INL Financial Report 2024

INTERNATIONAL IBERIAN NANOTECHNOLOGY LABORATORY

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INL Financial Report 2024

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CFO Message

Dear colleagues and partners,

Building on the momentum of previous years, **2024 marked a remarkable milestone in INL's financial and scientific journey**. We achieved the **strongest financial results in our history**, closing the year with €28.7 million in income — a growth of over 26% compared to 2023 — and maintaining an operating margin of 9%. Our **net profit reached €7.7 million**, while our funded expenses ratio improved to **76%**, reinforcing our efficiency and resilience. Notably, we ended the year with the **highest cash reserves INL has ever recorded**, a critical indicator of long-term financial health. These outcomes reflect the collective commitment and excellence of the INL community. I extend my sincere appreciation to all researchers and support staff, whose **continued trust, adaptability, and dedication** were essential in reaching this level of performance. Your work — in laboratories, offices, and across support functions — enabled us to sustain momentum through a complex and demanding year.

REPORTING IMPROVEMENTS

Alongside strong results, 2024 introduced a structural improvement in our financial reporting. In previous years, **INL's internal taxation** was deducted directly from personnel costs. This year, to align with international public-sector accounting standards and ensure greater transparency, the internal tax is now **reported as revenue**, while personnel costs are shown at **their full gross value. This adjustment does not affect our net results but presents a clearer view of the true cost of operations.** A detailed explanation is provided in the **Note 5 – other revenue** of the financial statements.
INL's ability to scale project execution while maintaining cost efficiency reflects its **disciplined financial management**. The new reporting structure introduced this year marks a meaningful step toward more transparent and future-ready financial governance.

ACCELERATING PRR EXECUTION

A key driver of INL's activity in 2024 was the **acceleration of the execution of the Portuguese Resilience and Recovery Plan (PRR)**. While implementation began in 2023, this past year saw major progress across procurement, scientific equipment installation, and recruitment.
With the PRR now extended until **June 2026**, INL is on track to execute at least **94% of the total allocated funding**, based on current forecasts. The momentum generated in 2024 will carry forward through 2025 and the first half of 2026, supporting strategic upgrades across INL's scientific infrastructure and strengthening our impact across multiple domains.

STRATEGIC OUTLOOK: 2025 AND BEYOND

As we look ahead, INL's financial strategy will focus on sustaining momentum while preparing for the uncertainties that may arise in the global research and funding landscape.
Our priorities include:

— **Completing the execution of PRR projects**, delivering measurable scientific outcomes aligned with national and European priorities
— **Advancing digitalization of INL's support processes**, enabling faster, smarter, and more transparent operations
— **Implementing the European Chips Act**, establishing INL as a key contributor in Europe's strategic microelectronics value chain
— **Reinforcing INL's portfolio of funded and commissioned projects**, ensuring a balanced and impactful funding base Upholding a culture of **cost awareness** and **financial resilience**, especially as geopolitical and macroeconomic risks persist

We remain committed to **sound financial management as the bedrock of our mission** — ensuring that every scientific step forward is supported by long-term economic responsibility.

A CONFIDENT PATH FORWARD

Financial sustainability is not merely a result — it **is a strategic asset**. It enables us to invest in talent, infrastructure, and ambition, and to navigate an increasingly competitive and uncertain environment. The results of 2024 demonstrate INL's capacity to deliver excellence at scale, while remaining agile and forward-looking. With confidence in our direction and commitment to our mission, I believe INL is well-prepared to meet the challenges and opportunities ahead. Together, we will continue to strengthen our role **as a financially solid and scientifically ambitious international organization**, delivering impact where it matters most.

Sincerely,

Gustavo M. S. Rocha
Chief Financial Officer
International Iberian Nanotechnology Laboratory

Financial Report

Highlights — Income & Financial Position

The following table provides a summary of INL's financial performance and key metrics for the fiscal year 2024 and the evolution since 2020.

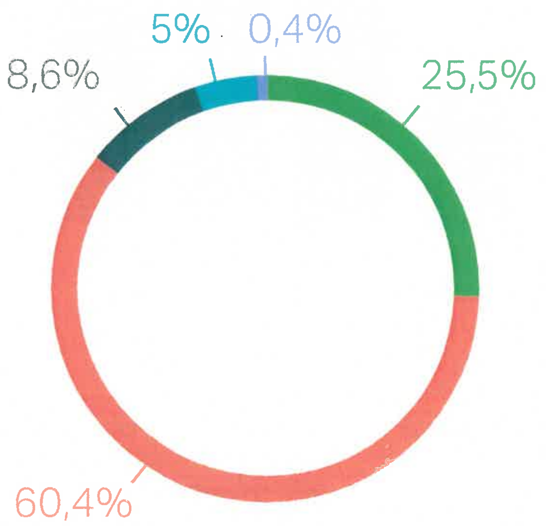
EUR '000

Financial Performance	2020	2021	2022	2023	2024
Income	**15 975**	**18 393**	**20 330**	**22 640**	**28 617**
Member State Contributions	7 070	7 141	7 214	7 289	7 300
RTD Programmes	6 767	8 800	10 048	12 411	17 273
Services & Industrial RTD	2 139	2 452	3 068	2 851	2 475
Other Revenues	—	—	—	90	125
Internal Taxation *	—	—	—	—	1 444
Expenditure	**(15 986)**	**(17 746)**	**(17 626)**	**(20 609)**	**(26 040)**
Personnel Costs	(10 528)	(11 083)	(11 841)	(13 424)	(18 251)
Consumables	(2 286)	(2 422)	(2 341)	(3 359)	(4 011)
Services and Other Recurrent Expenses	(2 294)	(3 150)	(2 363)	(2 641)	(2 395)
Maintenance	(878)	(1 091)	(1 082)	(1 186)	(1 383)
Operating Results	**(11)**	**647**	**2 704**	**2 031**	**2 577**
Investment Subsidy	799	900	1 760	1 970	8 881
Depreciations	(5 360)	(4 772)	(3 672)	(3 480)	(3 721)
Net Profit & Loss	**(4 572)**	**(3 224)**	**791**	**520**	**7 737**
Financial Ratios	**2020**	**2021**	**2022**	**2023**	**2024**
Total Assets	70 714	68 216	73 024	80 832	88 198
Equity	36 152	32 927	33 719	34 239	41 977
Debt to Equity ratio	96%	107%	117%	136%	110%
Operating Margin	-0%	4%	13%	9%	9%
Funded Expenses ratio	56%	63%	74%	74%	76%

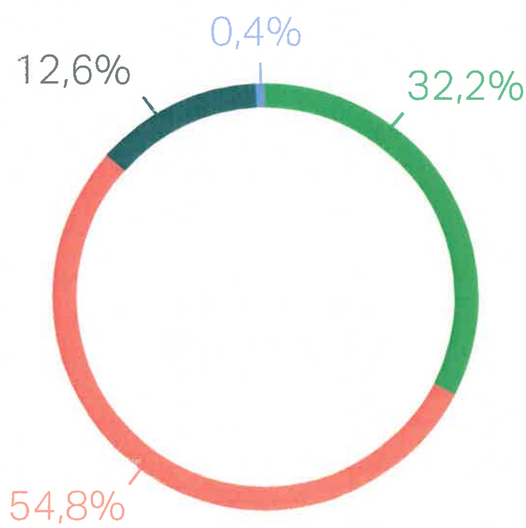
* Restated including the new internal tax classification in 2024 — note 5

In 2024, INL delivered its **strongest financial performance to date**, with **a total income of €28.7 million**, representing a **26.4% increase compared to 2023**. This growth was primarily driven by the **acceleration of the execution of the Portuguese Resilience and Recovery Plan (PRR)** and a strong performance across the entire portfolio of competitive RTD funding.

28,7 MILLION € **2024** OPERATIONAL INCOME



22,6 MILLION € **2023** OPERATIONAL INCOME



- Member State Contributions
- External grant funding
- Commissioned Research and Other external funding*
- Other Revenue: Internal Tax
- Other revenue**

* Includes income from services to private and public institutions, training courses and conference fees.

** Includes interest earned and extraordinary incomes.

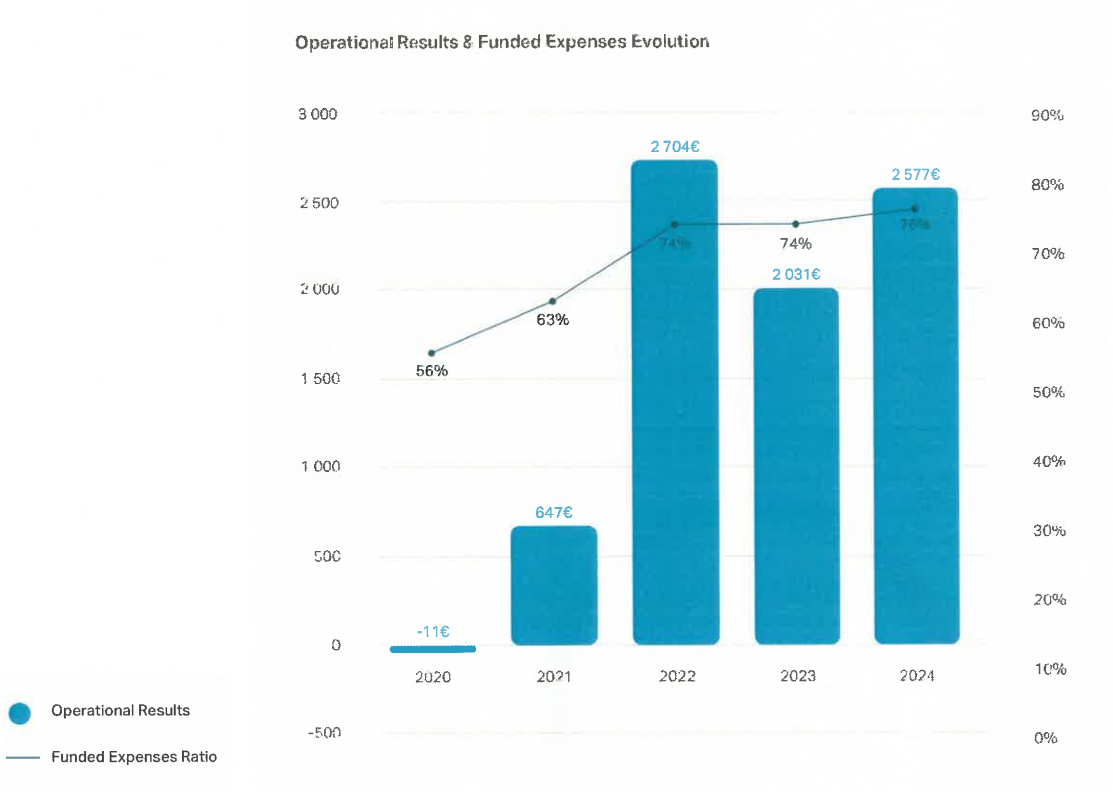
It is important to note that, starting this year, **total income also includes internal taxation on salaries, following a change in accounting presentation aimed at improving transparency**, (see Note 5 — Other Revenues, in the Notes to the Financial Statements).

Key financial figures include:

→ **Operating results** (before depreciation and excluding investment subsidy): **€2.6 million**

→ **Net profit** (after depreciation and investment subsidy): **€7.7 million.** This result was primarily driven by INL's solid operational performance combined with the investment subsidies related to PRR-funded equipment commissioned during the year.

→ **Funded expenses ratio**: Maintained at 76%, consistent with 2023 and above INL target of 75%.



INL closed the year with **€13.8 million in cash reserves**, the highest in its history. This strong position reflects four consecutive years of positive operational results, prudent financial management, and the **early collection of Portugal's 2025 contribution in December 2024**.

Meanwhile, **debt remained limited to €1.5 million**, composed of:

→ Approximately **€140k** related to the final balance of the **Autodesk settlement agreement**, and

→ Around **€1.36 million in bridge loans** associated with the PRR agendas **NGS, R2U, and Health from Portugal**.

→ Notably, INL carried no short-term debt at year-end.

As consequence of the strong operational results and limited debt exposure, **INL's debt-to-equity ratio improved from 136% in 2023 to 110% in 2024**, underscoring the organization's enhanced financial stability and long-term sustainability.

On the income composition:

→ **Subsidy from RTD-funded programs increased by 39.2%** (excluding CAPEX subsidies), reflecting the scale-up in PRR activities and broader project performance.

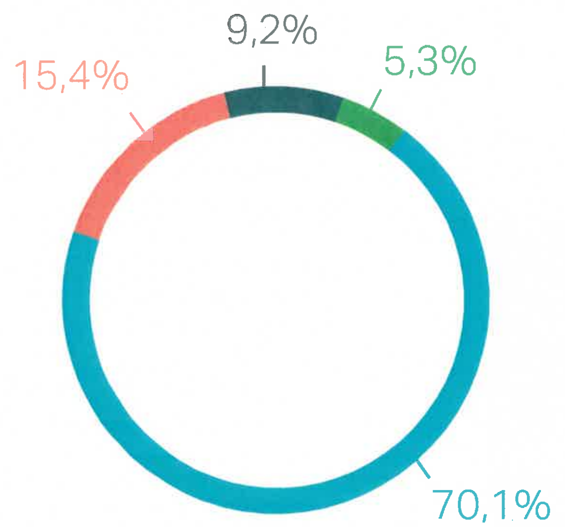
→ In contrast, **income from commissioned research services declined by 13.2%**, primarily due to the **temporary reallocation of internal capacity** to PRR-related activities.

