Audit Report on Financial Statements
issued by an Independent Auditor

NATURHOUSE HEALTH, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2022

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Naturhouse Health, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Naturhouse Health, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2022, the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement and disclosure of transactions with related parties

Description

As described in note 20 to the accompanying consolidated financial statements, the Group maintains a significant volume of transactions with related parties, primarily product purchases and transactions between Naturhouse Group companies which, although eliminated on consolidation, have a significant impact on taxation in the main countries in which the Group operates.

In accordance with the regulatory tax framework for transfer pricing, the Group prepares transfer pricing documentation annually with the support of its tax advisors.

Due to significance of the amount of the transactions, the potential impact that they may have on the evaluation and interpretation of users of Group companies' financial information as well as when evaluating compliance with prevailing audit accounting regulations in the different jurisdictions where the Group operates, we determined the valuation and disclosures pertaining to related-party transactions as a key audit matter.

Our response

With regard to this matter, our audit procedures included:

- Understanding the process for measuring and recording transactions with related parties as well as the design of controls implemented by the Group in this area.
- Reviewing, in collaboration with our tax specialists, the most recent transfer pricing report prepared by the Group with the support of its tax advisors, of whom we have also evaluated their competence, capacity and objectivity.
- Analyzing, in collaboration with our tax specialists, the supporting documentation for the most significant transactions carried out with related-parties during the year.
- Verifying balances and transactions with Group and related companies.
- Reviewing the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2022 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain 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 of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Naturhouse Health, S.A. and subsidiaries for the 2022 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Naturhouse Health, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Board remuneration report have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 28, 2023.

Term of engagement

The ordinary general shareholders' meeting held on June 22, 2020 appointed us as auditors for three years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Alfonso Manuel Crespo
(Registered in the Official Register of Auditors under No. 22308)

February 28, 2023

Naturhouse Health, S.A. and Subsidiaries

Consolidated Financial Statements for the financial year ending 31 December 2022, prepared in accordance with the International Financial Reporting Standards adopted in the European Union (EU-IFRS) and Consolidated Management Report

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

(Thousands of Euros)

ASSETS	Notes Report	31/12/2022	31/12/2021	EQUITY AND LIABILITIES	Notes Report	31/12/2022	31/12/2021
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets	Note 8	609	753	Capital and reserves-			
Tangible fixed assets	Note 9	3,979	2,674	Subscribed capital	Note 14	3,000	3,000
Non-current financial assets	Note 11.1	529	1,399	Issue premium		2,149	2,149
Investments in associates-				Reserves		16,930	18,443
Investments recognised using the equity method	Note 11.2	10,554	6,793	Own shares	Note 14	(142)	(142)
Deferred tax assets	Note 18.3	81	107	Conversion differences	Note 14	(754)	(790)
Total non-current assets		15,752	11,726	Profit / (Loss) for the financial year		9,627	13,361
				Interim dividend	Note 5	(3,000)	-
				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		27,810	36,021
				EQUITY - MINORITY INTERESTS	Note 14	52	60
				Total Equity		27,862	36,081
				NON-CURRENT LIABILITIES:			
				Non-current provisions	Note 15	2,399	1,188
				Non-current debts	Note 16	3,858	3,375
				Deferred tax liabilities	Note 18.5	306	294
				Total non-current liabilities		6,563	4,857
CURRENT ASSETS:							
Stock	Note 12	2,669	2,550	CURRENT LIABILITIES:			
Trade receivables for sales and provision of services		2,400	2,691	Current provisions	Note 15	401	982
Customers, related companies	Note 20.1	3	17	Current debts	Note 16	1,524	992
Current tax assets and other credits				Trade creditors and other accounts payable	Note 17	2,559	2,375
with public administrations	Note 18.1	6,759	3,988	Suppliers, related companies	Note 20.1	1,900	2,008
Other current assets	Note 11.3	3,126	779	Current tax liabilities and other debts			
Cash and cash equivalents	Note 13	12,108	27,250	with public administrations	Note 18.1	2,008	1,706
Total current assets		27,065	37,275	Total current liabilities		8,392	8,063
TOTAL ASSETS		42,817	49,001	TOTAL EQUITY AND LIABILITIES		42,817	49,001

Notes 1 to 24 described in the consolidated explanatory notes and Annex I attached are an integral part of the consolidated statement of financial position as of 31 December 2022.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2022 FINANCIAL YEAR
(Thousands of Euros)

	Notes Report	Financial year 2022	Financial year 2021
Net turnover	Note 19.1	52,403	57,594
Supplies	Note 19.2	(14,920)	(16,335)
Gross Margin		37,483	41,259
Other operating income		172	344
Staff expenses	Note 19.3	(10,628)	(10,765)
Other operating expenses	Note 19.5	(11,308)	(10,306)
Operating result before amortisation, impairment and other income		15,719	20,532
Amortization of fixed assets	Notes 8 and 9	(2,298)	(2,457)
Impairment and income from disposal of fixed assets	Note 9	9	(206)
Other results		(577)	(531)
OPERATING RESULT		12,853	17,338
Financial income	Note 19.4	111	361
Other financial income		111	361
Financial expenses	Note 19.4	(206)	(100)
Debts with third parties		(206)	(100)
Exchange differences	Note 19.4	36	56
FINANCIAL RESULT		(59)	317
Income from equity-accounted entities	Note 11.2	309	590
PRE-TAX CONSOLIDATED PROFIT OR LOSS		13,103	18,245
Corporate Tax	Note 18.2	(3,484)	(4,879)
NET PROFIT OR LOSS FROM CONTINUING OPERATIONS		9,619	13,366
NET CONSOLIDATED RESULT - PROFIT		9,619	13,366
Less profit or loss - minority interests	Note 14	(8)	5
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY		9,627	13,361
Earnings per share (in euros per share):			
- Basic	Note 14	0.16	0.22
- Diluted	Note 14	0.16	0.22

Notes 1 to 24 described in the consolidated explanatory notes and Annex I attached are an integral part of the consolidated profit and loss account for the 2022 financial year.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2022 FINANCIAL YEAR
(Thousands of Euros)

	Financial year 2022	Financial year 2021
A- PROFIT AND LOSS ACCOUNT BALANCE	9,619	13,366
B- OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		
Items not to be transferred to income:	-	-
Items that can later be transferred to income:		
Differences due to the conversion of financial statements in foreign currency	36	297
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR (A+B+C)	9,655	13,663
Total Comprehensive Income attributable to:		
- The Parent Company	9,663	13,658
- Minority shareholders	(8)	(5)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	9,655	13,653

Notes 1 to 24 described in the attached consolidated explanatory notes and Annex I are an integral part of the consolidated statement of comprehensive income for the 2022 financial year.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2022 FINANCIAL YEAR
(Thousands of Euros)

	Share Capital	Issue premium	Reserves	Own shares	Conversion differences	Profit or loss for the financial year attributable to the Parent Company	Interim dividend	Minority interests	Total Equity
Balance at 31 December 2020	3,000	2,149	13,452	(142)	(1,875)	9,379	-	65	26,028
Recognised income and expenses	-	-	-	-	297	13,361	-	(5)	13,653
Distribution of profit for the 2020 financial year									
- Distribution to reserves	-	-	24	-	-	(9,379)	-	-	(9,355)
- Distribution of dividends	-	-	9,355	-	-	-	-	-	9,355
Transactions with shareholders:									
- Transactions with shares (net)	-	-	-	-	-	-	-	-	-
- Distribution of dividends	-	-	(3,600)	-	-	-	-	-	(3,600)
Other changes in equity	-	-	(788)	-	788	-	-	-	-
Balance at 31 December 2021	3,000	2,149	18,443	(142)	(790)	13,361	-	60	36,081
Recognised income and expenses	-	-	-	-	36	9,627	-	(8)	9,655
Distribution of profit for the 2021 financial year									
- Distribution to reserves	-	-	2,374	-	-	(2,374)	-	-	-
- Distribution of dividends	-	-	(1,013)	-	-	(10,987)	-	-	(12,000)
Transactions with shareholders:									
- Transactions with shares (net)	-	-	-	-	-	-	-	-	-
- Distribution of dividends	-	-	(3,000)	-	-	-	-	-	(3,000)
Other changes in equity	-	-	126	-	-	-	(3,000)	-	(2,874)
Balance at 31 December 2022	3,000	2,149	16,930	(142)	(754)	9,627	(3,000)	52	27,862

Notes 1 to 24 described in the consolidated explanatory notes and Annex I attached are an integral part of the Consolidated Statement of Changes in Equity for the 2022 financial year

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2022 FINANCIAL YEAR
(Thousands of Euros)

	Notes Report	Financial year 2022	Financial year 2021
CASH FLOWS FROM OPERATING ACTIVITIES		7,097	16,173
Pre-tax result for the financial year		13,103	18,245
Adjustments to the result:		2,669	2,223
- Amortization of fixed assets (+)	Notes 8 and 9	2,298	2,457
- Variation in provisions (+/-)		630	467
- Income from derecognition or disposal of fixed assets (+/-)	Notes 9	(9)	206
- Financial income (-)	Note 19.4	(111)	(361)
- Financial expenses (+)	Note 19.4	206	100
- Exchange differences (+/-)	Note 19.4	(36)	(56)
- Interests in equity-accounted entities net of dividends (+/-)	Note 11.2	(309)	(590)
Changes in working capital		(3,294)	(586)
- Stock (+/-)	Note 12	(119)	706
- Debtors and other accounts receivable (+/-)		305	1,326
- Other current assets (+/-)		(3,556)	(230)
- Creditors and other accounts payable (+/-)		76	(2,388)
Other cash flows from operating activities		(5,381)	(3,709)
- Interest payments (-)		(206)	(100)
- Receipt of dividends (+)	Note 11.2	839	139
- Interest receivable (+)		111	361
- Sums received /(paid) for tax on profits (+/-)		(6,125)	(4,109)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(5,218)	(4,268)
Payments for investments (-)		(6,044)	(4,270)
- Intangible and tangible assets	Notes 8 and 9	(964)	(50)
- Other financial assets		(692)	(703)
- Payments from related companies	Note 11.2	(4,388)	(3,517)
Sums received from divestments (+)		826	2
- Intangible and tangible assets	Note 9	-	2
- Other financial assets		826	-
CASH FLOWS FROM FINANCING ACTIVITIES		(16,985)	(6,266)
Sums received and paid for equity instruments		-	-
- Net disposals (acquisitions) of Parent Company assets	Note 14.f	-	-
Collections and payments for financial liability instruments		(16,985)	(6,266)
- Repayment and net amortization of:			
Amounts owed to credit institutions and other debts (-)		1,015	(2,666)
Dividend payments and remuneration on other equity instruments			
- Dividends (-)	Note 5	(18,000)	(3,600)
EFFECT OF VARIATIONS IN EXCHANGE RATES		(36)	-
NET INCREASE / DECREASE OF CASH OR CASH EQUIVALENTS		(15,142)	5,639
Cash or cash equivalents at start of financial year		27,250	21,611
Cash or cash equivalents at year end		12,108	27,250

Notes 1 to 24 described in the consolidated explanatory notes and Annex I attached are an integral part of the consolidated statement of cash flows for the 2022 financial year.

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Naturhouse Health, S.A.
and Subsidiaries

Explanatory Notes to the Consolidated Financial Statements for the 2022 financial year

1. Nature and corporate purpose of the Group companies

Naturhouse Health, S.A., (hereinafter, the "Company" or the "Parent Company") was established for an indefinite period in Barcelona on 29 July 1991 and has the tax identification number A-01115286. Its registered offices are at Calle Claudio Coello, 91 (Madrid).

The Company's corporate purpose, coinciding with its activity and in accordance with its articles of association, is the export and wholesale and retail sales of all kinds of products related to dietetics, herbal remedies and natural cosmetics, as well as the preparation, promotion, creation, edition, dissemination, sale and distribution of all kinds of magazines, books and brochures and the marketing of dietary products, herbal remedies and natural cosmetics. This activity is mainly carried out through franchisees and its own stores. In addition to the operations carried out directly, the Parent Company is the parent of a group of subsidiaries that engage in the same activity and which, together with it, make up Grupo Naturhouse Health (hereinafter, the "Group" or "Naturhouse Group"). Note 3 and Annex I detail the main data related to the subsidiaries in which the Parent Company, directly or indirectly, has a holding that have been included in the scope of the consolidation.

At present, Naturhouse Group mainly operates in Spain, Italy, France and Poland.

The Parent Company's securities have been listed on the stock market in Spain since 24 April 2015.

2. Basis of presentation of the consolidated financial statements

a) Basis of presentation

The consolidated financial statements for Naturhouse Health, S.A. and Subsidiaries, which have been obtained from the accounting records kept by the Parent Company and the other entities making up the Group, were prepared by the Directors of the Parent Company on 28 February 2023.

These consolidated financial statements for the financial year ending 31 December 2022 have been prepared in accordance with the provisions of the International Financial Reporting Standards, as approved by the European Union (EU-IFRS), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the European Council, as well as taking into consideration all the accounting principles and standards and valuation criteria that are mandatory, as well as the Commercial Code, the circulars of the Comisión Nacional del Mercado de Valores, Spanish Corporate Law and other corporate legislation applicable.

They have been prepared from the Parent Company's individual accounts and those of each of the consolidated companies (detailed in Annex I) and they accurately present the assets, financial position, results of the Group, changes in consolidated equity and consolidated cash flows under EU-IFRS and other regulatory financial reporting frameworks applicable.

The consolidated financial statements for the 2021 financial year were approved at the Annual General Meeting on 17 May 2022 and filed with the Companies Registry of Madrid.

Under the IFRS, these consolidated financial statements include the Group's following consolidated statements:

- Statement of financial position

- Profit and loss account

- Statement of comprehensive income

- Statement of changes in equity

- Cash flow statement

Since the accounting principles and valuation criteria used in preparing the Group's consolidated financial statements for the 2022 financial year (EU-IFRS) on occasion differ from those used by the Group companies (local regulations), during the consolidation process all the adjustments and reclassifications required to standardise such principles and criteria and to adapt them to the International Financial Reporting Standards adopted by the European Union have been introduced.

The consolidated financial statements have been prepared based on the principle of uniformity of recognition and valuation. In the event of new regulations being applicable which modify existing valuation principles, this will be applied in accordance with the standard's own transition criterion.

Certain amounts in the consolidated profit and loss account and consolidated statement of financial position have been grouped together for clarity, duly broken down in the notes to the consolidated financial statements.

The distinction presented in the consolidated statement of financial position between current and non-current items has been made according to the receipt or extinction of assets and liabilities before or after one year.

Additionally, the consolidated financial statements include all the information considered necessary for a fair presentation in accordance with current corporate legislation in Spain.

Finally, the figures contained in all the financial statements forming part of the consolidated financial statements (consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement) and the notes to the consolidated financial statements are expressed in thousands of euros, unless otherwise stated.

Also, in order to present the different items making up the consolidated financial statements in a standardised manner, the valuation standards and principles used by the Parent Company have been applied to all the companies included within the scope of the consolidation.

b) Adoption of the International Financial Reporting Standards

Naturhouse Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards, in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19th July 2002. In Spain, the obligation to present consolidated financial statements under the IFRS adopted by the European Union was also regulated in Final Provision Eleven of Law 62/2003 of 30th December on fiscal and administrative measures and social order.

The main accounting policies and valuation standards adopted by Naturhouse Group are presented in Note 6.

c) Changes in accounting policies and breakdown of information effective in the 2022 financial year

New accounting standards came into force in the 2022 financial year, which have therefore been taken into account in the preparation of the attached consolidated financial statements. The following standards have been applied in these consolidated financial statements, but they did not have a significant impact on the figures and breakdown therein:

New standards, amendments and interpretations		Mandatory application for financial years from:
Amendments to: -IFRS 3 Business combinations	These amendments, issued by the IASB in May 2020, are intended to replace the reference to the 1989 Conceptual Framework with a reference to that of 2018, without significantly changing the requirements. The IASB also added an exception to the IFRS 3 requirements to avoid "day 2" gains or losses that could arise from liabilities or contingent liabilities (under IAS 37 or IFRIC 21) if incurred separately. At the same time, the IASB has decided to clarify the existing guidance on IFRS 3 for the recognition of contingent assets that will not be affected by the references to the Conceptual Framework.	01 January 2022
-IAS 16 Property, plant and equipment	These amendments, issued by the IASB in May 2020, prohibit deducting from the acquisition cost of the assets the amount of the sales obtained from the asset while it is being brought to the location and conditions necessary for it to operate in the manner envisaged by Management. Instead, these amounts will be recognised on the income statement.	01 January 2022
-IAS 37 Provisions, contingent liabilities and contingent assets	These amendments, issued by the IASB in May 2020, detail the costs that companies have to include when assessing whether a contract is onerous or at a loss. The amendments propose a "direct cost approach". Costs directly related to a contract to supply goods or provide services include both incremental costs as well as an allocation of the costs directly related to the contract. Administrative and general costs are not directly attributable to a contract, consequently, they are excluded from the calculation unless they are explicitly passed on to the counterparty in line with the contract.	01 January 2022
2018 - 2020 annual improvements	Amendments to these standards have been issued as part of the 2018-2020 annual improvements: - IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from those of the original financial liability. In determining fees paid net of fees received, a borrower includes only the fees paid or received between the borrower and the lender, including those paid or received by either on behalf of the other. - IAS 41 Agriculture: eliminates the requirement of paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows earmarked for taxes when measuring fair value applying IAS 41. These amendments have no impact on the Group's Consolidated Abridged Interim Financial Statements.	1 January 2022

d) Accounting policies issued not in force for the 2022 financial year

At the date of preparing these consolidated financial statements, the following standards and interpretations had been published by the International Accounting Standard Board (IASB) but had not yet become effective, either because their effective date is later than the date of these consolidated financial statements, or because they have not yet been adopted by the European Union (EU-IFRS):

New rules, amendments and interpretations not yet approved for use in the European Union		IASB application date
IFRS 17 Insurance policies (published in May 2017)	Replaces IFRS 4. Includes the principles for the recognition, valuation, presentation and breakdown of insurance contracts with the aim of the entity providing relevant and reliable information that allows users of the financial information to determine the effect that insurance contracts have on the financial statements.	01 January 2023
IFRS 17 - Insurance Contracts	In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive accounting standard for insurance contracts that covers recognition, measurement, presentation and disclosure. Once in force, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. The general objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and uniform for insurers.	01 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	In these amendments, the IASB has included guidance and examples to apply judgement when identifying which accounting policies are material. The amendments replace the criterion of breaking down significant accounting policies by material accounting policies. It also provides guidance on how to apply the concept of materiality to decide which accounting policies are material.	01 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	In these amendments, the IASB has introduced a new definition of “accounting estimate” that clarifies the difference between changes in accounting estimates, changes in accounting policies and corrections of errors.	01 January 2023
Amendments to IAS 12 - Deferred Taxes related to Assets and Liabilities arising from a single transaction.	The proposed amendments would require an entity to recognise deferred taxes in the initial recognition of specific transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to specific transactions for which an entity recognises an asset and a liability, such as leases and dismantling obligations. These amendments are effective for periods beginning on or after 1 January 2023.	01 January 2023
IAS 1 Presentation of financial statements.	In January 2020, the IASB issued its amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to clarify the requirements to be applied in the classification of liabilities as current or non-current. Subsequently, in October 2022, the IASB published the “2022 amendment”, which is additional to the “2020 amendment”. The amendments will be effective for financial years beginning on or after 1 January 2024 (IASB) and will be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	01 January 2024

The Parent Company's Directors have not considered the early application of the aforementioned Standards and Interpretations and, in any case, their application will be considered by the Group once approved, where appropriate, by the European Union.

In any case, the Parent Company's Directors are assessing the potential impact of the future application of these standards and consider that their entry into force will not have a significant effect on the consolidated financial statements.

e) *Functional currency*

These consolidated financial statements are presented in euros as this is the presentation currency and, in turn, the functional currency of the primary economic environment in which the majority of the companies comprising the Group operate. Foreign operations are accounted for in accordance with the policies described in Note 6.l.

f) *Responsibility for the information and accounting estimates and judgements made*

The preparation of the consolidated financial statements under IFRS requires the Parent Company's Directors to perform certain accounting estimates and to consider certain elements of judgement. These are continually evaluated and are based on historical experience and other factors, including expectations of future events, that have been considered reasonable under the circumstances. While the estimates have been made on the best information available as of the date of preparing these consolidated financial statements, in accordance with IAS 8, any amendment in the future to these estimates would be applied prospectively from such time, recognising the effect of the change in the estimate made in the consolidated profit and loss account for the financial year in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

- Useful lives of intangible and tangible fixed assets (see Notes 6.a and 6.b).
- Impairment losses of non-financial assets (see Note 6.c).
- Evaluation of occurrence and quantification of litigation, commitments, contingent assets and liabilities at close (see Note 6.h).
- Estimate of impairments for defaults in accounts receivable and inventory obsolescence (see Notes 6.e and 6.f).
- Estimate of income tax expenses and recoverability of deferred tax assets (see Note 6.k).

g) *Information comparison*

The information contained in this consolidated report referring to the 2022 financial year is presented, for comparison purposes, with information from the 2021 financial year.

h) *Relative importance*

When determining the information to be broken down in the consolidated notes on the different items of the consolidated financial statements or other matters, the Group has taken into consideration the relative importance in relation to these consolidated financial statements for the 2022 financial year.

3. Consolidation criteria

The accounting closing date of the individual financial statements for all the companies included within the scope of the consolidation is the same as that of the Parent Company. Additionally, in order to present the different items comprising these consolidated financial statements in a standardised manner, accounting standardisation criteria have been applied, using the Parent Company's accounting criteria as the basis. The preparation of the consolidated financial statements has been based on applying the following methods:

a) Subsidiaries and associates

"Subsidiaries" are those over which the Parent Company has the capacity to exercise effective control, this capacity is generally manifested, but not exclusively, by the direct or indirect ownership of over 50% of the voting rights of the subsidiaries or, if this percentage is lower or null, there are agreements with other shareholders thereof which give the Company control. Under IFRS 10, control is the power to exercise rights that give the present ability to direct the relevant activities. The most important information on these companies is provided in Annex I of these Notes.

The subsidiaries' financial statements are consolidated with those of the Parent Company by using the full integration method. Consequently, all balances and effects of transactions made between the consolidated companies have been eliminated in the consolidation process. If necessary, adjustments are made to the subsidiaries' financial statements in order to adapt the accounting policies used to those used by the Group.

Additionally, the following must be considered for the participation of third parties:

- The assets of its subsidiaries is presented under "Equity attributable to third-party shareholders" in the consolidated statement of financial position in the chapter on the Group's Equity (see Note 14).

- The income from the financial year is presented under "Income attributable to third-party shareholders" in the consolidated profit and loss account (Note 14).

The consolidation of income generated by the companies acquired during a financial year is made by only taking into consideration those relating to the period between the date of acquisition and the relevant year end. In parallel, the consolidation of income generated by the companies disposed of during a financial year is made by only taking into consideration those relating to the period between the start of the financial year and the date of disposal.

In addition, as is standard practice, the attached consolidated financial statements only include the tax which, if applicable, may arise as a result of the distribution of the profit and reserves of the consolidated companies to the Parent Company, except for what will be used as financing resources in each company and, therefore, not distributed as dividends.

Companies over which Naturhouse Health, S.A. has a significant influence or joint control are consolidated by the equity method in cases where the requirements of IFRS 11 to be classified as "joint operations" are not met.

The equity method consists of incorporating in the consolidated balance line "Investments in associates - Investments accounted under the equity method" the value of the net assets and goodwill, if any, corresponding to the holding in the associate. The net result obtained each financial year corresponding to the percentage holding in these companies is reflected in the consolidated statements of income as "Income from equity-accounted entities".

b) Conversion of financial statements in currencies other than the euro

The financial statements of subsidiaries whose records are in currencies other than the euro included in the consolidation process are converted by applying the closing rate to all their assets and liabilities, except for equity, which is valued at the historical exchange rate. The income, in turn, is converted at the average exchange rate for the financial year. The difference arising from applying the conversion process described above is recorded on the Consolidated Statement of Comprehensive Income as "Conversion differences".

c) Variations in the scope of the consolidation

On 13 May 2022, the Parent Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Indusen, S.A., that is, 23,748 registered shares representing 39.58 % of the share capital of Indusen, for a total price of 3,562 thousand euros. Likewise, on 10 June 2022, the Parent Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Girofibra, S.L., that is, 9,483 registered shares representing 49% of the share capital of Girofibra, for a total price of 826 thousand euros. Both transactions were carried out taking into consideration market valuations of said shares and shareholdings. The Parent Company's Directors consider that it does not have control of Indusen or Girofibra as it does not hold the majority of the voting rights or members of the Board of Directors, and it does not have the power to direct most of these companies' relevant business activities. Therefore, the Parent Company's directors consider that the Parent Company does not control these companies and, therefore, consolidates both by the equity method (Note 11.2).

During the first half of 2022, the Parent Company approved the merger between Housediet, S.A.R.L. (acquired company) and Naturhouse S.A.S. (acquiring company).

During the first half of 2021, the Parent Company acquired 100% of the shares of Takk Asia Pte. Ltd. (company located in Singapore, not operational) for 45 thousand euros, thus acquiring control of the Company and changing its name to Naturhouse Pte. Ltd. In addition, during the first half of 2021, the Parent Company constituted 100% of the share capital of Naturhouse Health Limited, located in Ireland, for an amount of 100 thousand euros.

The consolidation perimeter has not undergone any other changes except for those mentioned above.

4. Business evolution in the current economic context

Due to the armed conflict in Ukraine that began on 24 February 2022, inflation has intensified as a result of different factors, including higher energy prices, disruptions in the supply of certain raw materials and food, transport issues, and rising interest rates in the euro zone, which has affected the demand for the Group's products and has caused its profitability levels to go down throughout the year.

The Parent Company's Directors continue to apply policies to control costs and improve the sales channels with a view to restoring profitability levels in the medium/long term.

5. Distribution of profit

The proposed distribution of the individual profit of Naturhouse Health, S.A. for the 2022 financial year, prepared by the Parent Company's Directors, to be submitted for approval at the Annual General Meeting, is as follows:

	Thousands of Euros	
	2022	2021
Distribution basis:		
Voluntary Reserves	-	1,013
Profit for the financial year	16,401	10,987
	16,401	12,000
Distribution:		
To dividends	3,000	12,000
To interim dividend	3,000	-
To voluntary reserves	10,401	-
	16,401	12,000

The proposed distribution of the individual profit of Naturhouse Health, S.A. for the 2021 financial year drawn up by the Directors of the Parent Company, which was submitted for approval at the Annual General Meeting on 17 May 2022, consisted of the distribution of a dividend against the profit for the 2021 financial year, amounting to 10,987 thousand euros, as well as an amount of 1,013 thousand euros against reserves prior to the 2020 financial year.

Additionally, on 19 September 2022, the Parent Company approved a distribution of dividends amounting to 6,000 thousand euros, with 3,000 thousand euros being against voluntary reserves and 3,000 thousand euros being an interim amount against the profit for the 2022 financial year.

The provisional accounting statement prepared by the Parent Company's Directors that demonstrates that there is sufficient liquidity for the distribution of such dividend is as follows:

	Thousands of Euros
	Provisional Accounting Statement Prepared
Profits as at 30/06/2022	11,595
Estimated Corporate Tax	(406)
Maximum amount available for distribution	11,189
Liquid Assets and Short-Term Financial Investments Group	2,898
Interim dividends	(3,000)
Remaining liquid assets after payment	(102)
Sums to be received to year end	21,408
Sums to be paid to year end	(19,459)
Liquid assets forecast at year end	1,847

6. Valuation standards

As stated in Note 2, the Group has applied accounting policies in accordance with IFRS and interpretations published by IASB (International Accounting Standards Board) and the IFRS Interpretations Committee (IFRSIC) and adopted by the European Commission for application in the European Union (EU-IFRS).

a) *Intangible assets*

As a general rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at cost less any accumulated amortization and, if applicable, impairment losses under the criteria described in Note 6.c. These assets are amortized according to their useful life.

Research and Development

The Group's activity, due to its nature, does not involve significant Research and Development expenses, not generating more R&D&I expenses than those relating to registering the brand and product formula with the appropriate department of health. The Group's policy is to directly record as expenses, the expenses incurred in both Research as well as Development, deeming that they do not meet the criteria for activation established by IAS 38 and as they are not significant, given that the majority of these activities are performed directly by the Group's suppliers.

The expenses recorded in the consolidated profit and loss account for the 2022 financial year amounted to 8 thousand euros (8 thousand euros in the 2021 financial year).

Transfer rights

Correspond to the amounts paid by way of transfer of premises in acquiring new shops. Amortised by the straight-line method over a period of 5 to 10 years.

Industrial property

The amounts paid for acquiring property or right of use for the different manifestations of the same, or for expenses incurred in registering the brand developed by the Group are recorded in this account. During the 2014 financial year, brands were acquired as stated in Note 8. The industrial property is amortized by the straight-line method over its useful life, which has been estimated as 10 years.

Software

Licenses for software acquired from third parties, or internally developed software, are capitalized on the basis of the costs incurred to acquire or develop them and to prepare them for use.

Software is amortized by the straight-line method over its useful life, at a rate of between 20% to 33% annually.

Software maintenance costs incurred during the financial year are recorded in the consolidated profit and loss account.

b) *Tangible fixed assets*

Tangible fixed assets are initially valued at acquisition price or production cost and are subsequently reduced by accumulated amortization and impairment losses, if any, according to the criteria described in Note 6.c.

Upkeep and maintenance costs for the different elements making up the tangible fixed assets are allocated to the consolidated profit and loss account for the financial year in which they are incurred. On the contrary, the amounts invested in improvements contributing to increased capacity or efficiency or extended useful life for these assets are recognised as a higher cost of the same.

Replacements or renewals of complete fixed asset elements are accounted for as assets, with the resulting accounting derecognition of the elements replaced or renewed.

Financial expenses, incurred during the construction or production period prior to commissioning the assets, are capitalized, with both the sources of specific financing intended expressly for acquiring the fixed asset element, as well as the sources of generic financing in accordance with the guidelines established for qualifying assets in IAS 23. During the 2022 and 2021 financial years, there were no financial expenses capitalized as a higher value of an asset.

