




LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR
FINANCIAL YEAR 2019 TOGETHER WITH THE AUDIT
REPORT ON ANNUAL ACCOUNTS ISSUED BY AN
INDEPENDENT AUDITOR

*(Free translation of the accounts originally issued in Spanish. in the event of
discrepancy, the Spanish language version prevails)*





LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Annual Accounts and Director's Report
for financial year 2019 together with
the Audit Report on Annual Accounts
issued by an Independent Auditor

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019:

Balance Sheets as of December 31, 2019 and 2018
Profit and Loss Accounts for the financial years 2019 and 2018
Statement of Changes in Partner's Equity for the financial years 2019 and 2018
Cash-Flow Statement for the financial years 2019 and 2018
Notes to the accounts for the financial year 2019

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

**AUDIT REPORT ON THE ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR**

**Audit report on the annual accounts issued
by an independent auditor**

To the Shareholders of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.:**

Opinion

We have audited the financial statements of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** (the Company), which comprise the balance sheet at December 31, 2019, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the Company's equity and financial position at December 31, 2019, as well as its results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

We have performed our audit in accordance with the regulations governing the auditing of accounts in force in Spain. Our responsibilities under these standards are described below in the section on the *auditor's responsibilities for the audit of the annual accounts* in our report.

We are independent from the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the financial statements in Spain as required by the regulations governing the activity of auditing accounts. Accordingly, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

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

Key audit issues

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

| Key audit issues | Audit response |
|--|---|
| <p data-bbox="277 376 783 407">Valuation of capitalized research expenditures</p> <p data-bbox="277 465 783 882">As described in notes 4.a. and 5 to the accompanying notes, the Company has intangible assets for expenses on capitalised research projects of a significant amount. These expenses must be specifically individualised by project and have reasons of economic-commercial profitability, among other requirements in order to be capitalized in the Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value or the need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key issue in our audit.</p> | <p data-bbox="810 376 1323 434">We have carried out the following audit procedures, among others:</p> <ul data-bbox="810 465 1323 1464" style="list-style-type: none"><li data-bbox="810 465 1323 524">- Understanding of the policies and procedures applied by the Company.<li data-bbox="810 555 1323 712">- We have analysed the activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations.<li data-bbox="810 743 1323 855">- We have obtained the certificates issued by an independent third party on the projects regarding the validity of the capitalised amounts.<li data-bbox="810 887 1323 1079">- We have analysed the sales projections for the different projects, improvements in profitability and real sales for the year, with the aim of analysing the goodness of the data, the reasonableness of the hypotheses, the degree of compliance to date and the deviations in past estimates.<li data-bbox="810 1111 1323 1223">- We have verified the correct amortization of the different projects capitalised on the basis of the current regulations applied by the Company.<li data-bbox="810 1254 1323 1464">- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached report include the aforementioned information breakdowns. |

Valuation of investments, loans and balances with group companies

As described in notes 4.d, 8, 9 and 19 to the accompanying notes to the financial statements, investments in group companies together with the balances of group customers represent, on an aggregate basis, 10,66% of the Company's total assets

We focus on this area, due to the amount of its net book value over the total assets of said investments, credits and balances, and because the evaluation by the management and the administrators of the Company of its recoverable value implies the execution of value judgments and important estimates, mainly on the results, discount rate, calculation methodology, and future flows of the investee companies.

For these reasons, we have considered the valuation of investments and loans with group companies as a key issue in our audit.

We have carried out, among others, the following audit procedures:

- Understanding of the policies and procedures applied by the Company.
- We analysed the evolution of the holdings, loans and balances of the various subsidiaries during the year.
- We have analysed the situation of the different subsidiaries, comparing the actual results for 2019 with the figures included in the forecasts for the previous year in order to assess the degree of compliance with them.
- Based on the actual results for 2019, we have questioned the corresponding adaptation, if any, of future flows in this year's forecasts.
- We have questioned the assumptions used by the Company's management in the forecasts used in terms of growth rates and discount rates applied in relation to its sector.
- We have evaluated the need for impairment based on recoverability estimates and analysis of impairments recorded by the Company.
- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4 d), 8, 9 and 19 of the attached report include the aforementioned information breakdown.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2019, the formulation of which is the responsibility of the Parent's directors and does not form an integral part of the financial statements.

Our audit opinion on the annual accounts does not cover the annual report. Our responsibility over the management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the management report with the financial statements, based on the knowledge of the Entity obtained in performing the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report that the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report this.

Based on the work performed, as described in the preceding paragraph, the information contained in the management report agrees with that in the consolidated financial statements for financial year 2019 and its content and presentation are in accordance with the applicable regulations.

The responsibility of the management and the audit in the respect committee of the financial statements

The administrators are responsible for formulating the accompanying financial statements so that they give a true image of the equity, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the Entity in Spain, and of the internal control that they consider necessary to allow the preparation of the financial statements free of material misstatement, due to fraud or error.

In the preparation of the financial statements, the administrators are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the matters related with a company in operation and using the accounting principle of a going concern except if the management intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

The audit committee is responsible for supervising the preparation and presentation of the financial statements.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulations governing the account auditing activity in Spain, we exercise professional judgment and maintain an attitude of professional scepticism throughout the entire audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and perform audit procedures to respond 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control
- We identify and assess risks of material misstatement of the annual accounts due to fraud or error, design and implement audit procedures to respond to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud can involve collusion, forgery, deliberate omissions, intentional misrepresentations, or the circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control of the Entity.
- We evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and disclosures by the Administrators.
- We conclude whether the use, by the administrators, of the accounting principle of the Company as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to events or conditions that can generate significant doubts about the ability of the Company to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

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

Among the matters that have been communicated to the audit committee, we determine those that have been of the greatest significance in the audit of the financial statements for the current period and that are, consequently, the key issues of the audit.

We describe these matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Report on other legal and regulatory requirements

Additional report to the Audit Committee

The opinion expressed in this report is consistent with that expressed in our additional report to the Parent's Audit Committee dated April 29, 2020.

Contract period

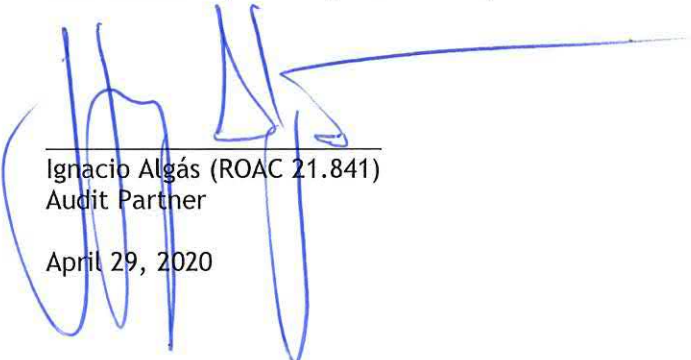
The Extraordinary General Shareholders' Meeting held on June 10, 2019 appointed us as the Company's auditors for a period of three years, starting from the year ended December 31, 2019.

Previously, we were appointed by resolution of the General Shareholders' Meeting for the three-year period and we have been auditing the accounts uninterrupted since the year ended December 31, 2007, and the Company has been a Public Interest Entity (PIE) since 2015.

Services provided

The services, other than the audit of accounts, provided to the Company are detailed in Note 20 to the consolidated financial statements.

BDO Auditores, S.L.P. (ROAC S1273)



Ignacio Algás (ROAC 21.841)
Audit Partner

April 29, 2020

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018**

(Stated in Euros)

| ASSETS | Notes to the Annual Accounts | 31/12/2019 | 31/12/2018 |
|---|---|----------------------|---------------------|
| NON-CURRENT ASSETS | | 4.792.900,99 | 4.812.707,36 |
| Intangible assets | Note 5 | 3.847.115,83 | 3.841.712,39 |
| Research | | 2.685.329,16 | 2.702.887,98 |
| Patents, licenses, trade marks and similar | | 546.172,82 | 533.761,72 |
| Computer applications | | 43.977,61 | 31.537,64 |
| Other intangible assets | | 571.636,24 | 573.525,05 |
| Tangible fixed assets | Note 6 | 380.120,98 | 337.969,59 |
| Land and buildings | | 158.079,81 | 163.217,11 |
| Technical installations and other tangible fixed assets | | 116.743,37 | 174.752,48 |
| Tangible assets in progress | | 105.297,80 | - |
| Long-term investments in group and affiliated companies | | 382.365,43 | 444.204,73 |
| Equity instruments | Note 9 | 172.762,39 | 162.762,39 |
| Loans to companies | Notes 8.2 y 19.1 | 209.603,04 | 281.442,34 |
| Long-term financial investments | | 183.298,75 | 185.839,70 |
| Equity instruments | Note 8.3 | 154.077,40 | 154.077,40 |
| Other financial assets | Note 8.2 | 29.221,35 | 31.762,30 |
| Deferred Tax Assets | Note 15 | - | 2.980,95 |
| CURRENT ASSETS | | 5.973.969,81 | 4.976.372,02 |
| Trade and other receivables | | 3.665.723,97 | 3.131.672,82 |
| Client receivables for sales and services | Note 8.2 | 2.862.643,96 | 1.985.476,55 |
| Clients of the Group and affiliated companies | Notes 8.2 y 19.1 | 598.225,42 | 1.018.177,08 |
| Sundry debtors | Notes 8.2 | 59.214,97 | 76.772,54 |
| Staff | Notes 8.2 | 11.741,21 | 4.280,40 |
| Current tax assets | Note 15 | 97.707,82 | 6.400,62 |
| Other receivables from Public Authorities | Note 15 | 36.190,59 | 40.565,63 |
| Short-term investments in group and affiliated companies | Note 8.2 y 19.1 | 167.204,06 | 164.725,64 |
| Loans to companies | | 167.204,06 | 164.725,64 |
| Short-term financial investments | Note 8.2 | 1.262.022,00 | 703.005,50 |
| Other financial assets | | 1.262.022,00 | 703.005,50 |
| Short-term accruals | | 241.977,19 | 233.061,91 |
| Cash and cash equivalents | Note 8.1 | 637.042,59 | 743.906,15 |
| Cash | | 637.042,59 | 743.906,15 |
| TOTAL ASSETS | | 10.766.870,80 | 9.789.079,38 |

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018
(Stated in Euros)

| EQUITY AND LIABILITIES | Notes to the Annual Accounts | 31/12/2019 | 31/12/2018 |
|--|---------------------------------|-----------------------|-----------------------|
| EQUITY | | 4.619.346,35 | 3.790.079,13 |
| Equity | | 4.619.346,35 | 3.790.079,13 |
| Capital | Note 13.1 | 320.998,86 | 320.998,86 |
| Share Capital | | 320.998,86 | 320.998,86 |
| Issue premium | Note 13.3 | 5.244.344,28 | 5.244.344,28 |
| Reserves | Note 13.2 | 1.492.937,50 | 1.442.009,79 |
| Legal and statutory | | 47.503,72 | 47.503,72 |
| Other Reserves | | 1.445.433,78 | 1.394.506,07 |
| (Shares and own holdings in equity) | Note 13.4 | (753.301,13) | (954.287,73) |
| Retained earnings | | (2.262.986,07) | (2.054.232,27) |
| Financial year's earnings | | 577.352,91 | (208.753,80) |
| NON-CURRENT LIABILITIES | | 1.678.022,88 | 1.373.581,25 |
| Long-term debts | Note 10.1 | 1.678.022,88 | 1.373.581,25 |
| Debts with credit institutions | | 1.495.939,82 | 1.126.973,02 |
| Financial-lease debt | | 8.499,14 | 28.646,14 |
| Other financial liabilities | | 173.583,92 | 217.962,09 |
| CURRENT LIABILITIES | | 4.469.501,57 | 4.625.419,00 |
| Short-term provisions | | 95.950,00 | 85.450,00 |
| Short-term debts | Note 10.1 | 1.871.147,42 | 2.345.516,67 |
| Debts with credit institutions | | 1.760.736,41 | 2.253.038,00 |
| Financial-lease debt | | 20.147,00 | 19.797,76 |
| Other financial liabilities | | 90.264,01 | 72.680,91 |
| Trade and other payables | | 2.502.404,15 | 2.194.452,33 |
| Suppliers | Note 10.1 | 1.734.418,98 | 1.462.172,12 |
| Suppliers, group and affiliated companies | Note 10.1 y 19.1 | 68.505,92 | 245.540,89 |
| Sundry creditors | Note 10.1 | 305.233,59 | 168.632,73 |
| Other debts with Public Authorities | Note 15 | 172.745,47 | 129.484,21 |
| Advances from clients | Note 10.1 | 221.500,19 | 188.622,38 |
| TOTAL EQUITY AND LIABILITIES | | 10.766.870,80 | 9.789.079,38 |

