




LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR
FINANCIAL YEAR 2020 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 2020 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 2020:

Balance Sheets as of December 31, 2020 and 2019
Profit and Loss Accounts for the financial years 2020 and 2019
Statement of Changes in Partner's Equity for the financial years 2020 and 2019
Cash-Flow Statement for the financial years 2020 and 2019
Notes to the accounts for the financial year 2020

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020



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 annual accounts of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** (the Company), which comprise the balance sheet as of December 31, 2020, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts give, in all material respects, a true and fair view of the Company's equity and financial position as of December 31, 2020, as well as its results and cash flows for the financial year then ended, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the annual accounts) 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 annual accounts 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 matters

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts 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 matters	Audit response
<p data-bbox="277 418 780 445">Valuation of capitalized research expenditures</p> <p data-bbox="277 504 780 943">As described in notes 4.a. and 5 to the accompanying notes, the Company presents in the balance sheet intangible assets for expenses on research projects of a significant amount. These expenses must be specifically individualised by project and have a sound basis for 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 and possible need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key audit matter in our audit.</p>	<p data-bbox="807 418 1318 472">We have carried out the following audit procedures, among others:</p> <ul data-bbox="807 504 1318 1635" style="list-style-type: none"><li data-bbox="807 504 1318 584">- Understanding of the policies and procedures applied by the Company for the capitalization of research expenses.<li data-bbox="807 616 1318 781">- We have analysed a sample of 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="807 813 1318 916">- We have obtained the certificates issued by an independent third party on the projects regarding the validity of the capitalised amounts.<li data-bbox="807 947 1318 1279">- We have obtained a breakdown of the carrying amount of research expenditure by project and analysed the sales projections for different projects, actual sales and profitability for the year, the robustness of the data, the reasonableness of the assumptions, review of the arithmetic calculation and deviations from past estimates in order to assess the reasonableness of the recoverable amount of the research expenditure.<li data-bbox="807 1310 1318 1391">- We have verified the correct amortization of the different projects capitalised on the basis of their useful life.<li data-bbox="807 1422 1318 1635">- 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 annual accounts, investments in group companies together with the balances of group customers and other investments represent, on an aggregate basis, 11,29% 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 Directors 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 matter in our audit.

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

- Understanding of the policies and procedures applied by the Company in respect of the valuation of investments and balances with group companies.
- We analysed the evolution of the investments in group companies, loans and balances of the various subsidiaries during the year, as well as signs of impairment.
- We have analysed the existence of signs of impairment of investments in group companies by comparing the net book value of the investment with the net book value of the subsidiaries' financial statements.
- We have analysed the business plans of the different subsidiaries, comparing the actual results for 2020 with the figures included in the previous year's forecasts in order to assess the degree of compliance and, on this basis, we have questioned the reasonableness of the future flows in the current forecasts.
- We have assessed whether events up to the date of the audit report provide audit evidence regarding the estimates made.
- 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: Directors' report

The other information comprises exclusively the directors' report for the financial year 2020, the draw up of which is the responsibility of the Board of Directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility over the directors' report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the directors' report with the annual accounts, 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 directors' 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 directors' report agrees with that in the annual accounts for financial year 2020 and its content and presentation are in accordance with the applicable regulations.

The responsibility of the Board of Directors and the Audit Committee of the annual accounts

The Board of Directors are responsible for drawing up the accompanying annual accounts 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 annual accounts free of material misstatement, due to fraud or error.

In the preparation of the annual accounts, the Board of Directors 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 Board of Directors 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 annual accounts.

The auditor's responsibility for the audit of the annual accounts

Our objectives are to obtain reasonable assurance that the annual accounts 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 annual accounts.

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 annual accounts, 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 Board of Directors.
- We conclude whether the use, by the Board of Directors, 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 annual accounts 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 annual accounts, including the disclosures and whether the annual accounts 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 annual accounts for the current period and that are, consequently, the key matters 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, 2021.

Contract period

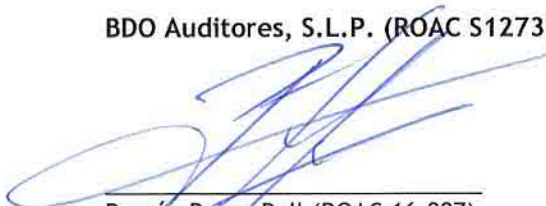
The Extraordinary General Shareholders' Meeting held on June 10, 2019 appointed us as the Company's auditors for a period of three years, starting from the year ended December 31, 2019.

Previously, we were appointed by resolution of the General Shareholders' Meeting for the three-year period and we have been auditing the accounts uninterruptedly 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 annual accounts.

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



Ramón Roger Rull (ROAC 16.887)
Audit Partner

April 29, de 2021

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2020

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019**

(Stated in Euros)

ASSETS	Notes to the Annual Accounts	31/12/2020	31/12/2019
NON-CURRENT ASSETS		4.488.020,85	4.792.900,99
Intangible assets	Note 5	3.583.013,57	3.847.115,83
Research		2.369.252,79	2.685.329,16
Patents, licenses, trade marks and similar		637.219,74	546.172,82
Computer applications		28.860,28	43.977,61
Other intangible assets		547.680,76	571.636,24
Tangible fixed assets	Note 6	332.984,48	380.120,98
Land and buildings		152.942,51	158.079,81
Technical installations and other tangible fixed assets		180.041,97	116.743,37
Tangible assets in progress		-	105.297,80
Long-term investments in group and affiliated companies		399.732,49	382.365,43
Equity instruments	Note 9	358.682,89	172.762,39
Loans to companies	Notes 8.2 y 19.1	41.049,60	209.603,04
Long-term financial investments		35.871,51	183.298,75
Equity instruments	Note 8.3	10.197,40	154.077,40
Other financial assets	Note 8.2	25.674,11	29.221,35
Deferred Tax Assets	Note 15	136.418,80	-
CURRENT ASSETS		8.267.179,42	5.973.969,81
Trade and other receivables		3.293.821,07	3.665.723,97
Client receivables for sales and services	Note 8.2	2.316.873,86	2.862.643,96
Clients of the Group and affiliated companies	Notes 8.2 y 19.1	903.264,85	598.225,42
Sundry debtors	Notes 8.2	47.203,27	59.214,97
Staff	Notes 8.2	3.572,04	11.741,21
Current tax assets	Note 15	10.432,98	97.707,82
Other receivables from Public Authorities	Note 15	12.474,07	36.190,59
Short-term investments in group and affiliated companies	Note 8.2 y 19.1	137.285,26	167.204,06
Loans to companies		137.285,26	167.204,06
Short-term financial investments	Note 8.2	1.262.022,00	1.262.022,00
Other financial assets		1.262.022,00	1.262.022,00
Short-term accruals		314.761,51	241.977,19
Cash and cash equivalents	Note 8.1	3.259.289,58	637.042,59
Cash		3.259.289,58	637.042,59
TOTAL ASSETS		12.755.200,27	10.766.870,80