The years of useful life estimated by the Group for each group of elements are listed below:

	Years of life Estimated Useful
Buildings	33.33
Other facilities, tools and furnishings	8.33 - 30
Information processing equipment	3 - 4
Transport elements	6.25 - 10

The total tangible fixed assets is amortized by the straight-line method based on the years of estimated useful life.

"Assets in construction" includes the additions made to technical facilities and transport elements that are not yet operational. The transfer of assets in construction to assets in operation is performed when the assets are ready to become operational.

An item in tangible fixed assets is derecognised when sold or when no future economic benefits are expected from the continuing use of the asset. Profits or losses derived from the disposal or derecognition of an item of tangible fixed assets are determined as the difference between the profit from the sale and the book value of the asset, and are recognised in the consolidated profit and loss account.

The investments made by the Group in leased (or assigned) premises, which are not separable from the leased (or assigned) asset, are amortized by the straight-line method over their useful life, which corresponds to the lesser of the duration of the lease (or transfer) contract including the renewal period when there is evidence to support that it will occur, and the asset's economic life.

c) Impairment of non-current assets

Where there is an indication of impairment, the Group estimates, using the "impairment test", the possible existence of impairments reducing the recoverable value of such assets to an amount below their book value.

Assets subject to amortization are reviewed for impairments whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised by the amount that the asset book value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

d) Leases

In accordance with IFRS 16 Leases, the Group recognises an asset for the right of use and a lease liability for all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless there is another systematic basis that is more representative of the time frame in which the economic benefits of the leased asset are consumed.

Assets for the right of use include the initial valuation of the corresponding lease liability, the lease payments made on or before the start date and any initial direct costs. Subsequently, the accumulated depreciation and impairment losses are measured at cost.

The lease liability is initially measured at the current value of the lease payments that are not paid on the start date, discounted using the rate implicit in the lease. If this rate cannot be easily determined, the Group uses its incremental borrowing rate. The book value of the lease liability increases when the interest on said liability is reflected (using the effective interest method) and decreases when the lease payments made are reflected.

The Group determines the term of the lease to be the non-cancellable term of the contract, together with any period covered by an extension (or termination) option, the exercise of which is at the discretion of the Group, if there is reasonable certainty that it will be exercised (or not exercised).

e) Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The financial assets held by the Group are classified, based on the characteristics of the contractual cash flows of the financial asset and the entity's business model for managing its financial assets, into the following categories:

- Loans and accounts receivable.

- Financial assets at fair value with changes in profit or loss.

The classification depends on the financial asset's nature and function and is determined at the time of initial recognition.

1. <u>Loans and accounts receivable</u>

   Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Loans and accounts receivable (including trade debtors and other accounts receivable, cash and bank balances etc.) are valued at amortized cost using the effective interest rate method, less any impairment loss.

   Interest income is recognised by applying the effective interest rate, except for short term accounts receivable with terms under 12 months, as in this case the effect of discounting is not significant.

The effective interest rate method is used to calculate the amortized cost of a debt instrument and to allocate interest income over the relevant period. The effective interest rate is that which allows the estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) to be accurately discounted over the expected life of the debt instrument or, where appropriate, for a shorter period until reaching the net book value at the time of initial recognition.

The Group recognises a provision for expected losses in its sales operations of goods to franchisees and master franchisees, which have not been collected in advance or bank guarantees have not been obtained. Said provision estimate is based on the historical experience of credit loss, adjusted for the debtors' specific factors, general economic conditions and the individual evaluation carried out by Management.

2. Financial assets at fair value through profit or loss

   Equity instruments that were acquired with the objective of monetizing the investment on a date not initially foreseen are included.

   As of 31 December 2022, the Group holds shares in listed entities amounting to 1,562 thousand euros (1,672 thousand US dollars), which are recognised at fair value through the consolidated profit and loss account. These acquisitions are recognised as a result of the execution of put options by the counterparty when the market value is below the strike price. Likewise, the derivative corresponding to these put options is recognised at fair value at each accounting close, recognising the changes in value in the consolidated profit and loss account.

Initial measurement

The financial assets are initially recorded at the fair value of the consideration paid plus the transaction costs that are directly attributable.

Subsequent measurement

Loans, receivables and investments held to maturity are valued at their amortized cost using the effective interest rate method. In the consolidated statement of financial position, loans and accounts receivable with maturities under 12 months from the date of the same are classified as current.

For financial assets accounted for at fair value through profit or loss, changes in said fair value are recognised in income for the period.

The Group derecognises financial assets when they expire or the rights to the cash flows for the financial asset concerned have been transferred and the risks and rewards inherent to their ownership have been substantially transferred. On the contrary, the Group does not derecognise financial assets, and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which the risks and rewards inherent to their ownership are substantially retained.

Financial liabilities

Financial liabilities are the debits and payables that the Group has and that have arisen from the purchase of goods and services in the ordinary course of business, or those that do not have commercial substance and cannot be considered as financial derivatives.

Debits and payables are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently valued at amortized cost, considering the effective interest rate.

The Group derecognise financial liabilities when the obligations generated are extinguished.

f) Stock

Stock is valued at the lower of the acquisition price, production cost or net realisable value.

The net realisable value represents the estimated selling price less all estimated costs to finish manufacture and the costs to be incurred in the marketing, sales and distribution processes.

In assigning value to its stock, the Group uses the weighted average price method.

The Group makes the appropriate value adjustments, recognising them as an expense in the consolidated profit and loss account when the net realisable value of the stock is less than the acquisition price (or production cost).

g) Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand, demand deposits with credit institutions and other short term highly liquid investments with an original maturity of three months or less.

h) Provisions and contingencies

The Group's Directors make a distinction between the following in preparing the annual consolidated statements:

a. Provisions: credit balances covering current obligations arising from past events, whose cancellation is likely, causing an outflow of resources, but the amount and/or timing of the cancellation is uncertain.

b. Contingent liabilities: possible obligations arising as a result of past events, whose future existence is conditional on the occurrence, or otherwise, of one or more future events beyond the Group's control.

The consolidated statement of financial position attached includes all the provisions with respect to which it is estimated that the likelihood of having to meet the obligation is greater than it not being the case.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements, unless they are considered to be remote.

The provisions are valued at the current value of the best estimate possible of the amount required to settle or transfer the obligation, taking into consideration the information available on the event and its consequences, and reporting any adjustments arising from updating such provisions as a financial expense as they accrue.

The compensation received from a third party in settlement of the obligation, provided there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal relationship whereby part of the risk has been externalised and by virtue of which the Group is not obliged to respond; in this situation, the compensation will be taken into consideration when estimating the amount by which, if appropriate, the relevant provision will be included.

i) Redundancies

In accordance with current legislation, the Group is required to pay redundancies to employees with whom, under certain conditions, it terminates their employment relationship. Therefore, redundancies that may be reasonably quantified are recorded as an expense in the financial year in which the decision to terminate employment is made. In the consolidated financial statements attached, no provision for this item has been recorded with a significant amount.

j) Commitments to staff

The long term benefits liability recognised in the consolidated statement of financial position attached represents the current value of the obligations assumed at the date of closure by the Italian subsidiary Naturhouse, S.R.L. (see Note 15). The Group recognises as an expense or accrued income by way of long term benefits the net cost of the services provided during the financial year, as well as that corresponding to any reimbursements and the effect of any reduction or settlement of commitments assumed.

k) Corporate tax and deferred taxes

The expense or revenue for Spanish corporate tax and similar taxes applicable to the foreign consolidated entities is recognised in the consolidated profit and loss account, except when it is a consequence of a transaction whose results are directly recorded in the consolidated equity, in which case the tax concerned is also recorded in the equity.

The tax on profits represents the sum of the current tax payment and the variation in deferred tax assets and liabilities recognised.

The current tax expense is calculated on the consolidated companies' taxable base for the financial year. The consolidated taxable base differs from the net profit or loss presented in the consolidated profit and loss account as it excludes income or expense items that are taxable or deductible in other financial years and it also excludes items that will never become taxable or deductible. The Group's liability by way of current tax is calculated using tax rates approved on the date of the consolidated statement of financial position.

The deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable for the differences between the book value of assets and liabilities and their tax value, as well as the negative tax bases to be offset and the credits for tax deductions not applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or credit.

The deferred tax assets identified with temporary differences are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them, not deriving from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The remaining deferred tax assets (negative tax bases and deductions to be offset) are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them.

At each close, the deferred taxes recognised (both assets as well as liabilities) are reviewed in order to check whether they are still current, making the appropriate adjustments to them according to the results of the analyses conducted.

Under deferred tax liabilities, the Naturhouse Group has recognised an amount of 260 thousand euros in the 2022 financial year for aggregated undistributed profits in subsidiaries and associates (217 thousand euros in 2021).

l) Foreign currency

The Group's consolidated financial statements are presented in euros, which is the Parent Company's functional currency. When preparing the financial statements of each individual entity in the Group, the transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing on the date of the transaction. At the close of each financial year, the monetary items denominated in foreign currencies are converted at the rates prevailing on that date. Non-monetary items recognised at fair value and denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. Non-monetary items valued at historical cost in a foreign currency are not re-converted.

Exchange differences in monetary items are recognised in the consolidated profit and loss account in the period in which they occurred.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros at the exchange rates prevailing at the close of each financial year. Income and expense items are converted at the average exchange rates for the period, except if the rates significantly fluctuate during such period, in which case those prevailing on the dates of the transactions will be used. Exchange differences, if any, are recognised in other comprehensive income and are accumulated in assets (allocating them to external shareholders, as appropriate).

m) Recognition of income

Revenue is recognised in such a way that the transfer of goods or services provided to customers is shown for an amount that reflects the consideration to which the Group expects to be entitled in exchange for said goods or services. Income is measured at the fair value of the consideration received or receivable.

Sale of goods

The Company uses a five-step revenue recognition approach for the sale of goods:

- Identify the contract or contracts with a customer.

- Identify the obligations arising from the contract.

- Determine the transaction price.

- Distribute the transaction price between the obligations arising from the contract.

- Recognise the revenue when the entity meets each of the obligations.

The Group's main activity is the sale of goods (dietary products), primarily through the sale of products to the franchisee customer or to the end customer (consumer), with this being the performance obligation acquired for which the transaction price is determined.

The recognition of income in these activities is not complex and occurs on fulfilment of said contractual performance obligation in accordance with the conditions of transfer of ownership of the goods sold. On the other hand, in owned stores, the performance obligations for product sales and dietary advice are likewise met at a determined and specific moment in time and their price is not variable, there are no guarantee commitments, free second visits with customers or any other kinds of commitments acquired with them, for which reason the Group considers that the performance obligations are, in any case, met under the same conditions.

Provision of services

The Group's income from the provision of services mainly relates to the annual fee that the Group directly charges its franchisees, and on the other hand, "master franchise" contracts, which the Group charges a third party for such third party to directly operate the Group's franchises in a given country. This master franchise is usually signed for a period of 7 years and the amount varies between 50,000 and 300,000 euros, which is billed once and charged in advance.

The performance obligations taken on by the Group in contracts with franchisees and "master franchisees" are primarily based on the assignment of the right to use and exploit the brand and the subsequent commitment to supply and sell Naturhouse brand products (the recognition of which is defined as stipulated in the "Sale of goods" section).

Revenues from master franchises are recognised under "Trade creditors and other accounts payable" on the current balance sheet and are recognised on the profit and loss account by the straight-line method over the term of the contract (7 years in most cases).

Other operating income

Under this heading, the Group primarily recognises rebilling of expenses to related companies or third-party franchisees for transactions in which the group acts as the principal.

Interest and dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established (provided it is likely that the Group will receive the economic benefits and that the amount of income can be reliably measured).

Interest income arising from a financial asset is recognised when it is likely that the Group will receive the economic benefits and the amount of income can be reliably measured. Interest income is accrued on a time proportion basis, depending on the principal outstanding and the effective interest rate applicable, which is the rate that allows the estimated future cash flows to be discounted over the expected life of the financial asset in order to accurately obtain such asset's net book value.

n) Recognition of expenses

Expenses are recognised in the consolidated statement of income when a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability occurs which can be reliably measured. This implies that the recording of expenses occurs simultaneously with the recording of a liability increase or asset reduction.

An expense is immediately recognised when a payment does not generate future economic benefits or when it does not meet the requirements for recognition as an asset.

Additionally, an expense is recognised when incurred in a liability and no asset is recorded.

The Group's main expenses relate to Supplies (purchase of finished products from its suppliers), Other Operating Expenses (leases, advertising, transport, services received from its majority shareholder, and independent professional services, primarily) and Personnel Expenses (salaries, social security contributions and redundancies).

As stated in Note 20.2, the majority of the purchases of finished products are made with related parties.

n-bis) Transactions with related parties

The Group conducts its business transactions with related parties (sales, services provided, purchases, services received and leases) as defined in IAS 24, at market prices (see Note 20.2).

The Parent Company's Directors and its tax advisers consider that there are no significant risks in this regard that could lead to significant liabilities in the future, considering the transfer pricing to be duly justified based on a report issued by the same (see Note 20.2).

o) Environmental information

Assets that are constantly used in the Group's business, whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

These assets are valued, as with any other tangible assets, at acquisition price or production cost.

The Group amortizes these elements on a straight-line basis, according to the years of estimated useful life remaining for the different elements.

The environmental expenses for managing the environmental impact of the Group's operations, as well as the prevention of pollution related to the operation thereof and/or treatment of waste and disposals, are allocated to the consolidated profit and loss account based on an accrual basis, regardless of when the resulting monetary or financial flow occurs.

The Group's activity, by its nature, has no significant environmental impact.

p) Segment information

The business segments broken down in the consolidated notes are included consistently based on the internal information available to the Parent Company's Directors. The operating segments are components of Naturhouse Group involving business activities where income is generated and expenses incurred, including ordinary income and expenses from transactions with other Group components. Regarding the segments, the financial information is regularly broken down and the operating income reviewed by the Parent Company's Director in order to decide which resources should be allocated to the segments and to evaluate their performance.

In the Group's consolidated financial statements, the Parent Company's Directors have considered the following segments: Spain, Italy, France, Poland and Other countries (see Note 23).

q) Consolidated statement of cash flows

In the consolidated statement of cash flows, the following expressions are used:

- Cash flows: inflows and outflows of cash and cash equivalents, including short-term investments with high liquidity and low risk of variations in value.

- Operating activities: the usual activities of the Group's business operations, as well as other activities that cannot be classified as investment or financing activities.

- Investment activities: those regarding the acquisition, disposal or sale by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

r) Earnings per share

The basic earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to the Parent Company and the weighted average number of ordinary shares outstanding during the period, excluding the Parent Company's average number of shares held by the Group companies.

On the other hand, the diluted earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to ordinary shareholders adjusted for the effect attributable to the potential dilutive ordinary shares and the weighted average number of ordinary shares outstanding during the financial year, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into the Parent Company's ordinary shares. To this end, it is considered that the conversion takes place at the start of the financial year or when the potential ordinary shares are issued, if the latter were issued during the current financial year.

7. Risk Exposure

Financial risks

The Group's activities are exposed to different financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

1. Credit risk

In general, the Group holds its liquid assets and cash equivalents in financial institutions with high credit ratings. It also appropriately monitors accounts receivable individually in order to determine potential situations of default.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivable and investments, which represent the Group's highest exposure to credit risk in connection with its financial assets.

The Group's credit risk is, therefore, mainly attributable to its trade debtors. The amounts are presented in the consolidated statement of financial position net of provisions for bad debts, estimated by the Group's Directors based on experience from previous financial years and their assessment of the current economic environment. The detail of impairment losses recognised under "Trade Receivables for Sales and Services" on the attached consolidated statement of financial position as of 31 December 2022 is as follows:

	Thousands of Euros	
	31-12-2022	31-12-2021
Impairment of credits (expected loss)	(24)	(24)

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of customers, markets and areas and their individual amounts being insignificant.

However, the Group's Financial Management considers this risk to be a key aspect in daily business management, focusing all efforts on the appropriate control and monitoring of the development of accounts receivable and arrears, especially in sectors of activity with increased risk of default. Additionally, it is one of the Group's policies to obtain guarantees or deposits from customers in order to ensure compliance with their commitments.

In addition, the Group has a policy in place of accepting customers based on periodic liquidity and solvency risk assessments and the establishment of credit limits for debtors. Moreover, the Group conducts periodic analysis of the age of the debt with commercial customers in order to cover potential risks of default.

The average collection period varies, depending on the country, between 30 and 60 days, although a very significant portion of sales is collected in advance or at the time it is performed.

2. Liquidity risk

In order to ensure liquidity and meet all payment obligations arising from its activities, the Group has the liquid assets shown on its statement of financial position, as well as the financing available detailed in Note 16.

In this regard, the Group performs liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

On the other hand, it has always sought to utilize the liquid assets available for anticipative payment obligation and debt commitment management.

3. Interest rate and exchange rate market risk:

The Group's operating activities are largely independent with respect to variations in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk on the cash flows. As of year end 2022 and 2021, 100% of the borrowings were at variable interest rates.

However, as of year end 2022 and 2021, the Group has an amount available in liquid assets that is equivalent to its debt, including its obligations under leases, consequently, the Directors consider that its exposure to interest rate risk is not significant in any case.

In this way, the Group has not considered it necessary to cover such interest rate fluctuations, consequently, it did not take out derivative instruments during the 2022 and 2021 financial years.

With regard to exchange rate risk, the Group does not operate significantly internationally in countries with currencies other than the euro and, therefore, its exposure to exchange rate risk from foreign currency transactions is not significant, except for its exposure to the Zloty (Poland), which represents 11% and 5% of the Group's sales and assets, respectively.

Capital management

The Group manages its capital to ensure that Group companies will be able to continue as profitable businesses. The Group's capital structure includes debt, which is, in turn, composed of loans and credit facilities, cash and liquid assets, detailed in Note 16, and own funds, including capital and reserves as discussed in Note 14. In this regard, the Group is committed to maintaining leverage levels in line with the objectives of growth, solvency and profitability.

The Parent Company's Management, which is responsible for financial risk management, periodically reviews the capital structure.

The net financial debt ratio to Operating Income before amortization, impairment and other income as of 31 December 2022 and 2021 is at 0.43 and 1.11, respectively. In calculating this ratio, the Parent Company has considered the headings of the consolidated statement of financial position of net non-current and current debts in cash and cash equivalents as net financial debt. The variation in the same between the two financial years is due to the increase in cash and cash equivalents as a consequence of the liquidity protection measures adopted by the Group in the financial year.

8. Intangible assets

The changes in this heading in the consolidated statement of financial position for the financial years 2022 and 2021 were as follows:

	Thousands of Euros				
Cost	Transfer Rights	Industrial property	Software	Other Intangible Assets	Total
Balance at 31 December 2020	22	2,352	476	12	2,862
Additions	-	-	157	38	195
Withdrawals	-	(2)	(1)	-	(3)
Balance at 31 December 2021	22	2,350	632	50	3,054
Additions	4	-	181	9	194
Withdrawals	(4)	-	-	-	(4)
Balance at 31 December 2022	22	2,350	813	59	3,244

	Thousands of Euros				
Accumulated Amortisation	Transfer Rights	Industrial property	Software	Other Intangible Assets	Total
Balance at 31 December 2020	(17)	(1,539)	(326)	(8)	(1,890)
Allocations	(5)	(233)	(143)	(32)	(413)
Applications	-	-	2	-	2
Balance at 31 December 2021	(22)	(1,772)	(467)	(40)	(2,301)
Allocations	(4)	(233)	(100)	(1)	(334)
Applications	4	-	-	-	4
Balance at 31 December 2022	(22)	(2,005)	(567)	(41)	(2,635)

	Thousands of Euros	
Net Book Value	31-12-2022	31-12-2021
Transfer rights	-	-
Industrial property	345	578
Software	246	165
Other intangible assets	18	10
Total intangible assets	609	753

During the 2022 and 2021 financial years, the main additions have corresponded to software for the Parent Company's new E-commerce department. There have been no other significant additions in intangible assets during the 2022 and 2021 financial years.

The main asset under intangible assets basically corresponds to a set of brands acquired in the 2014 financial year amounting to 2,331 thousand euros, the net book value of which amounts to 331 and 564 thousand euros as of 31 December 2022 and 31 December 2021, respectively. These brands are amortised by the straight-line method over a useful life of 10 years.

In accordance with the margins obtained in marketing these brands' products, the Group's Management has concluded that said brands do not present impairment indicators as of 31 December 2022.

As of year end 2022, the Group had fully amortized intangible assets still in use amounting to 1,554 thousand euros (958 thousand euros in the 2021 financial year).

The intangible assets located outside of Spain as of 31 December 2022 and 2021 are not significant (see Note 23).

9. Tangible fixed assets

The movement during the 2022 and 2021 financial years in the different tangible fixed asset accounts and their corresponding accumulated amortizations were as follows:

	Thousands of Euros						
Cost	Land and Natural Assets	Buildings	Other Facilities, Tools and Furnishings	Information Processing Equipment	Transport Elements	Assets in Construction and Advances	Total
Balance at 31 December 2020	-	8,197	3,606	269	210	24	12,306
Additions	-	1,657	(242)	11	13	20	1,459
Withdrawals	-	(5,713)	(512)	(11)	(92)	(35)	(6,363)
Conversion differences	-	-	5	1	2	-	8
Balance at 31 December 2021	-	4,141	2,857	270	133	9	7,410
Additions	-	4,099	356	43	371	-	4,869
Withdrawals	-	(2,360)	(118)	(13)	(191)	(9)	(2,691)
Conversion differences	-	(23)	-	-	-	-	(23)
Balance at 31 December 2022	-	5,857	3,095	300	313	-	9,565

	Thousands of Euros				
Accumulated Amortisation	Buildings	Other Facilities, Tools and Furnishings	Information Processing Equipment	Transport Elements	Total
Balance at 31 December 2020	(5,842)	(2,132)	(194)	(140)	(8,308)
Allocations	(1,837)	(127)	(51)	(29)	(2,044)
Applications	5,271	245	10	92	5,618
Conversion differences	-	(1)	(1)	-	(2)
Balance at 31 December 2021	(2,408)	(2,015)	(236)	(77)	(4,736)
Allocations	(1,651)	(241)	(19)	(53)	(1,964)
Applications	992	89	10	23	1,114
Conversion differences	-	-	-	-	-
Balance at 31 December 2022	(3,067)	(2,167)	(245)	(107)	(5,586)

	Thousands of Euros	
Net Book Value	31-12-2022	31-12-2021
Land and natural assets	-	-
Buildings	2,790	1,733
Other facilities, tools and furnishings	928	842
Information processing equipment	55	34
Transport elements	206	56
Assets in construction and advances	-	9
Total tangible assets	3,979	2,674

As in the previous financial year, the additions and derecognitions in 2022 correspond mainly to investments for new openings and closures of the Group's physical points of sale due to the growing omnichannel integration of the business. Likewise, derecognitions of fixed assets include the sale of material in own stores transferred to franchisees or other third parties.

The Group defines each of its own points of sale as Cash-Generating Units (CGU), since these constitute the smallest asset groups that generate cash inflows that are largely independent of the inflows produced by other assets or asset groups.

The main assets associated with each CGU are the rights of use of the leases associated with the commercial spaces at each point of sale, which are recognised on the consolidated statement of financial position in accordance with IFRS 16 Leases. The other assets in each CGU are insignificant and most are relocatable to other points of sale.

During the 2021 financial year, there were results from impairment and derecognitions of fixed assets amounting to 206 thousand euros, corresponding mostly to penalties for the cancellation and disposal of the rights of use over the lease of the Dolphin Mall in the United States (note 10).

The Group's policy is to take out insurance policies to cover the potential risks to which the tangible fixed asset elements are subject. As of year end 2022, the Parent Company's Directors deem that there was no deficit in insuring against these risks.

The tangible fixed assets located outside the Spanish territory as of 31 December 2022 and 2021 are detailed below:

	Thousands of Euros	
	31-12-2022	31-12-2021
Net book value:		
Land and natural assets		-
Buildings	973	1,081
Other facilities, tools and furnishings	499	423
Information processing equipment	14	13
Transport elements	64	48
Assets in construction	-	9
Total net book value	1,550	1,574

The fully amortized tangible fixed assets still in use at year end 2022 amount to 3,357 thousand euros (3,175 thousand euros at year end 2021).

Firm purchase commitments

As of year end 2022 and 2021, the Group had no firm commitments to purchase tangible assets of a significant amount.

10. Leases

Rights of use

The breakdown and changes by class of assets for the right of use during the 2022 financial year have been as follows:

Cost	Thousands of euros			
	Buildings	Information Processing Equipment	Transport Elements	Total
Balance at 01 January 2022	4,535	-	69	4,604
Additions	4,075	-	17	4,092
Derecognitions	(2,352)	-	(28)	(2,380)
Balance at 31 December 2022	6,258	-	58	6,316

Accumulated Amortisation	Thousands of euros			
	Buildings	Information Processing Equipment	Transport Elements	Total
Balance at 01 January 2022	(2,355)	-	(54)	(2,409)
Allocations	(1,649)	-	(21)	(1,670)
Derecognitions	987	-	23	1,010
Balance at 31 December 2022	(3,017)	-	(52)	(3,069)

Impairment	Thousands of euros			
	Buildings (note 4 f)	Information Processing Equipment	Transport Elements	Total
Balance at 01 January 2022	(462)	-	-	(462)
Allocations	-	-	-	-
Derecognitions (Note 9)	-	-	-	-
Balance at 31 December 2022	(462)	-	-	(462)

	Thousands of Euros	
	31-12-2022	31-12-2021
Net book value:		
Buildings	2,779	1,717
Information processing equipment	-	-
Transport elements	6	16
Total net book value	2,785	1,733

During the 2022 financial year, the Group's Management reassessed the term of its most significant leases under IFRS 16, with the most relevant rights of use being those related to the central offices and warehouses.

Relevant breakdowns and amounts in the lease agreements

The relevant breakdowns and amounts in the lease agreements by asset class are as follows:

2022 financial year	Thousands of euros			
	Buildings	Information Processing Equipment	Transport Elements	Total
Amounts:				
Fixed lease payments	1,698	-	22	1,720
Expenses recognised, variable payments	-	-	-	-
Financial expenses, lease liabilities	51	-	-	51
Lease liabilities	3,253	-	14	3,267
Conditions:				
Lease term	2 – 5 years	2 years	2 – 4 years	
Interest rate	0.75% - 2.50%	1.59%	1.59% - 1.85%	

2021 financial year	Thousands of euros			
	Buildings	Information Processing Equipment	Transport Elements	Total
Amounts:				
Fixed lease payments	1,866	2	23	1,891
Expenses recognised, variable payments	-	-	-	-
Financial expenses, lease liabilities	47	-	1	48
Lease liabilities	2,206	-	23	2,229
Conditions:				
Lease term	2 – 5 years	2 years	2 – 4 years	
Interest rate	0.75% - 2.50%	1.59%	1.59% - 1.85%	

Breakdown of lease liabilities

The lease liabilities recognised, classified by maturity, are broken down as follows:

	Thousands of euros	Thousands of euros
Payments	31/12/2022	31/12/2021
Less than one year	1,199	894
Between one and five years	2,068	1,322
More than five years	-	13
Total (note 16)	3,267	2,229

11. Financial assets

11.1 Non-current financial assets

The breakdown of this heading as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31-12-2022	31-12-2021
Equity instruments:		
Other equity instruments	79	79
Other financial assets:		
Loans to related companies	-	826
Long-term deposits and guarantees	450	494
	529	1,399

Fair value of financial instruments: Valuation techniques and assumptions applicable to the measurement of fair value

Financial instruments are grouped into three different levels according to the degree to which fair value is observable.

- Level 1: those referenced to quoted prices (without adjustment) on active markets for identical assets or liabilities.

- Level 2: those referenced to other inputs (other than the quoted prices included in level 1) observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices).

- Level 3: those referenced to valuation techniques, which include inputs for the asset or liability that are not based on observable market data (non-observable inputs).

Other financial assets

During 2022, there have been no significant movements under this heading, except for the settlement of the loan granted by the Parent Company to the related company Tartales, L.L.C. totalling 826 thousand euros.

11.2 Investments in associates and related companies

Investments recognised using the equity method

The interest in equity-accounted companies corresponds to the owned company Ośrodek Badawczo-Produkcyjny Politechniki Łódzkiej ICHEM Sp. z o.o. (hereinafter, “Ichem, Sp. Zo.o”), the owned company Indusen, SA and the owned company Girofibra, S.L.

On 13 May 2022, the Parent Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Indusen, S.A., that is, 23,748 registered shares representing 39.58 % of the share capital of Indusen, for a total price of 3,562 thousand euros. Likewise, on 10 June 2022, the Parent Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Girofibra, S.L., that is, 9,483 registered shares representing 49% of the share capital of Girofibra, for a total price of 826 thousand euros. Both transactions were carried out taking into consideration market valuations of said shares and shareholdings.

The Parent Company’s Directors consider that it does not have control of Indusen or Girofibra as it does not hold the majority of the voting rights or members of the Board of Directors, and it does not have the power to direct most of these companies’ relevant business activities. In this respect, most of the voting rights are held by majority shareholders with whom the Parent Company has no relationship.

On 22 November 2021, the Parent Company acquired from its shareholder and related company Kiluva, S.A. a total of 99 additional shares in the share capital of Ichem Sp. zo.o. for a price of 3,208 thousand euros after the agreements reached by this company with Zamodiet, S.A.

This acquisition adds a 24.8% direct stake in the capital of Ichem Sp. Zo.o., therefore holding a total of 49.75% of the capital of said company as of 31 December 2021. The remaining shares of Ichem Sp. Zo.o. are held by natural persons and local Polish entities with no connection to the Naturhouse Group or its related companies.

The Parent Company's Directors consider that, as in the past year, they still do not have control over Ichem Sp. Zo.o. given that, regardless of this increased holding, the Parent Company still does not hold the majority of the voting rights, consequently, the situation prior to said acquisition is maintained, which was already the subject of a communication to the Comisión Nacional del Mercado de Valores on the occasion of the IPO in April 2015. Therefore, in accordance with the provisions of IFRS 11, the Parent Company's Directors consider that joint control over Ichem Sp. Zo.o. is maintained, given that the Parent Company has the capacity to appoint three of the six board members of Ichem Sp. Zo.o, while the Polish shareholders (not related) appoint the three remaining board members, including the Chairperson of the Board of Directors, who has the casting vote in the event of a tie. Likewise and finally, the Parent Company can only exercise its right to veto relevant economic decisions with a protective nature.