In summary, INL's total income grew by 26.6% in 2024, while total costs increased at a slightly lower pace of 26.4%, reflecting a well-balanced expansion driven primarily by the acceleration of PRR project execution.

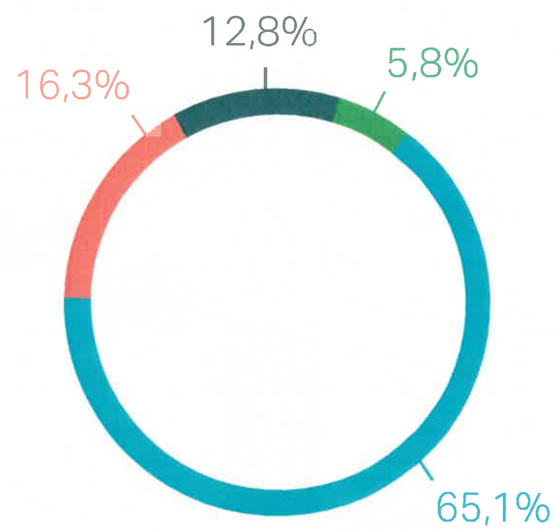
Highlights — Operational Costs

On the cost side, **INL's total operational expenses increased by 26.4% in 2024, in close alignment with income growth.** This rise reflects a deliberate and managed expansion of operations, largely driven by the acceleration of PRR project execution.

26 MILLION € 2024 OPERATIONAL EXPENDITURE



20,6 MILLION € 2023 OPERATIONAL EXPENDITURE



- Personnel Costs
- Consumables
- Services and Other Recurrent Expenses
- Maintenance

* Excluding depreciations

The increase in costs was influenced by three main factors:

→ The **execution of a significantly higher volume of funded projects**, requiring expanded support services, research activities, and operational delivery

→ An **22.9% increase in the average number of employees**, primarily to support PRR execution, alongside the **first phase of INL's career system implementation** and the **appointment of a new Deputy Director-General** starting in October

→ **Inflationary pressures**, particularly affecting salary-related costs and professional services

It is also important to note that, starting in 2024, **personnel costs are reported at their full gross value**, following the reclassification of internal taxation (previously deducted at source). While this change increases the reported year-on-year growth in personnel costs, it does not affect net results or real expenditure levels. The adjustment improves transparency and aligns INL's reporting with international accounting practices.

Despite these pressures, **INL maintained its funded expenses ratio at 76%**, reflecting **cost discipline, operational efficiency**, and a continued focus on maximizing the impact of externally funded projects.

Highlights — Capital Expenditure

In 2024, capital expenditures increased significantly, aligned with the ongoing implementation of the PRR initiatives. **Investments were focused on scientific equipment, and laboratory infrastructure, supporting INL's strategic objectives and long-term research capabilities.** A substantial portion of this investment was funded through PRR-related subsidies, minimizing the impact on INL's core budget while accelerating the upgrade of research platforms.

Overall, 2024 confirmed INL's ability to scale operations responsibly, sustain a high level of project execution, and preserve financial resilience in a context of increasing operational complexity. **The alignment between income and cost growth, the maintenance of a high funded expenses ratio, and the improvement in the debt-to-equity ratio are clear indicators of a solid and well-managed financial position.**

Evolution of Operational Results and Net Profit (2020–2024)

Member States Contribution and Competitive External Funding
Since 2007, **INL's Member States have contributed €113.9 million** to support the organization's mission. **In parallel, INL has successfully secured €174.5 million in external competitive funding** through national, European, and international research programs.

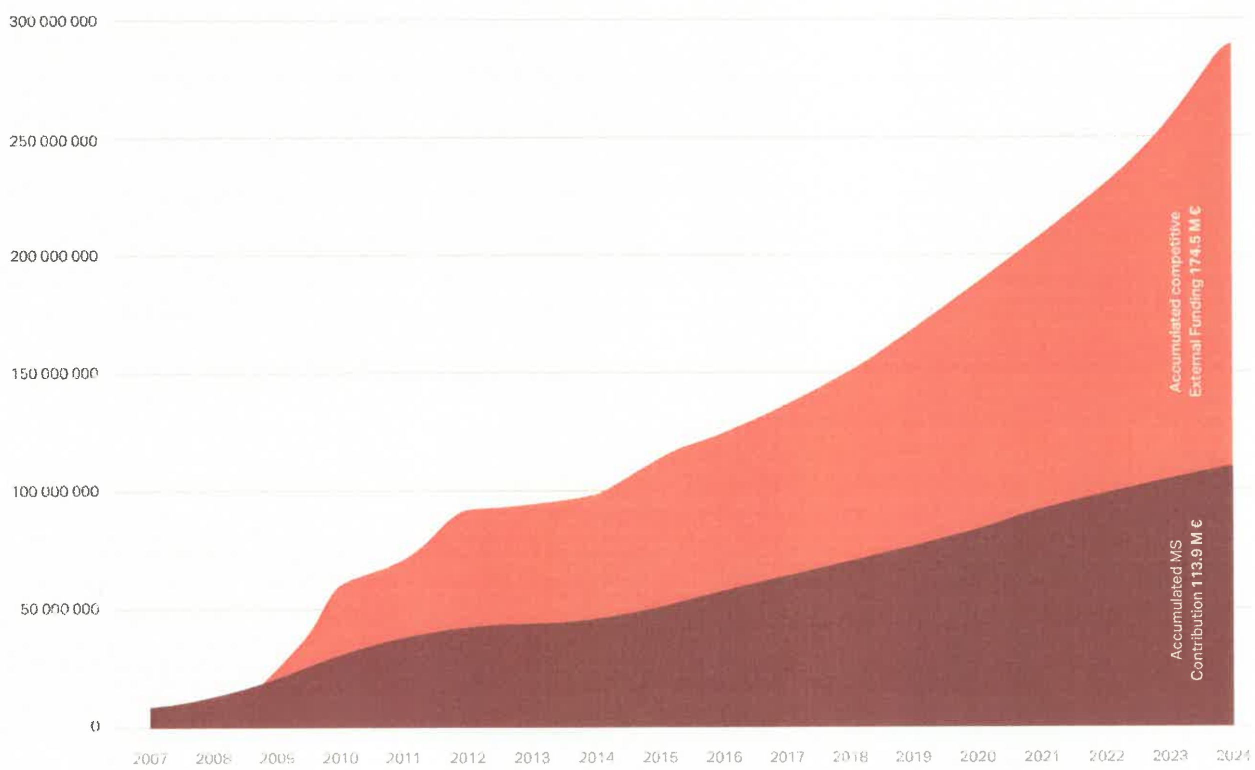
This means that for every **€1 invested by the Member States**, INL has attracted an additional **€1.5 in external funding** — a clear demonstration of the organization's capacity to multiply public investment and maximize impact.

External Funding

Member State Contributor

Evolution of Operational Results and Net Profit (2020–2024)

Source
Notes to the Financial Statements – Note 25. Capital and contributions by other governmental entities.



INL budget execution 2024 — Overall

EUR '000

TOTAL Budget Execution 2024	Budget	Execution	Var. Value	Var. %
Income	**31 591**	**28 617**	**(4 543)**	**-14%**
Services & Industrial RTD	2 896	2 475	(421)	-14,5%
RTD Programmes	21 395	17 273	(4 122)	-19,3%
Member States Contributions	7 300	7 300	-	0,0%
Other revenue	-	125		
Internal Taxation	-	1 444		
Expenditure	**(29 504)**	**(26 039)**	**(3 465)**	**-12%**
Personnel Costs	(19 259)	(18 251)	(1 008)	-5,2%
Consumables	(5 183)	(4 011)	(1 172)	-22,6%
Services and Other Recurrent Expenses	(3 620)	(2 394)	(1 226)	-33,9%
Maintenance	(1 442)	(1 383)	(59)	-4,1%
Operating Margin	**2 087**	**2 579**	**492**	**24%**
Investment Subsidy	10 873	8 881	(1 992)	-18,3%
Depreciations	(3 577)	(3 721)	144	4,0%
Net Profit & Loss	**9 383**	**7 738**	**(1 644)**	**-18%**

INL's budget execution in 2024 reflects a disciplined financial approach, strong project execution, and operational agility, despite external and internal constraints. **Total income was 14% below the approved budget**, mainly due to the **slower-than-anticipated execution of PRR projects**, which, **although significantly ramped up compared to 2023, remained below the original plan**. This variance was primarily driven by **delays in procurement and commissioning of scientific equipment**, as well as **difficulties in recruiting highly specialized scientific personnel** required for key PRR activities. Additionally, **income from commissioned research services was 13.3% below budget**, reflecting the strategic shift in internal capacity toward PRR execution.

On the expenditure side, **total costs were 12% below budget**, with all major categories under-executed. The most significant variances were seen in:

→ **Consumables**: 22.6% below budget
→ **Services and other recurrent expenses**: 33.9% below budget
→ **Personnel costs**: 5.2% below budget, due to recruitment delays and phased hiring under the PRR framework

Despite the lower income, INL achieved an **operating result of €2.6 million**, exceeding the budget by 25%. This positive outcome reflects the fact that most of the incurred expenses were project-related and, therefore, **eligible for external funding**, which helped to sustain a **high funded expenses ratio** and improve operational efficiency.

Investment subsidies (CAPEX-related income) were 18.3% below budget, also reflecting delays in equipment procurement and commissioning timelines under the PRRs.

Overall, 2024's budget execution demonstrates sound financial management in a complex environment. INL adapted to slower revenue realization without compromising cost discipline, protected its operational surplus, and maintained its strategic focus on long-term infrastructure and capability-building.

INL budget execution 2024 — By Area.

EUR '000

Budget Execution 2024 by Area	Budget	Execution	Var. Value	Var. %
SUPPORT FUNCTIONS				
Expenditure	**5 126**	**3 949**	**(1 177)**	**-23,0%**
Personnel Costs	3 658	3 083	(575)	-15,7%
Consumables	13	17	4	27,8%
Services and Other Recurrent Expenses	1 440	844	(596)	-41,4%
Maintenance	15	5	(10)	-66,7%
RESEARCH GROUPS				
Expenditure	**17 789**	**15 643**	**(2 146)**	**-12,1%**
Personnel Costs	13 959	13 184	(775)	-5,5%
Consumables	2 798	1 870	(928)	-33,2%
Services and Other Recurrent Expenses	1 022	525	(497)	-48,6%
Maintenance	10	64	54	540,0%
CORPORATE LABS				
Expenditure	**2 654**	**3 022**	**368**	**13,9%**
Personnel Costs	974	1 186	212	21,7%
Consumables	799	925	126	15,8%
Services and Other Recurrent Expenses	36	98	62	172,2%
Maintenance	845	813	(32)	-3,8%
INFRASTRUCTURE				
Expenditure	**3 935**	**3 425**	**(510)**	**-13,0%**
Personnel Costs	668	798	130	19,4%
Consumables	1 573	1 199	(374)	-23,8%
Services and Other Recurrent Expenses	1 122	927	(195)	-17,4%
Maintenance	572	501	(71)	-12,4%

INL's 2024 budget execution by functional area reveals differentiated performance across the organization, shaped by project execution dynamics and staffing developments, and the reclassification of internal tax.

This reclassification notably impacted comparability across areas and categories, particularly in personnel costs. Details by area are provided below:

→ **Support Functions**, despite executing **23% below budget**, experienced a **year-on-year increase in headcount**, leading to higher personnel costs compared to 2023. This growth was driven by the need to expand administrative and operational support in line with rising institutional project activity. When **combined with Infrastructure, support personnel costs represented 14.9% of INL's total expenditure and 21.3% of total personnel costs**.
This indicator is a key performance metric for INL's cost structure, as a sustained increase in the share of support personnel relative to total spending can erode operational margins and compromise long-term financial agility. It is therefore closely monitored and requires strategic workforce alignment during planning cycles to ensure that support capacity grows in proportion to scientific output and institutional needs.
Note: *The ratio of support personnel cost to total expenditure is calculated by* ***summing the personnel costs of Support Functions and Infrastructure and dividing this by INL's total expenditure for the year.*** *This indicator measures the proportion of institutional resources dedicated to administrative and operational support versus scientific activity and serves as an internal benchmark for cost structure efficiency.*

→ **Research Groups** executed **12.1% below budget**, reflecting challenges in scaling project implementation due to **delays in recruiting specialized scientific personnel**. This under-execution had a direct impact on the use of **consumables** (-33.2%) and **services** (-48.6%), both of which are tightly linked to the pace of project activity.

→ **Corporate Laboratories** executed **13.9% above budget,** driven by growth in personnel, consumables, and services. This reflects a higher-than-expected operational intensity, aligned with increased internal and project-based demands for technical support, characterization, and facilities usage.