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019**

(Stated in Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2020	31/12/2019
EQUITY		7.189.214,27	4.619.346,35
Equity		7.189.214,27	4.619.346,35
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	3.486.189,06	1.492.937,50
Legal and statutory		64.199,77	47.503,72
Other Reserves		3.421.989,29	1.445.433,78
(Shares and own holdings in equity)	Note 13.4	(759.458,01)	(753.301,13)
Retained earnings		(1.897.046,66)	(2.262.986,07)
Financial year's earnings		794.186,74	577.352,91
NON-CURRENT LIABILITIES		2.100.288,04	1.678.022,88
Long-term debts	Note 10.1	2.100.288,04	1.678.022,88
Debts with credit institutions		1.993.897,88	1.495.939,82
Financial-lease debt		-	8.499,14
Other financial liabilities		106.390,16	173.583,92
CURRENT LIABILITIES		3.465.697,96	4.469.501,57
Short-term provisions		42.364,76	95.950,00
Short-term debts	Note 10.1	909.852,09	1.871.147,42
Debts with credit institutions		827.002,98	1.760.736,41
Financial-lease debt		8.499,14	20.147,00
Other financial liabilities		74.349,97	90.264,01
Trade and other payables		2.513.481,11	2.502.404,15
Suppliers	Note 10.1	1.722.871,13	1.734.418,98
Suppliers, group and affiliated companies	Note 10.1 y 19.1	226.865,25	68.505,92
Sundry creditors	Note 10.1	248.812,48	305.233,59
Other debts with Public Authorities	Note 15	213.173,65	172.745,47
Advances from clients	Note 10.1	101.758,60	221.500,19
TOTAL EQUITY AND LIABILITIES		12.755.200,27	10.766.870,80

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**PROFIT AND LOSS ACCOUNTS
FOR THE FINANCIAL YEARS 2020 AND 2019**

(Stated in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2020	2019
Net turnover	Note 21	15.164.306,30	12.933.093,21
Net sales		15.164.306,30	12.933.093,21
Work performed by the company for its assets	Note 5	662.384,37	934.512,30
Supplies	Note 16.a	(7.887.415,93)	(6.396.064,44)
Goods consumed		(7.887.415,93)	(6.396.064,44)
Other operating income		143.880,00	53.986,36
Ancillary and other current operating income		143.880,00	350,00
Operating grants income		-	53.636,36
Staff expenses		(3.325.872,35)	(3.000.784,53)
Wages, salaries and the like		(2.523.402,99)	(2.254.494,39)
Fringe benefits	Note 16.b	(802.469,36)	(746.290,14)
Other operating expenses		(2.536.410,85)	(2.824.889,05)
External charges for services		(2.298.039,07)	(2.460.586,50)
Taxes		(156.590,61)	(48.843,91)
Losses, Impairment and change in trade provisions		(81.781,17)	(315.458,64)
Amortization of fixed assets	Notes 5 y 6	(1.181.018,98)	(1.130.392,70)
Impairment and results of disposals of fixed assets	Note 5	(79.772,78)	(21.085,26)
Other earnings		-	12.876,22
OPERATING EARNINGS		960.079,78	561.252,11
Financial income	Note 16.c	25.570,98	130.483,50
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		24.188,70	30.083,16
Other income from negotiable securities and other third-party financial instruments		1.382,28	580,34
Financial expenses	Note 16.c	(67.795,41)	(77.472,01)
For debts with third parties		(67.795,41)	(77.472,01)
Exchange differences	Note 16.c	(2.267,85)	(33.929,74)
Impairments and earnings for disposals of financial instruments		(205.375,37)	-
Impairments and losses	Note 16.c	(61.495,37)	-
Gains (losses) on disposals and others	Note 8.3	(143.880,00)	-
FINANCIAL EARNINGS		(249.867,65)	19.081,75
PRE-TAX EARNINGS		710.212,13	580.333,86
Profit tax	Note 15	83.974,61	(2.980,95)
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		794.186,74	577.352,91
FINANCIAL YEAR'S EARNINGS		794.186,74	577.352,91

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

STATEMENT OF CHANGES IN PARTNER'S EQUITY
TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2020 AND 2019
 (Stated in Euros)

	Share Capital	Own Shares	Issue Premium	Reserves	Retained Earnings	Financial Year's Earnings	Total
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
Total recognized income and expenses	-	-	-	-	-	794.186,74	794.186,74
Transactions with shareholders or owners	-	(6.156,88)	-	1.976.555,51	-	(194.717,45)	1.775.681,18
Operation with own shares	-	(6.156,88)	-	1.976.555,51	-	-	1.970.398,63
Dividends	-	-	-	-	-	(194.717,45)	(194.717,45)
Other changes in equity	-	-	-	16.696,05	365.939,41	(382.635,46)	-
Distribution of earnings from the previous financial year	-	-	-	16.696,05	365.939,41	(382.635,46)	-
BALANCE END OF YEAR 2020	320.998,86	(759.458,01)	5.244.344,28	3.486.189,06	(1.897.046,66)	794.186,74	7.189.214,27