Information related to the direct and indirect financial shareholdings held by the Company are broken down in Annex I.

All the product purchase transactions are made at market prices (supported by a study conducted by the Group's tax advisers) (see Note 20).

The breakdown on investment in equity accounted companies at year end 2022 and 2021, as well as the movement occurring during both periods, is as follows:

2022 financial year

	Thousands of Euros					
	Balance at 1 January 2022	Other movements	Dividends	Conversion Differences	Income from Equity-Accounted Entities	Balance at 31 December 2022
Ichem Sp. zo.o	6,793	-	(744)	(97)	255	6,207
Indusen, S.A.	-	3,562	(95)	-	81	3,548
Girofibra, S.L.	-	826	-	-	(27)	799

2021 financial year

		Thousands of Euros				
	Balance at 1 January 2021	Other movements	Dividends	Conversion Differences	Income from Equity-Accounted Entities	Balance at 31 December 2021
Ichem Sp. zo.o	3,276	3,195	(139)	(129)	590	6,793

As mentioned previously, on 13 May 2022 and 10 June 2022, the Parent Company acquired from its related company Kiluva, S.A. a stake in Indusen, S.A. and Girofibra, S.L. equivalent to 39.58% and 49%, amounting to 3,562 thousand euros and 826 thousand euros, respectively.

In addition, on 22 November 2021, the Parent Company acquired 99 shares in Ichem Sp. zo.o for a price of 3,208 thousand euros from Kiluva, S.A. This acquisition represented 24.8% of the capital of Ichem Sp. zo.o, thus obtaining a total of 49.75% of the capital at year end 2021.

Other information related to said investees is as follows (figures as at 31 December 2022 and 31 December 2021):

Name and Registered Offices	Activity	Thousands of Euros			
		Total Assets	Equity	Sales (*)	Result after tax (*)
Indusen, S.A. Lugar Monte de la Abadesa, 3 09001 Burgos (Spain)	Production and marketing of dietary products	6,769	5,752	4,939	205
Girofibra, S.L. Polígono industrial Mas Portella, 8 17853 Girona (Spain)	Production and marketing of dietary products	1,226	1,004	1,354	(55)
Ichem Sp. zo.o. Dostawcza 12 93-231 Łódź (Poland)	Production and marketing of dietary products	14,382	12,476	10,893	512

(*) The total assets and equity of Ichem Sp. Zo.o is presented at the closing rate as at 31 December 2022, while sales and the post-tax profit or loss is presented at the average exchange rate for the 2022 financial year. The Company Ichem Sp. zo.o. is required to undergo a statutory audit as of 31 December 2022 (as in the previous financial year).

Name and Registered Offices	Activity	Thousands of Euros			
		Total Assets	Name and Registered Offices	Activity	Total Assets
Ichem Sp. zo.o. Dostawcza 12 93-231 Łódź (Poland)	Production and marketing of dietary products	16,212	13,654	11,443	1,180

The total assets and equity is presented at the closing rate as at 31 December 2021, while sales and the post-tax profit or loss is presented at the average exchange rate for the 2022 financial year. The Company is required to undergo a statutory audit as of 31 December 2021 (as in the previous financial year).

The difference between the value of the investment in equity-consolidated companies and their equity is due to the existence of implicit goodwill arising from the commercial and production synergies that the Group obtains from its shareholdings in these entities.

At 31 December 2022, the Group carried out an analysis of the existence of objective indicators of potential impairment of the investment in Girofibra, S.L.U., recognised using the equity method.

In accordance with the applicable regulatory framework (see Note 6.c), the amount of the valuation restatement will be the difference between the book value of said investment and the recoverable amount, taken as the greater of the fair value less selling costs and the current value of the future cash flows arising from the investment, obtained from any of the following procedures:

- By estimating what is expected to be received as a result of the dividend distribution made by the investee and the disposal or derecognition of the investment in it, or;

- By estimating the share of the cash flows expected to be generated by the investee from both its ordinary activities and its disposal or derecognition.

Taking the foregoing into account, the Group has determined the recoverable amount through the value in use based on the estimated future cash flows from its ordinary activities, discounted at a rate that reflects current market valuations with respect to the value of money and the specific risks associated with the investment.

The Group prepares 5-year cash flow forecasts, incorporating the best available estimates of income and expenses using sector forecasts, Girofibra's historical results and future expectations (the company's budgets, business plans etc. .) as well as macroeconomic indicators that reflect the current and foreseeable market situation. Another forecast estimate to also be considered has been the margin according to the nature of the business-product.

The Group's management considers that the weighted average sales growth rate for the next 5 years is consistent with past experience, taking into account the expansion plans and the evolution of the macroeconomic indicators (inflation, GDP etc.).

Additionally, a terminal value is calculated based on the normalized cash flow of the last year forecast, to which a perpetual growth rate is applied that under no circumstances exceeds the growth rates of previous years. The cash flow used to calculate the terminal value takes into account the investments required for future business continuity at the estimated growth rate.

For discounted cash flows, the weighted average cost of capital is used, which is determined after tax and is adjusted for country risk, the corresponding business risk and other variables dependent on the current market situation. The average discount rate in 2022 was 8%.

As a result of the impairment test carried out, the recoverable value of the investment in Girofibra exceeds its book value, consequently, it has not been necessary to carry out any valuation restatements due to impairment.

11.3. Current financial assets

	Thousands of Euros	
	31/12/2022	31/12/2021
Other financial assets:		
Other receivables	127	-
Short-term financial investments:		
Equity instruments	1,562	-
Other financial assets	1,105	
Short-term accruals	332	779
	3,126	779

Fair value of financial instruments: Valuation techniques and assumptions applicable to the measurement of fair value.

Financial instruments are grouped into three different levels according to the degree to which fair value is observable.

- Level 1: those referenced to quoted prices (without adjustment) on active markets for identical assets or liabilities.

- Level 2: those referenced to other inputs (other than the quoted prices included in level 1) observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices).

- Level 3: those referenced to valuation techniques, which include inputs for the asset or liability that are not based on observable market data (non-observable inputs).

Short-term financial investments

As at 31 December 2022, the Group holds 2,667 thousand euros as "Short-term financial investments", which primarily includes the following:

On the one hand, the Group holds shares in listed entities amounting to 1,562 thousand euros (1,672 thousand US dollars), which are recognised at fair value through the consolidated profit and loss account. These acquisitions are recognised as a result of the execution of put options by the counterparty when the market value is below the strike price. Likewise, the derivative corresponding to these put options is recognised at fair value at each accounting close, recognising the changes in value in the consolidated profit and loss account.

The equity instruments in listed entities amounting to 1,562 thousand euros described above are included in level one of the fair value hierarchy.

Likewise, as of 31 December 2022, the Group has a total of 981 thousand euros deposited in the form of legal guarantees to cover the different contingencies of the French Company S.A.S. Naturhouse (see Note 15).

12. Stock

The breakdown of "Stock" on the consolidated statement of financial position as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31-12-2022	31-12-2021
Goods	2,669	2,550

The Group has not recognised impairment losses given that the net realisable value of the stock is higher than the acquisition price (or production cost), which is why no losses have been recorded for this in 2022 and 2021.

13. Cash and cash equivalents

Practically all the balances under this heading on the consolidated statement of financial position as at 31 December 2022 and 2021 correspond to the amount deposited in current accounts and financial deposits of under 3 months that the Group held on said dates with financial institutions, unrestricted and remunerated at market rates, with the amount of cash on hand not being significant.

14. Equity

a) *Share capital*

On 9 April 2015, the Board of Directors of the Parent Company, exercising the delegation of the Sole Shareholder dated 2 October 2014, unanimously agreed to the public new stock offering on the Stock Market.

On 24 April 2015, the Comisión Nacional del Mercado de Valores admitted to trading 15 million shares of the Parent Company's share capital, with a nominal value of 5 euro cents each, which were sold by Kiluva, S.A. at the price of 4.8 euros. Subsequently, on 22 May 2015, the Green Shoe option was executed, expanding the number of shares admitted to trading by 1,097,637, reaching a total of 16,097,637 shares.

As of 31 December 2022, the Parent Company's share capital is represented by 60,000,000 ordinary shares of 0.05 euros nominal value each, fully subscribed and paid.

In accordance with communications on the number of corporate actions made before the Comisión Nacional del Mercado de Valores, the shareholders with significant holdings in the Parent Company's share capital, both directly as well as indirectly, higher than 3% of the share capital as of 31 December 2022 are as follows:

Shareholder	%
Kiluva, S.A.	72.60
Ferev Uno Strategic Plans	5.15

The Directors of the Parent Company have no knowledge of other shares equal to or higher than 3% of the Parent Company's share capital or voting rights, or that are lower than the percentage established, allowing significant influence to be exercised over the Parent Company.

b) *Distribution of profit and dividends*

The proposed distribution of the individual profit of Naturhouse Health, S.A. for the 2021 financial year drawn up by the Directors of the Parent Company, which was submitted for approval at the Annual General Meeting on 17 May 2022, consisted of the distribution of a dividend against the profit for the 2021 financial year, amounting to 10,987 thousand euros, as well as an amount of 1,013 thousand euros against reserves prior to the 2020 financial year.

Additionally, on 19 September 2022, the Parent Company approved a distribution of dividends amounting to 6,000 thousand euros, with 3,000 thousand euros being against voluntary reserves and 3,000 thousand euros being an interim amount against the profit for the 2022 financial year.

c) *Legal reserve*

In accordance with the Revised Text of the Spanish Corporate Law, a figure equal to 10% of profits from the financial year must be allocated to the legal reserve until this reaches at least 20% of the share capital. The legal reserve may be used to increase the capital to the extent of the balance of the legal reserve that exceeds 10% of the increased capital.

Except for the aforementioned purpose, and provided that it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided sufficient other reserves are not available for this purpose.

As of 31 December 2022, this reserve of the Parent Company has been completely established.

d) Equity - minority interests

The breakdown of this item on the consolidated statement of financial position as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31-12-2022	31-12-2021
Zamodiet México, S.A. de C.V.	6	6
Name 17, S.A. de C.V.	46	54
	52	60

The movement that occurred during 2022 and 2021 in this section of the consolidated statement of financial position is shown below:

	Thousands of Euros
Balance at 31 December 2020	65
Business combination	-
Profit or loss attributable to minority interests	(5)
Conversion differences	-
Balance at 31 December 2021	60
Business combination	-
Profit or loss attributable to minority interests	(8)
Conversion differences	-
Balance at 31 December 2022	52

e) Conversion differences

The breakdown of "Conversion differences" on the consolidated statement of financial position as at 31 December 2022 and 2021 corresponds to the exchange differences arising from the conversion into euros of the financial statements of investees whose local currency is not the euro: Naturhouse Franchising Co, Ltd (UK), Naturhouse Sp. zo.o. (Poland), Ichem Sp. zo.o (Poland), Zamodiet México, S.A. (Mexico), Naturhouse Inc. (USA) and Naturhouse d.o.o. (Croatia), according to the following breakdown:

	Thousands of Euros	
	31-12-2022	31-12-2021
Naturhouse Inc.	41	67
Naturhouse Sp. zo.o.	(403)	(408)
Ichem Sp. Zo.o	(349)	(380)
Others	(43)	(69)
	(754)	(790)

f) Own shares

As of year end 2022 and 2021, the Parent Company held company shares in accordance with the following breakdown:

		Euros		
Year	No. of Shares	Nominal Value	Average Acquisition Price	Total Acquisition Cost
2022	50,520	2,526	2.81	141,886
2021	50,520	2,526	2.81	141,886

As of 31 December 2022, the Parent Company's shares held by it represent 0.08% of the Parent Company's share capital, totalling 50,520 shares with a cost of 142 thousand euros and an average purchase price of 2.81 euros per share.

There has been no movement of own shares during 2022 and 2021.

g) Earnings per share

The profit or loss per share is calculated based on the profit or loss corresponding to the Parent Company's shareholders for the average number of ordinary shares outstanding during the period. At year end 2022 and 2021, the earnings or losses per share were as follows:

	31-12-2022	31-12-2021
Weighted average number of outstanding shares	60,000,000	60,000,000
Average number of own shares	50,520	50,520
Average number of shares to determine basic earnings per share	59,949,480	59,949,480
Parent Company's Consolidated Net Profit or Loss (Thousands of euros)	9,627	13,361
Earnings per share (in euros per share) (*):		
Basic	0.16	0.22
Diluted	0.16	0.22

(*) The Group presents earnings per share in accordance with IAS 33.

There are no financial instruments that could dilute the earnings or loss per share.

15. Provisions and contingencies

a) Non-current provisions

During the 2022 financial year, the Group increased the provision for risks and expenses by 1,401 thousand euros to cover the contingencies of the French company S.A.S. Naturhouse in relation to the legal proceedings against said Company by franchisees, as well as to cover the probable risk of other less significant law suits.

In addition, the amount presented under non-current provisions also refers to a commitment that the Group has with certain employees of the Italian company Naturhouse S.R.L. amounting to 491 thousand euros at year end 2022 (686 thousand euros at year end 2021 plus 188 thousand euros of provisions for other items). Said TFR commitment (end-of-contract compensation) is payable at the time of termination of the employment relationship, regardless of whether the termination is voluntary or not. As of 1 January 2007, with the regulatory change in Italy, the reserve established for the TFR to 31 December 2006 has remained in the company, revalued with the parameters of Act 297/82 and the deductions from the salary paid to each employee by the company to the INPS (the Italian state agency for social security). This commitment is not outsourced and the expenses thereof are recognised under "Personnel Costs" on the consolidated profit and loss account, amounting to 153 thousand euros and 132 thousand euros for 2022 and 2021, respectively. During the 2022 financial year, the TFR commitment was updated actuarially and an adjustment to reduce the provision amounting to 13 thousand euros (101 thousand euros increase in the provision at year end 2021) was recognised.

The remaining non-current provisions recognised correspond to obligations and risks that the Group keeps provisioned due to considering them to be probable.

b) Current provisions

Current provisions essentially includes the short-term part of the provision for the TFR described above. Additionally, at year end 2021, the provision for the cancellation expenses for the Dolphin Mall lease in the United States amounting to 528 thousand euros was included.

c) Contingencies

The Parent Company's Directors consider that there are no contingencies that could lead to unregistered liabilities or that could have a significant impact on the attached consolidated financial statements.

16. Financial debt

The breakdown of the Group's current and non-current financial debt as at 31 December 2022 and 2021 is as follows:

2022 financial year

	Thousands of Euros			
	Initial Amount or Limit	Expiration date		
		Current	Non Current	Total
Current debts:				
Lease liabilities	-	1,199	-	1,199
Other financial liabilities	-	325	-	325
Non-current debts:				
Lease liabilities	-	-	2,068	2,068
Other financial liabilities	-	-	1,790	1,790
	-	1,524	3,858	5,382

2021 financial year

	Thousands of Euros			
	Initial Amount or Limit	Expiration date		
		Current	Non Current	Total
Current debts:				
Lease liabilities	-	894	-	894
Other financial liabilities	-	98	-	98
				-
Non-current debts:				
Lease liabilities	-	-	1,335	1,335
Other financial liabilities	-	-	2,040	2,040
	-	992	3,375	4,367

This heading includes lease liabilities for a total amount of 3,267 thousand euros (1,199 short-term and 2,068 long-term) recognised in accordance with IFRS 16 *Leases*. As at 31 December 2021, the amount for this item was 2,229 thousand euros (894 short-term and 1,335 long-term).

Similarly, lease liabilities with the related company Tartales S.L.U. are included (see Note 20.1).

Additionally, the amounts paid as guarantee deposits for the Naturhouse S.A.S. franchise holders in guarantee of compliance with their contractual obligations are included under "Other non-current financial liabilities". In the other Group companies, these guarantees are obtained through bank guarantees. As at 31 December 2022, these guarantee deposits are valued at amortised cost.

The Group considers that the fair value of these guarantee deposits is reasonably close to their amortised cost, which is why their fair value is not broken down in accordance with IFRS 7.29.

"Other current financial liabilities" includes 193 thousand euros corresponding to the fair value of the financial derivative of the put options described in note 11.3 above.

Likewise, the Parent Company has bill discounting facilities with a limit of 1,000 thousand euros, which as of 31 December 2022 and 31 December 2021 has not been drawn on.

17. Trade creditors and other accounts payable

The balances of this item under current liabilities on the consolidated statement of financial position as at 31 December 2022 and 2021 have the following breakdown:

	Thousands of Euros	
	31-12-2022	31-12-2021
Suppliers	1,476	1,238
Sundry creditors	448	474
Staff (remuneration pending payment)	285	283
Short-term accruals	350	380
	2,559	2,375

The book value of trade creditors and other accounts payable does not significantly differ from their fair value.

Remuneration pending payment corresponds mainly to the accrual of the extra summer pay, as well as the variable remuneration of certain Group workers.

Short-term accruals include the anticipated revenue for "master franchises" that is charged against income during the term of the contract (normally 7 years).

The Group's Directors have recognised all anticipated revenue in current liabilities, regardless of the years pending allocation to long-term, as they do not consider its effect to be significant.

Information on the average payment period to suppliers

The information required by the Third Additional Provision of Law 15/2010 of 5 July (as amended by the Second Final Provision of Law 31/2014 of 3 December) is broken down below, drawn up according to the ICAC Resolution of 29 January 2016 on the information to be included in the explanatory notes to consolidated financial statements in connection with the average payment period to suppliers in commercial operations.

	Days	
	31-12-2022	31-12-2021
Average supplier payment period	47.23	47.29
Ratio of paid operations	42.92	48.66
Ratio of operations pending payment	72.41	36.97

	Euros	
	31-12-2022	31-12-2021
Total payments made	9,349	9,280
Total outstanding payments	1,603	1,232

The data presented in the above table on payments to suppliers refers to those made by the Spanish consolidable group company. In accordance with the ICAC Resolution, in order to calculate the average supplier payment period, commercial operations corresponding to delivering goods or providing services accrued from the date of entry into force of Law 31/2014 of 3 December have been taken into account.

For the sole purpose of providing the information required by this Resolution, suppliers includes trade creditors for debts with suppliers of goods or services included under "Trade creditors and other accounts payable" and "Suppliers, related companies" of the current liabilities of the consolidated statement of financial position.

"Average supplier payment period" is understood to mean the time that elapses from the delivery of goods or the provision of services by the supplier and material payment for the operation.

The maximum legal payment period applicable to the Spanish consolidable group company under Law 3/2014 of 29 December, which establishes measures to combat delays in payments for commercial operations, and in accordance with the transitional provisions established under Law 15/2010 of 5 July, was 60 days before publication of Law 11/2013 of 26 July and 30 days from publication of this Law and to the present (unless the conditions established in the same are met, which would allow the maximum payment period to be raised to 60 days).

The monetary volume of invoices paid within the deadline established by Law 3/2004, of 29 December, amounted to 5,877 thousand euros, representing 63% of the total monetary volume. The number of invoices paid amounted to 3,867 invoices paid within the deadline, representing 96% of the total number of invoices

18. Tax situation

18.1 Current balances with Public Administrations

The breakdown of the current balances with Public Administrations as at 31 December 2022 and 2021 is as follows:

Debtor balance

	Thousands of Euros	
	31-12-2022	31-12-2021
Tax Authorities, debtor due to IVA (VAT)	56	97
Tax Authorities, debtor due to Corporate Tax	6,703	3,891
Total other credits with Public Administrations	6,759	3,988

Creditor balance

	Thousands of Euros	
	31-12-2022	31-12-2021
Tax Authorities, creditor due to IVA (VAT)	47	56
Tax Authorities, creditor due to income tax withholdings	101	243
Social Security agencies, creditors	420	234
Tax Authorities, creditor due to Corporate Tax	1,440	1,173
Total other debts with Public Administrations	2,008	1,706

18.2 Reconciliation between accounting profit and Corporate Tax expense

As at 31 December 2022 and 2021, the Group is not subject to the consolidated tax return regime, therefore, "Tax on Profits" on the consolidated profit and loss account reflects the sum of the figures resulting from the individual tax returns of each of the Group companies from the time of incorporation into the scope of each of them.

The Tax on Profits expense on the consolidated profit and loss account is determined from the consolidated pre-tax result, increased or decreased by the permanent differences between the tax base for said tax and the accounting profit and the consolidation adjustments. The corresponding tax rate is applied to said adjusted accounting profit that according to legislation is applicable to each company, reduced by the discounts and deductions accrued during the financial year, and in turn adding the positive or negative differences between the tax estimate for the closure of the accounts for the previous financial year and the subsequent settlement of the tax at the time of payment.

The reconciliation between the consolidated pre-tax result and the Corporate Tax expense is presented below:

	Thousands of Euros	
	2022	2021
Consolidated pre-tax result	13,103	18,245
Permanent differences and consolidation adjustments	625	1,271
Adjusted result	13,728	19,516
Tax rate	25%	25%
Tax rate adjusted result	3,432	4,879
Tax rate differences	52	-
Other adjustments	-	-
Total tax expense	3,484	4,879

The different companies calculate the Corporate Tax expense based on their respective legislation. The main tax rates applicable to the Group at year end 2022 are as follows:

Country	Tax Rate
Spain	25%
France	25%
Italy	24%
Poland	19%
Portugal	21%
Mexico	30%
United Kingdom	19%
Belgium	25%
Germany	15%
Croatia	10%
Lithuania	15%
United States (Federal)	21%

Likewise, the tax expense breakdown between current and deferred is as follows:

	Thousands of Euros	
	2022	2021
Expense / (Income) for deferred tax	38	230
Expense / (Income) for current tax	3,448	4,649
Total tax expense (Income)	3,484	4,879

During the 2022 financial year, the Parent Company has made instalment payments for the Corporate Tax corresponding to April and October of the 2022 financial year amounting to 2,981 thousand euros. On this basis, at yearend the company holds a balance to be recovered from the Tax Authorities, which has been recognised as a current tax asset.

18.3 Deferred tax assets recognised

The breakdown of this account balance at year end 2022 and 2021 and the movement in 2022 is as follows:

	Thousands of Euros		
	31-12-2021	Derecognitions	31-12-2022
Temporary differences (Prepaid taxes):			
Tax effect of consolidation adjustments	65	(12)	53
Limit 70% amortization	28	-	28
Other	14	(14)	-
Total deferred tax assets	107	(26)	81

	Thousands of Euros		
	31-12-2020	Derecognitions	31-12-2021
Temporary differences (Prepaid taxes):			
Tax effect of consolidation adjustments	65	-	65
Limit 70% amortization	118	(90)	28
Other	14	-	14
Total deferred tax assets	197	(90)	107

The deferred tax assets indicated above have been recognised on the consolidated statement of financial position as the Parent Company's Directors consider, in line with the best estimates of the Group's future results, including certain tax planning measures, that it is likely that these assets will be recovered.

The aforementioned deferred tax assets specified above were registered by applying the tax rate estimated to be recovered.

18.4 Deferred tax assets not recognised

At year end 2022 and 2021, there are only deferred tax assets for deductible temporary differences on which their offset with taxes to be paid in the future is probable in accordance with the likelihood of recovery requirement established in the standard.

18.5 Deferred tax liabilities

The breakdown of this account balance at year end 2022 and 2021 and the movement in 2022 is as follows:

	Thousands of Euros		
	31-12-2021	Additions/ (Derecognitions)	31-12-2022
Temporary differences (Deferred taxes):			
Taxation on the distribution of dividends	217	43	260
Other	77	(31)	46
Total deferred tax liabilities	294	12	306

	Thousands of Euros		
	31-12-2020	Additions	31-12-2021
Temporary differences (Deferred taxes):			
Other	154	140	294
Total deferred tax liabilities	154	140	294

Under deferred tax liabilities, the Naturhouse Group has recognised an amount of 260 thousand euros in the 2022 financial year for aggregated undistributed profits in subsidiaries and associates (217 thousand euros in 2021).

18.6 Financial years pending verification and inspections

The Group's activity, by its nature, is not effected by any significant tax risks.

Provisional tax returns are filed and tax payments on account are made regularly based on the transactions on the accounts, but they are not considered final until the tax authorities inspect them or the statute of limitations expires, which in Spain is four years for all applicable taxes. The Parent Company has the last four financial years open for inspection for all applicable taxes.

In the opinion of the Parent Company’s Directors and its tax advisors, there are no tax contingencies of significant amounts that could arise, in the event of an inspection, from possible differing interpretations of the tax regulations applicable to the operations carried out by the Parent Company and its subsidiaries.

19. Income and expenses

19.1 Net turnover

The Group's net turnover corresponding to the 2022 and 2021 financial years is broken down below:

	Thousands of Euros	
	2022	2021
Sales	51,459	56,693
Provision of services	944	901
	52,403	57,594

19.2. Supplies

The amount recognised under "Goods consumed" for 2022 and 2021 has the following breakdown:

	Thousands of Euros	
	2022	2021
Goods consumed:		
Shopping	14,801	15,629
Changes in stocks (Note 12)	119	706
	14,920	16,335

The breakdown of the purchases made by the Group during 2022 and 2021, based on their origin, is as follows:

	Thousands of Euros	
	2022	2021
Spain	5,984	6,105
Europe	8,817	9,524
Other	-	-
Total purchases	14,801	15,629

19.3. Staff expenses

The breakdown of staff expenses accrued during the 2022 and 2021 financial years is as follows:

	Thousands of Euros	
	2022	2021
Wages, salaries and similar	8,302	8,386
Social Security costs	1,951	1,958
Compensation	375	421
	10,628	10,765

19.4 Financial income and expenses

The breakdown of the Group's financial result in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Financial income:	111	361
Group	-	140
Third party	111	221
Financial expenses:	(205)	(98)
Debts with third parties	(205)	(98)
Exchange differences	36	56
Impairment and income from disposal of financial instruments	(1)	(2)
Financial income	(59)	317

Financial income and expenses from transactions with third parties include the variation in the fair value of the shares described in Note 11 and the corresponding put options. Likewise, as at 31 December 2022, “Financial expenses, debts with third parties” includes 51 thousand euros due to the effect of updating the lease liability (see Note 10) (48 thousand euros as at 31 December 2021).

19.5 Other operating expenses

The amount recognised under "Other operating expenses" for 2022 and 2021 has the following breakdown:

	Thousands of Euros	
	2022	2021
Leases	484	267
Repairs	244	245
Transport	1,783	1,740
Supplies	419	658
Advertising	3,504	3,933
Other external services	4,874	3,463
	11,308	10,306

The heading "Leases and fees" includes, as of 31 December 2022, leases with a maturity of less than one year and low-value assets.

20. Balances and transactions with related parties

The following are considered to be related parties:

- The majority shareholder of the Parent Company, Kiluva, S.A., as well as all the companies related to said majority shareholder as defined in IAS 24.

- The Directors and executives of any company belonging to the Naturhouse Group or its majority shareholder, Kiluva, S.A., as well as their close family, with "Directors" meaning a member of the Board of Directors, and "executives" meaning those who report directly to the Board or the chief executive of the Parent Company.

20.1 Balances with related companies

As at 31 December 2022 and 2021, the Group held the following balances with related companies:

	Thousands of Euros			
	Debtor Balance		Creditor Balance	
Company	2022	2021	2022	2021
Short-term trade balances:				
Finverki	-	5	-	-
Girofibra, S.L.	-	-	222	72
Healthouse Sun, S.L.	-	-	36	36
Ichem, Sp. zo.o.	-	6	1,093	1,428
Indusen, S.A.	-	-	372	409
Kiluva, S.A.	-	4	-	26
Laboratorios Abad, S.L.U.	-	-	-	2
U.D. Logroñés, SAD	-	-	136	-
Distrito TV, S.L.	-	-	18	-
Tartales LLC	3	2	-	-
Zamodiet, S.A.	-	-	-	-
Tartales, S.L.U.	-	-	22	35
Ferev S.A.R.L.	-	-	1	-
Total short-term trade balances	3	17	1,900	2,008
	3	17	1,900	2,008

As a general rule the Group records the debt or credit balances of a commercial nature with related companies as current balances.

Additionally, the headings “Non-current debt” and “Current debt” on the consolidated statement of financial position as of 31 December 2022 include lease liabilities with Tartales, S.L.U. amounting to 1,877 thousand euros (529 thousand euros in the short term and 1,348 thousand euros in the long term).

As described in Note 11.1, in 2022 the loan granted by the Parent Company to the related company Tartales, L.L.C. totalling 826 thousand euros was settled.

Lastly, as detailed in note 11.2 above, the Parent Company has acquired from its related company Kiluva, S.A. a stake in Indusen, S.A. and Girofibra, S.L., equivalent to 39.58% and 49%, amounting to 3,562 thousand euros and 826 thousand euros respectively.

Likewise, in the 2021 financial year, the Parent Company acquired from its related company Kiluva, S.A. an additional stake in Ichem SP Z.o.o. equivalent to 24.8% amounting to 3,208 thousand euros.

20.2 Transactions with related companies

During the 2022 and 2021 financial years, the Group carried out the following transactions with related companies:

Company	Thousands of Euros	
	2022	2021
Sales:		
Ichem, Sp. zo.o	-	6
Healthhouse Sun, S.L.	2	3
Ferev S.A.R.L.	-	-
Services provided:		
Ferev S.A.R.L.	-	-
Finverki	-	5
Healthhouse Sun, S.L.	-	6
Kiluva, S.A.	-	4
Laboratorios Abad, S.L.U.	3	2
Tartales LLC	1	2
Other operating income	6	28
Sales of tangible fixed assets:		
Kiluva, S.A.	-	-
Ferev Uno Strategic Plans	6	-
Healthhouse Sun, S.L.	8	-
Tartales, S.r.l.	-	-
Tartales, Lda	-	-
Tartales, S.L.U.	-	-
Total sales of fixed assets (Note 9)	14	-
Purchases:		
Girofibra, S.L.	727	716
Ichem, Sp. zo.o	8,671	9,524
Indusen, S.A.	1,937	2,143
Laboratorios Abad, S.L.U.	34	77
Tartales, S.r.l.	13	-
Healthhouse Sun, S.L.	8	-
Services received:		
Tartales, S.r.l.	-	3
Ichem, Sp. zo.o	-	22
Kiluva, S.A.	117	188
Heatlhouse Sun, S.L.	126	83
Tartales Portuguesa, S.A.	39	41
U.D. Logroñés, SAD	237	175
Distrito TV, S.L.	18	-
Ferev S.A.R.L.	-	-
Laboratorios Abad, S.L.U.	13	-
Leases and insurance policies *(*)*:		
Casewa, S.A.U.	101	107
Tartales, S.L.U.	830	788
Other operating costs	12,871	13,867

(*) Lease expenses with Casewa, S.A.U. and Tartales, S.L.U. in the 2022 financial year include lease payments made to these entities, which have been recognised in accordance with IFRS 16.

