Naturhouse Health, S.A. and Subsidiaries

Consolidated Financial Statements for the financial year ending 31 December 2023, 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 2023
(Thousands of Euros)

ASSETS	Notes Report	31/12/2023	31/12/2022	EQUITY AND LIABILITIES	Notes Report	31/12/2023	31/12/2022
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets	**Note 8**	**444**	**609**	**Capital and reserves-**			
Tangible fixed assets	**Note 9**	**3,665**	**3,979**	Subscribed capital	**Note 14**	3,000	3,000
Non-current financial assets	**Note 11.1**	**467**	**529**	Issue premium		2,149	2,149
Investments in associates-				Reserves		20,564	16,930
Investments recognised using the equity method	**Note 11.2**	**9,821**	**10,554**	Own shares	**Note 14**	(142)	(142)
Deferred tax assets	**Note 18.3**	**79**	**81**	Conversion differences	**Note 14**	(237)	(754)
Total non-current assets		**14,476**	**15,752**	Profit / (Loss) for the financial year		11,293	9,627
				Interim dividend	**Note 5**	(6,000)	(3,000)
				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**30,627**	**27,810**
				EQUITY - MINORITY INTERESTS	**Note 14**	**6**	**52**
				Total Equity		**30,633**	**27,862**
				NON-CURRENT LIABILITIES:			
				Non-current provisions	**Note 15**	**1,641**	**2,399**
				Non-current debts	**Note 16**	**3,538**	**3,858**
				Deferred tax liabilities	**Note 18.5**	**275**	**306**
				Total non-current liabilities		**5,454**	**6,563**
CURRENT ASSETS:							
Stock	**Note 12**	**2,753**	**2,669**	**CURRENT LIABILITIES:**			
Trade receivables for sales and provision of services		**2,280**	**2,400**	**Current provisions**	**Note 15**	**465**	**401**
Customers, related companies	**Note 20.1**	**234**	**3**	**Current debts**	**Note 16**	**4,515**	**1,524**
Current tax assets and other credits				**Trade creditors and other accounts payable**	**Note 17**	**2,274**	**2,559**
with public administrations	**Note 18.1**	**1,544**	**6,759**	**Suppliers, related companies**	**Note 20.1**	**2,715**	**1,900**
Other current assets	**Note 11.3**	**3,172**	**3,126**	**Current tax liabilities and other debts**			
Cash and cash equivalents	**Note 13**	**24,387**	**12,108**	**with public administrations**	**Note 18.1**	**2,790**	**2,008**
Total current assets		**34,370**	**27,065**	**Total current liabilities**		**12,759**	**8,392**
TOTAL ASSETS		**48,846**	**42,817**	**TOTAL EQUITY AND LIABILITIES**		**48,846**	**42,817**

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 2023.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2023 FINANCIAL YEAR
(Thousands of Euros)

	Notes Report	Financial year 2023	Financial year 2022
Net turnover	**Note 19.1**	50,407	52,403
Supplies	**Note 19.2**	(13,701)	(14,920)
Gross Margin		**36,706**	**37,483**
Other operating income		473	172
Staff expenses	**Note 19.3**	(9,334)	(10,628)
Other operating expenses	**Note 19.5**	(9,294)	(11,308)
Operating result before amortisation, impairment and other income		**18,551**	**15,719**
Amortization of fixed assets	**Notes 8 and 9**	(2,263)	(2,298)
Impairment and income from disposal of fixed assets	**Note 9**	(14)	9
Other results		(10)	(577)
OPERATING RESULT		**16,264**	**12,853**
Financial income	**Note 19.4**	**43**	**111**
Other financial income		43	111
Financial expenses	**Note 19.4**	**(616)**	**(206)**
Debts with third parties		(223)	(206)
Exchange differences	**Note 19.4**	**(126)**	**36**
FINANCIAL RESULT		**(699)**	**(59)**
Income from equity-accounted entities	**Note 11.2**	**(150)**	**309**
PRE-TAX CONSOLIDATED PROFIT OR LOSS		**15,415**	**13,103**
Corporate Tax	**Note 18.2**	(4,168)	(3,484)
NET PROFIT OR LOSS FROM CONTINUING OPERATIONS		**11,247**	**9,619**
NET CONSOLIDATED RESULT - PROFIT		**11,247**	**9,619**
Less profit or loss - minority interests	**Note 14**	(46)	(8)
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY		**11,293**	**9,627**
Earnings per share (in euros per share):			
- Basic	**Note 14**	**0.19**	**0.16**
- Diluted	**Note 14**	**0.19**	**0.16**

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 2023 financial year.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2023 FINANCIAL YEAR
(Thousands of Euros)

	Financial year 2023	Financial year 2022
A- PROFIT AND LOSS ACCOUNT BALANCE	**11,247**	**9,619**
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	517	36
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR (A+B+C)	**11,764**	**9,655**
Total Comprehensive Income attributable to:		
- The Parent Company	11,810	9,663
- Minority shareholders	(46)	(8)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**11,764**	**9,655**

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 2023 financial year.

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2023 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 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**
Recognised income and expenses	-	-	-	-	517	11,293	-	(46)	**11,764**
Distribution of profit for the 2022 financial year									
- Distribution to reserves	-	-	3,627	-	-	(3,627)	-	-	**-**
- Distribution of dividends	-	-	-	-	-	(6,000)	-	-	**(6,000)**
Transactions with shareholders:									
- Transactions with shares (net)	-	-	-	-	-	-	-	-	**-**
- Distribution of dividends	-	-	-	-	-	-	3,000	-	**3,000**
Other changes in equity	-	-	7	-	-	-	(6,000)	-	**(5,993)**
Balance at 31 December 2023	**3,000**	**2,149**	**20,564**	**(142)**	**(237)**	**11,293**	**(6,000)**	**6**	**30,633**

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 2023 financial year

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2023 FINANCIAL YEAR
(Thousands of Euros)