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**CASH FLOW STATEMENT**
FOR FINANCIAL YEARS 2020 AND 2019

(Stated in Euros)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES	2.229.223,40	1.170.939,53
Financial year's pre-tax earnings	710.212,13	580.333,86
Adjustments to earnings	1.536.587,49	1.424.425,11
Amortization of fixed assets	1.181.018,98	1.130.392,70
Valuation changes for impairment	143.276,54	315.458,64
Variation of provisions	(53.585,24)	10.500,00
Disposals of fixed assets	79.772,78	21.085,26
Gains (losses) on disposal of financial instruments	143.880,00	-
Financial incomes	(25.570,98)	(130.483,50)
Financial expenses	67.795,41	77.472,01
Changes in current capital	(10.182,44)	(600.714,93)
Trade and other receivables	49.491,09	(899.751,47)
Other current assets	(72.784,32)	(8.915,28)
Trade and other payables	13.110,79	307.951,82
Other cash flow from operating activities	(7.393,78)	(233.104,51)
Interest payments	(67.795,41)	(77.472,01)
Interest incomes	25.570,98	(64.325,30)
Tax income	34.830,65	(91.307,20)
CASH FLOW FROM INVESTMENT ACTIVITIES	(843.627,42)	(1.359.789,78)
Payments for investments	(949.553,00)	(1.755.508,34)
Intangible fixed assets	(846.863,92)	(1.050.879,55)
Tangible fixed assets	(102.689,08)	(148.153,24)
Other financial assets	-	(556.475,55)
Proceeds from disposals	105.925,58	395.718,56
Group and affiliated companies	102.378,34	395.718,56
Other financial assets	3.547,24	-
CASH FLOW FROM FINANCING ACTIVITIES	1.236.651,01	81.986,69
Receipts and payments for equity instruments	1.970.398,63	251.914,31
Disposals (Acquisitions) of own equity instruments	1.970.398,63	251.914,31
Collections and payments for financial liability instruments	(539.030,17)	(169.927,62)
Issuing:	1.200.000,00	1.200.000,00
Amounts owed to credit institutions	1.200.000,00	1.200.000,00
Repayment and amortization of:	(1.739.030,17)	(1.369.927,62)
Amounts owed to credit institutions	(1.655.922,37)	(1.343.132,55)
Others	(83.107,80)	(26.795,07)
Payments for dividends and remuneration of other equity instruments	(194.717,45)	-
Dividends	(194.717,45)	-
NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS	2.622.246,99	(106.863,56)
Cash or cash equivalents at start of financial year	637.042,59	743.906,15
Cash or cash equivalents at end of financial year	3.259.289,58	637.042,59

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2020

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, 2020, this will simply stated as "financial year 2020".

c) Legal System

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

d) Quotation in Stock Markets

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market, currently called BME Growth, 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. On November 2, 2020, the Company was listed on the OTCQX market in New York.

e) Effect of COVID on the Company

Since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain as of January 2020. This event significantly affects economic activity worldwide and, as a result, the Group's operations and financial results. The effects of this crisis have had two main focuses within Lleida.net:

- Sales booster of the SaaS line derived from the confinements, which have forced to adapt the policies of the companies, and has accelerated the entire digitization of both notification and contracting processes where Lleida.net has been a key agent of change.
- Change in the type of traffic of the wholesale SMS line, where hospitality traffic has been reduced but where volume has been maintained, thanks to SMS linked to digital processes and to a need for this communication channel derived from teleworking and social distancing.

The growth in demand for the SaaS line is not expected to be a one-off growth, but rather an accelerator of new contracts, which will have recurring consumption.

In order to minimize the risk of contagion within Lleida.net staff, where the number of employees has continued to grow and has not been subject to any ERTE, teleworking was introduced as the predominant precautionary measure. As of today, most of the staff is still teleworking, and the personnel attending the facilities must comply with the implemented security protocol.

NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS

a) True and Fair View

The Annual Accounts for the financial year 2020 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 2020, 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.

In addition to what has been mentioned in the preceding paragraph, 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 2020, 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 2020, 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 2020 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 (see section d).

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 2020 and 2019, drawn up by the Board of Directors are shown below, in Euros:

	2020	2019
Distribution base:		
Profits obtained/ (Generated losses) in the financial year	794.186,74	577.352,91
Distribution to:		
Legal reserve	-	16.696,05
Compensation of previous years losses	548.681,39	371.139,64
Distribution of dividends	245.505,35	189.517,22

The amount recorded under the heading of dividend distribution corresponds to an estimate of the dividend to be paid in 2021, which is calculated on the basis of 0,0125 euros net per share. Any deviation between the estimated amount and the amount finally paid will affect the portion distributed as a reduction of the negative results of previous years.

The unamortised balances of research and development expenses totalled 2.369.252,79 euros in 2020 (2.685.329,16 euros in 2019). No dividends should be distributed that reduce the amount of available reserves below the total research and development balances shown on the assets of the balance sheet.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Annual Accounts for the 2020 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 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 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, 2020, 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.

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount, understood as the higher of value in use or fair value less costs to sell.

In this regard, value in use is calculated based on the Company's share of the present value of the estimated cash flows from ordinary activities and the final disposal or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

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 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 equity and recognized in the 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.

Operating 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 intangible fixed assets throughout the financial year 2020 are as follows:

	31/12/2019	Additions	De-Recognition	Transfers	31/12/2020
Cost:					
Research	11.036.034,28	662.384,37	(49.072,91)	-	11.649.345,74
Industrial Property	783.542,63	-	-	144.675,91	928.218,54
Computer applications	259.397,28	5.970,00	-	-	265.367,28
Advances for intangible fixed assets	571.636,24	178.509,55	(41.070,40)	(144.675,91)	564.399,48
	12.650.610,43	846.863,92	(90.143,31)	-	13.407.331,04
Accumulated amortization:					
Research	(8.350.705,12)	(939.758,36)	10.370,53	-	(9.280.092,95)
Industrial Property	(237.369,81)	(70.347,71)	-	-	(307.717,52)
Computer applications	(215.419,67)	(21.087,33)	-	-	(236.507,00)
	(8.803.494,60)	(1.031.193,40)	10.370,53	-	(9.824.317,47)
Intangible Fixed Assets, Net	3.847.115,83	(184.329,48)	(79.772,78)	-	3.583.013,57

The retirements in the year resulted in a loss for the year of 79.772,78 euros.

Details of and changes in intangible 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 past year resulted in a loss for the past year of 21.085,26 euros.