Consideration should be given to the dividend distributions described in Note 14.

Likewise, there are transactions with a company related to a member of the Parent Company's Board of Directors amounting to 62 thousand euros in the 2022 financial year (60 thousand euros in the 2021 financial year).

The Parent Company's Directors and its tax advisers believe that the transfer prices are properly accounted for, based on a report issued by the latter, consequently, they believe that there are no significant risks in this regard that could lead to significant liabilities in the future.

As of the date of drawing up these consolidated financial statements, the Parent Company has updated the transfer pricing report corresponding to the 2021 financial year together with its tax advisors, which includes the main transactions that the Parent Company performs with its related companies:

- Royalties for assignment of trademarks

- Management fees

- Product sales

- Product purchases

- Financial operation: liquid asset management.

The report does not include significant limitations, caveats or safeguards, except for those typical of this type of work. Likewise, in order to analyse whether the prices agreed between related parties as a result of the transactions described above comply with the applicable regulations and to determine that they are in line with market values, the following methodology has been used, depending on the type of each transaction:

- Obtaining comparables, that is, comparison of the circumstances of related-party transactions with the circumstances of transactions between independent persons or entities that could be comparable (CUP - comparable uncontrolled price method).

- On the other hand, the transactional net margin method ("TNMM") has also been applied. Under this method, the objective profitability indicators obtained by independent entities performing the same activity under similar circumstances has been analysed.

- Finally, the resale price method (RPM) has been used, by which the margin applied by the reseller itself is subtracted from the sale price of goods or services in identical or similar transactions with independent persons or entities or, failing that, the margin that independent persons or entities apply to comparable transactions, making, where necessary, the necessary adjustments to obtain equivalence and consider the particularities of the transaction.

In the particular case of product purchases from related companies, the analysis provides a comparison of the gross margin on sales (both through owned as well as franchised centres) in purchases from related companies compared to that obtained in purchases made from comparable independent companies, among others. Based on said analysis, it has been determined that these transactions are at market value.

Said report has been issued in relation to the transactions carried out with related companies in the 2021 financial year. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2022 financial year, consequently, they believe that they are duly backed up.

20.3 Remuneration of the Parent Company's Directors and Senior Management

During the 2022 financial year, the current Directors of the Parent Company accrued remuneration by way of fixed allowance and expenses for attending board meetings amounting to 316 thousand euros (316 thousand euros in 2021). Likewise, a member of the Board of Directors has provided services to the Parent Company amounting to 62 thousand euros during the 2022 financial year (60 thousand euros during the 2021 financial year). In addition, the members of the Board of Directors with executive positions have received the remuneration stated in the following paragraph. On the other hand, in the current financial year and in the 2021 financial year, no member of the Board of Directors has held with the Parent Company any advances, had any guarantees granted or held any other commitments in terms of pensions or life insurance contracted with the Directors. The Parent Company's current Directors were re-elected at the last Annual General Meeting held on 17 May 2022.

The remuneration received during the 2022 financial year by the Group's Senior Management amounted to 2,140 thousand euros for wages and salaries, the provision of services and severance pay (1,317 thousand euros has been received by members of the Board of Directors in the development of their executive positions). The Group's Senior Management has not received any remuneration for other concepts. The remunerations received by the Group's Senior Management in the 2021 financial year amounted to 2,236 thousand euros (1,529 thousand euros received by members of the Board of Directors in the development of their executive positions).

At year end 2022 and 2021, the Group's Senior Management body is made up of the following people:

	2022		2021	
Categories	Men	Women	Men	Women
Senior Management	5	1	7	1

As of year end 2022 and 2021, there are no advances, loans granted, pension obligations or life insurance obligations with Senior Management.

The Board of Directors is made up of six men and one woman as of yearend 2022 (six men and one woman as of year end 2021).

The Parent Company has signed a civil liability policy for directors and executives to cover the members of the Board of Directors, the CEO and all directors of the Naturhouse Group with a cost amounting to 8 thousand euros to 31 December 2022 (5 thousand euros in 2021).

20.4 Information in relation to situations involving conflicts of interest on the part of the Directors

As of year end 2022, neither the members of the Board of Naturhouse Health, S.A. nor any persons related to them as defined by the Revised Text of the Spanish Corporate Law, have communicated to the other members of the Board of Directors any situation involving direct or indirect conflict that they or persons related to them, as defined by the Revised Text of the Spanish Corporate Law, may have with the Parent Company's interests.

21. Environmental information

The Group is highly committed to the environment; proof of this commitment can been seen in the environmental policies developed by the Parent Company's Management insofar as they contribute to more sustainable growth through the implementation of initiatives that mitigate the impact of the Group's activity on the environment, for example, through the use of recycled materials in the bags of the products sold, promotion of more sustainable materials in the packaging etc.

At year end, the Group has no liabilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant in relation to the equity, financial position and results of the Group. The potential impact arising from climate change has been considered and analysed without, as a result of said analysis, the most significant estimates and judgements made for the preparation of the consolidated financial statements having been significantly affected.

22. Other information

22.1 Staff

The average number of persons employed during the 2022 and 2021 financial years, broken down by category, is as follows:

	Number of Employees	
Categories	2022	2021
Senior Management	9	9
Other management personnel	13	15
Administrative and technical	40	45
Salespersons, sellers and operators	160	194
	222	263

In addition, the Group’s gender distribution at the end of 2022 and 2021, detailed by category, is as follows:

	2022		2021	
Categories	Men	Women	Men	Women
Senior Management	5	1	7	1
Other Management Personnel	13	1	14	1
Administrative and technical	10	27	11	29
Salespersons, sellers and operators	10	141	11	157
	38	170	43	188

As at 31 December 2022 and 2021, the Group had 3 and 4 people employed with disabilities equal to or above 33%, respectively.

22.2 Audit fees

During the 2022 and 2021 financial years, the fees for audit services and other services provided by the auditor of the Group's consolidated financial statements have been as follows:

	Services Provided by the Lead Auditor	
	EY	EY
	2022 financial year	2021 financial year
The Company's audit services (individual and consolidated)	142,500	135,990
Other verification services (*)	28,500	26,010
Total audit and related services	171,000	162,000
Tax services	-	-
Other services	-	-
Total professional services	171,000	162,000

(*) The 'Other verification services' section includes the limited review of the Group's Half-Yearly Financial Statements as well as a report on agreed procedures (same concept in the 2021 financial year).

23. Segment reporting

Considering that IFRS 8 establishes the obligatory nature of the application and breakdown of information by segments for companies whose equity or debt securities are publicly traded or for companies that are in the process of issuing securities to be traded on public stock markets, the Group presents said information in four segments on the attached consolidated financial statements.

Segmentation criteria

For management reasons, the Group is currently made up of the following operating segments, which are the following geographical areas:

- Spain
- France
- Italy
- Poland
- Other countries

The main activities developed by the Group are described in Note 1 of these consolidated notes. The Group does not carry out differentiated activities for significant amounts that entail the identification of additional operating segments.

The Parent Company’s Directors have identified said segments based on the following criteria:

- It carries out business activities for which it can obtain ordinary income and incur expenses (including ordinary income and expenses from transactions with other components of the same entity),

- Whose operating results are regularly reviewed by management, which makes the entity's operating and management decisions, to decide on the resources that should be allocated to the segment and evaluate its performance, and

- Differentiated financial information is available.

Bases and methodology for reporting by business segments

The segment reporting set out below is based on the reports prepared by the Group's Management and is generated by the same computer application used to obtain all the Group's accounting data.

The segment’s ordinary income corresponds to ordinary income directly attributable to the segment plus the relevant proportion of the Group's general income that can be allocated to it using reasonable distribution bases.

The expenses of each segment are determined by the expenses arising from its operating activities that are directly attributable to it, plus the corresponding proportion of the expenses that can be allocated to the segment using a reasonable distribution basis.

The segment’s result is presented pre-tax on profits and before any adjustments that may correspond to minority interests.

The "Consolidation eliminations" column on the consolidated profit and loss account essentially includes the eliminations of sales and purchases between segments and the costs passed on by the Parent Company and other consolidation adjustments.

The information for the consolidated profit and loss account for 2022 and 2021, broken down by segment, is as follows:

	Thousands of Euros															
	Segments															
	Spain		France		Italy		Poland		Other Countries		Eliminations and other consolidation adjustments		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	10,623	11,885	19,086	20,156	15,241	16,826	5,881	6,922	1,572	1,805	-	-	-	-	52,403	57,594
Sales between segments	1,474	1,594	154	355	11	-	16	16	-	-	(1,655)	(1,965)	-	-	-	-
Other operating income	2,787	2,830	116	534	-	-	27	224	546	653	(3,304)	(3,897)	-	-	172	344
Total income	14,884	16,309	19,356	21,045	15,252	16,826	5,924	7,162	2,118	2,458	(4,959)	(5,862)	-	-	52,575	57,938
Supplies	(3,639)	(4,186)	(5,363)	(5,758)	(4,511)	(4,926)	(2,371)	(2,709)	(543)	(638)	1,655	1,965	(148)	(83)	(14,920)	(16,335)
Personal	(4,464)	(4,733)	(2,466)	(2,281)	(2,405)	(2,417)	(691)	(662)	(602)	(672)	-	-	-	-	(10,628)	(10,765)
Amortisation	(410)	(398)	(48)	(52)	(95)	(106)	(32)	(28)	(43)	(36)	-	-	(1,670)	(1,837)	(2,298)	(2,457)
Other operating expenses and other results	(5,177)	(4,689)	(6,350)	(5,767)	(3,578)	(3,550)	(1,475)	(1,565)	(1,142)	(851)	3,831	3,705	2,006	1,880	(11,885)	(10,837)
Impairment and income, disposal of fixed assets	2	(23)	7	(39)	-	-	-	-	-	-	-	-	-	(144)	9	(206)
Operating result	1,196	2,280	5,136	7,148	4,663	5,827	1,355	2,198	(212)	261	527	(192)	188	(184)	12,853	17,338
Financial income	15,849	9,411	105	6	87	1	22	-	127	165	(15,990)	(9,223)	(89)	60	111	420
Financial expenses	(101)	(34)	-	14	(15)	(7)	50	(3)	(41)	(30)	39	6	(101)	(47)	(169)	(101)
Impairment and income from disposal of financial instruments	(52)	1	(1)	(4)	-	-	-	-	-	-	52	1	-	-	(1)	(2)
Financial income	15,696	9,378	104	16	72	(6)	72	(3)	86	135	(15,899)	(9,216)	(190)	13	(59)	317
Income from equity-accounted entities											309	590			309	590
Pre-tax profit	16,892	11,658	5,240	7,164	4,735	5,821	1,427	2,195	(126)	396	(15,063)	(8,818)	(2)	(171)	13,103	18,245

IFRS 16 Impact on Amortisation	(752)	(802)	(393)	(285)	(193)	(282)	(99)	(138)	(233)	(330)	-	-	-	-	(1,670)	(1,837)
IFRS 16 impact on Other operating expenses	777	831	403	293	199	290	102	139	239	338	-	-	-	-	1,720	1,891
IFRS 16 impact on Financial Result	(37)	(22)	(12)	(6)	(6)	(6)	(4)	1	(7)	30	-	-	-	-	(66)	(3)

The “Eliminations” segment includes the consolidation eliminations and the “Others” segment includes financial income and expenses considered to be corporate and not allocable to any specific segment. No distribution of general income and expenses has been made between segments.

The breakdown by segment of certain items on the consolidated statement of financial position as of 31 December 2022 and 2021 is as follows:

	Thousands of Euros													
	Segments													
	Spain		France		Italy		Poland		Other Countries		Eliminations and other consolidation adjustments		Total	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
ASSETS														
Other intangible assets	540	677	14	14	20	29	26	33	9	-	-	-	609	753
Tangible fixed assets	700	439	218	172	192	238	70	62	100	115	2,699	1,648	3,979	2,674
Total Assets	28,682	28,810	9,716	13,113	8,025	9,015	2,873	3,830	5,305	5,379	(11,784)	(11,146)	42,817	49,001
Total Liabilities	3,469	2,055	5,054	4,621	3,891	3,458	644	464	4,850	4,531	(2,953)	(2,209)	14,955	12,920
IFRS 16 impact (Assets)	1,881	1,615	713	348	300	347	142	189	489	592	(740)	(1,358)	2,785	1,733
IFRS 16 impact (Liabilities)	1,886	1,635	717	351	302	350	144	189	496	599	(278)	(895)	3,267	2,229

The “Others and eliminations” segment includes assets and liabilities considered to be corporate non-assignable to any specific segment, that is, “Investments in related companies” and “Current financial assets”, and “Non-current debt” and “Current debt”, respectively, as well as the consolidation eliminations.

Other segment information

None of the Group's customers accounts for more than 10% of the income from its ordinary activities.

Movements in tangible fixed assets, intangible assets and rights of use by segment were as follows:

	In Thousands of Euros					
	Spain	France	Italy	Poland	Others	Total
IFRS 16 movements	266	365	(47)	(47)	514	1,052
Movements 2022	548	242	41	57	76	964

During the 2022 financial year, no significant additions of fixed assets have been carried out at the segment level.

24. Subsequent events

There have been no significant subsequent events between the close of 31 December 2022 and the date these financial statements were drawn up.

ANNEX I

Companies included in the consolidation

As at 31 December 2022 and 2021, the subsidiaries consolidated by full integration and the information related to them is as follows:

2022 financial year

Company	Activity	% Holding
Naturhouse Health S.A. Claudio Coello, 91 Madrid (Spain)	Marketing of dietary products herbal remedies and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Preparation and marketing of dietary products	100%
Ichem Sp. zo.o. (*) ul. Dostawcza 12 93-231 Łódź (Poland)	Production and marketing of dietary products	49.75%
Indusen, S.A. (*) Nacional 1, km.233-U.E. 38.02-Parcela 3 P.I. Monte de la Abadesa-09001 Burgos (Spain)	Production and marketing of dietary products	39.58%
Girofibra, S.L. (*) PG Can Portella 8 17853 Argelaguer – Girona (Spain)	Production and marketing of dietary products	49%
Naturhouse Belgium S.P.R.L. Avenida de la porte, Hall 11b 1060 Saint Gilles (Belgium)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 257 Old Brompton Road, Earl´s Court SW5 9HP London (Great Britain)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse Inc. 1395 Brickellave 800 STE Miami FL (US)	Marketing of dietary products herbal remedies and natural cosmetics	100%

(*) Companies integrated by the equity method, the others are by full integration.
(**) Company not consolidated due to being inactive.

Company	Activity	% Holding
Naturhouse Sp. zo.o. Ul/Dostawcza, 12 93-231 Lozd (Poland)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse S.R.L. Via Federico Fellini, 6 44122 Ferrara (Italy)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Nutririon Naturhouse Inc. (**) Rue de la Guachetière Ouest Montreal Quebec (Canada)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse d.o.o. Ilica 126, City of Zagreb (Croatia)	Marketing of dietary products herbal remedies and natural cosmetics	100%
S.A.S. Naturhouse 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	Marketing of dietary products	100%
Zamodiet México S.A. de C.V. Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	Marketing of dietary products	79%
Name 17, S.A. de C.V. Doctor Balmis, 222 Mexico City (Mexico)	Marketer of dietary products	51%
Naturhouse Health Limited 165 Lower Kimmage Road Dublin 6, (Ireland)	Marketer of dietary products	100%
Naturhouse Pte. Ltd. 64D Kallang Pudding Road (Tannery Building) 349323 Singapore	Marketer of dietary products	100%

(*) The only company integrated by the equity method, the others are by full integration.
(**) Company not consolidated due to being inactive.

2021 financial year

Company	Activity	% Holding
Naturhouse Health S.A. Claudio Coello, 91 Madrid (Spain)	Marketing of dietary products herbal remedies and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Preparation and marketing of dietary products	100%
Ichem Sp. zo.o. (*) ul. Dostawcza 12 93-231 Łódź (Poland)	Production and marketing of dietary products	49.75%
Naturhouse Belgium S.P.R.L. Avenida de la porte, Hall 11b 1060 Saint Gilles (Belgium)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 257 Old Brompton Road, Earl´s Court SW5 9HP London (Great Britain)	Marketing of dietary products herbal remedies and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Marketing of dietary products herbal remedies and natural cosmetics	100%
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(**) Company not consolidated due to being inactive.

Management Report

FOR THE FINANCIAL YEAR ENDING

31 DECEMBER 2022

CONTENTS

1. <u>Business situation and evolution</u>

The Naturhouse Group is a business group dedicated to the dietetics and nutrition sector with its own exclusive business model based on the Naturhouse method. At year end 2022, it had an active presence in 31 countries through a network of 1556 centres, with its most relevant markets being France, Italy, Spain and Poland.

The companies included in the consolidation by full integration in the 2022 financial year are as follows: Naturhouse Health S.A. (Spain), S.A.S. Naturhouse (France), Naturhouse S.R.L. (Italy), Naturhouse Sp Zo.o (Poland), Kiluva Portuguesa - Nutriçao e Dietética, Ltd (Portugal), Naturhouse Belgium S.P.R.L. (Belgium), Naturhouse Franchising Co, Ltd (UK), Naturhouse, Gmbh (Germany), Zamodiet México S.A. de C.V. and Name 17 S.A. de C.V. (Mexico), Nutrition Naturhouse Inc. (Canada), Naturhouse d.o.o. (Croatia), Naturhouse Inc. (US), Naturhouse Health Limited (Ireland), Naturhouse Pte. Ltd. (Singapore) and Naturhouse Health S.A.S. (Dominican Republic).

The Naturhouse Group closed the 2022 financial year with a positive result of 9.6 million net profit.

2022 has been a difficult year in macroeconomic terms, with the appearance of new variants of Covid-19 as well as the war in Ukraine being the main causes that have had an impact on the evolution of the economy globally. This has led to increases in operating costs globally, causing less profitability in the group.

In order to continue creating value for its shareholders, the Naturhouse Group acquired 39.58% and 49% of the shares of the Group's suppliers, Indusen and Girofibra, respectively.

On 14 November, Ms. Patricia Sanz de Burgoa was appointed as Managing Director of the Group, reporting directly to the Chairperson and CEO, Mr. Félix Revuelta. In the same order of business, Ms. Vanessa Revuelta and Mr. Kilian Revuelta ceased their executive duties while maintaining the status of Independent Directors.

The Annual General Meeting was held on 17 May 2022, approving the following;

1. Financial Statements of Naturhouse Health S.A., Individual and Consolidated (Balance Sheet, Profit and Loss Account, Statement of Changes in Equity for the financial year, Cash Flow Statement and explanatory notes, Individual and Consolidated), and Management Reports of Naturhouse Health S.A. and its Consolidated Group for the financial year ending 31 December 2022.
2. The proposed distribution of profit of Naturhouse Health, S.A. for the 2022 financial year. Authorisation for the distribution of unrestricted voluntary reserves.
3. Approval of the Non-Financial Information Statement of the Consolidated Group of Naturhouse Health, S.A. and subsidiaries for the 2022 financial year.
4. Re-election and determination of the number of Board Members.
5. Approval of the Board of Directors' management for the 2022 financial year.
6. Remuneration of the company's Board of Directors.

   6.1 Advisory vote on the Annual Report on Remuneration of the Board Directors of Naturhouse Health, S.A. for the 2021 financial year.

   6.2 Approval of the remuneration policy for the Board Directors of Naturhouse Health, S.A. for the 2022 financial year.

   6.3 Approval of the remuneration of the Board of Directors of Naturhouse Health, S.A. for the 2022 financial year.

7. Delegation of powers to supplement, develop, execute, remedy and formalise the resolutions adopted by the General Meeting.

2. Evolution of the main figures on the consolidated profit and loss account

Consolidated Profit and Loss Account

(Thousands of euros)	Financial year 2022	Financial year 2021
Net turnover	52,403	57,594
Supplies	(14,920)	(16,335)
Gross Margin	37,483	41,259
Other operating income	172	344
Staff expenses	(10,628)	(10,765)
Other operating expenses	(11,308)	(10,306)
Operating result before amortisation, impairment and other income	15,719	20,532
Amortization of fixed assets	(2,298)	(2,457)
Impairment and income from disposal of fixed assets	9	(206)
Other results	(577)	(531)
OPERATING RESULT	12,853	17,338
Financial income	111	361
Other financial income	111	361
Financial expenses	(206)	(100)
Debts with third parties	(206)	(100)
Exchange differences	36	56
FINANCIAL RESULT	(59)	317
Income from equity-accounted entities	309	590
PRE-TAX CONSOLIDATED PROFIT OR LOSS	13,103	18,245
Corporate Tax	(3,484)	(4,879)
NET PROFIT OR LOSS FROM CONTINUING OPERATIONS	9,619	13,366
NET CONSOLIDATED RESULT - PROFIT	9,619	13,366
Profit or loss - minority interests	(8)	(5)
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY	9,627	13,361
Earnings per share (in euros per share):		
- Basic	0.16	0.22
- Diluted	0.16	0.22

Average number of employees	262	405
Gross Margin without Sales	72%	71%
Operating Result without Sales	30%	24%
Net Result without Sales	23%	17%

- Net turnover is comprised of two main aspects:

    1. Sale of goods: Corresponds to product sales through the Naturhouse channel (whether through franchises, master franchises, online sales or through our own centres). This represents the bulk of the income, 98.52% in 2022.

    2. Provision of services:
        a. Annual fee of €600 per franchise to the Group's subsidiaries. This represents 1.48% of net turnover in the 2022 financial year.
        b. Master franchise fee: corresponds to the entry fee that the Group invoices the master franchisees for exclusively operating the business in a new country. This fee is collected in advance during the first year of operation of the business and grants the right to operate the Naturhouse channel for the following 7 years. The amount of this fee varies according to the estimated potential number of Naturhouse centres in the country in question.

- Net turnover in the 2022 financial year amounted to 52,403 thousand euros, representing a decrease of 9.01% compared to the previous year. This variation mainly includes the following effects:
    - In France, sales were 19,086 thousand euros. In the 2021 financial year, it was 20,156 thousand euros, a decrease of 5.31%, as a result of the closure of 34 centres during the 2022 financial year.
    - In Spain, sales were 10,623 thousand euros. In the 2021 financial year, it was 11,885 thousand euros, a decrease of 10.62%.
    - In Italy, sales were 15,241 thousand euros. In the 2021 financial year, it was 16,826 thousand euros, representing a decrease of 9.42%.
    - In Poland, sales were 5,881 thousand euros. In the 2021 financial year, it was 6,922 thousand euros, a decrease of 15.04%, as a result of the closure of 32 centres during the 2022 financial year.

- The gross margin on net turnover remains at 72%.

- "Other operating income" corresponds to revenue from activities outside of the Naturhouse business.

- During the 2022 financial year, the Group's average workforce was 222 employees, of which 72% are direct employees of the Naturhouse centres under the Group's own management and salespersons that control the proper development of all the centres, both franchises and own centres. The remaining 28% of the personnel correspond to general management, administration and accounting, logistics, marketing and technicians.

  Personnel Costs represents 20.28% of net turnover.

- The "Operating Result before amortisation, impairment and other income" on turnover has decreased 6 percentage points compared to 2021, from 36% to 30%, as a result of the closure of owned centres as well as the increases in operating costs.

- As a result of the 49.75% stake in the company Ichem Sp Z.o.o, and the acquisition of shares and interests in the companies Indusen, S.A. (39.58%) and Girofibra (49%) in the 2022 financial year, 309 thousand euros is recognised in "Income from equity-accounted entities" on the attached abridged profit and loss account.

- The net result on turnover decreased 5 percentage points, from 23% to 18%, compared to the 2021 financial year, as a result of the drop in sales and the increase in operating expenses in the 2022 financial year.

3. Consolidated Statement of Financial Position

ASSETS (thousands of euros)	31/12/2022	31/12/2021
NON-CURRENT ASSETS:		
Intangible assets	609	753
Tangible fixed assets	3,979	2,674
Non-current financial assets	529	1,399
Investments in associates-		
Investments recognised using the equity method	10,554	6,793
Deferred tax assets	81	107
Total non-current assets	15,752	11,726
CURRENT ASSETS:		
Stock	2,669	2,550
Trade receivables for sales and provision of services	2,400	2,691
Customers, related companies	3	17
Current tax assets and other credits with public administrations	6,759	3,988
Other current assets	3,126	779
Cash and cash equivalents	12,108	27,250
Total current assets	27,065	37,275
TOTAL ASSETS	42,817	49,001

EQUITY AND LIABILITIES (thousands of euros)	31/12/2022	31/12/2021
EQUITY:		
Capital and reserves-		
Subscribed capital	3,000	3,000
Issue premium	2,149	2,149
Reserves	16,930	18,443
Own shares	(142)	(142)
Conversion differences	(754)	(790)
Profit / (Loss) for the financial year	9,627	13,361
Interim dividend	(3,000)	-
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	27,810	36,021
EQUITY - MINORITY INTERESTS	52	60
Total Equity	27,862	36,081
NON-CURRENT LIABILITIES:		
Non-current provisions	2,399	1,188
Non-current debts	3,858	3,375
Deferred tax liabilities	306	294
Total non-current liabilities	6,563	4,857
CURRENT LIABILITIES:		
Current provisions	401	982
Current debts	1,524	992
Trade creditors and other accounts payable	2,559	2,375
Suppliers, related companies	1,900	2,008
Current tax liabilities and other debts with public administrations	2,008	1,706
Total current liabilities	8,392	8,063
TOTAL EQUITY AND LIABILITIES	42,817	49,001

- The change in "Tangible fixed assets" is due to the following reasons:

    - In 2022, there was an increase of 298 euros under "Tangible Fixed Assets" as a result of the acquisition of transport elements.

    - The impact of the application of IFRS 16, which has led to the recognition of assets for the right of use amounting to 2,699 thousand euros compared to 2,195 thousand euros in 2021.

- “Investments in associates" corresponds to the 49.75% stake in the company Ichem Sp Z.o.o, the main supplier of the Naturhouse Group, as well as the acquisition of shares and interests in the companies Indusen, S.A. (39.58%) and Girofibra (49%).

- "Current tax assets" includes the amount paid to the Tax Authorities as an advance corporate tax payment for the 2021 and 2022 financial years. All of the amount advanced for corporate tax for the 2021 financial year was returned in February 2023, with the return of the amount for the 2022 financial year outstanding.

- "Other Current Assets" includes the company's securities portfolio in the United States, as well as guarantees and short-term accruals.

- As of year end 2022, the company held a balance in own shares and company shares of €141,886, represented by a total of 50,520 shares at an average acquisition price of € 2.81/share, as a result of the development of the liquidity contract signed with Renta 4 in January 2019.

- The increase in "Non-current debt" is mainly due to the application of IFRS 16, with this increasing the figure by 733 thousand euros, and the decrease of 250 thousand euros in other financial assets. This item also includes, among other concepts, 1,790 thousand euros of deposits that the French subsidiary has from franchisee customers by way of a commercial guarantee.

- The increase in "Current debts" is due to the impact of the application of IFRS 16, with the impact being an increase of 497 thousand euros, and an increase in ‘Other Financial Liabilities’ of 35 thousand euros.

- The average payment period of the Spanish company included in the Naturhouse Group was 47.23 days, in compliance with the period set out in the regulations on late payments.

4. Financial risk management and use of hedging instruments

The Group's activities are exposed to different financial risks: market risk (including exchange rate risk and interest rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

Interest rate and exchange rate market risk:

The Group's operating activities are largely independent with respect to variations in market interest rates. The Group's interest rate risk arises from long-term borrowings. As of 31 December 2022, 100% of borrowings were at variable interest rates. However, the Group has not considered it necessary to hedge these interest rate fluctuations given that the Group's external financing is not significant, consequently, it has not taken out hedging instruments during the financial years in question.

With regard to exchange rate risk, the Group does not operate significantly internationally in currencies other than the euro, consequently, its exposure to exchange rate risk from foreign currency transactions is not significant.

Credit risk:

In general, the Group holds its liquid assets and cash equivalents in financial institutions with high credit ratings. It also appropriately monitors accounts receivable individually in order to determine potential situations of default.

The Group's credit risk is mainly attributable to its trade debtors. There is no significant concentration of credit risk, with exposure spread over a large number of customers, markets and areas.

Liquidity risk:

In order to ensure liquidity and meet all payment obligations arising from its activities, the Group has ample financing and credit lines with financially responsible institutions. A proactive policy has been maintained with respect to liquidity risk management, essentially focused on preserving the same by maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

5. Risk factors

The activities of the Group's companies are carried out in different countries with different socio-economic environments and regulatory frameworks. The authorities in the countries in which the Group operates may adopt laws and regulations that impose new obligations entailing an increase in operating costs.

As for the competitive environment, the company is competing with self-administered weight loss systems and other commercial programmes from other competitors, together with other food suppliers and distributors who are entering this market. This competition and any future increase in it that the development of pharmaceutical products and other technological and scientific advances in the field of weight loss entail could have a negative impact on the Group's activities, operating results and financial situation.

6. R&D&i activities

The procedure that the company uses in connection with the research and development of new products is as follows:

It is in the commercial, technical and marketing department where the initial need arises to study the expansion of the range of products offered by Naturhouse or simply modify existing products. This need is conveyed to one or more of our current suppliers, according to the product format (sachets, vials or capsules). The suppliers develop and present proposals for the needs in question, and if they are met from a commercial, technical and financial point of view, a new product or format is launched. Consequently, the company does not generate higher spending on R&D&i than registering the trademark and the formula with the corresponding department of health.

The company's main supplier is the Polish company Ichem Sp. zo.o, as it accounts for 59% of total consolidated purchases to 31 December 2022. Naturhouse Health, S.A. holds 49.75% of its capital. The benefits sought with this holding are as follows:

1. Faster launch of new products by sharing know-how in R&D
2. Guaranteeing the supply and reducing dependence on third-party manufacturers outside the Group
3. Guaranteeing product quality while maintaining high levels of competitiveness

With this, it is achieved that Naturhouse Health, S.A. is differentiated from its competitors because it is present throughout the entire nutritional supplement sector value chain, from R & D and product manufacturing to the final sale and customer advice.