→ **Infrastructure** expenses were **13.0% below budget**, with under-execution across all categories except personnel costs, which were impacted by the internal tax reclassification. The most significant deviations occurred in consumables (–23.8%), primarily due to **energy savings**.
This area-level analysis highlights both the success in containing operational costs and the strategic need to align workforce growth with project readiness. While INL demonstrated control over expenditure at an institutional level, maintaining a balanced cost structure and protecting operational margins will be essential to support long-term efficiency and institutional sustainability.

Subsequent Events & General Risk Assessment

Managing risks rigorously and systematically remains critical for creating and protecting value at INL. The Organization continuously monitors, assesses, and mitigates operational risks that may impact short- to medium-term execution, as well as strategic risks that could affect INL's long-term objectives and institutional positioning.

Key factors that may affect future results include, but are not limited to:

→ **Geopolitical tensions and global trade realignment**
The current international context is marked by persistent geopolitical instability and growing trade fragmentation. These dynamics pose risks to access to equipment, key technologies, and cross-border scientific collaboration. They may also indirectly contribute to inflationary pressures, affecting the cost of operations and future budgetary planning.

→ **Supply chain disruptions**
Ongoing global trade conflicts and regulatory constraints on sensitive technologies continue to affect supply chains across sectors relevant to INL, including advanced materials, electronics, and instrumentation. These disruptions may lead to delays and increased costs in the execution of research projects and infrastructure development.

→ **Funding uncertainties**
As national governments and supranational entities face competing priorities, there is increased pressure on public R&D budgets. This may result in lower funding availability, reduced success rates in competitive calls, or shifts in thematic priorities that challenge medium-term planning.

→ **Regulatory and compliance risk**
The growing complexity of European and national regulatory frameworks — including financial rules, data protection, public procurement, and research ethics — introduces compliance risks and may increase administrative burdens. Failure to adapt to evolving legal obligations could impact INL's ability to secure or execute certain types of projects.

→ **Talent recruitment and retention**
As INL scales its operations, particularly under the PRR and strategic European initiatives, the ability to attract and retain qualified scientific and technical personnel becomes increasingly critical. Competition with other research institutions, evolving expectations of research careers, and administrative barriers (e.g., visa or relocation issues) may limit access to key human resources.

INL Management continuously integrates these risk factors into its strategic and operational planning. Where relevant, risks are also quantified and incorporated into the annual budgeting process and financial disclosures.
Based on current assessments and available information, no subsequent events have **occurred after 31 December 2024 that would materially affect the financial position of INL**. Management considers the **principle of operational continuity** as valid for the preparation of the 2024 financial statements and affirms that INL remains adequately equipped to mitigate the identified risks in the best interest of its stakeholders.

Proposal for earnings allocation

INL's Director-General proposes registering to retained earnings the Profit of the year of EUR 7.737.667€.

INL — Director-General

INL — Chief Financial Officer

Braga, March 31st, 2024

Financial Statements

Statement of financial position

Currency **EUR**

ASSETS	Notes	12/31/2024	12/31/2023
Current Assets			
Cash and cash equivalents	16	13 777 176	15 512 216
Receivables from exchange transactions	12	958 274	1 281 731
Prepayments	13	137 333	47 853
Receivables from non-exchange transactions	4, 14	8 903 492	4 652 861
Other current assets	15	423 082	518 884
Total current assets		**24 199 356**	**22 013 545**
Non Current Assets			
Receivables			
Investments in associates	17	46 500	46 000
Infrastructure, plant and equipment	18	14 393 166	8 087 654
Land and buildings	18	49 397 061	50 566 538
Intangible assets	19	161 998	118 554
Total non-current assets		**63 998 726**	**58 818 746**
Total Assets		**88 198 082**	**80 832 291**

LIABILITIES	Notes	12/31/2024	12/31/2023
Current Liabilities			
Payables	20	4 718 140	2 547 263
Prepayments	21	61 690	61 690
Short-term borrowings	22	25 547 656	24 411 038
Provisions	23	336 324	345 324
Other current liabilities	4, 24	15 557 774	19 088 550
Total current liabilities		**46 221 584**	**46 453 865**
Non Current Liabilities			
Long-term borrowings	22	-	139 595
Total non-current liabilities		**-**	**139 595**
Total Liabilities		**46 221 584**	**46 593 460**
Net Assets		**41 976 498**	**34 238 831**

NET ASSETS/EQUITY	Notes	12/31/2024	12/31/2023
Capital contributed by Members States	25	30 000 000	30 000 000
Accumulated surpluses/(deficits)	26	4 238 831	3 718 527
Net surplus/(deficit) (-) for the period	26	7 737 667	520 304
Total net assets/Equity		**41 976 498**	**34 238 831**
Total net assets and liabilities		**88 198 082**	**80 832 291**

The notes are an integral part of the statement of financial position for the period ended on December 31st.

INL — Certified Accountant

INL — Chief Financial Officer

Braga, March 31st, 2024

Income Statement by Nature for the Period at Ended December 31st 2024

Currency **EUR**

Statement of Financial Performance	Notes	12/31/24	12/31/23
Revenue			
Revenue from exchange transactions	3	2 475 114	2 850 511
Member States' Contributions	4	7 300 000	7 288 741
Transfers from other government entities	4	26 154 382	14 380 978
Financial revenue	11	98 709	53 790
Other Revenue	5	26 275	35 940
Internal taxation	5	1 444 393	1 153 078
Total Revenue		**37 498 873**	**25 763 038**
Expenses			
Wages, salaries and employee benefits	6	(17 573 746)	(14 080 724)
Supplies and consumables used	7	(7 885 861)	(6 661 682)
Depreciation and amortization expense	8	(3 721 332)	(3 480 262)
Cost of goods sold and consumed	9	(447 827)	(484 651)
Financial expenses	11	(33 849)	(40 566)
Other expenses	10	(98 591)	(494 848)
Total Expenses		**(29 761 206)**	**(25 242 733)**
Surplus/(deficit) for the period		**7 737 667**	**520 304**

*Restarted including the new internal tax classification in 2023 — note 5

The notes are an integral part of the income statement by nature for the period ended on December 31st.

Fátima Ferreira
INL — Certified Accountant

INL — Chief Financial Officer

Braga, March 31st, 2024

Cash Flow Statement by Nature for the Period at Ended December 31st 2024

Currency **EUR**

Statement of Cash Flows	Notes	12/31/24	12/31/23
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the period	26	7 737 667	520 304
Non-Cash Movements			
Deduction of depreciation, amortisation and Impairments	8	3 721 332	3 480 262
Deduction of Non-Cash changes in Net Assets	15		137 078
(Increase)/Decrease in Receivable from non-exchange transactions	14	(4 250 630)	6 045 918
(Increase)/Decrease in Receivable from exchange transactions	12	323 457	(221 851)
(Increase)/Decrease in Prepayments	13	(89 479)	(19 505)
(Increase)/Decrease in Other Current/Non-Current Assets	15	132 480	(59 176)
Increase/(Decrease) in Accounts Payable	20	2 170 877	(481 341)
Increase/(Decrease) in Accruals	24	10 464	56 078
Increase/(Decrease) in Deferred Revenue	15,24	(56 796)	46 058
Increase/(Decrease) in Employees Benefits	24	108 197	12 107
Increase/(Decrease) in Provisions	23	(9 000)	345 324
Increase/(Decrease) in Prepayments liabilities	21	-	(8 222)
Increase/(Decrease) in Other Liabilities	23	(3 629 319)	7 832 011
Net Cash Flows from Operating Activities		**6 169 249**	**17 685 045**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase)/Sale of Investments	17	(500)	(1 000)
(Addition)/Disposal of PP&E and Intangible	18, 19	(8 900 812)	(2 358 931)
Net Cash Flows from Investing Activities		**(8 901 312)**	**(2 359 931)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Allocation of Current Year Cash Surplus			
Increase/(Decrease) in Borrowings	22	997 023	(513 533)
Net Cash Flows from Financing Activities		**997 023**	**(513 533)**
Net increase/(decrease) in cash and cash equivalents		(1 735 040)	14 811 581
Cash and cash equivalents at beginning of period	16	15 512 216	700 635
Cash and cash equivalents at the end of period	16	13 777 176	15 512 216

The notes are an integral part of the cash flow statement for the period ended on December 31st.

Fatima Ferreira

INL — Certified Accountant

INL — Chief Financial Officer

Braga, March 31st, 2024

Statment of changes on net assets/equity for the year ended December 31, 2024

	Contributed Capital	Year Surplus	Accumulated Surpluses/ (Deficits)	Total
Balance at 31 December, 2022	30 000 000	791 218	2 927 309	33 718 527
Allocation of surplus carried forward		-791 218	791 218	0
Net Cash Flows from Operating Activities		**-791 218**	**791 218**	**0**
Surplus/deficit for the period		520 305		520 305
Total recognised revenue and expenses for the period		**-270 913**	**791 218**	**520 305**
Balance at 31 December, 2023	30 000 000	520 305	3 718 527	34 238 832
Allocation of surplus carried forward		-520 305	520 305	0
Net cashflows from operating activities		**-520 305**	**520 305**	**0**
Surplus/deficit for the period		7 737 667		7 737 667
Total recognised revenue and expenses for the period		**7 217 362**	**520 305**	**7 737 667**
Balance at 31 December, 2024	30 000 000	7 737 667	4 238 832	41 976 499

The notes are an integral part of the cash flow statement for the period ended on December 31st.

INL — Certified Accountant

INL — Chief Financial Officer

Braga, March 31st, 2024

Statment of comparison of budget and actual amounts for the year ended December 31, 2024

Statement of Cash Flows	Approved Budget	Actual on comparable basis	Performance Difference	Var. %
Revenue				
Services and Industrial RTD	2 895 865	2 475 114	**(420 751)**	-14,5%
RTD Programmes	21 395 318	17 272 921	**(4 122 397)**	-19,3%
Member States Contributions	7 300 000	7 300 000	-	0,0%
Other revenue	-	124 984		-
Internal Taxation	-	1 444 393		-
Total Income	**31 591 183**	**28 617 412**	**(4 543 148)**	**-14,4%**
Expenses				
Personnel Costs	(19 258 922)	(18 250 905)	(1 008 017)	-5,2%
Consumables	(5 183 347)	(4 011 267)	(1 172 080)	-22,6%
Services and Other Recurrent Expenses	(3 619 709)	(2 395 014)	(1 224 695)	-33,8%
Maintenance	(1 441 500)	(1 382 688)	(58 812)	-4,1%
Total Income	**(29 503 478)**	**(26 039 874)**	**(3 463 604)**	**11,7%**
Operating Margin	**2 087 705**	**2 577 538**	**(1 079 544)**	**-51,7%**
Investment Subsidy	10 872 702	8 881 462	(1 991 240)	-18,3%
Depreciations	(3 577 220)	(3 721 332)	144 112	4,0%
Surplus/(deficit) for the period	**9 383 187**	**7 737 667**	**(1 645 520)**	**17,5%**

Notes to the financial statements

as of December 31st, 2024

(Amounts in Euro)

1. General information

INL – International Iberian Nanotechnology Laboratory ("the entity" or "INL") is an intergovernmental organization with international legal personality, established on 22 November 2007. Its headquarters are located at Avenida Mestre José Veiga, Braga, Portugal. INL was founded with the purpose of creating a platform for scientific and technological cooperation between its Member States, Portugal and Spain.

These financial statements are presented in euros (€) and are subject to approval by the INL Council, in accordance with INL's Statutes.
The Director-General is of the opinion that these financial statements present a true and fair view of the entity's operations, financial position, performance, and cash flows for the year ended.

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), including only the disclosures relevant to the entity's nature and activities. The accounting policies adopted have been applied consistently to all periods presented.
The financial statements are prepared on a historical cost basis, unless otherwise stated, and on the accrual basis of accounting. The cash flow statement is presented using the indirect method.
The financial statements have been prepared based on the assumption of operational continuity. INL's Management has evaluated the available information and future expectations and concludes that the entity has the capacity to continue its operations for the foreseeable future.
Although current liabilities exceeded current assets by €22,022,228 as of 31 December 2024, the Director-General considers that the loan of €24,000,000 granted by the Government of Spain is not expected to be repayable in the short term, and as such, does not compromise INL's going concern status.

2.2 Summary of significant accounting policies

a) Investment in associate
INL's investment in its associate is accounted for using the equity method. An associate is an entity over which INL has significant influence but not control.
Under the equity method, the investment is initially recognized at cost, and the carrying amount is subsequently adjusted to reflect INL's share of the associate's post-acquisition surplus or deficit. Any goodwill arising on acquisition is included in the carrying amount of the investment.
The financial statements of the associate are prepared for the same reporting period as INL. Where necessary, adjustments are made to align the associate's accounting policies with those of INL.
At each reporting date, INL assesses whether there is any objective evidence of impairment in its investment in the associate. If such evidence exists, an impairment loss is recognized in accordance with the applicable IPSAS standards.

b) Revenue recognition
Revenue from non-exchange transactions

→ Fees, taxes and fines
INL recognizes revenues from fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.
Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

→ Transfers from other government entities
Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from

conditions and it is probable that the economic benefits or service potential related to the asset will flow to INL and can be measured reliably.