	Notes Report	Financial year 2023	Financial year 2022
CASH FLOWS FROM OPERATING ACTIVITIES		**20,950**	**7,097**
Pre-tax result for the financial year		**15,415**	**13,103**
Adjustments to the result:		**2,432**	**2,669**
- Amortization of fixed assets (+)	Notes 8 and 9	2,263	2,298
- Variation in provisions (+/-)		(694)	630
- Income from derecognition or disposal of fixed assets (+/-)	Notes 9	14	(9)
- Financial income (-)	Note 19.4	(43)	(111)
- Financial expenses (+)	Note 19.4	616	206
- Exchange differences (+/-)	Note 19.4	126	(36)
- Interests in equity-accounted entities net of dividends (+/-)	Note 11.2	150	(309)
Changes in working capital		**107**	**(3,294)**
- Stock (+/-)	Note 12	(84)	(119)
- Debtors and other accounts receivable (+/-)		(111)	305
- Other current assets (+/-)		(222)	(3,556)
- Creditors and other accounts payable (+/-)		524	76
Other cash flows from operating activities		**2,996**	**(5,381)**
- Interest payments (-)		(90)	(206)
- Receipt of dividends (+)	Note 11.2	292	839
- Interest receivable (+)		43	111
- Sums received /(paid) for tax on profits (+/-)		2,751	(6,125)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**(459)**	**(5,218)**
Payments for investments (-)		**(570)**	**(6,044)**
- Intangible and tangible assets	Notes 8 and 9	(570)	(964)
- Other financial assets		-	(692)
- Payments from related companies	Note 11.2	-	(4,388)
Sums received from divestments (+)		**111**	**826**
- Intangible and tangible assets	Note 9	49	-
- Other financial assets		62	826
CASH FLOWS FROM FINANCING ACTIVITIES		**(7,695)**	**(16,985)**
Sums received and paid for equity instruments		**-**	**-**
- Net disposals (acquisitions) of Parent Company assets	Note 14.f	-	-
Collections and payments for financial liability instruments		**(7,695)**	**(16,985)**
- Repayment and net amortization of:			
Amounts owed to credit institutions and other debts (-)		(1,695)	1,015
Dividend payments and remuneration on other equity instruments			
- Dividends (-)	Note 5	(6,000)	(18,000)
EFFECT OF VARIATIONS IN EXCHANGE RATES		**(517)**	**(36)**
NET INCREASE / DECREASE OF CASH OR CASH EQUIVALENTS		**12,279**	**(15,142)**
Cash or cash equivalents at start of financial year		12,108	27,250
Cash or cash equivalents at year end		24,387	12,108

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 2023 financial year.

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Management Report

Naturhouse Health, S.A.
and Subsidiaries

Explanatory Notes to the Consolidated Financial Statements for the 2023 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 15 March 2024.

These consolidated financial statements for the financial year ending 31 December 2023 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 2022 financial year were approved at the Annual General Meeting on 25 May 2023 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 2023 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 19 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 30 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 2023 financial year

The accounting policies used in drawing up these consolidated financial statements are the same as those applied in the consolidated financial statements for the financial year ending 31 December 2022, since none of the rules, interpretations or amendments that are applicable for the first time this financial year have had an impact on the Group's accounting policies, including the amendments to IAS 12 - Deferred Taxes related to Assets and Liabilities arising from a Single Transaction and that involve the recognition of assets and liabilities for deferred taxes, fundamentally, in leasing operations recognised under IFRS 16 Leases. In the latter case, the effects of said amendment are clearly immaterial for the Group.

In connection with the amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies, as well as amendments to IAS 8 - Definition of Accounting Estimates, the IASB issued amendments to these IASs in February 2021 with the aim of improving the quality of disclosures in relation to the accounting policies applied in order to provide useful and material information in financial statements. The amendments to IAS 1 require disclosures of accounting policies that are material rather than significant accounting policies and provides guidance to help apply the concept of materiality to disclosures in financial statements. The amendments to IAS 8 introduce clarifications to distinguish between the concept of an accounting estimate and that of an accounting policy. The amendments came into effect from 1 January 2023 and have not had a significant impact on the Group's consolidated financial statements.

The Group intends to adopt the rules, interpretations and amendments to the rules issued by the IASB, which are not yet mandatory in the European Union, when they come into force, if they are applicable. Although the Group is currently analysing their impact, based on the analyses conducted to date, the Group believes that their initial application will not have a significant impact on its consolidated financial statements.

d) Accounting policies issued not in force for the 2023 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**
IAS 1 Presentation of financial statements.	In January 2020 and October 2022, 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. These amendments are effective for periods beginning on or after 1 January 2024 and must be applied retrospectively in accordance with IAS 8.	1 January 2024
Lease liability in a sale and leaseback (amendments to IFRS 16)	In September 2022, the IASB issued an amendment to IFRS 16 Leases to specify the requirements that a seller-lessee must use to quantify the lease liability that arises in a sale and leaseback. The aim of this amendment is that the seller-lessee does not recognise any profits or losses relating to the right of use retained. This amendment applies retroactively to annual periods beginning on or after 1 January 2024.	1 January 2024
Supplier financing agreements (amendments to IAS 7 and IFRS 7)	In May 2023, the IASB issued its amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments; Disclosures to clarify the characteristics of financing agreements and introduce new disclosures to help users of financial statements understand the effects of these agreements on liabilities, cash flows and exposure to liquidity risk. The amendments will enter into force for annual periods beginning on or after 1 January 2024.	1 January 2024
Absence of convertibility (Amendments to IAS 21)	The amendments clarify how entities should assess whether a currency is convertible and how they should determine the spot exchange rate when there is no convertibility; as well as requiring disclosures to enable users of financial statements to understand the impact of a currency not being convertible. The amendments apply to annual periods beginning on or after 1 January 2025.	1 January 2025

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).
- Estimation of the recoverable amount of investments in equity-consolidated companies (see Note 11.2).
- Determination of the ability to exercise significant influence versus control of equity-consolidated companies (see Note 11.2).

g) Information comparison

The information contained in this consolidated report referring to the 2023 financial year is presented, for comparison purposes, with information from the 2022 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 2023 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. In accordance with IFRS 10, control is understood to mean the power to exercise rights that give the current 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

The consolidation perimeter has not undergone any changes in 2023.

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).

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

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 improving 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 2023 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	
	2023	2022
Distribution basis:		
Voluntary Reserves	-	-
Profit for the financial year	10,117	16,401
	10,117	**16,401**
Distribution:		
To dividends	3,000	3,000
To interim dividend	6,000	3,000
To voluntary reserves	1,117	10,401
	10,117	**16,401**

The proposed distribution of the individual profit of Naturhouse Health, S.A. for the 2022 financial year drawn up by the Parent Company's Directors and submitted for approval at the Annual General Meeting on 25 May 2023 consisted of the distribution of a dividend against the profit for the 2022 financial year amounting to 6,000 thousand euros (of which 3,000 thousand euros had been distributed on 19 September 2022 as an interim dividend against the profit for 2022), as well as an amount of 10,401 thousand euros against voluntary reserves.

On 25 May 2023, the Parent Company approved the distribution of dividends amounting to 3,000 thousand euros as an interim amount against the profit for 2023.

Additionally, on 29 September 2023, the Parent Company approved the distribution of dividends amounting to 3,000 thousand euros as an interim amount against the profit for 2023, which is pending payment as at 31 December 2023 (see Note 16).

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 30/06/2023	1,252
Estimated Corporate Tax	(293)
Maximum amount available for distribution	**959**
Liquid Assets and Short-Term Financial Investments Group	5,698
Interim dividends	(3,000)
Remaining liquid assets after payment	**2,698**
Sums to be received to year end	24,537
Sums to be paid to year end	(20,348)
Liquid assets forecast at year end	**6,887**

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 2023 financial year amounted to 4 thousand euros (8 thousand euros in the 2022 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 2023 and 2022 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 Estimated Useful Life
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 through 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 at 31 December 2023, the Group holds shares in listed entities amounting to 1,800 thousand euros (1,987 thousand US dollars), which are recognised at fair value through the consolidated profit and loss account. As at 31 December 2022, the Group held shares in listed entities amounting to 1,562 thousand euros (1,672 thousand US dollars). 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 2023 financial year for aggregated undistributed profits in subsidiaries and associates (260 thousand euros in 2022).

