




LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

INTERIM FINANCIAL STATEMENTS AND DIRECTOR'S
REPORT FOR THE SIX-MONTH PERIOD ENDED ON JUNE,
30TH 2021 TOGETHER WITH THE INDEPENDENT LIMITED
REVIEW REPORT ON THE INTERIM FINANCIAL
STATEMENTS



(TRANSLATION FROM THE INTERIM FINANCIAL STATEMENTS TO BE ISSUED ORIGINALLY IN SPANISH AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN SPAIN. IN THE EVENT OF A DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS)



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Interim Financial Statements and Directors'
Report for the period ended on June, 30th 2021
together with the Independent Auditor's
Report on the Interim Financial Statements

LIMITED REVIEW AUDIT REPORT ON THE INTERIM FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS AND NOTES FOR THE SIX MONTH PERIOD ENDED ON JUNE 30, 2021:

Balance Sheets as of June 30, 2021 and December 31, 2020
Income and Expenses Statement for the six-month period ended on June 30, 2021 and the six-month period ended on June 30, 2020.
Statements of Changes in Equity for the six-month period ended on June 30, 2021 and the year 2020.
Statements of Cash Flows for the six-month period ended on June 30, 2021 and the six-month period ended on June 30, 2020.
Notes to the Interim Financial Statements as of June 30, 2021.

DIRECTORS' REPORT FOR THE SIX MONTH PERIOD ENDED ON JUNE 30th 2021



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

LIMITED REVIEW AUDIT REPORT ON THE INTERIM FINANCIAL STATEMENTS

*(Translation of the report originally issued in Spanish.
In the event of discrepancy, the Spanish Language version prevails)*

Limited Review Report on the Interim Financial Statements

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

Limited review report on the interim financial statements

Introduction

We have reviewed the interim financial statements of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A., which comprise the balance sheet as of June 30, 2021, the income statement, the statement of changes in equity, the cash-flow statement and the notes to the interim financial statements for the six-month period then ended. The directors are responsible for the preparation and fair presentation of the interim financial statements in accordance with the regulatory framework of financial information applicable to the Company in Spain, as identified in Note 2.a of the accompanying notes to the interim financial statements, and of the internal control deemed necessary to enable the preparation of the financial statements free of material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Company". A limited review on interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A limited review has a substantially lower scope than an audit conducted in accordance with the regulations governing the auditing of accounts and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the interim financial statements.


Conclusion

Based on our limited review, which cannot be understood as an audit of accounts, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects the true and fair view of the equity and financial position of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A., as of June 30, 2021, as well as its results and its cash-flows for the six-month period then ended, in accordance with the applicable financial information regulatory framework and, in particular, with the accounting principles and criteria contained therein.

Other matters

This report has been prepared at the request of the Board of Directors of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. in connection with the publication of the six-month period financial report required by the Circular 3/2020, BME Growth on "Information to be provided by companies listed for trading in the BME Growth segment of BME MFT Equity".

BDO Auditores, S.L.P. (RØAC n° S1273)



Ramon Roger Rull (ROAC 16.887)
Audit Partner

October 28, 2021

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

INTERIM FINANCIAL STATEMENTS FOR
THE PERIOD ENDED ON JUNE 30, 2021

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF JUNE 30, 2021 AND DECEMBER 31, 2020**

(Expressed in Euros)