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, 2020 and at December 31, 2019, is the following, stating their cost values in Euros:

	31/12/2020	31/12/2019
Research	7.573.601,89	6.326.149,98
Patents	87.223,51	71.105,76
Computer applications	180.706,34	172.062,84
	7.841.531,74	6.569.318,58

NOTE 6. TANGIBLE FIXED ASSETS

The breakdown of tangible fixed assets as of December 31, 2020 is as follows, in Euros:

	31/12/2019	Additions	Transfers	31/12/2020
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	106.118,89	-	-	106.118,89
Data processing equipment	434.519,43	102.689,08	105.297,80	642.506,31
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets	105.297,80	-	(105.297,80)	-
	1.101.027,10	102.689,08	-	1.203.716,18
Accumulated amortization:				
Land and buildings	(39.105,93)	(5.137,30)	-	(44.243,23)
Technical installations and machinery	(221.215,34)	(20.553,40)	-	(241.768,74)
Other installations, tools and furniture	(64.787,54)	(9.821,71)	-	(74.609,25)
Data processing equipment	(392.118,66)	(114.005,12)	-	(506.123,78)
Other tangible fixed assets	(3.678,65)	(308,05)	-	(3.986,70)
	(720.906,12)	(149.825,58)	-	(870.731,70)
Tangible Fixed Assets, Net	380.120,98	(47.136,50)	-	332.984,48

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

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, 2020 and at December 31, 2019, is shown below stating their cost values in Euros:

	31/12/2020	31/12/2019
Technical installations and machinery	43.468,70	43.468,70
Furniture	1.220,60	-
Data processing equipment	376.580,17	285.947,06
Other fixed assets	3.087,87	-
	424.357,34	329.415,76

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, 2020, 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	8.499,14

The following is the total amount of future payments in financial leases as of December 31, 2020, in euros:

	Financial year 2020
Total amount of minimum future payments at the close of the year	6.829,08
(-) Non-accrued financial expenses	(37,21)
Value of the purchase option	1.707,27
Current value at the close of the year	8.499,14

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2020 is 147.037,63 euros (183.507,02 euros in the previous year). Corresponds basically to office and car rentals.

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

	2020	2019
Up to 1 year	113.279,55	139.574,94
Between 1 and 5 years	52.405,65	64.150,97
More of 5 years	544.564,96	554.424,52
Total	710.250,15	758.150,43

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Loans and receivable items (Note 8.2)	-	-	66.723,71	238.824,39
Financial assets available for sale (Note 8.3)	10.197,40	154.077,40	-	-
Total	10.197,40	154.077,40	66.723,71	238.824,39

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

	Credits and Others Financial Assets	
	31/12/2020	31/12/2019
Assets at fair value through the profit and loss:		
Cash or other liquid assets (Note 8.1)	3.259.289,58	637.042,59
Loans and receivable items (Note 8.2)	4.670.221,28	5.261.051,62
Total	7.929.510,86	5.898.094,21

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, 2020 and 2019 is as follows, in euros:

	Balance at 31/12/2020	Balance at 31/12/2019
Current Accounts	3.251.112,26	628.021,80
Cash	8.177,32	9.020,79
Total	3.259.289,58	637.042,59

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2020 and 2019 is the following:

	Balance at 31/12/2020		Balance at 31/12/2019	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers	-	2.316.873,86	-	2.862.643,96
Related party customers (Note 19.1)	-	903.264,85	-	598.225,42
Debtors	-	47.203,27	-	59.214,97
Total loans and receivables items for commercial transactions	-	3.267.341,98	-	3.520.084,35
Loans and receivables for non-commercial transactions				
Group Companies (Note 19.1)	41.049,60	137.285,26	209.603,04	167.204,06
Staff	-	3.572,04	-	11.741,21
Short-term deposits (*)	-	1.262.022,00	-	1.262.022,00
Securities and deposits	25.674,11	-	29.221,35	-
Total loans and receivables for non-commercial transactions	66.723,71	1.402.879,30	238.824,39	1.440.967,27
Total	66.723,71	4.670.221,28	238.824,39	4.961.051,62

(*) 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 31/12/2019	Current year impairment	Transfers	Balance at 31/12/2020
Receivables for commercial transactions:				
Clients	575.116,52	10.957,29	-	586.073,81
Clients group companies	441.548,88	70.715,62	151.321,97	663.586,47
Short-term credits	27.604,74	12.808,77	31.435,20	71.848,71
Total	1.044.270,14	94.481,68	182.757,17	1.321.508,99

The balances of receivables from non-trade operations from group companies include an impairment of 349.310,73 from the Group company Lleidanetworks Serveis Telemàtics, LTD, an impairment of 51.740,08 euros from the Group company Lleidanet USA Inc, an impairment of 26.229,14 euros from the Group company Lleidanet Dominicana, SRL and an impairment of 2.871,46 euros from the company Lleidanet Perú.

8.3) Financial Assets available for Sale

Corresponds to an investment made by the Company in prior years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.197,40 euros and corresponds to 0.38% of the capital stock.

At the end of the previous year, this heading also included an investment in E.Kuantia, a financial institution specializing in the issuance of means of payment and electronic money. The investment amounted to 143.880 euros and corresponded to 2% of the share capital. In addition, the Company had recorded the same amount under "Advances from clients" for guaranteed future sales, which amount has also been cancelled. The derecognition of this investment has resulted in a loss of 143.880 euros (note 16.c) and income of the same amount recorded under Other Operating Income, which has been recorded in the Company's Profit and Loss Statement.

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

The breakdown of the holdings held of the Group companies at December 31, 2020, is as follows:

Company	% Direct Equity	Cost	Impairments	Net value at 31/12/2020	Theoretical book value 31/12/2020
Group companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(480.952,29)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(610.471,74)
Lleidanet Honduras, SA	70%	659,05	-	659,05	659,05
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	(9.012,75)
Lleida SAS	100%	195.789,60	-	195.789,60	315.520,44
Lleida Chile SPA	100%	3.256,83	-	3.256,83	2.603,80
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(38.905,96)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	3.234,00
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	19.784,14
Lleidanet Costa Rica	100%	16,06	-	16,06	(140,82)
Lleidanet Perú	100%	138.188,59	-	138.188,59	7,84
Lleida Information					
Technology Network Services	49%	34.141,19	-	34.141,19	31.885,35
Lleidanet South Africa	100%	-	-	-	-
Pending disbursementsLleidanet USA		(2.349,36)	-	(2.349,36)	-
Pending disbursementsLleidanet Honduras, SA		(659,05)	-	(659,05)	-
Pending disbursementsLleidanet Dominica, SRL		(10.127,97)	-	(10.127,97)	-
Pending disbursementsLleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Pending disbursements Lleida Information					
Technology Network Services		(34.141,19)	-	(34.141,19)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	81.425,29
Total		782.434,98	(423.752,09)	358.682,89	(765.788,94)

Valuation Corrections

In previous years, the Company fully impaired the interests held in Lleidanet USA, Inc and Lleida Networks India Private Limited. In the current fiscal year the Company has impaired the participation held in Lleidanet Dominicana, S.R.L.

