabilities, VIROO's reach and new developments, the company consolidated its international presence during 2024.

Events

- **02/23/24:** Virtualware introduces VIROO at XR Symposium in Heidelberg, Germany.

- **04/09/24:** Virtualware and HTC VIVE exhibiting at Laval Virtual to promote VR training rooms.

- **04/03/24:** Virtualware appoints a new USA operations president, John A. Cunningham, to lead the company's growth in the American market.

- **05/27/24:** Win Best Training Solution at XR Awards.

- **05/30/24:** Virtualware sponsors AWE Focus at AWE USA 2024.

- **07/12/24:** Joins Inmersive XR Cluster.

- **08/22/24:** Finalist in three categories at the 8th International AIXR Awards.

- **09/10/24:** DSC Europe.

- **09/19/24:** VIROO 2.6 Release

- **10/02/24:** Augmented Enterprise Summit.

- **10/07/24:** HTC VIVE and Virtualware Partner to Accelerate Adoption of Enterprise XR.

- **10/21/24:** Virtualware Acquires Sweden's Simumatik to Strengthen Position in the Real-Time 3D Enterprise Software Industry.

- **11/23/24:** Virtual Reality Day Brings Awards for VIROO and Simumatik

- **12/05/24:** VIROO integration with VIVERSE Polygon Streaming, unveiled at I/ITSEC 2024

- **12/12/24:** Virtualware Canada joins forces with Invest WindsorEssex and NextStar Energy in $3.8 million battery manufacturing training program

- **12/16/24:** Brandon Hall´s Excellence in Technology Awards

Recognitions Obtained

- Brandon Hall Group Excellence Awards (ADIF)
- XR Today Award
- ANCES Open Innovation (DensoTen)
- XR Inmersiva Awards

03

STRATEGIES AND FUTURE PLANS

03.1_

Strategic Plan 2024–2026

The company's strategy is built on four key pillars:

1

Business

Enhance the size of the company with a focus on its own product and its growth in high-potential markets.

2

Organization

To provide customers with excellent product and quality services that ensure maximum return on value and impact.

3

Impact

Generate a positive impact on society by promoting sustainability, as well as helping organizations in the environment to be more sustainable.

4

Talent

To be an attractive company where the best talent can find the ideal place to develop their professional career.

We will continue to focus on VIROO but also SIMUMATIK as the core of our revenues, and in particular we will have significant growth in the area of annual subscription plans (recurring revenues).

VIROO & SIMUMATIK

Content Development and customization

Hardware provisioning and installing

Assisted Services

Annual Recurrent Revenue (ARR): SaaS
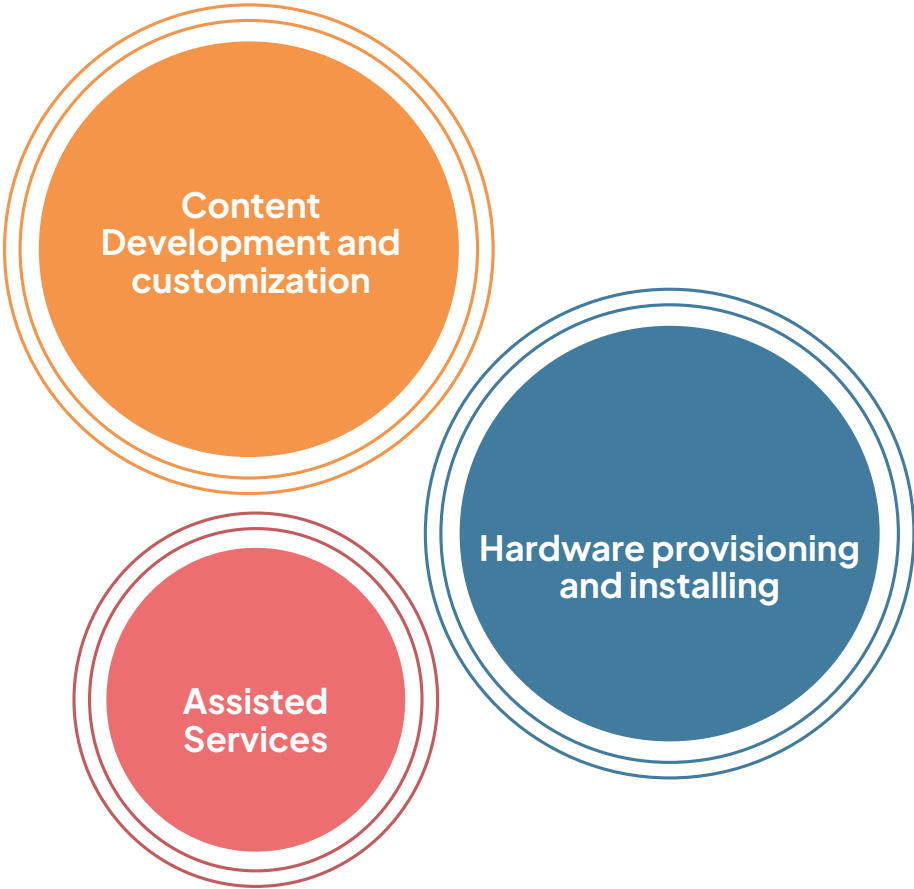
Collateral Revenue: Services

