



## **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR  
FINANCIAL YEAR 2021 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 2021 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 2021:**

Balance Sheets as of December 31, 2021 and 2020  
Profit and Loss Accounts for the financial years 2021 and 2020  
Statement of Changes in Partner's Equity for the financial years 2021 and 2020  
Cash-Flow Statement for the financial years 2021 and 2020  
Notes to the accounts for the financial year 2021

**DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021**



**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, 2021, 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, 2021, 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
Valuation of capitalized research expenditures	<p>We have carried out the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>- Understanding of the policies and procedures applied by the Company for the capitalization of research expenses.</li> <li>- 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> <li>- We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts.</li> <li>- 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 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> <li>- We have verified the correct amortization of the different projects capitalised on the basis of their useful life.</li> <li>- 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.</li> </ul>

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, 25,34% 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.
- 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 and, where appropriate, through the analysis of the business plan and discounted cash flows.
- We have analysed the business plans of the different subsidiaries, comparing the actual results for the 2021 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 2021, 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 for the directors' report, as required by the regulations governing the audit activity, is to assess and report on the consistency of the directors' report with the annual accounts, based on our knowledge of the Entity obtained in the course of the audit of the annual accounts, and to assess and report on whether 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 required to report them.

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 2021 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 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, 2022.

#### **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, 2022



**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

**ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2021**

**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.****BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020**

(Stated in Euros)

<b>ASSETS</b>	<b>Notes to the Annual Accounts</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
<b>NON-CURRENT ASSETS</b>		<b>11.989.081,76</b>	<b>4.488.020,85</b>
<b>Intangible assets</b>	<b>Note 5</b>	<b>3.619.164,38</b>	<b>3.583.013,57</b>
Research		2.277.036,10	2.369.252,79
Patents, licenses, trademarks and similar		665.124,55	637.219,74
Computer applications		89.560,92	28.860,28
Other intangible assets		587.442,81	547.680,76
<b>Tangible fixed assets</b>	<b>Note 6</b>	<b>597.599,79</b>	<b>332.984,48</b>
Land and buildings		147.805,21	152.942,51
Technical installations and other tangible fixed assets		392.413,98	180.041,97
Tangible assets in progress		57.380,60	-
<b>Long-term investments in group and affiliated companies</b>		<b>7.471.489,74</b>	<b>399.732,49</b>
Equity instruments	Note 9	7.320.499,32	358.682,89
Loans to companies	Notes 8.2 and 19.1	150.990,42	41.049,60
<b>Long-term financial investments</b>		<b>44.189,52</b>	<b>35.871,51</b>
Equity instruments	Note 8.3	10.197,40	10.197,40
Other financial assets	Note 8.2	33.992,12	25.674,11
<b>Deferred Tax Assets</b>	<b>Note 15</b>	<b>256.638,33</b>	<b>136.418,80</b>
<b>CURRENT ASSETS</b>		<b>8.395.305,62</b>	<b>8.267.179,42</b>
<b>Trade and other receivables</b>		<b>3.208.211,95</b>	<b>3.293.821,07</b>
Client receivables for sales and services	Note 8.2	2.523.653,09	2.316.873,86
Clients of the Group and affiliated companies	Notes 8.2 and 19.1	615.207,71	903.264,85
Sundry debtors	Note 8.2	63.269,89	47.203,27
Staff	Note 8.2	1.084,05	3.572,04
Current tax assets	Note 15	-	10.432,98
Other receivables from Public Authorities	Note 15	4.997,21	12.474,07
<b>Short-term investments in group and affiliated companies</b>	<b>Notes 8.2 and 19.1</b>	<b>151.563,19</b>	<b>137.285,26</b>
Loans to companies		151.563,19	137.285,26
<b>Short-term financial investments</b>	<b>Note 8.2</b>	<b>812.022,00</b>	<b>1.262.022,00</b>
Other financial assets		812.022,00	1.262.022,00
<b>Short-term accruals</b>		<b>367.925,49</b>	<b>314.761,51</b>
<b>Cash and cash equivalents</b>	<b>Note 8.1</b>	<b>3.855.582,99</b>	<b>3.259.289,58</b>
Cash		3.855.582,99	3.259.289,58
<b>TOTAL ASSETS</b>		<b>20.384.387,38</b>	<b>12.755.200,27</b>

**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.****BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020**

(Stated in Euros)

<b>EQUITY AND LIABILITIES</b>	<b>Notes to the Annual Accounts</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
<b>EQUITY</b>		<b>6.614.857,27</b>	<b>7.189.214,27</b>
<b>Equity</b>		<b>6.614.857,27</b>	<b>7.189.214,27</b>
<b>Capital</b>	<b>Note 13.1</b>	<b>320.998,86</b>	<b>320.998,86</b>
Share Capital		320.998,86	320.998,86
<b>Issue premium</b>	<b>Note 13.3</b>	<b>5.244.344,28</b>	<b>5.244.344,28</b>
<b>Reserves</b>	<b>Note 13.2</b>	<b>3.310.931,33</b>	<b>3.486.189,06</b>
Legal and statutory		64.199,77	64.199,77
Other Reserves		3.246.731,56	3.421.989,29
<b>(Shares and own holdings in equity)</b>	<b>Note 13.4</b>	<b>(1.683.884,76)</b>	<b>(759.458,01)</b>
<b>Retained earnings</b>		<b>(1.349.900,40)</b>	<b>(1.897.046,66)</b>
<b>Financial year's earnings</b>		<b>772.367,96</b>	<b>794.186,74</b>
<b>NON-CURRENT LIABILITIES</b>		<b>7.646.787,39</b>	<b>2.100.288,04</b>
<b>Long-term debts</b>	<b>Note 10.1</b>	<b>7.646.787,39</b>	<b>2.100.288,04</b>
Debts with credit institutions		6.096.675,49	1.993.897,88
Other financial liabilities		1.550.111,90	106.390,16
<b>CURRENT LIABILITIES</b>		<b>6.122.742,72</b>	<b>3.465.697,96</b>
<b>Short-term provisions</b>		<b>38.021,23</b>	<b>42.364,76</b>
<b>Short-term debts</b>	<b>Note 10.1</b>	<b>3.335.343,84</b>	<b>909.852,09</b>
Debts with credit institutions		1.679.852,92	827.002,98
Financial-lease debt		-	8.499,14
Other financial liabilities		1.655.490,92	74.349,97
<b>Trade and other payables</b>		<b>2.749.377,65</b>	<b>2.513.481,11</b>
Suppliers	<b>Note 10.1</b>	<b>1.737.866,70</b>	<b>1.722.871,13</b>
Suppliers, group and affiliated companies	<b>Note 10.1 y 19.1</b>	<b>116.115,44</b>	<b>226.865,25</b>
Sundry creditors	<b>Note 10.1</b>	<b>470.907,60</b>	<b>248.812,48</b>
Personnel (outstanding salaries)	<b>Note 10.1</b>	<b>3.001,79</b>	<b>-</b>
Other debts with Public Authorities	<b>Note 15</b>	<b>305.336,45</b>	<b>213.173,65</b>
Advances from clients	<b>Note 10.1</b>	<b>116.149,67</b>	<b>101.758,60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20.384.387,38</b>	<b>12.755.200,27</b>

**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.****PROFIT AND LOSS ACCOUNTS**  
**FOR THE FINANCIAL YEARS 2021 AND 2020**

(Stated in Euros)

<b>PROFIT AND LOSS ACCOUNTS</b>	<b>Notes to the Annual Accounts</b>	<b>2021</b>	<b>2020</b>
<b>Net turnover</b>	<b>Note 16.a</b>	<b>16.688.870,84</b>	<b>15.164.306,30</b>
Net sales		16.688.870,84	15.164.306,30
<b>Work performed by the company for its assets</b>	<b>Note 5</b>	<b>722.932,06</b>	<b>662.384,37</b>
<b>Supplies</b>	<b>Note 16.b</b>	<b>(8.608.860,11)</b>	<b>(7.887.415,93)</b>
Goods consumed		(8.608.860,11)	(7.887.415,93)
<b>Other operating income</b>		<b>100.748,33</b>	<b>143.880,00</b>
Ancillary and other current operating income		100.748,33	143.880,00
Operating grants income		-	-
<b>Staff expenses</b>		<b>(3.969.053,63)</b>	<b>(3.325.872,35)</b>
Wages, salaries and the like		(3.038.976,68)	(2.523.402,99)
Fringe benefits	<b>Note 16.c</b>	(930.076,95)	(802.469,36)
<b>Other operating expenses</b>		<b>(2.874.309,10)</b>	<b>(2.536.410,85)</b>
External charges for services		(2.764.546,87)	(2.298.039,07)
Taxes		(45.141,37)	(156.590,61)
Losses, Impairment and change in trade provisions		(64.620,86)	(81.781,17)
<b>Amortization of fixed assets</b>	<b>Notes 5 and 6</b>	<b>(1.093.372,65)</b>	<b>(1.181.018,98)</b>
<b>Impairment and results of disposals of fixed assets</b>	<b>Note 5</b>	<b>(9.146,92)</b>	<b>(79.772,78)</b>
<b>Other earnings</b>		<b>10.418,81</b>	<b>-</b>
<b>OPERATING EARNINGS</b>		<b>968.227,63</b>	<b>960.079,78</b>
<b>Financial income</b>	<b>Note 16.d</b>	<b>16.566,00</b>	<b>25.570,98</b>
Income from negotiable securities and other financial instruments, group and affiliated companies		15.753,31	24.188,70
Other income from negotiable securities and other third-party financial instruments		812,69	1.382,28
<b>Financial expenses</b>	<b>Note 16.d</b>	<b>(72.948,51)</b>	<b>(67.795,41)</b>
For debts with third parties		(72.948,51)	(67.795,41)
<b>Exchange differences</b>	<b>Note 16.d</b>	<b>5.288,17</b>	<b>(2.267,85)</b>
<b>Impairments and earnings for disposals of financial instruments</b>		<b>(159.668,16)</b>	<b>(205.375,37)</b>
Impairments and losses	<b>Note 16.d</b>	<b>(159.668,16)</b>	<b>(61.495,37)</b>
Gains (losses) on disposals and others		-	(143.880,00)
<b>FINANCIAL EARNINGS</b>		<b>(210.762,50)</b>	<b>(249.867,65)</b>
<b>PRE-TAX EARNINGS</b>		<b>757.465,13</b>	<b>710.212,13</b>
<b>Profit tax</b>	<b>Note 15</b>	<b>14.902,83</b>	<b>83.974,61</b>
<b>FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS</b>		<b>772.367,96</b>	<b>794.186,74</b>
<b>FINANCIAL YEAR'S EARNINGS</b>		<b>772.367,96</b>	<b>794.186,74</b>



## LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

STATEMENT OF CHANGES IN PARTNER'S EQUITY  
**TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2021 AND 2020**  
 (Stated in Euros)

	Share Capital	Own Shares	Issue Premium	Reserves	Results from previous years	Financial Year's Earnings	Total
<b>BALANCE END OF YEAR 2019</b>	320.998,86	(753.301,13)	5.244.344,28	1.492.937,50	(2.262.986,07)	577.352,91	4.619.846,35
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	577.352,91	(577.352,91)	-
Distribution of earnings from the previous financial year	-	-	-	16.696,05	577.352,91	(577.352,91)	-
<b>BALANCE END OF YEAR 2020</b>	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
Total recognized income and expenses	-	-	-	-	-	772.367,96	772.367,96
Transactions with shareholders or owners	-	(924.426,75)	-	(175.257,73)	(247.031,80)	-	(1.346.716,28)
Operation with own shares	-	(924.426,75)	-	(175.257,73)	-	-	(1.099.684,48)
Dividends	-	-	-	-	(247.031,80)	-	(247.031,80)
Other changes in equity	-	-	-	-	794.186,74	(794.186,74)	-
Distribution of earnings from the previous financial year	-	-	-	-	794.186,74	(794.186,74)	-
<b>BALANCE END OF YEAR 2021</b>	320.998,86	(1.683.884,76)	5.244.344,28	3.310.931,33	(1.349.900,40)	772.367,96	6.614.857,27



**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

**CASH FLOW STATEMENT**  
**FOR FINANCIAL YEARS 2021 AND 2020**  
 (Stated in Euros)

	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2.026.325,51</b>	<b>2.229.223,40</b>
Financial year's pre-tax earnings	757.465,13	710.212,13
Adjustments to earnings	1.383.191,10	1.536.587,49
Amortization of fixed assets	1.093.372,65	1.181.018,98
Valuation changes for impairment	224.289,02	143.276,54
Variation of provisions	-	(53.585,24)
Disposals of fixed assets	9.146,92	79.772,78
Gains (losses) on disposal of financial instruments	-	143.880,00
Financial incomes	(16.566,00)	(25.570,98)
Financial expenses	72.948,51	67.795,41
Changes in current capital	36.935,51	(10.182,44)
Trade and other receivables	(130.767,40)	49.491,09
Other current assets	(53.163,98)	(72.784,32)
Trade and other payables	235.896,54	13.110,79
Other current liabilities	(15.029,65)	
Other cash flow from operating activities	(151.266,23)	(7.393,78)
Interest payments	(72.948,51)	(67.795,41)
Interest incomes	16.566,00	25.570,98
Tax income	(94.883,72)	34.830,65
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(4.965.685,91)</b>	<b>(843.627,42)</b>
Payments for investments	(5.431.450,42)	(949.553,00)
Group and associated companies	(4.004.082,21)	-
Intangible fixed assets	(971.932,22)	(846.863,92)
Tangible fixed assets	(455.435,99)	(102.689,08)
Proceeds from disposals	465.764,51	105.925,58
Group and affiliated companies	-	102.378,34
Intangible fixed assets	24.082,52	-
Other financial assets	441.681,99	3.547,24
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>3.535.653,81</b>	<b>1.236.651,01</b>
Receipts and payments for equity instruments	(1.099.693,16)	1.970.398,63
Disposals (Acquisitions) of own equity instruments	(1.099.693,16)	1.970.398,63
Collections and payments for financial liability instruments	4.882.378,77	(539.030,17)
Issuing:	6.150.000,00	1.200.000,00
Amounts owed to credit institutions	6.150.000,00	1.200.000,00
Repayment and amortization of:	(1.267.621,23)	(1.739.030,17)
Amounts owed to credit institutions	(1.202.871,59)	(1.655.922,37)
Others	(64.749,64)	(83.107,80)
Payments for dividends and remuneration of other equity instruments	(247.031,80)	(194.717,45)
Dividends	(247.031,80)	(194.717,45)
<b>NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS</b>	<b>596.293,41</b>	<b>2.622.246,99</b>
Cash or cash equivalents at start of financial year	3.259.289,58	637.042,59
Cash or cash equivalents at end of financial year	3.855.582,99	3.259.289,58

## **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

### **NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2021**

#### **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 26 October 2021, the board of directors resolved to transfer the company's registered office to Calle Téllez, 56 Local C in Madrid. At year-end, the change of registered office had not yet been registered in the Madrid Mercantile Register.

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.

##### **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 1<sup>st</sup>, 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. 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. On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A.

#### **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. and appears to begin to abate in early 2022. This event significantly affected economic activity worldwide and, as a result, the Group's operations and financial results. The effects of this crisis have had two main axes within Lleida.net:

- Boost the SaaS line, both nationally and internationally. The customer base has grown and their average consumption has increased. The Lleida.net group has more and more recurring customers who are aware of the improvements that certified products can bring to their electronic notification and contracting processes.
- Increased competition in the SMS wholesale market, where there has been an increase in the number of company purchase operations between agents, we have a more concentrated market, where Lleida.net continues to be a key player, and differentiated from the rest of its competitors.

The teleworking policy that was implemented in the Lleida.net group during the confinement has become voluntary, and most of the staff continues to do so, at least once a week.

### **NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS**

#### **a) True and Fair View**

The Annual Accounts for the financial year 2021 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, of 17 September, and Royal Decree 602/2016, of 2 December and Royal Decree 1/2021, of 12 January, 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 2021, the Company has significant balances receivable and equity instruments 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.
- Reasonableness of activation and recoverability of research projects.

In addition to what has been mentioned in the preceding paragraph, there are 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:

- Slower growth than expected in the Business Plan: slower maturation in some countries.
- 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 based on the best information available at the close of financial year 2021, 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 2021, 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

The first application of the amendments introduced in the General Accounting Plan by Royal Decree 1/2021 of January 12, relating mainly to the rules for recording and valuation of financial instruments and revenue recognition, has resulted in the following changes:

- Financial instruments:

The Company has reclassified the captions previously classified as "Loans and Receivables" and "Debts and Payables" as "Financial Assets at Amortized Cost" and "Financial Liabilities at Amortized Cost", respectively. Apart from this reclassification, there has been no accounting effect from the new classification and valuation criteria.

- Revenue recognition:

The application of the new criteria has not had any impact on the revenue recognition policy applied by the Company's management.

- Inventory valuation:

The application of the new criteria has not had any impact on the inventory valuation policy applied by the Company's management.

The reconciliation between each of the financial instrument items as of January 1, 2021 is as follows, in euros:

Reclassified to:					
		Balance as of January 1, 2021	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value with changes in equity
Reclassified from:	Loans and Receivables	4.736.944,99	-	4.736.944,99	-
	Investment in the equity of group companies, jointly controlled entities and associates	368.880,29	-	-	368.880,29
Reclassified to:					
		Balance as of January 1, 2021	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	
Reclassified from:	Debts and payables		5.310.447,59	5.310.447,59	-
	Other financial liabilities at fair value through profit or loss		-	-	-



**g) Correction of Errors**

The 2021 Annual Accounts do not include related adjustments as a result of errors detected in the annual accounts of previous years.

**h) Fair value**

It is the price that would be received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. The fair value shall be determined without any deduction for transaction costs that might be incurred due to disposal or disposition by other means. In no case shall the fair value result from a forced or urgent transaction or as a consequence of an involuntary liquidation situation.

Fair value is estimated for a particular date and, because market conditions may change over time, that value may be inappropriate for another date. In addition, in estimating fair value, an enterprise should take into account the conditions of the asset or liability that market participants would take into account in pricing the asset or liability at the measurement date.

In estimating fair value, it is assumed that the transaction to sell the asset or transfer the liability is carried out:

- a) Between interested and duly informed parties, in an arm's length transaction,
- b) In the main market of the asset or liability, understood as the market with the highest volume and level of activity, or
- c) In the absence of a principal market, in the most advantageous market to which the company has access for the asset or liability, understood as the one that maximizes the amount that would be received for the sale of the asset or minimizes the amount that would be paid for the transfer of the liability, after taking into account transaction costs and transportation expenses.

