



FINANCIAL RESULTS OF SOLUCIONES CUATROOCHENTA, S.A. FOR FISCAL YEAR 2022.

Castellon, April 18, 2023

Soluciones Cuatroochenta, S.A. (hereinafter, "Cuatroochenta", "Cuatroochenta Group", or "Group"), pursuant to the provisions of Article 17 of Regulation (EU) No 596/2014 on market abuse and Article 227 of the Law 6/2023, of March 17, on Securities Markets and Investment Services, and related provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity, hereby the following financial information is communicated to the market:

- Financial report at December 31, 2022
- Structural and Internal Control Report

In compliance with the provisions of BME MTF Equity Circular 3/2020, it is hereby expressly stated that the information provided herein has been prepared under the sole responsibility of the Company and its directors.

Sincerely,

Chief Executive Officer of Soluciones Cuatroochenta, S.A.

D. Alfredo Raúl Cebrián Fuertes

- **Financial report at
December 31, 2022**
- **Soluciones
Cuatroochenta, S.A.
and subsidiaries**

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1. Cuatroochenta in 2022

Organic growth and geographic expansion

Cuatroochenta has experienced a ten-fold increase in revenue since 2018, resulting in a compound annual growth rate (CAGR) of 77%. Pro forma revenue increased by 30% in 2022. In terms of EBITDA, the company has also reported a ten-fold growth since 2018, reaching a compound annual growth rate (CAGR) of 79% during the same period, and a 4% growth in 2022.

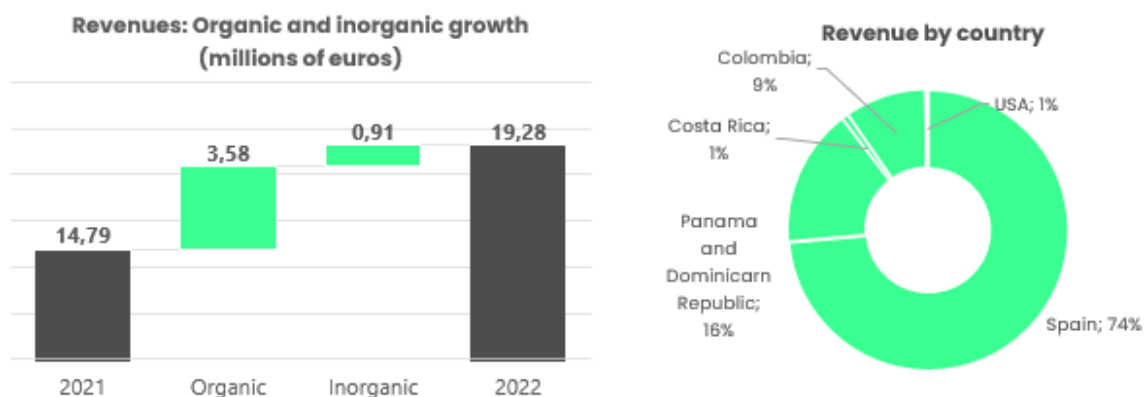
During the 2022 financial year, the Group continued to grow at a steady pace. The structure of the company has increased in size since December 2020 from just under 200 employees to 266 employees as of December 31, 2022.



The information for 2022 and 2021 follows IFRS criteria, which the Group has adopted in 2022. Data for 2021 has been restated.

The revenues and EBITDA generated by Pavabits, S.L. – directly owned 50% – and Matrix Development System, S.A. – wholly owned by Pavabits – are not included, as they are accounted for under the equity method of consolidation.

Fiscal year 2022 is characterized by organic growth and international expansion, with the establishment of physical offices and staff in the United States and Costa Rica, as well as the strengthening of the branches in Colombia and Panama, which experienced notable organic growth. In addition, during 2022, the company undertook the necessary formalities to launch operations in Ecuador and Mexico by the beginning of 2023.



In fiscal year 2022, the sales made outside Spain amounted to 26%, while in 2021, they accounted for 15%. The growth of the cybersecurity line of business in the Latin American region allows Cuatroochenta to accelerate its internationalization and diversify revenues at a geographic level.

In addition, the organic growth experienced in 2022 amounted to €3,576,430, a 26% increase compared to the sales volume recorded in 2021. The organic growth represents 76% of the Group's overall growth, with the remaining 24% being inorganic. Strong organic growth in 2022 (26%) compared to 2021 (2%) is a result of the Group's commitment to the scalability and recurrence of its existing business lines and those that have been integrated in recent years, as well as the continuous improvement of its products and the optimization of its processes. Thus, Cuatroochenta's organic growth in 2022 has managed to position itself well above the growth in global software spending recorded in the same period, which was 7.1%, according to consulting firm Gartner¹.

The impact of investment in companies Pavabits and Matrix

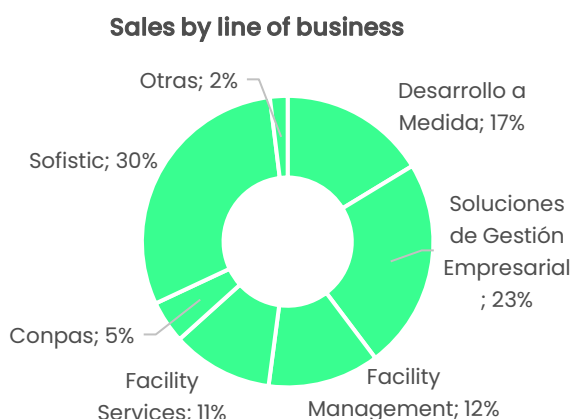
The proforma revenue and recurring proforma EBITDA figures do not include revenues and EBITDA generated by Pavabits, S.L. –directly owned 50%– and Matrix Development System, S.A. –wholly owned by Pavabits–, as they are accounted for under the equity method of consolidation. These two companies have achieved pro forma revenues of 2,336,322 euros and a recurring pro forma EBITDA of 643,332 euros in 2022. Considering their proportional impact, Cuatroochenta would reach pro forma revenues of 21,611,653 euros and recurring pro forma EBITDA of 2,650,637 euros in 2022 (12% of revenues).

Recurrence, scalability, and diversification

Revenues by unit and business line

The breakdown of revenues by unit and line of business in 2022 shows the Group's level of diversification and complementarity of offering, which can cover a wide range of technological needs of any customer.

Sofistic's organic growth (Cybersecurity unit), registered an increase of 114% in organic sales in 2022 and allowed the Group's revenues generated outside Spain to achieve 26% of the overall revenues (in FY2021, non-Spanish revenues amounted to 15% of the aggregate). In addition, the Sofistic Business Unit ended the year with positive EBITDA, which reflects the maturity of the business and its potential to further improve its profitability. Revenues from the cybersecurity unit now account for 30% of the company's total. Additionally, Sofistic's business unit has managed to end the fiscal



¹ <https://www.gartner.com/en/newsroom/press-releases/2023-01-18-gartner-forecasts-worldwide-it-spending-to-grow-2-percent-in-2023#:~:text=Worldwide%20IT%20spending%20is%20projected,latest%20forecast%20by%20Gartner%2C%20Inc.>

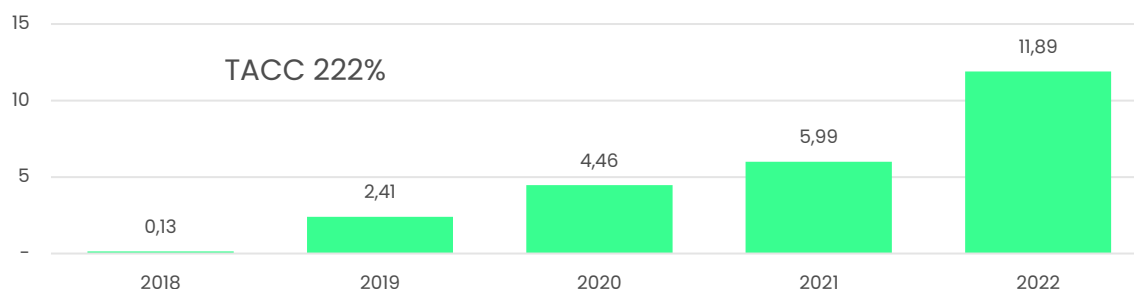
year with positive EBITDA, demonstrating the level of maturity of the business and its potential for further improving its profitability. Revenue from the cybersecurity unit now represents 30% of the total.