ASSETS	Notes to the Annual Accounts	30/06/2021	31/12/2020
NON-CURRENT ASSETS		4.636.588,80	4.488.020,85
Intangible assets	Note 4	3.573.557,86	3.583.013,57
Research		1.965.028,34	2.369.252,79
Patents, licenses, trade marks and similar		662.754,59	637.219,74
Computer applications		23.407,84	28.860,28
Other intangible assets		922.367,09	547.680,76
Tangible fixed assets	Note 5	508.449,43	332.984,48
Land and buildings		150.394,98	152.942,51
Technical installations and other tangible fixed assets		358.054,45	180.041,97
Tangible assets in progress		-	-
Long-term investments in group and affiliated companies		341.359,30	399.732,49
Equity instruments	Note 8	220.494,30	358.682,89
Loans to companies	Notes 7.2 & 18.1	120.865,00	41.049,60
Long-term financial investments	Note 7	34.705,94	35.871,51
Equity instruments		10.197,40	10.197,40
Other financial assets		24.508,54	25.674,11
Deferred Tax Assets	Note 14	178.516,27	136.418,80
CURRENT ASSETS		8.635.277,42	8.267.179,42
Trade and other receivables		2.606.981,55	3.293.821,07
Client receivables for sales and services	Note 7.2	2.230.910,41	2.316.873,86
Clients of the Group and affiliated companies	Notes 7.2 & 18.1	327.383,57	903.264,85
Sundry debtors	Notes 7.2	21.331,95	47.203,27
Staff	Notes 7.2	5.624,83	3.572,04
Current tax assets	Note 14	10.432,98	10.432,98
Other receivables from Public Authorities	Note 14	11.297,81	12.474,07
Short-term investments in group and affiliated companies	Note 7.2	144.438,88	137.285,26
Loans to companies		144.438,88	137.285,26
Short-term financial investments	Note 7.2	812.022,00	1.262.022,00
Other financial assets		812.022,00	1.262.022,00
Short-term accruals		323.078,09	314.761,51
Cash and cash equivalents	Note 7.1	4.748.756,90	3.259.289,58
Cash		4.748.756,90	3.259.289,58
TOTAL ASSETS		13.271.866,22	12.755.200,27

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF JUNE 30, 2021 AND DECEMBER 31, 2020**

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Interim Financial Statements	30/06/2021	31/12/2019
EQUITY		7.387.897,75	7.189.214,27
Equity		7.387.897,75	7.189.214,27
Capital	Note 12.1	320.998,86	320.998,86
Share Capital		320.998,86	320.998,86
Issue Premium	Note 12.3	5.244.344,28	5.244.344,28
Reserves	Note 12.2	3.408.222,24	3.486.189,06
Legal and statutory		64.199,77	64.199,77
Other Reserves		3.344.022,47	3.421.989,29
(Shares and own holdings in equity)	Note 12.4	(508.884,93)	(759.458,01)
Retained earnings		(1.349.900,40)	(1.897.046,66)
Financial year's earnings		273.117,70	794.186,74
NON-CURRENT LIABILITIES		2.053.874,88	2.100.288,04
Long-term debts	Note 9.1	2.053.874,88	2.100.288,04
Debts with credit institutions		1.975.482,12	1.993.897,88
Financial lease debts		-	-
Other financial liabilities		78.392,76	106.390,16
CURRENT LIABILITIES		3.830.093,59	3.465.697,96
Short-term provisions		22.392,82	42.364,76
Short-terms debts	Note 9.1	1.004.196,44	909.852,09
Debts with credit institutions		926.469,84	827.002,98
Financial lease debts		-	8.499,14
Other financial liabilities		77.726,60	74.349,97
Trade and other payables		2.803.504,33	2.513.481,11
Suppliers	Note 9.1	1.827.421,21	1.722.871,13
Suppliers, group and affiliated companies	Note 9.1 and 18.1	64.526,40	226.865,25
Sundry creditors	Note 9.1	435.327,75	248.812,48
Staff (amounts to be paid)	Note 9.1	98.254,51	325,25
Current tax liabilities	Note 14	47.374,92	-
Other debts with Public Authorities	Note 14	279.843,66	213.173,65
Advances from clients	Note 9.1	50.755,88	101.758,60
TOTAL EQUITY AND LIABILITIES		13.271.866,22	12.755.200,27

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**INCOME AND EXPENSES STATEMENT FOR THE SIX MONTH PERIOD ENDED
ON JUNE 30, 2021 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2020**