In general, fair value is calculated by reference to a reliable market value.

For those items for which there is no active market, the fair value will be obtained, where appropriate, through the application of valuation models and techniques.

The fair value of a financial instrument must consider, among other things, the credit risk and, in the specific case of a financial liability, the company's default risk, which includes, among other components, its own credit risk. However, no adjustments for volume or market capacity should be made to estimate the fair value.

**i) Statement of Recognized Income and Expenses**

The information contained in these Financial Statements is the responsibility of the members of the Board of Directors of the Company. In these Financial Statements estimates have been made to value some of the assets, liabilities, income, expenses and commitments recorded therein, and basically these estimates refer to the evaluation of impairment losses of certain assets, the useful life of non-current assets and the probability of occurrence of provisions (see section d) above).

Although these estimates were made on the basis of the best information available at the date of preparation of the financial statements, it is possible that future events may make it necessary to modify them in future years. In such a case, this would be done prospectively, recognizing the effects of the change in estimate in the corresponding profit and loss accounts.

#### j) Statement of Recognized Revenues and Expenses

In the current year, as in the previous year, the Company has not recognized income or expenses directly in Equity, having recorded all of them in the Income Statement for the corresponding year. Therefore, these financial statements do not include the Statement of Recognized Income and Expenses.

### NOTE 3. DISTRIBUTION OF EARNINGS

The proposed distribution of 2021 and 2020, drawn up by the Board of Directors are shown below, in Euros:

	2021	2020
<b>Distribution base:</b>		
Profits obtained/ (Generated losses) in the financial year	772.367,96	794.186,74
<b>Distribution to:</b>		
Compensation of previous years losses	525.327,48	547.146,26
Distribution of dividends	247.040,48	247.040,48

The amount recorded under the heading of dividend distribution corresponds to an estimate of the dividend to be paid in 2022, 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 2.277.036,10 euros in 2021 (2.369.252,79 euros in 2020). 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 2021 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 Costs**

Capitalized research 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 records under financial instruments those contracts that give rise to a financial asset in one company and, simultaneously, to a financial liability or equity instrument in another company.

A financial asset is any asset that is: cash, an equity instrument of another company, or involves a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties on potentially favorable terms.

For valuation purposes, financial assets are classified in the following category:

- Financial assets at amortized cost.

Financial instruments issued, incurred or assumed are classified as financial liabilities, in whole or in part, provided that according to their economic reality they represent a direct or indirect contractual obligation for the Company to deliver cash or another financial asset, or to exchange financial assets or liabilities with third parties under potentially unfavorable conditions.

For valuation purposes, financial liabilities are classified in the following category:

- Financial liabilities at amortized cost.

This treatment applies to the following financial instruments:

a) Financial assets:

- Cash and cash equivalents;
- Trade receivables: trade accounts receivable and sundry accounts receivable;
- Loans to third parties: such as loans and financial credits granted, including those arising from the sale of non-current assets;
- Equity instruments of other companies acquired: shares, units in collective investment undertakings and other equity instruments;
- Other financial assets: such as deposits in credit institutions, loans to personnel, guarantees and deposits, dividends receivable and disbursements required on own equity instruments.

b) Financial liabilities:

- Trade accounts payable: suppliers and sundry creditors;
- Debts with credit institutions;
- Other financial liabilities: debts with third parties, such as loans and financial credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on participations.



**Financial assets at amortized cost**

A financial asset is included in this category, even when it is admitted to trading on an organized market, if the Company holds the investment with the objective of receiving cash flows from the execution of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent to an agreement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is agreed at a zero or below-market interest rate.

In this category are classified:

- a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with trade transactions, and
- b) Receivables from non-trade operations: financial assets which, not being equity instruments or derivatives, do not have a commercial origin and whose collections are of a determined or determinable amount.

**Financial liabilities at amortized cost**

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 derivative instruments, have no commercial origins, but arise from loans or credit operations received by the Company.

**Initial assessment**

Initially, financial assets and liabilities included in this category are measured at fair value, which is the transaction price, and which is equal to the fair value of the consideration given plus directly attributable transaction costs.

Notwithstanding the preceding paragraph, trade receivables and payables maturing in less than one year that do not have a contractual interest rate, as well as, if applicable, advances and loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, and disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, are valued at their nominal value when the effect of not discounting the cash flows is not significant.

**Subsequent assessment**

In subsequent valuations, both assets and liabilities are valued at amortized cost. Accrued interest is recorded in the income statement, applying the effective interest rate method. Notwithstanding the foregoing, receivables and payables maturing within one year that were initially valued at their nominal value continue to be valued at that amount, unless, in the case of receivables, they have been impaired.

**Impairment of financial assets at amortized cost**

At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, is impaired as a result of one or more events that occurred after initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, if applicable, those from the execution of real and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of their initial recognition. For financial assets at variable interest rates, the effective interest rate corresponding to the closing date of the financial statements is used in accordance with the contractual conditions.

Impairment losses, as well as their reversal when the amount of such loss decreases due to a subsequent event, are recognized as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognized at the date of reversal had no impairment loss been recognized.

**Financial assets at cost**

This valuation category includes equity investments in group companies, jointly controlled entities and associates.

**Initial valuation**

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, applying, where applicable, in relation to group companies, the criteria included in the specific rules of the standard on transactions between group companies, and the criteria for determining the cost of the combination established in the standard on business combinations.

However, if an investment existed prior to its classification as a group company, jointly controlled entity or associate, the cost of that investment is taken to be the carrying amount that it should have had immediately before the company was classified as a group company, jointly controlled entity or associate.

The initial valuation includes the amount of any pre-emptive subscription rights and similar rights that may have been acquired.

**Subsequent valuation**

Equity instruments included in this category are measured at cost less any accumulated impairment losses.

Where these assets are to be valued due to derecognition or otherwise, the weighted average cost method is applied for homogeneous groups, i.e. securities with equal rights.



## **Impairment**

At least at year-end, the necessary value adjustments are made whenever there is objective evidence that the carrying amount of an investment is not recoverable.

The amount of the impairment loss is the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs to sell and the present value of future cash flows arising from the investment, which in the case of equity instruments are calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another investee, the equity included in the consolidated financial statements prepared in accordance with the criteria of the Commercial Code and its implementing regulations is taken into account.

The recognition of impairment losses and, where applicable, their reversal, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

## **Reclassification of Financial Assets**

When the Company changes the way in which it manages its financial assets to generate cash flows, it will reclassify all the affected assets in accordance with the criteria previously indicated. The reclassification of category is not a derecognition but a change in the valuation criteria.

## **Derecognition of Financial Assets**

The Company derecognizes a financial asset, or part of it, when the contractual rights to the cash flows from the financial asset expire or have been transferred and the risks and rewards of ownership have been substantially transferred, in circumstances that are assessed by comparing the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset. It is understood that the risks and benefits inherent to ownership of the financial asset have been substantially transferred when its exposure to such variation ceases to be significant in relation to the total variation in the present value of the future net cash flows associated with the financial asset.

When the financial asset is derecognized, the difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying amount of the financial asset, determines the gain or loss arising on derecognition of the asset, and forms part of the profit or loss for the year in which the gain or loss arises.



The Company does not derecognize financial assets and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which it has retained substantially all the risks and rewards of ownership, such as in bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitizations of financial assets in which the transferor retains subordinated financing or other types of guarantees that absorb substantially all the expected losses.

### **Derecognition of Financial Liabilities**

The Company derecognizes a financial liability, or part thereof, when the obligation has been extinguished, i.e. when it has been satisfied, cancelled or has expired. The Company also derecognizes its own financial liabilities that it acquires, even if it intends to relocate them in the future.

The difference between the carrying amount of the financial liability or part thereof that has been derecognized and the consideration paid, including any costs or commissions incurred, which also includes any asset transferred other than cash or liability assumed, is recognized in the income statement for the year in which it occurs.

In case of an exchange of debt instruments that do not have substantially different terms, the original financial liability is not derecognized. Any transaction costs or commissions incurred adjust the carrying amount of the financial liability. From that date, the amortized cost of the financial liability is determined by applying the effective interest rate that matches the carrying amount of the financial liability with the cash flows payable under the new terms.

### **Own equity instruments**

An equity instrument is any legal transaction that evidences, or reflects, a residual interest in the assets of the issuing company after deducting all its liabilities.

In the event that the company enters into any transaction with its own equity instruments, the amount of these instruments is recorded in equity, as a change in shareholders' equity, and in no case may they be recognised as financial assets of the company and no profit or loss is recorded in the profit and loss account.

Expenses arising from these transactions, including the costs of issuing these instruments, such as lawyers', notaries' and registrars' fees; printing of reports, bulletins and securities; taxes; advertising; commissions and other placement expenses, are recorded directly in equity as a reduction in reserves.

### **Bonds delivered and received**

Deposits or guarantees provided as security for certain obligations are valued at the amount actually paid, which does not differ significantly from their fair value.

In case of deposits given or received for operating leases or for the provision of services, the difference between their fair value and the amount paid (due, for example, to the fact that the deposit is long-term and is not remunerated) is considered as an advance payment or collection for the lease or provision of the service, which is charged to the income statement over the period of the lease, in accordance with the standard on leases and other transactions of a similar nature, or over the period in which the service is rendered, in accordance with the standard on revenue from sales and services rendered.