Annual recurring revenue

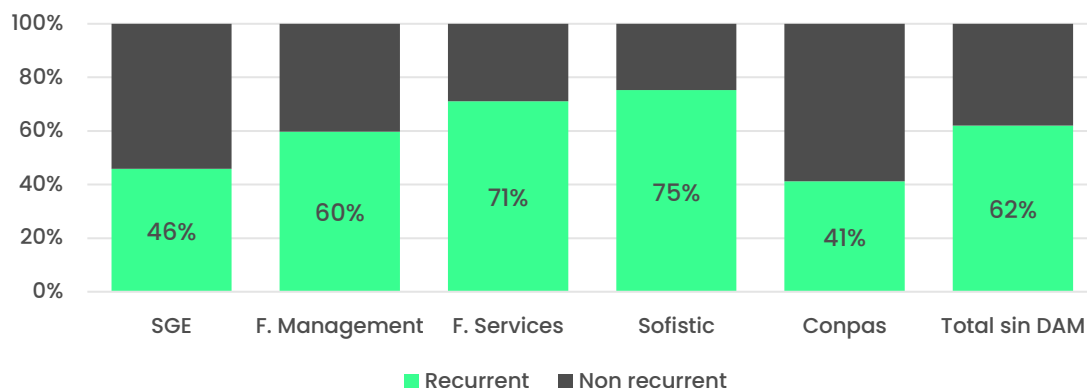
Cuatroochenta's growth model combines both organic and inorganic business, but in both models the company is actively seeking models that provide recurring revenue and allow for rapid and profitable scaling. As of December 2022 -without considering the Custom Development business line as it is a business where the sale of licenses is not relevant- the monthly recurring revenues reached 990.834 euros, bringing the Annual Recurring Revenue (ARR) to 11,890,004 euros, and represents 62% of total revenue which represents an increment compared to that recorded during the FY 2021 (5,990,137 euros). The key drivers of this growth correspond to:

- **Sofistic:** robust organic growth coupled with high recurrence. In this unit, the sale of licenses -recurrent in nature-, has grown to a greater extent compared to one-shot services.
- **Business Management Solutions:** remarkable increase in the recurrence rate as a result of changes at the business level that allow the line to concentrate on this type of revenue.
- **Incorporation of the Annual Recurring Revenue of Cloud Factory, S.L.,** amounting to 375,344 euros.

Annual Recurring Revenue (millions of euros)



Annual Recurring Revenue (percentage)

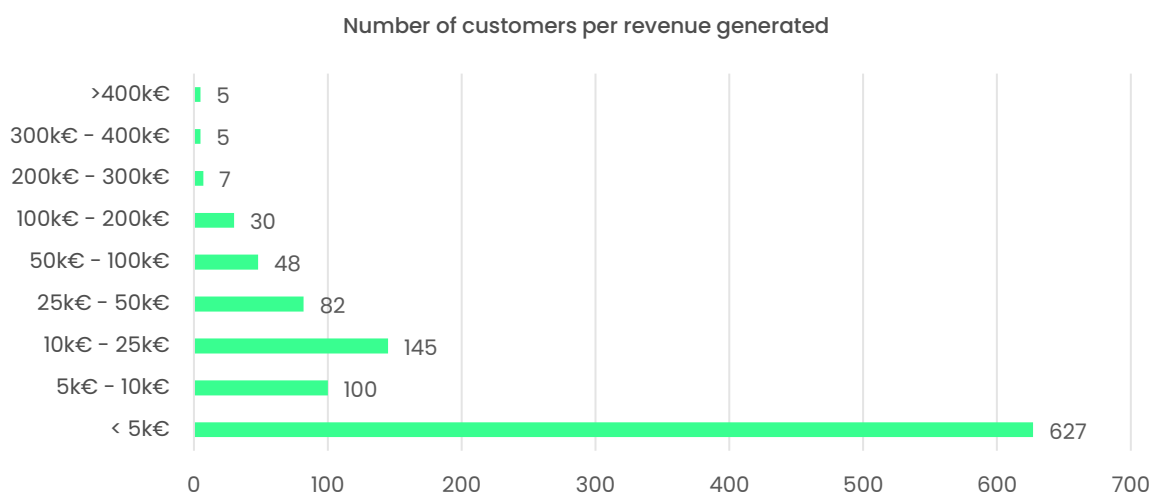


Recurring revenues are license fees for SaaS or subscription products and maintenance revenues, where the right to use or periodic maintenance is linked to the payment of a periodic fee.

This philosophy encompasses all business lines and is particularly prominent in Checkingplan (Field Service), Fama (Facility Management) and Sofistic, where recurrent revenues surpass 60% of the total revenues. Recurring revenues mainly stem from SaaS (Software as a Service) contracts, for both proprietary and third-party products.

Low customer concentration

The Group has a client base of more than 1,000 active clients (billed in 2022), with a high recurrence rate that is diversified across companies and sectors. The Group's Top 5 & Top 15 clients account for 12% and 26% of the 2022 proforma consolidated revenues, respectively.



Inorganic growth

Cloud Factory, S.L.

On December 12, 2022, the Group acquired 100% of the Lugo based company Cloud Factory S.L., which specializes in Zoho's product suite and in the CRM solution. The value of the transaction amounted to 2,000,000 euros, disbursing 1,500,000 euros at the time of signing the purchase and sale, with the remaining amount to be paid in deferred payments -in cash- until July 31, 2027. The company is acquired free of debt.

The deferred payments are contingent upon specific key professional profiles staying in the company. The amount of the deferred payment has been included as a higher cost of the business combination and recorded as a liability under "Other payables" in current and non-current liabilities in the Consolidated Statement of Financial Position, according to its maturity.

In 2022, Cloud Factory, S.L. recorded sales of 909,610 euros and a recurring EBITDA of over 35%. The company's business stands out for its recurrence -a substantial part of its sales corresponds to licenses and maintenance-, and its scalability. The company has developed its own verticals based on Zoho products and offers a high customization capacity for the Zoho suite of products.

The acquisition of Cloud Factory, S.L. allows the Company to expand the Group's offer of software services -especially the ERP suite that the Group already offered- by incorporating into its portfolio one of Zoho's most experienced "Premium Partners" in Spain. In 2022, the company received the "Workplace Collaborations Enablers of Europe" award from Zoho, attesting it as a Premium Partner of reference.

Matrix Development System, S.A.

On February 2, 2022, the Group acquired, via Pavabits, S.L, a Barcelona-based company with a 50% direct stake, 100% of Matrix Development System, S.A., a company headquartered in Barcelona, with in-house document digitalization software.

The purchase price totaled 5,500,000 euros, out of which 4,600,000 euros were settled at the time of signing and the remaining 900,000 euros were paid 6 months after the signing of the acquisition. Matrix Development System, S.A. is free of bank debts and enjoys a positive cash flow situation.

In 2021, Matrix Development System, S.A. recorded revenues exceeding 1,629,556 euros and an EBITDA of over 782,624 euros. The acquisition of Matrix by the Group is an important milestone in its digital solutions portfolio to optimize processes in the customer-supplier relationship and it complements and particularly boosts the Invoice System solution, which Cuatroochenta has designed to digitalize the invoice reception and validation process via the cloud.

In the Consolidated Financial Statements, both Pavabits, S.L. and Matrix Development System, S.A. are integrated using the equity method, and their impact is recorded under the heading "Share in income (loss) of companies accounted for by the equity method". Had they been accounted under the proportional consolidation method; these companies would have contributed an EBITDA of 390,921 euros for the year 2022.

Investe	REVENUES 2022	EBITDA 2022	Participation	Proportional EBITDA 2022
Pavabits, S.L.	654.549	26.748	50%	13.374
Matrix Development System, S.A.	1.850.773	755.094	50%	377.547
TOTAL	2.505.322	643.332	50%	390.921

Capital increase and unsecured convertible bond issuance

During 2022, important milestones have been reached in terms of financing allowing the Group to obtain the necessary capital to undertake its strategic plans as defined.

Among the financing milestones achieved, two are particularly noteworthy: the capital increase of 6,425,017 euros and the issuance of unsecured convertible bonds for an aggregate amount of 3,000,000 euros.

Capital increase

On June 1, 2022, the Board of Directors approved a capital increase of up to 7,955,465 euros, with shareholders' preemptive subscription rights being recognized at the time.

On June 30, 2022, the issuance process was completed, for a total amount of 6,425,017 euros. The issuance amounted to 452,466 shares at a share price of 14.20 euros (0.04 of capital and 14.16 euros of issue premium). 8% of the total amount was contributed by Directors and shareholders on the Board and by Inveready Alternative Markets FCR. On July 27, 2022, the capital increase was inscribed in the Commercial Register.

Issuance of unsecured convertible bonds

On February 28, 2022, the General Meeting of Shareholders approved the issuance of unsecured bonds convertible into shares of the Parent Company, with maturity on the five-year anniversary of their issuance and with a maximum amount of 4,000,000 euros. The bonds bear an interest rate of 3.50% per year, to be paid quarterly, and an interest rate of 3.49% per year, to be capitalized quarterly and settled – or capitalized – at the date of maturity.

- On February 28, 2022, the first bond tranche was issued, which consisted of 20 bonds with a nominal amount of 100,000 euros.
- On June 27, 2022, the second tranche was issued, consisting of 10 bonds with a nominal amount of 100,000 euros.