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Interim Financial Statements	2021 (6 months)	2020 (6 months)
Net turnover	Note 20	7.826.081,03	7.243.878,84
Net sales		7.826.081,03	7.243.878,84
Work performed by the company for its assets	Note 4	400.046,29	331.378,12
Supplies	Note 15.a	(4.038.404,51)	(3.893.879,76)
Goods consumed		(4.038.404,51)	(3.893.879,76)
Other operating income		44.947,06	-
Ancillary and other current revenues		40.618,06	-
Operating subsidies included in income		4.329,00	-
Staff expenses		(1.898.799,57)	(1.609.448,30)
Wages, salaries and the like		(1.443.086,89)	(1.211.635,29)
Fringe benefits	Note 15.b	(455.712,68)	(397.813,01)
Other operating expenses		(1.348.636,55)	(1.248.043,87)
External charges for services		(1.263.890,51)	(1.165.931,97)
Taxes		(25.625,67)	(82.003,64)
Losses, Impairment and change in trade provisions		(59.120,37)	(108,26)
Amortization of fixed assets	Notes 4 and 5	(536.027,84)	(584.453,72)
Impairment and earnings for disposals of fixed assets		(9.146,92)	(9.945,62)
OPERATING EARNINGS		440.058,99	229.485,69
Financial income	Note 15.c	8.404,23	13.690,59
Income from negotiable securities and other financial instruments, group and affiliated companies		7.805,86	13.264,38
Other income from negotiable securities and other third-party financial instruments		598,37	426,21
Financial expenses	Note 15.c	(25.890,47)	(35.608,61)
For debts with third parties		(25.890,47)	(35.608,61)
Exchange differences	Note 15.c	16.752,17	(10.386,81)
Impairment and gain or loss on disposal of financial instruments	Note 15.c	(159.668,16)	-
Impairment and loss		(159.668,16)	-
FINANCIAL EARNINGS		(160.402,23)	(32.304,83)
PRE-TAX EARNINGS		279.656,76	197.180,86
Profit tax	Note 14	(6.539,06)	-
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		273.117,70	197.180,86
FINANCIAL YEAR'S EARNINGS		273.117,70	197.180,86

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENTS OF CHANGES IN EQUITY FOR THE SIX
MONTH PERIOD ENDED ON JUNE 30, 2021 AND THE YEAR 2020**

(Expressed in euros)

	Share Capital	Own holdings in equity	Share Premium	Reserves	Retained Earnings	Financial year's earnings	Total
BALANCE, END OF 2019	320.998,86	(753.301,13)	5.244.344,28	1.492.937,50	(2.262.986,07)	577.352,91	4.619.346,35
Total recognized income and expenses	-	-	-	-	-	794.186,74	794.186,74
Transactions with shareholders:	-	(6.156,88)	-	1.976.555,51	-	(194.717,45)	1.775.681,18
Distribution of dividends	-	-	-	-	-	(194.717,45)	(194.717,45)
Transactions with own equity instruments (net)	-	(6.156,88)	-	1.976.555,51	-	-	1.970.398,63
Other changes in equity:	-	-	-	16.696,05	365.939,41	(382.635,46)	-
BALANCE, END OF 2020	320.998,86	(759.458,01)	5.244.344,28	3.486.189,06	(1.897.046,66)	794.186,74	7.189.214,27
Total recognized income and expenses	-	-	-	-	-	273.117,70	273.117,70
Transactions with shareholders:	-	250.573,08	-	(77.966,82)	-	(247.040,48)	(74.434,22)
Distribution of dividends	-	-	-	-	-	(247.040,48)	(247.040,48)
Transactions with own equity instruments (net)	-	250.573,08	-	(77.966,82)	-	-	172.606,26
Other changes in equity:	-	-	-	-	547.146,26	(547.146,26)	-
Distribution of earnings from the previous year	-	-	-	-	547.146,26	(547.146,26)	-
BALANCE AS OF JUNE 30, 2021	320.998,86	(508.884,93)	5.244.344,28	3.408.222,24	(1.349.900,40)	273.117,70	7.387.897,75

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED ON
JUNE 30, 2021 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2020**