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**PROFIT AND LOSS ACCOUNTS
FOR THE FINANCIAL YEARS 2019 AND 2018**

(Stated in Euros)

| PROFIT AND LOSS ACCOUNTS | Notes to the Annual Accounts | 2019 | 2018 |
|---|-------------------------------------|-----------------------|-----------------------|
| Net turnover | Note 21 | 12.933.093,21 | 12.078.022,12 |
| Net sales | | 12.933.093,21 | 12.078.022,12 |
| Work performed by the company for its assets | Note 5 | 934.512,30 | 786.636,39 |
| Supplies | Note 16.a | (6.396.064,44) | (6.286.002,77) |
| Goods consumed | | (6.396.064,44) | (6.286.002,77) |
| Other operating income | | 53.986,36 | 22.584,72 |
| Ancillary and other current operating income | | 350,00 | 931,22 |
| Operating grants income | | 53.636,36 | 21.653,50 |
| Staff expenses | | (3.000.784,53) | (2.597.706,51) |
| Wages, salaries and the like | | (2.254.494,39) | (2.012.486,30) |
| Fringe benefits | Note 16.b | (746.290,14) | (585.220,21) |
| Other operating expenses | | (2.824.889,05) | (2.262.761,06) |
| External charges for services | | (2.460.586,50) | (2.202.122,56) |
| Taxes | | (48.843,91) | (43.886,02) |
| Losses, Impairment and change in trade provisions | | (315.458,64) | (16.281,28) |
| Other current operating expenses | | - | (471,20) |
| Amortization of fixed assets | Notes 5 y 6 | (1.130.392,70) | (1.148.114,84) |
| Impairment and results of disposals of fixed assets | Note 5 | (21.085,26) | - |
| Other earnings | | 12.876,22 | 3,44 |
| OPERATING EARNINGS | | 561.252,11 | 592.661,49 |
| Financial income | Note 16.c | 130.483,50 | 40.492,28 |
| Income from investments in equity instruments, group companies and associates | | 99.820,00 | - |
| Income from negotiable securities and other financial instruments, group and affiliated companies | | 30.083,16 | 40.026,78 |
| Other income from negotiable securities and other third-party financial instruments | | 580,34 | 465,50 |
| Financial expenses | Note 16.c | (77.472,01) | (91.219,17) |
| For debts with third parties | | (77.472,01) | (91.219,17) |
| Exchange differences | Note 16.c | (33.929,74) | (33.441,01) |
| Impairments and earnings for disposals of financial instruments | Note 16.c | - | (582.127,69) |
| Impairments and losses | | - | (582.127,69) |
| FINANCIAL EARNINGS | | 19.081,75 | (666.295,59) |
| PRE-TAX EARNINGS | | 580.333,86 | (73.634,10) |
| Profit tax | Note 15 | (2.980,95) | (135.119,70) |
| FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS | | 577.352,91 | (208.753,80) |
| FINANCIAL YEAR'S EARNINGS | | 577.352,91 | (208.753,80) |

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENT OF CHANGES IN PARTNER'S EQUITY
TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2019 AND 2018**
(Stated in Euros)

| | Share Capital | Own Shares | Issue Premium | Reserves | Retained Earnings | Financial Year's Earnings | Total |
|---|------------------|---------------|------------------|--------------|----------------------|------------------------------|--------------|
| BALANCE END OF YEAR 2017 | 320.998,86 | (935.557,23) | 5.244.344,28 | 1.466.165,42 | (1.801.339,18) | (252.893,09) | 4.041.719,06 |
| Total recognized income and expenses | - | - | - | - | - | (208.753,80) | (208.753,80) |
| Transactions with shareholders or owners | - | (18.730,50) | - | (24.155,63) | - | - | (42.886,13) |
| Capital increases | - | - | - | - | - | - | - |
| Operation with own shares | - | (18.730,50) | - | (24.155,63) | - | - | (42.886,13) |
| Other changes in equity | - | - | - | - | (252.893,09) | 252.893,09 | - |
| Distribution of earnings from the previous financial year | - | - | - | - | (252.893,09) | 252.893,09 | - |
| BALANCE END OF YEAR 2018 | 320.998,86 | (954.287,73) | 5.244.344,28 | 1.442.009,79 | (2.054.232,27) | (208.753,80) | 3.790.079,13 |
| Total recognized income and expenses | - | - | - | - | - | 577.352,91 | 577.352,91 |
| Transactions with shareholders or owners | - | 200.986,60 | - | 50.927,71 | - | - | 251.914,31 |
| Operation with own shares | - | 200.986,60 | - | 50.927,71 | - | - | 251.914,31 |
| Other changes in equity | - | - | - | - | (208.753,80) | 208.753,80 | - |
| Distribution of earnings from the previous financial year | - | - | - | - | (208.753,80) | 208.753,80 | - |
| BALANCE END OF YEAR 2019 | 320.998,86 | (753.301,13) | 5.244.344,28 | 1.492.937,50 | (2.262.986,07) | 577.352,91 | 4.619.346,35 |

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**CASH FLOW STATEMENT**
FOR FINANCIAL YEARS 2019 AND 2018

(Stated in Euros)

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | 1.170.939,53 | 1.191.004,09 |
| Financial year's pre-tax earnings | 580.333,86 | (73.634,10) |
| Adjustments to earnings | 1.424.425,11 | 1.851.380,70 |
| Amortization of fixed assets | 1.130.392,70 | 1.148.114,84 |
| Valuation changes for impairment | 315.458,64 | 598.408,97 |
| Variation of provisions | 10.500,00 | 54.130,00 |
| Disposals of fixed assets | 21.085,26 | |
| Financial incomes | (130.483,50) | (40.492,28) |
| Financial expenses | 77.472,01 | 91.219,17 |
| Changes in current capital | (600.714,93) | (372.657,45) |
| Trade and other receivables | (899.751,47) | (620.430,58) |
| Other current assets | (8.915,28) | (9.852,10) |
| Trade and other payables | 307.951,82 | 257.625,23 |
| Other cash flow from operating activities | (233.104,51) | (214.085,06) |
| Interest payments | (77.472,01) | (91.219,17) |
| Interest incomes | (64.325,30) | (124.233,36) |
| Tax income | (91.307,20) | 1.367,47 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | (1.359.789,78) | (471.473,81) |
| Payments for investments | (1.755.508,34) | (1.102.775,82) |
| Intangible fixed assets | (1.050.879,55) | (1.018.267,51) |
| Tangible fixed assets | (148.153,24) | (84.508,31) |
| Other financial assets | (556.475,55) | - |
| Proceeds from disposals | 395.718,56 | 631.302,01 |
| Group and affiliated companies | 395.718,56 | 321.092,87 |
| Other financial assets | - | 310.209,14 |
| CASH FLOW FROM FINANCING ACTIVITIES | 81.986,69 | (275.731,44) |
| Receipts and payments for equity instruments | 251.914,31 | (42.886,13) |
| Acquisition of own equity instruments | 251.914,31 | (42.886,13) |
| Collections and payments for financial liability instruments | (169.927,62) | (232.845,31) |
| Issuing: | 1.200.000,00 | 1.107.499,83 |
| Amounts owed to credit institutions | 1.200.000,00 | 945.000,00 |
| Others | - | 162.499,83 |
| Repayment and amortization of: | (1.369.927,62) | (1.340.345,14) |
| Amounts owed to credit institutions | (1.343.132,55) | (1.340.345,14) |
| Others | (26.795,07) | - |
| NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS | (106.863,56) | 443.798,84 |
| Cash or cash equivalents at start of financial year | 743.906,15 | 300.107,31 |
| Cash or cash equivalents at end of financial year | 637.042,59 | 743.906,15 |

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019

NOTE 1. INCORPORATION, ACTIVITIES AND LEGAL SYSTEM OF THE COMPANY

a) Incorporation and Registered Office

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "Parent Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Parent Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. Previously its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, Lleida.

On June 30, 2011, the General Shareholders' Meeting was held in which the transformation from a Limited Company to a Public Limited Company was agreed. On December 12, 2011, the agreement reached at the aforementioned meeting was notarized and deposited in the Mercantile Registry on February 17, 2012.

b) Activities

Its activity consists in acting as a teleoperator for short message management services (SMS) over the Internet, as well as any other activity related to the aforementioned corporate purpose.

The Company financial year starts on 1 January and ends on 31 December of each year. In the rest of the Notes to this Annual Report, each time reference is made to the financial year ending on December 31, 2019, this will simply stated as "financial year 2019".

c) Legal System

The Company is governed by its Articles of Association and by the Law Capital Companies.

d) Quotation in the Alternative Stock Market

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market of all the shares of the Parent Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16,049,943 shares of 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. The Parent Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. and as Liquidity Provider to BEKA Finance, S.V., S.A. company subsequently integrated into the GVC GAESCO VALORES SV, S.A. group. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On December 19, 2018, the Company was listed on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor.

NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS

a) True and Fair View

The Annual Accounts for the financial year 2019 have been taken from the Company accounting records and drawn up in accordance with the applicable commercial law currently in force and with the standards established in the General Accounting Plan approved by Spanish Royal Decree 1514/2007, of 16 November, applying the modifications introduced by Royal Decree 1159/2010, to show a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash flows included in the cash flow statement.

b) Accounting Principles Applied

The Annual Accounts have been drawn up by applying the accounting principles established in the Spanish Commercial Code and in the General Accounting Plan.

c) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the annual accounts are expressed in Euros.

d) Critical Aspects of Uncertainties Valuation and Estimation

In preparing the accompanying Annual Accounts, the Board of Directors used estimates to value certain assets, liabilities, income and expenses recorded therein. The estimates and criteria refer to:

- Possible impairment of assets: investments, loans and balances with group companies (Note 4-d):
 - o At 31 December 2019, the Company has significant balances receivable from Group companies (see Note 19.1), the recovery of which will be linked to the generation of cash by the subsidiaries. On the basis of the budgets established by management, the Company's Board of Directors estimates that all the Group company receivables on the Company's balance sheet will be recovered.

Except as mentioned in the preceding paragraphs, there are no uncertainties or aspects of the future that could entail a significant risk that could lead to significant changes in the value of assets and liabilities in the following year, except for those inherent to the nature of the business:

- Slower growth than expected in the Business Plan: slower maturation in some countries.
- Reasonability of the activation and recoverability of research projects.
- Currency risk, although the Company has a natural hedge with revenues and costs in foreign subsidiaries denominated in the same currency.
- Highly atomised and locally competitive market.

Although these estimates have been made on the basis of the best information available at the close of financial year 2019, it is possible that events that may take place in the future will make it necessary to modify them (upwards or downwards) in coming years, which would be done prospectively, recognising the effects of the change in the estimate in the corresponding profit and loss account.

e) Comparison of the Information

In accordance with commercial law, for comparison purposes, the Board of Directors presents, in addition to the figures for the financial year 2019, for each of the items in the Balance Sheet, Profit and Loss Accounts, the Statement of Changes in Equity and the Cash-Flow Statement, the figures for the previous financial year. The items for both financial years are comparable and homogeneous.

f) Changes in Accounting Standards

There have been no changes in the accounting standards

g) Correction of Errors

The 2019 Annual Accounts do not include related adjustments as a result of errors detected in the annual accounts of previous years.

h) Responsibility for the Information Given and the Estimates Made

Board of Directors is responsible for the information provided in these annual accounts. These annual accounts have used estimates valuing some of the assets, liabilities, income, expenses and undertakings recorded there. These estimates basically refer to the valuation of losses due to the impairment of specific assets and the useful life of tangible and intangible assets.