Revenue from exchange transactions

→ Rendering of services

INL recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

c) Taxes

→ Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

→ Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

— *When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.*

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Infrastructure, plant and equipment, land and buildings

All infrastructure, plant and equipment, land and buildings are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, INL recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.
The depreciation method shall reflect the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the entity.
The depreciation method applied to an asset shall be reviewed at least at each annual reporting date and, if there has been a significant change in the expected pattern of the consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with IPSAS 3.
Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset:

Goods Class	Years
Buildings ans other constructions	10 and 50
Administrative equipment	2 to 10
Basic Equipment	4 to 10
Other tangible assets	4 to 10
Equipment and instruments used to cary out scientific and technological research*	1 to 5

* The equipment allocated to R&D activities suffers, as a rule, wear greater than what usually occurs with most other equipment since:

→ A. The equipment involved is state-of-the-art and subject to severe technical obsolescence due to the rapid technological innovation inherent in R&D activities.
→ B. During the scientific project's useful life, the equipment is subject to intensive use, contributing to its abnormal wear due to the significant increase in the number of uses for testing and experimentation and, consequently, an increase in the speed of its depreciation.

INL considers the depreciation of lab infrastructure equipment and instrumentation purchase costs, for the period those items are used specifically and exclusively for research purposes, including apparatus, tools, scientific instruments, devices and their component parts on a lab. This rule is very specific and considered only in the following situations:

→ The scientific equipment must be essential for the execution and delivery of the results expected for the research or project.
→ The equipment must not be used for commercial activities, just for researching, samples or small non-commercial productions.

INL derecognizes items of infrastructure, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.
The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life:

Goods Class	Years
Computer Programmes	2 to 8

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

f) Financial instruments

→ **Financial assets**

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. INL determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that INL commits to purchase or sell the asset.

INL's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

→ Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

→ Derecognition

INL derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

— The rights to receive cash flows from the asset have expired or are waived.

— INL has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) INL has transferred substantially all the risks and rewards of the asset; or (b) INL has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

→ Impairment of financial assets
INL assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:
- The debtors or a group of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

→ Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. INL determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.
INL's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification.
Financial liabilities at fair value through surplus or deficit financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered by INL that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans and borrowing
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and deposits on call for the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

h) Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

INL does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

INL does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Changes in accounting policies and estimates

INL recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits

The cost of all short-term employee benefits, such as family allowances, is recognized during the period in which the employee renders the related service. INL recognizes the expected cost of performance bonuses only when INL has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

k) Foreign currency transaction

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.
On December the 31st, 2024 balances in foreign currency, which are not material, are recorded at the exchange rate of the operation.

l) Borrowing costs

Borrowing costs incurred are charged to the statement of financial performance.

m) Budgeting information

The annual budget is prepared on an accrual basis; that is, all planned costs and income are presented in a single statement to determine the needs of INL.

As a result of adopting the accrual basis for budgeting purposes, there are no basis, timing, or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison budget and actual amounts.

The annual budget included in the financial statements represents the controlling Entity (INL) and, therefore, excludes its subsidiaries' budget.

The budgets of the subsidiaries are not made publicly available.

The budget is presented to the INL Finance Committee, assessing the information and sending the respective recommendation to the Council.

After analyzing the Finance Committee's recommendation, The Council approves or not the budget for the next fiscal year.

n) Changes compared to the 2023 presentation

INL staff are exempt from national income tax but are subject to an internal tax retained by the Organization, as is common in international organizations. Until 2023, this internal tax was shown as a deduction from personnel costs. From 2024 onwards, in line with international public-sector accounting standards, the internal tax is now reported as income under "Other Revenues". (please see note 5)

3. Revenue from exchange transactions

Revenue from exchange transactions recognized by INL on December 31st, 2024, and December 31st, 2023, is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Services rendered	2 475 114	2 850 511
	2 475 114	2 850 511

In 2024, INL experienced an 13.2% decline in the number of commissioned scientific projects compared to the previous year. This decrease was largely driven by the conclusion of several strategic industrial collaborations, notably with Repsol, Corticale, and RAFAEL Advanced Defense Systems Ltd. In parallel, reduced order volumes from long-standing partners such as Sinomags, Sensitec, and Amkor also contributed to the overall contraction.

Despite these headwinds, INL successfully established new collaborations with leading industry players, including SK Hynix and Wuxi ESSTMAGS Co. LTD. These partnerships underscore the organization's ongoing ability to attract high-value industrial engagements and maintain its relevance in a competitive global R&D environment.

The Portuguese market accounted for 28% of INL's total industrial collaboration activity in 2024, with international partners making up the remaining 72%. This distribution reinforces the strategic significance of foreign markets in INL's industrial engagement approach.

INL's top ten industrial partners remained central to the collaboration portfolio. In particular, Sinomags, Bosch Car Multimedia Portugal, Amkor Technology Portugal, and Lumiphase collectively represented 61% of the total volume of commissioned industrial projects, highlighting the continued strength of key strategic relationships.

4. Member States' Contributions and Transfers from other government entities

Throughout its development, INL has secured several non-repayable grants to support key aspects of its establishment and operations, including the construction of its infrastructure, acquisition of core equipment, and coverage of operational expenditures. These grants have primarily originated from its Member States, in accordance with the INL Statutes, as well as from national and international funding agencies through various dedicated programs.
As of December 31st, 2024, and December 31st, 2023, transfers received from Member States and other governmental entities are summarized as follows:

	31 DEZ 2024	31 DEZ 2023
Member State — SPAIN	3 500 000	3 500 000
Member State — PORTUGAL	3 800 000	3 788 741
	7 300 000	7 288 741
Funding Agencies	26 154 382	14 380 978
	33 454 382	21 669 719

In 2024, research projects were supported by competitive funding programs—including FCT, INTERREG, PT2020, Horizon 2020, the Recovery and Resilience Plan (PRR), among others—accounted for a total contracted financing amount of EUR 92,883,820. This represents a decrease compared to EUR 106,602,295 in 2023.

These projects span strategic areas of research such as energy and the environment, health and personalized nutrition, and information and communication technologies—reinforcing INL's commitment to multidisciplinary scientific excellence aligned with societal and technological challenges.

As of December 31st, 2024, the subsidies associated with these projects are detailed as follows:

Subsidy Framework	Total Funding Amount	Amount Received Year	Accumulated Received Amount	Amount Receivable	Amount Received payable to partners	Year Revenue	Accumulated Revenue	Balance according to execution Asset	Balance according to execution Liability	Future Revenue
INTERREG	3 514 611	351 479	3 395 686	118 926	-	39 739	3 438 399	45 818	(3 104)	76 212
FCT	12 063 082	597 928	10 626 583	1 436 500	(19 255)	967 163	10 870 865	538 365	(313 337)	1 192 217
N2020	7 057 669	780 190	6 869 565	188 104	-	(52 104)	7 054 185	202 414	(17 794)	3 485
PT2020	15 635 601	1 000 539	14 990 037	645 564	-	(2 988)	15 359 354	461 866	(92 549)	276 248
H2020	38 530 006	6 728 216	28 490 126	10 039 881	2 720	6 424 758	20 143 455	973 857	(9 317 808)	18 386 552
IFAP	118 167	-	32 939	85 228	-	-	118 167	85 228	-	-
INDUSTRIA	30 000	-	30 000	-	-	-	30 000	-	-	-
The Good Food Institute	46 140	-	46 140	-	-	-	46 140	-	-	-
H2020 | FCT	853 155	158 895	678 421	174 734	-	105 185	707 818	87 646	(58 249)	145 337
EIT Food	352 509	-	352 509	-	-	-	352 510	1	-	(1)
La Caixa	2 039 178	198 544	1 370 414	668 764	-	277 503	1 560 795	280 352	(89 971)	478 383
EFA Grants	413 842	218 710	337 980	75 861	-	100 590	398 527	60 546	-	15 315
SNSF	308 794	-	203 303	105 491	-	69 808	189 509	-	(13 794)	119 284
EIT Health InnoStar	24 896	-	24 896	-	-	-	24 896	0	-	-
PRR	51 292 623	5 086 026	16 883 332	34 409 291	-	18 207 506	22 890 419	6 150 175	(143 088)	28 402 204
H2020 | PRR	500 572	-	227 167	273 405	-	-	18 483	-	(208 683)	482 088
AICEP	417 617	-	-	417 617	-	17 223	17 223	17 223	-	400 394
	133 198 462	**15 120 526**	**84 559 096**	**48 639 365**	**(16 535)**	**26 154 382**	**83 220 745**	**8 903 492**	**(10 258 379)**	**49 977 717**

On December 31st, 2023 subsidies of these projects have the following details:

Subsidy Framework	Total Funding Amount	Amount Received Year	Accumulated Received Amount	Amount Receivable	Amount Received payable to partners	Year Revenue	Accumulated Revenue	Balance according to execution Asset	Balance according to execution Liability	Future Revenue
INTERREG	3 514 550	394 790	3 044 207	470 343	-	94 591	3 398 660	354 453	(0)	115 890
FCT	12 045 942	1 724 619	10 028 655	2 017 287	(6 403)	765 354	9 903 702	366 080	(497 436)	2 142 240
N2020	7 104 039	1 165 236	6 089 375	1 014 664	-	1 015 991	7 106 289	1 034 708	(17 794)	(2 250)
PT2020	15 807 666	5 538 234	13 989 498	1 818 167	-	1 577 349	15 362 341	1 405 122	(32 279)	445 324
H2020	36 353 093	6 491 970	21 761 910	14 591 184	(388 546)	5 303 616	13 718 697	751 924	(9 183 682)	22 634 396
IFAP	118 167	-	32 939	85 228	-	-	118 167	85 228	-	-
INDUSTRIA	30 000	-	30 000	-	-	6 000	30 000	-	-	-
The Good Food Institute	46 140	-	46 140	-	-	-	46 140	-	-	-
H2020 | FCT	853 155	275 745	519 526	333 629	-	234 583	602 633	169 098	(85 991)	250 522
EIT Food	352 509	-	352 509	-	-	1 699	352 510	1	-	(1)
La Caixa	2 039 178	172 921	1 171 870	867 308	-	393 342	1 283 292	170 660	(59 238)	755 886
EFA Grants	432 786	24 153	119 271	313 515	-	238 353	297 937	178 666	-	134 848
SNSF	203 303	103 906	203 303	-	-	84 132	119 701	-	(83 602)	83 602
EIT Health InnoStar	24 896	12 421	24 896	-	-	24	24 896	0	-	-
PRR	51 292 623	10 617 762	11 797 306	39 495 317	-	4 647 461	4 682 913	136 919	(7 251 312)	46 609 710
H2020 | PRR	500 572	227 167	227 167	273 405	-	18 483	18 483	-	(208 683)	482 088
	130 718 618	26 748 924	69 438 570	61 280 047	(394 949)	14 380 978	57 066 362	4 652 861	(17 420 018)	73 652 255

The future receivable amount at the end of 2024 is EUR 48.639.365 related to the funding contracts, after full execution.

The future revenue to be recognized in the coming years is in the amount of EUR 49.977.717.

5. Other revenue

The item "Other Revenue" for the years ended 31 December 2024 and 31 December 2023 comprises the following elements:

	31 DEZ 2024	31 DEZ 2023
Other Revenue	26 275	35 940
Internal Tax — Direction	22 790	20 001
Internal Tax — Staff	1 421 603	1 133 077
	1 470 668	**1 189 018**

* Restated including the new internal tax classification in 2023 — note 5

- → Reversal of impairment losses recorded in prior years, totaling €3,649 (see further details in Note 12).
- → Exchange rate differences, arising from foreign currency transactions and revaluations.
- → Insurance claim reimbursements.
- → Reimbursements of travel expenses initially covered by INL for project-related activities and subsequently reimbursed by the respective funding agencies.
- → The recognition of an innovation prize, valued at €7,500, awarded during the year and classified under this heading.
- → A negative adjustment of €9,000, reflecting the recognition of a cost higher than previously estimated in relation to an ongoing legal process.

In addition, and starting in 2024, this item also includes the proceeds of the internal taxation on staff salaries, following the reclassification from a cost-offsetting mechanism to revenue, as detailed below:

Internal Taxation and Reclassification of Accounting Treatment (2024 Onwards)

INL staff members are exempt from national income taxation on the salaries and emoluments paid by the Organization. However, they are subject to an internal tax, established under INL's legal and financial framework, which is retained by the Organization. This mechanism is common among international organizations.

Until the fiscal year 2023, the proceeds of this internal tax were presented as a deduction to personnel costs, effectively reducing the gross personnel expenditure reported in the financial statements.

Starting in 2024, INL adopted a revised accounting presentation in line with international public-sector reporting standards and benchmarking practices from peer international organizations. As a result:

- → The internal tax is now presented as income under the category "Other Revenues".
- → Personnel costs are reported at their full gross value, reflecting the actual salary and emolument obligations incurred by the Organization.

This change improves the transparency and comparability of INL's financial statements, particularly in the presentation of cost structures and funding flows.

The reclassification has no impact on the Organization's net result, cash flows, or budget execution. It is a presentation adjustment that enhances clarity and aligns INL's financial reporting with the best practices in the international public sector.