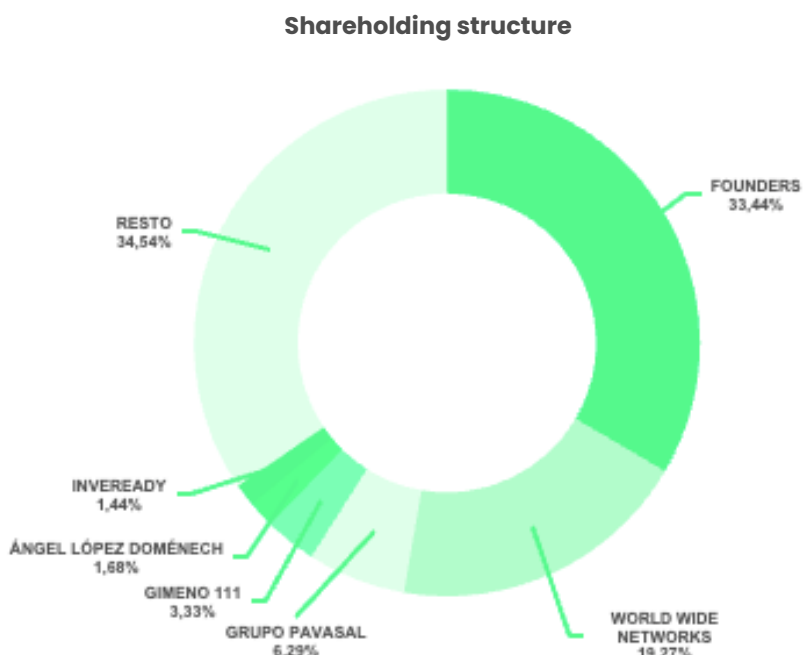
The bondholders will have the right to request conversion at any time after 18 months from the subscription date. The conversion price set amounts to 18 euros per share. The bonds have been fully subscribed by Inveready Convertible Finance II, FCR.

2. Cuatroochenta in BME Growth

The year 2022 has been marked in the financial markets by the war in Ukraine since last March. Despite the positive evolution of Cuatroochenta's overall business, the stock price has been affected, as has the technology sector, by the increasing uncertainty prevailing in the market. Additionally, the tightening of monetary policy by central banks, especially the ECB since last July, has affected growing companies to a greater extent, lowering the multiples at which they trade.

Throughout the year, the Communication and Finance departments have intensified their communication strategy with all stakeholders to raise awareness of the company's performance and growth prospects. In particular, the Investor Day held in April 2022 featured the participation of the CEO and co-founder Alfredo Cebrián and the CFO, David Osuna, before many shareholders who were present both physically in Barcelona and online via streaming. Afterwards, the company participated in the MedCap forum organized as every year

by Bolsas y Mercados Españoles (BME), which brings together the main Spanish companies with

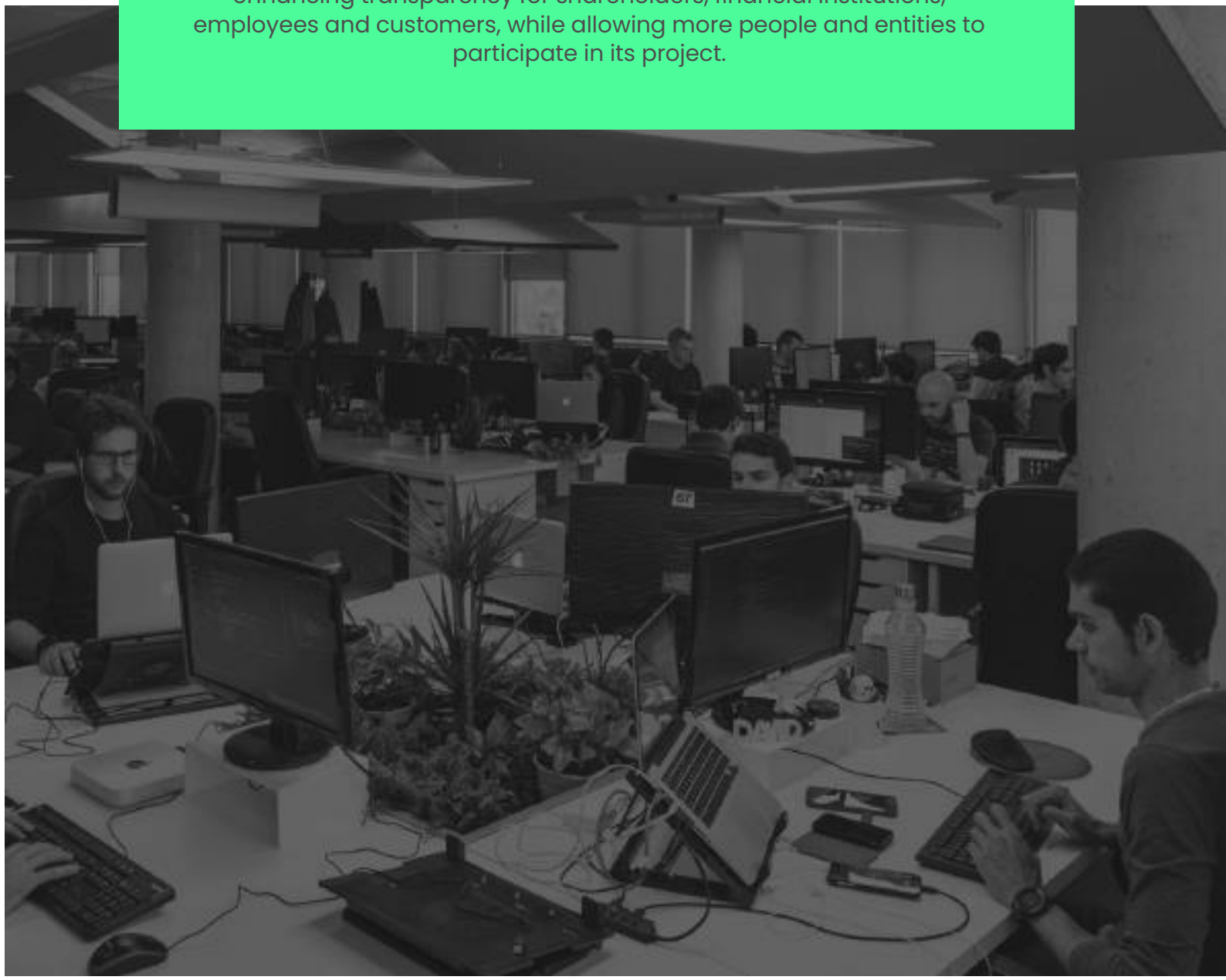


institutional investors and national and international analysts. Cuatroochenta was part of both one-on-one meetings as well as a corporate group presentation.

In June, Cuatroochenta announced and successfully carried out a capital increase to strengthen its balance sheet structure, allowing the entrance of new shareholders in the midst of a very complex market environment, being practically the last fund raising carried out by the rest of Spanish companies in 2022 due to the macro context mentioned at the beginning. The Board of Directors actively participated in the capital increase, which reinforces the confidence in the company's Strategic Plan.

As of December 31, 2022, more than 63% of the shareholders are represented among the Board of Directors, showing a high degree of stability in the shareholding structure.

The company's development in the market has facilitated access to financing for continuing to expand both organically and inorganically, enhancing transparency for shareholders, financial institutions, employees and customers, while allowing more people and entities to participate in its project.



3. Economic and financial analysis

The pro forma financial statements presented below have been reviewed by the auditor of the consolidated annual accounts of the Group (report on agreed-upon procedures regarding the pro forma financial statements)

Pro forma consolidated income statement

Below is a comparison of the consolidated pro forma and accounting closing for 2022 compared to the 2021 closing:

	PRO FORMA		ACCOUNTING		PRO FORMA		INCREASE (%)	
	2022	%	2022	%	2021	%	PRO-FORMA	ACCOUNTING
CONTINUING OPERATIONS:								
Revenues	19.275.331	100,00	18.480.541	100,00	14.789.291	100,00	30	25
Work carried out by group for its assets	822.605	4,27	822.605	4,45	578.224	3,91	42	42
Other operating income	379.423	1,97	376.523	2,04	120.942	0,82	214	211
COGS	(5.427.970)	(28,16)	(5.355.875)	(28,98)	(3.812.030)	(25,78)	42	40
Personnel expense	(10.546.184)	(54,71)	(9.938.094)	(53,78)	(7.934.070)	(53,65)	33	25
Other operating expenses	(3.059.719)	(15,87)	(3.023.206)	(16,36)	(1.914.205)	(12,94)	60	58
Impairment and result from the sale of fixed assets	26.180	0,14	-	-	(3.960)	(0,03)	(761)	(100)
Others	(18.633)	(0,10)	(18.633)	(0,10)	(35.286)	(0,24)	(47)	(47)
EBITDA	1.451.033	7,53	1.343.861	7,27	1.788.906	12,10	(19)	(25)
Non-recurring expense	556.272	2,89	368.672	1,99	142.202	0,96	291	159
ADJUSTED EBITDA	2.007.305	10,41	1.712.533	9,27	1.931.108	13,06	4	(11)
Depreciation of fixed assets	(1.808.303)	(9)	(1.791.693)	(10)	(1.389.164)	(9)	30	29
OPERATING INCOME	(357.270)	(2)	(447.833)	(2)	399.742	3	(189)	(212)
NET FINANCIAL EXPENSE	(408.063)	(2)	(408.063)	(2)	(160.708)	(1)	154	154
Share of income of investments accounted for the equity method	184.779	1	184.779	1	(41.209)			
PROFIT BEFORE TAX	(580.555)	(3)	(671.117)	(4)	197.825			
Corporate income tax	(12.293)	(0)	29.119	0	(174.848)			
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	(592.848)	(3)	(641.998)	(3)	22.977			
DISCONTINUED OPERATIONS:								
Loss from discontinued operations	(459.643)	(2)	(459.643)	(2)	-			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	(459.643)	(2)	(459.643)	(2)	-			
PROFIT FOR THE YEAR	(1.052.491)	(5)	(1.101.641)	(6)	22.977			

The information for 2022 and 2021 follows IFRS criteria, which the Group has adopted in 2022. Data for 2021 have been restated.