(Expressed in Euros)

	2021 (6 months)	2020 (6 months)
CASH FLOW FROM OPERATING ACTIVITIES	1.762.723,99	1.063.785,24
Financial year's pre-tax earnings	279.656,76	197.180,86
Adjustments to earnings	781.449,53	521.975,62
Fixed asset amortisation	536.027,84	584.453,72
Valuation changes for impairment	218.788,53	108,26
Change in provisions	-	(94.450,00)
Earnings for disposals of fixed assets	9.146,92	9.945,62
Financial income	(8.404,23)	(13.690,59)
Financial expenses	25.890,47	35.608,61
Changes in current capital	720.365,55	380.252,22
Debtors and other accounts receivable	511.191,40	604.313,03
Other current assets	(13.502,21)	(36.051,04)
Trade payables and other accounts payable	242.648,30	(188.009,77)
Other non-current assets and liabilities	(19.971,94)	-
Other cash flow from operating activities	(18.747,85)	(35.623,46)
Interest payments	(25.890,47)	(35.608,61)
Charging interest	8.404,23	-
Receipts (payments) for profit tax	(1.261,61)	(14,85)
CASH FLOW FROM INVESTMENT ACTIVITIES	(246.753,64)	(521.474,23)
Payments for investments	(711.184,00)	(537.135,50)
Intangible assets	(451.776,25)	(448.830,56)
Tangible assets	(259.407,75)	(88.104,94)
Other financial assets	-	(200,00)
Proceeds from disposals	464.430,36	15.661,27
Group and affiliated companies	13.264,79	15.661,27
Other financial assets	451.165,57	-
CASH FLOW FROM FINANCING ACTIVITIES	(26.503,03)	1.148.713,50
Receipts and payments for equity instruments	172.606,26	1.123.088,87
Transfer of own equity instruments	172.606,26	1.123.088,87
Receipts and payments for financial-liability instruments	47.931,19	220.342,08
<i>Issuance</i>	500.000,00	1.200.000,00
Amounts owed to credit institutions	500.000,00	1.200.000,00
<i>Repayment and amortisation of:</i>	(452.068,81)	(979.657,92)
Amounts owed to credit institutions	(427.448,04)	(926.725,74)
Others	(24.620,77)	(52.932,18)
Dividend payments and remuneration of other equity instruments	(247.040,48)	(194.717,45)
Dividends	(247.040,48)	(194.717,45)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	1.489.467,32	1.691.024,51
Cash and cash equivalents at start of the financial year	3.259.289,58	637.042,59
Cash and cash equivalents at end of the financial year	4.748.756,90	2.328.067,10

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED AS OF JUNE 30, 2021

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

a) Incorporation and registered Office of the Company

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "the Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid.

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

b) Activities

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

The Company financial year starts on 1 January and ends on 31 December of each year. The accompanying Interim Financial Statements cover the time period between January 1 and June 30 of 2021.

c) Legal System of the Company

The Company is governed by its Articles of Association and by the current Corporate Enterprises Act.

d) Quotation in the Alternative Stock Market and in Euronext Growth

On June 1st, 2015, the Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market (MAB), currently named BME Growth, of all the shares of the Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16.049.943 shares of 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. The Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. and as Liquidity Provider to BEKA Finance, S.V., S.A. company subsequently integrated into the GVC GAESCO VALORES SV, S.A. group. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On December 19, 2018, the Company was listed on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor and Liquidity Provider. On November 2nd, 2020, the Company was listed on the OTCQX market in New York.

e) Effect of COVID on the Company

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

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

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

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

NOTE 2. PRESENTATION BASIS OF INTERIM FINANCIAL STATEMENTS

a) True and Fair View

The accompanying Interim Financial statements of the period ended as of June 30, 2021 were prepared with the accounting records of the Company 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 provide 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 Interim Financial Statements 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 Interim Financial Statements are expressed in euros.

d) Critical Aspects of Uncertainties Valuation and Estimation

There are no significant uncertainties or aspects concerning the future which are potentially associated with any serious risk and which may involve significant changes to the value of assets and liabilities in the following financial year.