6. Wages, salaries and employee benefits

The average number of employees of the entity during 2024 was 344 employees (280 employees in 2023). Following this 22.9% increase in the average number of employees, compared to 2023 due to the number of people hired for PRR projects.

It was also registered a 24,9% increase in the personnel expenses.
The caption "Wages, salaries and employee benefits" as of December 31st, 2024 and December 31st, 2023, is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Direction Remuneration	228 594	187 265
Staff Remuneration	13 578 412	10 918 001
Charges on remunerations	2 912 762	2 332 328
Work insurance	56 572	54 505
Other personnel costs	797 405	588 624
	17 573 746	**14 080 724**

* Restated including the new internal tax classification in 2023 — note 5

The increase in "Direction Remuneration" was related to the hiring of the new Deputy Director-General in September 2024.
The increase in staff remuneration and associated charges in 2024 is attributable to several key factors. First, there was a growth in the average number of staff members, primarily driven by the recruitment of personnel to support the implementation of PRR-funded projects.

Second, the INL Council approved the initial phase of the institutional career system, which entailed salary adjustments for fellow researchers and the regularization of compensation for individuals who had not previously been assigned to a formal salary category.
Lastly, personnel costs were also significantly influenced by the recognition of the internal tax as income, following updated accounting practices.

7. Supplies and consumables used

The caption "Supplies and consumables used" as of December 31st, 2024, and December 31st, 2023, is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Specialized works	989 584	962 640
Publicity and outreach	97 809	146 246
Surveillance and security	211 404	200 383
Maintenance and repairs	1 411 750	1 177 432
Materials	2 518 615	2 015 241
Energy and Fluids	1 154 100	889 581
Travel and accommodation	658 902	491 755
Other services	843 697	778 404
	7 885 861	**6 661 682**

In 2024, expenditure on supplies and consumables increased by 18.4% compared to the previous year. This rise was primarily driven by higher costs associated with materials and travel related to funded project activities, alongside elevated energy expenses due to increased energy prices and maintenance needs.

At the same time, there was a reduction in spending on certain specialized services, such as consulting, legal support, and other technical works. However, this was partially offset by increases in specific service areas, including auditing, nursery services, IT support, and waste treatment.
The breakdown of specialized services is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Specialized Works	**989 584**	**962 640**
Auditing Services	35 559	60 471
Consulting Services	215 942	189 063
IT Services	417 239	406 798
Lawyers	85 972	68 042
Nursery	160 679	153 966
Waste Treatment	25 800	25 381
Other Specialized Work	48 393	58 920

8. Depreciation and amortization expense

The caption "depreciation and amortization expense" as of December 31st, 2024, and December 31st, 2023, is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Infrastructure, plant and equipment	3 602 967	3 421 443
Intangibles Assets	118 365	58 819
	3 721 332	**3 480 262**

9. Cost of goods sold and consumed

Cost of goods sold and consumed considering, 2024 and December 31st, 2023, is detailed as follows:

	31 DEZ 2024		31 DEZ 2023	
	Raw Materials	Total	Raw Materials	Total
Opening Balance	-	-	-	-
Compras | Purchases	447 827	447 827	484 651	484 651
Regularizações | Adjustments	-	-	-	-
Ending Balance		-		-
Cost of goods sold and consumed	**447 827**	**447 827**	**484 651**	**484 651**

10. Other expenses

The amount of "Other expenses" as of December 31st, 2024 and December 31st, 2023, is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Taxes	1 059	964
Impairment Losses	49 545	18 278
Provisions, Contingent Liabilities	-	395 321
Membership Fees	47 120	30 129
Others Expenses	867	50 155
	98 591	**494 848**

In 2024, INL recognized new impairment losses amounting to EUR 49,545, primarily related to outstanding invoices that have been overdue for more than two years. By contrast, no significant impairment losses were recorded in 2023. Further information is provided in Note 12.
In 2023, provisions totalling EUR 395,321 were recognized in connection with ongoing legal proceedings, notably:

Amount	Summary
EUR 149,864.33	Employment dispute with the Portuguese Courts (Employment) previous to the creation of the INL AHIAT under Article 276 Staff Rules
EUR 49,996.5	Insolvency procedure INL was acknowledged a credit by the insolvent company in the amount of EUR 49,996.5, related to a sub-grant agreement within the EU project INNO4COV.

The insolvency proceedings of the subgrantee, which have direct implications as outlined in the second line of the table above, also entail the following implications:

- → Funded Project "NORTE-01-0247-FEDER-069836": This project is deemed at risk, potentially resulting in non-refundable costs for INL totalling EUR 91,242.
- → Funded project "POCI-01-0247-FEDER-017865": This project is also considered at risk, potentially incurring non-refundable costs for INL amounting to EUR 104,218.
- → EU Project INNO4COV-19: Within the cascade funds of this project, a subgrant agreement was made with subgrantee amounted EUR 99.993. The credit claimed in the insolvency process is in the amount of EUR 49.996,5. Therefore, a provision was made in this same amount. The other EUR 49.995,5, also paid to subgrantee, was considered an extraordinary loss of the period being registered in the item "Other Expenses".

11. Financial revenue and expenses

The amount of "Finance costs" in the years ended December 31st, 2024 and December 31st, 2023 is detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Interest Paid	(29 408)	(32 929)
Other Finance Costs	(4 441)	(7 637)
Interest Earned	98 709	53 790
	64 859	**13 225**

In 2024, credit lines were established to finance the acquisition of PRR equipment. These credit facilities contributed to the improvement of INL's cash flow position throughout the year, resulting in consistently high positive balances.
Further information can be found in Note 22.
Further details will be provided in note 22 below.

12. Receivables from exchange transactions

On December 31st, 2024, December 31st, 2023, accounts receivable of the entity were as follows:

	31 DEZ 2024			31 DEZ 2023		
	Gross amount	Accumulated impairment	Net amount	Gross amount	Accumulated impairment	Net amount
Current:						
Customers	1 188 178	(229 904)	958 274	1 465 739	(184 008)	1 281 731

As of year-end 2024, INL's accounts receivable from exchange transactions totalled €1,188,178, compared to €1,465,739 in 2023. After deducting accumulated impairment losses, the net receivables balance stood at €958,274, up from €1,281,731 the previous year.
Accumulated impairment losses at the end of the year amounted to €229,904, reflecting an increase of €45,896 over the period.
A partial recovery of €3,649 was achieved from the Porto Tourism Association and University College Dublin.
In addition, impairment losses of €19,099 were recognized on various small service invoices that remained outstanding for more than two years.
The most significant change in the receivable's portfolio was related to Bosch. Despite ongoing collection efforts, the outstanding balance of €101,846 could not be recovered by year-end.
As a result, an impairment loss of €30,446 was recorded.

As of 31st December 2024, the ageing analysis of current exchange receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<60 days	60-120 days	>120 days
Service debtors	948 405	99 521	404 005	171 946	272 933
Other debtors (exchange transactions)	9 869	-	1 250	-	8 620
Total	**958 274**	**99 521**	**405 254**	**171 946**	**281 553**

As of 31st December 2023, the ageing analysis of current exchange receivables was as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<60 days	60-120 days	>120 days
Service debtors	1 269 126	370 512	217 277	3 854	677 483
Other debtors (exchange transactions)	12 605	-	2 706	3 024	6 875
Total	**1 281 731**	**370 512**	**219 983**	**6 878**	**684 358**

13. Prepayments

The number of prepayments to suppliers in the years ended December 31st, 2024, December 31st, 2023, is as follows:

	31 DEZ 2024	31 DEZ 2023
Advanced payments to suppliers		
Suppliers, current account	91 824	39 618
Investment suppliers	45 508	8 236
	137 332	**47 854**

14. Receivables from non-exchange transactions

The details of "Receivables from non-exchange transactions" in the years ended December 31st, 2024, December 31st, 2023, are:

	31 DEZ 2024	31 DEZ 2023
Receivables from non-exchange transactions		
Subsidies	8 903 491	4 652 861
	8 903 491	**4 652 861**

Note 4 above clearly identify the project's analysis related to the "Subsidies" amount. The evolution of subsidies' receivable amount is linked to the level of the execution of each project in 2024 and the amount collected up to December 31st, 2024.

15. Other current assets

The details of "Other current assets", December 31st, 2024, and December 31st, 2023, is as follows:

	31 DEZ 2024	31 DEZ 2023
Others current assets		
Value Added Tax	214 919	351 644
Asset Deferrals	185 287	148 609
Others accounts receivable	22 876	18 630
	423 082	**518 884**

Concerning the decrease in the item "Other current assets," it is related to the increase in assets deferrals (EUR 36.678 if compared to 2023) and the increase of Others accounts receivable (EUR 4.246 if compared to 2023). The item Value Added Tax has increased EUR 136.725 if compared to 2023.

16. Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash, bank deposits immediately available (for term not exceeding three months) and short-term investments in money market securities, net of bank overdrafts and other short-term debt equivalent, cash and cash equivalents at December 31st, 2024, at December 31st, 2023 are detailed as follows:

	31 DEZ 2024	31 DEZ 2023
Cash	163	144
Bank deposits immediately available	13 777 013	15 512 072
	13 777 176	**15 512 216**

In 2024, INL maintained a strong cash position throughout the year, primarily supported by the timely receipt of advance payments from PRR and Horizon 2020 projects, as well as the clearance of outstanding payments from previously funded activities.
In addition to these inflows, INL's cash reserves were further reinforced by the accumulation of four consecutive years of positive operating results, reflecting improved financial sustainability and prudent management practices.
Cash held at banks generated a modest amount of interest through current deposit accounts; however, no short-term deposit agreements were contracted during the year. Further details and the year-on-year evolution of cash balances are presented in Note 11.

	31 DEZ 2024	31 DEZ 2023
Interest Earned	98 709	53 790
	98 709	**53 790**

17. Investments in associates

At the close of 2016, following a resolution by the INL Council, a new entity was established: INL IPVentures, Unipessoal Lda., wholly owned by INL. The initial funding allocated was €30,000, divided into €5,000 of capital and €25,000 as a loan.

Subsequent years saw INL expanding its portfolio of investments and associations:

In 2018, INL joined the Associação Laboratório Colaborativo em Transformação Digital — DTX as an associated member, contributing €2,000 in capital.

In 2019, our involvement extended to Associação NET4CO2, with a capital investment of €3,000.

The year 2021 marked our association with Vasco da Gama Colab — Energy Storage — Associação, reflecting a commitment of €5,000.

In 2022, INL had also become associated with Associação HyLab — Green Hydrogen Collaborative Laboratory, investing another €5,000.

Maintaining its existing participations into 2023, INL further embraced a new venture by joining Batpower — Associação Portuguesa para o Cluster das Baterias, with a capital investment of €1,000.

By 2024, INL had also become associated with NANOMAT — Associação para os "Materiais Avançados" investing €500.

Through these strategic investments and associations, INL continues to bolster its presence and commitment across various innovative and transformative sectors.

	31 DEZ 2024	31 DEZ 2023
Financial Investments - Associates	46 500	46 000
	46 500	**46 000**

18. Land and building, infrastructure, plant and equipment

During the years ended December 31st, 2024, and December 31st, 2023, movements in tangible fixed assets as well as depreciation, were as follows:

							31 DEZ 2024
	Land and buildings	Infrastructure, plant and equipment					Total
		Basic Equipment	Administrative equipment	Other Tangible Fixed Assets	Tangible fixed assets in progress	Infrastructure, plant and equipment	
Assets							
Opening Balance	68 053 396	39 393 789	3 963 359	425 252	1 615 933	45 398 333	113 451 729
Acquistions	92 817	4 764 123	295 799	5 486	3 702 541	8 767 949	8 860 766
Transfers	129 009	1 378 423	(13 316)	-	(1 615 878)	(250 771)	(121 763)
Ending balance	**68 275 222**	**45 536 335**	**4 245 842**	**430 738**	**3 702 596**	**53 915 510**	**122 190 732**
Accumulated depreciation and impairment losses							
Opening balance	17 486 858	33 336 991	3 587 267	386 421	-	37 310 679	54 797 537
Depreciation of the year	1 391 302	1 964 109	234 966	12 590	-	2 211 665	3 602 967
Ending balance	**18 878 160**	**35 301 100**	**3 822 233**	**399 011**	-	39 522 344	58 400 504
Net assets	**49 397 061**	**10 235 235**	**423 609**	**31 727**	**3 702 596**	**14 393 166**	**63 790 228**
Land and buildings							**49 397 061**
Infrastructure, plant and equipment							**14 393 166**

INL has been granted the rights to utilize land by the Braga municipality and the Portuguese State for a period of 50 years, free of charge, as per the "Constituição de Direito de Superfície" agreement signed in January 2008. These rights are renewable for subsequent equal periods.
In 2024, INL continued to invest in its facilities, allocating €8,860,766 towards the enhancement of buildings, infrastructure, and scientific research equipment. This represents an increase from the €2,212,965 invested in 2023.

Administrative equipment expenditures, primarily for new hardware, totalled €295,799 — an increase from €241,518 in 2023. Investments in tangible fixed assets in progress, mainly for the installation of scientific equipment, amounted to €3,702,596 in 2024, compared to €1,615,933 in 2023. A significant portion of these acquisitions were funded through the PRR's projects and other grants.
Depreciation of land, buildings, infrastructure, plant, and equipment is calculated using the straight-line method

on a monthly basis. For 2024, depreciation and amortization expenses totalled €3,721,332, slightly above the €3,421,448, reported as of December 31, 2023.