When estimating the fair value of the bonds, the remaining period is taken as the minimum contractual term committed during which the amount cannot be returned, without taking into account the statistical behaviour of return.

When the bond is short-term, it is not necessary to discount cash flows if its effect is not significant.

#### **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**

The main services offered by the Company consist of notification, signature and electronic contracting services.

**Revenue recognition for sales and services rendered**

The Company recognizes revenue in the ordinary course of business when (or as) control of the committed goods or services is transferred to the customer. At that time, the Company values the revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

In order to apply this fundamental criterion for revenue recognition, the Company follows a complete process consisting of the following successive stages:

- a) Identify the contract (or contracts) with the client, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.
- b) Identify the obligation or obligations to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a customer.
- c) Determine the transaction price, or contract consideration to which the company expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.
- d) Allocate the price of the transaction to the obligations to be fulfilled, which should be based on the individual sales prices of each different good or service committed to in the contract, or, if applicable, following an estimate of the sales price when the same is not independently observable.
- e) Recognize revenue from ordinary activities when (as) the company fulfills a committed obligation through the transfer of a good or the rendering of a service; fulfillment that takes place when the customer obtains control of that good or service, so that the amount of revenue recognized will be the amount allocated to the contractual obligation satisfied.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a specific point in time. As specified in note 16, the invoicing issued by the Company is based on customer consumption of each product.



**Fulfillment of the obligation at a given time**

In cases where the transfer of control over the asset does not occur over time, the Company recognizes revenue following the criteria established for obligations that are fulfilled at a specific point in time. In order to identify the specific time at which the customer obtains control of the asset (generally an asset), the Company considers, among others, the following indicators:

- a) The customer assumes the significant risks and benefits inherent to the ownership of the asset. In assessing this point, the Company excludes any risk that gives rise to a separate obligation, other than the commitment to transfer the asset.
- b) The Company has transferred physical possession of the asset.
- c) The customer has received (accepted) the asset in accordance with the contractual specifications.
- d) The company has a collection right for transferring the asset.
- e) The customer has ownership of the asset.

**Valuation**

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, at the fair value of the consideration received or expected to be received, which, unless there is evidence to the contrary, is the price agreed for the assets to be transferred to the customer, less: the amount of any discounts, price rebates or other similar items that the Company may grant, as well as interest included in the face value of the receivables.

However, the interest incorporated in trade receivables with a maturity not exceeding one year that do not have a contractual interest rate is included, when the effect of not discounting the cash flows is not significant. If applicable

Taxes levied on the delivery of goods and provision of services that the company must pass on to third parties, such as value added tax and excise taxes, as well as amounts received on behalf of third parties, do not form part of income.

In cases where variable consideration exists, the Company takes into account in the valuation of the revenue the best estimate of the variable consideration if it is highly probable that there will not be a significant reversal of the amount of revenue recognized when the uncertainty associated with the aforementioned consideration is subsequently resolved.

**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 2021 are as follows:

	31/12/2020	Additions	De-Recognition	Transfers	31/12/2021
<b>Cost:</b>					
Research	11.649.345,74	722.932,06	-	-	12.372.277,80
Industrial Property	928.218,54	-	-	126.053,56	1.054.272,10
Computer applications	265.367,28	75.820,75	-	-	341.188,03
Advances for intangible fixed assets	564.399,48	158.243,81	(9.146,92)	(126.053,56)	587.442,81
	<b>13.407.331,04</b>	<b>956.996,62</b>	<b>(9.146,92)</b>	<b>-</b>	<b>14.355.180,74</b>
<b>Accumulated amortization:</b>					
Research	(9.280.092,95)	(815.148,75)	-	-	(10.095.241,70)
Industrial Property	(307.717,52)	(81.430,03)	-	-	(389.147,55)
Computer applications	(236.507,00)	(15.120,11)	-	-	(251.627,11)
	<b>(9.824.317,47)</b>	<b>(911.698,89)</b>	<b>-</b>	<b>-</b>	<b>(10.736.016,36)</b>
<b>Intangible Fixed Assets, Net</b>	<b>3.583.013,57</b>	<b>45.297,73</b>	<b>(9.146,92)</b>	<b>-</b>	<b>3.619.164,38</b>

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
<b>Cost:</b>					
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
	<b>12.650.610,43</b>	<b>846.863,92</b>	<b>(90.143,31)</b>	<b>-</b>	<b>13.407.331,04</b>
<b>Accumulated amortization:</b>					
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)
	<b>(8.803.494,60)</b>	<b>(1.031.193,40)</b>	<b>10.370,53</b>	<b>-</b>	<b>(9.824.317,47)</b>
<b>Intangible Fixed Assets, Net</b>	<b>3.847.115,83</b>	<b>(184.329,48)</b>	<b>(79.772,78)</b>	<b>-</b>	<b>3.583.013,57</b>

Disposals in the financial year 2020 resulted in a loss for the financial year of 79,772.78 euros. In the current financial year, the de-recognitions amounted to 9.146,92 euros.

The retirements in the past year resulted in a loss for the past year of 79.772,78 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, 2021 and at December 31, 2020, is the following, stating their cost values in Euros:

	31/12/2021	31/12/2020
Research	8.492.284,57	7.573.601,89
Patents	108.806,51	87.223,51
Computer applications	221.657,91	180.706,34
	<b>8.822.748,99</b>	<b>7.841.531,74</b>



**NOTE 6. TANGIBLE FIXED ASSETS**

The breakdown of tangible fixed assets as of December 31, 2021 is as follows, in Euros:

	31/12/2020	Additions	Transfers	31/12/2021
<b>Cost:</b>				
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	642.506,31	391.047,47	(2.139,00)	1.031.414,78
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets	-	57.380,60	-	57.380,60
	<b>1.203.716,18</b>	<b>448.428,07</b>	<b>(2.139,00)</b>	<b>1.650.005,25</b>
<b>Accumulated amortization:</b>				
Land and buildings	(44.243,23)	(5.137,30)	-	(49.380,53)
Technical installations and machinery	(241.768,74)	(7.306,39)	-	(249.075,13)
Other installations, tools and furniture	(74.609,25)	(6.283,31)	-	(80.892,56)
Data processing equipment	(506.123,78)	(162.638,71)	-	(668.762,49)
Other tangible fixed assets	(3.986,70)	(308,05)	-	(4.294,75)
	<b>(870.731,70)</b>	<b>(181.673,76)</b>	<b>-</b>	<b>(1.052.405,46)</b>
<b>Tangible Fixed Assets, Net</b>	<b>332.984,48</b>	<b>266.754,31</b>	<b>(2.139,00)</b>	<b>597.599,79</b>

Due to the increase in SaaS sales, investments have been made in servers for more storage capacity. Investments have also been made in laptops during the financial year 2021.

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

	31/12/2019	Additions	Transfers	31/12/2020
<b>Cost:</b>				
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)	-
	<b>1.101.027,10</b>	<b>102.689,08</b>	<b>-</b>	<b>1.203.716,18</b>
<b>Accumulated amortization:</b>				
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)
	<b>(720.906,12)</b>	<b>(149.825,58)</b>	<b>-</b>	<b>(870.731,70)</b>
<b>Tangible Fixed Assets, Net</b>	<b>380.120,98</b>	<b>(47.136,50)</b>	<b>-</b>	<b>332.984,48</b>

**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, 2021 and at December 31, 2020, is shown below stating their cost values in Euros:

	31/12/2021	31/12/2020
Technical installations and machinery	188.916,95	43.468,70
Furniture	50.659,90	1.220,60
Data processing equipment	420.071,20	376.580,17
Other fixed assets	3.087,87	3.087,87
	<b>662.735,92</b>	<b>424.357,34</b>

**NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE****7.1) Financial Leases (the Company as Lessee)**

The Company has no assets financed through finance leases as of December 31, 2021.

**7.2) Operating Leases (the Company as Lessee)**

The amount of the contingent payments recognized as an expense in year 2021 is 136.382,24 euros (147.037,63 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:

	2021	2020
Up to 1 year	92.328,30	113.279,55
Between 1 and 5 years	55.510,51	52.405,65
More of 5 years	524.845,84	544.564,96
	<b>672.684,65</b>	<b>710.250,15</b>

**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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Loans and receivable items (Note 8.2)	-	-	184.982,54	66.723,71
Financial assets available for sale (Note 8.3)	10.197,40	10.197,40	-	-
<b>Total</b>	<b>10.197,40</b>	<b>10.197,40</b>	<b>184.982,54</b>	<b>66.723,71</b>

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

	Credits and Others Financial Assets	
	31/12/2021	31/12/2020
<b>Assets at fair value through the profit and loss:</b>	<b>3.855.582,99</b>	<b>3.259.289,58</b>
Cash or other liquid assets (Note 8.1)	3.855.582,99	3.259.289,58
Loans and receivable items (Note 8.2)	4.166.799,93	4.670.221,28
<b>Total</b>	<b>8.022.382,92</b>	<b>7.929.510,86</b>

**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, 2021 and 2020 is as follows, in euros:

	Balance at 31/12/2021	Balance at 31/12/2020
Current Accounts	3.847.552,09	3.251.112,26
Cash	8.030,90	8.177,32
<b>Total</b>	<b>3.855.582,99</b>	<b>3.259.289,58</b>