Notwithstanding that these estimates were made according to the best information available at the time of the preparation of these annual accounts, it is possible that future events may occur that require their amendment for the next financial years; which would be carried out prospectively, taking account of the effects of the estimate change on the corresponding profit and loss accounts.

i) Statement of Recognized Income and Expenses

The Company has recognized no income nor expense directly to the Equity nor in the current financial year neither in the last one, having registered the totality of them in the corresponding Profit and Loss Account. This is why the current Annual Accounts does not include the Statement of Recognized Income and Expenses.

NOTE 3. DISTRIBUTION OF EARNINGS

The proposed distribution of 2019 and 2018, drawn up by the Board of Directors are shown below, in Euros:

| | 2019 | 2018 |
|--|------------|--------------|
| Distribution base: | | |
| Profits obtained/ (Generated losses) in the financial year | 577.352,91 | (208.753,80) |
| Distribution to: | | |
| Legal reserve | 16.696,05 | - |
| Compensation of previous years losses | 371.139,64 | (208.753,80) |
| Distribution of dividends | 189.517,22 | |

The amount recorded under the heading Distribution of dividends corresponds to an estimate of the dividend to be paid in 2020, calculated on the basis of EUR 0,01 net per share. Any difference between the estimated amount and the amount finally paid will affect the portion distributed to reduce the negative results of previous years.

The unamortised balances of research and development expenses totalled 2.685.329,16 euros in 2019 (2.702.887,98 euros in 2018). Since the total available reserves are less than this amount, the Company may not distribute any dividends in accordance with current mercantile legislation.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Annual Accounts for the 2019 financial year, in accordance with those established by the General Accounting Plan, were as follows:

a) Intangible Fixed Assets

Assets included in intangible fixed assets are valued by their cost, whether purchase price or production cost, reduced by the corresponding accumulated amortization and losses from any impairment which, where appropriate, has occurred.

The depreciable amount of an intangible asset is allocated on a systematic basis over its useful life. The amortization charge for each period is recognized in profit or loss.

Research and Development Costs

Capitalized research and development costs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, Management the Group has substantial grounds for expecting the technical success and the financial and commercial profitability of these projects

Research and development costs that appear as assets are amortized on a straight-line basis over their useful life, at an annual rate of 20%, and always within a period of 5 years.

As soon as there are reasonable doubts over the technical success or financial and commercial profitability of a project, the values recorded in the asset that apply to it are directly allocated to the financial year's losses.

Computer Applications

Licenses for computer applications purchased from third parties are capitalized on the basis of the costs incurred for purchasing.

Computer applications are amortized on a straight-line basis throughout their useful lives, at an annual rate of 33%.

Maintenance expenses for computer applications incurred during the financial year are recognized in the Consolidated Profit and Loss Account.

Industrial Property

Corresponds to the capitalized development expenses for which the relevant patent or similar has been obtained, and includes the registration and formalization costs for the industrial property, as well as the costs for purchasing the corresponding rights from third parties.

During all these years, the Company has been able to develop methods and unique technologies in its sector by continuous investment in research and development. The result of this effort has been the publication of patents at European, American and PCT levels, putting in value the effort developed during these last years. These patents allow the Group to license this technology to third parties and protect it against possible copies of other actors in the sector, less scrupulous when creating original models.

b) Tangible Fixed Assets

Tangible fixed assets are valued by their acquisition price net of the corresponding accumulated amortization and, where appropriate, of the accumulated value of the recognized allowances for impairment.

Repair and maintenance expenses incurred during the financial year are debited in the Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognized.

Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

| | Annual Percentage | Estimated Years of Useful Life |
|-----------------------------|-------------------|--------------------------------|
| Buildings | 2,50 | 40 |
| Technical facilities | 8 - 10 | 12,50 - 10 |
| Machinery | 20 - 25 | 5 - 4 |
| Other installations | 10 | 10 |
| Furniture | 10 - 15 | 10 - 6,67 |
| Computer equipment | 25 - 50 | 4 - 2 |
| Other tangible fixed assets | 15 | 6,67 |

The book value of a tangible fixed-asset item is de-recognized in the accounts through its alienation or disposal by other means; or where no future economic benefits or profits are expected to be obtained for its use, alienation or disposal by other means.

The loss or profit resulting from writing-off a tangible fixed-asset item is determined as the difference between the net values, where appropriate, of the sales costs resulting from its alienation or disposal by other means, where available, and the item's book value, and is allocated to the Consolidated Profit and Loss Account for the financial year in which this occurs.

At the financial year's closure, the Company assesses whether there are signs of impairment in a tangible fixed-asset item or any cash-generating unit, in which case the recoverable amounts are estimated and the necessary allowances are made.

An impairment loss is deemed to have occurred in a tangible fixed-asset item where its book value exceeds its recoverable value, this being understood as the higher value between its fair value less the sales costs and its value in use.

Allowances for impairment in the tangible fixed-asset items, as well as their reversals where the circumstances producing them cease, are recognized as an expense or income respectively in the Profit and Loss Account.

c) Leases and Other Transactions of a Similar Nature

Operating-lease expenses incurred during the financial year are debited in the Profit and Loss Account.

d) Financial Instruments

The Company determines the classification of its financial assets on their initial recognition and, where it is permitted and appropriated, this classification is re-assessed on each closing balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items and Debts and Payable Items.

Loans and receivable items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Company cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and payable items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: Financial liabilities which, not being derivate instruments, have no commercial origins

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, as well as, where appropriate, advances and loans made to staff, receivable dividends and called payments on equity instruments, the amounts for which are expected to be received in the short term, and payments called by third parties on holdings, the amounts for which are expected to be paid in the short term, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of December 31, 2019, has been estimated on the basis of the analysis made on each of the individualized outstanding receivables on that date.

Investments in group, multi-group and affiliated companies equity instrument's

They are initially valued at cost, which corresponds to the fair value of the consideration paid plus the transaction costs which are directly attributable to them.

They are subsequently valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment.

At the close of the financial year, and where there is objective evidence that the book value of an investment will not be recoverable, the necessary allowances are made.

The value of the allowance is determined as the difference between the book value and the recoverable value, unless there is better evidence of the recoverable value of the investments, account is taken, in estimating the impairment in this class of assets, of the proportion of equity of the entity in which there are holdings, corrected for the implicit capital gains present at the date of valuation, which correspond to items identifiable on the balance sheet of the entity in which there are holdings.

Allowances for impairment and, where appropriate, its reversal, are recognized as an expense or income respectively in the Profit and Loss Account. The reversal of the impairment shall be limited to the book value of the investment that would have been recognized on the reversal date had the impairment not been recognized.

De-recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

De-recognition of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases

Interest received from financial assets

Interest and dividends from financial assets accrued subsequent to their purchase are recognized as income in the Profit and Loss Account.

Interests are recognized by using the effective interest rate method, and dividends where it is declared that shareholders are entitled to receive it. For these purposes, in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time, and the value of the dividends agreed to body, on acquisition are recognized separately, bearing in mind their maturity, in the initial valuation of the financial assets.

Guarantees Given

Guarantees given through operating leases and provision of services are valued by the amount paid out and received respectively.

e) Transactions in foreign currencies

Transactions in foreign currencies are recognized by their exchange value in Euros, by using the spot exchange-rate for the dates on which they occur.

On the close of each financial year, monetary items are valued by applying the average spot exchange-rate on that date. Exchange differences, both positive and negative, which result from this process, as well as those generated on selling off equity items, are recognized in the Profit and Loss Account for the financial year in which they arise.

f) Profit Tax

Profit tax is recognized in the Profit and Loss Account or directly in the Equity depending on where the gains or losses giving rise to it are found. Profit tax for each financial year includes both current and deferred taxes, where appropriate. The income tax for each year includes both current and deferred taxes, if applicable.

The current tax amount is the sum to be paid by the Company as a result of the assessment notices for the tax.

Differences between the book value of assets and liabilities, and their tax base, generate the deferred tax asset or liability tax balances which are calculated using the expected tax rates at the time of their reversal, and under the method in which it can be reasonably expected to recover or pay the asset or liability.

Variations arising during the financial year in deferred tax asset or liability taxes are recognized either in the Profit and Loss Account or directly in the equity, as appropriate.

Deferred tax assets are only recognized insofar as it is probable that the company will have future tax gains that allow these assets to be applied.

In each closing balance sheet the book value of the recognized deferred tax assets is analyzed and the necessary adjustments are made insofar as there are doubts over their future tax recoverability. Likewise, in each closing non-recognized deferred taxes are assessed in the balance sheet and these are subject to recognition to the extent that their recovery with future tax benefits is probable.

g) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less: the amount of any discount, reduction or other similar items that the Company may concede, as well as the interest incorporated into the face value of the credits.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Company receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

h) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Group, and whose value and time of cancellation are indeterminate, are recognized on the consolidated balance sheet as provisions and are valued by the current value of the best possible estimate for the amount necessary to cancel the obligation or transfer it to a third party.

i) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the Consolidated equity and recognized in the Consolidated Profit and Loss Account in proportion to the amortization undergone over the period by the assets financed through these grants, unless these are non-depreciable assets, in which case they will be allocated to the earnings of the financial year in which their alienation or de-recognition takes place.

Grants intended for cancelling debts are allocated as income for the financial year in which the cancellation occurs, unless they are received for a specific financing, in which case the allocation is made according to the item that is financed.

Refundable grants are recognized as long-term debt convertible into subsidies until they become non-refundable.

Operation grants are credited to the earnings of the financial year when they accrue.

j) Related-Party Transactions

In general, items forming the subject matter of a related-party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

k) Cash-Flow Statements

Cash-flow statements use the following expressions according to the meanings given below:

Cash and Equivalents: Cash is both cash in hand and demand deposits. Cash equivalents are financial instruments forming part of the Group's normal cash management, are convertible into cash, have initial maturities no greater than three months and are subject to little significant risk of change in their value.

Cash Stream-flows: inflows and outflows of cash or other equivalent resources, with the latter being understood as investments having terms under three months, high liquidity and low risk of changes in value.

Operating Activities: these are the activities that make up the principal source of the Group's ordinary income, as well as other activities that cannot be classified under investment or financing.

Investment Activities: acquisition, alienation or disposal by other means of long-term assets and other investments not included in cash or cash equivalents.

Financing Activities: activities that lead to changes in the size and composition of the equity and financial liabilities.

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2019 are as follows:

| | 31/12/2018 | Additions | De-Recognition | Transfers | 31/12/2019 |
|--------------------------------------|-----------------------|-----------------------|--------------------|--------------|-----------------------|
| Cost: | | | | | |
| Research | 10.127.878,55 | 934.512,30 | (26.356,57) | - | 11.036.034,28 |
| Industrial Property | 698.046,72 | | - | 85.495,91 | 783.542,63 |
| Computer applications | 226.637,13 | 570,00 | - | 32.190,15 | 259.397,28 |
| Advances for intangible fixed assets | 573.525,05 | 115.797,25 | - | (117.686,06) | 571.636,24 |
| | 11.626.087,45 | 1.050.879,55 | (26.356,57) | - | 12.650.610,43 |
| Accumulated amortization: | | | | | |
| Research | (7.424.990,57) | (930.985,86) | 5.271,31 | - | (8.350.705,12) |
| Industrial Property | (164.285,00) | (73.084,81) | - | - | (237.369,81) |
| Computer applications | (195.099,49) | (20.320,18) | - | - | (215.419,67) |
| | (7.784.375,06) | (1.024.390,85) | 5.271,31 | - | (8.803.494,60) |
| Intangible Fixed Assets, Net | 3.841.712,39 | 26.488,70 | (21.085,26) | - | 3.847.115,83 |

The retirements in the year resulted in a loss for the year of 21.085,26 euros.