At year-end, the value of fully depreciated tangible fixed assets still in operation amounted €32,365,670 at acquisition cost.

19. Intangible assets

During the years ended December 31st, 2024, and December 31st, 2023, movements in intangible fixed assets as well as amortization, were as follows:

	31 DEZ 2024			31 DEZ 2023		
	Computer Programs	Intangible fixed assets in progress	Total	Computer Programs	Intangible fixed assets in progress	Total
Assets						
Opening Balance	1 112 885	0	1 112 885	966 919	0	966 919
Acquistions	40 046	-	40 046	145 966	-	145 966
Transfers	121 763	-	121 763	-	-	-
Ending balance	1 274 694	0	1 274 694	1 112 885	0	1 112 885
Accumulated amortisation and impairment losses						
Opening balance	994 331	-	994 331	935 512	-	935 512
Depreciation of the year	118 365	-	118 365	58 819	-	58 819
Ending balance	1 112 696	-	1 112 696	994 331	-	994 331
Net assets	161 998	0	161 998	118 554	0	118 554

During the year 2024, the entity has made investments in intangible fixed assets, mainly software programs, in the amount of EUR 40.046 (EUR 145.966 in 2023). Intangible assets to amortize, which correspond to software development, software licenses and IP, have their useful lives established according to the period of use provided or the contract period.

The amortization for the year, in the amount of EUR 118.365 (Euros 58.819, at 31st of December of 2023) were recorded as depreciation and amortization expenses. In the end of the year, the intangible assets fully depreciated that were still in use amounted EUR 964.639 at acquisition cost.

20. Payables

On December 31st, 2024, December 31st, 2023 "Payables" had the following detail:

Payables	31 DEZ 2024	31 DEZ 2023
Current Account - Suppliers	1 882 997	1 049 367
Investment Suppliers	2 835 143	1 497 896
	4 718 140	**2 547 263**

The balance of suppliers, current account, corresponds mostly to the payables of the acquisition of recurrent goods and services. Payables are non-interest bearing and are normally settled on 60-day terms. On the contrary of the customers, purchases are broadly distributed by a large number of suppliers, being the total amount distributed among 256 suppliers.
The balance of suppliers, current account, corresponds mostly to the payables of the acquisition of recurrent goods and services. Payables are non-interest bearing and are normally settled on 60-day terms. On the contrary of the customers, purchases are broadly distributed by a large number of suppliers, being the total amount distributed among 256 suppliers.
The investment supplier's category had a balance of EUR 2,835,143 as of December 31, 2024. This amount is distributed among 52 suppliers and is primarily for various equipment still under installation as the year ended.

21. Prepayments

The number of prepayments from customers in the years ended December 31st, 2024, December 31st, 2023, is as follows:

Prepayments	31 DEZ 2024	31 DEZ 2023
Advances from customers	61 690	61 690
	61 690	**61 690**

The main value, EUR 57.000, is related to an advance payment of a cooperation agreement between INL and a Brazilian institution (CAPES).

22. Borrowings

The balance of loans obtained December 31st, 2024, December 31st, 2023, is detailed as follows:

		31 DEZ 2024				31 DEZ 2023			
		Loan Amount				Loan Amount			
	Financing Entity	Limit	Current	Non-Current	Accumu-lated Paid Amount	Limit	Current	Non-Current	Accumu-lated Paid Amount
Loans obtained									
Members States Loans	Spain	20 000 000	16 000 000	-	4 000 000	20 000 000	16 000 000	-	4 000 000
Members States Loans	Spain	10 000 000	8 000 000	-	2 000 000	10 000 000	8 000 000	-	2 000 000
		30 000 000	**24 000 000**	**-**	**6 000 000**	**30 000 000**	**24 000 000**	**-**	**6 000 000**
Short-term credit account	Novo Banco	3 000 000	-		-	3 000 000	-	-	-
Short-term credit account	Novo Banco — PRR	3 095 000	1 160 991	-	-				
Short-term credit account	Millennium BCP	-	-	-	-	-	-	-	-
Medium-Long-term credit account	Millennium BCP	1 113 000	139 499	-	973 501	1 113 000	411 038	139 595	562 367
Short-term credit account	Santander	3 000 000	-	-	-	3 000 000	-	-	-
Short-term credit account	Santander — PRR	5 300 000	247 166	-		-	-	-	-
		15 508 000	**1 547 656**	**-**	**973 501**	**7 113 000**	**411 038**	**139 595**	**562 367**
				-					
TOTAL		45 508 000	25 547 656	-	6 973 501	37 113 000	24 411 038	139 595	6 562 367

→ To facilitate its initial setup and ongoing operational costs, INL secured two substantial long-term loans from the Spanish government. The first loan, drawn in November 2008 as part of the Cross Border Cooperation Programme between Spain and Portugal, amounted to €20 million. A subsequent loan of €10 million was provided in January 2010 to further support operational expenses and investments.

→ By 2023, INL has repaid €6 million of its debt to the Spanish government, leaving an outstanding balance of €24 million. This remaining debt is categorized under short-term borrowings due to its pending status.

→ INL's Director General believes that the Spanish government's loan will not be called for repayment in the near term and anticipates no immediate financial implications from this debt.

The existing financing on December 31st, 2024, have the following defined repayment plan, not executed and pending formal approval:

	2024		2023	
	Equity	Interest	Equity	Interest
2015	1 500 000	-	1 500 000	-
2016	2 000 000	-	2 000 000	-
2017	2 500 000	-	2 500 000	-
2018	2 500 000	-	2 500 000	-
2019	3 000 000	-	3 000 000	-
2020	4 000 000	-	4 000 000	-
2021	4 000 000	-	4 000 000	-
2022	4 500 000	-	4 500 000	-
	24 000 000		**24 000 000**	

→ To support the timely execution of capital expenditure (CAPEX) investments under the PRR-funded programs, INL secured bridge loans aimed at aligning cash inflows with the disbursement schedule of eligible reimbursements. These loans were essential to mitigate the mismatch between the upfront payment requirements for equipment procurement and the delayed nature of fund reimbursements from PRR grants, which are often subject to multi-step validation and approval processes.

→ By leveraging short-term financing solutions, INL ensured uninterrupted execution of strategic investment plans without jeopardizing its operational liquidity. This approach not only safeguarded the continuity of procurement activities but also allowed INL to take full advantage of the funding opportunities under the Recovery and Resilience Plan.

As of December 31, 2024, INL the amount in use of the credit lines approved to support the acquisition of the equipment component of the PRRs are €1.160.991,00 with Novo Banco and €247.166,00 with Banco Santander.

As of December 31, 2024, INL utilized €139,499 from Millennium BCP as part of a short-term credit facility for the Autodesk settlement, which is set to conclude in 2025. This debt is only into current credit lines amounting to €139,499.

To further bolster its operational liquidity, INL has secured short-term credit facilities with Novo Banco and Santander, each providing access to €3,000,000. These lines of credit are renewable annually, offering flexible support for INL's financial needs. As of December 31st, 2024, the credit lines were not being used.

INL's working capital requirements are largely driven by its participation in national and interregional funding programs. Given that these programs often operate on lengthy payment terms without upfront payments, INL's working capital demands escalate in proportion to these programs' share within INL's overall project portfolio.

23. Provisions

On December 31st, 2024, December 31st, 2023 "Provisions" had the following detail:

	31 DEZ 2024	31 DEZ 2023
Provisions		
Provisions, Contigent Liabilities	336 324	345 324
	61 690	**61 690**

As referred in note 10 above in 2023, INL have created provisions amounting to EUR 345,324 in relation to ongoing court actions, notably:

→ The employment dispute with the Portuguese Courts has a claim in the amount of EUR 149.864. Since at the time of this report the court decision is unknown, by the principle of prudence, INL has created a provision in the same amount.

→ The insolvency proceedings of the subgrantees entails the following implications:

— Funded Project "NORTE-01-0247-FEDER-069836": This project is deemed at risk, potentially resulting in non-refundable costs for INL totaling EUR 91,242.

— Funded project "POCI-01-0247-FEDER-017865": This project is also considered at risk, potentially incurring non-refundable costs for INL amounting to EUR 104,218.

— EU Project INNO4COV-19: The provision created related to this subgrant has as counterpart the project's account, as per note 4 and 10 above, and is part of the balance "Receivables from non-exchange transactions" of the current assets.

→ Litigation Provision Adjustment: In 2024, INL reviewed the value of the employment dispute case pending before the Portuguese courts. The originally recognized claim amount of EUR 149,864 was corrected to EUR 140,864, resulting in a downward adjustment of EUR 9,000. As the court's decision remained pending at the reporting date, INL maintained the provision in accordance with the principle of prudence.

24. Others current liabilities

On December 31st, 2024, December 31st, 2023 "Other current liabilities" had the following detail:

	31 DEZ 2024	31 DEZ 2023
Others current liabilities		
Deferred incomes	240 298	260 416
Accrued Expenses	1 108 568	989 907
Value Added Tax	43 977	80 353
Tax Withholding	984	421
Social Security Contributions	394 803	313 944
Others accounts payable	13 769 144	17 443 509
	15 557 774	**19 088 550**

The composition of our current liabilities primarily revolves around others accounts payable, especially attributed to the prepayments for funding projects and accrued expenses. Notably, these categories have experienced significant variations.

Accounts Payable

As of December 31, 2024, the segment of accounts payable related to funded project subsidies amounted to EUR 13,758,379, a decrease from EUR 17,420,018 in 2023. Detailed information on these subsidies is provided in Note 4. The remainder of accounts payable includes EUR 5,738 related to outstanding credit card balances and EUR 5,027 owed to various third parties.

Accrued Expenses

The total accrued expenses as of December 31, 2024, amounted to EUR 1.108.568. This total comprises EUR 705,865 related to employee vacation entitlements and EUR 402,703 associated with operational costs. For comparison, the accrued expenses total on December 31, 2023, was EUR 989,907, including EUR 597,668 for employee vacation rights and EUR 392,239 for operational costs.

Deferred incomes

The total deferred incomes as of December 31, 2024, amounted to EUR 240,298. This total includes a decrease of EUR 20,118 in deferred income related to the contracted services of the Cryo-EM microscope among 11 entities. The equipment became operational in 2023, and INL started providing the respective services under the various contracts.

25. Capital and contributions by other governmental entities

The INL is a scientific and technological cooperation between the participating Member States, Portugal and Spain. According to the entity's statutes different forms of financing are provided by the Member States. On December 31st, 2024, the value of the funds obtained from each Member State and their origin, was in accordance with the following table:

Non-reimbursable funds to the Member States:

	Capital (1)	Investment Subsidies (2)	Operating Subsidies (3)	Members States Contribution (4)= (1)+(2)+(3)	FEDER Subsidies		Assigned Funds Total (7)=(4)+(5)	Received Funds Total (8)=(4)+(6)	Receivable Funds Total (9)=(7)-(8)	Loans		Remaining Amount (3)=(1)-(2)
					Assigned Amount (5)	Received Amount (6)				Assigned Amount (1)	Paid Amount (2)	2024
Portugal	**25 000 000**	**3 500 000**	**41 036 238**	**69 536 238**	**27 621 414**	**27 621 414**	**97 157 652**	**97 157 652**	**0**	**0**	**0**	
2007	5 000 000	-	-	5 000 000	-	-	5 000 000	5 000 000	-	-	-	-
2008	3 000 000	-	-	3 000 000	-	-	3 000 000	3 000 000	-	-	-	-
2009	9 000 000	-	-	9 000 000	-	-	9 000 000	9 000 000	-	-	-	-
2010	8 000 000	-	-	8 000 000	35 819 568	833 920	43 819 568	8 833 920	34 985 648	-	-	-
2011	-	3 500 000	3 000 000	6 500 000	-	5 479 864	6 500 000	11 979 864	29 505 784	-	-	-
2012	-	-	1 746 220	1 746 220	-	11 047 805	1 746 220	12 794 025	18 457 979	-	-	-
2013	-	-	458 977	458 977	-7 201 167	4 247 348	-6 742 190	4 706 325	7 009 464	-	-	-
2014	-	-	317 300	317 300	-1 531 201	2 475 218	-1 213 901	2 792 518	3 003 045	-	-	-
2015	-	-	3 000 000	3 000 000	510 125	3 000 682	3 510 125	6 000 682	512 488	-	-	-
2016	-	-	3 500 000	3 500 000	24 089	536 577	3 524 089	4 036 577	-	-	-	-
2017	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	-
2018	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	-
2019	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	-
2020	-	-	3 570 000	3 570 000	-	-	3 570 000	3 570 000	-	-	-	-
2021	-	-	3 641 000	3 641 000	-	-	3 641 000	3 641 000	-	-	-	-
2022	-	-	3 714 000	3 714 000	-	-	3 714 000	2 736 603	977 397	-	-	-
2023	-	-	3 788 741	3 788 741	-	-	3 788 741	4 766 138	-	-	-	-
2024			3 800 000	3 800 000	-	-	3 800 000	3 800 000	-	-	-	-