There have been no changes in accounting estimates that have affected the current year or that could significantly affect future years.

e) Comparison of the Information

In accordance with commercial legislation, the Board of Directors of the Company presents, for comparison purposes, each of the Balance Sheets and the Statement of Changes in Equity, in addition to the figures for the six-month period ended on June 30, 2021, those corresponding to the 12-month period ended December 31, 2020, which were part of the Financial Statements for the year 2019 approved by the General Shareholders' Meeting on June 7, 2021. Referring to the Profit and Loss Account and the Cash Flow Statement, the Board of Directors of the Company presents, in addition to the figures for the six-month period ended June 30, 2021, those corresponding to the Interim Financial Statements as of June 30, 2020, which is why the effects on the Profit and Loss Account recognized in certain Notes to the Interim Financial Statements are not directly traceable to the Profit and Loss Account because they reflect the effect of the entire year, while the Statement of Income only reflects the effect of the 6-month period. This fact must be considered in the interpretation of these interim financial statements.

The first application of the amendments to the Spanish National Chart of Accounts introduced by Royal Decree 1/2021 of 12 January, mainly relating to the rules for recording and valuation of financial instruments and revenue recognition, had no impact as of January 1, 2021.

f) Changes in Accounting Standards

There have been no changes in the accounting standards.

g) Correction of Errors

The Interim Financial Statements for the six-month period ended June 30, 2021 do not include any adjustment related to as consequence of errors detected in previous financial years.

h) Responsibility for the Information given and the Estimates made

Company's Directors are responsible for the information provided in these Interim Financial Statements. For the preparation of the Interim Financial Statements estimates have been used in order to value some of the assets, liabilities, incomes, expenses and compromises that are registered, and that, basically, these estimations are referred to the evaluation of losses by impairment of certain assets, the useful life of non-current assets and the probability of occurrence of provisions.

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

i) Statement of Recognized Income and Expenses

In this 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 Interim Financial Statements do not include the Statement of Recognized Income and Expenses.

NOTE 3. RECOGNITION AND VALUATION STANDARDS

The principal valuation standards used by the Company in the drafting of its Interim Financial Statements on June 30, 2021, 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.

Research and Development Costs

Capitalized research and development costs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, the Management of the Company 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 Company 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 or production cost, 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 Company 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

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 financial liabilities with another party on potentially favourable terms.

The financial assets used by the Company are classified for valuation purposes in one of the following categories:

1. Financial assets at fair value through profit or loss.
2. Financial assets at amortised cost.
3. Financial assets at fair value with changes in equity.
4. Financial assets at cost.

Financial instruments issued, incurred or assumed shall be classified as financial liabilities, in whole or in part, if, based on their economic substance, they create a direct or indirect contractual obligation for the enterprise to deliver cash or another financial asset or to exchange financial assets or financial liabilities with third parties on potentially unfavourable terms.

The financial liabilities used by the Company are classified for valuation purposes in one of the following categories:

1. Financial liabilities at amortised cost.
2. Financial liabilities at fair value through profit or loss.

The Company has no financial liabilities at fair value.

Financial assets at amortised cost

A financial asset is included in this category, even when it is admitted to trading on an organised market, if the company holds the investment for the purpose of receiving cash flows from the performance 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 in an arrangement that is in the nature of a regular or ordinary loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

This category includes

- (a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in the ordinary course of business for which payment is deferred, and
- b) Non-trade receivables: financial assets which, not being equity instruments or derivatives, do not arise from trade transactions and whose collections are of a fixed or determinable amount.

Financial Assets at Fair Value through Equity

A financial asset is included in this category when 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, and it is not held for trading and is not classified as a financial asset at amortised cost. Investments in equity instruments for which an irrevocable option is exercised at the initial time to present subsequent changes in fair value directly in equity are also included in this category.