Details of and changes in tangible fixed assets throughout the financial year 2018 are as follows:

| | 31/12/2017 | Additions | De-Recognition | Transfers | 31/12/2018 |
|--------------------------------------|-----------------------|-----------------------|----------------|--------------|-----------------------|
| Cost: | | | | | |
| Research | 9.341.242,16 | 786.636,39 | - | - | 10.127.878,55 |
| Industrial Property | 388.550,99 | - | - | 309.495,73 | 698.046,72 |
| Computer applications | 221.657,90 | 4.979,23 | - | - | 226.637,13 |
| Advances for intangible fixed assets | 656.368,89 | 226.651,89 | - | (309.495,73) | 573.525,05 |
| | 10.607.819,94 | 1.018.267,51 | - | - | 11.626.087,45 |
| Accumulated amortization: | | | | | |
| Research | (6.514.100,47) | (910.890,10) | - | - | (7.424.990,57) |
| Industrial Property | (65.531,01) | (98.753,99) | - | - | (164.285,00) |
| Computer applications | (180.680,96) | (14.418,53) | - | - | (195.099,49) |
| | (6.760.312,44) | (1.024.062,62) | - | - | (7.784.375,06) |
| Intangible Fixed Assets, Net | 3.847.507,50 | (5.795,11) | - | - | 3.841.712,39 |

Fully-amortized and In-use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2019 and at December 31, 2018, is the following, stating their cost values in Euros:

| | 31/12/2019 | 31/12/2018 |
|-----------------------|---------------------|---------------------|
| Research | 6.326.149,98 | 5.472.949,24 |
| Patents | 71.105,76 | 26.783,16 |
| Computer applications | 172.062,84 | 167.566,20 |
| | 6.569.318,58 | 5.667.298,60 |

NOTE 6. TANGIBLE FIXED ASSETS

The breakdown of tangible fixed assets as of December 31, 2019 is as follows, in Euros:

| | 31/12/2018 | Additions | Transfers | 31/12/2019 |
|--|---------------------|---------------------|-----------|---------------------|
| Cost: | | | | |
| Land and buildings | 197.185,74 | - | - | 197.185,74 |
| Technical installations and machinery | 252.969,45 | - | - | 252.969,45 |
| Other installations, tools and furniture | 99.263,23 | 6.855,66 | - | 106.118,89 |
| Data processing equipment | 398.519,65 | 35.999,78 | - | 434.519,43 |
| Other tangible fixed assets | 4.935,79 | - | - | 4.935,79 |
| Advances for tangible fixed assets | | 105.297,80 | - | 105.297,80 |
| | 952.873,86 | 148.153,24 | - | 1.101.027,10 |
| Accumulated amortization: | | | | |
| Land and buildings | (33.968,63) | (5.137,30) | - | (39.105,93) |
| Technical installations and machinery | (200.661,94) | (20.553,40) | - | (221.215,34) |
| Other installations, tools and furniture | (54.907,55) | (9.879,99) | - | (64.787,54) |
| Data processing equipment | (321.995,55) | (70.123,11) | - | (392.118,66) |
| Other tangible fixed assets | (3.370,60) | (308,05) | - | (3.678,65) |
| | (614.904,27) | (106.001,85) | - | (720.906,12) |
| Tangible Fixed Assets, Net | 337.969,59 | 42.151,39 | - | 380.120,98 |

The breakdown of tangible fixed assets as of December 31, 2018 is as follows, in Euros:

| | 31/12/2017 | Additions | Transfers | 31/12/2018 |
|--|---------------------|---------------------|-----------|---------------------|
| Cost: | | | | |
| Land and buildings | 172.228,55 | 24.957,19 | - | 197.185,74 |
| Technical installations and machinery | 252.969,45 | - | - | 252.969,45 |
| Other installations, tools and furniture | 79.150,73 | 20.112,50 | - | 99.263,23 |
| Data processing equipment | 360.928,95 | 37.590,70 | - | 398.519,65 |
| Other tangible fixed assets | 3.087,87 | 1.847,92 | - | 4.935,79 |
| | 868.365,55 | 84.508,31 | - | 952.873,86 |
| Accumulated amortization: | | | | |
| Land and buildings | (28.901,34) | (5.067,29) | - | (33.968,63) |
| Technical installations and machinery | (180.108,54) | (20.553,40) | - | (200.661,94) |
| Other installations, tools and furniture | (45.553,76) | (9.353,79) | - | (54.907,55) |
| Data processing equipment | (233.200,54) | (88.795,01) | - | (321.995,55) |
| Other tangible fixed assets | (3.087,87) | (282,73) | - | (3.370,60) |
| | (490.852,05) | (124.052,22) | - | (614.904,27) |
| Tangible Fixed Assets, Net | 377.513,50 | (39.543,91) | - | 337.969,59 |

Fully-amortized and In-use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is shown below stating their cost values in Euros:

| | 31/12/2019 | 31/12/2018 |
|---------------------------------------|-------------------|-------------------|
| Technical installations and machinery | 43.468,70 | 43.468,70 |
| Data processing equipment | 285.947,06 | 148.061,46 |
| | 329.415,76 | 191.530,16 |

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial lease agreements as of December 31, 2019, in euros:

| | Fair Value | Value of the purchase option | Due Date | Signature date | Outstanding dues |
|--------------------|------------|------------------------------|------------|----------------|------------------|
| Computer equipment | 80.798,12 | 1.707,27 | 04/04/2021 | 04/05/2018 | 28.646,14 |

The following is the total amount of future payments in financial leases as of December 31, 2019, in euros:

| | Financial year 2019 |
|--|------------------------|
| Total amount of minimum future payments at the close of the year | 27.316,32 |
| (-) Non-accrued financial expenses | (377,45) |
| Value of the purchase option | 1.707,27 |
| Current value at the close of the year | 28.646,14 |

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2019 is 183.507,02 euros (247.950,62 euros in the previous year).

The following is the breakdown of the total amount of the minimum future payments corresponding to the non-cancellable operating leases:

| | 2019 | 2018 |
|-----------------------|-------------------|-------------------|
| Up to 1 year | 139.574,94 | 254.733,36 |
| Between 1 and 5 years | 64.150,97 | 149.266,52 |
| More of 5 years | 554.424,52 | 152.242,20 |
| | 758.289,03 | 556.242,08 |

NOTE 8. FINANCIAL ASSETS

The detail of non-current financial assets, except for investments in the equity of group companies, multigroup and associate companies, shown in Note 9, is as follows:

| | Equity instruments | | Credits and Others Financial Assets | |
|--|--------------------|-------------------|-------------------------------------|-------------------|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Loans and receivable items (Note 8.2) | - | - | 238.824,39 | 313.204,64 |
| Financial assets available for sale (Note 8.3) | 154.077,40 | 154.077,40 | - | - |
| Total | 154.077,40 | 154.077,40 | 238.824,39 | 313.204,64 |

The breakdown of the short-term financial assets, is as follows, in euros:

| | Credits and Others Financial Assets 31/12/2019 | 31/12/2018 |
|---|---|---------------------|
| Assets at fair value through the profit and loss: | 637.042,59 | 743.906,15 |
| Cash or other liquid assets (Note 8.1) | 637.042,59 | 743.906,15 |
| Loans and receivable items (Note 8.2) | 5.261.051,62 | 3.952.437,71 |
| Total | 5.898.094,21 | 4.696.343,86 |

8.1) Assets at Fair Value through the Profit and Loss**Cash and other Equivalent Liquid Assets**

The detail of this assets as of December 31, 2019 and 2018 is as follows, in euros:

| | Balance at 31/12/2019 | Balance at 31/12/2018 |
|------------------|--------------------------|--------------------------|
| Current Accounts | 628.021,80 | 736.226,19 |
| Cash | 9.020,79 | 7.679,96 |
| Total | 637.042,59 | 743.906,15 |

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2019 and 2018 is the following:

| | Balance at 31/12/2019 | | Balance at 31/12/2018 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Long-Term | Short-Term | Long-Term | Short-Term |
| Loans and receivables items for commercial transactions | | | | |
| Costumers | - | 2.862.643,96 | - | 1.985.476,55 |
| Related party customers (Note 19.1) | - | 598.225,42 | - | 1.018.177,08 |
| Debtors | - | 59.214,97 | - | 76.772,54 |
| Total loans and receivables items for commercial transactions | - | 3.520.084,35 | - | 3.080.426,17 |
| Loans and receivables for non-commercial transactions | | | | |
| Group Companies (Note 19.1) | 209.603,04 | 167.204,06 | 281.442,34 | 164.725,64 |
| Staff | - | 11.741,21 | - | 4.280,40 |
| Short-term deposits (*) | - | 1.262.022,00 | - | 703.005,50 |
| Securities and deposits | 29.221,35 | - | 31.762,30 | - |
| Total loans and receivables for non-commercial transactions | 238.824,39 | 1.440.967,27 | 313.204,64 | 872.011,54 |
| Total | 238.824,39 | 4.961.051,62 | 313.204,64 | 3.952.437,71 |

(*) Short-term deposits have a maturity to short-term and accrue a market interest rate.

Trade and other receivables include impairments due to insolvency risks, as detailed below:

| | Balance at 31/12/2018 | Current year impairment | Transfers | Balance at 31/12/2019 |
|---|--------------------------|----------------------------|-------------------|--------------------------|
| Receivables for commercial transactions: | | | | |
| Clients | 554.546,49 | 20.570,03 | - | 575.116,52 |
| Clients group companies | - | 300.000,00 | 141.548,88 | 441.548,88 |
| Short-term credits | - | - | 27.604,74 | 27.604,74 |
| Total | 554.546,49 | 320.570,03 | 169.153,62 | 1.044.270,14 |

The balances of credits for non-trade operations to group companies include an impairment of 474.271,07 euros of the Lleidanetworks Group company Serveis Telemàtics, LTD and an impairment of 109.536,91 euros of the Lleidanet USA Group company Inc.

8.3) Financial Assets available for Sale

Correspond to two investments made by the Company last year in:

- a) E.Kuantia: financial institution specialized in the issuance of means of payment and electronic money. The investment amounts to 143.880 euros and corresponds to 2% of the share capital.
- b) IBAN Wallet: global platform, linking investors and loan applicants, with high rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the share capital.

NOTA 9. EQUITY INSTRUMENTS IN GROUP, MULTI-GROUP AND AFFILIATED COMPANIES

The breakdown of the holdings held of the Group companies at December 31, 2019, is as follows:

| Company | % Direct Equity | Cost | Impairments | Net value at 31/12/2019 | Theoretical book value 31/12/2019 |
|--|-----------------|-------------------|---------------------|-------------------------|-----------------------------------|
| Group companies: | | | | | |
| Lleidanetworks Serveis Telemàtics, LTD | 100% | 4,00 | - | 4,00 | (535.960,63) |
| Lleidanet USA Inc | 100% | 397.591,09 | (397.591,09) | - | (578.559,25) |
| Lleidanet Honduras, SA | 70% | 659,05 | - | 659,05 | 941,50 |
| Lleidanet Dominicana, SRL | 99,98% | 10.127,97 | - | 10.127,97 | (16.034,70) |
| Lleida SAS | 100% | 147.789,60 | - | 147.789,60 | 128.062,92 |
| Lleida Chile SPA | 100% | 3.256,83 | - | 3.256,83 | 2.994,40 |
| Lleidanet do Brasil Ltda | 99,99% | 10.800,00 | - | 10.800,00 | (25.832,31) |
| Lleidanet Guatemala | 80% | 3.234,00 | - | 3.234,00 | 4.042,50 |
| Portabilidades Españolas, S.L.U. | 100% | 13.000,00 | - | 13.000,00 | 8.156,83 |
| Lleidanet Costa Rica | 100% | 16,06 | - | 16,06 | (101,59) |
| Lleidanet Perú | 100% | 268,09 | - | 268,09 | (91.168,92) |
| Desembolsos pendientes Lleidanet USA | | (2.349,36) | - | (2.349,36) | |
| Desembolsos pendientes Lleidanet Honduras, SA | | (659,05) | - | (659,05) | - |
| Desembolsos pendientes Lleidanet Dominica, SRL | | (10.127,97) | - | (10.127,97) | - |
| Desembolsos pendientes Lleida Chile SPA | | (3.256,83) | - | (3.256,83) | - |
| Affiliated companies: | | | | | |
| Lleida Networks India Private Limited | 25% | 6.575,00 | (6.575,00) | - | 81.425,29 |
| Total | | 576.928,48 | (404.166,09) | 172.762,39 | (1.022.033,96) |

Valuation Corrections

In previous years, the Company fully impaired the interests held in Lleidanet USA, Inc and Lleida Networks India Private Limited.