Besides Ichem, the Group acquired from its main shareholder, Kiluva, S.A., the shares that the latter held in the Spanish companies Indusen and Girofibra, specifically 39.58% and 49% respectively.

7. Own shares

As of 31 December 2022, the Parent Company holds a total of 50,520 treasury shares. No subsidiary owns any shares or holding in the Parent Company.

8. Subsequent events

There have been no relevant significant events.

9. Capital structure and significant holdings

As of 31 December 2022, the Naturhouse Group has no restrictions on the use of capital resources that, directly or indirectly, have affected or may significantly affect operations, except for those legally established.

As of 31 December 2022, the share capital is represented by 60,000,000 shares. The Group's main shareholders are: Kiluva, S.A. with a 72.60% stake and Ferev Uno Strategic Plans, S.L. with 5.15%.

10. Shareholders' agreements and restrictions on transferability and voting

There are no kinds of shareholders' agreements or statutory restrictions on the free transferability of the Parent Company's shares, nor statutory restrictions or regulations on voting rights.

11. Administrative bodies, board

The Parent Company's administrative body is made up of a Board of Directors composed of 7 members, Mr Félix Revuelta Fernández, Mr Kilian Revuelta Rodríguez, Ms Vanesa Revuelta Rodríguez, Mr Rafael Moreno Barquero, Mr José María Castellanos, Mr Pedro Nueno Iniesta and Mr Ignacio Bayón Marine.

12. Significant agreements

There are no significant agreements, both in relation to changes of control of the Parent Company and between the Parent Company and its positions of Directors and Management or Employees in relation to severance pay for resignation or redundancies.

13. Annual Directors' Remuneration Report

The Annual Directors' Remuneration Report that is part of the management report can be seen on the Comisión Nacional del Mercado Valores (CNMV) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

14. Annual Corporate Governance Report

The annual corporate governance report that is part of the management report can be seen on the Comisión Nacional del Mercado Valores (CNMV) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

15. Non-financial information

In relation to the diversity and non-financial reporting requirements under Act 11/2018 of 28 December, said information is included in the Non-Financial Information Statement, which has been drawn up separately and can be viewed on the Comisión Nacional del Mercado de Valores (CNMV) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

Madrid, 28 February 2023

Board of Directors

Audit Report on Financial Statements
issued by an Independent Auditor

NATURHOUSE HEALTH, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2022

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
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ey.com

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Naturhouse Health, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of Naturhouse Health, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2.1 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described 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 related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement and disclosure of transactions with related parties

Description	As explained in note 18 to the accompanying financial statements, the Company maintains a significant volume of transactions with related parties, including sales revenues, services rendered, and other operating revenues, which include primarily royalties for the assignment of trademarks and management support services. In accordance with the regulatory tax framework for transfer pricing, the Company prepares transfer pricing documentation annually with the support of its tax advisors. Due to significance of the amount of the transactions, the potential impact that they may have on the evaluation and interpretation of users of the Company's financial information as well as when evaluating compliance with prevailing audit accounting regulations, we determined the valuation and disclosures pertaining to related-party transactions as a key audit matter.
Our response	With regard to this matter, our audit procedures included: ▶ Understanding the process for measuring and recording transactions with related parties as well as the design of controls implemented by the Company in this area. ▶ Reviewing, in collaboration with our tax specialists, the most recent transfer pricing report prepared by the Company with the support of its tax advisors, of whom we have also evaluated their competence, capacity and objectivity. ▶ Analyzing, in collaboration with our tax specialists, the supporting documentation for the most significant transactions carried out with related-parties during the year. ▶ Verifying balances and transactions with related companies. ▶ Reviewing the disclosures included in the notes to the financial statements in accordance with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2022 management report, the preparation of which is the responsibility of the Company's directors and is not 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 conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as they determine 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 applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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 level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain 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 of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's 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 modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate 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 fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Naturhouse Health, S.A. for the 2022 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Naturhouse Health, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Board remuneration report have been incorporated by reference in the management report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 28, 2023.

Term of engagement

The ordinary general shareholders' meeting held on June 22, 2020 appointed us as auditors for three years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Alfonso Manuel Crespo
(Registered in the Official Register of Auditors under No. 22308)

February 28, 2023

Naturhouse Health, S.A.

Financial Statements for the
year ended 31 December 2022 and
Management Report

Naturhouse Health, S.A.

Balance on 31 December 2022

(Euros)

ASSET	Notes Report	31/12/2022	31/12/2021	EQUITY AND LIABILITIES	Notes Report	31/12/2022	31/12/2021
NON-CURRENT ASSETS:				NET EQUITY:			
Intangible fixed assets	Note 6	539,874	676,864	Own Funds			
Industrial property		330,824	563,887	Capital		3,000,000	3,000,000
Software		209,050	112,977	Issue premium		2,148,996	2,148,996
Tangible fixed assets	Note 7	699,721	438,502	Premium		6,804,908	10,760,962
Technical facilities and other tangible fixed assets		699,721	438,502	Legal and statutory		600,000	600,000
Long term Investments in Group companies		16,079,359	15,159,463	Other reserves		6,204,908	10,160,962
Equity instruments	Note 9	16,079,359	11,743,361	Treasury Shares		(141,886)	(141,886)
Loans to companies	Note 16	-	3,416,102	Treasury Shares		(141,886)	(141,886)
Long-term financial investments	Note 10	153,719	171,565	Results of the year / Profits		16,400,881	10,987,124
Deferred tax assets	Note 15	5,498	17,389	(Interim dividend)		(3,000,000)	-
Non-current assets		17,478,171	16,463,783	Total net equity	Note 12	25,212,899	26,755,196
				NON-CURRENT LIABILITIES:			
				Deferred tax liabilities		236	473
				Non-current liabilities		236	473
CURRENT ASSETS:							
Inventory	Note 11	772,525	863,915	CURRENT LIABILITIES:			
Commercial debts and others receivables		5,411,738	2,895,881	Short-term debts	Note 14	19,271	18,051
Customer receivables for sales and services		125,011	101,832	Other financial liabilities		19,271	18,051
Customers, group companies and associates	Note 16	385,157	366,226	Short-term debts with Group companies and associates	Note 16	1,500,000	245,552
Other debtors		1,661	35,043	Trade creditors and other receivables		1,913,946	1,708,414
Staff		-	24,837	Suppliers		201,416	206,875
Current tax assets	Note 15	4,889,235	2,335,465	Suppliers, group companies and associates	Note 16	1,197,160	849,103
Other credits with Public Administrations	Note 15	10,674	32,478	Various creditors		375,304	366,487
Short-term investments in group companies	Note 16	2,590,338	-	Staff		17,318	8,512
Short-term financial investments		124,155	123,886	Other debts with public administrations	Note 15	122,748	277,437
Short-term accruals		162,661	162,310	Short-term accruals		35,714	82,743
Cash and cash equivalents		2,142,478	8,300,654				
Total current assets		11,203,895	12,346,646	Total current liabilities		3,468,931	2,054,760
Total assets		28,682,066	28,810,429	TOTAL NET EQUITY AND LIABILITIES		28,682,066	28,810,429

Notes 1 to 23 described in the Report and Annex I attached are an integral part of the balance sheet as of 31 December 2022.

Naturhouse Health, S.A.

PROFIT AND LOSS ACCOUNT AT
31 DECEMBER 2022
(Euros)

	Notes Report	Year 2022	Year 2021
CONTINUING OPERATIONS:			
Net amount of revenue	Note 17.1	12,097,181	13,478,922
- Sales		10,711,083	11,971,168
- Provision of services		1,386,098	1,507,754
Supplies	Note 17.2	(3,638,713)	(4,186,383)
- Consumption of goods:		(3,638,713)	(4,186,383)
Other operating income		2,786,836	2,830,488
- Ancillary and other current operating income		2,786,836	2,830,488
Personnel costs		(4,464,007)	(4,733,157)
- Wages, salaries and similar expense		(3,817,421)	(4,011,398)
- Social security contributions	Note 17.4	(646,586)	(721,759)
Other operating costs		(5,127,638)	(4,703,253)
- External services		(4,759,561)	(4,533,716)
- Taxes		(182,777)	(108,871)
- Losses, impairment and changes in trade provisions	Note 10	-	202,761
- Other current operating expenses		(185,300)	(263,427)
Amortisation of fixed assets	Notes 6 & 7	(410,156)	(398,405)
Impairment losses and income from disposal of fixed assets	Note 7	2,445	(23,285)
- Impairment and other losses		(11,785)	(23,285)
- Gains/losses on disposals and others		14,230	-
- Other results		(49,787)	14,601
- Exceptional expenses and income		(49,787)	14,601
- Operating results - Benefit		1,196,161	2,279,528
Financial income	Notes 9 & 17.5	15,849,368	9,368,505
- Income from shares in equity instruments, group companies and associates	Note 9.1	15,783,757	9,354,687
- Other income from marketable securities and other financial instruments		65,611	13,818
- Financial expenses	Note 17.5	(91,316)	(34,246)
- For debts with group and associated companies	Note 18	(63,136)	-
- Debts with third parties		(28,180)	(34,246)
- Exchange differences		(10,032)	42,172
- Impairment losses and income from disposal of financial instruments	Note 9.1	(52,167)	1,263
Financial results - Profits		15,695,853	9,377,694
Profit before tax - Profits		16,892,014	11,657,222
Corporate Tax	Note 15	(491,133)	(670,098)
Results of the year / Profits		16,400,881	10,987,124

Notes 1 to 23 described in the Report and Annex I attached are an integral part of the profit and loss account for the financial year ending 31 December 2022.

NATURHOUSE HEALTH, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

(Euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Year 2022	Year 2021
RESULT OF THE PROFIT AND LOSS ACCOUNT	16,400,881	10,987,124
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	-	-
TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)	-	-
RECOGNISED INCOME AND EXPENSE (I+II+III)	16,400,881	10,987,124

Notes 1 to 23 described in the Report and Annex I attached are an integral part of the statement of recognised income and expense for the financial year ending 31 December 2022.

NATURHOUSE HEALTH, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

(euros)

B) STATEMENT OF CHANGES IN TOTAL EQUITY

	Notes Report	Capital	Issue Premium	Legal Reserve	Voluntary Reserve	Own Shares	Net for the financial year	Interim Dividend	Total
Balance on 31 December 2020		3,000,000	2,148,996	600,000	8,033,968	(141,886)	5,724,539	-	19,365,617
Total recognised income and expenses		-	-	-	-	-	10,987,124	-	10,987,124
Distribution of profit from financial year 2020									
- Distribution to reserves					5,724,539		(5,724,539)		-
- Distribution of dividends		-	-	-	-	-	-	-	-
Operations with shareholders:									
- Operations with own shares (net)		-	-	-	-	-	-	-	-
- Distribution of dividends	Note 12	-	-	-	(3,600,000)	-	-	-	(3,600,000)
Other changes in equity		-	-	-	2,455	-	-	-	2,455
Balance on 31 December 2021		3,000,000	2,148,996	600,000	10,160,962	(141,886)	10,987,124	-	26,755,196
Total recognised income and expenses		-	-	-	-	-	16,400,881	-	16,400,881
Distribution of profit from financial year 2021									
- Distribution to reserves							-		-
- Distribution of dividends		-	-	-	-	-	(10,987,124)	-	(10,987,124)
Operations with shareholders:									
- Operations with own shares (net)		-	-	-	-	-	-	-	-
- Distribution of dividends	Note 12	-	-	-	(4,012,876)	-	-	(3,000,000)	(7,012,876)
Other changes in equity		-	-	-	56,822	-	-	-	56,822
Balance on 31 December 2022		3,000,000	2,148,996	600,000	6,204,908	(141,886)	16,400,881	(3,000,000)	25,212,899

Notes 1 to 23 described in the Report and Annex I attached are an integral part of the statement of changes in equity for the financial year ending 31 December 2022.

NATURHOUSE HEALTH, S.A.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

(Euros)

	Notes Report	Year 2022	Year 2021
Pre-tax profit		16,892,014	11,657,221
Adjustments to profit:		(15,248,387)	(9,131,194)
- Amortisation of fixed assets	Notes 6 and 7	410,156	398,405
- Impairment losses	Note 10	-	(202,760)
- Income from derecognition or disposal of fixed assets	Note 7	(2,445)	23,285
- Impairment and income from derecognition or disposal of financial instruments	Note 9.1	52,167	(1,263)
- Financial income	Note 17.5	(15,849,368)	(9,368,506)
- Financial expenses	Note 17.5	91,316	34,246
- Other income and expenses		49,787	(14,601)
Changes in working capital		291,093	658,072
- Stock	Note 11	91,390	173,348
- Debts and others receivables		41,820	314,194
- Other current assets		(620)	(159,398)
- Creditors and other receivables		205,532	378,614
- Other current liabilities		(47,029)	(48,686)
Other cash flows from operating activities		12,727,282	8,824,440
- Interest payments		(91,316)	(34,246)
- Receipt of dividends	Note 9	15,783,757	9,354,687
- Interest receivable		65,611	13,819
- Sums received /(paid) for tax on profits	Note 15	(2,980,983)	(524,421)
- Other sums received (paid)		(49,787)	14,601
CASH FLOWS FROM OPERATING ACTIVITIES (I)		14,662,002	12,008,539
Payments for investments		(4,936,201)	(6,932,703)
- Intangible and tangible fixed assets	Notes 6 and 7	(548,036)	(110,269)
- Investments in related companies	Note 9	(4,388,165)	(6,822,434)
Sums received from divestments		34,591	71,356
- Other financial assets		17,846	71,356
- Tangible fixed assets	Notes 6 and 7	16,745	-
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		(4,901,610)	(6,861,347)
Receipts and payments from financial liability instruments		2,081,432	(392,866)
- Issuance and repayment of other debts		1,220	2,245
- Issuance and repayment of debts with group companies	Note 16	2,080,212	(395,111)
Payments from dividends and remuneration from other equity instruments		(18,000,000)	(3,600,000)
- Dividend payments	Note 12	(18,000,000)	(3,600,000)
CASH FLOWS FROM FINANCING ACTIVITIES (III)		(15,918,568)	(3,992,866)
NET INCREASE / DECREASE OF CASH OR CASH EQUIVALENTS (I+II+III)		(6,158,176)	1,154,326
Cash or equivalent at the start of the financial year		8,300,654	7,146,328
Cash or equivalent at the end of the financial year		2,142,478	8,300,654

Notes 1 to 23 described in the Report and Annex I attached are an integral part of the cash flow statement for the financial year ending 31 December 2022.

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Naturhouse Health, S.A.

Explanatory Notes for the financial year ending 31 December 2022

1. Company's activity

Naturhouse Health, S.A., (hereinafter, the "Company"), was founded for an indefinite period in Barcelona on 29th July 1991 with VAT number A-01115286. Its registered offices are at Calle Claudio Coello, 91 (Madrid).

The Company's corporate purpose, in accordance with its activity and articles of association, is the export and wholesale and retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics, as well as the preparation, promotion, creation, edition, dissemination, sale and distribution of all kinds of magazines, books and brochures and the marketing of dietary products, medicinal herbs and natural cosmetics. This activity is mainly carried out through its own shops and through franchisees. In addition to the operations carried out directly, the Company is the parent of a group of subsidiaries that engage in the same activity and which, together with it, make up Grupo Naturhouse Health (hereinafter, the "Group" or "Naturhouse Group").

At present, Naturhouse Group mainly operates in Spain, Italy, France and Poland.

On 29 July 2013, the merger by acquisition between the company Naturhouse Health S.A. as the acquiring company, and Kiluva Diet S.L.U. as the acquired company, was registered with the Companies Registry of Barcelona. The date from which the transactions were considered to be performed for accounting purposes for the account of the acquiring company was 1 January 2013. The explanatory notes that formed part of the financial statements for the 2013 financial year included detailed information concerning the merger process, as required under Royal Legislative Decree 4/2004 of 5 March, approving the consolidated text of the Spanish Corporate Tax Law.

On 9th April 2015, the Board of Directors of the Company, exercising the delegation of its Sole Shareholder of 2nd October 2014, requested official listing for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and the subsequent public stock offering on the Spanish Stock Market, which culminated successfully, consequently, the securities of the Company have been listed since 24th April 2015 (See Note 12).

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

The financial statements have been prepared in accordance with the regulatory financial reporting framework applicable to the Company, as established in the Spanish Generally Accepted Accounting Principles approved by Royal Decree 1514/2007 of 16 November, which since its publication has been subject to various amendments, the last of which was through Royal Decree 1/2021 of 12 January and its implementing regulations, as well as with the other commercial legislation in force.

The financial statements have been drawn up by the Company's Directors for approval at the Annual General Meeting, and are expected to be approved without any modifications.

The figures included in the financial statements are expressed in euros, unless otherwise stated.

2.2 True and fair view

The attached financial statements have been prepared from the Company's accounting records and are presented in accordance with the applicable regulatory financial reporting framework and, in particular, the accounting principles and standards contained therein, so as to show a true and fair view of the Company's equity, financial position and results, as well as the cash flows for the relevant financial year. These financial statements, which have been drawn up by the Company's Directors, are subject to approval at the Annual General Meeting, and are expected to be approved without any modifications.

The financial statements for the 2021 financial year were approved by the Annual General Meeting held 17 May 2022 and filed with the Companies Registry of Madrid.

2.3 Comparative effect with consolidated financial statements

The Company is a majority shareholder of several companies (Note 9). These financial statements refer to the individual Company and, therefore, do not show the variations that would occur in the different components of equity or the profit and loss account with the consolidation of the aforementioned Subsidiaries.

The Company prepares consolidated financial statements based on International Financial Reporting Standards (IFRS), which differ from the regulatory framework described in Note 2.1 under which these financial statements have been drawn up. In accordance with the consolidated financial statements drawn up under International Financial Reporting Standards (IFRS), the consolidated equity attributable to the Parent Company as of 31 December 2022 amounts to 27,810 thousand euros (36,021 thousand euros in 2021), consolidated profit attributable to the Parent Company amounts to 9,627 thousand euros (13,361 thousand euros in 2021) and the figure for assets and net turnover amounts to 42,817 and 52,403 thousand euros, respectively (49,001 and 57,594 thousand euros in 2021).

The Naturhouse Group's consolidated financial statements for the 2022 financial year have been drawn up by the Parent Company's Directors at the meeting of its Board of Directors held on 28 February 2023. Likewise, they will be submitted for approval at the Annual General Meeting, and are expected to be approved without any modifications.

2.4 Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. Additionally, the Company's Directors have drawn up these financial statements taking into consideration all the mandatory accounting principles and rules that have a significant effect on these financial statements. There is no accounting principle which, being mandatory, has not been applied.

2.5 Critical aspects in assessing and estimating uncertainty

In preparing the attached financial statements, estimates made by the Company's Directors have been used to assess some of the assets, liabilities, income, expenses and commitments reported herein. These critical estimates basically refer to:

- Useful lives of intangible and tangible fixed assets (see Notes 5.1 and 5.2).

- Impairment losses of non-financial assets (Note 5.1).

- Estimate of impairments for defaults in accounts receivable and inventory obsolescence (see Notes 5.4 and 5.9).

- Estimate of Tax on Profits expense (Note 5.12).

- Evaluation of occurrence and quantification of litigation, commitments, contingent assets and liabilities at close (Note 5.13).

Although these estimates have been made on the basis of the best information available as of yearend 2022, it is possible that events that could take place in the future require them to be adjusted (upwards or downwards) in coming financial years, which would be done, where appropriate, prospectively, recognising the effects of the change in estimate in the profit and loss account for the financial year affected.

2.6 Grouping items

Certain items on the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement are presented grouped together to facilitate the understanding thereof, while, to the extent that it is significant, the disaggregated information has been included in the corresponding notes of the explanatory notes.

2.7 Correction of errors

In drawing up the attached financial statements, no significant errors have been detected that have led to the restatement of the amounts included in the financial statements for the 2021 financial year.

2.8 Changes in accounting standards

When drawing up the attached financial statements, the same accounting standards have been applied as when drawing up the financial statements for the 2021 financial year.

2.9 Information comparison

The information contained in this annual report referring to the 2022 financial year is presented, for comparison purposes, with information from the 2021 financial year.

3. Business evolution in the current economic context

Due to the armed conflict in Ukraine that began on 24 February 2022, inflation has intensified as a result of different factors, among the most important, higher energy prices, disruptions in the supply of certain raw materials and food, transport issues and interest rate increases in the euro area, which has affected the demand for the Company's products and has caused the Company's profitability levels to go down throughout the year.

The Company's Directors continue to apply policies to control costs and improve the sales channels with a view to restoring profitability levels in the medium/long term.

4. Distribution of profit

The proposed distribution of profit for the financial year drawn up by the Company's Directors, subject to approval at the Annual General Meeting, is as follows:

	Thousands of Euros	
	2022	2021
Distribution basis:		
Voluntary reserves	-	1,013
Profit for the financial year	16,401	10,987
	16,401	12,000
Distribution:		
To dividends	3,000	12,000
To interim dividend	3,000	-
To voluntary reserves	10,401	-
	16,401	12,000

The proposed distribution of the profit for the 2021 financial year drawn up by the Directors of the Company, which was submitted for approval at the Annual General Meeting on 17 May 2022, consisted of the distribution of a dividend against the profit for the 2021 financial year, amounting to 10,987 thousand euros, as well as an amount of 1,013 thousand euros against reserves prior to the 2020 financial year.

Additionally, on 19 September 2022, the Company approved a distribution of dividends amounting to 6,000 thousand euros, with 3,000 thousand euros being against voluntary reserves and 3,000 thousand euros being an interim amount against the profit for the 2022 financial year.

The provisional accounting statement prepared by the Directors that demonstrates that there is sufficient liquidity for the distribution of such dividend is as follows:

	Thousands of Euros
	Provisional Accounting Statement Prepared
Profits as at 30/06/2022	11,595
Estimated Corporate Tax	(406)
Maximum amount available for distribution	11,189
Liquid Assets and Short-Term Financial Investments Group	2,898
Interim dividends	(3,000)
Remaining liquid assets after payment	(102)
Sums to be received to year end	21,408
Sums to be paid to year end	(19,459)
Liquid assets forecast at year end	1,847

5. Valuation and registration rules

The main valuation and registration rules used by the Company in drawing up its financial statements, in accordance with the rules set out under Spanish Generally Accepted Accounting Principles, have been the following:

5.1 Intangible fixed assets

As a general rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at cost less any accumulated amortization and, if applicable, impairment losses. These assets are amortized according to their useful life. When the useful life of these assets cannot be reliably estimated, they are amortised over a 10-year period.

Research and Development Expenses

The Company's activity, due to its nature, does not involve significant Research and Development expenses, not generating more R&D&I expenses than those relating to registering the brand and product formula with the appropriate department of health. The Company's policy is to directly record as expenses, the expenses incurred in both Research as well as Development, deeming that they do not meet the criteria for activation established and as they are not significant, given that the majority of these activities are performed directly by the Company's suppliers.

The expenses recorded in the profit and loss account for the 2022 financial year amounted to 8 thousand euros (8 thousand euros in the 2021 financial year).

Transfer rights

Correspond to the amounts paid by way of transfer of premises in acquiring new shops. Amortised by the straight-line method over a period of 5 to 10 years.

Industrial property

The amounts paid for acquiring property or right of use for the different manifestations of the same, or for expenses incurred in registering the brand developed by the Company are recorded in this account. During the 2014 financial year, brands were acquired as stated in Note 6. The industrial property is amortized by the straight-line method over its useful life, which has been estimated at 10 years.

Software

Licenses for software acquired from third parties, or internally developed software, are capitalized on the basis of the costs incurred to acquire or develop them and to prepare them for use.

Software is amortized by the straight-line method over its useful life, at a rate of between 20% to 33% annually.

Software maintenance costs incurred during the financial year are recorded in the profit and loss account.

Impairment of intangible and tangible assets

Where there is an indication of impairment, the Company estimates, using the "impairment test", the possible existence of impairments reducing the recoverable value of such assets to an amount below their book value.

Assets subject to amortization are reviewed for impairments whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised by the amount that the asset book value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

5.2 Tangible fixed assets

Tangible fixed assets are initially valued at acquisition price or production cost and are subsequently reduced by accumulated amortisation and impairment losses, if any, according to the criteria described in Note 5.1.

Expenses for enlargements, modernisation or improvements which lead to increased productivity, capacity or efficiency or which extend the useful life of assets, are capitalised as the greater cost of the corresponding assets.

Assets in construction is transferred to tangible fixed assets in use at the time that it is available to start operation or, where appropriate, once the corresponding test period has elapsed, with the amortisation thereof starting at such time.

Upkeep and maintenance costs are allocated to the profit and loss account for the financial year in which they are incurred.

The Company amortises its tangible fixed assets using the straight-line method, distributing the cost of the assets over the years of estimated useful life. The following table shows the estimated useful life for the 2022 and 2021 financial years for each fixed asset item:

	Years of estimated useful life
Other facilities, tools and furniture	8.33 - 30
Information processing equipment	3 - 4
Transportation elements	6.25 - 10

Profits or losses arising from the sale or withdrawal of an asset are determined as the difference between the net book value and the sale price, recognised under "Impairment and income from disposal of fixed assets" on the profit and loss account.

For fixed assets that require a period of more than one year to be serviceable, the capitalised costs include the financial expenses accrued prior to the asset being put into operating condition and which have been charged by the supplier or correspond to loans or other external financing, specific or generic, directly attributable to the acquisition or manufacture of the same. During the 2022 and 2021 financial years, there were no financial expenses capitalized as a higher value of an asset.

5.3. Leases

Leases are classified as financial leases whenever, from the conditions thereof, it is demonstrated that the risks and rewards of ownership of the asset under the contract are substantially transferred to the lessee. All other leases are classified as operating leases.

Financial leases

In financial leasing transactions in which the Company acts as the lessee, the cost of the leased assets is presented on the balance sheet according to the nature of the asset under the contract as well as, simultaneously, a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value at the start of the lease of the minimum amounts agreed, including the purchase option, when there are no reasonable doubts about the exercise of such. Contingent rent, the cost of services and taxes to be passed on to the lessor will not be included in this calculation. The total financial burden of the contract is allocated to the profit and loss account for the financial year in which it accrues, using the effective interest rate method. Contingent rents are recognised as an expense in the financial year in which they are incurred.

The assets recorded for these kinds of transactions are amortised using standards similar to those applied to tangible assets, according to the nature thereof.

Operating leases

The expenses arising from operating lease agreements are allocated to the profit and loss account for the financial year in which they accrue.

Any collection or payment that could be made on contracting an operating lease will be treated as an advance payment or collection to be allocated to income throughout the term of the lease, as the income from the asset leased is ceded or received.

5.4 Financial Instruments

Classification and measurement

At the time of initial recognition, the Company classifies all financial assets in one of the categories listed below, which determines the applicable initial and subsequent valuation method:

- Financial assets at fair value through the profit and loss account.
- Financial assets at amortized cost
- Financial assets at fair value with changes reported in equity
- Financial assets at cost

Financial assets at fair value through the profit and loss account.

The Company classifies a financial asset in this category unless it is classified in one of the others.

In any case, held-for-trading financial assets are included in this category. The Company considers that a financial asset is held for trading when at least one of the following three situations is met:

a) It arises or is acquired with the purpose of selling it in the short term.

b) It forms part, at the time of its initial recognition, of a portfolio of financial instruments identified and managed jointly for which there is evidence of recent actions to obtain profits in the short term.

c) It is a derivative financial instrument, provided that it is not a financial guarantee contract and has not been designated as a hedging instrument.

In addition to the foregoing, the Company has the possibility, at the time of initial recognition, of irrevocably designating a financial asset as measured at fair value through the profit and loss account, that otherwise would have been included in another category (often referred to as the "fair value option"). This option may be chosen if a measurement inconsistency or accounting mismatch that would otherwise arise from measuring the assets or liabilities on different bases is eliminated or significantly reduced.
Financial assets classified in this category are initially measured at fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration paid. Transaction costs that are directly attributable are recognised in the profit and loss account for the financial year (that is, not capitalised).

After initial recognition, the Company measures the financial assets included in this category at fair value through the profit and loss account (financial result).

Financial assets at amortized cost

The Company classifies a financial asset in this category, even when it is admitted to trading on an organised market, if the following conditions are met:

- The Company maintains the investment under a management model whose objective is to receive the cash flows arising from the performance of the contract.
  The management of a portfolio of financial assets to obtain their contractual flows does not imply that all the instruments must necessarily be held to maturity; financial assets may be considered to be managed for this purpose even if sales have occurred or are expected to occur in the future. To this end, the Company considers the frequency, amount and schedule of sales in previous financial years, the reasons for such sales and the expectations regarding future sales activity.

- The contractual characteristics of the financial asset give rise, on specified dates, to cash flows that are only sums received concerning the principal and interest on the amount of principal outstanding. That is, the cash flows are inherent to an agreement that has the nature of an ordinary or common loan, notwithstanding the fact that the operation is agreed at a zero interest rate or below the market rate.

  It is assumed that this condition is met in the event that a bond or a straightforward loan with a certain maturity date, and for which the Company charges a variable market interest rate, may be subject to a limit. In contrast, this condition is assumed not to be met in the case of instruments convertible into equity instruments of the issuer, loans with inverse variable interest rates (i.e. a rate that has an inverse relationship with market interest rates) or those in which the issuer can defer payment of the interest, if said payment would affect its solvency, without the deferred interest accruing additional interest.

In general, credits due to trade transactions ("trade receivables for sales and provision of services", including group companies) and credits due to non-trade transactions ("other receivables") are included in this category.

Financial assets classified in this category are initially measured at fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration paid, plus the transaction costs that are directly attributable. That is, inherent transaction costs are capitalised.

However, credits due to trade transactions with a maturity of no more than one year and that do not have an explicit contractual interest rate, as well as credits to staff, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

For subsequent valuation, the amortised cost method is used. Accrued interest is recognised in the profit and loss account (financial income) by applying the effective interest rate method.

Credits maturing in no more than one year which, as stated above, are initially measured at their nominal value, will continue to be measured at that amount, unless there is impairment.