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

Lleidanetworks Serveis Telemàtics, LTD

Incorporated on December 28, 2005 in Dublin, with its registered office in Birchlin Court 20, Birchlin 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 Telemàtics, 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. On December 28, 2020, was approved an increase in capital of 14.000 new shares fully subscribed by Lleidatnetworks Serveis Telemàtics, S.A..

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. On December 30, 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros subscribed in full by Lleidatnetworks Serveis Telemàtics, S.A.

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. In the current fiscal year a capital increase has been carried out for a total amount of 10.000 euros, fully subscribed by Lleidanet Serveis Telemàtics, S.A.

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. On February 21, 2020 and December 28, 2020, capital increases were carried out by offsetting receivables held with the Parent Company for amounts of 104.283 and 33.637 euros, respectively.

Lleida Information Technology Network Services

On October 1, 2020, the Company incorporated the company in the United Arab Emirates with the partner Adil Ismail Ali Al Fahem, with a share capital of 300 shares, 147 of which are subscribed by Lleidatnetworks Serveis Telemàtics, S.A. and which correspond to 49% of the share capital of the incorporated company.

Lleidanet South Africa

On September 21, 2020, the Company incorporated Lleidanet South Africa by subscribing 100% of the shares of this company.

The summary of the equity of the investees at 31 December 2020 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	-	(555.140,18)	74.183,89	-	(480.952,29)
Lleidanet USA Inc	397.591,09	-	(976.150,34)	(31.912,49)	-	(610.471,74)
Lleidanet Honduras, SA (**)	941,50	-	-	-	-	941,50
Lleidanet Dominicana, SRL	29.714,98	-	(26.163,68)	(12.565,85)	-	(9.014,55)
Lleidat SAS	112.969,26	-	59.981,54	142.569,64	-	315.520,44
Lleida SAS	3.256,83	-	(262,43)	(390,60)	-	2.603,80
Lleidat Chile SPA (**)	10.801,08	-	(36.633,39)	(13.077,54)	-	(38.909,85)
Lleidanet do Brasil Ltda.	4.042,50	-	-	11.217,05	-	4.042,50
Lleidanet Guatemala, S.A. (**)	13.000,00	-	(4.432,91)	-	-	19.784,14
Portabilidades Españolas, S.L.U. (**)	16,06	-	(117,65)	(39,23)	-	(140,82)
Lleidanet Costa Rica (**)	138.188,59	-	(91.437,01)	(46.743,74)	-	7,84
Lleidat Perú	69.647,26	-	-	(4.575,12)	-	65.072,14
Lleidat South Africa (**)	-	-	-	-	-	-
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	(535.960,63)	
Lleidanet USA Inc	100%	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 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)	-	81.425,29	
Total		576.928,48	(404.166,09)	172.762,39	(1.022.033,96)	

No dividends have been received from investees and none of them are publicly traded.

NOTE 10. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Debits and payable items (Note 10.1)	1.993.897,88	1.504.438,96	106.390,16	173.583,92	2.100.288,04	1.678.022,88

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Debits and payable items (Note 10.1)	835.502,12	1.780.883,41	2.374.657,43	2.419.922,69	3.210.159,55	4.200.806,10

10.1) Debits and Payable Items

The breakdown as of December 31, 2020 and at December 31, 2019 is as follows, in euros:

	Balance as of 31/12/2020		Balance as of 31/12/2019	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.722.871,13	-	1.734.418,98
Suppliers (Related parties) (Note 19.1)	-	226.865,25	-	68.505,92
Creditors	-	248.812,48	-	305.233,59
Advances from costumers	-	101.758,60	-	221.500,19
Total balances for commercial transactions	-	2.300.307,46	-	2.329.658,68
For non-commercial operations:				
Debts with credit institutions	1.993.897,88	827.002,98	1.495.939,82	1.760.736,41
Other financial liabilities	-	8.499,14	8.499,14	20.147,00
Other debts	106.390,16	74.349,97	173.583,92	90.264,01
Debits and payable items	2.100.288,04	909.852,09	1.678.022,88	1.871.147,42
Total balances for non-commercial operations	2.100.288,04	909.852,09	1.678.022,88	1.871.147,42
Total debts and payable items	2.100.288,04	3.210.159,55	1.678.022,88	4.200.806,10

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2020 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	134.026,31	-	134.026,31
Loans	692.976,67	1.993.897,88	2.686.874,55
Leasings	8.499,14	-	8.499,14
	835.502,12	1.993.897,88	2.829.400,00

The breakdown of debts with credit institutions at 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

Loans

The detail of the bank loans as of December 31, 2020, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Préstamo 24 (*)	15/10/2025	78.375,60	48.591,60
Préstamo 36	02/11/2022	300.000,00	120.251,52
Préstamo 37	01/03/2022	150.000,00	46.875,00
Préstamo 38	18/06/2023	195.000,00	100.007,72
Préstamo 39	02/07/2023	200.000,00	106.759,02
Préstamo 40	28/12/2023	400.000,00	242.944,01
Préstamo 41	29/03/2024	250.000,00	165.256,39
Préstamo 42	12/04/2024	400.000,00	270.533,37
Préstamo 43	03/05/2024	300.000,00	208.051,20
Préstamo 44	04/06/2024	250.000,00	177.604,72
Préstamo 45	30/04/2025	400.000,00	400.000,00
Préstamo 46	22/04/2025	400.000,00	400.000,00
Préstamo 47	08/04/2025	400.000,00	400.000,00
		3.723.375,60	2.686.874,55

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

During April 2020, the Company has entered into three loan agreements with several financial institutions for a total amount of 1,200 thousand euros, all with a term of five years and a grace period of twelve months. These three loans are included in Royal Decree Law 8/2020, of extraordinary urgent measures to face the economic and social impact of COVID-19, by means of which they have a State Guarantee.