The registered offices and the activities carried out by the investees are shown below:

Lleidatnetworks Serveis Telemàtics, LTD

Incorporated on December 28, 2005 in Dublin, with its registered office in Birchín Court 20, Birchín Lane London (United Kingdom). Its main activity is as operator.

Lleidanet USA Inc.

Incorporated on May 12, 2009 and its registered office is at 2719 Hollywood Boulevard Street 21 FL33020, Hollywood. Its main activity is as operator. On June 30, 2013 a capital increase was made in Lleidanet USA Inc. for 397.515,00 euros which Lleidatnetworks Serveis Telematics, S.A. subscribed in entirety.

Lleidanet Honduras, S.A.

Its registered office in Tegucigalpa (Honduras), it was incorporated on January 11, 2012 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 175 shares out of a total amount of 250 that were issued. Its main activity consists on being SMS operator, based on an interconnection network with the fixed and mobile operations of the Republic of Honduras.

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems.

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 100 shares out of a total of 100 that were issued. Its main activity is based on the dissemination of telematics systems. On June 15, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidatnetworks Serveis Telemàtics, S.A. subscribed in full.

Lleida Chile SPA

With its registered office in Santiago (Chile), it was incorporated on March 12, 2013, subscribing, Lleidatnetworks Serveis Telemàtics, SA, 200 shares out of a total of 200 that were issued. Its main activity is based on the provision, organization and commercialization of telecommunications services.

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 12,500 shares out of a total of 50,000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging

Lleidanet do Brasil Ltda

With its registered office in Sao Paulo (Brazil), it was incorporated on October 2, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 329 shares out of a total of 330 that were issued. Its main activity is based on the provision of telecommunication services, program development, sending of text messages and electronic mail and the provision of services of study and analysis of computer processes in general.

Lleidanet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, subscribing, Lleidanetworks Serveis Telemàtics S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires D. Francisco José Sapena Soler 100% of this Company for the amount of 16.06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidanet Perú

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

The summary of the equity of the investees at 31 December 2019 is as follows, in euros:

| Company | Share Capital | Reserves | Retained earnings | Profit of the year | Other Movements | Total Equity |
|---|---------------|-----------|-------------------|--------------------|-----------------|--------------|
| Group Companies | | | | | | |
| Lleidatnetworks serveis Telemàtics, LTD | 4.00 | - | (626.337,11) | 90.372,48 | - | (535.960,63) |
| Lleidanet USA Inc | 397.591,09 | - | (1.045.408,80) | 69.258,46 | - | (578.559,25) |
| Lleidanet Honduras, SA (**) | 941,50 | - | - | - | - | 941,50 |
| Lleidanet Dominicana, SRL | 10.128,98 | - | (20.798,05) | (5.365,63) | - | (16.034,70) |
| Lleida SAS | 64.969,26 | - | (10.618,31) | 73.711,97 | - | 128.062,92 |
| Lleida Chile SPA (**) | 3.256,83 | - | - | (262,43) | - | 2.994,40 |
| Lleidanet do Brasil Ltda. | 10.801,08 | - | (33.362,18) | (3.271,21) | - | (25.832,31) |
| Lleidanet Guatemala, S.A. (**) | 4.042,50 | - | - | (1.641,05) | - | 4.042,50 |
| Portabilidades Españolas, S.L.U.(**) | 13.000,00 | - | (3.202,12) | (13,42) | - | 8.156,83 |
| Lleidanet Costa Rica (**) | 16,06 | - | (104,23) | 13.206,26 | - | (91.168,92) |
| Lleidanet Perú | 268,09 | - | (104.643,27) | - | - | - |
| Affiliated companies: | | | | | | |
| Lleida Networks India Private Limited (*) | 26.300,00 | 83.415,22 | - | (28.289,93) | - | 81.425,29 |

(*) Figures at March 31, 2018

(**) Without activity in the year 2020

| Company | % Direct Equity | Cost | Impairments | Net value at 31/12/2019 | Theoretical book value 31/12/2019 |
|--|-----------------|-------------------|---------------------|-------------------------|-----------------------------------|
| Group Companies: | | | | | |
| Lleidatnetworks Serveis Telemàtics, LTD | 100% | 4,00 | - | 4,00 | (628.609,00) |
| Lleidanet USA Inc | 100% | 397.591,09 | (397.591,09) | - | (647.817,72) |
| Lleidanet Honduras, SA | 70% | 659,05 | - | 659,05 | 659,05 |
| Lleidanet Dominicana, SRL | 99,98% | 10.127,97 | - | 10.127,97 | (10.666,96) |
| Lleida SAS | 100% | 147.789,60 | - | 147.789,60 | 54.350,94 |
| Lleida Chile SPA | 100% | 3.256,83 | - | 3.256,83 | 3.256,83 |
| Lleidanet do Brasil Ltda | 99,99% | 10.800,00 | - | 10.800,00 | (22.558,84) |
| Lleidanet Guatemala | 80% | 3.234,00 | - | 3.234,00 | 3.234,00 |
| Portabilidades Españolas, S.L.U. | 100% | 3.000,00 | - | 3.000,00 | (202,13) |
| Lleidanet Costa Rica | 100% | 16,06 | - | 16,06 | (87,84) |
| Lleidanet Perú | 100% | 268,09 | - | 268,09 | (104.375,18) |
| Desembolsos pendientes Lleidanet USA | - | (2.349,36) | - | (2.349,36) | - |
| Desembolsos pendientes Lleidanet Honduras, SA | - | (659,05) | - | (659,05) | - |
| Desembolsos pendientes Lleidanet Dominicana, SRL | - | (10.127,97) | - | (10.127,97) | - |
| Desembolsos pendientes Lleida Chile SPA | - | (3.256,83) | - | (3.256,83) | - |
| Affiliated companies: | | | | | |
| Lleida Networks India Private Limited | 25% | 6.575,00 | (6.575,00) | - | 20.356,32 |
| Total | | 566.928,48 | (404.166,09) | 162.762,39 | (1.332.460,53) |

NOTE 10. FINANCIAL LIABILITIES

Detail of long-term financial liabilities, is as follows, in euros:

| | Debts with credit institutions | | Others liabilities | | Total | |
|---|--------------------------------|---------------------|--------------------|-------------------|---------------------|---------------------|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Debits and payable items (Note 10.1) | 1.504.438,96 | 1.155.619,16 | 173.583,92 | 217.962,09 | 1.678.022,88 | 1.373.581,25 |

Detail of short-term financial liabilities, is as follows, in euros:

| | Debts with credit institutions | | Others liabilities | | Total | |
|---|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Debits and payable items (Note 10.1) | 1.780.883,41 | 2.272.835,76 | 2.419.922,69 | 2.137.649,03 | 4.200.806,10 | 4.410.484,79 |

10.1) Debits and Payable Items

The breakdown as of December 31, 2019 and at December 31, 2018 is as follows, in euros:

| | Balance as of 31/12/2019 | | Balance as of 31/12/2018 | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | Long-Term | Short-Term | Long-Term | Short-Term |
| For commercial transactions: | | | | |
| Suppliers | - | 1.734.418,98 | - | 1.462.172,12 |
| Suppliers (Related parties) (Note 19.1) | - | 68.505,92 | - | 245.540,89 |
| Creditors | - | 305.233,59 | - | 168.632,73 |
| Advances from costumers | - | 221.500,19 | - | 188.622,38 |
| Total balances for commercial transactions | - | 2.329.658,68 | - | 2.064.968,12 |
| For non-commercial operations: | | | | |
| Debts with credit institutions | 1.495.939,82 | 1.760.736,41 | 1.126.973,02 | 2.253.038,00 |
| Other financial liabilities | 8.499,14 | 20.147,00 | 28.646,14 | 19.797,76 |
| Other debts | 173.583,92 | 90.264,01 | 217.962,09 | 72.680,91 |
| Debits and payable items | 1.678.022,88 | 1.871.147,42 | 1.373.581,25 | 2.345.516,67 |
| Total balances for non-commercial operations | 1.678.022,88 | 1.871.147,42 | 1.373.581,25 | 2.345.516,67 |
| Total debts and payable items | 1.678.022,88 | 4.200.806,10 | 1.373.581,25 | 4.410.484,79 |

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2019 is as follows, in euros:

| | A Short-Term | A Long-Term | Total |
|-----------------|---------------------|---------------------|---------------------|
| Credit policies | 1.080.990,60 | - | 1.080.990,60 |
| Loans | 679.745,81 | 1.495.939,82 | 2.175.685,63 |
| Leasings | 20.147,00 | 8.499,14 | 28.646,14 |
| | 1.780.883,41 | 1.504.438,96 | 3.285.322,37 |

The breakdown of debts with credit institutions at December 31, 2018 is as follows, in euros:

| | A Short-Term | A Long-Term | Total |
|--------------------|---------------------|---------------------|---------------------|
| Credit policies | 1.329.790,09 | - | 1.329.790,09 |
| Loans | 770.761,21 | 1.126.973,02 | 1.897.734,23 |
| Discounted effects | 19.797,76 | 28.646,14 | 48.443,90 |
| Leasings | 152.486,70 | - | 152.486,70 |
| | 2.272.835,76 | 1.155.619,16 | 3.428.454,92 |

Loans

The detail of the bank loans as of December 31, 2019, expressed in Euros, is the following:

| Company | Last maturity | Initial amount | Pending closing |
|-----------------|---------------|---------------------|---------------------|
| Préstamo 24 (*) | 15/10/2025 | 78.375,60 | 63.483,60 |
| Préstamo 29 | 25/02/2020 | 250.000,00 | 8.811,27 |
| Préstamo 30 | 30/06/2020 | 150.000,00 | 19.575,20 |
| Préstamo 31 | 14/12/2020 | 465.000,00 | 97.119,33 |
| Préstamo 32 | 31/12/2020 | 287.619,11 | 60.089,86 |
| Préstamo 36 | 02/11/2022 | 300.000,00 | 180.346,78 |
| Préstamo 37 | 01/03/2022 | 150.000,00 | 84.375,00 |
| Préstamo 38 | 18/06/2023 | 195.000,00 | 138.592,16 |
| Préstamo 39 | 02/07/2023 | 200.000,00 | 146.093,55 |
| Préstamo 40 | 28/12/2023 | 400.000,00 | 321.954,70 |
| Préstamo 41 | 29/03/2024 | 250.000,00 | 214.034,84 |
| Préstamo 42 | 12/04/2024 | 400.000,00 | 348.665,70 |
| Préstamo 43 | 03/05/2024 | 300.000,00 | 266.434,68 |
| Préstamo 44 | 04/06/2024 | 250.000,00 | 226.108,96 |
| | | 3.675.994,71 | 2.175.685,63 |

(*) It corresponds to a loan granted by the CDTI

The detail of the bank loans as of December 31, 2018, expressed in Euros, is the following:

| Company | Last maturity | Initial amount | Pending closing |
|-------------|---------------|---------------------|---------------------|
| Loan 21 | 12/03/2019 | 300.000,00 | 16.049,12 |
| Loan 22 | 08/10/2019 | 250.000,00 | 54.214,79 |
| Loan 24 (*) | 15/10/2025 | 78.375,60 | 73.411,60 |
| Loan 28 | 14/12/2019 | 300.000,00 | 77.309,86 |
| Loan 29 | 25/02/2020 | 250.000,00 | 60.987,90 |
| Loan 30 | 30/06/2020 | 150.000,00 | 58.003,72 |
| Loan 31 | 14/12/2020 | 465.000,00 | 192.198,58 |
| Loan 32 | 31/12/2020 | 287.619,11 | 118.930,40 |
| Loan 34 | 31/03/2019 | 350.000,00 | 38.888,90 |
| Loan 35 | 29/09/2019 | 500.000,00 | 86.414,22 |
| Loan 36 | 02/11/2022 | 300.000,00 | 238.697,25 |
| Loan 37 | 01/03/2022 | 150.000,00 | 121.875,00 |
| Loan 38 | 18/06/2023 | 195.000,00 | 176.390,56 |
| Loan 39 | 02/07/2023 | 200.000,00 | 184.362,33 |
| Loan 40 | 28/12/2023 | 400.000,00 | 400.000,00 |
| | | 4.175.994,71 | 1.897.734,23 |

(*) It corresponds to a loan granted by the CDTI

Credit Lines

As of December 31, 2019, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 1.080.990,60 euros (1.329.790,09 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2019, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), the amount of which is as follows to date 152.486,70 euros (152.486,70 euros at the end of the previous year).