Pro forma consolidated income statement

During 2022, the Group continued its inorganic growth strategy, acquiring Cloud Factory, S.L. (December 12, 2022). In 2021, the Group acquired the companies Fama Systems, S.A.U. (March 10, 2021) and Mensamatic, S.L. (October 28, 2021). The acquisition of Cloud Factory, S.L. had a limited contribution -from the acquisition date- in the figures of the consolidated accounting closing shown in the previous section.

The pro forma figures fully contemplate the business generated by the acquired companies, as from January 1, 2022 (in the case of those acquired during fiscal period 2022), or as from January 1, 2021 (in the case of those acquired during fiscal period 2021), providing a broader overview of the Group's situation, potential and size, and facilitating figures that are more comparable to those of previous years under the same criteria.

The difference between pro-forma EBITDA and pro-forma recurring EBITDA corresponds to the non-consideration of expenses incurred in inorganic growth processes and restructuring costs of companies acquired in previous years.

Revenue

During 2022, revenues recorded in the pro forma Consolidated Statement of Income have increased by 4,486,040 euros in comparison with the pro forma revenues reported in 2021 (24%). The organic growth amounted to 3,576,430 euros and the inorganic growth -corresponding to the sales contributed by Cloud Factory, S.L.-, amounted to 909,610 euros.

Of relevance is the organic increase in sales experienced by the Sofistic business unit, which during 2022 has registered a growth of 114%, increasing its sales from 2,703,697 euros in 2021 to 5,784,035 euros in 2022.

The rest of the units that compose the Group have reported a more moderate organic growth in sales amounting to 4%, with sales increasing from 12,085,594 euros in 2021 to 12,581,686 euros in 2022.

COGS

In fiscal year 2022, the relative weight of "COGS" with respect to "Revenues" has increased by 2 points with respect to that recorded in fiscal year 2021 because of the greater weight of the Sofistic business unit, in which the sale of third-party products is stronger than in the rest of the units.

Personnel expense and other operating expenses

In 2022, the relative weight of "Personnel expenses" and "Other operating expenses" in relation to "Revenues" has increased by 3 points compared to that recorded in 2021 because of:

- The investment in the Group's structure to adapt capacities and competencies to the organic and inorganic growth contemplated in the strategic plan.
- The contribution of non-recurring expenses by Cloud Factory, S.L. materialized in the remuneration received by sole shareholder and administrator, who will not continue in 2023 and whose adjustment amounts to 187,600 euros.
- The expense incurred in M&A operations and in the restructuring of the personnel of companies acquired in previous years, considered as non-recurring and amounting to 281,640 euros.

EBITDA

In fiscal 2022, recurring EBITDA amounted to 2,007,305 euros, a 13% increase with respect to the figure recorded in FY 2021. Despite the increase in absolute terms, the relative weight of recurring EBITDA with respect to the volume of revenues was 1.5 points lower than that recorded in 2021, as a result of the greater weight in sales of the Sofistic unit and the increase in structural costs.

In 2022, the EBITDA margin on revenues decreased as a result of the higher weight in sales of the Sofistic unit (with a lower margin), the higher volume of non-recurring expenses and the increase in structural costs incurred to adapt the Group's structure to the strategic plan.

The difference between EBITDA and recurring EBITDA corresponds to the expenses incurred in the M&A transactions (43,250 euros), the expenses incurred in the restructuring of the personnel of companies acquired in previous years (325,422 euros) and the expenses incurred by Cloud Factory, S.L. that will not be continued in 2023, materialized in the remuneration received by the former sole shareholder and administrator (187,600 euros).

Net financial expense

Below is a detail of the financial result recorded in fiscal years 2022 and 2021:

	2022	2021
Financial income	11.512	5.070
Financial expense	(549.539)	(332.683)
Changes in fair value	136.500	190.014
Exchange differences	(6.536)	(23.110)
NET FINANCIAL EXPENSE	(408.063)	(160.709)

In 2022, financial expenses increased as a result of the issuance of the unsecured convertible bonds (impact of approximately 199,182 euros) and the increase in interest rates (impact of approximately 61,809 euros).

Consolidated statements of financial position

The Consolidated Statement of Financial Position as of December 31, 2022 is presented below:

	31-12-2022		31-12-2021	
NON-CURRENT ASSETS	19.778.892	63	16.306.032	67
Goodwill	8.290.003	26	7.161.791	29
Other intangible assets	7.781.201	25	7.147.973	29
Right of use assets	1.020.593	3	985.353	4
Property, plant and equipment	517.818	2	351.883	1
Investments accounted for using the equity method	1.634.093	5	149.290	1
Long term investments	240.190	1	149.414	1
Deferred tax assets	294.993	1	360.328	1
CURRENT ASSETS	11.738.659	37	8.045.612	33
Inventories	42.231	0	80.345	0
Trade and other receivables	5.515.415	17	3.518.516	14
Related party debtors	-	-	979	0
Short term investments	193.003	1	702.558	3
Accruals	2.475.866	8	702.927	3
Cash and cash equivalents	3.512.145	11	3.040.288	12
TOTAL ASSETS	31.517.551	100	24.351.644	100

	31-12-2022		31-12-2021	
EQUITY	10.262.206	33	4.659.159	19
NON-CURRENT LIABILITIES	10.596.857	34	9.097.593	37
Non-current financial liabilities	8.648.331	27	7.408.435	30
Other liabilities	321.559	1	-	-
Deferred tax liabilities	1.626.967	5	1.689.158	7
CURRENT LIABILITIES	10.658.488	34	10.594.892	44
Current financial liabilities	2.482.734	8	4.795.590	20
Trade and other payables	5.447.994	17	4.222.576	17
Related party creditors	1.135	0	3.014	0
Accruals	2.726.625	9	1.573.712	6
TOTAL EQUITY AND LIABILITIES	31.517.551	100	24.351.644	100

The information for 2022 and 2021 follows IFRS criteria, which the Group has adopted in 2022. Data for 2021 have been restated.

Non-current assets

The increase registered in "Non current assets" corresponds mainly to:

- The assets contributed and identified in the business merger of Cloud Factory, S.L. ("Goodwill", "Other Intangible assets" and "Property, plant and equipment").
- The contribution of 1,300,024 euros to Pavabits, S.L. in order to implement the acquisition of Matrix Development System, S.A. ("Investments accounted for using the equity method").

Current assets

The increase recorded in the items that make up current assets is almost entirely due to:

- Changes in the working capital as a result of the Group's growth ("Trade and other receivables").

- Increase in revenue received from licenses that are invoiced as of December 31, 2022, but pending consumption, as the license period has not elapsed yet " Accruals".

Net Equity

The increase recorded as of December 31, 2022 in shareholders' equity corresponds mainly to the capital increase recorded in the commercial register on July 27, 2022.

Non-current liabilities

In 2022, the increase in the balances recorded under "Non-current financial liabilities" corresponds to the issue of unsecured convertible debentures, whose amortized cost at December 31, 2022 amounted to 3,007,835 euros. This increase was partially compensated by the re-classification of the short-term maturing balances as of December 31, 2022.

Current liabilities

In fiscal 2022, the main fluctuations in current liabilities relate to the following:

- Decrease in the balance registered under "Current financial liabilities" because of the amortization of the bridge loan subscribed with Inveready Convertible Finance II, FCR until the issuance of the unsecured convertible bonds. During the year 2022 the outstanding payments for the acquisitions of Fama Systems, S.A. and Iris-Ekamat, S.L. were settled.
- Increase in working capital because of the Group's expansion.
- Increase in the invoicing of licenses that as of December 31, 2022 are billed but not yet consumed, as the period covered by the license has not elapsed ("Accruals").