## 8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2021 and 2020 is the following:

	Balance at 31/12/2020		Balance at 31/12/2021	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Loans and receivables items for commercial transactions</b>				
Customers	-	2.523.653,09	-	2.316.873,86
Related party customers (Note 19.1)	-	615.207,71	-	903.264,85
Debtors	-	63.269,89	-	47.203,27
<b>Total loans and receivables items for commercial transactions</b>	-	<b>3.202.130,69</b>	-	<b>3.267.341,98</b>
<b>Loans and receivables for non-commercial transactions</b>				
Group Companies (Note 19.1)	150.990,42	151.563,19	41.049,60	137.285,26
Staff	-	1.084,05	-	3.572,04
Short-term deposits (*)	-	812.022,00	-	1.262.022,00
Securities and deposits	33.992,12	-	25.674,11	-
<b>Total loans and receivables for non-commercial transactions</b>	<b>184.982,54</b>	<b>964.669,24</b>	<b>66.723,71</b>	<b>1.402.879,30</b>
<b>Total</b>	<b>184.982,54</b>	<b>4.166.799,93</b>	<b>66.723,71</b>	<b>4.670.221,28</b>

(\*) 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 31/12/2020	Current year impairment	Transfers	Balance at 31/12/2021
<b>Receivables for commercial transactions:</b>				
Clients	586.073,81	30.660,14	-	616.733,95
Clients group companies	663.586,47	175.283,40	-	838.869,87
Short-term credits	71.848,71	1.452,64	-	73.301,35
<b>Total</b>	<b>1.321.508,99</b>	<b>207.396,18</b>	-	<b>1.528.905,17</b>

The balances of receivables from non-trade operations from group companies include an impairment of 223.272,70 from the Group company Lleidatrans Serveis Telemàtics, LTD, an impairment of 26.229,14 euros from the Group company Lleidatrans Dominicana, SRL and an impairment of 4.357,86 euros from the company Lleidatrans Perú as of December 31, 2021.

The balances of receivables for non-trade operations from group companies as of December 31, 2020 included an impairment of 349.310,73 euros from the Group company Lleidatrans Serveis Telemàtics, LTD, an impairment of 51.740,08 euros from the Group company Lleidatrans USA, Inc, an impairment of 26.229,14 euros from the Group company Lleidatrans Dominicana, SRL and an impairment of 2.871,46 euros from the company Lleidatrans Perú.

## 8.3) Financial Assets at Fair Value through Shareholders' Equity

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.

There are no assets as collateral for loans.

## **NOTE 9. EQUITY INSTRUMENTS IN GROUP, MULTI-GROUP AND AFFILIATED COMPANIES**

The breakdown of the holdings held of the Group companies at December 31, 2021, is as follows:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2021	Theoretical book value 31/12/2021
<b>Group Companies:</b>					
Lleidatnetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(435.019,94)
Lleidatnet USA Inc	100%	397.591,09	(397.591,09)	-	(523.666,68)
Lleidatnet Honduras, SA	70%	659,05	-	659,05	-
Lleidatnet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	(8.038,77)
Lleida SAS	100%	195.789,60	-	195.789,60	271.677,50
Lleida Chile SPA	100%	3.256,83	-	3.256,83	(7.498,74)
Lleidatnet do Brasil Ltda.	99,99%	10.800,00	-	10.800,00	(33.960,70)
Lleidatnet Guatemala	80%	3.234,00	-	3.234,00	3.517,56
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	19.784,14
Lleidatnet Costa Rica	100%	16,06	-	16,06	(223,00)
Lleidatnet Perú	100%	182.498,43	(182.498,43)	-	44.670,40
Lleida Information Technology					
Network Services	49%	34.141,19	-	34.141,19	(33.164,37)
Lleidatnet South Africa	100%	5,02	-	5,02	(142,12)
Lleidatnet SAAS Middle East and Africa DMCC	100%	11.462,76	-	11.462,76	12.022,73
Indenova, S.L.	100%	7.100.000,00	-	7.100.000,00	2.319.313,51
Desembolsos pendientes Lleidatnet USA		(2.349,36)	-	(2.349,36)	-
Desembolsos pendientes Lleidatnet Honduras, SA		(659,05)	-	(659,05)	-
Desembolsos pendientes Lleidatnet Dominica, SRL		(10.127,97)	-	(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Desembolsos pendientes Lleida Information Technology Network Services		(34.141,19)	-	(34.141,19)	-
Desembolsos pendientes Lleidatnet SAAS Middle East and Africa DMCC		(11.462,76)	-	(11.462,76)	-
<b>Affiliated companies:</b>					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
<b>Total</b>		<b>7.926.749,84</b>	<b>(606.250,52)</b>	<b>7.320.499,32</b>	<b>1.629.271,52</b>

### Valuation Corrections

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

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

#### Lleidatnetworks Serveis Telemàtics, LTD

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



Lleidatnet 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 Lleidatnet USA Inc. for 397.515,00 euros which Lleidatnetworks Serveis Telemàtics, S.A. subscribed in entirely.

Lleidatnet 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.

Lleidatnet 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.



Lleidatnet do Brasil Ltda

With its registered office in Sao Paulo (Brazil), it was incorporated on October 2, 2013 subscribing, Lleidatnetworks 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.

Lleidatnet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidatnetworks 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, Lleidatnetworks 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 Lleidatnet Serveis Telemàtics, S.A.

Lleidatnet 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.

Lleidatnet 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. On December 2021, a capital increase has been carried out by offsetting credits maintained with the Parent Company in the amount of 44,309.84 euros.

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 Lleidanetworks 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.

Lleidanet SAAS Middle East and Africa DMCC

On April 8, 2021, the Company incorporated Lleidanet SAAS Middle East and Africa DMCC in Dubai, subscribing 100% of the shares of this company.

Indenova, S.L.

On October 31, 2021, the Company acquired 100% of the shares of Indenova, S.L. for a cost of 7.100.000,00 euros, with a first payment of 4.010.387,67 euros, the remaining amount being deferred (see note 10.1.2).

The summary of the equity of the investees at 31 December 2021 is as follows, in euros:

Company	Share Capital	Reserves	Retained earnings	Profit of the year	Currency translation adjustments	Total Equity
<b>Group Companies:</b>						
Lleidanetworks Serveis Telemàtics, LTD	4,00	-	(480.956,29)	45.932,35	-	(435.019,94)
Lleidanet USA Inc	397.591,09	-	(1.008.062,83)	14.056,31	72.748,75	(523.666,68)
Lleidanet Honduras, S.A. (**)	-	-	-	-	-	-
Lleidanet Dominicana, S.R.L.	29.714,98	-	(38.729,52)	241,56	734,21	(8.038,77)
Lleida SAS	112.969,26	-	(202.551,18)	1.890,78	359.368,64	271.677,50
Lleida Chile SPA (**)	-	-	(653,03)	(7.460,87)	615,16	(7.498,74)
Lleidanet do Brasil Ltda.	10.801,08	-	(49.710,92)	(2.253,98)	7.203,12	(33.960,70)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	(524,94)	3.517,56
Portabilidades Españolas, S.L.U.	13.000,00	-	6.784,14	-	-	19.784,14
Lleidanet Costa Rica (**)	16,06	-	(156,88)	(35,74)	(46,44)	(223,00)
Lleidanet Perú	182.498,43	-	(138.180,75)	1.523,21	(1.170,49)	44.670,40
Lleida Information Technology Network Services (**)	-	-	(4.575,12)	(70.228,05)	7.120,79	(67.682,38)
Lleidanet South Africa (**)	5,02	-	-	(131,86)	(15,28)	(142,12)
Indenova, S.L.	200.000,00	2.294.857,78	-	(175.544,27)	-	2.319.313,51
Lleidanet SAAS Middle East and Africa DMCC	12.022,73	-	-	-	-	12.022,73
<b>Affiliated companies:</b>						
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 2021



The summary of the equity of the investees at 31 December 2020 is as follows, in euros:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2020	Theoretical book value 31/12/2020
<b>Group Companies:</b>					
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%	-	-	-	-
Desembolsos pendientes Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Desembolsos pendientes Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Desembolsos pendientes Lleidanet Dominica, SRL		(10.127,97)	-	(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Desembolsos pendientes Lleida Information Technology Network Services		(34.141,19)	-	(34.141,19)	-
<b>Affiliated Companies:</b>					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
<b>Total</b>		<b>782.434,98</b>	<b>(423.752,09)</b>	<b>358.682,89</b>	<b>(765.788,94)</b>

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

The summary of the equity of the investees as at 31 December 2020 is as follows, in euros:

Entity	Share Capital	Reserves	Results from previous years	Result of the financial year	Other movements	Total Equity
<b>Empresas del Grupo:</b>						
Lleidanetworks 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, S.A. (**)	941,50	-	-	-	-	941,50
Lleidanet Dominicana, S.R.L.	29.714,98	-	(26.163,68)	(12.565,85)	-	(9.014,55)
Lleida SAS	112.969,26	-	59.981,54	142.569,64	-	315.520,44
Lleida Chile SPA (**)	3.256,83	-	(262,43)	(390,60)	-	2.603,80
Lleidanet do Brasil Ltda.	10.801,08	-	(36.633,39)	(13.077,54)	-	(38.909,85)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	-	4.042,50
Portabilidades Españolas, S.L.U.	13.000,00	-	(4.432,91)	11.217,05	-	19.784,14
Lleidanet Costa Rica (**)	16,06	-	(117,65)	(39,23)	-	(140,82)
Lleidanet Perú	138.188,59	-	(91.437,01)	(46.743,74)	-	7,84
Lleida Information Technology Network Services (**)	69.647,26	-	-	(4.575,12)	-	65.072,14
Lleidanet South Africa (**)	-	-	-	-	-	-
<b>Empresas del Asociadas:</b>						
Lleida Networks India Private Limited (*)	26.300,00	83.415,22	-	(28.289,93)	-	81.425,29