03.2_
Growth plan

A SaaS-based organic growth plan

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

Expansion in North America (USA & Canada)

Strengthening Virtualware's presence in these high-potential markets. / Increase sales efforts in North America.

Establishing an Indirect Channel & Services

Leveraging partnerships and third-party networks to drive adoption.

Highest Quality in Service Provision

Ensuring excellence in customer experience and long-term satisfaction.

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

Inorganic growth

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

Inorganic growth initiatives will be based on three key criteria:

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

- International Markets of Interest: Targeting companies with a strong presence in key international markets, aligning with the strategic plan to accelerate market entry and customer acquisition.

- Technology of Interest: Integrating companies with complementary technologies that enhance the product portfolio, enabling greater commercial and sales synergies.

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

FINANCIAL PERFORMANCE

04

04.1_

Financial summary 2024

Virtualware (EPA: MLVIR) reported a 90% increase in EBITDA to 808,000 euros, according to its audited results

This growth was driven by the expanded adoption of the company's enterprise XR platform VIROO through its subscription-based model and new contracts secured in North America.

Since 2023, the Euronext-listed company has operated under three core pillars: expanding in the US and Canada, strengthening immersive and 3D-powered solutions, and pursuing inorganic growth to accelerate revenue.

In 2024, Virtualware's core XR unit registered **4.20 million** euros in sales, up 13.5% from 2023.

Profit climbed 750% to 544,000 euros.

Subscription-based services accounted for 41% of total revenue. VIROO XRaaS revenue grew from 590,555 euros in 2022 to 1,288,060 euros in 2023, reaching 1,725,719 euros by the end of 2024 and marking a 192% increase over two years.

VIROO, Virtualware's flagship product, is a ready-to-run XR solution that provides multiple, ready-to-use applications for users and tools for developers to create and distribute their own custom multi-user XR, simulation, and digital twin applications while ensuring security, scalability, and performance.

"We remain committed to sustainable growth while investing in technology. Once again, we've achieved double-digit expansion while strengthening our innovation capabilities and presence in new markets. These results validate our strategic plan" said Unai Extremo (CEO & Founder of Virtualware)

At the start of 2024, Virtualware launched a Strategic Plan to expand its North American footprint over the next three years. North American sales represented 36% of total revenue in 2024. The company continues to grow in the region, with team expansions in Orlando, US, and Toronto, Canada, and 10 new channel partners.

The strategic partnership agreement established with HTC VIVE in October 2024 is now enabling Virtualware's XR technology to enter the US market through HTC's channels. Recently, both companies inaugurated their first Enterprise Simulation Lab at the HTC VIVE Americas Headquarters in Berkeley, California, reflecting their shared mission to accelerate the adoption of immersive technologies within the Americas market.

In Canada, the company partnered with Invest WindsorEssex and Nexstar Energy on a 3.5 million euros technical training program for battery manufacturing professionals, supported by the Canadian government. Virtualware plays an essential role in this partnership program by bringing

its expertise in immersive technology. As a program partner, the company will design and deliver cutting-edge VR training modules in a custom-built VR room tailored for hands-on training, all powered by VIROO.

04.2_

Revenue analysis

Revenues

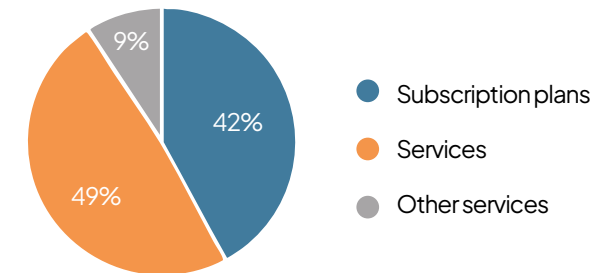- Subscription plans — 42%
- Services — 49%
- Other services — 9%

Revenues for 2024 amounted to €4.20M, broken down as follows: Subscription plans (€1.77M), Services (€2.04M), and Other Services (€0.39M).