Financial Liabilities at Amortised Cost

This category includes

- a) Trade payables: financial liabilities arising from the purchase of goods and services in connection with the Company's business transactions for which payment is deferred; and
- b) Non-trade payables: financial liabilities which, not being derivative instruments, do not arise from trade transactions, but arise from loans or credits received by the company.

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

Notwithstanding the above, trade receivables and payables maturing in less than one year that do not bear interest at a contractual rate, as well as advances and loans to employees, dividends receivable and payments due on equity instruments that are expected to be paid in the short term, are measured at nominal value when the effect of not discounting cash flows is not material.

In subsequent valuations, both assets and liabilities are measured at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest method. Notwithstanding the above, receivables and payables falling due in less than one year are initially measured at nominal value and continue to be measured at nominal value, unless, in the case of receivables, they are impaired.

At least at the end of each reporting period, impairment losses shall be recognised whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

As indicated in note 11.1) the main credit risk arises from trade receivables and potential impairments are estimated on a customer-by-customer basis.

The amount of the valuation adjustment is the difference between the asset's carrying amount and the present value of the estimated cash flows.

The estimated future cash flows of a debt instrument are all the amounts, principal and interest, that the company estimates it will earn over the life of the instrument. The estimate considers all relevant information available at the date of the interim financial statements that provides information about the collectability of future contractual cash flows.

When instruments are secured by collateral and personal guarantees, the cash flows that would be realised, less the amount of costs required to obtain and subsequently sell the collateral, are included, regardless of the likelihood of realisation.

In calculating the present value of the estimated future cash flows, the original effective interest rate of the financial asset is used as the discount rate.

The recognition of interest on credit-impaired financial assets shall follow the general rules, without prejudice to the simultaneous assessment by the company of whether the amount will be recoverable and, if so, the recognition of the corresponding impairment loss.

The impairment loss so calculated shall be recognised in the profit and loss account.

If, in subsequent periods, the amount of the impairment loss decreases, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost that would have been recognised at the date of reversal had no impairment loss been recognised. The amount of the reversal shall be recognised in profit or loss.

Equity Investments in Group and Associated Companies

They are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs.

They are subsequently measured at cost less any accumulated impairment losses.

At year-end, and when there is objective evidence that the carrying amount of an investment will not be recoverable, the necessary valuation adjustments are made.

The amount of the impairment loss is determined as the difference between the carrying amount and the recoverable amount. Unless there is better evidence of the recoverable amount of the investments, the estimate of the impairment of this type of asset takes into consideration the proportional part of the equity of the investee, adjusted by the unrealised gains existing at the valuation date, which correspond to identifiable items in the investee's balance sheet.

The amount of the valuation adjustment shall be the difference between its carrying amount and the recoverable amount, the latter being the higher of its fair value less costs to sell and the present value of the future cash flows arising from the investment, which in the case of equity instruments shall be calculated either 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 class of assets shall be calculated on the basis of the investee's equity and the unrealised gains existing at the measurement date, net of the tax effect.

Impairment losses and any reversal of impairment 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.

Own Equity Instruments

An equity instrument is any legal arrangement that evidences, or reflects, a residual interest in the assets of the issuing enterprise after deducting all of 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 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 legal, notary and registry fees; printing of reports, bulletins and securities; taxes; advertising; commissions and other placement expenses, shall be recorded directly in equity as a reduction in reserves.

Derecognition of Financial Assets

A financial asset, or part of a financial asset, is derecognised 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.

Derecognition of Financial Liabilities

A financial liability is derecognised when the related obligation is extinguished.

Interest and Dividends Received on Financial Assets

Interest and dividends on financial assets accrued after the time of acquisition shall be recognised as income in the profit and loss account.

Interest on financial assets measured at amortised cost shall be recognised using the effective interest method and dividends when the member's right to receive them is declared.

For this purpose, on initial measurement of financial assets, the amount of explicit interest accrued but not yet due at that time and the amount of dividends declared by the competent body at the time of acquisition shall be recorded separately on a maturity basis.