**NOTE 10. FINANCIAL LIABILITIES**

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debits and payable items (Note 10.1)	6.096.675,49	1.993.897,88	1.550.111,90	106.390,16	7.646.787,39	2.100.288,04

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debits and payable items (Note 10.1)	1.679.852,92	835.502,12	4.099.532,12	2.374.657,43	5.779.385,04	3.210.159,55

**10.1) Debits and Payable Items**

The breakdown as of December 31, 2021 and at December 31, 2020 is as follows, in euros:

	Balance as of 31/12/2021		Balance as of 31/12/2020	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>For commercial transactions:</b>				
Suppliers	-	1.737.866,70	-	1.722.871,13
Suppliers (Related parties) (Note 19.1)	-	116.115,44	-	226.865,25
Creditors	-	470.907,60	-	248.812,48
Advances from costumers	-	116.149,67	-	101.758,60
<b>Total balances for commercial transactions</b>	-	<b>2.441.039,41</b>	-	<b>2.300.307,46</b>
<b>For non-commercial operations:</b>				
Debts with credit institutions	6.096.675,49	1.679.852,92	1.993.897,88	827.002,98
Other financial liabilities	-	-	-	8.499,14
Personnel (outstanding salaries)	-	3.001,79	-	-
Other debts	1.550.111,90	1.655.490,92	106.390,16	74.349,97
<b>Debits and payable items</b>	<b>7.646.787,39</b>	<b>3.338.345,63</b>	<b>2.100.288,04</b>	<b>909.852,09</b>
<b>Total balances for non-commercial operations</b>	<b>7.646.787,39</b>	<b>3.338.345,63</b>	<b>2.100.288,04</b>	<b>909.852,09</b>
<b>Total debts and payable items</b>	<b>7.646.787,39</b>	<b>5.779.385,04</b>	<b>2.100.288,04</b>	<b>3.210.159,55</b>

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2021 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Loans	1.679.852,92	6.096.675,49	7.776.528,41
	<b>1.679.852,92</b>	<b>6.096.675,49</b>	<b>7.776.528,41</b>

The breakdown of debts with credit institutions at 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
	<b>835.502,12</b>	<b>1.993.897,88</b>	<b>2.829.400,00</b>

Loans

The detail of the bank loans as of December 31, 2021, expressed in Euros, is the following:

Loans	Last Maturity	Initial Amount	Pending at closing
Loan 24 (*)	15/10/2025	78.375,60	43.627,60
Loan 36	02/11/2022	300.000,00	58.359,29
Loan 37	01/03/2022	150.000,00	9.375,00
Loan 38	18/06/2023	195.000,00	60.620,92
Loan 39	02/07/2023	200.000,00	66.329,07
Loan 40	28/12/2023	400.000,00	162.956,00
Loan 41	29/03/2024	250.000,00	115.518,23
Loan 42	12/04/2024	400.000,00	191.022,69
Loan 43	03/05/2024	300.000,00	148.548,74
Loan 44	04/06/2024	250.000,00	128.121,46
Loan 45	30/04/2025	400.000,00	334.987,79
Loan 46	22/04/2025	400.000,00	335.097,20
Loan 47	08/04/2025	400.000,00	335.151,93
Loan 48	31/03/2026	500.000,00	426.189,63
Loan 49	09/07/2028	1.200.000,00	1.129.856,99
Loan 50	31/07/2028	3.200.000,00	3.014.188,42
Loan 51	09/10/2027	1.250.000,00	1.216.577,45
		<b>9.873.375,60</b>	<b>7.776.528,41</b>

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

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

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

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

During the year 2021, loans for a total amount of 6.150 thousand euros were contracted with various financial institutions. This contracting arose basically from the acquisition of the investee Indenova, S.L.

### **Credit Lines**

As of December 31, 2021, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.815.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 0,00 euros (134.026,31 euros at the end of the previous year).

### **Lines of Effects and Import Advances**

As of December 31, 2021, the Company has discount policies granted with a total limit amounting to 700.000 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 Financial Liabilities**

##### **Deferred payment for the acquisition of Indenova, S.L.**

On 30 November 2021 the Company acquired 100% of the shares of Indenova, S.L. for a price of 7.100.000,00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, being deferred. A payment schedule has been established, with the last payment due on 20 November 2025.

On 30 November 2021 the Company acquired 100% of the shares of Indenova, S.L. for a price of 7,100,000.00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, deferred. A schedule of payments has been established, with dates 30 November 2022, 2023, 2024 and 2025 in cash, and another schedule of payments with dates 30 November 2023, 2024 and 2025 consisting of a fixed amount to be paid by means of the delivery of shares in Lleidanetworks Serveis Telemàtics, S.A. (own shares).



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 2021 is as follows, in euros:

Loan	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	106.390,16
		300.000,00	106.390,16

The detail at the close of fiscal year 2020 was as follows, in euros:

Loan	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	173.583,92
		300.000,00	173.583,92

**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, 2021 is the following, in Euros:

	Maturity years					Total
	2022	2023	2024	2025	2026	
<b>Financial debts:</b>						
Debts with credit institutions	1.679.852,92	1.611.346,86	1.342.472,23	1.054.591,38	876.938,82	7.776.528,41
	1.679.852,92	1.611.346,86	1.342.472,23	1.054.591,38	876.938,82	7.776.528,41
<b>Other financial liabilities:</b>						
Other debts	1.655.490,92	542.834,90	503.638,50	503.638,50	-	3.205.602,82
Deferred payment acquisition Indenova, S.L.	76.794,09	39.196,40	-	-	-	115.990,49
	1.578.696,83	503.638,50	503.638,50	503.638,50	-	3.089.612,33
<b>Commercial creditors and other payable items:</b>						
Suppliers	2.444.041,20	-	-	-	-	2.444.041,20
Suppliers (related parties)	1.737.866,70	-	-	-	-	1.737.866,70
Sundry creditors	116.115,44	-	-	-	-	116.115,44
Advances from costumers	470.907,60	-	-	-	-	470.907,60
Personnel (remunerations pending payment)	116.149,67	-	-	-	-	116.149,67
	3.001,79	-	-	-	-	3.001,79
<b>Total</b>	<b>5.779.385,04</b>	<b>2.154.181,76</b>	<b>1.846.110,73</b>	<b>1.558.229,88</b>	<b>876.938,82</b>	<b>13.426.172,43</b>

The breakdown of the maturity dates of the liability financial instruments at the close of 2020 is the following, in Euros:

	Maturity years					Total
	2021	2022	2023	2024	2025	
<b>Financial debts:</b>						
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
<b>Other debts</b>	74.349,97	66.666,59	39.723,57	-	-	180.740,13
<b>Commercial creditors and other payable items:</b>						
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
<b>Total</b>	3.210.159,55	845.850,50	724.928,74	408.566,01	120.942,80	5.310.447,60



**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 403.500 euros, a customary instrument when signing an interconnection agreement.

The Company does not have any guarantees for loans.

**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 2021 Days	Financial Year 2020 Days
Average payment period	33,17	33,37
Paid operations ratio	33,78	31,93
Outstanding payments operations ratio	30,22	39,98
	Financial Year 2021 Euros	Financial Year 2020 Euros
Total payments paid	11.246.740,85	10.093.356,05
Total outstanding payments	2.324.889,74	2.200.257,44

**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 treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Company has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Company has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

### **12.3) Market Risk**

Possible market risks are described in note 1.e.

### **12.4) Exchange Rate Risk**

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments. In the case of loans to Group companies, the reference currency is the euro, so that the exchange rate risk is borne by these Group companies.

### **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, 2021, and December 31, 2020, 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, 2021, as well as of December 31, 2020, 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:

	31/12/2021	31/12/2020
Legal Reserve	64.199,77	64.199,77
Voluntary Reserves	3.246.731,56	3.421.989,29
	<b>3.310.931,33</b>	<b>3.486.189,06</b>

#### **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, 2021, 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**

On 1 June 2015, the Company's shareholders' meeting resolved to authorise the Board of Directors to derivatively acquire treasury shares under the terms provided for in current legislation. These acquisitions of treasury shares were made through the liquidity provider GVC Gaesco Valores SV, S.A. At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova, whereby it was agreed to pay part of the deferred purchase price in shares of the parent company. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A. in which 30 thousand shares were transferred from the former liquidity provider Gaesco, and an additional 150 thousand euros were allocated for the management of the company's treasury stock.

Given the evolution of the Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

As of December 31, 2021, the Parent Company holds own shares for an amount of 1.683.884,76 euros (759.458,01 euros at the end of the previous year) at an average cost price of 5,14 euros per share (7,10 euros per share in the previous year).