10.1.2) Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF). The detail of these loans at the close of fiscal years 2019 is as follows, in euros:

| Company | Last maturity | Initial amount | Pending closing |
|---------|---------------|-------------------|-------------------|
| Loan 1 | 29/04/2020 | 336.737,98 | 17.821,88 |
| Loan 2 | 25/07/2013 | 300.000,00 | 240.777,68 |
| | | 636.737,98 | 258.599,56 |

The detail at the close of fiscal year 2018 was as follows, in euros:

| Company | Last maturity | Initial amount | Pending closing |
|---------|---------------|-------------------|-------------------|
| Loan 1 | 29/04/2020 | 336.737,98 | 71.286,08 |
| Loan 2 | 25/07/2013 | 300.000,00 | 211.677,61 |
| | | 636.737,98 | 282.963,69 |

10.2) Other Information related to Financial Liabilities**a) Classification by Maturity Date**

The breakdown of the maturity dates of the liability financial instruments as of December 31, 2019 is the following, in Euros:

| | Maturity years | | | | | Total |
|--|----------------|------------|------------|------------|-------------------|--------------|
| | 2020 | 2021 | 2022 | 2023 | More than 5 years | |
| Financial debts: | | | | | | |
| Debts with credit institutions | 1.780.883,41 | 515.862,28 | 483.160,01 | 384.460,08 | 103.024,37 | 3.285.322,37 |
| Financial lease | 1.760.736,41 | 507.363,14 | 483.160,01 | 384.460,08 | 103.024,37 | 3.256.676,23 |
| | 20.147,00 | 8.499,14 | - | - | - | 28.646,14 |
| Other debts | 90.264,01 | 66.666,59 | 66.666,59 | 40.250,74 | - | 263.847,93 |
| Commercial creditors and other payable items: | | | | | | |
| Suppliers | 2.329.658,68 | - | - | - | - | 2.329.658,68 |
| Suppliers (related parties) | 1.734.418,98 | - | - | - | - | 1.734.418,98 |
| Sundry creditors | 68.505,92 | - | - | - | - | 68.505,92 |
| Advances from costumers | 305.233,59 | - | - | - | - | 305.233,59 |
| | 221.500,19 | - | - | - | - | 221.500,19 |
| Total | 4.200.806,10 | 582.528,87 | 549.826,60 | 424.710,82 | 103.024,37 | 5.878.828,98 |

The breakdown of the maturity dates of the liability financial instruments at the close of 2018 is the following, in Euros:

| | Maturity years | | | | | Total |
|--|----------------|------------|------------|------------|-------------------|--------------|
| | 2019 | 2020 | 2021 | 2022 | More than 5 years | |
| Financial debts: | | | | | | |
| Debts with credit institutions | 2.272.835,76 | 471.525,55 | 277.624,44 | 240.401,60 | 137.095,10 | 3.428.454,92 |
| Financial lease | 2.253.038,00 | 451.378,55 | 269.125,30 | 240.401,60 | 137.095,10 | 3.380.011,02 |
| | 19.797,76 | 20.147,00 | 8.499,14 | - | - | 48.443,90 |
| Other debts | 72.680,91 | 91.759,34 | 47.206,08 | 47.206,08 | 27.537,13 | 286.389,54 |
| Commercial creditors and other payable items: | | | | | | |
| Suppliers | 2.064.968,12 | - | - | - | - | 2.064.968,12 |
| Suppliers (related parties) | 1.462.172,12 | - | - | - | - | 1.462.172,12 |
| Sundry creditors | 245.540,89 | - | - | - | - | 245.540,89 |
| Advances from costumers | 168.632,73 | - | - | - | - | 168.632,73 |
| | 188.622,38 | - | - | - | - | 188.622,38 |
| Total | 4.410.484,79 | 563.284,89 | 324.830,52 | 287.607,68 | 164.632,23 | 5.779.812,58 |

b) Breach of Contractual Obligations

No incidence has been produced in breach of the obligations relating to the loans received from third parties.

10.3) Guarantors

The Company has contracted guarantees with a financial institution for a total amount of 406.505,06 euros, a customary instrument when signing an interconnection agreement.

NOTE 11. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

In accordance with what is indicated in the third additional provision "Duty to provide information" of Law 15/2010, of 5 July, amending Law 3/2004, of December 29, establishing measures to combat late payment in commercial transactions, modified in turn by the Resolution of January 29, 2016, of the Institute of Accounting and Auditing of Accounts, on the information to be included in the notes to the annual accounts in relation to the average payment period to suppliers in commercial transactions, the following is reported:

| | Payments Made and Outstanding at the Balance Sheet Date | |
|---------------------------------------|--|------------------------------|
| | Financial Year 2019 Days | Financial Year 2018 Days |
| Average payment period | 36,02 | 34,06 |
| Paid operations ratio | 35,44 | 34,89 |
| Outstanding payments operations ratio | 38,37 | 30,42 |
| | Financial Year 2019 Euros | Financial Year 2018 Euros |
| Total payments paid | 8.624.804,92 | 8.269.485,73 |
| Total outstanding payments | 2.108.191,76 | 1.876.345,74 |

NOTE 12. INFORMATION ON THE NATURE AND LEVEL OF THE RISK FROM FINANCIAL INSTRUMENT

Company activities are exposed to various types of financial risk, most especially credit, liquidity and market risks (exchange rate, interest rate and other price risks).

12.1) Credit Risk

The Company's main financial assets are cash and cash balances, trade and other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is attributable mainly to its commercial debts. The amounts are reflected in the net balance of provisions for bad debts, estimated by the management of the Company based on the experience of previous years and its assessment of the current economic environment.

12.2) Liquidity Risk

The general situation of financial markets, especially the banking market, has been particularly unfavourable for credit claimants. The Company pays constant attention to the evolution of the different factors that can help to solve liquidity crises, and especially to the sources of financing and their characteristics.

12.3) Market Risk

The general market situation during the last years has been unfavourable due to the difficult economic situation of the environment.

12.4) Exchange Rate Risk

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments.

12.5) Interest Rate Risk

Changes in interest rates modify the fair value of assets and liabilities bearing a fixed interest rate as well as the future flows of assets and liabilities referenced to a variable interest rate.

The objective of interest rate risk management is to achieve a balance in the debt structure that will minimize the cost of debt over the multiannual horizon with a reduced volatility in the Profit and Loss Account.

NOTE 13. EQUITY

13.1) Share Capital

As of December 31, 2017 and December 31, 2018, the share capital amounts to 320.998,86 euros and is represented by 16.049.943 registered shares of 0,02 euros nominal each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of December 31, 2019, as well as of December 31, 2018, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

Capital Increase

By virtue of the admission to trading on the Alternative Stock Market, the Parent Company carried out the following transactions in its share capital:

- On June 1, 2015, a General Shareholders' Meeting resolved to split the shares of the Parent Company by reducing the par value of the shares by 60,10 euros at a nominal value of 0,02 euros per share. In this operation, 3.005 shares were generated for each old share, with the capital stock being formed by 11.812.655 shares with a nominal value of each share at nominal 0,02 euros each.
- On June 1, 2015, it was agreed by the General Shareholders' Meeting to modify the system of representation of the shares, transforming the nominative securities representing the shares in which the Parent Company's capital is divided into account entries.
- On June 1, 2015, it was resolved by means of a General Meeting of Shareholders to modify the transmission regime of the shares of the Parent Company, passing this transfer of shares to be free and not subject to consent or authorization by the Company nor by shareholders
- On June 1, 2015, it was agreed by the General Meeting of Shareholders to request the incorporation in the segment of Companies in Expansion of the Alternative Stock Market of all the shares representing the Parent Company.
- On September 30, 2015, it was agreed to increase the Parent Company's Capital Stock by 84.745,78 euros through the issuance of 4.237.288 shares with a nominal value of 0,02 euros and an issue premium of 1,16 euros per share. This extension is fully subscribed and disbursed.

13.2) Reserves

The breakdown for Reserves is as follows, in euros:

| | 31/12/2019 | 31/12/2018 |
|--------------------|---------------------|---------------------|
| Legal Reserve | 47.503,72 | 47.503,72 |
| Voluntary Reserves | 1.445.433,78 | 1.394.506,07 |
| | 1.492.937,50 | 1.442.009,79 |

a) Legal Reserve

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Companies, trading companies which obtain profits under this legal form are obliged to provide the reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. At December 31, 2019, the Legal Reserve was not fully endowed.

13.3) Issue Premium

This reserve amounted to 5.244.344,28 euros, of which 329.090,20 euros arose as a result of the capital increase carried out in 2007 and 4.915.254,08 euros arose as a result of the capital increase carried out in the 2015 exercise for the departure of the Parent Company to the Alternative Stock Market. It has the same restrictions and can be used for the same purposes as voluntary reserves, including their conversion into share capital.

13.4) Own Shares

The Board of Shareholders of the Parent Company agreed on June 1, 2015 to authorize the Parent Company's Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity provider GVC Gaesco Valores SV, S.A, making available a total value of 1.200.000 euros to be able to carry out transactions of own shares, in accordance with the provisions of the Alternative Market and are valued at acquisition cost.

As of December 31, 2019, the Parent Company holds own shares for an amount of 753.301,13 euros (954.287,73 euros at the end of the previous year).

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2019, totaled in euros and broken down into their foreign currency equivalent, are as follows:

| | EUROS | USD | GBP | ZAR | ARS | AED | MXIN |
|--|------------|------------|----------|-----------|------------|----------|-----------|
| CURRENT ASSETS | | | | | | | |
| Trade debtors and other accounts | 366.575,54 | 414.674,94 | - | - | - | - | - |
| CURRENT LIABILITIES | | | | | | | |
| Trade creditors and other payable accounts | 101.229,14 | 99.260,70 | 1.864,30 | 26.524,25 | 223.662,00 | 1.624,37 | 78.931,96 |

The most significant foreign currency balances as of December 31, 2018, totaled in euros and broken down into their foreign currency equivalent, were as follows:

| | EUROS | USD | GBP | ZAR |
|--|-----------|-----------|----------|-----------|
| CURRENT ASSETS | | | | |
| Trade debtors and other accounts | 3.405,75 | 3.843,11 | 14,72 | |
| CURRENT LIABILITIES | | | | |
| Trade creditors and other payable accounts | 89.842,04 | 98.590,68 | 2.138,57 | 62.809,12 |

The most significant transactions carried out during the financial year 2019 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

| | EUR | USD | GBP | CLP | COP | MXN | ZAR | PNL | PEN | AED |
|---------------------------------|--------------|--------------|-----------|--------------|---------------|------------|------------|-----------|----------|-----------|
| Purchases and services received | 1.206.913,30 | 1.264.514,90 | 50.470,31 | 7.740.516,00 | 31.980.863,50 | 623.837,89 | 164.345,82 | 18.400,42 | 3.764,49 | 13.662,29 |
| Sales and services given | 318.336,91 | 371.600,31 | 165,63 | | | | | | | |

The most significant transactions carried out during the financial year 2018 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

| | EUR | USD | GBP | CLP | COP | MXN | ZAR | PNL | AED |
|---------------------------------|--------------|------------|------------|-----------|------------|---------|------------|----------|----------|
| Purchases and services received | 1.108.095,49 | 963.609,63 | 226.826,53 | 7.546.771 | 12.983.584 | 118.913 | 332.715,14 | 2.745,10 | 4.492,50 |
| Sales and services given | 64.744,85 | 76.754,09 | 54,96 | | | | | | |

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2019 and 2018 in Euros:

| | 31/12/2019 | | 31/12/2018 | |
|------------------------|-------------------|-------------------|------------------|-------------------|
| | Active | Payable | Active | Payable |
| Non Current: | | | | |
| Deferred tax assets | - | - | 2.980,95 | - |
| Current: | | | | |
| Value Added Tax | 3.257,82 | 55.256,44 | 3.257,82 | 38.711,70 |
| Grants to be paid (*) | 32.932,77 | - | 34.932,78 | - |
| Income Tax retentions | - | 50.577,55 | - | 36.761,47 |
| Social Security bodies | 97.707,82 | - | 6.400,62 | 54.011,04 |
| Income tax | - | 66.911,48 | 2.375,03 | - |
| | 133.898,41 | 172.745,47 | 46.966,25 | 129.484,21 |

Tax Matters

In accordance with current legislation, tax payments cannot be considered final until they have been inspected by the tax authorities, or until the statute barring period of four years has passed.