	Capital (1)	Investment Subsidies (2)	Operating Subsidies (3)	Members States Contribution (4)=(1)+(2)+(3)	FEDER Subsidies		Assigned Funds Total (7)=(4)+(5)	Received Funds Total (8)=(4)+(6)	Receivable Funds Total (9)=(7)-(8)	Loans		Remaining Amount (3)=(1)-(2)
					Assigned Amount (5)	Received Amount (6)				Assigned Amount (1)	Paid Amount (2)	2024
Spain	5 000 000	400 000	38 976 397	44 376 397	30 000 000	30 000 000	74 376 397	74 376 397	0	30 000 000	6 000 000	24 000 000
2007	5 000 000	-	-	5 000 000	-	-	5 000 000	5 000 000	-	-	-	-
2008	-	400 000	300 000	700 000	-	-	700 000	700 000	-	20 000 000	-	20 000 000
2009	-	-	700 000	700 000	30 000 000	-	30 700 000	700 000	30 000 000	-	-	20 000 000
2010	-	-	-	-	-	26 748 975	0	26 748 975	3 251 025	10 000 000	-	30 000 000
2011	-	-	2 000 000	2 000 000	-	1 751 025	2 000 000	3 751 025	1 500 000	-	2 000 000	28 000 000
2012	-	-	1 746 220	1 746 220	-	1 500 000	1 746 220	3 246 220	-	-	2 000 000	26 000 000
2013	-	-	458 977	458 977	-	-	458 977	458 977	-	-	1 000 000	25 000 000
2014	-	-	1 190 300	1 190 300	-	-	1 190 300	1 190 300	-	-	1 000 000	24 000 000
2015	-	-	3 100 900	3 100 900	-	-	3 100 900	3 100 900	-	-	-	24 000 000
2016	-	-	2 490 000	2 490 000	-	-	2 490 000	2 490 000	-	-	-	24 000 000
2017	-	-	2 490 000	2 490 000	-	-	2 490 000	2 490 000	-	-	-	24 000 000
2018	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2019	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2020	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2021	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2022	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2023	-	-	3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
2024			3 500 000	3 500 000	-	-	3 500 000	3 500 000	-	-	-	24 000 000
TOTAL	30 000 000	3 900 000	80 012 635	113 912 635	57 621 414	57 621 414	171 534 049	171 534 049	0	30 000 000	6 000 000	24 000 000

In 2024, the Operating Subsidies recognized match with cash contributions made by Member States. All amounts related to Member State contributions were received during 2024.

It is worth noting that the 2025 contribution from the Portuguese State was paid and received during the final week of December 2024. In accordance with the accrual principle and to ensure accurate period matching, this amount was appropriately deferred to financial year 2025, as it pertains to that year's Member State contribution.

26. Accumulated surpluses/deficits

On December 31st, 2024, the amount of "Accumulated surpluses/deficits" was EUR 11.976.498. This amount is constituted of EUR 7.737.667 related to December 31st, 2024 and EUR 4.238.831 related to December 31st, 2023.

27. Investment and Funding Sources

Finally, after an analysis of the origin of funds, it is important to detail by type of investment their sources of funding. Thus, the following table attempts to summarise the investments and their allocated funding, either via the ERDF or via contributions from Member States:

																2024
Investment	Acquisition Amount	Amount Eligible for Funding	POCTEP Subsidy		ON2.1|On2.2 Subsidy		H2020 Subsidy		PT|N2020|PRR — Subsidy		Total Subsidies Amount			Acquisition Amount	Amount Eligible for Funding
			Assigned	Received 31-12-2024	Assigned	Received 31-12-2024	Assigned	Received 31-12-2024	Assigned	Received 31-12-2024	Assigned	Received 31-12-2024	% Granted		
Buildings and other constructions	68 275 222	46 505 000	30 000 000	30 000 000							30 000 000	30 000 000	65%	44%	37 943 073
		178 195									143 089	143 089	80%		
		222 423							189 060	189 060	189 060	189 060	85%		
Basic Equipment	45 536 335	20 870 392			17 596 414	17 596 414					17 596 414	17 596 414	84%	90%	4 563 658
		9 327 025			7 489 508	7 489 508					7 489 508	7 489 508	80%		
		2 502 792							2 502 792	2 502 792	2 502 792	2 502 792	100%		
		824 106							700 490	700 490	700 490	700 490	85%		
		2 176 013							1 849 186	1 849 186	1 849 186	1 849 186	85%		
		9 389 436							9 389 436	6 948 183	9 389 436	6 948 183	100%		
		599 612					599 612	599 612	0	0	599 612	599 612	100%		
		1 126 986							845 240	845 240	845 240	845 240	75%		
Administrative equipment	4 245 842	2 275 176			1 826 944	1 826 944					1 826 944	1 826 944	80%	43%	2 418 898
Other Assets	430 738	375 891			301 858	301 858					301 858	301 858	80%	70%	128 880
Software	1 274 694	273 481			219 602	219 602					219 602	219 602	80%	17%	1 055 092
	119 762 830	96 646 529	30 000 000	30 000 000	27 577 414	27 577 414	599 612	599 612	15 476 203	13 034 950	73 653 230	71 211 976	76%	61%	46 109 600

As of December 31, 2024, the International Nanotechnology Laboratory (INL) has utilized a total investment of €119,762,830. The primary source of this investment comprises grants from the European Regional Development Fund (ERDF), totaling €73,653,230, with the remaining amount of €46,109,600 funded through contributions from Member States.

Upon analyzing the investment details, it is observed that out of the total investment made, €96,646,529 is eligible for subsidy allocation. The average funding rate based on the eligible investment amount stands at 76%. However, when considering the total acquisition cost, the funding percentage is 61%.

To date, the total investment in the project amounts to €119.7 million, of which €73.7 million has been funded through European Regional Development Fund (ERDF) subsidies. According to Note 25, contributions from Member States have reached a total of €113.9 million. Out of this, €46.2 million were allocated to finance the remaining portion of the aforementioned investment. The surplus funds have been utilized to cover installation expenses and the ongoing operational costs of the International Nanotechnology Laboratory (INL).

28. Other relevant information

Managing risks rigorously and systematically remains critical for creating and protecting value at INL. The Organization continuously monitors, assesses, and mitigates operational risks that may impact short- to medium-term execution, as well as strategic risks that could affect INL's long-term objectives and institutional positioning.

Key factors that may affect future results include, but are not limited to:

→ **Geopolitical tensions and global trade realignment**
The current international context is marked by persistent geopolitical instability and growing trade fragmentation. These dynamics pose risks to access to equipment, key technologies, and cross-border scientific collaboration. They may also indirectly contribute to inflationary pressures, affecting the cost of operations and future budgetary planning.

→ **Supply chain disruptions**
Ongoing global trade conflicts and regulatory constraints on sensitive technologies continue to affect supply chains across sectors relevant to INL, including advanced materials, electronics, and instrumentation. These disruptions may lead to delays and increased costs in the execution of research projects and infrastructure development.

→ **Funding uncertainties**
As national governments and supranational entities face competing priorities, there is increased pressure on public R&D budgets. This may result in lower funding availability, reduced success rates in competitive calls, or shifts in thematic priorities that challenge medium-term planning.

→ **Regulatory and compliance risk**
The growing complexity of European and national regulatory frameworks — including financial rules, data protection, public procurement, and research ethics — introduces compliance risks and may increase administrative burdens. Failure to adapt to evolving legal obligations could impact INL's ability to secure or execute certain types of projects.

→ **Talent recruitment and retention**
As INL scales its operations, particularly under the PRR and strategic European initiatives, the ability to attract and retain qualified scientific and technical personnel becomes increasingly critical. Competition with other research institutions, evolving expectations of research careers, and administrative barriers (e.g., visa or relocation issues) may limit access to key human resources.

INL Management continuously integrates these risk factors into its strategic and operational planning. Where relevant, risks are also quantified and incorporated into the annual budgeting process and financial disclosures.
Based on current assessments and available information, no subsequent events occurred after 31 December 2024 that would materially affect the financial position of INL. Management considers the principle of operational continuity as valid for the preparation of the 2024 financial statements and affirms that INL remains adequately equipped to mitigate the identified risks in the best interest of its stakeholders.

INL — Certified Accountant

INL — Chief Financial Officer

INL — Director-General

Braga, March 31st, 2024

Audit report

EXTERNAL AUDITOR'S REPORT

Annual financial statements as of 31 December 2024

International Iberian Nanotechnology Laboratory (INL), Braga, Portugal

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External Auditors' Opinion

on the Financial Statements of the International Iberian Nanotechnology Laboratory for the year ended 31 December 2024

to the Council of INL

OPINION

The Portuguese Court of Auditors has audited the 2024 annual accounts of the International Iberian Nanotechnology Laboratory (INL), for the year ended 31st December 2024 and the financial transactions underlying them.

The INL Financial Statements comprise the:

1. Statement of financial position as of 31 December 2024.
2. Statement of financial performance for the year ended 31 December 2024.
3. Statement of changes in net assets as of 31 December 2024.
4. Cash flow statement for the year ended 31 December 2024.
5. Statement of comparison of budget and actual amounts.
6. Notes to the annual accounts for the fiscal year 2024 including a summary of significant accounting policies.

Unqualified Opinion of financial statements

In our opinion, the financial statements present a true and fair view, in all material aspects of the financial position of INL as of 31 December 2024, of its financial performance and of its cash flows for the year ended, in accordance with International Public Sector Accounting Standards (IPSAS).

BASIS FOR OPINION

As External Auditor (EA), we conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organisation of Supreme Audit Institutions (INTOSAI), and the International Standards on Auditing (ISA).

These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts of the INL are free from material misstatement and the transactions underlying them are legal and regular.

All the rules, instructions, procedures, documentation, and other evidence, as well as the information and explanations required have been provided timely and adequately.

MANAGEMENT´S RESPONSIBILITY

The INL Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as it determines to be necessary to allow the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of INL to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Management intends either to liquidate INL or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organisation.

AUDITOR´S RESPONSIBILITY

We operated independently and performed such audit as deemed necessary to meet financial audit obligations regarding the Finance Committee and the Council.

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance means a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with the ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures that are responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the overriding of internal control.
- Obtain an understanding of internal control relevant to the audit as to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of INL.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Draw conclusions as to the appropriateness of the Management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of INL to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause INL to cease as a going concern.

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

The audit involved performing procedures to obtain sufficient and appropriate evidence about the amounts and disclosures in the financial statements to provide a basis for our opinion.

The procedures selected relied on the auditor´s judgment, including the assessments of the risks of material misstatements of the Financial Statements, whether due to fraud or error. In making those risks assessments, the auditor considers the internal control system relevant to the entity´s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the current period audit. We do not provide a separate opinion on these matters.

- Budget

INL's budget is financed by Member States' contributions, as stated in Article 20 of the INL Statutes. Additionally, INL raises supplementary funding through externally funded Research and Technological Development projects.

Over the past six years, a disproportionate growth was observed between these two funding sources. While external funding rose by 192.8%, Member States' (MS) assessed contributions increased by only 4.3%. For reference, the Consumer Price Index (CPI) variation in Portugal, where INL's headquarters are located, was 16.6%[1] during this period.

It should be noted that, currently, external funding is nearly four times higher than Member States' contributions.

As such, the EA **emphasizes** that:

> This imbalance may pose a significant challenge to the balance of funding for core operational expenditure. If not properly addressed, it may lead to a misalignment with what should be the core operational income - Member States' assessed contributions.

It should also be observed that, despite what is stated in Article 20, paragraph 1 of the INL Statutes *"Where the number of Member States is equal to two, each Member State shall contribute to half of both the capital expenditure and the current operating expenses of the Laboratory"* the contributions of Portugal and Spain have been misaligned since 2019.

[1] CPI values obtained from Instituto Nacional de Estatística (INE) website database.

Therefore, and in order to comply with the Statutes, the EA **recommends** that:

> Budget assessed contributions be set equally for both Member States.

- Receivables from exchange transactions

In 2024, INL recorded under "Receivables from exchange transactions" €1.188 million in amounts due to be received, of which €229,904 were deemed doubtful accounts, meaning the balances due might become uncollectible due to various factors.

During the audit procedures it was observed that the outstanding amount, deemed doubtful accounts, were not being addressed nor claimed by the INL. Additionally, weaknesses were identified in what concerns the handling of the collection of outstanding balances, including the lack of communication with the Legal Department and the absence of guidelines and clear definition of roles and responsibilities for that purpose.

As such, the EA **recommends**:

> - Establishing clear guidelines for the management of receivables from exchange transactions.
> - Clearly defining roles, responsibilities, and communication channels for the invoicing and management and recovery of outstanding balances.
> - Involving the Legal Department in the collection of balances that are considered doubtful accounts.

- Inventories

Since its inception, INL has maintained a small inventory of consumable items primarily for use in its laboratory facility. However, these assets were not properly disclosed in the financial statements, as they were offset as expenditures in the year of purchase and consequently are not being disclosed in the statement of the financial position.

Additionally, during the external audit team's work, significant weaknesses were identified on the internal controls of the inventories namely:

- Lack of an inventory policy.
- Access to the warehouse is unrestricted.
- Check-out of items is done on a self-service basis.
- Physical counts exist but are inconsistent.