Net financial debt

Below is a detail of the net financial debt as of December 31, 2022 and 2021 and its relation to pro forma adjusted EBITDA.

	2022	2021
Net Financial Debts	7.618.920 (*)	9.163.737
Non-current liabilities	8.648.331	7.408.435
Current liabilities	2.482.734	4.795.590
Cash and cash equivalents	(3.512.145)	(3.040.288)
ADJUSTED EBITDA	2.007.305	1.931.108

Net Financial Debt / ADJUSTED EBITDA	3,80	4,75
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The information for 2022 and 2021 follows IFRS criteria, which the Group has adopted in 2022. The 2021 data have been restated.

(*) The Net Financial Debt at the end of 2022 is 7,618,920 euros. This amount includes the unsecured convertible bonds. If this hybrid financial instrument were not considered as debt, the Net Financial Debt amount would be 4,611,085 euros.

The Net Financial Debt to pro forma adjusted EBITDA ratio goes from 4.75 to 3.80 times. Excluding the unsecured convertible bonds, the ratio of Net Financial Debt to pro forma adjusted EBITDA would be 2.30 times.

4. Recognitions and certifications

Cuatroochenta has registered different awards, recognitions, and certifications in 2022 that have reinforced its positioning and sales strategy. Among the most relevant, the awards received by Sofistic from leading cybersecurity software manufacturers as a reference partner in Latin America. Specifically, the North American companies CrowdStrike and Exabeam and the British Darktrace have recognized Cuatroochenta's cybersecurity division as the most outstanding partner of 2022 for its innovation and as the provider of the year, respectively. In addition, the SOC (Security Operations Center) has also achieved recognition in 2022 as a member of FIRST, the world's most important Incident Response and Security Teams Forum (known as CSIRT), as a specialized center in critical sectors.

On the other hand, the enterprise management solutions area has also received two important recognitions in 2022. On the one hand, Microsoft has certified Cuatroochenta's ERP for distribution and textiles in SaaS mode. On the other hand, Zoho has awarded Cloud Factory, S.L. with "Workplace Collaboration Enablers of Europe," certifying it as a reference Premium Partner, the second oldest in Spain (12 years).

Likewise, Cuatroochenta has launched its own partner program to commercialize Facility Management, Facility Services, Escena Online, and UareSAFE products in Latin America, having signed agreements with the first collaborating companies in Colombia, Mexico, Chile, and Argentina.

Regarding international standards, Sofistic's business lines, Facility Management, Facility Services, and Desarrollo a Medida, have achieved ISO 27001 and ENS for information security management, while Facility Management has also been accredited with ISO 14001 and ISO 9001 on environmental impact and quality control, respectively.

In addition, the Spanish Chamber of Commerce and Banco Santander have selected Cuatroochenta among the 21 finalist companies -out of 1,766 registered throughout the country- for the National SME Award 2022, after having won the provincial award in the Education and Employment category.

5. Learnby-do High Performance Center and Great Place To Work

Cuatroochenta has started to work intensively on training to strengthen talent acquisition in 2022 with the launch of Learnby-do, its Center for High Performance in technological education, with which the company formalizes the training commitment that it has been promoting since its inception. Learnby-do becomes a cutting-edge training space for programmers who are completing their university or high school training (FP or Dual FP). With an employability rate of 70%, from the Center for High Performance Cuatroochenta is committed to providing technological and human training to student interns based on experimental, immersive, and collaborative learning. The Learnby-do program also includes an internal training plan for all company profiles, both for continuous technological updating and for process optimization or soft skills.

This commitment to continuous training is positively valued by the team through the Great Place to Work® climate survey, and one of the reasons why the technology company has become an "excellent place to work" for the fourth consecutive year. An anonymous survey conducted by Great Place to

Work® among the team in which credibility, respect, impartiality, pride, and companionship are valued.

As part of its talent acquisition and retention strategy, Cuatroochenta collaborates with universities and high schools to make knowledge transfer effective through initiatives such as the Cuatroochenta Chair of Artificial Intelligence, Well-being, and Health at the Universitat Jaume I in Castellón, created in 2021 and which has been key to the company receiving the 2022 Company-University Collaboration Award granted by the Network of scientific parks of Valencian public universities (rePCV). This recognition values the involvement and participation of Cuatroochenta with the UJI in R&D programs and projects.

6. Sustainability strategic map and SGE criteria

Cuatroochenta has always had the intention of being a responsible and transparent company, as reflected in the company's mission, vision, and values. This is also evident in various actions carried out since its foundation, such as flexible remuneration, training, channels for participation, flexible working hours, teleworking, among other benefits for the team, approval of the Equality Plan and Harassment Protocol, constant participation in the Association of Technology Companies of Castellón since its creation, #EnModoAvión talks, collaboration with different non-governmental organizations and foundations, etc. As a listed company and, therefore, a public interest entity, facing the upcoming European regulation on social taxonomy, in 2022 the company began the process of following ESG criteria, which has been materialized in a Strategic Sustainability Map.

With the aim of minimizing its environmental footprint, taking responsibility for the impact its technology has on society, and maintaining ethical and transparent management, this map, developed together with the specialized consultant Ângela IE, has served as a diagnosis to set the steps to be followed from 2023 onwards:

- Sustainability Report 2023. The first Sustainability Report is currently being prepared to assess the social, environmental impact, respect for human rights, and the fight against corruption and bribery.
- Social Cooperation Plan. This program, open to the submission of projects, allows for more efficient organization of the company's participation in social projects with collaborating entities, so that available resources can be distributed in the most rational and fair way. In addition, the creation of the program has also led to the establishment of a specific committee, formed by Cuatroochenta employees and external members, responsible for setting criteria and selecting approved projects.

7. Roadmap: Cuatroochenta in might time

Cuatroochenta aims to continue successfully developing its business plan in the coming years, growing sustainably, improving its offering, investing in R&D to enhance its own products and internal processes, and always guaranteeing the best service to its clients. The basic lines of its roadmap for the next years are as follows:

- GROWTH: Maintaining double-digit growth ratios and continuing to expand.
- PROFITABILITY: Maintaining double-digit EBITDA in the medium term.

- CASH FOCUS: Prioritizing the generation of free cash flow for shareholders.
- DEBT: Gradually reducing the DFN/EBITDA ratio, enabling the company to take on greater investments in the future.
- M&A: Maintaining a selective strategy.
- GEOGRAPHIC DIVERSIFICATION: Continuing to expand its activities internationally.

- **Structural and Internal Control Report**
- **Soluciones Cuatroochenta, S.A. and subsidiaries**

Pursuant to Circular 3/2020 of the BME Growth segment of BME MTF Equity, the report on Organizational Structure and Internal Control System of Soluciones Cuatroochenta, S.A. and subsidiaries, approved by the Board of Directors at its meeting held on March 31, 2023, is hereby published.

The purpose of this report is to describe the structure and internal control system implemented in the Company in order to comply with its obligations as an information issuer to the market.

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1. Company's Overview

Soluciones Cuatroochenta, S.A. (hereinafter, "Cuatroochenta" or "the Parent Company") and its subsidiaries (hereinafter, "Cuatroochenta Group" or "the Group"), constitute a group of consolidated companies. The Parent Company was incorporated for an indefinite term by the Castellon Notary Public Mr. José Vicente Malo Concepción, on November 28, 2011, under number 3,632 of his protocol. Its VAT number is A12877445, and its fiscal address is at Españetec, Universidad Jaume I, Av. Vicente Sos Baynat S/N (Castellón de la Plana).