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

Credit Lines

As of December 31, 2020, the Group has credit policies granted with a total limit amounting to 1.815.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 134.026,31 euros (1.080.990,60 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), of which the Company has not made any disposals either at the end of this year or 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 2020 is as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2013	300.000,00	173.583,92
		300.000,00	173.583,92

The detail at the close of fiscal year 2019 was 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

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, 2020 is the following, in Euros:

	Maturity years						Total
	2021	2022	2023	2024	2025	More than 5 years	
Financial debts:							
Debts with credit institutions	835.502,12	779.183,91	685.205,17	408.566,01	120.942,80	-	2.829.400,01
Financial lease	827.002,98	779.183,91	685.205,17	408.566,01	120.942,80	-	2.820.900,87
	8.499,14	-	-	-	-	-	8.499,14
Other debts	74.349,97	66.666,59	39.723,57	-	-	-	180.740,13
Commercial creditors and other payable items:							
Suppliers	2.300.307,46	-	-	-	-	-	2.300.307,46
Suppliers (related parties)	1.722.871,13	-	-	-	-	-	1.722.871,13
Sundry creditors	226.865,25	-	-	-	-	-	226.865,25
Advances from costumers	248.812,48	-	-	-	-	-	248.812,48
	101.758,60	-	-	-	-	-	101.758,60
Total	3.210.159,55	845.850,50	724.928,74	408.566,01	120.942,80	-	5.310.447,60

The breakdown of the maturity dates of the liability financial instruments at the close of 2019 is the following, in Euros:

	Maturity years						Total
	2020	2021	2022	2023	2024	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	17.932,22	3.285.322,37
Financial lease	1.760.736,41	507.363,14	483.160,01	384.460,08	103.024,37	17.932,22	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	17.932,22	5.878.828,98

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 several financial institutions 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 2020 Days	Financial Year 2019 Days
Average payment period	33,37	36,02
Paid operations ratio	31,93	35,44
Outstanding payments operations ratio	39,98	38,37
	Financial Year 2020 Euros	Financial Year 2019 Euros
Total payments paid	10.093.356,05	8.624.804,92
Total outstanding payments	2.200.257,44	2.108.191,76

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

Possible market risks are described in note 12.6 below.

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, 2020 and December 31, 2019, 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, 2020, as well as of December 31, 2019, 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:

	31/12/2020	31/12/2019
Legal Reserve	64.199,77	47.503,72
Voluntary Reserves	3.421.989,29	1.445.433,78
	3.486.189,06	1.492.937,50

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, 2020, the Legal Reserve was 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 treasury stock were made through the liquidity provider GVC Gaesco Valores SV, S.A., making available a total value of 1.200.000 euros in order to carry out trading transactions in treasury stock, in accordance with the provisions of the Alternative Stock Market regulations, and are valued at their acquisition cost.

Given the evolution of the Company's share price during the year 2020, there have been numerous transactions with treasury stock, and the results of these transactions have been recognized in Shareholders' equity as required by current regulations. These results have led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros during the financial year 2020.

As of December 31, 2019, the Parent Company holds own shares for an amount of 759.458,01 euros (753.301,13 euros at the end of the previous year) at an average cost price of 7,10 euros per share (1,03 euros per share in the previous year).

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2020, totalized in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	ZAR	ARS	PNL	MXIN
CURRENT ASSETS							
Trade debtors and other accounts	10.331,42	12.038,27	168,48	-	-	-	-
CURRENT LIABILITIES							
Trade creditors and other payable accounts	107.604,96	118.657,75	136,50	49.859,65	324.019,54	1.916,44	-

The most significant foreign currency balances as of December 31, 2019, totaled in euros and broken down into their foreign currency equivalent, were 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 transactions carried out during the financial year 2020 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	597.468,88	1.274.972,89	20.476,76	7.645.734,00	7.298.627,00	-	223.708,95	74.450,87	5.272,82	83.703,75
Sales and services given	666.284,86	747.119,93	67,65	-	-	10,81	-	-	-	-

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	-	-	-	-	-	-	-

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2020 and 2019 in Euros:

	31/12/2020		31/12/2019	
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	136.418,80	-	-	-
Current:				
Value Added Tax	3.257,82	80.710,49	3.257,82	55.256,44
Grants to be paid (*)	7.200,60	-	32.932,77	-
Income Tax retentions	-	58.013,97	-	50.577,55
Social Security bodies	10.432,98	-	97.707,82	-
Income tax	2.015,65	74.449,19	-	66.911,48
	22.907,05	213.173,65	133.898,41	172.745,47

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, 2020, the Company has all the taxes to which it is subject from 2017 to 2020 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 2020 with the tax base of the profit tax is:

Profit and Loss Account			
Financial year's earnings (After taxes)			794.186,74
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit Tax	-	(83.974,61)	(83.974,61)
Permanent differences	200.031,42	-	200.031,42
Offset of negative tax bases			(441.492,32)
Taxable income (tax result)			468.751,23

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			
Financial year's earnings (After taxes)			577.352,91
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
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 following are the calculations made with regard to the Company Tax to be paid, in Euros:

	2020	2019
Charge at 25 % of Taxable Income	117.187,81	-
Deductions	(85.256,77)	-
Net tax payable	31.931,04	-
Less: withholdings and payments	(42.364,02)	(97.707,82)
Tax payable	(10.432,98)	(97.707,82)

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

	2020	2019
Current tax	52.444,19	-
Deferred tax	(136.418,80)	2.980,95
Total	(83.974,61)	2.980,95

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

	Balance at 31/12/2019	Generated	Balance at 31/12/2020
Deferred tax assets:			
Tax credits	-	136.418,80	136.418,80

The movement of deferred taxes generated and cancelled during financial year 2018 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)	-

Tax Loss Carry forwards

Part of the tax loss carryforwards have been recorded, since they comply with the requirements established by current regulations for their recording, and since there are no doubts about the Company's ability to generate future taxable income that would allow their recovery. The Company has not capitalized any amount for this concept. At year-end 2020, the Company has no tax loss carryforwards pending offset.