Given the identified control weaknesses, the EA **recommends** that:

> - Inventory is properly disclosed in the Statement of Financial Position.
> - An inventory policy be established and implemented.
> - Access to the warehouse room be restricted, and proper controls be set for the check-out of items.

- Periodic physical inventory checks be conducted consistently and cover the entirety of the inventory items.

Capital Contributed and Loans

Since its inception, Portugal and Spain have financed INL through different mechanisms. As of 31 December 2024, INL's capital consisted of €30 million, with €25 million contributed by Portugal and €5 million by Spain. However, Spain has also granted a loan, which amounted to €24 million as of the same date. Also, if the contributions are taken into account, Portugal has an "over-contribution" of €5 million compared to Spain.

The following table summarizes the above financing details:

Table 1 – Portugal and Spain financing 2007-2024

(000 €)	Capital	Loans	Contributions	Total
Portugal	25 000	-	44 536	69 536
Spain	5 000	24 000	39 376	68 376
Difference	**20 000**	**- 24 000**	**5 160**	**1 160**

Source: INL Financial Statements 2024

Despite being classified as a loan, this amount has not been claimed by the Kingdom of Spain since 2015. This situation was flagged by the External Auditor in its long-form report of the 2023 Financial Statements. Nevertheless, in 2024, the External Auditor assessed that no further developments had occurred in this regard.

The presence of a loan in INL's accounts, even if not actively claimed, impacts the organisation's economic and financial ratios, which are crucial in its relationships with various stakeholders.

Given the financial constraints imposed by Spain's loan and to align both Member States' shares in INL's capital, the External Auditors **recommend**:

That the financing arrangements adopted by the Member States be aligned to ensure an equal distribution of the financial burden and commitment from both Member States.

Procurement

In 2024 procurement related expenditure in the INL amounted to €16.892 million, compared with a value of €11.585 million in the previous year.

The funds involved and the number of purchase orders (POs) processed saw a significant increase in 2024, with a total of 5,871 POs compared to 5,176 in 2023.

Our sample consisted of seven purchase orders totalling €2.181 million, which included three cases of single-source procurement.

The audit team reviewed legal compliance in contracting procedures, an overview of the procurement process, solicitation methods, evaluation of offers, contract approval, and maintenance of procurement files.

Following our evaluation and discussions with the Procurement department, the EA highlight the following:

• The goods and services were acquired following the applicable procurement procedure – direct award < €1,000 – Consultation to one supplier < €20,000 – market consultation > €20,000 – open tenders > €200,000 – depending on the expenditure involved.

• The adequate evaluation criteria – lowest compliant offer and best value for money – were considered and there was also evidence of a report by the selection committee in charge of proposing the award of the contracts when required by the INL procurement rules.

• Regarding the three cases of single source awarding, the EA found an adequate reasoning to exclude a competitive procedure based on the fact that providers were the ones exclusively capable of delivering the goods and services (2 instances) and in another case because it would not be of any merit or change the final result consideration of competition as stated in article 44 of INL procurement rules.

In this case, the justification for bypassing competition was based on the following reasons: "(...) We searched the market for various quotes to understand price differences and delivery times. After a risk analysis, we decided to continue with the current supplier for this type of target, as we had no experience with other suppliers and could not risk non-compatibility or even damage to the equipment." This reasoning is deemed acceptable.

• Expenditures related to the sampled – procurement - purchases were settled in accordance with the orders and receipts.

Overall, the procurement activities included in the auditor's sample align with the INL mission and objectives while adhering to applicable regulations.

- Follow-up: The EA auditors' recommendations

The EA report on the 2023 INL Annual Accounts issued a new recommendation and reiterated four previous recommendations. From our follow-up analysis, we observed that four recommendations are still pending for implementation. We highlight that the opportunity and relevance of all those recommendations as the need for its implementation remains unchanged.

In view of the above:

> We reiterate all the recommendations not implemented and/or pending for implementation pointed out in the EA report on the 2023 financial statements and urge INL management to address them adequately.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the procedures we performed, nothing has come to our attention as part of our audit of the financial statements that causes to believe that the transactions of INL were not made, in all significant respects, in accordance with the Financial Regulations, Procurement Regulations, Staff Regulations and other relevant INL regulations.

COMMUNICATION TO MANAGEMENT

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

LONG FORM REPORT

We issued a long form report on the audit of the INL´s Annual Accounts for the year 2024, where a more detailed presentation of the audit matters can be found.

We conclude that there are no material issues to draw the attention of the Council.

ACKNOWLEDGEMENTS

We wish to express our appreciation for the cooperation and assistance provided by the Management and Staff of the INL, as well as the accuracy of the information given to the External Auditors during the entire audit process.

Lisbon, 31st MAY 2025.

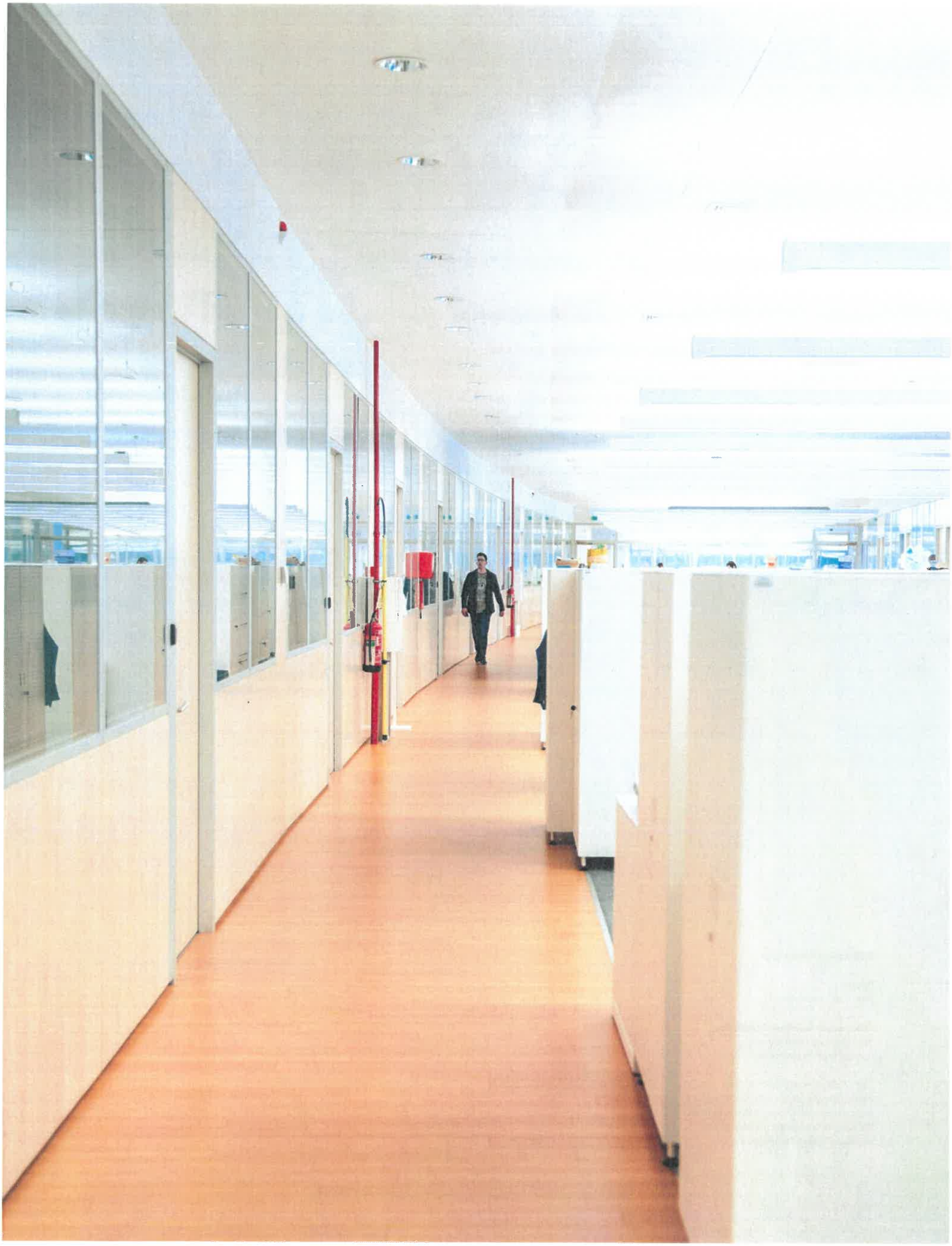
The External Auditors,

Filipa Urbano Calvão,
President of the Portuguese Court of Auditors

Maria da Luz Carmezim,
Member of the Portuguese Court of Auditors.

Audit team:

— Mr. Nuno Miguel Martins Lopes (Auditor-Chief).
— Mrs. Sandra Maria Fernandes Reis (Auditor).
— Mrs. Sónia Fernandes da Ponte Viveiros (Auditor).
— Mr. Joel Gustavo Silva Ribeiro (Auditor).

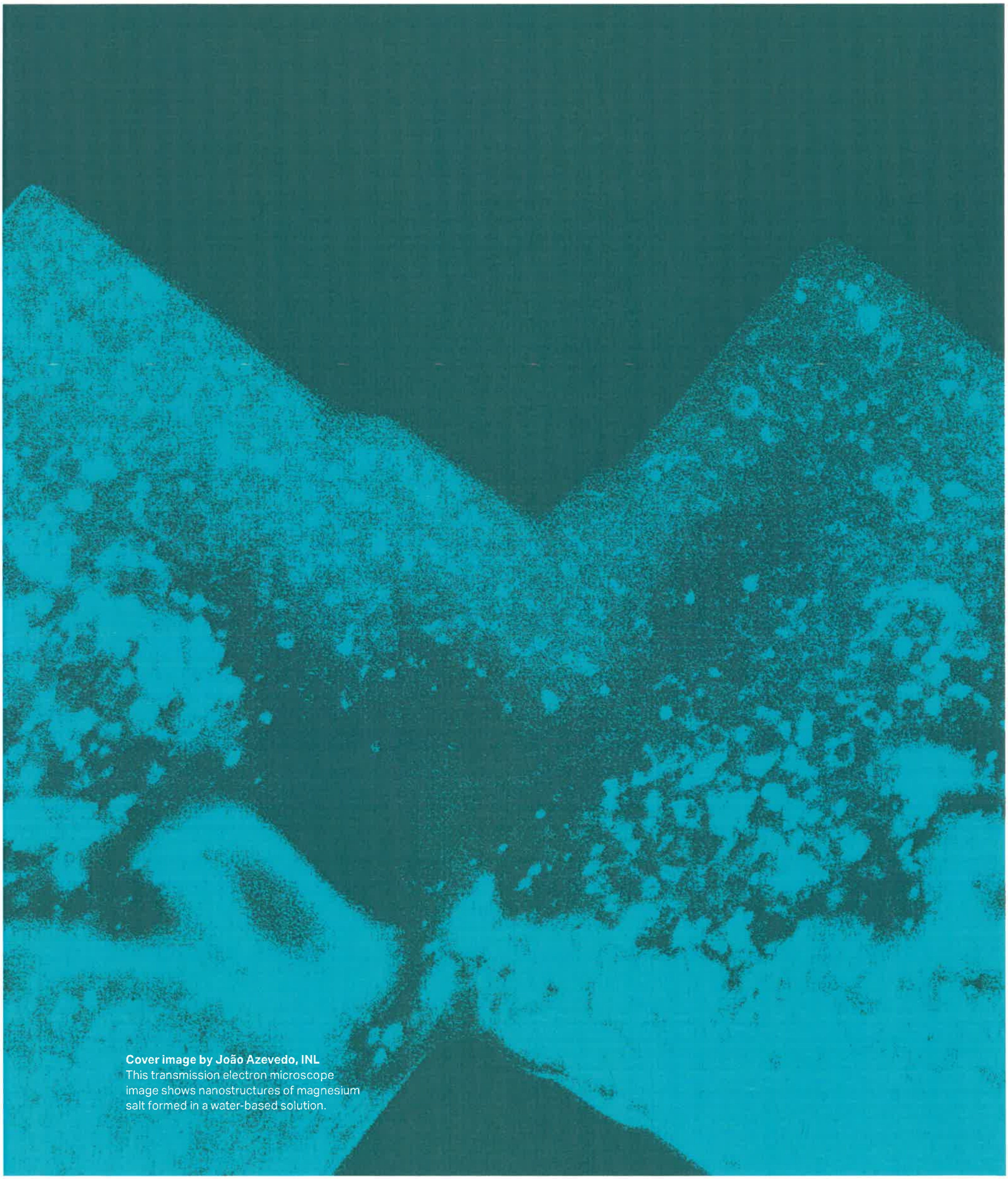


INL Financial Report 2024

Design
Margarida Ferreira Silva

Coordination & Content Production
INL — International Iberian
Nanotechnology Laboratory

This comprehensive report would
not have been possible without the support
and contributions of many colleagues at INL.
We sincerely appreciate the dedication
and commitment of all involved.



Cover image by João Azevedo, INL
This transmission electron microscope image shows nanostructures of magnesium salt formed in a water-based solution.