Subscription plans correspond to the subscription plans of the VIROO and SIMUMATIK platform. Services correspond to all those service developments associated with our subscription plans:
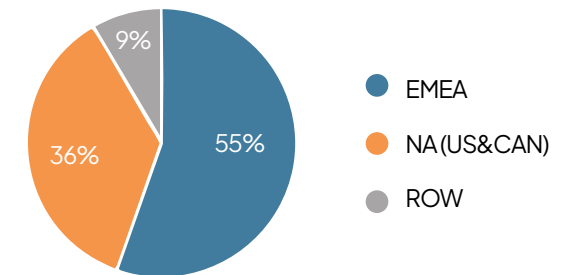
- Assisted Services: Start-up, retrofitting and other services

- Hardware: VIROO Rooms, VIROO hardware equipment for VIROO Rooms

- Content: VIROO and SIMUMATIK Content Developments

Other services correspond to projects not related to VIROO or SIMUMATIK.

Revenues by geographic

- EMEA — 55%
- NA (US&CAN) — 36%
- ROW — 9%

Virtualware Revenues Breakdown

Chart data points (approximate values):

Year	Other services	Subscription plans	Services
2020	€ 1 130 000	€ 20 000	€ 500 000
2021	€ 1 100 000	€ 100 000	€ 1 660 000
2022	€ 180 000	€ 600 000	€ 1 850 000
2023	€ 300 000	€ 1 280 000	€ 2 160 000
2024	€ 420 000	€ 1 730 000	€ 2 050 000

Legend: Other services — Subscription plans — Services
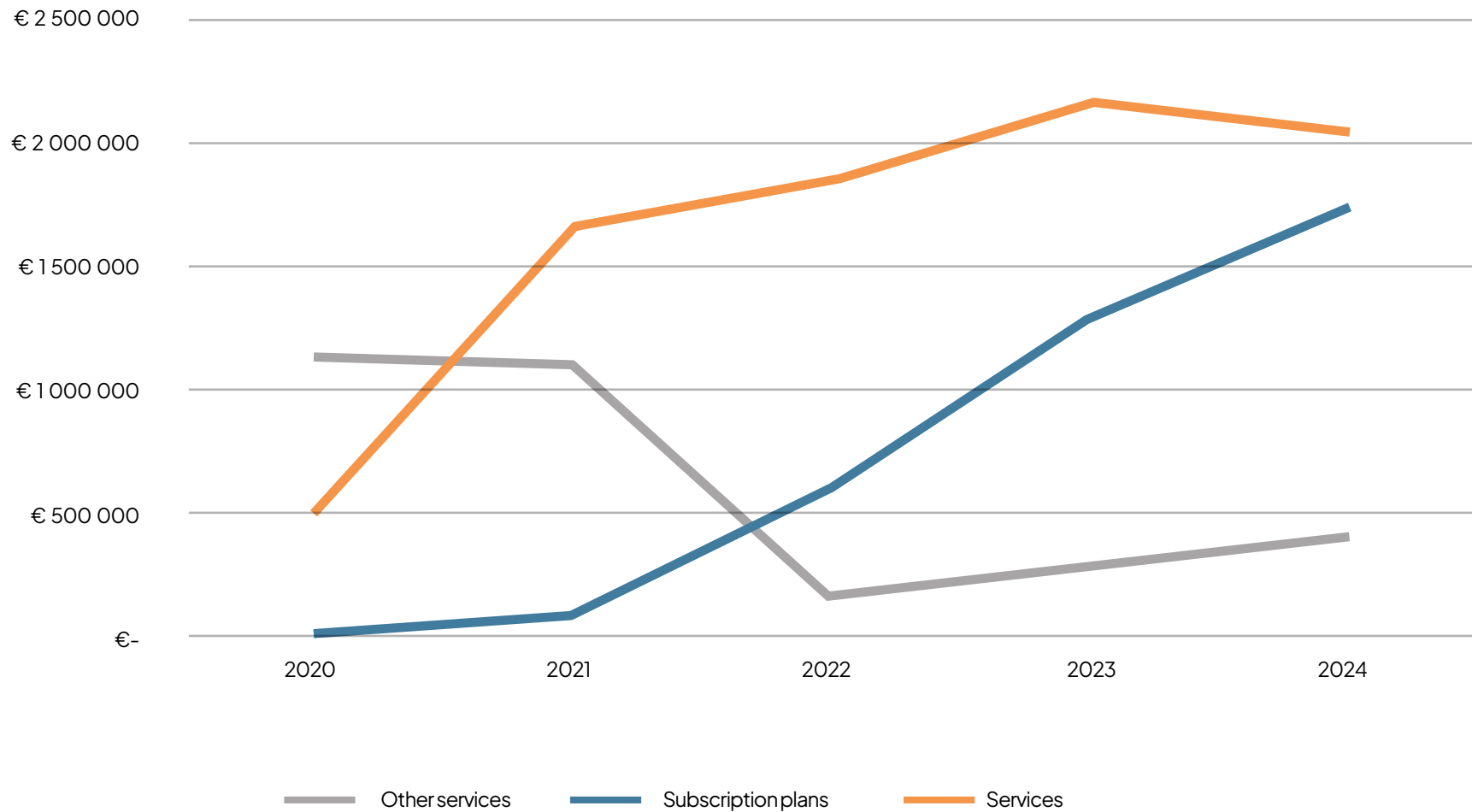
It is worth noting that during the last years the company has managed to pivot from a revenue model based on the development of customized projects (Other services) to a model based on SAAS (subscription plans and services).