Deductions pending to apply

As of December 31, 2020, the Group has the following deductions to apply:

Year of Origin	Amount
2006	36.337,18
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
2020	136.418,80
	2.566.449,70

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

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

	2020	2019
Consumption of merchandise		
National	2.990.019,66	2.942.027,06
Intracommunity acquisitions	2.490.257,62	1.551.064,91
Imports	2.407.138,65	1.902.972,47
	7.887.415,93	6.396.064,44

b) Social Security

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

	2020	2019
Social Security paid by the Company	682.802,19	612.095,85
Other social expenses	119.667,17	134.194,29
Employee welfare expenses	802.469,36	746.290,14

c) Financial Results

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

	2020	2019
Financial incomes		
Income from equity investments	-	99.820,00
Financial incomes from group companies	24.188,70	30.083,16
Other financial incomes	1.382,28	580,34
	25.570,98	130.483,50
Financial expenses		
For debts with credit institutions	(67.795,41)	(77.472,01)
	(67.795,41)	(77.472,01)
Change in fair value of financial instruments	(2.267,85)	(33.929,74)
Exchange differences	(61.495,37)	-
Gains (losses) on disposals and other	(143.880,00)	
Financial Result Positive / (Negative)	(249.867,65)	19.081,75

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

After December 31, 2020, the Company has incorporated a second subsidiary in Dubai called "Lleidanet Saas Services", which will be in charge of the distribution of Lleida.net certified services in the African and Middle East geographical area. The investment amounts to 12.000 euros. In addition to this fact, there have been no relevant events affecting the Company's Annual Accounts at that date.

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, 2020 in Euros:

Outstanding balances with related parties in 2020	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	-	-	-	-	-	34.524,85	-	1.381,38	5.143,37	41.049,60
Long-term loans to group companies	-	-	-	-	-	34.524,85	-	1.381,38	5.143,37	41.049,60
Long-term loans to group companies Impairment	349.310,73 (349.310,73)	51.740,08 (51.740,08)	-	26.229,14 (26.229,14)	-	34.524,85	2.871,46 (2.871,46)	1.381,38	5.143,37	471.201,01 (430.151,41)
CURRENT ASSETS	289.953,18	391.856,76	208.126,79	-	147.314,05	3.299,33	-	-	-	1.040.550,11
Trade receivables	237.456,23	310.390,52	208.104,05	-	147.314,05	-	-	-	-	903.264,85
Clients Impairment	404.105,56 (166.649,33)	736.612,04 (426.221,52)	208.104,05	5.046,97 (5.046,97)	147.314,05	17.920,68 (17.920,68)	47.747,97 (47.747,97)	-	-	1.566.851,32 (663.586,47)
Short-term loans to group companies	52.496,95	81.466,24	22,74	-	-	3.299,33	-	-	-	137.285,26
Short-term loans to group companies Impairment	111.536,89 (59.039,94)	81.466,24	22,74	2.669,62 (2.669,62)	-	3.299,33	10.139,15 (10.139,15)	-	-	209.133,96 (71.848,71)
CURRENT LIABILITIES	2.029,12	224.594,89	-	-	241,24	-	-	-	-	226.865,25
Trade payables	2.029,12	224.594,89	-	-	241,24	-	-	-	-	226.865,25
Suppliers	2.029,12	224.594,89	-	-	241,24	-	-	-	-	226.865,25

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-DADES 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

19.2) Transactions with Related Parties

The most significant transactions carried out with associated parties at financial year 2020 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	236.366,80	330.981,37	399.050,15	26.662,92	17.920,68	2.250,60
Purchases	162.157,66	-	-	-	-	-
Interest incomes	4.297,61	15.443,36	22,72	1.688,16	1.232,02	1.491,43

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

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

The remuneration accrued during the financial year 2020 by the Board of Directors amounted to 99.000 euros (78.000 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 310.336,38 euros (222.506,43 euros in the previous year). The detail of this amount is as follows, in euros:

	2020	2019
Wages and salaries	293.259,73	211.323,38
Payment in kind	17.076,65	11.183,05
	310.336,38	222.506,43

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

As of December 31, 2020 and 2019, 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 people employed during fiscal years 2020 and 2019, distributed by category, is as follows:

	2020	2019
Senior Executives	3	2
Administration	4	3,387
Commercial	17,5	15,72
Production	41,049	29,35
Maintenance	1	1
Reception	8	6,9
Business development	6,41	5,98
Compliance	3,1	3,8
Human Resources	1,12	1,12
Intellectual Property	1,12	1
TOTAL	86,299	70,257

The number of employees at the end of the fiscal years 2020 and 2019, , broken down by category and sex, is as follows:

	2020			Disability greater than or equal to 33%	2019			Disability greater than or equal to 33%
	Men	Women	Total		Men	Women	Total	
Senior Executives	1	2	3	-	1	1	2	-
Administration	1	3	4	1	1	3	4	1
Commercial	8	10	18	1	6	10	16	-
Production	37	6	43	1	28	7	35	1
Maintenance	-	1	1	-	-	1	1	-
Reception	-	8	8	-	-	7	7	-
Business development	3	5	8	-	2	5	7	-
Compliance	-	4	4	-	-	3	3	-
Human Resources	1	1	2	-	-	2	2	-
Intellectual Property	2	-	2	-	1	-	1	-
TOTAL	53	40	93	3	39	39	78	2

The amount of the fees accrued for the audit services of the Annual Accounts for the year ended December 31, 2020 amounted to 13.850 euros. (13.500 euros in the previous year). The fees for other verification services corresponding to the limited review of the interim financial statements amounted to 9.950 euros. (9.775 euros in the previous year). Likewise, the fees accrued for other services corresponding to the transfer pricing dossier amounted to 11.500 euros (4.750 euros in the previous year).

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)	2020		2019	
	Euros	%	Euros	%
SaaS Services	4.490	29,61%	2.568	19,86%
SMS Wholesale	2.580	17,01%	2.946	22,78%
SMS Comercial	8.094	53,38%	7.419	57,36%
Total	15.164	100,00%	12.933	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	2020		2019	
	Euros	%	Euros	%
National	7.434.479,27	49,03%	6.719.627,68	51,95%
European Union	3.987.063,33	26,29%	3.935.099,04	30,43%
Rest of the World	3.742.763,70	24,68%	2.278.366,49	17,62%
Total	15.164.306,30	100,00%	12.933.093,21	100%

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020

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 2020.