In general, when the contractual cash flows of a financial asset at amortised cost are modified due to the issuer's financial difficulties, the Company analyses whether it is appropriate to recognise an impairment loss.

Financial assets at fair value with changes reported in equity

Financial assets that meet the following conditions are included:

- The financial instrument is not held for trading nor should it be classified at amortised cost.

- The contractual characteristics of the financial asset give rise, on specified dates, to cash flows that are only sums received concerning the principal and interest on the amount of principal outstanding.

In addition, the Company has the option to classify (irrevocably) investments in equity instruments in this category, provided that they are not held for trading, nor should they be measured at cost price (see cost category below).

Financial assets included in this category are initially measured at fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration paid, plus the transaction costs that are directly attributable. That is, inherent transaction costs are capitalised.

The subsequent valuation is at fair value, without deducting the transaction costs that could be incurred in its disposal. The changes that occur in the fair value are recognised directly in equity, until the financial asset is written off the balance sheet or is impaired, at which time the amount thus recognised is charged to the profit and loss account.
Impairment losses and gains and losses resulting from exchange differences in monetary financial assets in foreign currency are recognised in the profit and loss account and not in equity.

The amount of interest, calculated according to the effective interest rate method, and accrued dividends (financial income) are also recognised in the profit and loss account.

Financial assets at cost

The Company in any case includes in this category:

a) Investments in the equity of group, multi-group and associated companies (in the individual financial statements).

b) The remaining investments in equity instruments whose fair value cannot be determined by reference to a quoted price on an active market for an identical instrument, or cannot be estimated reliably, and the derivatives underlying these investments.

c) Hybrid financial assets whose fair value cannot be estimated reliably, unless the requirements for recognition at amortised cost are met.

d) Contributions made as a result of a joint venture agreement and similar.

e) Shareholder loans, the interest of which is contingent, either because of agreeing a fixed or variable interest rate subject to the fulfilment of a milestone in the borrowing company (for example, obtaining profits), or because it is calculated exclusively by reference to the evolution of said company's business.

f) Any other financial asset that should initially be classified in the fair value portfolio through the profit and loss account when it is not possible to obtain a reliable estimate of its fair value.

The investments included in this category are initially measured at cost, which is equivalent to the fair value of the consideration paid plus the transaction costs that are directly attributable. That is, inherent transaction costs are capitalised.

In the case of investments in group companies, if there was an investment prior to its classification as a group, multi-group or associated company, the cost of said investment will be considered to be the book value that it should have immediately before the company comes under such classification.

The subsequent valuation is also at cost, less the cumulative amount of any impairment losses, where appropriate.

Contributions made as a result of a joint venture agreement and similar are measured at cost, increased or decreased by the profit or loss, respectively, corresponding to the company as a passive investor, and less the cumulative amount of impairment losses, where appropriate.

The same criterion is applied to shareholder loans, the interest of which is contingent, either because of agreeing a fixed or variable interest rate subject to the fulfilment of a milestone in the borrowing company (for example, obtaining profits), or because it is calculated exclusively by reference to the evolution of said company's business. If, in addition to contingent interest, irrevocable fixed interest is agreed, the latter is recognised as financial income on an accrual basis. Transaction costs are charged to the profit and loss account on a straight-line basis throughout the life of the shareholder loan.

Derecognition of financial assets on the balance sheet

The Company derecognises a financial asset on the balance sheet when:

- The contractual rights to the asset's cash flows expire. In this regard, a financial asset is derecognised when it has matured and the Company has received the corresponding amount.

- The contractual rights to the financial asset's cash flows have been transferred. In this case, the financial asset is derecognised when the risks and rewards of ownership have been substantially transferred. In particular, in sales transactions with repurchase agreements, factoring and securitisations, the financial asset is derecognised once the Company's exposure before and after the transfer has been compared to the variation in the amounts and in the schedule of the net cash flows of the transferred asset, it is deduced that the risks and rewards have been transferred.

After analysing the risks and rewards, the Company derecognises financial assets when the risks and rewards of ownership of the asset have been substantially transferred. The transferred asset is derecognised on the balance sheet and the Company recognises the result of the transaction: the difference between the consideration received net of attributable transaction costs (considering any new asset obtained less any liability assumed) and the book value of the financial asset, plus any cumulative amount that has been recognised directly in equity.

Impairment of financial assets

Debt instruments at amortised cost or fair value with changes reported in equity

At least at year-end, the Company analyses whether there is objective evidence of impairment of a financial asset, or of a group of financial assets with similar risk characteristics measured collectively, as a result of one or more events that have occurred after their initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

If there is such evidence, the impairment loss is calculated as the difference between the book value and the present value of the future cash flows, including, where appropriate, those from the execution of collateral and sureties, which is estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at a variable interest rate, the effective interest rate corresponding to the closing date of the financial statements is used in accordance with the contractual conditions. In calculating the impairment losses of a group of financial assets, the Company uses models based on statistical methods or formulas.

Impairment losses, as well as their reversal when the amount of said loss decreases for reasons related to a subsequent event, are recognised as an expense or income, respectively, in the profit and loss account. The reversal of impairment is limited to the asset's book value that would be recognised on the date of the reversal if the impairment had not been recognised.

As a substitute for the present value of future cash flows, the Company uses the instrument's market value, provided that this is reliable enough to be considered representative of the value that the company could recover.

In the case of assets at fair value with changes reported in equity, the accumulated losses recognised in equity due to a decrease in fair value, provided there is objective evidence of the asset's impairment, are recognised in the profit and loss account.

Equity instruments at fair value with changes reported in equity

With this type of investment, the Company assumes that there is impairment if there is a drop lasting one and a half years or forty percent in its price, without its value having recovered, notwithstanding the fact that it could be necessary to recognise an impairment loss before said period has elapsed or the price has fallen by said percentage.

Impairment losses are recognised as an expense in the profit and loss account.

In the event that the fair value increases, the valuation restatement recognised in previous financial years is not charged back with a credit to the profit and loss account, and the increase in fair value is recognised directly against equity.

Financial assets at cost

In this case, the amount of the valuation restatement is the difference between its book value and the recoverable amount, understood to be the higher of its fair value less selling costs and the present value of the future cash flows arising from the investment, which, in the case of equity instruments, are calculated either by estimating what is expected to be received as a result of the distribution of dividends made by the investee and the disposal or derecognition of the investment therein, or by estimating its participation in the cash flows that are expected to be generated by the investee, both from its ordinary business activities and from the disposal or derecognition thereof. Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss of this class of assets is calculated based on the investee's equity and the unrealised gains as of the valuation date, net of the tax effect.

The recognition of impairment losses, as well as their reversal, where appropriate, will be recognised as an expense or as income, respectively, in the profit and loss account. The reversal of impairment is limited to the investment's book value that would be recognised on the date of the reversal if the impairment had not been recognised.

Interest and dividends received from financial assets

The interest and dividends on financial assets accrued subsequent to the time of acquisition are recognised as income in the profit and loss account. The interest is recognised using the effective interest rate method, and with dividends, when the right to receive them is declared.

If the distributed dividends unequivocally come from profits generated prior to the acquisition date because amounts greater than the profits generated by the investee since the acquisition have been distributed, they will not be recognised as income, and will reduce the investment's book value. The opinion as to whether profits have been generated by the investee will be made based exclusively on the profits recognised in the individual profit and loss account from the acquisition date, unless the distribution charged to said profits should undoubtedly be classified as a recovery of the investment from the perspective of the entity receiving the dividend.

5.5 Financial liabilities

Classification and measurement

At the time of initial recognition, the Company classifies all financial liabilities in one of the categories listed below:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through the profit and loss account

Financial liabilities at amortised cost

The Company classifies all financial liabilities in this category except when they should be measured at fair value through the profit and loss account.

In general, debits due to trade transactions (“suppliers”) and debits due to non-trade transactions (“other creditors”) are included in this category.

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

Financial liabilities included in this category are initially measured at fair value which, unless there is evidence to the contrary, is considered to be the transaction price, which is equivalent to the fair value of the consideration received, adjusted by the transaction costs that are directly attributable. That is, inherent transaction costs are capitalised.

However, debits due to trade transactions with a maturity of no more than one year and that do not have a contractual interest rate, as well as the disbursements required by third parties on holdings, the amount of which is expected to be paid in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

For subsequent valuation, the amortised cost method is used. Accrued interest is recognised in the profit and loss account (financial expense) by applying the effective interest rate method.

However, debits with a maturity of no more than one year which, in accordance with the foregoing, are initially measured at their nominal value, will continue to be measured at said amount.

Contributions received as a result of a joint venture agreement and similar are measured at cost, increased or decreased by the profit or loss, respectively, that should be attributed to passive investors.

The same criterion is applied to shareholder loans, the interest of which is contingent, either because of agreeing a fixed or variable interest rate subject to the fulfilment of a milestone in the borrowing company (for example, obtaining profits), or because it is calculated exclusively by reference to the evolution of said company's business. Financial expenses are recognised in the profit and loss account in accordance with the accrual principle, and transaction costs will be charged to the profit and loss account in accordance with a financial criterion or, if not applicable, on a straight-line basis throughout the life of the shareholder loan.

Financial liabilities at fair value through the profit and loss account

The Company includes in this category financial liabilities that meet any of the following conditions:

- They are held-for-trading liabilities. A financial liability is considered to be held for trading when it meets one of the following conditions:
  - It is issued or assumed primarily for the purpose of repurchasing it in the short term (for example, obligations and other marketable securities issued listed that the company can buy in the short term based on changes in value).
  - It is an obligation to deliver financial assets borrowed by a short seller ("short selling").
  - It forms part, at the time of its initial recognition, of a portfolio of financial instruments identified and managed jointly for which there is evidence of recent actions to obtain profits in the short term.
  - It is a derivative financial instrument, provided that it is not a financial guarantee contract and has not been designated as a hedging instrument.
- From the time of initial recognition, it has been irrevocably designated to be recognised at fair value through the profit and loss account ("fair value option"), because:
  - An inconsistency or "accounting mismatch" with other instruments at fair value through the profit or loss is eliminated or significantly reduced; or
  - A group of financial liabilities or financial assets and liabilities that is managed and its performance assessed on the basis of the fair value in accordance with a documented investment or risk management strategy and group information is also reported on the basis of the fair value to key management staff.
- Optionally and irrevocably, hybrid financial liabilities with a separable embedded derivative may be included in their entirety in this category.

Financial liabilities included in this category are initially measured at fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration received. The transaction costs that are directly attributable are recognised directly in the profit and loss account for the financial year.

After initial recognition, the company measures the financial liabilities included in this category at fair value through the profit and loss account.

Derecognition of financial liabilities on the balance sheet

The Company derecognises a previously recognised financial liability on the balance sheet when any of the following circumstances occur:

- The obligation has been extinguished because payment has been made to the creditor to settle the debt (through cash payments or other goods or services), or because the debtor is legally released from any liability over the liability.

- Own financial liabilities are acquired, even with the intention of relocating them in the future.

- An exchange of debt instruments occurs between a lender and a borrower, provided they have substantially different conditions, recognising the new financial liability that arises; similarly, a substantial change to the current conditions of a financial liability is recorded, as indicated for debt restructuring.

A financial liability is derecognised as follows: the difference between the financial liability's book value (or the part of it that has been derecognised) and the consideration paid, including attributable transaction costs, and in which any asset transferred other than cash or liability assumed must also be included, is recognised in the profit and loss account for the financial year in which it occurs.

Debt restructuring

In certain cases the Company restructures its debt obligations with its creditors. For example: extending the payment term of the principal in exchange for a higher interest rate, not paying and adding the interest in a single bullet payment of principal and interest at the end of the life of the debt etc. There are several ways in which these changes to the terms of a debt obligation can be carried out:

- Immediate payment of the nominal amount (before maturity) followed by refinancing of all or part of the nominal amount through a new debt obligation ("debt exchange").

- Modification of the terms of the debt contract before maturity ("debt modification").

In these cases of "debt exchange" or "debt modification" with the same creditor, the Company analyses whether there has been a substantial change to the conditions of the original debt. In the event that there has been a substantial change, the accounting treatment is as follows:

- the book value of the original financial liability (or its corresponding part) is derecognised on the balance sheet;

- the new financial liability is initially recognised at fair value;

- transaction costs are recognised against the profit and loss account;

- the difference between the book value of the original financial liability (or the part thereof that has been derecognised) and the fair value of the new liability is also recognised against profit and loss.

On the other hand, if after the analysis the Company reaches the conclusion that both debts do not have substantially different conditions (it is, in essence, the same debt), the accounting treatment is as follows:

- the original financial liability is not derecognised on the balance sheet (that is, it remains on the balance sheet);

- fees paid in the restructuring operation are carried as an adjustment to the debt's book value;

- a new effective interest rate is calculated from the date of restructuring. The amortised cost of the financial liability is determined by applying the effective interest rate, which is the same as the book value of the financial liability on the modification date with the cash flows to be paid under the new conditions.

The contractual conditions will be considered substantially different, among other cases, when the present value of the cash flows under the new contract, including any fees paid, net of any fees received, differs by at least ten percent from the present value of the remaining cash flows under the original contract, with both amounts updated with the effective interest rate provided in the latter.

Certain modifications in the determination of the cash flows may not pass this quantitative analysis, but may also give rise to a substantial modification of the liability, such as: a change from a fixed to a variable interest rate in the remuneration of the liability, the restatement of the liability to a different currency, a fixed interest rate loan that becomes a shareholder loan, among other situations.

5.6 Fair value

The fair value is the price that would be received for selling an asset or that would be paid to transfer or settle a liability in an orderly transaction between market participants on the valuation date. The fair value will be determined without making any deductions for transaction costs that may be incurred due to sale or disposal by other means. Under no circumstances does it have the character of fair value if it is the result of a forced transaction or distress sale, or as a consequence of an involuntary liquidation.

The fair value is estimated for a certain date and, since market conditions may vary over time, said value may be inappropriate for another date. In addition, when estimating the fair value, the company takes into account the conditions of the asset or liability that market participants would take into account when pricing the asset or liability on the valuation date.

In general, the fair value is calculated by reference to a reliable market value. For items for which there is an active market, the fair value is obtained through the application of valuation models and techniques, where appropriate. Valuation models and techniques include the use of references to recent arm's length transactions between duly informed interested parties, if available, as well as references to the fair value of other assets that are substantially the same, estimated future cash flow discount methods and models generally used to measure options.

In any case, the valuation techniques used are consistent with the methodologies accepted and used by the market for pricing, using techniques that have been demonstrated to obtain the most realistic estimates of prices, where available. Likewise, they take into account the use of observable market data and other factors that their participants would consider when pricing, limiting as far as possible the use of subjective considerations and non-observable or verifiable data.

The Company periodically evaluates the effectiveness of the valuation techniques it uses, using as a reference the observable prices of recent transactions with the same asset that is being measured, or using prices based on observable market indices or data that are available and applicable.

In this way, a hierarchy can be deduced in the variables used to determine the fair value and a fair value hierarchy is established that allows the estimates to be classified into three levels:

- Level 1: estimates that use unadjusted quoted prices on active markets for identical assets or liabilities, which the company can access on the valuation date.

- Level 2: estimates that use quoted prices on active markets for similar instruments or other valuation methodologies in which all significant variables are based on directly or indirectly observable market data.

- Level 3: estimates in which some significant variables are not based on observable market data.

An estimate of fair value is classified at the same level of the fair value hierarchy as the lowest level variable that is significant to the result of the valuation. For these purposes, a significant variable is a variable that has a decisive influence on the result of the estimate. In assessing the importance of a specific variable for the estimate, the specific conditions of the asset or liability being measuring are taken into account.

5.7 Hedge accounting

The Company does not carry out hedge accounting operations.

5.8 Treasury Shares

Treasury shares are recognised in equity as less own funds when they are acquired, and no result is recognised in the profit and loss account for their sale or settlement. Income and expenses arising from transactions with treasury shares are recognised directly in equity as less reserves.

5.9 Inventory

Stock is valued at the lower of the acquisition price, production cost or net realisable value.

The net realisable value represents the estimated selling price less all estimated costs to finish manufacture and the costs to be incurred in the marketing, sales and distribution processes.

In assigning value to its stock, the Company uses the weighted average price method.

The Company makes the appropriate value adjustments, recognising them as an expense in the profit and loss account when the net realisable value of the stock is less than the acquisition price (or production cost).

5.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with credit institutions and other short term highly liquid investments with an original maturity of three months or less.

5.11 Current and non/current assets

Current assets are considered to be those linked to the normal operating cycle which, in general, is considered to be one year; also other assets whose maturity, disposal or realisation is expected to occur in the short term from yearend, financial assets held for trading, except for financial derivatives whose settlement period exceeds one year and cash and cash equivalents. Assets that do not meet the aforementioned requirements are classified as non-current.

Similarly, current liabilities are those linked to the normal operating cycle, financial liabilities held for trading, except for financial derivatives whose settlement period exceeds one year and, in general, all obligations whose maturity or termination will occur in the short term, including in this category all obligations for which the Company does not hold, at yearend, an irrevocable right to meet the same in a period exceeding one year. Otherwise, they are classified as non-current.

5.12 Corporate Tax

Income tax expense or income comprises the part concerning current tax expense or income and the part corresponding to deferred tax expense or income.

Current tax is the amount that the Company pays as a result of tax settlements for the income tax concerning a financial year. Tax credits and other tax benefits, excluding withholdings and payments on account, as well as compensable tax losses from prior financial years and effectively applied in this year, result in a lower amount of current tax.

The deferred tax expense or income corresponds to the recognition and derecognition of deferred tax liabilities and assets. These include temporary differences, which are identified as the amounts expected to be payable or recoverable arising from the differences between the book value of assets and liabilities and their tax value, as well as the negative tax bases to be offset and the credits for tax deductions not applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or credit.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and is not a business combination.

On the other hand, deferred tax assets are only recognised to the extent that it is considered likely that the Company will have future taxable profits against which to make them effective.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity will also be recognised with a balancing entry in equity.

At each accounting close, the deferred tax assets recorded are reviewed and the appropriate adjustments to them made to the extent that there are doubts concerning the future recovery thereof. Likewise, at each accounting close, the deferred tax assets not recorded on the balance sheet are assessed and recognised to the extent that the recovery thereof becomes probable, with future tax benefits.

5.13 Provisions and contingencies

The Company's Directors make a distinction between the following in preparing the annual statements:

a. Provisions: credit balances covering current obligations arising from past events, whose cancellation is likely, causing an outflow of resources, but the amount and/or timing of the cancellation is uncertain.

b. Contingent liabilities: possible obligations arising as a result of past events, whose future existence is conditional on the occurrence, or otherwise, of one or more future events beyond the Company's control.

The statement of financial position includes all the provisions with respect to which it is estimated that the likelihood of having to meet the obligation is greater than it not being the case. Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes of the explanatory notes, to the extent that they are not considered to be remote.

The provisions are valued at the current value of the best estimate possible of the amount required to settle or transfer the obligation, taking into consideration the information available on the event and its consequences, and reporting any adjustments arising from updating such provisions as a financial expense as they accrue.

The compensation received from a third party in settlement of the obligation, provided there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal relationship whereby part of the risk has been externalised and by virtue of which the Company is not obliged to respond; in this situation, the compensation will be taken into consideration when estimating the amount by which, if appropriate, the relevant provision will be included.

5.14 Severance payments

In accordance with current legislation, the Company is required to pay redundancies to employees with whom, under certain conditions, it terminates their employment relationship. Therefore, redundancies that may be reasonably quantified are recorded as an expense in the financial year in which the decision to terminate employment is made and a valid expectation is created in third parties respecting the dismissal. In the financial statements attached, no provision for this item has been recorded, as none of them are estimated.

5.15 Income and expenses

Income and expenses are recognised on an accrual basis, that is, when the actual flow of goods and services that they represent occurs, regardless of when the monetary or financial flow arising from the same occurs.

Income is recognised to the extent that it is likely that the Company will obtain economic benefits and if the income can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before recognising an income:

Sale of goods

Income from the sale of goods is recognised when the goods are delivered and ownership has been transferred, when all the following conditions are met:

- The Company has transferred to the buyer the main risks and rewards arising from ownership of the goods;

- The Company does not maintain any involvement in the current management of the goods sold, nor does it retain effective control over them;

- the amount of income can be reliably determined;

- it is likely that the Company will receive the economic benefits arising from the transaction;

The sale of goods is primarily carried out through the sale of products to the franchisee customer, or directly to end customers (consumers) through the shops owned by the Company. Likewise, one-time sales to other Group companies are made for marketing abroad.

There are no significant product returns either from the franchisee customer or the end customer.

Provision of services

The Company's income from the provision of services on the one side relates to the annual fee that the Company directly charges its franchisees, and in the other hand "master franchise" contracts, an amount that the Company charges a third party for such third party to directly operate the Naturhouse Group's franchises in a given country. This master franchise is usually signed for a period of 7 years and the amount varies between 50,000 and 300,000 euros, which is billed once in advance.

Likewise, this heading includes the income from royalties that the Company charges to Group companies and third parties in accordance with the terms and conditions included in the "master franchise" contracts it has signed.

Other operating income

The Company mainly recognises rebilling of expenses (management fees) to Group companies under this heading.

Interest and dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established (provided it is likely that the Company will receive the economic benefits and that the amount of income can be reliably measured).

Interest income arising from a financial asset is recognised when it is likely that the Company will receive the economic benefits and the amount of income can be reliably measured. Interest income is accrued on a time proportion basis, depending on the principal outstanding and the effective interest rate applicable, which is the rate that allows the estimated future cash flows to be discounted over the expected life of the financial asset in order to accurately obtain such asset's net book value.

Expenses are recognised in the statement of income when a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability occurs which can be reliably measured. This implies that the recording of expenses occurs simultaneously with the recording of a liability increase or asset reduction.

An expense is immediately recognised when a payment does not generate future economic benefits or when it does not meet the requirements for recognition as an asset.

Additionally, an expense is recognised when incurred in a liability and no asset is recorded, such as a liability for a guarantee.

5.16 Foreign currency transactions

The functional currency used by the Company is the euro. Therefore, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing at the transaction date.

At yearend, monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate at the date of the balance sheet. Any resulting profits or losses are directly allocated to the profit and loss account for the financial year in which they arise.

5.17 Transactions with related parties

Transactions with related parties are recognised in accordance with the valuation rules detailed above, except for the following transactions:

- The non-monetary contributions of a business to a group company are measured, in general, at the book value of the assets and liabilities delivered in the consolidated financial statements on the date on which the transaction is carried out.

- In mergers and divisions, the elements acquired are measured, in general, by the amount that corresponds to them, once the operation has been carried out, on the consolidated financial statements. Any differences occurring are recognised in the reserves.

The Company performs all its transactions with related parties at market values. The Company's Directors and its tax advisers consider that there are no significant risks in this regard that could lead to significant liabilities in the future.

5.18 Statement of Cash Flows

In the statement of cash flows, the following expressions are used in the following sense:

- Cash flows: inflows and outflows of cash and cash equivalents, including current investments with high liquidity and low risk of variations in value.

- Operating activities: the activities typically carried out, as well as other activities that cannot be classified as investment or financing activities.

- Investment activities: those regarding the acquisition, disposal or sale by other means of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

5.19 Environmental assets

Assets that are constantly used in the Company's business, whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

Given the activity in which the Company engages, it has no liabilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant in relation to the equity, financial position and results of the same. Therefore, no specific breakdowns are included in these financial statements with respect to information concerning environmental matters.

6. Intangible fixed assets

The changes in this heading on the balance sheet for the 2022 and 2021 financial years have been as follows:

Year 2022

Cost	Euros			
	31-12-2021	Additions	Disposals	31-12-2022
Industrial property	2,330,638	-	-	2,330,638
Transfer rights	50,000	-	-	50,000
Software	434,883	180.435	-	615.318
Total cost	2,815,521	180.435	-	2.995.956

Amortisations	Euros			
	31-12-2021	Allocations	Disposals	31-12-2022
Industrial property	(1,766,751)	(233,063)	-	(1.999.814)
Transfer rights	(50,000)	-	-	(50,000)
Software	(321,906)	(84,362)	-	(406,268)
Total amortisation	(2,138,657)	(317,425)	-	(2.456.082)

Total intangible assets	Euros 31-12-2022	31-12-2021
Cost	2.995.956	2,815,521
Amortisations	(2.456.082)	(2,138,657)
Net total	539.874	676,864

Year 2021

Cost	Euros 31-12-2020	Additions	Disposals	31-12-2021
Industrial property	2,330,638	-	-	2,330,638
Transfer rights	50,000	-	-	50,000
Software	355,466	79,417	-	434,883
Total cost	2,736,104	79,417	-	2,815,521

Amortisations	Euros 31-12-2020	Allocations	Disposals	31-12-2021
Industrial property	(1,533,687)	(233,064)	-	(1,766,751)
Transfer rights	(50,000)	-	-	(50,000)
Software	(237,420)	(84,486)	-	(321,906)
Total amortisation	(1,821,107)	(317,550)	-	(2,138,657)

Total intangible assets	Euros 31-12-2021	31-12-2020
Cost	2,815,521	2,736,104
Amortisations	(2,138,657)	(1,821,107)
Net total	676,864	914,997

The additions in the 2022 and 2021 financial years have mainly corresponded to software for the Company's new e-commerce department.

The main asset under intangible assets corresponds to a set of brands acquired in the 2014 financial year amounting to 2,331 thousand euros, the net book value of which amounts to 331 and 564 thousand euros as of 31 December 2022 and 31 December 2021, respectively. These brands are amortized by the straight-line method over a useful life of 10 years.

In accordance with the margins obtained in marketing these brands' products, the Company considers that said brands do not present impairment indicators as of 31 December 2022.

At yearend 2022 and 2021, the Company had fully amortised intangible assets still in use, as detailed below:

Fully amortised intangible assets	Euros Book Value (Gross) 31-12-2022	31-12-2021
Rights of use	50,000	50,000
Software	325,184	161,393
	375,184	211,393

7. Tangible fixed assets

The changes in this heading on the balance sheet in the 2022 and 2021 financial years, as well as the most significant information affecting this heading, have been as follows:

Year 2022

Cost	Euros			
	31-12-2021	Additions	Disposals	31-12-2022
Other facilities, tools and furnishings	1,967,011	53,575	(37,603)	1,982,983
Information processing equipment	716,437	16,026	(6,669)	725,794
Transportation elements	223,350	298,000	(163,888)	357,462
Total cost	2,906,798	367,601	(208,160)	3,066,239

Amortisations	Euros			
	31-12-2021	Allocations	Disposals	31-12-2022
Other facilities, tools and furnishings	(1,554,652)	(57,480)	26,466	(1,585,666)
Information processing equipment	(695,869)	(13,655)	4,155	(705,369)
Transportation elements	(217,775)	(21,596)	163,888	(75,483)
Total amortisation	(2,468,296)	(92,731)	194,509	(2,366,518)

Total Tangible Fixed Assets	Euros	
	31-12-2022	31-12-2021
Cost	3,066,239	2,906,798
Amortization	(2,366,518)	(2,468,296)
Net total	699,721	438,502

Year 2021

Cost	Euros			
	31-12-2020	Additions	Disposals	31-12-2021
Other facilities, tools and furnishings	2,025,633	27,942	(86,564)	1,967,011
Information processing equipment	721,,061	2,911	(7,535)	716,437
Transportation elements	262,405	-	(39,055)	223,350
Total cost	3,009,099	30,853	(133,154)	2,906,798

Amortisations	Euros			
	31-12-2020	Allocations	Disposals	31-12-2021
Other facilities, tools and furnishings	(1,547,346)	(57,921)	50,615	(1,554,652)
Information processing equipment	(687,723)	(15,502)	7,356	(695,869)
Transportation elements	(249,397)	(7,433)	39,055	(217,775)
Total amortisation	(2,484,466)	(80,856)	97,026	(2,468,296)

Total Tangible Fixed Assets	Euros	
	31-12-2021	31-12-2020
Cost	2,906,798	3,009,099
Amortization	(2,468,296)	(2,484,466)
Net total	438,502	524,633

Additions in the 2022 financial year mainly correspond to transport elements acquired by the company and installations in new owned stores, as well as to improvements needed to existing stores.

The heading “Impairment and income from disposal of fixed assets” on the attached profit and loss account for the 2022 financial year includes losses of 11,785 euros and profits of 14,230 euros as a result of derecognitions of assets relating to owned stores that have been transferred to franchisees or other third parties (losses of 23,000 euros in the 2021 financial year).

The fully amortized tangible fixed assets still in use at yearend 2022 amount to 1,935 thousand euros (2,023 thousand euros at yearend 2021).

Firm purchase commitments

As of yearend 2022, the Company does not have any firm commitments to purchase fixed assets.

Insurance policy

The Company continues its policy to take out insurance policies to cover the potential risks to which the different elements of its tangible fixed assets are subject. It is estimated that the cover taken out as of yearend 2022 is sufficient so as to cover the risks inherent in the Company's activities.

8. Leases

Operating leases

As of 31 December 2022 and 2021, the Company has contracted with lessors the following non-cancellable minimum lease payments in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases in the CPI or future updates to rents agreed under contract:

Minimum operating lease payments	Euros Nominal value 31-12-2022	31-12-2021
Less than 1 year	18,143	-
Between one and five years	30,599	99,321
More than five years	-	-
	48,742	99,321

The amount of operating lease payments recognised as an expense in the 2022 and 2021 financial years is as follows:

Operating lease payments	Euros 2022	2021
Office and warehouse rentals	362,492	355,686
Other rentals	564,510	541,626
	927,002	897,312

In its capacity as lessee, the most significant operating lease contracts held by the Company as of 31 December 2022 were the following:

- Leasing of a building in which the Madrid offices are located to a related party. The lease contract was renewed in January 2014 until December 2023.

- Leasing of an industrial unit holding inventory owned by Naturhouse Health, S.A. and Kiluva Portuguesa- Nutriçao e Dietética, Lda. to a related party. The lease contract was signed in November 2018 until December 2023.

The lease contracts have been classified as operating leases because of the particular terms and conditions thereof.