INDIVIDUALS

05
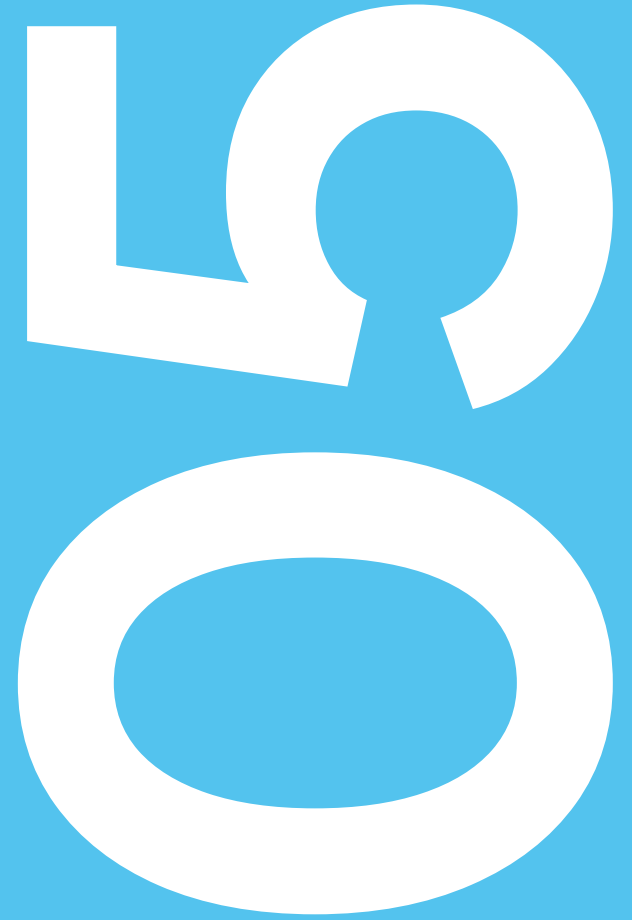
05.1_

Organizational model

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

Self-Management

Virtualware is a horizontal organization, focusing on getting the job done, creating and innovating. Traditional hierarchy, authority, and control are replaced with autonomy, trust, and transparency to foster innovation. Autonomy, defined as the ability to take responsibility for one's own actions, is a key driver of personal motivation. One of the core pillars of self-management is the formation of autonomous teams, structured around dynamic roles and transparent rules.

Leadership

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

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

Creativity & Discipline

The aim is to combine the strengths of creativity and discipline, where discipline is understood as respect for and adherence to rules, as well as compliance with what has been agreed and decided.

Key aspects of this principle include:

1. Cultivating a culture of responsibility and freedom within a well-defined operational framework.

2. Encouraging self-discipline at all levels.

3. Avoiding confusion between self-discipline and bureaucracy or disciplinary tyranny.

4. Keeping the "business concept" clear and periodically refining it to eliminate inefficiencies.

05.2_
Team success

We are a team of people, including programmers, engineers, technologists, economists, artists, project management managers, etc., with a shared commitment to leading the immersive revolution in the business world.

Virtualware is committed to attracting and retaining the best talent, as well as inspiring new generations to pursue their professional futures in our field of activity.