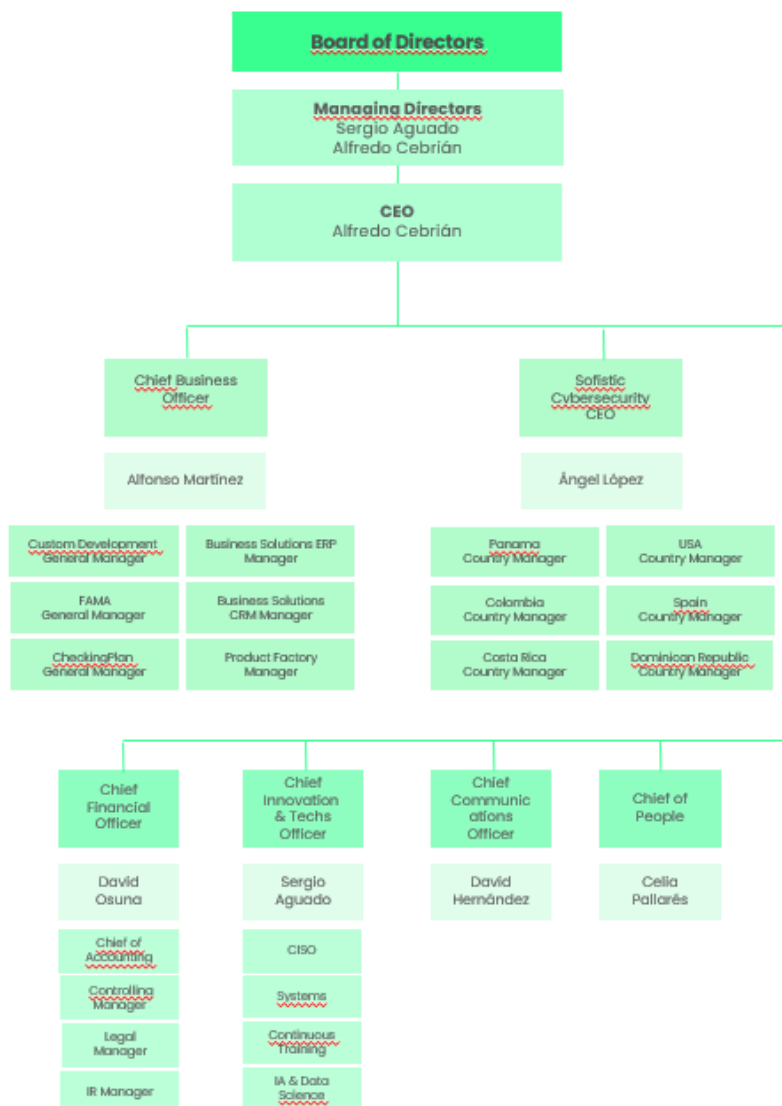
In the first quarter of 2019, a transformation from Limited Company to Public Limited Company became effective, a result of the resolution approved at the Ordinary General Meeting held on June 19, 2018 and which was registered in the Commercial Registry of Castellon.

The core activities of the Parent Company and the Group are to develop and implement digital cloud and cybersecurity solutions to improve the performance of organizations.

The fiscal year begins on January 1 and ends on December 31.

2. Organizational Structure

The organizational structure of Cuatroochenta Group consists of the following:



Below, the different bodies on which the responsibility for the coordination and proper functioning of the Company's Internal Control System lies are detailed.

a. Board of Directors

In addition to the powers and obligations of the General Shareholders' Meeting, the Board of Directors is the maximum responsible for the decisions, supervision, and control of the Company. It is entrusted with the functions of direction, administration, management, and representation of the Company, delegating in general the day-to-day management of the business and the operative decision making to the Directors and the executive team. The Board is responsible for the design, implementation, and correct operation of the internal control systems in order to guarantee the compliance with the obligations of public information in general, and that this information is legitimate, truthful and reflects a true image of the situation of the Company and its patrimony.

Pursuant to the Regulations of the Board of Directors, the Board of Directors assumes the tasks of information, supervision, advice and proposal in the matters within its competence, including the supervision of the internal control system.

The Board of Directors meets at least once a quarter and is made up of eight members:

Vicente Montesinos Contreras, Chairman of the Board of Directors and member of Cuatroochenta's Audit Committee. He holds a Marketing degree from ESIC and a Master in Financial Economics from ICADE, participated in the Board of Directors in the period 2006-2012 of the company Esmalglass-Itaca, is CEO of Globae, a family office founded in 2002 where numerous initiatives are led, including the business promoter Blast Off Partners, in which Cuatroochenta also participates. Member of the board of the business angels association Big Ban, he actively participates in the Investment Funds of the Universidad Politécnica de Valencia.

Alfredo R. Cebrián Fuertes, Managing Director, co-founder and CEO of Cuatroochenta. He holds a degree in Advertising and Public Relations from Universitat Jaume I and a Master in Business Intelligence from OBS Business School. In 2011 he founded Cuatroochenta alongside Sergio Aguado after having directed R&MK, a spin-off of the UJI dedicated to market research and strategic marketing planning. He regularly participates as a teacher and lecturer in different masters, courses and events in the area of entrepreneurship, innovation and digital transformation.

Sergio Aguado González, CEO, co-founder and CTO of Cuatroochenta. After participating in different web and mobile development projects as an employee, he started his path in entrepreneurship with his first company, Sinergics, dedicated to the development of apps, through which he met Alfredo R. Cebrián to found Cuatroochenta in 2011. His forte is being up-to-date with new technologies and applying them to specific challenges.

Santiago Gimeno Piquer, Member of the Board of Directors and partner-director of Cuatroochenta. He holds a degree in Information Sciences from the Universitat Ramon Llull, a Master in Strategic Communication Management and a Master in New Innovation Processes in Communication. He worked as a journalist in various media and as Director of Communication in the private sector. Subsequently, he started Gimeno III to provide communication consulting and competitive intelligence services. He became a shareholder of Cuatroochenta in 2017.

Alfonso Martínez Vicente, Member of the Board of Directors, CBO and representative in the Board of Directors of the minority partners that are part of Cuatroochenta's team. Senior Technician in Sales and Marketing Management, he led different projects in his beginnings as an entrepreneur. After collaborating as a marketing consultant for some of Vennova's most prominent clients, he has played a key role in Cuatroochenta since its early days (2012) for its commercial expansion, internationalization and, internally, process optimization.

Javier Rillo Sebastián, Member of the Board of Directors and Chairman of Cuatroochenta's Audit Committee. Degree in Economics from the University of Zaragoza. CFA, CIIA, CESGA, CEFA and EFPA degrees, being member of IEAF and Economists Association. Extensive experience in company valuation and macroeconomic environment analysis. Until 2021, Head of Analysis at Ibercaja Gestión and manager of investment funds and sicavs. From 2022, Head of Financial Sector Analysis and Corporate Rating at Ibercaja.

Manuel Pastor Martínez, Member of the Board of Directors of Cuatroochenta. Civil Engineer by UPV and PDD by IESE. His professional activity has always been linked to Pavasal Group, evolving and assuming different challenges. He has been responsible for the Concessions Area of Pavasal and General Manager of Pavapark Movilidad. He is currently Director and Advisor of different companies in the real estate, energy management and construction sectors. He is also responsible for the Transformation Office of the Pavasal Group, leading a team of more than 20 people in systems, software development, projects and human resources development.

Carlos Ochoa Arribas, Secretary of the Board of Directors and member of the Audit Committee of Cuatroochenta. Lawyer specialized in Commercial Law. Among other responsibilities, he has held the

position of Investor Protector of the Valencia Stock Exchange, and is the author of several specialized articles and publications in the economic press. He regularly participates in courses, seminars and masters in Commercial Law and was recognized in the category of best young lawyer in the Expansión Awards for Excellence in Business Law 2018 and is also part of the top 25 lawyers with more closings of transactions in the fiscal year 2019, according to the Legal Special of the same newspaper. He holds a Law Degree from the University of Valencia (winner of the Outstanding Academic Achievement Award from the Generalitat Valenciana), a Degree in Political Science and Administration and a Master's Degree in Corporate Legal Consultancy from the Fundación de Estudios Bursátiles y Financieros.

Among its main functions, the following stand out:

- Governance and administration of the Company.
- Preparation of individual and consolidated Financial Statements. The financial information is prepared by the Economic-Financial Department, but the final responsibility lies with the Board of Directors.
- Preparation of the Management Report.
- Proposed allocation of earnings.
- Appointment of internal positions.
- Election of the Registered Advisor, Liquidity Provider and Agent Bank for BME Growth.
- Summoning of the meetings and preparation of the agenda, as well as information to shareholders at the Meeting.

b. Audit Committee

The Audit Committee, acting as a reporting body to the Board of Directors, is responsible for the following tasks:

- Informing the General Shareholders' Meeting on matters arising within its competence.
- To supervise the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, as well as to discuss with the statutory auditor any significant weaknesses in the internal control system detected during the course of the audit.
- Supervise the process of preparation and presentation of the mandatory financial information.
- To submit to the Board proposals for the selection, appointment, re-election and replacement of the statutory auditor, as well as the terms and conditions of his engagement, and to regularly obtain information from him on the audit plan and its execution, in addition to preserving his independence in the performance of his duties.
- To establish the appropriate relationships with the auditor in order to receive information on those matters that may jeopardize its independence, for examination by the Committee, and any other matters related to the process of auditing the accounts, as well as any other communications provided for in the legislation on auditing the accounts and in the auditing standards.

- To issue annually, prior to the issuance of the audit report, a report expressing an opinion on the independence of the auditor.
- To have knowledge of the tax policies applied by the Company.
- To supervise the application of the Company's corporate social responsibility policy and to monitor the corporate social responsibility strategy and practices.
- To evaluate those issues related to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks, as well as to coordinate the reporting process of non-financial information.
- To report, in advance, to the Board on all matters provided for by the Law, the Articles of Association and the Board Regulations and, in particular, on:
 - i. the financial information that the Company must periodically disclose to the Public;
 - ii. the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that are considered tax havens; and
 - iii. transactions with affiliated companies.