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), it being in this period when the benefits associated with the exploitation by the Master Franchise of the rights obtained for the aforementioned fee are transferred.

Likewise, 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 are eliminated in the consolidation.

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.

ñ) 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 2023 is as follows:

	Thousands of euros	
	31-12-2023	31-12-2022
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 2023 and 2022, 100% of the borrowings were at variable interest rates.

   However, as at year end 2023 and 2022, the Group has an amount available in liquid assets that is much higher than 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 2023 and 2022 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 4% of the Group's sales and assets, respectively (11% and 5% of the Group's sales and assets, respectively, in 2022).

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 2023 and 2022 is at 0.88 and 0.43, 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 2023 and 2022 financial years were as follows:

Cost	Thousands of euros				
	Transfer Rights	Industrial property	Software	Other Intangible Assets	Total
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**
Additions	-	1	194	2	197
Withdrawals	-	-	(1)	(4)	(5)
Balance at 31 December 2023	**22**	**2,351**	**1,006**	**57**	**3,436**

Accumulated Amortisation	Thousands of euros				
	Transfer Rights	Industrial property	Software	Other Intangible Assets	Total
Balance at 31 December 2021	**(22)**	**(1,772)**	**(467)**	**(40)**	**(2,301)**
Allocations	(4)	(233)	(100)	(1)	(338)
Applications	4	-	-	-	4
Balance at 31 December 2022	**(22)**	**(2,005)**	**(567)**	**(41)**	**(2,635)**
Allocations	-	(233)	(125)	(3)	(361)
Applications	-	-	-	4	4
Balance at 31 December 2023	**(22)**	**(2,238)**	**(692)**	**(40)**	**(2,992)**

Net Book Value	Thousands of euros	
	31-12-2023	31-12-2022
Transfer rights	-	-
Industrial property	113	345
Software	314	246
Other intangible assets	17	18
Total intangible assets	**444**	**609**

During the 2023 and 2022 financial years, the main additions have corresponded to software for the Parent Company's E-commerce department. There have been no other significant additions in intangible assets during the 2023 and 2022 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 98 and 331 thousand euros as at 31 December 2023 and 31 December 2022, 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 2023.

As at year end 2023, the Group had fully amortized intangible assets still in use amounting to 1,573 thousand euros (1,554 thousand euros in the 2022 financial year).

The intangible assets located outside of Spain as of 31 December 2023 and 2022 are not significant (see Note 23).

9. Tangible fixed assets

The movement during the 2023 and 2022 financial years in the different tangible fixed asset accounts and their corresponding accumulated amortizations were as follows:

Cost	Thousands of euros						
	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 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**
Additions	-	2,695	121	34	24	-	2,874
Withdrawals	-	(2,862)	(382)	(12)	(37)	-	(3,293)
Conversion differences	-	18	(24)	-	-	-	(6)
Balance at 31 December 2023	**-**	**5,708**	**2,810**	**322**	**300**	**-**	**9,140**

Accumulated Amortisation	Thousands of euros				
	Buildings	Other Facilities, Tools and Furnishings	Information Processing Equipment	Transport Elements	Total
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)**
Allocations	(1,581)	(219)	(21)	(81)	(1,902)
Applications	1,618	320	11	59	2,008
Conversion differences	(13)	18	-	-	5
Balance at 31 December 2023	**(3,043)**	**(2,048)**	**(255)**	**(129)**	**(5,475)**

Net Book Value	Thousands of euros	
	31-12-2023	31-12-2022
Land and natural assets	-	-
Buildings	2,665	2,790
Other facilities, tools and furnishings	762	928
Information processing equipment	67	55
Transport elements	171	206
Assets in construction and advances	-	-
Total tangible assets	**3,665**	**3,979**

As in the previous financial year, the additions and derecognitions in 2023 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, as well as the reassessment of the term of its most significant leases under IFRS 16 (see Note 10). 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.

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 2023, 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 2023 and 2022 are detailed below:

	Thousands of euros	
	31-12-2023	31-12-2022
Net book value:		
Land and natural assets		
Buildings	742	973
Other facilities, tools and furnishings	371	499
Information processing equipment	27	14
Transport elements	73	64
Total net book value	**1,213**	**1,550**

The fully amortized tangible fixed assets still in use at year end 2023 amount to 3,129 thousand euros (3,357 thousand euros at year end 2022).

Firm purchase commitments

As of year end 2023 and 2022, 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 2023 financial year have been as follows:

Cost	Thousands of euros		
	Buildings	Transport Elements	Total
Balance at 31 December 2021	**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**
Additions	2,693	20	2,713
Derecognitions	(2,862)	-	(2,862)
Balance at 31 December 2023	**6,089**	**78**	**6,167**

Accumulated Amortisation	Thousands of euros		
	Buildings	Transport Elements	Total
Balance at 31 December 2021	**(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)**
Allocations	(1,578)	(9)	(1,587)
Derecognitions	1,618		1,618
Balance at 31 December 2023	**(2,977)**	**(61)**	**(3,038)**

Impairment	Thousands of euros		
	Buildings	Transport Elements	Total
Balance at 31 December 2021	**(462)**	**-**	**(462)**
Allocations	-	-	-
Derecognitions (Note 9)	-	-	-
Balance at 31 December 2022	**(462)**	**-**	**(462)**
Allocations	-	-	-
Derecognitions (Note 9)	-	-	-
Balance at 31 December 2023	**(462)**	**-**	**(462)**

	Thousands of euros	
	31-12-2023	31-12-2022
Net book value:		
Buildings	2,650	2,779
Information processing equipment	-	-
Transport elements	17	6
Total net book value	**2,667**	**2,785**

During the 2023 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.

Relevant breakdowns and amounts in the lease agreements

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

2023 financial year	Thousands of euros			
	Buildings	Information Processing Equipment	Transport Elements	Total
Amounts:				
Fixed lease payments	1,618	-	24	1,642
Expenses recognised, variable payments	-	-	-	-
Financial expenses, lease liabilities	63	-	-	63
Lease liabilities	3,150	-	9	3,159
Conditions:				
Lease term	2 – 10 years	2 years	2 – 4 years	
Interest rate	0.75% - 4.3%	1.59%	1.59% - 1.85%	

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%	

Breakdown of lease liabilities

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

	Thousands of euros	Thousands of euros
Payments	31/12/2023	31/12/2022
Less than one year	1,371	1,199
Between one and five years	919	2,068
More than five years	869	-
Total (note 16)	**3,159**	**3,267**

11. Financial assets

11.1 Non-current financial assets

The breakdown of this heading as at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	31-12-2023	31-12-2022
Equity instruments:		
Other equity instruments	79	79
Other financial assets:		
Loans to related companies	-	-
Long-term deposits and guarantees	388	450
	467	**529**

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 were 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.