**NOTE 14. FOREIGN CURRENCY**

The most significant foreign currency balances as of December 31, 2021, totalized in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	BRL	GBP	ARS	PNL
<b>CURRENT ASSETS</b>						
Trade debtors and other accounts	27.744,46	31.932,62	25,50	-	-	-
<b>CURRENT LIABILITIES</b>						
Trade creditors and other payable accounts	33.864,57	37.161,87	-	46,05	100.000,00	842,47

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

	EUROS	USD	GBP	ZAR	ARS	PNL	MXIN
<b>CURRENT ASSETS</b>							
Trade debtors and other accounts	10.331,42	12.038,27	168,48	-	-	-	-
<b>CURRENT LIABILITIES</b>							
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 transactions carried out during the financial year 2021 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	CHF	MXN	ZAR	PLN	JPY	AED	BRL
Purchases and services received	1.534.393,20	1.649.183,98	35.259,28	8.268.482,00	700,00	275.529,65	362.051,93	35.382,66	103.700,00	84.754,45	-
Sales and services given	305.517,28	354.192,90	142,55	-	-	8,92	-	-	-	-	25,50

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	-	-	-	-



**NOTE 15. TAX SITUATION**

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2021 and 2020 in Euros:

	31/12/2021		31/12/2020	
	Active	Payable	Active	Payable
<b>Non Current:</b>				
Deferred tax assets	256.638,33	-	136.418,80	-
<b>Current:</b>				
Value Added Tax	3.257,82	151.685,55	3.257,82	80.710,49
Grants to be paid (*)	-	-	7.200,60	-
Income Tax retentions	-	69.718,39	-	58.013,97
Social Security bodies	-	-	10.432,98	-
Income tax	1.739,39	83.932,51	2.015,65	74.449,19
	<b>4.997,21</b>	<b>305.336,45</b>	<b>22.907,05</b>	<b>213.173,65</b>

**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, 2021, the Company has all the taxes to which it is subject from 2018 to 2021 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 2021 with the tax base of the profit tax is:

Profit and Loss Account			
Financial year's earnings (After taxes)			772.367,96
	Increases	Decreases	Net effect
Profit Tax	-	(14.902,83)	(14.902,83)
Permanent differences	216.395,78	-	216.395,78
Taxable income (tax result)			973.860,91

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

	2021	2020
Charge at 25 % of Taxable Income	243.465,23	117.187,81
Deductions	(140.648,52)	(85.256,77)
Net tax payable	102.816,71	31.931,04
Less: withholdings and payments	(74.535,20)	(42.364,02)
Tax payable	28.281,50	(10.432,98)

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

	2021	2020
Current tax	105.316,70	52.444,19
Deferred tax	(120.219,53)	(136.418,80)
Total	(14.902,83)	(83.974,61)

The movement of deferred taxes generated and cancelled during financial year 2021 is detailed below in euros:

	Balance at 31/12/2020	Generated	Balance at 31/12/2021
Deferred tax assets:			
Tax credits	136.418,80	120.219,53	256.638,33

The movement of deferred taxes generated and cancelled during financial year 2020 is detailed below in euros:

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

### Tax Loss Carry forwards

At year-end 2021, the Company has no tax loss carryforwards pending offset.

### Deductions pending to apply

As of December 31, 2021, the Group has the following deductions to apply:

Year of Origin	Amount
2006	36.337,17
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	180.537,92
2018	170.354,09
2019	163.214,66
2020	136.418,80
2021	131.964,53
	<b>2.692.963,62</b>

In view of the Company's good performance, the Board of Directors has decided to recognise the deductions pending to apply tax credits for the years 2020 and 2021 as assets of the Company.



**NOTE 16. INCOME AND EXPENSES****a) Revenues***1. Disclosure of revenues from ordinary activities.*

The distribution of the net sales corresponding to the Company's ordinary activities is shown below:

	2021		2020	
<b>Business Areas</b> (figures in thousands of euros)	<b>Euros</b>	<b>%</b>	<b>Euros</b>	<b>%</b>
SaaS Services	5.882	35,24%	4.490	29,61%
SMS Wholesale	2.812	16,85%	2.580	17,01%
SMS Comercial	7.995	47,91%	8.094	53,38%
<b>Total</b>	<b>16.689</b>	<b>100,00%</b>	<b>15.164</b>	<b>100,00%</b>

The distribution of the net sales from the Company's ordinary activities, by geographic market, is shown below:

	2021		2020	
<b>Geographic market description</b>	<b>Euros</b>	<b>%</b>	<b>Euros</b>	<b>%</b>
National	8.075.677,75	48,39%	7.434.479,27	49,03%
European Union	4.880.742,55	29,25%	3.987.063,33	26,29%
Rest of the world	3.732.450,54	22,36%	3.742.763,70	24,68%
<b>Total</b>	<b>16.688.870,84</b>	<b>100,00%</b>	<b>15.164.306,30</b>	<b>100,00%</b>

The distribution of the net sales corresponding to the Company's ordinary activities, by type of contract, is shown below:

	2021 Financial Year	2020 Financial Year
<b>Type of contract</b>		
Fixed price contracts (*)	16.094.835,96	15.051.854,85
Variable contracts (**)	594.034,88	112.451,45
<b>Total</b>	<b>16.688.870,84</b>	<b>15.164.306,30</b>

(\*) Fixed prices are the prices offered to customers for each SaaS product, as well as the wholesale prices offered in a specific period of time for a destination in the SMS. Please note that all invoices issued are based on customer consumption.

(\*\*) There are agreements with customers where the selling price is variable depending on the number of transactions made.

The distribution of the net sales corresponding to the Company's ordinary activities, by contract term, is shown below:

	2021 Financial Year	2020 Financial Year
<b>Contract duration</b>		
Short-term contracts	-	-
Long-term contracts	16.688.870,84	15.164.306,30
<b>Total (*)</b>	<b>16.688.870,84</b>	<b>15.164.306,30</b>

(\*) The contracts signed by Lleida.net with its clients are normally for a period of one year with tacit renewal. We are not aware of any client who has asked us to terminate the contract in the first year.

The distribution of the net sales from the Company's ordinary activities, by sales channel, is shown below:

	2021 Financial Year	2020 Financial Year
<b>Sales channels</b>		
Distributors or wholesalers	654.799,69	387.402,58
Retailers (*)	246.837,33	255.977,20
Direct sales	15.787.233,82	14.520.926,52
<b>Total</b>	<b>16.688.870,84</b>	<b>15.164.306,30</b>

(\*) Retailers are the customers who buy our products online.

There are invoices to be issued, mainly for interconnection customer consumption in December 2021, which are invoices issued in January 2022.

There are no significant payment terms. The usual method of collection is by transfer, either on demand or 30 days after the invoice date.

There are no returns as there is no tangible asset. As for guarantees, they are those inherent to the service established by standard contract.

## **b) Supplies**

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

	2021	2020
<b>Consumption of merchandise</b>		
National	3.220.169,07	2.990.019,66
Intracommunity acquisitions	3.589.742,66	2.490.257,62
Imports	1.798.948,38	2.407.138,65
	<b>8.608.860,11</b>	<b>7.887.415,93</b>

## **c) Social Security**

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

	2021	2020
Social Security paid by the Company	812.160,67	682.802,19
Other social expenses	117.916,28	119.667,17
<b>Employee welfare expenses</b>	<b>930.076,95</b>	<b>802.469,36</b>

**d) Financial Results**

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

	2021	2020
<b>Financial incomes</b>		
Financial incomes from group companies	15.753,31	24.188,70
Other financial incomes	812,69	1.382,28
	<b>16.566,00</b>	<b>25.570,98</b>
<b>Financial expenses</b>		
For debts with credit institutions	(72.948,51)	(67.795,41)
	<b>(72.948,51)</b>	<b>(67.795,41)</b>
Change in fair value of financial instruments	5.288,17	(2.267,85)
Exchange differences	(159.668,16)	(61.495,37)
Gains (losses) on disposals and other	-	(143.880,00)
<b>Financial Result Positive / (Negative)</b>	<b>(210.762,50)</b>	<b>(249.867,65)</b>

**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**

On 20 January 2022, a 10-year loan agreement was signed between the Company and its investee Indenova S.L.U. for 1 million euros, which will be used to pay off its loans with previous partners financed at 8% interest. This will reduce the financial cost of the subsidiary and of the Lleida.net group.

At the date of drawn up these annual accounts, the Company has assessed the possible impact of the war in Ukraine on its operations and results. To date, there has been no significant impact on the Company, only the increase in the price of electricity, although this is not a cost item that has a significant impact on the Company's margin.

Except as mentioned in the preceding paragraphs, there have been no significant events between the balance sheet date and the date of preparation of these financial statements that, affecting them, would not have been included in them, or the knowledge of which would be useful to a user of these financial statements.