On July 30, 2020, the Audit Committee was formed, composed of three members, two of whom are Independent Directors. Its composition is in accordance with Article 529 of the Capital Companies Act and Article 13 of the Company's bylaws, in that all of its members are non-executive directors, and the majority are independent, and one of them has been chosen taking into account his knowledge and experience in accounting and auditing matters.

c. External Audit

Cuatroochenta's Annual Statements are audited by the renowned audit firm Grant Thornton, who is responsible for the annual audit of the individual accounts of Soluciones Cuatroochenta, S.A., as well as of the consolidated accounts of the Group, the agreed procedures report of the proforma financial statements and the limited reviews of the first semester of each fiscal year.

d. Executive Committee

The Executive Committee is composed of the CEO, the Chief Business Officer, the Sofistic Cybersecurity CEO, the Chief Innovation & Techs Officer, the CFO and the Corporate Business Director.

This committee meets every two weeks to monitor the business plan and discuss relevant strategic issues that affect both a specific business unit and all layers of the company.

e. Group Management Committee

The Management Committee is made up of the Executive Committee, the directors of the business lines and country managers, the Communication and HR directors, as well as managers or personnel with relevant responsibilities in the organization.

The objective is to periodically monitor compliance with the company's strategic plan and report on relevant aspects that should be known by the key members of the organization.

The heads of the group office (Finance, R&D, Communication and HR) manage their respective areas transversally to the different Business Units, thus maintaining coherence and coordination among all the company's working groups.

f. Finance Department.

This department is particularly responsible for the coordination, implementation, maintenance, and correct functioning of the Internal Control Systems in all the Group's companies.

This area supervises the individual monthly closes provided by each Group company, which is managed internally based on common guidelines defined by the department itself in accordance with current accounting regulations, considering the internal reporting needs agreed with the Board and the directors of the business units, as well as the current external reporting needs (mainly BME Growth).

On a monthly basis, the evolution of the business is analyzed in relation to the annual internal budget, deviations are detected and analyzed in depth to have a complete understanding of the business circumstances that generate them, and information is provided to the units to facilitate decision-making. There is constant communication with the heads of each area to ensure continuous and updated information.

The staff of this department is composed of profiles with extensive experience and training, in charge of preparing the financial statements and processing the financial information for its subsequent formulation. In addition, Cuatroochenta also has a large team of external professional services that offer support in legal, compliance, tax and labor matters, among others.

Since 2022, Cuatroochenta has adopted the International Accounting Standards (IFRS). The Annual Accounts are prepared following the principle of going concern.

3. Control System

As stated in the Regulations of the Board of Directors, the Internal Control and Risk Management mechanisms related to financial information are the responsibility of the Audit Control and Compliance Committee, which is subsequently supervised by the Board of Directors.

The Administrative Body considers that the Company's control environment is adequate and adapted to its size.

a. Budgeting and Business Plan

Cuatroochenta's Management, supported by the financial department, is in charge of developing its Business Plan, which is approved by the Board of Directors on an annual basis. The annual budgets are designed by the financial department and validated by the Chief Executive Officers and the Executive Committee before being brought to the Board of Directors.

Subsequently, the Finance Department continuously monitors the degree of compliance with the objectives set on a monthly basis, studying deviations and causes as well as corrective actions, if necessary, together with the head of each business unit, business line or department.

b. Internal Controls

Cuatroochenta has established control and monitoring procedures in all key processes to ensure the correct development and follow-up of all operations and transactions, especially those that may affect the financial statements.

Each key procedure is documented and has assigned persons responsible for its control, review and updating. The internal processes can be grouped into: administrative processes (invoicing, HR, purchasing, payments), operational processes (project planning process, opportunity and sales management, vacations, incident management, etc.) and support processes (system requests, etc.).

Most of the processes are managed through Jira, a system through which a complete traceability is generated, defining responsible persons, reporters, observers, periods, priorities, among others. But there are also processes in which tools such as ERP (BusinessCentral) or CRM (Zoho) play an important role. The most noteworthy processes related to the control of financial information are:

- Invoice
- Purchases
- Supplies
- Payment Validation
- Fixed Assets

All accounting processes, such as invoicing, are carried out through a single ERP (Microsoft Business Central), which is fed by information from other sources, such as the CRM, which collects all contract information and allows launching sales orders that generate invoices directly in the ERP.

As for payments, two monthly payments are made, which are prepared by the Administration department, and verified by the Human Resources department, if necessary. These payments are reviewed by the Administration department and approved by the CEO and CTO of the company.

The Company has applications and software to generate and process financial and operational information:

- ERP (Business Central): Collects all the accounting operations of the parent company and the group's subsidiaries. They interact with JIRA and Zoho in order to have all the necessary information to carry out a complete accounting process. Consolidation is also carried out through the ERP. The accounting concepts are loaded into the system according to a product catalog agreed upon at the business level and reporting various analytical dimensions that then allow the information to be exploited with a very relevant level of depth.
- PowerBI: Using information from the ERP (and, to a lesser extent, from JIRA and Zoho), it offers a multitude of financial and operational reports for the finance area, but also for all business areas, management, the Board, and even external auditors. The dashboards allow a very clear visibility of the company's evolution with respect to the budget and the previous year, allowing views by business line, product/service, customer, project, company, etc. At the level of balance sheet and cash flow, it allows a more agile and operational vision than through the ERP. It is the main tool we use to carry out our Management Control.
- Operational management tool: Jira is a project management tool that, in addition to allowing comprehensive project management, enables the integration of day-to-day operational tasks in all areas of the company. Its traceability makes it possible to carry out very exhaustive analyses, with a very high level of transparency on the progress of the project and on the intervention of the people involved in it.

- CRM, Customer and Relationship Management System (Zoho): this is the main tool for tracking commercial activity. In addition to the usual functionalities of a CRM, procedures have been established to make use of the existing information in Zoho on customer contracts to facilitate accounting in the ERP. Thus reducing the possibility of accounting errors/omissions.
- Intranet: this tool is for internal use only and is used to share information on processes, human resources and other information of interest in addition to allowing the implementation of the 360° staff evaluation system.

The Company receives specialized advice in those specific matters in which a more exhaustive knowledge is required.

Different control levels can be identified in the Company at the financial disclosure level:

Different levels of control are established in the Company in relation to financial information:

- i. First level: CEO, Unit Directors, Finance Department and Business Line and Department Directors. These positions are in charge of ensuring the proper functioning of the procedures and control systems established in the company in their daily work, guaranteeing compliance with the established standards.
- ii. Second level: Executive Committee. This committee is responsible for analyzing and correcting deviations detected by the first level agents, as well as for approving changes and new procedures to ensure the adequacy of internal control.
- iii. Third level: Audit and External Audit Committee. The annual financial statements are reviewed and audited by the auditors prior to their presentation and approval at the General Meeting. The Audit Committee maintains constant contact with the external auditor throughout the audit process and is responsible for receiving the audited Annual Financial Statements together with the Audit Report. In addition, the Audit Committee discusses the most relevant aspects of the review and its assessment of the Internal Control mechanisms, transferring its conclusions to the Board of Directors and the CFO.
- iv. Fourth level: the Board of Directors receives all the information from the auditor and presents its conclusions to the Shareholders' Meeting, through the formulation of the Annual Accounts. The Shareholders' Meeting is responsible for reviewing this information and approving the Annual Accounts, as well as the allocation of the profit for the year.

c. Internal Rules of Conduct in the Stock Market.

The Board of Directors of the Company approved, at its meeting held on July 31, 2020, an Internal Code of Conduct in the Stock Markets with the purpose of regulating the rules of conduct to be observed by the Company and the companies integrated in its Group, its management bodies, employees and other persons subject to its actions in relation to the stock market.

4. Risk Evaluation

Financial risk management is centralized in the financial management, which has established the necessary mechanisms to control exposure to changes in interest and exchange rates, as well as credit and liquidity risks.

The main financial risks affecting the Group are indicated below:

Foreign exchange risk

As a result of its multinational nature, the Group is exposed to exchange rate risks arising from fluctuations in the currencies of the different countries in which it operates and the functional currency.

The exchange rate risk is mainly concentrated in sales to non-dollarized Latin American countries when an agreement cannot be reached with the customer to carry out the economic transaction referenced to the U.S. dollar. This type of transaction is not very significant in the Group as a whole. In fiscal year 2022 (Consolidated Financial Statements), 18% of sales were made in U.S. dollars and 10% in Colombian pesos. As of December 31, 2022, 13% of monetary assets are in U.S. dollars and 8% in Colombian pesos.

In order to reduce exchange rate exposure and mitigate risk, the Group has implemented a strategy that includes, among others:

- Continuously monitor the fluctuations between the different currencies in which it operates and the balance in each of the currencies, in order to have updated information that allows it to be agile in making relevant decisions to mitigate any possible negative impact derived from the fluctuation of any of the currencies in which it operates.
- Maintain the minimum and indispensable balance in cash and investments in foreign currencies, necessary for normal operations, in order to minimize the impact in the event of an unfavorable fluctuation for the Group's interests.
- Match cash inflows in foreign currencies with cash outflows in foreign currencies, thus producing a natural hedge.