In relation to Ichem, Sp. Zo.o, the Group does not have control over this company since it does not hold a majority of the voting rights in its governing body in accordance with IFRS 10. However, as established in IFRS 11, joint control over this company is considered to exist since the Group has certain veto rights over significant decisions in relation to certain relevant activities, which in practice requires the unanimous consent of the parties sharing control.

The remaining shareholders of Ichem are Polish individuals or Polish entities with no connection to Naturhouse.

The management of the Naturhouse Group assesses the judgements on the aforementioned facts and circumstances on an annual basis, without this analysis having revealed any changes in the conclusion on the elements of control of the investee in the current financial year.

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 it only exercises significant influence over Indusen and Girofibra and, therefore, consolidates both by the equity method.

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 2023 and 2022, as well as the movement occurring during both periods, is as follows:

2023 financial year

	Thousands of euros					
	Balance at 1 January 2023	Dividends	Conversion Differences	Income from Equity-Accounted Entities	Impairment	Balance at 31 December 2023
Ichem Sp. zo.o	6,207	(221)	424	(226)	(393)	5,791
Indusen, S.A.	3,548	(71)	-	99	-	3,576
Girofibra, S.L.	799	-	-	(23)	(322)	454

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

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.

Other information related to said investees is as follows (figures as at 31 December 2023 and 31 December 2022):

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	7,219	5,816	5,064	251
Girofibra, S.L. Polígono industrial Mas Portella, 8 17853 Girona (Spain)	Production and marketing of dietary products	1,187	964	1,560	(48)
Ichem Sp. zo.o. Dostawcza 12 93-231 Łódź (Poland)	Production and marketing of dietary products	14,717	12,429	10,307	(454)

(*) The total assets and equity of Ichem Sp. Zo.o is presented at the closing rate as at 31 December 2023, while sales and the post-tax profit or loss is presented at the average exchange rate for the 2023 financial year. The Company Ichem Sp. zo.o. is required to undergo a statutory audit as of 31 December 2023 (as in the previous financial year).

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).

The difference with respect to the value of the investment in the 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 through its shareholdings in these entities.

The Group has conducted an analysis as at 31 December 2023 of the existence of objective indicators that reveal a potential impairment of the investment in Girofibra, S.L.U. and in Ichem Sp. Zo.o., both accounted for 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 and Ichem'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.).

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 at year end 2023 was 9% for Girofibra, S.L.U. and 13% for Ichem Sp. Zo.o.

Additionally, a terminal value is calculated based on the normalized cash flow of the last year forecast, to which a perpetual growth rate (terminal value "g") of 2% is applied, which 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.

As a result of the impairment test carried out, an impairment of the Girofibra, S.L.U. shareholding has been revealed, amounting to 322 thousand euros and an impairment of the shareholding in Ichem Sp. Zo.o of 393 thousand euros.

11.3. Current financial assets

	Thousands of euros	
	31/12/2023	31/12/2022
Other financial assets:		
Other receivables	116	127
Short-term financial investments:		
Equity instruments	1,800	1,562
Other financial assets	911	1,105
Short-term accruals	345	332
	3,172	**3,126**

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 2023, the Group holds 2,711 thousand euros (2,667 thousand euros as at 31 December 2022) as "Short-term financial investments", which primarily includes the following:

As at 31 December 2023, the Group holds shares in listed entities amounting to 1,800 thousand euros (1,987 thousand US dollars), which are recognised at fair value through the consolidated profit and loss account. As at 31 December 2022, the Group held shares in listed entities amounting to 1,562 thousand euros (1,672 thousand US dollars). 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 1,800 thousand euros described above are included in level one on the fair value hierarchy.

Likewise, as at 31 December 2023, the Group has a total of 788 thousand euros deposited (981 thousand euros as at 31 December 2022) 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 2023 and 2022 is as follows:

	Thousands of euros	
	31-12-2023	31-12-2022
Goods	2,753	2,669

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 2023 and 2022.

13. Cash and cash equivalents

Practically all the balances under this heading on the consolidated statement of financial position as at 31 December 2023 and 2022 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 2023, 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 2023 are as follows:

Shareholder	%
Kiluva, S.A.	72.60
Ferev Uno Strategic Plans	5.45

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 2022 financial year drawn up by the Parent Company's Directors and submitted for approval at the Annual General Meeting on 25 May 2023 consisted of the distribution of a dividend against the profit for the 2022 financial year amounting to 6,000 thousand euros (of which 3,000 thousand euros had been distributed on 19 September 2022 as an interim dividend against the profit for 2022), as well as an amount of 10,401 thousand euros against voluntary reserves.

On 25 May 2023, the Parent Company approved the distribution of dividends amounting to 3,000 thousand euros as an interim amount against the profit for the 2023 financial year (see Note 5).

Additionally, on 29 September 2023, the Parent Company approved the distribution of dividends amounting to 3,000 thousand euros as an interim amount against the profit for 2023, which is pending payment as at 31 December 2023 (see Notes 5 and 16).

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 2023, 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 2023 and 2022 is as follows:

	Thousands of euros	
	31-12-2023	31-12-2022
Zamodiet México, S.A. de C.V.	6	6
Name 17, S.A. de C.V.	-	46
	6	**52**

The movement that occurred during 2023 and 2022 in this section of the consolidated statement of financial position is shown below:

	Thousands of Euros
Balance at 31 December 2021	**60**
Business combination	-
Profit or loss attributable to minority interests	(8)
Conversion differences	-
Balance at 31 December 2022	**52**
Business combination	-
Profit or loss attributable to minority interests	(48)
Conversion differences	2
Balance at 31 December 2023	**6**

e) Conversion differences

The breakdown of "Conversion differences" on the consolidated statement of financial position as at 31 December 2023 and 2022 corresponds to 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) and Naturhouse Inc. (USA), according to the following breakdown:

	Thousands of euros	
	31-12-2023	31-12-2022
Naturhouse Inc.	53	41
Naturhouse Sp. zo.o.	(332)	(403)
Ichem Sp. Zo.o	75	(349)
Others	(33)	(43)
	(237)	**(754)**

f) Own shares

As of year end 2023 and 2022, 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
2023	50,520	2,526	2.81	141,886
2022	50,520	2,526	2.81	141,886

As of 31 December 2023, 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 2023 and 2022.

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 2023 and 2022, the earnings or losses per share were as follows:

	31-12-2023	31-12-2022
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)	11,293	9,627
Earnings per share (in euros per share) (*):		
Basic	0.19	0.16
Diluted	0.19	0.16

(*) 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

As at 31 December 2023, the group has recognised 914 thousand euros under "Non-current provisions" corresponding to the provision for risks and expenses intended 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 (1,671 thousand euros as at 31 December 2022).