9. Investments in Group companies (long and short term)

The account balance under "Long-term Investments in Group companies" at 31 December 2022 and 2021 is as follows:

	Euros	
	31-12-2022	31-12-2021
Equity instruments	22,245,444	17,857,279
Provision for impairment losses on equity instruments	(6,166,085)	(6,113,918)
Total long-term investments in Group companies	16,079,359	11,743,361

9.1 Group company equity instruments

The changes under the headings "Equity instruments" and "Provision for impairment losses on equity instruments" for the 2022 and 2021 financial years are broken down in the following tables:

Year 2022

	Euros			
	31-12-2021	Additions/ Disposals	Merger transfers (*)	31-12-2022
Cost:				
Naturhouse, GmBh	288,000	-	-	288,000
Naturhouse, S.R.L.	193,937	-	-	193,937
Naturhouse Franchising Co Ltd,	118,832	-	-	118,832
Zamodiet México, S,A, de C,V,	855,225	-	-	855,225
Housediet, S,A,R,L	200,000	-	(200,000)	-
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	2,800,000	-	-	2,800,000
Naturhouse, Sp zo.o.	676,427	-	-	676,427
SAS Naturhouse	4,535,000	-	200,000	4,735,000
Ichem, Sp.zo.o.	5,483,415	-	-	5,483,415
Indusen, SA	-	3,562,200	-	3,562,200
Girofibra, SL	-	825,965	-	825,965
Naturhouse, Inc.	2,446,018	-	-	2,446,018
Name 17	112,102	-	-	112,102
Naturhouse Pte. Ltd,	45,472	-	-	45,472
Naturhouse Health Limited	100,000	-	-	100,000
Naturhouse Health, S,A,S,	2,850	-	-	2,850
Total cost	17,857,278	4,388,165	-	22,245,443
Impairment				
Naturhouse, GmBh	(288,000)	-	-	(288,000)
Naturhouse Franchising Co Ltd,	(86,939)	-	-	(86,939)
Zamodiet México, S,A, de C,V,	(855,225)	-	-	(855,225)
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	(2,377,800)	-	-	(2,377,800)
Naturhouse, Inc.	(2,446,018)	-	-	(2,446,018)
Name 17	(59,935)	(52,167)	-	(112,102)
Total impairment	(6,113,917)	(52,167)	-	(6,166,084)
Net total	11,743,361	4,335,998	-	16,079,359

(*) In the 2022 financial year, the Company approved the merger between the Group companies Housediet, S.A.R.L (acquired company) and Naturhouse S.A.S. (acquiring company).

Year 2021

	Euros		
	31-12-2020	Additions/ Disposals	31-12-2021
Cost:			
Naturhouse, GmBh	288,000	-	288,000
Naturhouse, S.R.L.	193,937	-	193,937
Naturhouse Franchising Co Ltd,	118,832	-	118,832
Zamodiet México, S,A, de C,V,	855,225	-	855,225
Housediet, S,A,R,L	200,000	-	200,000
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	2,800,000	-	2,800,000
Naturhouse, Sp zo.o.	676,427	-	676,427
SAS Naturhouse	4,535,000	-	4,535,000
Ichem, Sp.zo.o.	2,275,405	3,208,010	5,483,415
Naturhouse, Inc.	2,396,018	50,000	2,446,018
Name 17	112,102	-	112,102
Naturhouse Health Limited	-	45,471	45,472
Naturhouse Pte. Ltd,	-	100,000	100,000
Naturhouse Health, S,A,S,	-	2,850	2,850
Total cost	14,450,946	3,406,331	17,857,278
Impairment			
Naturhouse, GmBh	(288,000)	-	(288,000)
Naturhouse Franchising Co Ltd,	(91,565)	4,626	(86,939)
Zamodiet México, S,A, de C,V,	(855,225)	-	(855,225)
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	(2,416,919)	39,119	(2,377,800)
Naturhouse, Inc.	(2,396,018)	(50,000)	(2,446,018)
Name 17	(67,453)	7,518	(59,935)
Total impairment	(6,115,180)	1,263	(6,113,917)
Net total	8,335,766	3,407,595	11,743,361

The main changes in the 2022 and 2021 financial years under the heading "Equity instruments in Group companies" have been as follows:

- On 13 May 2022, the Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Indusen, S.A., that is, 23,748 registered shares representing 39.58 % of the share capital of Indusen, for a total price of 3,562,200 euros. Likewise, on 10 June 2022, the Company acquired from the related company Kiluva, S.A. all the shares it held in the Spanish company Girofibra, S.L., that is, 9,483 registered shares representing 49% of the share capital of Girofibra, for a total price of 825,965 euros. Both transactions were carried out taking into consideration market valuations of said shares and shareholdings.

  The Company's Directors consider that it does not have control of Indusen or Girofibra as it does not hold the majority of the voting rights or members of the Board of Directors, and it does not have the power to direct most of these companies' relevant business activities. In this respect, most of the voting rights are held by majority shareholders with whom the Company has no relationship.

- On 22 November 2021, the Company acquired from its shareholder and related company Kiluva, S.A. a total of 99 additional shares in the share capital of Ichem Sp. zo.o. for a price of 3,208,010 euros after the agreements reached by this company with Zamodiet, S.A.

  This acquisition increased a 24.8% direct stake in the capital of Ichem Sp. Zo.o., therefore holding a total of 49.75% of the capital of said company as of 31 December 2021. The remaining shares of Ichem Sp. Zo.o. are held by natural persons and local Polish entities with no connection to the Naturhouse Group or its related companies.

The Company's Directors consider that, as in the past, they still do not have control over Ichem Sp. Zo.o. given that, regardless of this increase on participation, the Company still does not hold the majority of the voting rights, consequently, the situation prior to said acquisition is maintained, which was already the subject of a communication to the Comisión Nacional del Mercado de Valores on the occasion of the IPO in April 2015. Therefore, in accordance with the provisions of the regulatory financial reporting framework applicable to the Company, the Directors consider that joint control over Ichem Sp. Zo.o. is maintained, given that the Company has the capacity to appoint three of the six board members of Ichem Sp. Zo.o, while the Polish shareholders (not related) appoint the three remaining board members, including the Chairperson of the Board of Directors, who has the casting vote in the event of a tie. Likewise and finally, the Company can only exercise its right to veto relevant economic decisions with a protective nature.

Information related to the direct and indirect financial shareholdings held by the Company are broken down in Annex I.

The dividends received by the Company from its subsidiaries have been as follows:

	Euros	
	2022	2021
Naturhouse, S.R.L.	5,000,000	2,256,477
Naturhouse, Sp zo.o.	2,200,000	1,259,173
SAS Naturhouse	7,700,000	5,700,000
Ichem Sp. zo.o.	743,965	139,037
Indusen, SA	94,992	-
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	44,800	-
	15,783,757	9,354,687

The dividends received correspond entirely to income generated after the constitution or acquisition of the holdings in the aforementioned companies.

As of 31 December 2022, the Company has re-estimated the impairment of shareholdings in Group companies based on the underlying book value of the various investees, considering that this is the best evidence of the recoverable value. As a result of said analysis, an impairment of the shareholding in the group company Name 17 has become apparent, amounting to 52,167 euros (in the 2021 financial year, no impairments or reversals were seen in addition to those recognised in previous years).

As of 31 December 2021, the Company fully impaired the accounts receivable held with Naturhouse, Gmbh, Naturhouse Inc and Naturhouse Franchising Co Ltd amounting to 50 thousand euros, 94 thousand euros and 134 thousand euros, respectively (Note 10).

10. Financial investments

As of 31 December 2022 and 2021, the existing balance under the heading "Long-term financial investments" is as follows:

	Euros	
	31-12-2022	31-12-2021
Other financial assets		
Long term deposits and guarantees	153,719	171,565
	153,719	171,565

The financial assets recorded under the heading "Long-term deposits and guarantees" primarily correspond to deposits associated with the leases described in Note 8.

Information concerning the nature and level of risk of financial instruments

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

1. *Credit risk*

In general the Company maintains its cash and equivalent liquid assets at banks with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Company's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivable and investments, which represent the Company's highest exposure to credit risk in connection with its financial assets.

The Company's credit risk is, therefore, mainly attributable to its trade debtors. The amounts are presented in the balance sheet net of provisions for bad debts, estimated by the Company's Directors based on experience from previous financial years and their assessment of the current economic environment. The breakdown of impairment losses recognised under "trade receivables for sales and provision of services with group companies" on the balance sheet as of 31 December 2022 is as follows:

	Euros	
	31-12-2022	31-12-2021
Provision for bad debts	(278,522)	(278,522)

The Company does not have a significant concentration of credit risk, with exposure spread over a large number of customers (franchised) and their individual amounts being insignificant. During the 2021 financial year, the Company recognised a reversal in the financial year amounting to 202,761 euros. The remaining amount, 623 euros, corresponds to definitive derecognitions of provisions for uncollectible losses.

However, the Company's Financial Management considers this risk to be a key aspect in daily business management, focusing all efforts on the appropriate control and monitoring of the development of accounts receivable and arrears, especially in sectors of activity with increased risk of default. Additionally, it is one of the Company's policies to obtain guarantees or deposits from customers in order to ensure compliance with their commitments.

Additionally, the Company has established a policy of accepting customers based on periodic liquidity and solvency risk assessments and the establishment of credit limits for debtors. Moreover, the Company conducts periodic analysis of the age of the debt with commercial customers in order to cover potential risks of default.

The average collection period varies, depending on the country, between 30 and 60 days, although a very significant portion of sales are collected in advance at the time it is performed. Significant balances with third parties overdue for more than 180 days are fully provisioned.

2. *Liquidity risk*

In order to ensure liquidity and meet all payment obligations arising from its activities, the Company has the liquid assets shown on its balance and on its statement of financial position, as well as available financing detailed in Note 14.

In this regard, the Company performs liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

On the other hand, it has always sought to utilize the liquid assets available for anticipative payment obligation and debt commitment management if needed.

The Company's financial liabilities as of 31 December 2022 are not significant and have maturities in 2023 (see Note 14).

3. *Market risk in the interest rate and the exchange rate:*

The Company's operating activities are largely independent with respect to changes in market interest rates.

The interest rate risk of the Company arises from long-term borrowings. Borrowings issued at variable rates expose the Company to interest rate risk on the cash flows. As of yearend 2022, the Company has no long-term borrowings.

In addition, as of yearend 2022 and 2021, the Company has an amount available in liquid assets that is much higher than its financial debt, consequently, the Directors consider that its exposure to interest rate risk is not significant in any case.

Thus, the Company has not considered it necessary to cover interest rate fluctuations, consequently, it has not maintained derivative instruments during the 2022 and 2021 financial years.

With regard to exchange rate risk, the Group does not operate significantly internationally in countries with currencies other than the euro and, therefore, its exposure to exchange rate risk from foreign currency transactions is not significant.

11. Inventory

The composition of the Company's stock at 31 December 2022 and 2021 is as follows:

	Euros	
	31-12-2022	31-12-2021
Commercial stocks	772,525	863,915
	772,525	863,915

The Company has not made any adjustments for impairment since the net realizable value of the inventories is higher than its acquisition price, which is why no losses have been made under this item in the years 2022 and 2021.

12. Equity and Own Funds

Share Capital

On 9 April 2015, the Board of Directors of the Company, exercising the delegation of the Sole Shareholder dated 2 October 2014, unanimously agreed to the public new stock offering on the Stock Market.

On 24 April 2015, the Comisión Nacional del Mercado de Valores admitted to trading 15 million shares of the Company's share capital, with a nominal value of 5 euro cents each, which were sold by Kiluva, S.A. at the price of 4.8 euros. Subsequently, on 22 May 2015, the Green Shoe option was executed, expanding the number of shares admitting to trading by 1,097,637, reaching a total of 16,097,637 shares.

As of 31 December 2022, the Company's share capital is represented by 60 ordinary shares of 0.05 euros nominal value each, fully subscribed and paid.

In accordance with communications on the number of corporate actions made before the Comisión Nacional del Mercado de Valores, the shareholders with significant holdings in the Company's share capital, both directly as well as indirectly, higher than 3% of the share capital, as of 31 December 2022 are as follows:

Shareholder	%
Kiluva, SA	72.60
Ferev Uno Strategic Plans	5.15

The Directors of the Company have no knowledge of other shares equal to or higher than 3% of the Company's share capital or voting rights, or that are lower than the percentage established, allowing significant influence to be exercised over the Company.

Distribution of profit and dividends

The proposed distribution of the profit for the 2021 financial year drawn up by the Directors of the Company, which was submitted for approval at the Annual General Meeting on 17 May 2022, consisted of the distribution of a dividend against the profit for the 2021 financial year, amounting to 10,987 thousand euros, as well as an amount of 1,013 thousand euros against reserves prior to the 2020 financial year.

Additionally, on 19 September 2022, the Company approved a distribution of dividends amounting to 6,000 thousand euros, with 3,000 thousand euros being against voluntary reserves and 3,000 thousand euros being an interim amount against the profit for the 2022 financial year (note 4).

Legal reserve

In accordance with Consolidated Text of Capital Company Law, an amount equal to 10% of the annual profit must be assigned to the legal reserve until said reserve reaches an amount of 20% of the Company's share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital. With the exception of that mentioned above, and while it does not exceed 20% of the share capital, said reserve may only be used to offset losses, provided that there are no sufficient other reserves available for this purpose.

As of 31 December 2022, this reserve has been completely established.

Treasury Shares

As of yearend 2022 and 2021, the Company held company shares in accordance with the following breakdown:

		Euros		
Year	Number of shares	Nominal value	Average acquisition price	Total acquisition cost
2022	50,520	2,526	2.81	141,886
2021	50,520	2,526	2.81	141,886

As of 31 December 2022, the Company's shares held by it represent 0.084% of the Company's share capital, totalling 50,520 shares with a cost of 141.886 thousand euros and an average acquisition price of 2.81 euros per share.

The movement in company shares during the 2022 and 2021 financial years has been as follows:

Number of shares	2022	2021
Start of the financial year	50,520	50,520
Sales	-	-
Purchases	-	-
Yearend	50,520	50,520

13. Provisions and contingencies

Provisions:

As of 31 December 2022 and 2021, the Company had no significant contingencies the risk of which led to the recognition of any provisions.

Contingencies

The Company's Directors consider that there are no contingencies that could lead to unregistered liabilities or that could have a significant impact on the attached financial statements.

14. Amounts owed to credit institutions and other financial liabilities

The account balance under "Short-term debts" and "Short-term debts" at 31 December 2022 and 2021 respectively is as follows:

31 December 2022

	Euros			
	Initial Amount or Limit	Maturity		
		Current	Non Current	Total
Amounts owed to credit institutions:				
Financial leases	79,538	-	-	-
Bill discounting facilities	1,000,000	-	-	-
Subtotal of debts to credit institutions:	1,079,538	-	-	-
Other financial liabilities	-	19,271	-	19,271
	1,079,538	19,271	-	19,271

31 December 2021

	Euros			
	Initial Amount or Limit	Maturity		
		Current	Non Current	Total
Amounts owed to credit institutions:				
Financial leases	79,538	-	-	-
Bill discounting facilities	1,000,000	-	-	-
Subtotal of debts to credit institutions:	1,079,538	-	-	-
Other financial liabilities	-	18,051	-	18,051
	1,079,538	18,051	-	18,051

Outstanding instalments for financial leases at year end 2021 have been paid in full during the 2022 financial year.

Likewise, the Company has bill discounting facilities with a limit of 1,000 thousand euros, which as of 31 December 2022 and 31 December 2021 has not been drawn on.

15. Public Administrations and Tax Situation

The composition of balances with Public Administrations at 31 December 2022 and 2021 is as follows:

	Euros			
	Debit balances		Credit balances	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Current balances:				
Company tax (refund) receivable	4,889,235	2,335,465	-	-
Tax Authorities, debtor/creditor due to IVA (VAT)	10,674	32,478	11,661	28,396
Social Security agencies, creditor	-	-	79,485	114,598
Tax Authorities, creditor due to income tax	-	-	31,602	134,443
Total current balances	4,899,909	2,367,943	122,748	277,437

15.1 Reconciliation of accounting profit and taxable base

Corporate Tax is calculated from the book income or accounting profit, obtained by the application of generally accepted accounting principles, which does not necessarily need to coincide with taxable income, understood as the tax base.

The reconciliation of the Company's accounting profit for the financial year ending 31 December 2022 and 31 December 2021 with the Corporate Tax taxable base is as follows:

Year 2022

	Euros		
	Increases	Decreases	Amount
Accounting profit for the period (before tax)	-	-	16,892,014
Permanent differences:			
Arising in the financial year	258,101	(14,994,569)	(14,736,468)
Arising in previous financial years	-	-	-
Temporary differences:			
Arising in the financial year		(945)	(945)
Arising in previous financial years	-	(45,673)	(45,673)
Total tax base	258,101	(15,041,187)	2,108,928

Year 2021

	Euros		
	Increases	Decreases	Amount
Accounting profit for the period (before tax)	-	-	11,657,222
Permanent differences:			
Arising in the financial year	208,714	(8,940,130)	(8,731,416)
Arising in previous financial years	-	-	-
Temporary differences:			
Arising in the financial year		(945)	(945)
Arising in previous financial years	-	(321,186)	(321,186)
Total tax base	208,714	(9,262,261)	2,603,675

The permanent differences for the 2022 financial year correspond mainly to the 95% exemption on dividends received from Group companies, in application of Article 21 of the Corporate Tax Act, as of 31 December 2021 and 2022, to impairments on investments in Group companies and to non-deductible gifts, fines and donations made by the Company.

On the other hand, the temporary differences correspond to the limitation of the amortisation recognised that was not tax deductible in the tax periods that began in the 2013 and 2014 financial years. In this regard, the Company had to make a positive adjustment corresponding to 30% of the recognised amortisation of such fixed assets, with these non-deductible amounts having to be reversed in the next 10 years, and to the reversals due to impairments of credits arising from possible debtor insolvency.

Likewise, during the 2022 financial year, the Company has made instalment payments for the Corporate Tax corresponding to April and October of the 2022 financial year amounting to 2,981 thousand euros. On this basis, at yearend the company holds a balance to be recovered from the Tax Authorities, which has been registered as a current tax asset.

15.2 The reconcilement between income and expenses for Corporation Tax

Reconciliation between accounting profit and Corporate Tax expense is as follows:

	Euros	
	2022	2021
Accounting profit before tax	16,892,014	11,657,222
Permanent differences	(14,736,468)	(8,731,416)
Instalment 25%	538,887	731,452
Deductions	(47,754)	(61,354)
Total tax expense recognised on the profit and loss account	491,133	670,098

15.3 Breakdown of corporate tax expense or income

The breakdown of the amount recorded for corporate tax corresponding to the 2022 and 2021 financial years is as follows:

	Euros	
	2022	2021
Current tax:		
Continuing operations	479,479	589,566
Deferred tax:		
Continuing operations	11,654	80,532
Total tax expense	491,133	670,098

15.4 Deferred tax assets

Deferred tax assets, registered -

Deferred tax assets basically correspond to temporary differences between accounting and tax amortisations of the Company's fixed assets.

The deferred tax assets indicated above have been recorded on the attached balance sheet as the Company's Directors consider, in line with the best estimates of the Company's future results, including certain tax planning measures, that it is likely that these assets will be recovered.

Deferred tax assets, not registered -

At yearend 2022 and 2021, there are no deferred tax assets that are not registered on the attached balance sheet.

15.5 Years pending approval and auditing actions

According to current legal provisions, tax returns cannot be considered final until they have been inspected by the tax authorities or the statute of limitations has passed, currently set at four years. The Company has the last four financial years open for inspection for all applicable taxes.

In the opinion of the Company's Directors and its tax advisors, there are no tax contingencies of significant amounts that could arise, in the event of an inspection, from possible differing interpretations of the tax regulations applicable to the operations carried out by the Company.

16. Balances with related parties

Balances with related parties

In addition to the subsidiaries, associates companies, the "key personnel" in the Company's Management (members of its Board of Directors and the Directors, together with their close relatives) are considered to be "related parties" to the Company, as are the entities over which the key personnel in Management may exercise significant influence or have control.

The balances held with group companies and companies related to shareholders or members of the Board of Directors are shown below.

Year 2022

	Euros			
	Current			
	Debtor balance		Creditor balance	
Company	Other financial assets	Commercial debts	Other financial liabilities	Commercial transactions
Other Group Companies				
S.A.S Naturhouse	-	34,988	-	23,577
Naturhouse Franchising Ltd. Co.	-	73,975	-	120,739
Naturhouse Sp Zoo	-	53,381	-	22,213
Naturhouse, S.R.L.	-	129,182	1,500,000	18,157
Naturhouse Gmbh	-	30,374	-	48,000
Naturhouse Inc	2,590,338	23,703	-	-
Naturhouse Health Limited	-	12,211	-	96,000
Kiluva Portuguesa Lda	-	18,284	-	-
Naturhouse Pte. LTD	-	5,713		18,000
Naturhouse d.o.o	-	-	-	108,000
Name 17 SA de CV	-	-	-	24,000
Associates				
Zamodiet, S.L.	-	-	-	-
Indusen, SA	-	-	-	151,651
Girofibra S.L.	-	-	-	22,262
Ichem, Sp.Z.o.o.	-	-	-	331,970
Laboratorios Abad, S.L.U.	-	-	-	-
Tartales, SLU	-	-	-	22,016
Tartales LLC	-	3,346	-	-
Finverki	-	-	-	-
Healthouse Sun SL	-	-	-	36,300
U.D. Logroñés, SAD	-	-	-	136,125
Distrito TV, S.L.	-	-	-	18,150
Parent Company				
Kiluva, SA	-	-	-	-
	2,590,338	385,157	1,500,000	1,197,160

Year 2021

Company	Euros			
	Non-Current	Current		
	Debtor balance	Debtor balance	Creditor balance	
	Other financial assets	Commercial debts	Other financial liabilities	Commercial transactions
Other Group Companies				
S.A.S Naturhouse	-	135,829	-	3,159
Naturhouse Franchising Ltd. Co.	-	166,643	-	26,417
Naturhouse Sp Zoo	-	13,302	-	612
Naturhouse, S.R.L.	-	145,944	-	-
Naturhouse Gmbh	-	63,286	-	-
Naturhouse Inc	2,590,338	103,710	-	-
Naturhouse Health Limited	-	5,237	-	24,000
Kiluva Portuguesa Lda	-	-	245,552	-
Naturhouse d.o.o	-	-	-	54,000
Name 17 SA de CV	-	-	-	24,000
Associates				
Zamodiet, S.L.	-	-	-	-
Indusen, SA	-	-	-	204,385
Girofibra, SL	-	-	-	26,475
Ichem, Sp.Z.o.o.	-	-	-	387,436
Laboratorios Abad, S.L.U.	-	-	-	2,155
Tartales, SLU	-	-	-	34,754
Tartales LLC	825,764	2,428	-	-
Finverki	-	4,740	-	-
Healthouse Sun SL	-	-	-	36,300
Parent Company				
Kiluva, SA	-	3,630	-	25,410
	3,416,102	644,749	245,552	849,103

In the 2021 financial year, the Company granted loans to Naturhouse Inc. and Tartales, L.L.C., amounting to 2,590 and 826 thousand euros, respectively, maturing in 2023. Said loans accrued an annual interest rate of 0.5%. During the 2022 financial year, there have been no movements, except for the settlement of the loan granted by the Company to the related company Tartales, L.L.C.

The other current financial liabilities as at 31 December 2022 correspond to the loan granted during the 2022 financial year to the Company by Naturhouse, S.R.L., amounting to 1,500 thousand euros, maturing in 2023. Said loan accrues an annual interest rate of 2.50%.

The other current financial liabilities as of 31 December 2021 held with Kiluva Portuguesa Lda corresponded to the balance drawn down with said company through cashpooling accounts that accrue interest at market rates. These accounts do not present a balance drawn down at year end 2022.

Lastly, as detailed in note 9 above, the Company has acquired from its related company Kiluva, S.A. a stake in Indusen, S.A. and Girofibra, S.L., equivalent to 39.58% and 49%, amounting to 3,562,200 euros and 825,965 euros respectively.

Likewise, in the 2021 financial year, the Company acquired from its related company Kiluva, S.A. an additional stake in Ichem SP Z.o.o. equivalent to 24.8% amounting to 3,208,010 euros.

17. Income and expenses

17.1 Net amount of revenue

The breakdown of net revenues for the years of 2022 and 2021 of the Company is detailed below:

	Euros	
	2022	2021
Sales	10,711,083	11,971,168
Provision of services	1,386,098	1,507,754
	12,097,181	13,478,922

"Provision of services" mainly includes royalties billed to the subsidiaries Naturhouse S.R.L., Naturhouse Sp Zo.o, S.A.S. Naturhouse amounting to 1,107,131 euros (1,153,167 euros in 2021) (note 18), as well as income from royalties billed to franchisees and income from master franchises in other countries.

The main activities developed by the Company are described in Note 1 of these explanatory notes. A segmentation of activities has not been carried out due to considering that there are activities differentiated by significant amounts which involve the identification of business segments. Moreover, neither the Company nor the Group use information with a distinction between activities in their management.

The distribution of net turnover corresponding to the 2022 and 2021 financial years, distributed by geographical market, is as follows:

	Euros	
	2022	2021
Domestic Market	10,389,748	11,554,203
Export Market	1,707,433	1,924,719
Total sales	12,097,181	13,478,922

17.2 Supplies

The amount recorded under "Consumption of Merchandise" for the years 2022 and 2021 has the following composition:

	Euros	
	2022	2021
Purchases	(3,547,323)	(4,013,035)
Changes in stocks (Note 11)	(91,390)	(173,348)
Total supplies	(3,638,713)	(4,186,383)

17.3 Breakdown of purchases by origin

The details of the purchases made by the Company during 2022 and 2021, by source, is as follows:

	Euros			
	2022		2021	
	Domestic	Intracommunity	Domestic	Intracommunity
Purchases	1,504,495	2,042,828	1,853,792	2,159,243

17.4 Social security contributions

The account balance for "Social costs" for the 2022 and 2021 financial years has the following composition:

	Euros	
	2022	2021
Social Security paid by the company	598,800	681,276
Other social expenses	47,786	40,483
	646,586	721,759

17,5 Financial income and expenses

The financial income and expenses for the 2022 and 2021 financial years have been as follows:

	Euros			
	2022		2021	
	Financial Income	Financial Expenses	Financial Income	Financial Expenses
Debts with Group companies (Note 18)	-	(63,136)	-	-
Debts with third parties	-	(28,180)	-	(34,246)
Shares in equity instruments, Group companies and associates/Dividends (Note 9,1)	15,783,757	-	9,354,687	-
Marketable securities and other financial instruments with third parties	65,611	-	13,818	-
	15,849,368	(91,316)	9,368,505	(34,246)

18. Transactions with related companies

The transactions carried out by the Group with related companies during the 2022 and 2021 financial years are as follows:

Company	Euros 2022	2021
Sales, provision of services and other revenues>		
Group companies		
Naturhouse Franchising Ltd	41,163	45,877
Naturhouse S,R,L,	1,410,349	1,626,229
Naturhouse, Sp zo,o,	621,268	681,930
Kiluva Portuguesa – Nutriçao e Dietetica Lda,	331,018	392,160
Naturhouse Gmbh	17,473	18,174
SAS Naturhouse	1,755,953	1,752,008
Naturhouse Inc,	14,301	4,663
Naturhouse Health Limited	6,973	5,237
Naturhouse Pte, LTD	5,713	-
Related Companies		
Ferev Uno Strategic Plans	6,320	-
Kiluva S,A,	-	3,630
Finverki	-	4,740
Healthouse Sun, S,L,	9,884	3,292
Laboratorios ABAD SLU	3,323	2,114
Tartales LLC	918	2,428
Ichem, Sp,zo,o,	-	285
Total revenues	4,224,656	4,542,767
Purchases:		
Group companies		
SAS Naturhouse	812	880
Naturhouse S,R,L,	10,836	-
Naturhouse Sp, Zo,o	-	612
Related Companies		
Laboratorios Abad, S,L,U,	-	20,244
Indusen, SA	764,520	899,448
Ichem, Sp,zo,o,	1,891,185	1,996,681
Girofibra, SL	135,264	150,384
Total purchases	2,802,617	3,068,249
Services received:		
Parent Company		
Kiluva, SA	117,054	187,936
Group companies		
Naturhouse Franchising Ltd	94,322	101,760
Naturhouse, GmbH	96,000	96,000
Naturhouse Inc	125,824	150,000
Naturhouse d,o,o,	72,000	54,000
Naturhouse health limited	72,000	24,000
Name 17 S,A, de cv	-	24,000
Naturhouse Pte, LTD	54,000	-
Related Companies		
U,D, Logroñés, SAD	237,498	175,000
Healthouse Sun, S,L,	101,233	67,390
Laboratorios Abad, S,L,U,	12,945	-
Distrito TV, S,L,	18,150	-
Leasing and Insurance		
Tartales, SLU	829,750	788,503
Casewa, S,A,U,	101,205	107,111
Total services received	1,931,981	1,775,700
Financial expenses		
SAS Naturhouse	22,765	-
Naturhouse Sp, Zo,o	22,213	-
Naturhouse, S,R,L,	18,158	-
Total financial expenses	63,136	-

Similarly, we detail the balances referring to Royalties and Management fees carried out by the Company with related companies in the 2022 and 2021 financial years:

Company	Euros 2022	Euros 2021
Provision of services for royalties and other income from management support services:		
Royalties		
SAS Naturhouse	488,637	467,413
Naturhouse S.R.L.	390,818	424,518
Naturhouse, Sp. Zo.o.	227,676	261,236
Total Royalties (note 17.1)	1,107,131	1,153,167
Management fees		
SAS Naturhouse	1,267,316	1,228,203
Naturhouse S.R.L.	1,015,930	1,004,403
Naturhouse, Sp. Zo.o.	389,804	418,169
Total Management fees	2,673,050	2,650,775
Total revenues	3,780,181	3,803,942

The income for "management fees" is recognised under other ancillary income and other current operating income on the profit and loss account, with the rest of the amount corresponding to other advertising services and other services.

Likewise, the Company received from its subsidiaries and associates a total dividend amounting to 15,784 thousand euros during the 2022 financial year (9,355 thousand euros during the 2021 financial year) (Note 9).

The Directors of the Company and its tax advisers, consider that the transfer prices are adequately justified on the basis of a report issued by the above parties, and therefore consider that there are no significant risks, in this sense, that they could lead to significant liabilities in the future.