1. EVOLUTION OF BUSINESS

In fiscal 2020, sales increased by 17% to €15.2 million. The 52% increase in sales of SaaS products, has been strengthened by the new uses of our products during the periods of confinement by COVID-19, as well as by the acceleration of the implementation of important projects, which have become essential in this fiscal year. The increase of 1,5 million euros comes from both the domestic and international markets, customers have required new ways of communicating, and have found in Lleidanet effective products for these new processes.

The Wholesale SMS line, which aggregates all SMS sales to operators and aggregators, has increased its sales by 9% compared to the 2019 financial year. In this fiscal year we can highlight two very different periods, a first half where sales increased by 44% compared to the first half of 2019, thanks to the new interconnection agreements signed, and a second half where competition from large operators has increased on the one hand and there has been a disappearance of hospitality traffic resulting from the confinement.

Sales of commercial SMS, i.e. sales to end customers, remained unchanged with respect to the previous year and amounted to 2.6 million euros.

The margin on sales reached 48%, compared to the 51% it represented in the 2019 financial year in percentage terms, but in absolute terms we have an increase of 11%. The decrease in percentage terms is explained by the decline in SMS wholesales sales margins resulting from increased competition. We have managed to maintain margins at 48% thanks to the greater weight of SaaS sales compared to total sales, currently 30% (compared to the 23% they represented in 2019) and the increase in SMS wholesale sales.

In terms of SaaS sales, the company is making a major effort to incorporate both technical and commercial personnel. The objective is to offer more complete standard products, which will allow an exponential growth in sales. The new functionalities that we are implementing in the standard products meet the expectations of a greater number of potential customers and are put into production immediately, instead of going through customized processes. Personnel expenditure has increased by 11%, in the parent company we are currently 93 people, which represents a 19% increase in staff compared to the end of the 2019 financial year. The most reinforced department is the technical department with 14% more staff.

EBITDA has increased by 31% derived from:

- Increase in sales and the corresponding gross margin.
- Decrease in external services costs by 10%, derived from lower international travel costs, as well as the cancellation of trade fairs and commercial events due to this year's confinement.

The operating result is close to €1 million, and represents an increase of 71% compared to 2019, €400 thousand. The pre-tax result stands at 710 thousand euros, 22% higher than the previous year.

<i>Sales by business line Thousands of euros</i>	2019	2020	Var. €	Var. %
SaaS Services	2.945	4.490	1.545	52%
SMS Solutions	2.569	2.581	12	0%
ICX WHOLESALE Solutions	7.419	8.094	675	9%
Total	12.933	15.165	2.232	17%

<i>Amounts in Thousand of Euros</i>	2019	2020	Var. €	Var. %
Sales	12.933	15.165	2.232	17%
Coste of Sales	(6.396)	(7.887)	1.491	23%
Gross Margin	6.537	7.278	741	11%
Staff Expenses	(3.001)	(3.326)	325	11%
External Services	(2.825)	(2.536)	(289)	-10%
Other Income	54	144	90	167%
Activations	934	662	(272)	-29%
EBITDA	1.699	2.222	523	31%
Amortization	(1.130)	(1.181)	51	5%
Results on disposals	(21)	(80)	59	281%
Othe results	13	0	13	100%
Operating income	561	961	400	71%
Financial Net Result	53	(42)	95	179%
Impairment and gain or loss on disposals		(144)	144	-
Impairment and losses		(62)	62	
Exchange Rate Differences	(34)	(3)	(31)	-91%
Income before taxes	580	710	130	22%

2. SUBSEQUENT EVENTS

After December 31, 2020 and up to the date of preparation of this Management Report, the Board of Directors of the company has approved the creation of a new subsidiary in Dubai, called Lleidanet SaaS Services, which will be responsible for the distribution of Lleida.net's certified services in the African and Middle East geographical area. There have been no subsequent events, in addition to those already mentioned in the Explanatory Notes to the financial statements, which reveal circumstances that already existed at December 31, 2020 and which, due to the importance of their economic impact, should lead to adjustments in the financial statements or modifications in the information contained in the Explanatory Notes.

There are also no other subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist at December 31, 2020 and that are of such importance that they require additional information in the Explanatory Notes to the financial statements.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecast for fiscal 2021 is to increase sales of SaaS products through the consolidation of international markets and to achieve an increase in the company's results.

4. R&D ACTIVITIES

In 2020, the Company invested EUR 662 thousand in research activities mainly focused on the Company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with the BME Growth Market and Euronext Growth regulations, the Company signed a liquidity agreement with the placement bank on the occasion of its market listing. This agreement establishes both the delivery of a certain amount of treasury stock and the deposit of an amount of cash. The purpose of this agreement is to allow investors to trade the Company's shares, ensuring that any interested person has the possibility to buy or sell shares.

As of December 31, 2020, the Company held 107.029 securities with a valuation at that date of 665.762 euros, which represented 0,67% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2020 the Company has not used instruments related to financial derivatives (see Note 12).

7. DEFERRALS OF PAYMENT TO SUPPLIERS

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

8. EFFECTS DERIVED FROM COVID-19

Information regarding the effects derived from the current situation caused by COVID-19 are shown in Note 1.e in the Financial Statements.

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, 2020, which comprises the attached pages number 1 to 51.

Lleida, March 25, 2021
Board of Directors



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Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer

PEREZ SUBIAS
MIGUEL -
17147802Z

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Mr. Miguel Pérez Subias
Independent Director

CARBONELL
SEBARROJA JORDI
- 36896687H

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JORDI - 36896687H
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Mr. Jordi Carbonell i Sebarroja
Independent Director

SAINZ DE VICUÑA
BARROSO JORGE -
00811819B

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SAINZ DE VICUÑA BARROSO
JORGE - 00811819B
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Mr. Jorge Sainz de Vicuña
Independent Director

NOMBRE GALLARDO
MESEGUER MARCOS
- NIF 52423593S

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Mr. Marcos Gallardo Meseguer
Secretary

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Mr. Antonio López del Castillo
Independent Director

ARRATE MARIA
USANDIZAGA
RUIZ - DNI
44558454W

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Mrs. Arrate María Usandizaga Ruíz
Executive Director

BEATRIZ CARMEN
GARCIA TORRE -
DNI 43749850D

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Mrs. Beatriz García Torre
Executive Director

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