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.	PORTABI- LIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	LLEIDANET CHILE	Total
<b>NON CURRENT ASSETS</b>	-	-	-	-	-	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	349.310,73	51.740,08	-	26.229,14	-	34.524,85	2.871,46	1.381,38	5.143,37	471.201,01
Impairment	(349.310,73)	(51.740,08)	-	(26.229,14)	-	-	(2.871,46)	-	-	(430.151,41)
<b>CURRENT ASSETS</b>	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	404.105,56	736.612,04	208.104,05	5.046,97	147.314,05	17.920,68	47.747,97	-	-	1.566.851,32
Impairment	(166.649,33)	(426.221,52)	-	(5.046,97)	-	(17.920,68)	(47.747,97)	-	-	(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	111.536,89	81.466,24	22,74	2.669,62	-	3.299,33	10.139,15	-	-	209.133,96
Impairment	(59.039,94)	-	-	(2.669,62)	-	-	(10.139,15)	-	-	(71.848,71)
<b>CURRENT LIABILITIES</b>	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

### 19.2) Transactions with Related Parties

The most significant transactions carried out with associated parties at financial year 2021 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	PORTABILIDADES ESPAÑOLAS	UAE LLC
Sales	206.698,76	379.168,70	971.710,21	5.105,01	20.012,34	14.026,59	226.711,47	-
Purchases	108.650,54	-	-	-	-	3.911,63	4.151,49	-
Interest incomes	221,36	9.638,56	-	1.452,64	1.228,65	1.045,91	-	2.166,19

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	REPORTABILIDADES ESPAÑOLAS
Sales	236.366,80	330.981,37	399.050,15	26.662,92	17.920,68	2.250,60	198.167,57
Purchases	162.157,66	-	-	-	-	-	5.403,44
Interest incomes	4.297,61	15.443,36	22,72	1.688,16	1.232,02	1.491,43	-

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

The remuneration accrued during the financial year 2021 by the Board of Directors amounted to 100.500 euros (99.000 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 296.947,77 euros (310.336,38 euros in the previous year). The detail of this amount is as follows, in euros:

	2021	2020
Wages and salaries	277.749,63	293.259,73
Payment in kind	19.198,14	17.076,65
	296.947,77	310.336,38

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

As of December 31, 2021, and 2020, 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 2021 and 2020, distributed by category, is as follows:

	2021	2020
Senior Executives	3	3
Administration	7,62	4
Commercial	14,17	17,5
Production	46,11	41,04
Maintenance	0,5	1
Reception	5,84	8
Business development	7,51	6,41
Compliance	3,31	3,1
Human Resources	2,24	1,12
Intellectual Property	1,5	1,12
<b>TOTAL</b>	<b>91,80</b>	<b>86,29</b>

The number of employees at the end of the fiscal years 2021 and 2020, , broken down by category and sex, is as follows:

	2021				2020			
	Men	Women	Total	Disability greater than or equal to 33%	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	2	3	-	1	2	3	-
Administration	2	6	8	1	1	3	4	1
Commercial	6	7	13	1	8	10	18	1
Production	41	5	46	-	37	6	43	1
Maintenance	-	1	1	-	-	1	1	-
Reception	-	6	6	-	-	8	8	-
Business development	4	5	9	-	3	5	8	-
Compliance	-	5	5	-	-	4	4	-
Human Resources	1	2	3	-	1	1	2	-
Intellectual Property	2	-	2	-	2	-	2	-
<b>TOTAL</b>	<b>57</b>	<b>39</b>	<b>96</b>	<b>2</b>	<b>53</b>	<b>40</b>	<b>93</b>	<b>3</b>

The breakdown of the audit fees for the financial years 2021 and 2020 is as follows:

	2021	2020
Statutory Auditor's fees for the provision of audit services:	15.000	13.850
Statutory Auditor's fees for other non-audit services (*)	9.500	9.950
Statutory Auditor's network firms' fees for other and other services (**)	7.500	11.500
<b>Total</b>	<b>32.000</b>	<b>35.300</b>

(\*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the interim financial statements as at 30 June 2021 and 30 June 2020.

(\*\*) The amount of fees from firms in the Statutory Auditor's network for other services other than transfer pricing reports.

It is reported that during the year the Company has paid the premium corresponding to the civil liability policy that would eventually cover damages caused to third parties due to acts or omissions related to the performance of its duties. The premium amounted to 28.119 euros (19.107 in the previous year).

**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

**DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021**



## **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**

### **DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021**

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 2021.

#### **1. EVOLUTION OF BUSINESS**

In 2021, sales increased by 10% to 16,7 million euros. In 2015, when we carried out the capital increase, one of the objectives was to strengthen our SaaS line. Currently, SaaS sales amount to €5.9 million, compared to €4.5 million in 2020. This represents more than 35% of the Company's total sales and reflects the change of strategy we are committed to for the future. The increase of 1,4 million euros was boosted by the increase in international sales, as well as by the increase in consumption by our recurring customers. The pandemic increased the consumption of notifications and electronic contracting services, but we can see that this was not a one-off situation, but rather that the use of these services by customers has been consolidated, surpassing the large figures we obtained during the pandemic.

The Wholesale SMS line, which aggregates all SMS sales to operators and aggregators, remains at 2020 levels. As a result of the pandemic, the Wholesale market has become very competitive, with a significant drop in margins. Lleida.net continues to be a reference company within the market and has maintained the global margin of this line of business. The relative weight with respect to total sales has gone from 53% in 2020 to 48% in 2021.

Sales of commercial SMS, which are sales to end customers, increased by 9% to 2,8 million euros.

The margin on sales reached 48,4%, compared to the 48% it represented in 2020 in percentage terms, but in absolute terms we have an increase of 11%. The increase in percentage terms is explained by the greater weight of SaaS sales, with a higher margin than the rest of the business lines, with respect to total 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 costs have increased by 19%, with the parent company currently employing 94 people, which represents a 6% increase in headcount compared to the end of the 2020 financial year. The company has implemented the teleworking protocol for most of its staff.

External services expenses increased by 13% to 2,8 million euros, mainly due to the expenses inherent to the acquisition of Indenova S.L. in November 2021, amounting to around 180 thousand euros. Likewise, we have returned this year to face-to-face trade fairs and commercial travel, after a 2020 with contained costs in this section due to the mobility limitations that existed.

EBITDA reached 2 million euros, maintaining a capitalization of R&D costs in relation to sales similar to 2020, 4,3%, and being able to absorb the non-recurring costs of the acquisition. Operating income remained at around one million euros, as in fiscal year 2020. The pre-tax result stands at 757 thousand euros, 7% higher than the previous year, which was exceptional due to the pandemic effect.

Lleida.net has managed to exceed the 2020 figures, with a clear commitment to both organic and inorganic growth, as evidenced by the latest acquisition.

Sales by business line thousand euros

	2020	2021	Var. Euros	Var. %
SaaS Services	4.490	5.882	1.392	31%
SMS Solutions	2.581	2.812	231	9%
ICX WHOLESALE	8.094	7.995	-99	-1%
<b>Total</b>	<b>15.165</b>	<b>16.689</b>	<b>1.524</b>	<b>10%</b>

<u>Data in thousand euros</u>	2020	2021	Var. Euros	Var. %
Sales	15.165	16.689	1.524	10%
Cost of sales	-7.997	-8.609	722	9%
<b>Gross Profit</b>	<b>7.278</b>	<b>8.080</b>	<b>802</b>	<b>11%</b>
Staff Expenses	-3.326	-3.969	643	19%
Other expenses	-2.536	-2.874	338	13%
Other incomes	144	100	-44	31%
Capitalization	662	723	61	9%
<b>EBITDA</b>	<b>2.222</b>	<b>2.060</b>	<b>-162</b>	<b>-7%</b>
Depreciation	-1.181	-1.093	-88	-7%
Results on disposals	-80	-9	-71	-89%
Other results	0	10	10	#DIV/0!
<b>Operating Result</b>	<b>961</b>	<b>968</b>	<b>7</b>	<b>1%</b>
Financial income	-42	-56	14	33%
Impairment and losses	-62			
Impairment and results on disposals	-144	-160	16	
Exchange rate differences	-3	5	8	267%
<b>Profit before tax</b>	<b>710</b>	<b>757</b>	<b>47</b>	<b>7%</b>

## 2. SUBSEQUENT EVENTS

On 20 January 2022, a 10-year loan agreement was signed between the parent company and its subsidiary Indenova S.L.U. for 1 million euros, which will be used to pay off its loans with previous partners financed at 8% interest. This will reduce the financial cost of the subsidiary and of the Lleida.net group.



After 31 December 2021 and up to the date of preparation of this Directors' Report, there have been no subsequent events, except as mentioned in the previous paragraph, which reveal circumstances that already existed at 31 December 2021 and which, due to the importance of their economic impact, should lead to adjustments in the annual accounts or modifications in the information contained in the notes to the annual accounts.

### **3. SUSCEPTIBLE EVOLUTION OF SOCIETY**

The forecast for fiscal 2022 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 2021, the Company invested EUR 723 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.

At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidatnet contractual obligations with respect to the acquisition of Indenova. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

On 29 September 2021, the Company changed its Liquidity Provider from GVC GAESCO, S.A. to SOLVENTIS A.V., S.A.

Given the evolution of the Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

As of December 31, 2021, the Company held 320.604 securities with a valuation on that date of 1.264.492,36 euros, which represented 2% of the shares of Lleidatnetworks Serveis Telemàtics, S.A.



## **6. FINANCIAL INSTRUMENTS**

During 2021 the Company has not used instruments related to financial derivatives (see Note 12).

The treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Company has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Company has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments. In the case of loans to Group companies, the reference currency is the euro, so that the exchange rate risk is borne by these Group companies.

## **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, 2021, which comprises the attached pages number 1 to 60.

Lleida, March 30, 2022  
Board of Directors



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Mr. Francisco Sapena Soler  
Chairman and Chief Executive Officer

**PEREZ SUBIAS  
MIGUEL -  
17147802Z**

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MIGUEL - 17147802Z  
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Mr. Miguel Pérez Subias  
Independent Director

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SEBARROJA JORDI -  
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el día 30/03/2022  
con un certificado emitido  
por AC FNMT Usuarios

Mr. Jordi Carbonell i Sebarroja  
Independent Director

**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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BDO es la marca comercial utilizada por toda la red BDO y para todas sus firmas miembro.

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