92%
(RATED 4 OR 5) OVERALL SATISFACTION

8,41 out of 10
HAPPINESS INDEX

4,12%
ANNUAL TURNOVER RATE (6,81% PREVIOUS YEAR)

+40
ENPS INDEX

7,5 years
AVERAGE TENURE IN THE COMPANY

At Virtualware, we have several initiatives in place to support our employees, including flexible working hours, remote work options, support for certifications, additional leave days, 360–degree feedback within and between teams, individual and team action plans for skill development, and personalized semi-annual and annual performance reviews.

These measures are designed to foster employee retention, address their concerns and needs, promote work-life balance and engagement, and create a culture of trust.

Some 2024 data:

77%
Men

23%
Women

39
Average age of the employees

95%
On permanent contract

47%
Of employees have more than 5 years of experience in the sector

98%
Hold higher education degrees

840
Hours of continuous training and knowledge transfer sessions

06

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

06.1_
Sustainability report summary

Throughout 2024, the Sustainability Committee has implemented significant initiatives to reinforce Virtualware's ESG commitment:

- B Corp Certification Process: Application submitted and internal practices aligned.

- Gender Equality Report: Ongoing monitoring and improvement of gender balance in the workforce.

- Conflict Management Training: Employees trained in conflict resolution skills.

- Entrepreneurship Culture: Hosted students as part of the Egin eta Ekin initiative.

- Data Protection Measures: Partnership with Gesducon for secure document disposal.

- Employee Well-being: Introduction of free health insurance, noise-canceling headphones, and increased fruit deliveries.

- Energy Efficiency: Office air conditioning system optimized to reduce energy consumption.

- Sustainable Partnerships: Renewed commitments to denBBora and Bai Sarea for work-life balance and gender equality.

- Awareness Campaigns: Participation in key events such as International Women's Day in Science and Pride Month.

RESEARCH AND DEVELOPMENT

07

07_

Research & Development

At Virtualware, innovation drives our leadership in the industrial XR industry. Through our commitment to Research, Development, and Innovation (R&D&I), we anticipate market trends and customer needs, delivering cutting-edge solutions that turn challenges into opportunities. This approach not only addresses current demands but also sets new standards of quality and efficiency, ensuring our clients stay ahead in adopting innovative technologies.

R&D projects we are currently involved in:

07.1_

Regional R&D projects

RemoteXR (2024–2025)

The main objective of the project is to design, develop, and validate a remote rendering orchestration system for XR content. For the project to succeed, it is essential to achieve several technological objectives:

- Virtualization and Improved Resource Efficiency

- Low Latency Remote Rendering

- Monitoring at Different Levels

IMEKIRU (2024–2025)

The IMEKIRU project is a Virtual Reality Surgical Simulator based on the use of precise 3D anatomical models created from medical images. This simulator will allow both planning and training in surgical intervention on a digital model of a patient whose organ or 3D model has been previously obtained through segmentation techniques, reconstruction and post-processing of 2D medical images.

07.2_
European projects

MASTER – Mixed reality ecosystem for teaching robotics in manufacturing.

The MASTER project focuses on developing an open XR platform to enhance robotics training in manufacturing, integrating features for safe robotic environments, flexible applications, and advanced interaction mechanisms like gaze-based control. It encourages collaboration through two open calls for companies and the education sector to improve the platform and create educational content.

The first open call invited companies to contribute additional technologies and functionalities to the platform, aiming to expand its capabilities and foster innovation.

The application period for the first open call ran from March 18 to May 31, 2024, followed by the evaluation and selection phase from June 1 to July 31, 2024. Contract preparation took place between August 1 and September 30, 2024. The execution period began in November 2024 and will run until July 2025.

The project aims to strengthen XR adoption in robotics training, supporting the Industry 4.0 shift. In 2024, advancements were made in technology integration and testing with both industry and education sectors. | HORIZON Action Grant Based on HORIZON-CL4–2022–HUMAN-01–19.

LCAMP (2022 – 2027)

LEARNER-CENTRIC ADVANCED MANUFACTURING PLATFORM

LCAMP's strategic objectives are to develop mechanisms for defining skills of the future, personalized learning paths for students, and recognize applicable micro-credentials.

This involves creating an Advanced-Manufacturing-focused future trends Observatory, setting up an Open Innovation Community, running a Collaborative Learning Factory, promoting synergies with other EU initiatives, and ensuring the LCAMP platform becomes self-sustainable.

Funded by the European Union.