Interest Rate Risk

On December 31, 2022, the Group's financial cost debt amounted to 9,796,172 euros (Consolidated Financial Statements). As of said date, 85% of the debt at cost is tied to fixed interest rates, with the remaining debt being tied to Euribor. An increase in interest rates would have a limited impact on the Group's cash flows. Below is a detail of the estimated impact of interest rate fluctuations on the Group's cash flows:

Interes Rate Variation (p.b)	Cash Flow Impact
(100)	(15.000)
100	15.000
150	22.500

As a result, the change in interest rates would not have a significant impact on the Group's cash flows during the next twelve months.

Credit Risk

Credit risk corresponds to the possibility that an entity may default as counterparty of a financial asset and thus cause a loss to the Group as a consequence of not complying with its obligation.

In general, cash and cash equivalents are held with financial institutions with a high credit rating. Likewise, there is no significant concentration of credit risk with third parties.

On December 31, 2022 (Consolidated Financial Statements), 84% of the financial assets correspond to balances from contracts with customers, recorded under "Trade receivables for sales and services rendered".

The Group does not have significant concentrations of credit risk, since, individually, no customer represents more than 6.5% of the balances at December 31, 2022. The Group's active customer portfolio is notable for its great sectoral diversity, and therefore the Parent Company's directors consider that the negative evolution of certain sectors would not cause a significant decrease in the credit quality of trade balances.

In addition, the Group has applied the simplified expected loss model contained in IFRS 9. Under this model, the Group accounts for the expected loss on the balance arising from contracts with customers, as well as the changes in this at each reporting date, in order to reflect changes in the credit risk profile. In calculating the expected loss, the Group relies on the historical experience of losses recorded in each of the time periods in which the balances recorded under "Trade receivables for sales and services" are classified.

In addition, the Group records provisions for impairment and losses on trade balances when, after individual monitoring, a high credit risk is evidenced.

The financial department constantly monitors the balance per customer and overdue balances, in order to avoid risk concentration. When a customer is identified as having a specific risk that is higher than the general risk of the portfolio -due to high concentration or default- the finance department starts to follow up on a case-by-case basis and takes corrective measures.

Liquidity Risk

The Group handles the cash flow of all its component companies in a centralized manner. The finance department is responsible for managing liquidity to cover operating needs at all times.

To mitigate risk, the finance department monitors financial and cash projections at all times to ensure that liquidity is sufficient at all times to meet needs.

In addition, at December 31, 2022 (Consolidated Financial Statements), the Group has at its disposal treasury in the amount of 3,659,920 euros (12% of total assets) as well as available and undrawn financing credit lines in the amount of 450,000 euros, which could be drawn upon at any time.

Subscribed loans and convertible bonds issued by the Group, whose amortized cost at December 31, 2022 (Consolidated Financial Statements) amounts to 5,507,835 euros, have financial covenants. Non-compliance with these covenants by the Group entitles the creditors to increase the interest rate or settle the liabilities early. At the date of preparation of these Consolidated Financial Statements, the Group has not breached any covenant or has a certificate issued by the creditor indicating that the rights granted will not be executed.

The amortized cost of the Group's debt at December 31, 2022 (Consolidated Financial Statements) amounts to 11,131,065 euros. The projections prepared by management show the Group's capacity to meet its obligations on the date and in the manner contractually established.

Other Operating Risks

The Group provides, among others, cybersecurity services and in the development of its services has at its disposal key customer information and documentation. The Group's CISO is responsible for

minimizing operational risks related to internal procedures. In order to minimize internal risks at the business level, the Group has the following certifications and accreditations in terms of procedures:

- In October 2022, Sofistic's Security Operations Center (SOC) achieved recognition as a member of FIRST, the Forum for Incident Response and Security Teams. With a demanding onboarding process, FIRST certification recognizes the quality of Sofistic's SOC as a specialized security center in critical sectors.
- In December 2021, the Group obtained ISO 27001 Information Security and Privacy certification for the Custom Development, SOC Sofistic and FAMA business lines. The ISO 27001:2013 standard for Information Security Management Systems enables organizations to assess risk and implement the necessary controls to mitigate or eliminate them, certifying the assurance, confidentiality and integrity of data and information, as well as the systems that process it.
- In December 2021, the Group obtained the certificate confirming that its information systems are compliant with the requirements of Real Decreto 3/2010, of January 8, which regulates the National Security Scheme (ENS) in the field of e-Government, for the CheckingPlan, SOC Sofistic and FAMA business lines. The National Security Scheme (ENS) pursues the following main objectives: to create the necessary conditions of security in the use of electronic media, through measures to guarantee the security of systems, data, communications and electronic services, allowing the exercise of rights and the fulfillment of duties through these media, to promote the continuous management of security, to promote prevention, detection and correction, for better resilience in the scenario of cyber threats and cyber attacks, promote a homogeneous treatment of security that facilitates cooperation in the provision of digital public services when various entities are involved, and serve as a model of good practices, in line with what is pointed out in the OECD Digital Security Risk Management for Economic and Social Prosperity OECD Recommendation and Companion Document.
- In May 2021, FAMA obtains ISO 9001 Quality Management Systems certification. ISO 9001 is an international standard that applies to the Quality Management Systems of public and private organizations, focusing, among others, on quality management systems (general and specific requirements for proper document management), on management responsibility (the organization's management must comply with certain requirements set out, among which we highlight: defining policy, ensuring that responsibilities and authorities are defined, approving objectives, etc.), on resource management (Contains the requirements necessary for the proper management of the organization's resources. The ISO standard differentiates between human resources, infrastructure and work environment), and in the realization of the product/service delivery.
- In November 2022, FAMA obtains ISO 14001 Environmental Management Systems certification. The purpose of this International Standard is to provide organizations with a framework for protecting the environment and responding to changing environmental conditions, in balance with socio-economic needs. This standard specifies requirements that enable an organization to achieve the intended results it has established for its environmental management system.

In December 2022 the Company has contracted the design and implementation of a criminal compliance system for the entire organization, in accordance with its structure and business lines developed. It is expected to be approved by the Company's Board of Directors and implemented in the Group's companies during the 2023 financial year.

5. Financial Information Reporting

The financial information to be reported to BME Growth is prepared on the basis of individual and consolidated financial statements, as well as pro forma consolidated financial statements. Prior to its communication, this information goes through several controls, both internal (Finance, Executive Committee, Audit Committee) and external (External Auditor and Registered Advisor).

The rest of the publications that are carried out with Privileged Information or Other Relevant Information are prepared by Finance and reviewed by the Audit Committee, the Communication Department and the CEO.

Given their importance, all communications of financial information must follow established guidelines:

- Identification by the Company (in accordance with the information provided by the Registered Advisor) or the Registered Advisor of an event that could constitute Insider or Other Material Information.
- Sending supporting documentation of the aforementioned event to the Registered Adviser for analysis and evaluation.
- Drafting of the Insider Information or Other Material Information by the Management of the Company and the Registered Advisor.
- Review of the Insider Information or Other Material Information consensual between the Company and the Registered Advisor by the Chief Executive Officer and Chairman of the Board of Directors
- Uploading of the Insider Information or Other Relevant Information agreed between the aforementioned parties on the BME Growth website, by the Company.
- Approval of the Insider Information or Other Material Information by the Registered Advisor prior to the commencement of the Opening Auction or after the Closing Auction.
- Confirmation by the Registered Adviser of the publication of the Insider Information or Other Relevant Information.
- Uploading of the aforesaid Insider Information or Other Material Information to the Company's website by the Company.

6. Supervisory Activities

The main purpose of the supervisory activities is to ensure that the implemented mechanisms related to the internal control of financial and non-financial information are functioning appropriately.

The members of the Executive Committee are Directors or Middle Managers between the Management and the company's personnel and belong to the different departments of the company (Accounting, Controlling, HR, Communication, R&D and the different business lines and units), so it is possible to maintain a continuous and organization-wide supervision of each of the processes developed in the organization. All the people included in this Committee develop activities of supervision and random control of processes in their areas.

Cuatroochenta, given its size, does not have a specific Internal Audit function as such. For the moment, the establishment of this body remains pending.

However, the company has initiated a study process to establish a formal Compliance system to ensure the adherence to external regulations and the legal framework in which it operates.

The bodies responsible for supervising the financial information risk identification process are the Finance Department itself, the Managing Committee, the Executive Committee, the Audit Committee and the Board of Directors, as the body ultimately responsible for the Company's financial information. In addition, all information is reviewed by the auditors.

The Board meets on an average frequency of four times a year. All relevant issues related to the Company's activities are discussed at its meetings.

This Structural and Internal Control Report has been approved by the Board of Directors of Soluciones Cuatroochenta, S.A., as of March 31, 2023.