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 526 thousand euros as at year end 2023 (491 thousand euros as at year end 2022). 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 126 thousand euros and 153 thousand euros for 2023 and 2022, respectively. During the 2023 financial year, the TFR commitment was updated actuarially and an adjustment to increase the provision amounting to 35 thousand euros (13 thousand euros reduction in the provision at year end 2022) 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.

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 2023 and 2022 is as follows:

2023 financial year

	Thousands of euros			
	Initial Amount	Expiration date		
	or Limit	Current	Non Current	Total
Current debts:				
Lease liabilities	-	1,371	-	1,371
Other financial liabilities	-	144	-	144
Dividend to be paid (Note 14 b)	-	3,000	-	3,000
Non-current debts:				
Lease liabilities	-	-	1,788	1,788
Other financial liabilities	-	-	1,750	1,750
	-	**4,515**	**3,538**	**8,053**

2022 financial year

	Thousands of euros			
	Initial Amount	Expiration date		
	or Limit	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**

This heading includes lease liabilities for a total amount of 3,159 thousand euros (1,371 short-term and 1,788 long-term) recognised in accordance with IFRS 16 *Leases*. As at 31 December 2022, the amount for this item was 3,267 thousand euros (1,199 short-term and 2,068 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 franchisees of S.A.S. Naturhouse (France) 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 24 thousand euros (193 thousand euros as at 31 December 2022) corresponding to the fair value of the financial derivative of the put options described in note 11.3 above.

Likewise, in May 2023, the Parent Company cancelled its bill discounting facility with a limit of 1,000 thousand euros that had not been drawn on as at 31 December 2022.

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 2023 and 2022 have the following breakdown:

	Thousands of euros	
	31-12-2023	31-12-2022
Suppliers	1,377	1,476
Sundry creditors	315	448
Staff (remuneration pending payment)	326	285
Short-term accruals	256	350
	2,274	**2,559**

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 supplier payment period

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 supplier payment period in commercial operations.

	Days	
	31-12-2023	31-12-2022
Average supplier payment period	49.27	47.23
Ratio of paid operations	46.33	42.92
Ratio of operations pending payment	69.12	72.41

	Euros	
	31-12-2023	31-12-2022
Total payments made	8,911	9,349
Total outstanding payments	1,321	1,603

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 value of invoices paid within the term established under Act 3/2004 of 29 December was 8,517 thousand euros, representing 96% of the total monetary value (5,877 thousand euros, representing 63% of the total monetary value in 2022). The number of invoices paid amounts to 3,658 invoices paid within said term, representing 99% of total invoices (3,867 invoices paid within said term, representing 96% of total invoices in 2022).

18. Tax situation

18.1 Current balances with Public Administrations

The breakdown of the current balances with Public Administrations as at 31 December 2023 and 2022 is as follows:

Debtor balance

	Thousands of euros	
	31-12-2023	31-12-2022
Tax Authorities, debtor due to IVA (VAT)	38	56
Tax Authorities, debtor due to Corporate Tax	1,506	6,703
Total other credits with Public Administrations	**1,544**	**6,759**

Creditor balance

	Thousands of euros	
	31-12-2023	31-12-2022
Tax Authorities, creditor due to IVA (VAT)	53	47
Tax Authorities, creditor due to income tax withholdings	108	101
Social Security agencies, creditors	401	420
Tax Authorities, creditor due to Corporate Tax	2,228	1,440
Total other debts with Public Administrations	**2,790**	**2,008**

18.2 Reconciliation between accounting profit and Corporate Tax expense

As at 31 December 2023 and 2022, 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	
	2023	2022
Consolidated pre-tax result	15,415	13,103
Permanent differences and consolidation adjustments	821	625
Adjusted result	**16,236**	**13,728**
Tax rate	25%	25%
Tax rate adjusted result	**4,059**	**3,432**
Tax rate differences	109	52
Other adjustments	-	-
Total tax expense	**4,168**	**3,484**

The different companies calculate the Corporate Tax expense based on their respective legislation. The main tax rates applicable to the Group at year end 2023 are as follows:

Country	Tax Rate
Spain	25%
France	25%
Italy	24%
Poland	19%
Portugal	21%
Mexico	30%
United Kingdom	25%
Belgium	25%
Germany	15%
Croatia	10%
Ireland	13%
United States (Federal)	21%

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

	Thousands of euros	
	2023	2022
Expense / (Income) for deferred tax	12	38
Expense / (Income) for current tax	4,156	3,448
Total tax expense (Income)	**4,168**	**3,484**

During the 2023 financial year the Parent Company has made instalment payments for the Corporate Tax corresponding to April, October and December 2023 amounting to 393 thousand euros, of which 32 thousand euros is pending payment as at 31 December 2023. 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 2023 and 2022 and the movement in 2023 is as follows:

	Thousands of euros		
	31-12-2022	Derecogniti ons	31-12-2023
Temporary differences (Prepaid taxes):			
Tax effect of consolidation adjustments	53	(2)	51
Limit 70% amortization	28	-	28
Other	-	-	-
Total deferred tax assets	**81**	**(2)**	**79**

	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**

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 2023 and 2022, 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 2023 and 2022 and the movement in 2023 is as follows:

	Thousands of euros		
	31-12-2022	Additions/ (Derecognitions)	31-12-2023
Temporary differences (Deferred taxes):			
Taxation on the distribution of dividends	260	-	260
Other	46	(31)	15
Total deferred tax liabilities	**306**	**(31)**	**275**

	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**

Under deferred tax liabilities, the Naturhouse Group has recognised an amount of 260 thousand euros in the 2023 financial year for aggregated undistributed profits in subsidiaries and associates (260 thousand euros in 2022).

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.

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 2023 and 2022 financial years is broken down below:

	Thousands of euros	
	2023	2022
Sales	49,528	51,459
Provision of services	879	944
	50,407	**52,403**

19.2. Supplies

The amount recognised under "Goods consumed" for 2023 and 2022 has the following breakdown:

	Thousands of euros	
	2023	2022
Goods consumed:		
Purchases	13,617	14,801
Changes in stocks (Note 12)	84	119
	13,701	**14,920**

The breakdown of the purchases made by the Group during 2023 and 2022, based on their origin, is as follows:

	Thousands of euros	
	2023	2022
Spain	5,498	5,984
Europe	8,119	8,817
Other	-	-
Total purchases	**13,617**	**14,801**

19.3. Staff expenses

The breakdown of staff expenses accrued during the 2023 and 2022 financial years is as follows:

	Thousands of euros	
	2023	2022
Wages, salaries and similar	7,211	8,302
Social Security costs	2,006	1,951
Compensation	117	375
	9,334	**10,628**

19.4 Financial income and expenses

The breakdown of the Group's financial result in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Financial income:	43	111
Group	-	-
Third party	43	111
Financial expenses:	(107)	(205)
Debts with third parties	(107)	(205)
Exchange differences	(126)	36
Impairment and income from disposal of financial instruments	(509)	(1)
Financial income	**(699)**	**(59)**

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 2023, "Financial expenses, debts with third parties" includes 63 thousand euros due to the effect of updating the lease liability (see Note 10) (51 thousand euros as at 31 December 2022).