At December 31, 2019, the Company has all the taxes to which it is subject from 2016 to 2019 open for inspection by the tax authorities. Consequently, on the occasion of possible inspections, additional liabilities may arise to those recorded by the Company. However, the directors of the Company and its tax advisers consider that any such liabilities would not be material to the annual accounts taken as a whole.

Corporate Income Tax

The conciliation of the net amount of income and expenses for the year 2019 with the tax base of the profit tax is:

| Profit and Loss Account | | | |
|---|------------------|------------------|-------------------|
| | <i>Increases</i> | <i>Decreases</i> | <i>Net effect</i> |
| Financial year's earnings (After taxes) | | | 577.352,91 |
| Profit Tax | 2.980,95 | - | 2.980,95 |
| Permanent differences | 308.717,18 | - | 308.717,18 |
| Offset of negative tax bases | | | (889.051,04) |
| Taxable income (tax result) | | | - |

The conciliation of the net amount of income and expenses for the year 2018 with the tax base of the profit tax is:

| Profit and Loss Account | | | |
|--|-------------------|------------------|---------------------|
| Financial year's earnings (After taxes) | | | (208.753,80) |
| | <i>Increases</i> | <i>Decreases</i> | <i>Net effect</i> |
| Profit Tax | 135.119,70 | - | 135.119,70 |
| Permanent differences | 614.112,91 | - | 614.112,91 |
| Offset of negative tax bases | | | (540.478,81) |
| Taxable income (tax result) | | | - |

The following are the calculations made with regard to the Company Tax to be paid, in Euros:

| | 2019 | 2018 |
|---|--------------------|----------------|
| Charge at 25 % of Taxable Income | - | - |
| Deductions | - | - |
| Net tax payable | - | - |
| Less: withholdings and payments | (97.707,82) | (42,40) |
| Tax payable | (97.707,82) | (42,40) |

The main components of corporate income tax expense are as follows:

| | 2019 | 2018 |
|--------------|-----------------|-------------------|
| Current tax | - | - |
| Deferred tax | 2.980,95 | 135.119,70 |
| Total | 2.980,95 | 135.119,70 |

The movement of deferred taxes generated and cancelled during financial year 2019 is detailed below in euros:

| | Balance at 31/12/2018 | Cancelled | Balance at 31/12/2019 |
|-----------------------------|-----------------------|------------|-----------------------|
| Deferred tax assets: | | | |
| Tax credits | 2.980,95 | (2.980,95) | - |

The movement of deferred taxes generated and cancelled during financial year 2018 is detailed below in euros:

| | Balance at 31/12/2017 | Cancelled | Balance at 31/12/2018 |
|-----------------------------|-----------------------|--------------|-----------------------|
| Deferred tax assets: | | | |
| Tax credits | 138.100,65 | (135.119,70) | 2.980,95 |

Tax Loss Carry forwards

Part of the tax base credits have been recognised, since they meet the requirements established by current legislation for their recognition and since there are no doubts as to the Group's ability to generate future taxable profits that will enable it to be recovered. The Company has no capitalized any amount regarding this concept. The detail of the tax loss carry forwards to be offset in future years is as follows:

| Year of Origin | Amount |
|----------------|------------|
| 2016 | 441.492,32 |

Deductions pending to apply

As of December 31, 2019, the Group has the following deductions to apply:

| Year of Origin | Amount |
|----------------|---------------------|
| 2005 | 13.460,45 |
| 2006 | 71.214,06 |
| 2007 | 75.820,66 |
| 2008 | 201.266,41 |
| 2009 | 172.071,08 |
| 2010 | 181.164,26 |
| 2011 | 214.961,29 |
| 2012 | 251.779,01 |
| 2013 | 90.887,05 |
| 2014 | 127.371,20 |
| 2015 | 369.824,03 |
| 2016 | 188.991,46 |
| 2017 | 182.112,92 |
| 2018 | 171.929,09 |
| 2019 | 165.515,26 |
| | 2.478.368,23 |

NOTE 16. INCOME AND EXPENSES**a) Supplies**

This heading in the Profit and Loss Account is composed as follows, in Euros:

| | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|
| Consumption of merchandise | | |
| National | 2.942.027,06 | 2.852.758,70 |
| Intracommunity acquisitions | 1.551.064,91 | 1.861.342,99 |
| Imports | 1.902.972,47 | 1.571.901,08 |
| | 6.396.064,44 | 6.286.002,77 |

b) Social Security

This heading in the Profit and Loss Account is composed as follows, in Euros:

| | 2019 | 2018 |
|-------------------------------------|-------------------|-------------------|
| Social Security paid by the Company | 612.095,85 | 477.065,88 |
| Other social expenses | 134.194,29 | 108.154,33 |
| Employee welfare expenses | 746.290,14 | 585.220,21 |

c) Financial Results

This heading in the Profit and Loss Account is composed as follows, in Euros:

| | 2019 | 2018 |
|---|--------------------|---------------------|
| Financial incomes | | |
| Income from equity investments | 99.820,00 | - |
| Financial incomes from group companies | 30.083,16 | 40.026,78 |
| Other financial incomes | 580,34 | 465,50 |
| | 130.483,50 | 40.492,28 |
| Financial expenses | | |
| For debts with credit institutions | (77.472,01) | (91.219,17) |
| | (77.472,01) | (91.219,17) |
| Change in fair value of financial instruments | (33.929,74) | (33.441,01) |
| Exchange differences | - | (582.127,69) |
| Financial Result Positive / (Negative) | 19.081,75 | (666.295,59) |

NOTE 17. INFORMATION ON THE ENVIRONMENT

The Company has no assets, nor has it incurred expenses, aimed at minimizing the environmental impact and protecting and improving the environment. There are likewise no provisions for risks and expenses and no contingencies relating to protection and improvement of the environment.

NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Company.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Company has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

NOTE 19. TRANSACTIONS WITH RELATED PARTIES**19.1) Balances between Related Parties**

Below is the breakdown of the balances held with related parties as of December 31, 2019 in Euros:

| Outstanding balances with related parties in 2019 | LLEIDA NET UK | LLEIDA NET USA | LLEIDA SAS | LLEIDA REP. DOMINIC. | PORTABILI- LIDADES ESPAÑOLAS | LLEIDANET BRASIL | LLEIDANET PERÚ | LLEIDANET COSTA RICA | LLEIDANET CHILE | Total |
|---|---------------|----------------|------------|----------------------|------------------------------------|------------------|----------------|----------------------|-----------------|--------------|
| NON CURRENT ASSETS | - | - | 44,48 | 37,594,10 | 3,000,00 | 34,524,85 | 132,373,30 | 1,381,38 | 684,93 | 209,603,04 |
| Long-term loans to group companies | - | - | 44,48 | 37,594,10 | 3,000,00 | 34,524,85 | 132,373,30 | 1,381,38 | 684,93 | 209,603,04 |
| Long-term loans to group companies | 474,271,07 | 109,536,91 | 44,48 | 37,594,10 | 3,000,00 | 34,524,85 | 132,373,30 | 1,381,38 | 684,93 | 793,411,02 |
| Impairment | (474,271,07) | (109,536,91) | - | - | - | - | - | - | - | (583,807,98) |
| CURRENT ASSETS | 68,488,79 | 208,989,18 | 450,339,79 | 6,008,38 | - | 2,067,30 | 29,536,04 | - | - | 765,429,48 |
| Trade receivables | - | 131,820,55 | 440,489,64 | 4,830,19 | - | - | 21,085,04 | - | - | 598,225,42 |
| Clients | 73,124,19 | 500,245,24 | 440,489,64 | 4,830,19 | - | - | 21,085,04 | - | - | 1,039,774,30 |
| Impairment | (73,124,19) | (368,424,69) | - | - | - | - | - | - | - | (441,548,88) |
| Short-term loans to group companies | 68,488,79 | 77,168,63 | 9,850,15 | 1,178,19 | - | 2,067,30 | 8,451,00 | - | - | 167,204,06 |
| Short-term loans to group companies | 96,093,53 | 77,168,63 | 9,850,15 | 1,178,19 | - | 2,067,30 | 8,451,00 | - | - | 194,808,80 |
| Impairment | (27,604,74) | - | - | - | - | - | - | - | - | (27,604,74) |
| CURRENT LIABILITIES | 2,029,12 | 62,437,23 | 2,005,74 | 2,033,83 | - | - | - | - | - | 68,505,92 |
| Trade payables | 2,029,12 | 62,437,23 | 2,005,74 | 2,033,83 | - | - | - | - | - | 68,505,92 |
| Suppliers | 2,029,12 | 62,437,23 | 2,005,74 | 2,033,83 | - | - | - | - | - | 68,505,92 |

Below is the breakdown of the balances held with related parties as of December 31, 2018 in Euros:

| Outstanding balances with related parties in 2018 | LLEIDA NET UK | LLEIDA NET USA | LLEIDA SAS | LLEIDA REP. DOMINIC. | PORTABILI- LIDADES ESPAÑOLAS | LLEIDANET BRASIL | LLEIDANET PERÚ | LLEIDANET COSTA RICA | Total |
|---|----------------------------|----------------------------|-------------------|----------------------|------------------------------------|------------------|-------------------|----------------------|------------------------------|
| NON CURRENT ASSETS | 57.818,18 | 55.671,88 | - | 28.890,36 | 3.000,00 | 24.524,85 | 110.155,69 | 1.381,38 | 281.442,34 |
| Long-term loans to group companies | 57.818,18 | 55.671,88 | - | 28.890,36 | 3.000,00 | 24.524,85 | 110.155,69 | 1.381,38 | 281.442,34 |
| Long-term loans to group companies Impairment | 632.818,18 (575.000,00) | 233.633,48 (177.961,60) | - | 28.890,36 | 3.000,00 | 24.524,85 | 110.155,69 | 1.381,38 | 1.034.403,94 (752.961,60) |
| CURRENT ASSETS | 113.893,73 | 791.649,93 | 265.401,64 | 3.520,56 | - | 872,78 | 7.564,08 | - | 1.182.902,72 |
| Trade receivables Clients | 36.975,75 | 718.541,79 | 255.551,49 | 3.520,56 | - | - | 3.587,49 | - | 1.018.177,08 |
| Short-term loans to group companies | 76.917,98 | 73.108,14 | 9.850,15 | - | - | 872,78 | 3.976,59 | - | 164.725,64 |
| Short-term loans to group companies | 76.917,98 | 73.108,14 | 9.850,15 | - | - | 872,78 | 3.976,59 | - | 164.725,64 |
| CURRENT LIABILITIES | 2.029,12 | 239.472,20 | 2.005,74 | 2.033,83 | - | - | - | - | 245.540,89 |
| Trade payables Suppliers | 2.029,12 | 239.472,20 | 2.005,74 | 2.033,83 | - | - | - | - | 245.540,89 |
| | 2.029,12 | 239.472,20 | 2.005,74 | 2.033,83 | - | - | - | - | 245.540,89 |

19.2) Transactions with Related Parties

The most significant transactions carried out with associated parties at financial year 2019 are as follows, in Euros:

| Operation with related parties in the year | LLEIDA NET USA | LLEIDA NET UK | LLEIDA NET COLOMBIA | LLEIDANET PERÚ | LLEIDANET BRASIL | LLEIDANET REP DOMINICANA |
|--|----------------|---------------|---------------------|----------------|------------------|--------------------------|
| Sales | 176.105,74 | 36.148,44 | 184.938,12 | 17.497,55 | - | 1.309,63 |
| Purchases | 68.871,74 | - | - | - | - | - |
| Interest incomes | 4.060,49 | 19.175,55 | 1.651,03 | 4.474,40 | 1.194,53 | 1.178,19 |

The most significant transactions carried out with associated parties at financial year 2018 are as follows, in Euros:

| Operation with related parties in the year | LLEIDA NET USA | LLEIDA NET UK | LLEIDA NET COLOMBIA | LLEIDANET PERÚ | LLEIDANET REP DOMINICANA |
|--|----------------|---------------|---------------------|----------------|--------------------------|
| Sales | 387.107,24 | 21.661,25 | 119.320,75 | 3.587,49 | 751,80 |
| Purchases | 10.512,65 | - | - | - | - |
| Interest incomes | 11.901,74 | 22.147,10 | 1.651,03 | 3.454,13 | 872,78 |

19.3) Balances and Transactions with the Directors of the Parent Company and Senior Executives

The remuneration accrued during the financial year 2019 by the Board of Directors amounted to 78.000 euros (72.000 euros in the previous year).

