

## 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, 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.

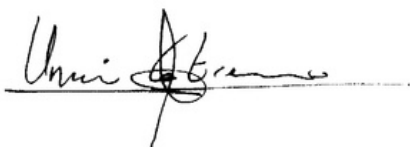
However, this remains a highly fragmented market where innovation happens at lightning speed. With products of interest that can complement our technological offer, combined with solid financial health and results like the ones we are registering, we can bet on inorganic growth to make significant leaps 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.

BILBAO, 12 February, 2025

Sincerely,



Unai Extreño  
CEO & Co-founder, Virtualware