19.5 Other operating expenses

The amount recognised under "Other operating expenses" for 2023 and 2022 has the following breakdown:

	Thousands of euros	
	2023	2022
Leases	592	484
Repairs	201	244
Transport	1,593	1,783
Supplies	405	419
Advertising	2,671	3,504
Other external services	3,832	4,874
	9,294	**11,308**

The heading "Leases and fees" includes, as of 31 December 2023, 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 2023 and 2022, the Group held the following balances with related companies:

	Thousands of euros			
	Debtor Balance		Creditor Balance	
Company	2023	2022	2023	2022
Short-term trade balances:				
Finverki	-	-	-	-
Girofibra, S.L.	-	-	109	222
Healthouse Sun, S.L.	-	-	-	36
Ichem, Sp. zo.o.	-	-	1,894	1,093
Indusen, S.A.	-	-	551	372
Kiluva, S.A.	-	-	-	-
Laboratorios Abad, S.L.U.	-	-	1	-
U.D. Logroñés, SAD	-	-	138	136
Distrito TV, S.L.	-	-	4	18
Tartales LLC	234	3	-	-
Zamodiet, S.A.	-	-	-	-
Tartales, S.L.U.	-	-	17	22
Ferev S.A.R.L.	-	-	1	1
Total short-term trade balances	234	3	2,715	1,900
	234	**3**	**2,715**	**1,900**

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 at 31 December 2023 include lease liabilities with Tartales, S.L.U. amounting to 2,136 thousand euros (351 thousand euros in the short term and 1,785 thousand euros in the long term). As at 31 December 2022, the headings “Non-current debt” and “Current debt” on the consolidated statement of financial position included 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 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.

20.2 Transactions with related companies

During the 2023 and 2022 financial years, the Group carried out the following transactions with related companies:

Company	Thousands of euros 2023	2022
Sales:		
Healthhouse Sun, S.L.	-	2
Services provided		
Laboratorios Abad, S.L.U.	-	3
Tartales LLC	-	1
Other operating income	**-**	**6**
Sales of tangible fixed assets:		
Ferev Uno Strategic Plans	-	6
Healthhouse Sun, S.L.	-	8
Total sales of fixed assets	**-**	**14**
Purchases:		
Girofibra, S.L.	613	727
Ichem, Sp. zo.o	8,119	8,671
Indusen, S.A.	1,991	1,937
Laboratorios Abad, S.L.U.	45	34
Tartales, S.r.l.	-	13
Healthhouse Sun, S.L.	-	8
Services received:		
Tartales, S.r.l.	12	-
El Léon de El Español Publicaciones, S.A.	40	-
Kiluva, S.A.	166	117
Heatlhouse Sun, S.L.	58	126
Tartales Portuguesa, S.A.	-	39
U.D. Logroñés, SAD	138	237
Distrito TV, S.L.	28	18
Laboratorios Abad, S.L.U.	-	13
Leases and insurance policies *(*)***:**		
Casewa, S.A.U.	41	101
Tartales, S.L.U.	795	830
Other operating costs	**12,046**	**12,871**

(*) Lease expenses with Casewa, S.A.U. and Tartales, S.L.U. in the 2023 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 60 thousand euros in the 2023 financial year (62 thousand euros in the 2022 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 2022 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 2022 financial year. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2023 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 2023 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 2022). Likewise, a member of the Board of Directors has provided services to the Parent Company amounting to 60 thousand euros during the 2023 financial year (62 thousand euros during the 2022 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 2022 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 Annual General Meeting held on 17 May 2022.

The remuneration received during the 2023 financial year by the Group's Senior Management amounted to 1,155 thousand euros for wages and salaries, the provision of services and severance pay (545 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 2022 financial year amounted to 2,140 thousand euros (1,317 thousand euros received by members of the Board of Directors in the development of their executive positions).

At year end 2023 and 2022, the Group's Senior Management body is made up of the following people:

	2023		2022	
Categories	Men	Women	Men	Women
Senior Management	5	-	5	1

As of year end 2023 and 2022, 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 2023 (six men and one woman as of year end 2022).

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 9 thousand euros to 31 December 2023 (8 thousand euros in 2022).

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

As of year end 2023, 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 be 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 2023 and 2022 financial years, broken down by category, is as follows:

Categories	Number of Employees	
	2023	2022
Senior Management	5	9
Other management personnel	13	13
Administrative and technical	35	40
Salespersons, sellers and operators	154	160
	207	**222**

In addition, the Group’s gender distribution at the end of 2023 and 2022, detailed by category, is as follows:

Categories	2023		2022	
	Men	Women	Men	Women
Senior Management	5	-	5	1
Other Management Personnel	13	1	13	1
Administrative and technical	8	27	10	27
Salespersons, sellers and operators	12	141	10	141
	38	**169**	**38**	**170**

As at 31 December 2023 and 2022, the Group had 2 and 3 people employed with disabilities equal to or above 33%, respectively.

22.2 Audit fees

During the 2023 and 2022 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
	2023 financial year	2022 financial year
The Company's audit services (individual and consolidated)	160,500	142,500
Other verification services (*)	30,500	28,500
Total audit and related services	**191,000**	**171,000**
Tax services	-	-
Other services	-	-
Total professional services	**191,000**	**171,000**

(*) 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 2022 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 2023 and 2022, broken down by segment, is as follows:

	Thousands of euros															
	Segments															
	Spain		France		Italy		Poland		Other Countries		Eliminations and other consolidation adjustments		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External sales	9,615	10,623	18,837	19,086	14,998	15,241	5,471	5,881	1,486	1,572	-	-	-	-	50,407	52,403
Sales between segments	1,440	1,474	152	154	6	11	9	16	-	-	(1,607)	(1,655)	-	-	-	-
Other operating income	1,988	2,787	97	116	-	-	117	27	386	546	(2,531)	(3,304)	416	-	473	172
Total income	**13,043**	**14,884**	**19,086**	**19,356**	**15,004**	**15,252**	**5,597**	**5,924**	**1,872**	**2,118**	**(4,138)**	**(4,959)**	**416**	**-**	**50,880**	**52,575**
Supplies	(3,333)	(3,639)	(5,305)	(5,363)	(4,029)	(4,511)	(2,270)	(2,371)	(512)	(543)	1,604	1,655	144	(148)	(13,701)	(14,920)
Personal	(3,094)	(4,464)	(2,514)	(2,466)	(2,594)	(2,405)	(627)	(691)	(505)	(602)	-	-		-	(9,334)	(10,628)
Amortisation	(461)	(410)	(49)	(48)	(84)	(95)	(52)	(32)	(29)	(43)	-	-	(1,588)	(1,670)	(2,263)	(2,298)
Other operating expenses and other results	(4,956)	(5,177)	(3,860)	(6,350)	(2,922)	(3,578)	(1,309)	(1,475)	(709)	(1,142)	2,531	3,831	1,921	2,006	(9,304)	(11,885)
Impairment and income, disposal of fixed assets	7	2	(20)	7	-	-	-	-	(1)	-	-	-	-	-	(14)	9
Operating result	**1,206**	**1,196**	**7,338**	**5,136**	**5,375**	**4,663**	**1,339**	**1,355**	**116**	**(212)**	**(3)**	**527**	**893**	**188**	**16,264**	**12,853**
Financial income	9,706	15,849	116	105	58	87	-	22	-	127	(9,852)	(15,990)	15	(89)	43	111
Financial expenses	(80)	(101)	-	-	(21)	(15)	(156)	50	(59)	(41)	160	39	(77)	(101)	(233)	(169)
Impairment and income from disposal of financial instruments	(322)	(52)	-	(1)	-	-	-	-	206	(393)	(393)	52	-	-	(509)	(1)
Financial income	**9,304**	**15,696**	**116**	**104**	**37**	**72**	**(156)**	**72**	**147**	**86**	**(10,085)**	**(15,899)**	**(62)**	**(190)**	**(699)**	**(59)**
Income from equity-accounted entities											**(150)**	**309**			**(150)**	**309**
Pre-tax profit	**10,510**	**16,892**	**7,454**	**5,240**	**5,412**	**4,735**	**1,183**	**1,427**	**263**	**(126)**	**(10,238)**	**(15,063)**	**831**	**(2)**	**15,415**	**13,103**
IFRS 16 Impact on Amortisation	**(734)**	**(752)**	**(375)**	**(393)**	**(172)**	**(193)**	**(95)**	**(99)**	**(211)**	**(233)**	**-**	**-**	**-**	**-**	**(1,587)**	**(1,670)**
IFRS 16 impact on Other operating expenses	**761**	**777**	**387**	**403**	**178**	**199**	**99**	**102**	**217**	**239**	**-**	**-**	**-**	**-**	**1,642**	**1,720**
IFRS 16 impact on Financial Result	**(35)**	**(37)**	**(13)**	**(12)**	**(5)**	**(6)**	**(5)**	**(4)**	**(5)**	**(7)**	**-**	**-**	**-**	**-**	**(63)**	**(66)**

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 2023 and 2022 is as follows:

	Thousands of euros													
	Segments													
	Spain		France		Italy		Poland		Other Countries		Eliminations and other consolidation adjustments		Total	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
ASSETS														
Other intangible assets	358	540	45	14	14	20	22	26	6	9	12	-	444	609
Tangible fixed assets	610	700	199	218	148	192	76	70	52	100	2,580	2,699	3,665	3,979
Total Assets	**31,224**	**28,682**	**12,227**	**9,716**	**7,999**	**8,025**	**2,496**	**2,873**	**5,588**	**5,305**	**(10,688)**	**(11,784)**	**48,846**	**42,817**
Total Liabilities	**4,889**	**3,469**	**6,132**	**5,054**	**3,940**	**3,891**	**609**	**644**	**4,512**	**4,850**	**(1,869)**	**(2,953)**	**18,213**	**14,955**
IFRS 16 impact (Assets)	**1,758**	**1,881**	**512**	**713**	**356**	**300**	**135**	**142**	**368**	**489**	**(462)**	**(740)**	**2,667**	**2,785**
IFRS 16 impact (Liabilities)	**1,772**	**1,886**	**519**	**717**	**358**	**302**	**138**	**144**	**372**	**496**	**-**	**(278)**	**3,159**	**3,267**

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	(123)	(201)	56	(7)	157	**(118)**
Movements 2023	(395)	(189)	6	(5)	(14)	**(597)**

During the 2023 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 2023 and the date these financial statements were drawn up.

ANNEX I

Companies included in the consolidation

As at 31 December 2023 and 2022, the subsidiaries consolidated by full integration and the information related to them is as follows:

2023 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 Montréal Québec (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.

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

Management Report

FOR THE FINANCIAL YEAR ENDING

31 December 2023

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1. **Business situation and evolution**

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 2023, it had an active presence in 29 countries through a network of 1433 centres, with its most relevant markets being France, Italy, Spain and Poland.

The companies included in the consolidation by full integration in the 2023 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 2023 financial year with a positive result of 11.6 million net profit.

In 2023, following the macroeconomic trend, mainly in Europe, of high interest rates, household consumption, especially of non-essential goods, such as those marketed by the Naturhouse Group, has been negatively impacted. However, turnover shows an improvement compared to the first half of the year.

In order to continue providing profitability and value for its shareholders, the Naturhouse Group continues to maintain strict control of operating costs. It is also continuing its policy of internalising the Group, whether through Master Franchise contracts or by opening directly-operated stores, which it expects to achieve during 2024.

On 15 March 2023, Raffaello Pellegrini was appointed CEO of the Naturhouse Group; he will combine his new role with his prior role as Managing Director of Italy.

The Annual General Meeting was held on 25 May 2023, 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 2022.
- The proposed distribution of profit and management of the Naturhouse Health, S.A. Board of Directors for the 2022 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 2022 financial year.
- Approval of the Board of Directors' management for the 2022 financial year.
- Authorisation to the Board for the acquisition of own shares, under the legal limits and requirements.
- 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 2022 financial year.

    6.2 Approval of the remuneration policy for the Board Directors of Naturhouse Health, S.A. for the 2023 financial year.

    6.3 Approval of the remuneration of the Board of Directors of Naturhouse Health, S.A. for the 2023 financial year.

- Re-election or extension of the appointment of Ernst & Young as the Company's auditors for a period of one year, that is, for the audit of the individual and consolidated financial statements of Naturhouse Health, S.A. and its consolidated Group.