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 222.506,43 euros (231.598,43 euros in the previous year). The detail of this amount is as follows, in euros:

| | 2019 | 2018 |
|--------------------|-------------------|-------------------|
| Wages and salaries | 211.323,38 | 219.361,07 |
| Payment in kind | 11.183,05 | 12.237,36 |
| | 222.506,43 | 231.598,43 |

The heading for remuneration in kind includes both vehicle rentals and life insurance for the company's executive directors.

As of December 31, 2019 and 2018, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

Other Information Regarding the Board of Directors

Pursuant to the Capital Companies Law, it is reported that the members of the Management Body do not hold interests in other companies with the same, similar or complementary corporate purpose.

In accordance with the above-mentioned Law Capital Companies, it is also reported that the members of the Board have carried out no activity, on their own behalf or on behalf of others, with the Company, which may be considered to be not in accordance with normal trading and not carried out under normal market conditions.

NOTE 20. OTHER INFORMATION

The average number of employees during the financial year 2019 and 2018, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

| | 2019 | | | Disability greater than or equal to 33% | 2018 | | | Disability greater than or equal to 33% |
|-----------------------|-----------|-----------|-----------|---|-----------|-----------|-----------|---|
| | Men | Women | Total | | Men | Women | Total | |
| Senior Executives | 1 | 1 | 2 | - | 1 | 1 | 2 | - |
| Administration | 1 | 3 | 4 | 1 | - | 4 | 4 | 1 |
| Commercial | 6 | 10 | 16 | - | 5 | 10 | 15 | - |
| Production | 28 | 7 | 35 | 1 | 21 | 5 | 26 | - |
| Maintenance | - | 1 | 1 | - | - | 2 | 2 | - |
| Reception | - | 7 | 7 | - | - | 5 | 5 | - |
| Business development | 2 | 5 | 7 | - | 2 | 4 | 6 | - |
| Compliance | - | 3 | 3 | - | - | 2 | 2 | - |
| Human Resources | - | 2 | 2 | - | - | 1 | 1 | - |
| Intellectual Property | 1 | - | 1 | - | - | 1 | 1 | - |
| TOTAL | 39 | 39 | 78 | 2 | 29 | 35 | 64 | 1 |

The amount of the fees accrued for the audit services of the Annual Accounts for the year ended 31 December 2019 amounted to 13.500 euros. (13.150 euros in the previous year). The fees for other verification services corresponding to the limited review of the interim financial statements amounted to 9.775 euros. (9.535 euros in the previous year). Likewise, the fees accrued for other services corresponding to the transfer pricing dossier amounted to 4.000 euros.

It is reported that during the year the Company paid the premium corresponding to the civil liability policy that would eventually cover the damages caused to third parties by acts or omissions related to the performance of their functions. The premium amounted to 19.107 euros (19.107 euros in the previous year).

NOTE 21. SEGMENTED INFORMATION

The distribution of the net turnover corresponding to the Company's ordinary activities, by category and/or business segment, is shown below:

| Business Areas (figures in thousands of euros) | 2019 | | 2018 | |
|---|---------------|-------------|---------------|-------------|
| | Euros | % | Euros | % |
| SaaS Services | 2.568 | 19,86% | 2.636 | 21,83% |
| SMS Wholesale | 2.946 | 22,78% | 2.818 | 23,33% |
| SMS Comercial | 7.419 | 57,36% | 6.624 | 54,84% |
| Total | 12.933 | 100% | 12.078 | 100% |

The breakdown, by geographical market, of the net turnover relating to the Company's ordinary activities is as follows:

| Description of the geographic market | 2019 | | 2018 | |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
| | Euros | % | Euros | % |
| National | 6.719.627,68 | 51,95% | 5.973.172,35 | 49,45% |
| European Union | 3.935.099,04 | 30,43% | 3.519.619,00 | 29,15% |
| Rest of the World | 2.278.366,49 | 17,62% | 2.585.230,77 | 21,40% |
| Total | 12.933.093,21 | 100% | 12.078.022,12 | 100% |

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019

In compliance with the provisions of the Spanish Companies Act, the Board of Directors hereby submits the directors' report for the year in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to fiscal year 2019.

1. EVOLUTION OF BUSINESS

In 2019, sales increased by 7% to 12.9 million euros. The growth is marked by the SMS Wholesale line, which adds SMS sales to carriers and aggregators. The 125% increase, with a volume of 7.4 million euros, is due to new agreements signed with Asian customers, as well as the increase in the historical product lines.

In relation to the SaaS line, which encompasses both certification, contracting and data validation, we have an increase of 127 thousand euros. The year 2018 was marked by the implementation of the new RGPD regulations, which led to an extraordinary peak in all the company's sales.

SMS sales are the ones that leave lower margins to the company, therefore, the most important weight of the sales of the SaaS line has entailed, that the increase of the sales of 7% has been translated in an increase of the margin of 13%, 745 thousand euros in absolute variation.

In terms of SaaS sales, the company is making a significant effort to recruit both technical and commercial staff. The goal is to release more complete standard products, which will allow for exponential growth in sales. The current time of maturity of a complex circuit can be extended up to 6 months. The new functionalities that we are introducing to the standard products meet the expectations of a greater number of potential customers who are put into production immediately, instead of going through customised processes.

We have increased the number of staff with the aim of increasing our productivity. Specifically the area of R+D+i and project management with the aim of improving both processes and product functionalities. The search for talent is an indispensable feature within the company's growth project and is also reflected in the investment it is making in R&D&I at a cost of 934.000 euros. The investment in R&D is aimed at strengthening the range of products we offer in order to continue being a key player in the sector, differentiating us by our innovation, adaptability to customer needs and reliability.

Increase in the costs of external services by 25%, derived from the expenses inherent in the incorporation of personnel, and for the participation in a greater number of international events as well as for the provision of debit balances with the United States subsidiary for an amount of 300 thousand euros.

The company is continuing with its growth plans, and carrying out the necessary expansion strategies that we have mentioned, and has managed to increase its EBIDTA by 15% thanks to the increase in sales and margin.

| <i>Sales by business lines Thousands of euros</i> | 2018 | 2019 | Var. € | Var. % |
|---|---------------|---------------|------------|-----------|
| SaaS Services | 2.818 | 2.945 | 127 | 5% |
| SMS Solutions | 2.636 | 2.569 | -67 | -3% |
| ICX WHOLESALE Solutions | 6.624 | 7.419 | 795 | 12% |
| Total | 12.078 | 12.933 | 855 | 7% |

| <i>Data in thousand of Euros</i> | 2018 | 2019 | Var. € | Var. % |
|-------------------------------------|--------------|--------------|-------------|-------------|
| Sales | 12.078 | 12.933 | 855 | 7% |
| Cost of sales | (6.286) | (6.396) | 110 | 2% |
| Gross Margin | 5.792 | 6.537 | 745 | 13% |
| Staff Expenses | (2.598) | (3.001) | 403 | 16% |
| Other expenses | (2.263) | (2.825) | 562 | 25% |
| Other incomes | 23 | 54 | 31 | 135% |
| Amount capitalized | 787 | 934 | 147 | 19% |
| EBITDA | 1.741 | 1.699 | (42) | -2% |
| Amortization | (1.148) | (1.130) | (18) | -2% |
| Sales results | | (21) | - | - |
| Other results | | 13 | - | - |
| Operating profit | 593 | 561 | (32) | -5% |
| Net financial result | (52) | 53 | 105 | 202% |
| Impairment and results of disposals | (582) | | (582) | -100% |
| Exchange rate differences | (33) | (34) | 1 | 3% |
| Profit before Tax | (74) | 580 | 654 | 884% |

2. SUBSEQUENT EVENTS

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Company.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Company has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecasts for 2020 are to increase the company's gross margin in euros, reinforcing sales of certified products through the consolidation of products at an international level.

4. R&D ACTIVITIES

In 2019 the Company has invested 935 thousand euros in research activities which have focused mainly on the development of a qualified system of certified electronic delivery based on the verification of data in situ.

5. OPERATIONS WITH OWN SHARES

In accordance with the regulations of the Alternative Stock Market, the company signed a liquidity agreement with the placing bank as part of its market launch. This agreement establishes both the delivery of a certain amount of own shares and the deposit of an amount of cash. The objective of this contract is to allow investors to trade the company's shares, ensuring that any interested person has the possibility of buying or selling shares.

The Board of Directors on August 12, 2016 approved the acquisition of own shares with a maximum amount of 200 thousand euros. The programme was extended until 1 August 2020 following the agreement of the Board of Directors on July 30, 2019.

On June 19th, Eiffel Investment Group bought 1.215% of Lleida.net shares at a price of 0,90 euros per share. Likewise, 75 thousand treasury shares were sold at a price of 0,90 euros per share to GVC Gaesco.

As of 31st December 2019, the company had 729,869 shares with a valuation on that date of 753,301.13 euros, which represented 4.55% of Lleidanetworks Serveis Telemàtics, S.A. shares.

6. FINANCIAL INSTRUMENTS

During 2019 the Company has not used instruments related to financial derivatives.

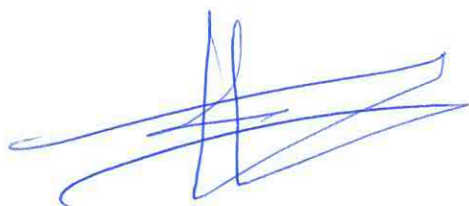
7. DEFERRALS OF PAYMENT TO SUPPLIERS

Information on deferrals of payment to suppliers is shown in the annual accounts in Note 11.

PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2019, which comprises the attached pages number 1 to 48.

Lleida, March 26, 2020
Board of Directors



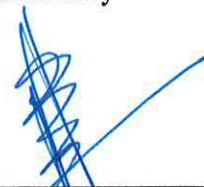
Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer



Mr. Marcos Gallardo Meseguer
Secretary



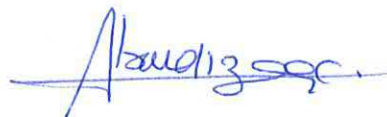
Mr. Miguel Pérez Subias
Independent Director



Mr. Antonio López del Castillo
Independent Director



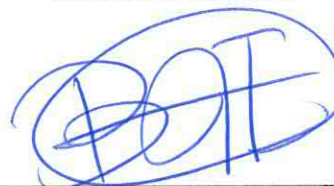
Mr. Jordi Carbonell i Sebarroja
Independent Director



Mrs. Arrate María Usandizaga Ruíz
Executive Director



Investor Group composed of
Sepi Desarrollo Empresarial, S.A.,
Empresa Nacional de Innovación, S.M.E., S.A.
& Cántabro Catalana de Inversiones, S.A.
represented by
Mr. Jorge Sainz de Vicuña
External Director



Mrs. Beatriz García Torre
Executive Director

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