As of the date of drawing up these financial statements, the Parent Company has updated the transfer pricing report corresponding to the 2021 financial year together with its tax advisors, which includes the main transactions that the Company performs with its related companies:

- Royalties from the sale of brands
- Support services to the management (management fees).
- Sale of products
- Purchase of products
- Financial operation: Liquid asset management

The report does not include limitations, cautions or significant safeguards, except for the characteristics inherent to this type of work. Furthermore, in order to examine whether the prices agreed between the related parties as a result of the above-described transactions comply with applicable regulations and in order to determine its suitability to market values, the following methodology has been used depending on each kind of transaction:

- Obtaining comparable examples, i.e. comparing the circumstances of transactions related to the circumstances of transactions between independent persons or entities that may be comparable (comparable uncontrolled price method "CUP").
- On the other hand, the transactional net margin method ("TNMM") has also been applied. Under this method, the objective profitability indicators obtained by independent entities performing the same activity under similar circumstances has been analysed.

- Finally, the resale price method ("RPM") has also been used, where a margin is subtracted from the selling price of a good or service applied by the reseller itself, in identical or similar operations with independent persons or entities, or, in the absence thereof, the margin that independent persons or entities apply to comparable transactions, performing, where applicable, the necessary corrections for equivalence and taking into account the particularities of the transaction.

In the particular case of product purchases from related companies, the analysis provides a comparison of the gross margin on sales (both through owned as well as franchised centres) in purchases from related companies compared to that obtained in purchases made from comparable independent companies, among others. Based on these analyses it was determined that these operations are in accordance with the market value.

This report has been issued in relation to transactions with affiliate companies in 2021. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2022 financial year, consequently, they believe that they are duly backed up.

19. Remuneration and other benefits for the Board of Directors and Senior Management

During 2022 the current Directors of the Company accrued compensation in fixed allowance and fees for attending meetings of the Board of Directors amounting to 316 thousand Euros (316 thousand Euros). Likewise, a member of the Board of Directors has provided services to the Company amounting to 62 thousand euros during the 2022 financial year (60 thousand euros during the 2021 financial year). In addition, the members of the Board of Directors with executive positions have received the remuneration stated in the following paragraph. On the other hand, in the current financial year and in the financial year of 2021, no member of the Board of Directors has any advances, guarantees or other commitments in the area of pensions or life insurance contracted with the Directors. The Company's current Directors were re-elected at the last Annual General Meeting held on 17 May 2022.

The compensation received in the year 2022 by the senior executives of the Company amounted to 1,664 thousand Euros for salaries and wages and services (1,317 thousand Euros were received by members of the Board of Directors in the development of their executive positions). The Senior Management of the Company has received no remuneration for other services. In the 2021 financial year, the remuneration received by the Company's Senior Management amounted to 1,895 thousand euros (1,529 thousand euros received by members of the Board of Directors in the development of their executive positions).

At the close of the 2022 and 2021 financial years, the Company's Senior Management body is composed of the following persons:

	2022		2021	
Categories	Men	Women	Men	Women
Senior Management	3	1	5	1

As of yearend 2022 and 2021, there were no advances, loans granted, life insurance or pension obligations.

The Board of Directors consists of six men and one woman at the end of 2022 (six men and one woman at the end of 2021).

The Company has signed a civil liability policy for directors and executives to cover the members of the Board of Directors, the CEO and all directors of the Naturhouse Group with a cost amounting to 8 thousand euros in 2022 (5 thousand euros in 2021).

20. Information relating to conflicts of interest by the Directors

As of year-end 2022, neither the members of the Board of Naturhouse Health, S.A. nor any persons related to them as defined by the refunded Spanish Corporate Law, have communicated to the other members of the Board of Directors any situation involving direct or indirect conflict that they or persons related to them, as defined by Spanish Corporate Law, may have with the Company's interests.

21. Environmental information

The Company is highly committed to the environment; proof of this commitment can been seen in the environmental policies developed by the Company's Management insofar as they contribute to more sustainable growth through the implementation of initiatives that mitigate the impact of the Company's activity on the environment, for example, through the use of recycled materials in the bags of the products sold, promotion of more sustainable materials in the packaging etc.

At year end, the Company has no liabilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant in relation to the equity, financial position and results of the Company. The potential impact arising from climate change has been considered and analysed without, as a result of said analysis, the most significant estimates and judgements made for the preparation of the consolidated financial statements having been significantly affected.

22. Other information

22.1 Personnel

The average number of employees during the years 2022 and 2021, broken down by category, is as follows:

Categories	Number of employees	
	2022	2021
Senior Management	6	7
Rest of Senior Staff	5	5
Administrative and technical staff	11	14
Commercial, sales' staff and operators	68	76
	90	102

Likewise, the gender distribution of the Company at the end of the years 2022 and 2021, broken down by category, is as follows:

Categories	2022		2021	
	Men	Women	Men	Women
Senior Management	3	1	5	1
Rest of Senior Staff	5	-	6	0
Administrative and technical staff	4	6	4	6
Commercial, sales' staff and operators	4	58	5	64
	16	65	20	71

As of 31 December 2022 and 2021, there were no people employed with disabilities equal to or above 33%.

22.2 Audit fees

During the 2022 and 2021 financial years, the fees for audit services and other services provided by the auditor of the Company's financial statements, have been as follows:

	Services Provided by the Lead Auditor	
	EY	EY
	Year 2022	Year 2021
The Company's audit services (individual and consolidated)	142,500	135,990
Other verification services (**)	28,500	26,010
Total auditing and related services	171,000	162,000
Tax services	-	-
Other services	-	-
Total Professional Services	171,000	162,000

(**) The 'Other verification services' section includes the limited review of the Group's Half-Yearly Financial Statements as well as a report on agreed procedures (same concept in the 2021 financial year).

22.3 *Information on the average payment period to suppliers*

The information required by the Third Additional Provision of Law 15/2010 of 5th July (as amended by the Second Final Provision of Law 31/2014 of 3rd December) is detailed below, drawn up according to the ICAC Resolution of 29th January 2016 on the information to be included in the explanatory notes to financial statements in connection with the average payment period to suppliers in commercial operations.

	Days	
	31-12-2022	31-12-2021
Average payment period to suppliers	47,23	47,29
Ratio of paid operations	42,92	48,66
Ratio of operations pending payment	72,41	39,67

	Euros	
	31-12-2022	31-12-2021
Total payments made	9,348,984	9,279,503
Total outstanding payments	1,603,415	1,232,481

In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, commercial operations corresponding to delivering goods or providing services accrued from the date of entry into force of Law 31/2014 of 3 December have been taken into account.

For the sole purpose of providing the information required by this Resolution, suppliers includes trade creditors for debts with suppliers of goods or services included under "Trade creditors and other accounts payable" and "Suppliers, related companies" of the current liabilities of the consolidated balance sheet.

"Average payment period to suppliers" is understood to be the time that elapses from the delivery of goods or the provision of services by the supplier and material payment for the operation.

The maximum legal payment period applicable to the Company in the 2016 financial year under Law 3/2014 of 29 December, establishing measures to combat late payment in commercial transactions, is 30 days, although this may be extended by agreement between the parties without, in any case, a period of longer than 60 calendar days being agreed.

The monetary volume of invoices paid within the deadline established by Law 3/2004, 29 December, amounted to 5,877 thousand euros, representing 63% of the total monetary volume. The number of invoices paid amounted to 3,867 invoices paid within the deadline, representing 96% of the total number of invoices.

22.4 Modification or termination of contracts

There has been no conclusion, modification or early termination of any contract between the Company and any of its shareholders, Directors or persons acting on their behalf that affects transactions falling outside the Company's ordinary course of business or that has not been carried out under normal conditions.

22.5 Guarantees

As at 31 December 2022, the Company had commercial bank guarantees granted amounting to 23,409 euros (553,164 euros as at 31 December 2021, of which 529,755 euros were guarantees granted to the subsidiary Naturhouse, Inc., which allowed it to operate in large shopping centres in the United States, and have been cancelled in the 2022 financial year).

23. Subsequent events

There have been no significant subsequent events between the close of 31 December 2022 and the date these financial statements were drawn up.

ANNEX I TO THE NATURHOUSE HEALTH, S.A. EXPLANATORY NOTES 31 DECEMBER 2022

Group company equity instruments in the 2022 financial year

Company	Euros					
	Capital	Premium and other EQUITY	Net profit for the period	Holding % Direct	Holding % Indirect	Shareholder
Kiluva Portuguesa –Nutriçao e Dietetica, Lda (1) Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	49,880	1,297,975	153,708	28%	- 43% 29%	Naturhouse Health S.A. Naturhouse S.R.L. SAS Naturhouse
Ichem Sp. (1) ul. Dostawcza 12 93-231 Lodz (Poland)	172,113	11,790,831	512,789	49,75 %	-	Naturhouse Health S.A.
Indusen, SA (1) Nacional 1, km.233 -Parcela 3 09001 Burgos (Spain)	360,600	5,063,836	327,766	39,58 %	-	Naturhouse Health S.A.
Girofibra, SL (1) PG Can Portella 8 17853 Girona (Spain)	599,974	498,091	(93,640)	49%	-	Naturhouse Health S.A.
Naturhouse Belgium S.P.R.L. (1) Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	100,000	(1,092,811)	42,326	-	100%	SAS Naturhouse
Naturhouse Franchising Co, Ltd (1) 33 church road, Ashford Middlesex (Great Britain)	338,970	(280,624)	59,239	33%	- 67%	Naturhouse Health S.A. Naturhouse S.R.L.
Naturhouse, Gmbh (1) Rathausplatz, 5 91052 Erlangen (Germany)	500,000	(624,851)	15,405	56%	- 44%	Naturhouse Health S.A. SAS Naturhouse
Naturhouse, Sp. zo.o. (1) Ul/Dostawcza, 12 93-231 Lodz (Poland)	80,115	1,010,578	1,139,227	100%	-	Naturhouse Health S.A.
Naturhouse S.R.L. (1) Viale Panzacchi, nº 19 Bologna (Italy)	100,000	588,702	3,444,714	100%	-	Naturhouse Health S.A.
Naturhouse Inc. (1) 1395 Brickellave 800 STE Miami FL (US)	2,597,111	(2,375,898)	(497,888)	100%	-	Naturhouse Health S.A.
Nutrition Naturhouse Inc. (3) Rue de la Guachetière Ouest Montréal Québec (Canada)	-	-	-	-	100%	SAS Naturhouse
Naturhouse d.o.o. (1) Ilica 126, City of Zagreb (Croatia)	100,335	(247,360)	34,627	-	100%	Naturhouse Sp. zo.o.
SAS Naturhouse (1) 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	100,000	642,764	3,919,043	100%	-	Naturhouse Health S.A.
Zamodiet México S.A. de C.V. (1) Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	985,793	(957,176)	-	79%	-	Naturhouse Health S.A.
Name 17 S.A. de C.V. Doctor Balmis, 222 Mexico City (Mexico)	225,228	(111,514)	(16,178)	51%	-	Naturhouse Health S.A.
Naturhouse Health Limited 165 Lower Kimmage Road Dublin 6, (Ireland)	100,000	(9,181)	18,259	100%	-	Naturhouse Health S.A.
Naturhouse Pte. LTD 64D Kallang Pudding Road (Tannery Building) 349323 Singapore	52,305	(3,446)	980	100%	-	Naturhouse Health S.A.

(1) Financial statements not required to be audited or the statutory external audit on which is not yet available as of 31 December 2022.

(2) Audited financial statements as of 31 December 2022.

(3) Company being formed, pending formalisation.

Group company equity instruments in the 2021 financial year

Company	Capital	Premium and other EQUITY	Net profit for the period	Holding % Direct	Holding % Indirect	Shareholder
	Euros					
Housediet S.A.R.L. (1) 75 rue Beaubourg 75003 Paris (France)	200,000	89,553	1,564	100%	-	Naturhouse Health S.A.
Kiluva Portuguesa –Nutriçao e Dietetica, Lda (1) Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	49,880	1,294,908	163,067	28%	- 43% 29%	Naturhouse Health S.A. Naturhouse S.R.L. SAS Naturhouse
Ichem Sp. (1) ul. Dostawcza 12 93-231 Lodz (Poland)	175,304	12,299,126	1,179,779	49,75%	-	Naturhouse Health S.A.
Naturhouse Belgium S.P.R.L. (1) Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	100,000	(1,121,905)	29,094	-	100%	SAS Naturhouse
Naturhouse Franchising Co, Ltd (1) 33 church road, Ashford Middlesex (Great Britain)	356,910	(280,857)	8,338	33%	- 67%	Naturhouse Health S.A. Naturhouse S.R.L.
Naturhouse, Gmbh (1) Rathausplatz, 5 91052 Erlangen (Germany)	500,000	(621,771)	13,741	56%	- 44%	Naturhouse Health S.A. SAS Naturhouse
Naturhouse, Sp. zo.o. (1) Ul/Dostawcza, 12 93-231 Lodz (Poland)	81,600	1,491,725	1,793,024	100%	-	Naturhouse Health S.A.
Naturhouse S.R.L. (1) Viale Panzacchi, nº 19 Bologna (Italy)	100,000	1,386,914	4,069,832	100%	-	Naturhouse Health S.A.
Naturhouse Inc. (1) 1395 Brickellave 800 STE Miami FL (US)	2,444,958	(2,298,461)	100,181	100%	-	Naturhouse Health S.A.
Nutrition Naturhouse Inc. (3) Rue de la Guachetière Ouest Montréal Québec (Canada)	-	-	-	-	100%	SAS Naturhouse
Naturhouse d.o.o. (1) Ilica 126, City of Zagreb (Croatia)	100,780	(280,278)	27,085	-	100%	Naturhouse Sp. zo.o.
SAS Naturhouse (1) 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	100,000	2,877,404	5,223,304	100%	-	Naturhouse Health S.A.
Zamodiet México S.A. de C.V. (1) Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	985,793	(957,176)	-	79%	-	Naturhouse Health S.A.
Name 17 S.A. de C.V. Doctor Balmis, 222 Mexico City (Mexico)	201,549	(111,246)	10,155	51%	-	Naturhouse Health S.A.
Naturhouse Health Limited 165 Lower Kimmage Road Dublin 6, (Ireland)	100,000	-	(11,936)	100%	-	Naturhouse Health S.A.
Naturhouse Pte. LTD 64D Kallang Pudding Road (Tannery Building) 349323 Singapore	49,908	(1,371)	(1,862)	100%	-	Naturhouse Health S.A.

(1) Financial statements not required to be audited or the statutory external audit on which is not yet available as of 31 December 2021.

(2) Audited financial statements as of 31 December 2021.

(3) Company being formed, pending formalisation.

Management Report

REPORT CORRESPONDING TO THE YEAR ENDING

31 DECEMBER 2022

INDEX

1. <u>Situation and Business Development</u>

Naturhouse Health S.A. is a company dedicated to the dietetic and nutrition sector with its own exclusive business model based on the Naturhouse method. As of yearend 2022, it had a network of 361 centres.

The company closed the year 2022 with a positive result of 16.400 million net profit.

2022 has been a difficult year in macroeconomic terms, with the appearance of new variants of Covid-19 as well as the war in Ukraine being the main causes that have had an impact on the evolution of the economy globally.

The increased prices in consumers' shopping baskets, caused by the increase in the prices of companies' supplies, energy costs, transport costs etc., has had a negative impact on the consumption pattern of the Company's customers, which has led to a decrease in its profitability.

Furthermore, the company maintains its decision to digitalise the business as an important pillar for long-term growth and obtaining revenues and creating value. On the other hand, the commercial structure remains under continuous review to protect and maintain the maximum possible profitability.

In order to continue creating value for its shareholders, the company acquired 39.58% and 49% of the shares of the Group's suppliers, Indusen and Girofibra, respectively.

On 14 November, Ms. Patricia Sanz de Burgoa was appointed as Managing Director of the Group, reporting directly to the Chairperson and CEO, Mr. Félix Revuelta. In the same order of business, Ms. Vanessa Revuelta and Mr. Kilian Revuelta ceased their executive duties while maintaining the status of Independent Directors.

The Annual General Meeting was held on 17 May 2022, approving the following;

- Financial Statements of Naturhouse Health S.A., Individual and Consolidated (Balance Sheet, Profit and Loss Account, Statement of Changes in Equity for the financial year, Cash Flow Statement and explanatory notes, Individual and Consolidated), and Management Reports of Naturhouse Health S.A. and its Consolidated Group for the financial year ending 31 December 2021.

- The proposed distribution of profit and management of the Naturhouse Health, S.A. Board of Directors for the 2021 financial year. Authorisation for the distribution of unrestricted voluntary reserves.

- Approval of the Non-Financial Information Statement of the Consolidated Group of Naturhouse Health, S.A. and subsidiaries for the 2021 financial year.

- Re-election and determination of the number of Board Members.

- Approval of the Board of Directors' management for the 2021 financial year.

- Remuneration of the company's Board of Directors.

    1.1 Advisory vote on the Annual Report on Remuneration of Naturhouse Health, S.A. Board Directors for the 2021 financial year.

    1.2 Approval of the remuneration policy for Naturhouse Health, S.A. Board Directors for the 2022 financial year.

    1.3 Approval of the remuneration for the Naturhouse Health, S.A. Board of Directors for the 2022 financial year.

        - Delegation of powers to supplement, develop, execute, remedy and formalise the resolutions adopted by the General Meeting.

2. <u>Evolution of the main figures of the individual profit and loss account</u>

Individual Profit and Loss Account

	Notes Report	Year 2022	Year 2021
CONTINUING OPERATIONS			
Net amount of revenue	Note 17.1	12,097,181	13,478,922
- Sales		10,711,083	11,971,168
- Provision of services		1,386,098	1,507,754
Supplies	Note 17.2	(3,638,713)	(4,186,383)
- Consumption of merchandise:		(3,638,713)	(4,186,383)
Other operating income		2,786,836	2,830,488
- Ancillary and other current operating income		2,786,836	2,830,488
Personnel costs		(4,464,007)	(4,733,157)
- Wages, salaries and similar expense		(3,817,421)	(4,011,398)
- Social security contributions	Note 17.4	(646,586)	(721,759)
Other operating costs		(5,127,638)	(4,703,253)
- External services		(4,759,561)	(4,533,716)
- Taxes		(182,777)	(108,871)
- Losses, deterioration and variation of provisions for commercial operations	Note 10	-	202,761
- Other current operating expenses		(185,300)	(263,427)
Amortisation of fixed assets	Notes 6 and 7	(410,156)	(398,405)
Impairment losses and income from disposal of fixed assets	Note 7	2,445	(23,285)
- Impairment and other losses		(11,785)	(23,285)
- Income from disposals and other		14,230	-
- Other results		(49,787)	14,601
- Exceptional expenses and income		(49,787)	14,601
- Operating Profit / (Loss)		1,196,161	2,279,528
Financial income	Notes 9 and 17.5	15,849,368	9,368,505
- Income from shares in equity instruments, group and associated companies	Note 9.1	15,783,757	9,354,687
- Other income from marketable securities and other financial instruments		65,611	13,818
- Financial expenses	Note 17.5	(91,316)	(34,246)
- Debts with group and associated companies	Note 18	(63,136)	-
- Debts with third parties		(28,180)	(34,246)
- Exchange differences		(10,032)	42,172
- Impairment losses and income from disposal of financial instruments	Note 9.1	(52,167)	1,263
Financial result - Benefits		15,695,853	9,377,694
Pre-tax Profit / (Loss)		16,892,014	11,657,222
Corporate Tax	Note 15	(491,133)	(670,098)
Profit or loss for the financial year - Benefit		16,400,881	10,987,124

- The net turnover is composed of two main aspects:

  1. Sale of goods Corresponds to the sale of products through the Naturhouse channel (either through franchising, online, master franchising or centres of our property). Represents the bulk of revenues with 89% in 2022.

  2. Prevision of service;

     a. €600 annual fee paid by each franchise to subsidiaries of the Group. This represents 1.63% of net turnover for the 2022 financial year.

     b. In the 2022 financial year, 0.38% of total turnover has been recognised as income from the master franchise upfront fee. These are master franchise contracts that have been signed since 2016; the income is accrued over the 7 year term of the master contract.

     c. Fee for direct supply to suppliers by the master franchisee; corresponds to the fee of 10% of purchases made directly by the master franchises from suppliers approved by Naturhouse Health, S.A. This represents 9.15 % of net turnover in the 2022 financial year.

- Net turnover in the 2022 financial year amounted to 12,097,181 euros, representing a decrease of 1.85% with respect to 2021.

- The gross margin on net turnover remains stable with respect to the values for 2021.

- “Other operating income” corresponds to income from activities that fall outside the Naturhouse business, which in 2022 mainly includes the management fee to the Group's subsidiaries amounting to 2,673,049 euros.

- In 2022 there is an average workforce of 90 employees in the Company, of which 68% are direct employees of the Naturhouse centres under self-management and commercial offices that control the smooth running of all the centres, both franchises and the Group's own centres, and the remaining 22% of staff corresponds to general management, administration and accounting, logistics, marketing and technical staff. Personnel Costs represents 36.90% of net turnover.

- “Impairments and other losses” includes the result of the disposal of fixed assets due to the closure of some of our centres.

- The 49,27% increase in the net result over the 2021 financial year is mainly due to the dividends paid by subsidiaries.

3. Individual Statement of Financial Position

ASSET	Notes Report	31/12/2022	31/12/2021
NON-CURRENT ASSETS:			
Intangible fixed assets	Note 6	539,874	676,864
Industrial property		330,824	563,887
Software		209,050	112,977
Tangible fixed assets	Note 7	699,721	438,502
Technical facilities and other tangible fixed assets		699,721	438,502
Long-term investments in Group companies		16,079,359	15,159,463
Equity instruments	Note 9	16,079,359	11,743,361
Loans to companies	Note 16	-	3,416,102
Long-term financial investments	Note 10	153,719	171,565
Deferred tax assets	Note 15	5,498	17,389
Non-current assets		17,478,171	16,463,783
CURRENT ASSETS:			
Inventory	Note 11	772,525	863,915
Trade and other accounts receivable		5,411,738	2,895,881
Customer receivables for sales and services		125,011	101,832
Customers, group companies and associates	Note 16	385,157	366,226
Other debtors		1,661	35,043
Staff		-	24,837
Current tax assets	Note 15	4,889,235	2,335,465
Other credits with Public Administrations	Note 15	10,674	32,478
Short-term investments in Group companies	Note 16	2,590,338	-
Short-term financial investments		124,155	123,886
Short-term accruals		162,661	162,310
Cash and cash equivalents		2,142,478	8,300,654
Total current assets		11,203,895	12,346,646
Total assets		28,682,066	28,810,429

EQUITY AND LIABILITIES	Notes Report	31/12/2022	31/12/2021
NET EQUITY:			
Own funds			
Capital		3,000,000	3,000,000
Issue premium		2,148,996	2,148,996
Premium		6,804,908	10,760,962
Legal and statutory		600,000	600,000
Other reserves		6,204,908	10,160,962
Treasury Shares		(141,886)	(141,886)
Treasury Shares		(141,886)	(141,886)
Profit or loss for the financial year - Benefit		16,400,881	10,987,124
(Interim dividend)		(3,000,000)	-
Total net equity	Note 12	25,212,899	26,755,196
NON-CURRENT LIABILITIES:			
Deferred tax liabilities		236	473
Non-current liabilities		236	473
CURRENT LIABILITIES:			
Short-term debts	Note 14	19,271	18,051
Other financial liabilities		19,271	18,051
Short-term debts with Group companies and associates	Note 16	1,500,000	245,552
Trade creditors and other receivables		1,913,946	1,708,414
Suppliers		201,416	206,875
Suppliers, group companies and associates	Note 16	1,197,160	849,103
Various creditors		375,304	366,487
Staff		17,318	8,512
Other debts with Public Administrations	Note 15	122,748	277,437
Short-term accruals		35,714	82,743
Total current liabilities		3,468,931	2,054,760
TOTAL NET EQUITY AND LIABILITIES		28,682,066	28,810,429

- In 2022, there was a 59.57% increase in "Tangible Fixed Assets" as a result of the acquisition of transport equipment as well as the reinvestment in owned stores.

- The 36.92% increase in Equity Instruments under "Long-term investments in Group companies" is due to the acquisition of shares in the share capital of the Spanish companies Indusen and Girofibra. Likewise, 100% of the l/t loan to the related company Tartales has decreased.

- Under "Customers, group companies and associates", this is the debt balance resulting from the supply of products and bills for services from the company to Naturhouse Group subsidiaries.

- "Current tax assets" includes the amount paid to the Tax Authorities as an advance corporate tax payment for the 2021 and 2022 financial years. All of the amount advanced for corporate tax for the 2021 financial year has been returned in February 2023, with the return of the amount for the 2022 financial year outstanding.

- "Short-term investments in Group companies" includes the loan granted to the US subsidiary amounting to 2,590,338 euros, reclassified from long-term.

- As of year end 2022, the company held a balance in own shares and company shares of €141,886, represented by a total of 50,520 shares at an average acquisition price of €2.81/share, as a result of the development of the liquidity contract signed with Renta 4 in January 2019.

- The heading “Short-term debts with Group and associated companies” includes loans of Naturhouse Health, S.A. subsidiaries to centralise the liquid assets of some subsidiaries with the parent company.

- "Short-term accruals" in liabilities includes income for master franchises collected during the 2016, 2017 and 2018 financial years (Malta, Hungary, India, Ireland and Austria), which are accrued for the duration of the master franchise agreement, i.e. seven years.

- The average payment period of Naturhouse Group S.A., has been 47.23 days, within the maximum period set out under the regulations on late payments.

4. Financial risk management and use of hedging instruments

The Company's activities are exposed to various financial risks: market risk (including foreign exchange and interest rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

Market risk in the interest rate and the exchange rate:

The Company's operating activities are largely independent with respect to changes in market interest rates. The interest rate risk of the Group arises from long-term borrowings. As of 31 December 2022, 100% of borrowings were at variable interest rates. However, the Company has not considered it necessary to cover such interest rate fluctuations because the external financing of the Group is unimportant, so it has not contracted hedging instruments during the years in question

Regarding the exchange rate risk, the Company does not operate internationally outside the Euro Currency to any great extent, so its exposure to exchange rate risk on foreign currency operations is not significant.

Credit Risk

In general the Company maintains its cash and equivalent liquid assets at banks with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Company's credit risk is primarily attributable to its trade receivables. There is no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to ensure liquidity and be able to meet all payment obligations arising from its activities, the Company has abundant credit lines and financing with credit institutions. It has maintained a proactive policy on the management of liquidity risk, focusing primarily on the preservation of same, maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to liquidate market positions.

5. Risk Factors

Spanish authorities may adopt laws and regulations that impose new obligations entailing an increase in operating costs.

The competitive environment: The company competes with self-administered weight loss schemes and other commercial programmes from other competitors, along with other suppliers and food retailers that operate in this market. This competition and any future increases in same involving the development of pharmaceuticals and other technological and scientific advances in the field of weight loss could have a negative impact on the business, operating results and financial position of the Company.

6. R + D + i activities

The method used by the Company in relation to research and development of new products is as follows:

It is in the commercial, technical and marketing department where the initial need to consider extending the range of products that Naturhouse offers arises, or simply modify one of the existing offers. This need is transferred to one or more of our current suppliers, according to the product format (sachets, vials or capsules). Suppliers develop and submit proposals according to incoming needs, and if these are covered from a commercial, technical and economic point of view, we proceed to launch the new product or format. Therefore the Company does not generate increased costs in R + D + i in the registration of the brand and the formula in the corresponding department for health.

The company's main supplier is the Polish company Ichem Sp. zo.o, as it accounts for 59% of total consolidated purchases to 31 December 2022. Naturhouse Health, S.A. holds 49.75% of its capital. The benefits sought with this holding are:

1. Faster launching of new products, sharing know-how in R & D
2. Ensure supply and reduce dependence on third party manufacturers outside the Group
3. Ensure product quality while maintaining high levels of competitiveness

By doing this Naturhouse Health SA is able to differentiate itself from its competitors because it is present throughout the entire value chain of the nutritional supplement industry, from R & D and product manufacturing to the final sale and client consultation.

Besides Ichem, the Group acquired from its main shareholder, Kiluva, S.A., the shares that the latter held in the Spanish companies Indusen and Girofibra, specifically 39.58% and 49% respectively.

7. Treasury Shares

As of 31 December 2022, the Company holds a total of 50,520 treasury shares. No affiliate company owns any shares or holdings of the Company.

8. Subsequent events

There have been no relevant subsequent events.

9. Capital structure and significant shareholdings

As of 31 December 2022, the Naturhouse Group has no restriction on the use of capital resources that, directly or indirectly, have affected or may significantly affect the operations, except those that are legally established.

As of 31st December 2022, the share capital is represented by 60.000.000 shares. The Group's main shareholders are Kiluva, S.A. with a 72.60% stake and Ferev Uno Strategic Plans, S.L. with 5.15%.

10. Shareholder agreements and restrictions on transferability and vote

There are no kinds of shareholders' agreements or statutory restrictions on the free transferability of the Parent Company's shares, nor statutory restrictions or regulations on voting rights.

11. Administrative Body, Board

The Parent Company's administrative body is made up of a Board of Directors composed of 7 members, Mr. Félix Revuelta Fernández, Mr. Kilian Revuelta Rodríguez, Ms. Vanesa Revuelta Rodríguez, Mr. Rafael Moreno Barquero, Mr. José María Castellanos, Mr. Pedro Nueno Iniesta and Mr. Ignacio Bayón Marine.

12. Significant agreements

No significant agreements are recorded in terms of changes in the control of the Company or between the Company and its Manager and Directors or employees concerning compensation for resignation or dismissal.

13. Annual Directors' Remuneration Report

The Annual Directors' Remuneration Report that is part of the management report can be seen on the Comisión Nacional del Mercado Valores (CNMV) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

14. Annual Corporate Governance Report

The annual corporate governance report that is part of the management report can be seen on the Comisión Nacional del Mercado Valores (CNMV) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

15. Non Financial information

In relation to the diversity and non-financial reporting requirements under Act 11/2018 of 28 December, said information is included in the Non-Financial Information Statement, which has been drawn up separately and can be viewed on the Comisión Nacional del Mercado de Valores (CNMW) website and on the Naturhouse Group website.

www.cnmv.es

www.naturhouse.com

Madrid, 28 February 2023

Board of Directors