- 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

Naturhouse Health S.A. and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2023 FINANCIAL YEAR
(Thousands of Euros)

	Notes Report	Financial year 2023	Financial year 2022
Net turnover	**Note 19.1**	50,407	52,403
Supplies	**Note 19.2**	(13,701)	(14,920)
Gross Margin		**36,706**	**37,483**
Other operating income		473	172
Staff expenses	**Note 19.3**	(9,334)	(10,628)
Other operating expenses	**Note 19.5**	(9,294)	(11,308)
Operating result before amortisation, impairment and other income		**18,551**	**15,719**
Amortization of fixed assets	**Notes 8 and 9**	(2,263)	(2,298)
Impairment and income from disposal of fixed assets	**Note 9**	(14)	9
Other results		(10)	(577)
OPERATING RESULT		**16,264**	**12,853**
Financial income	**Note 19.4**	**43**	**111**
Other financial income		43	111
Financial expenses	**Note 19.4**	**(616)**	**(206)**
Debts with third parties		(616)	(206)
Exchange differences	**Note 19.4**	**(126)**	**36**
FINANCIAL RESULT		**(699)**	**(59)**
Income from equity-accounted entities	**Note 11.2**	**(150)**	**309**
PRE-TAX CONSOLIDATED PROFIT OR LOSS		**15,415**	**13,103**
Corporate Tax	**Note 18.2**	(4,168)	(3,484)
NET PROFIT OR LOSS FROM CONTINUING OPERATIONS		**11,247**	**9,619**
NET CONSOLIDATED RESULT - PROFIT		**11,247**	**9,619**
Less profit or loss - minority interests	**Note 14**	(46)	(8)
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY		**11,293**	**9,627**
Earnings per share (in euros per share):			
- Basic	**Note 14**	**0.19**	**0.16**
- Diluted	**Note 14**	**0.19**	**0.16**

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 2023 financial year.

- 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, 98.26% in 2023.

    2. Provision of services:
        a. Annual fee of €600 per franchise to the Group's subsidiaries. This represents 1.74% of net turnover in the 2023 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 2023 financial year amounted to 50,407 thousand euros, representing a decrease of 3.81% compared to the previous year. This variation mainly includes the following effects:
    - In France, sales were 18,837 thousand euros. In the 2022 financial year, it was 19,086 thousand euros, a decrease of 1.30%, as a result of the closure of 21 centres during the 2022 financial year.
    - In Spain, sales were 9,615 thousand euros. In the 2022 financial year, it was 10,623 thousand euros, a decrease of 9.49%.
    - In Italy, sales were 14,998 thousand euros. In the 2022 financial year, it was 15,241 thousand euros, representing a decrease of 1.59%.
    - In Poland, sales were 5,471 thousand euros. In the 2022 financial year, it was 5,881 thousand euros, a decrease of 6.97%, as a result of the closure of 32 centres during the 2022 financial year.

- The gross margin on net turnover represents 72.83%.

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

- During the 2023 financial year, the Group's average workforce was 207 employees, of which 74% 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 26% of the personnel correspond to general management, administration and accounting, logistics, marketing and technicians.

    Personnel Costs represents 18.52% of net turnover.

- The "Operating Result before amortisation, impairment and other income" on turnover increased by 6 percentage points compared to 2022, from 30% to 36%, of the contingent control of 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 2023 financial year, a cost of 150 thousand euros is recognised in "Income from equity-accounted entities" on the attached abridged profit and loss account.

- The net result on turnover increased by 4 percentage points, from 22% to 18%, compared to 2022 as a result of the decrease in operating expenses in 2023.

3. Consolidated Statement of Financial Position

ASSETS	Notes Report	31/12/2023	31/12/2022
NON-CURRENT ASSETS:			
Intangible assets	**Note 8**	**444**	**609**
Tangible fixed assets	**Note 9**	**3,665**	**3,979**
Non-current financial assets	**Note 11.1**	**467**	**529**
Investments in associates-			
Investments recognised using the equity method	**Note 11.2**	**9,821**	**10,554**
Deferred tax assets	**Note 18.3**	**79**	**81**
Total non-current assets		**14,476**	**15,752**
CURRENT ASSETS:			
Stock	**Note 12**	**2,753**	**2,669**
Trade receivables for sales and provision of services		**2,280**	**2,400**
Customers, related companies	**Note 20.1**	**234**	**3**
Current tax assets and other credits with public administrations	**Note 18.1**	**1,544**	**6,759**
Other current assets	**Note 11.3**	**3,172**	**3,126**
Cash and cash equivalents	**Note 13**	**24,387**	**12,108**
Total current assets		**34,370**	**27,065**
TOTAL ASSETS		**48,846**	**42,817**

EQUITY AND LIABILITIES	Notes Report	31/12/2023	31/12/2022
EQUITY:			
Capital and reserves-			
Subscribed capital	**Note 14**	3,000	3,000
Issue premium		2,149	2,149
Reserves		20,564	16,930
Own shares	**Note 14**	(142)	(142)
Conversion differences	**Note 14**	(237)	(754)
Profit / (Loss) for the financial year		11,293	9,627
Interim dividend	**Note 5**	(6,000)	(3,000)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**30,627**	**27,810**
EQUITY - MINORITY INTERESTS	**Note 14**	**6**	**52**
Total Equity		**30,633**	**27,862**
NON-CURRENT LIABILITIES:			
Non-current provisions	**Note 15**	**1,641**	**2,399**
Non-current debts	**Note 16**	**3,538**	**3,858**
Deferred tax liabilities	**Note 18.5**	**275**	**306**
Total non-current liabilities		**5,454**	**6,563**
CURRENT LIABILITIES:			
Current provisions	**Note 15**	**465**	**401**
Current debts	**Note 16**	**4,515**	**1,524**
Trade creditors and other accounts payable	**Note 17**	**2,274**	**2,559**
Suppliers, related companies	**Note 20.1**	**2,715**	**1,900**
Current tax liabilities and other debts with public administrations	**Note 18.1**	**2,790**	**2,008**
Total current liabilities		**12,759**	**8,392**
TOTAL EQUITY AND LIABILITIES		**48,846**	**42,817**

- The change in "Tangible fixed assets" is due to the following reasons:
  - In 2023, accumulated amortization of the company's assets following the same historical accounting criteria.
  - The impact of the application of IFRS 16, which has led to the recognition of assets for the right of use amounting to 2,667 thousand euros compared to 2,785 thousand euros in 2022.
- "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 2022 and 2023 financial years. The main change is due to the Group's improved tax planning, resulting in less cash being tied up for this reason.

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

- As at year end 2023, 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 decrease in "Non-current debt" corresponds mainly to the application of IFRS 16, with the figure decreasing by 278 thousand euros. This item also includes, among other concepts, 1,743 thousand euros of deposits that the French subsidiary has from franchisee customers by way of a commercial guarantee.

- The increase in "Current debt" is due to the interim dividend, which was paid in January 2024.

- The average payment period of the Spanish company included in the Naturhouse Group was 49.27 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 2023, 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 2023. 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 2023, 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 2023, 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 2023, 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 5.45%.

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 Report on Directors' Remuneration

The Annual Directors' Remuneration Report, which forms part of the management report, can be consulted on the website of the Comisión Nacional del Mercado de Valores (CNMV) and on the website of the Naturhouse Group.

https://www.cnmv.es/portal/otra-informacion-relevante/resultado-oir.aspx?nif=A01115286

https://www.naturhouse.com/relacion-con-inversores/informe-anual-de-remuneraciones-de-los-consejeros/

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.

https://www.cnmv.es/portal/otra-informacion-relevante/resultado-oir.aspx?nif=A01115286&page=1

https://www.naturhouse.com/relacion-con-inversores/informe-anual-gobierno-corporativo/