Explicit interest" shall be understood to be that which is obtained by applying the contractual interest rate of the financial instrument. In addition, if the dividends distributed unequivocally arise from profits generated prior to the acquisition date because amounts in excess of the profits generated by the investee since acquisition have been distributed, they are not recognised as income and reduce the carrying amount of the investment.

Bonds Given and Received

For deposits given or received under operating leases or for the provision of services, the difference between the fair value of the deposit and the amount paid (for example, because the deposit is long-term and is not interest-bearing) is treated as an advance payment or collection for the lease or provision of the service, and taken to profit or loss over the period of the lease in accordance with paragraph 2 of the standard on leases and similar transactions or over the period in which the service is rendered in accordance with the standard on revenue from sales and services.

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 recognized. Profit tax for each financial year includes both current and deferred taxes, where appropriate.

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 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

An entity shall recognise revenue in the ordinary course of business when control of the goods or services committed to customers is transferred. At that time, the enterprise measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

To apply this fundamental approach to revenue recognition, the enterprise follows a comprehensive process consisting of the following successive steps:

- (a) Identify the contract(s) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations for the parties.
- (b) Identify the obligation(s) to be fulfilled in the contract, representing commitments to transfer goods or provide services to a customer.
- (c) determine the transaction price, or contract consideration, to which the firm expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.
- (d) allocate the transaction price to the obligations to be performed on the basis of the individual selling prices of each separate good or service committed to in the contract or, where appropriate, on the basis of an estimate of the selling price when the selling price is not independently observable.

(e) recognise revenue when (as) the company fulfils a committed obligation by transferring a good or providing a service; fulfilment occurs when the customer obtains control of that good or service, so that the amount of revenue recognised is the amount allocated to the contractual obligation fulfilled.

In order to account for income on the substance of transactions, identifiable components of a single transaction may need to be recognised on different bases, such as a sale of goods and the related services; conversely, different but related transactions are accounted for together.

Trade receivables are measured in accordance with the provisions of the financial instruments standard.

A company recognises revenue from a contract when (or as) control over the committed goods or services (ie the obligation(s) to be performed) is transferred to the customer.

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. For each identified performance obligation (delivery of goods or services), the enterprise determines at the inception of the contract whether the commitment will be fulfilled over time or at a point in time.

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, the fair value of the consideration received or expected to be received, which, unless there is evidence to the contrary, is the agreed price of the assets to be transferred to the customer, less: any discounts, rebates or similar items that the entity may grant; and interest embedded in the face value of receivables. However, embedded interest on trade receivables maturing within one year that do not have a contractual interest rate may be included when the effect of not discounting cash flows is not material.

Revenue from the rendering of services is recognised when the outcome of the transaction can be estimated reliably based on the percentage of completion of the service at the reporting date. Accordingly, revenue from the rendering of services is only recognised when each of the following conditions is met:

- (a) The amount of revenue can be measured reliably.
- (b) It is probable that the benefits or economic returns from the transaction will flow to the Company.
- (c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) The costs already incurred and the costs to be incurred to complete the transaction can be measured reliably.

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 Company, 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.

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

j) Related-Party Transactions

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

k) Cash-Flow Statements

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

Cash and Equivalents: Cash is both cash in hand and demand deposits. Cash equivalents are financial instruments forming part of the Company'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 Company'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 4. INTANGIBLE FIXED ASSETS

The detail and movement of Intangible Fixed Assets for the six-month period ended as of June 30, 2021 is as follows, in euros:

	31/12/2020	Additions	De-Recognition	Transfers	30/06/2021
Cost:					
Research	11.649.345,74	-	-	-	11.649.345,74
Industrial Property	928.218,54	-	-	81.000,97	1.009.219,51
Computer applications	265.367,28	3.660,75	-	-	269.028,03
Advances for intangible fixed assets	564.399,48	448.115,50	(9.146,92)	(81.000,97)	922.367,09
	13.407.331,04	451.776,25	(9.146,92)	-	13.849.960,37
Accumulated amortization:					
Research	(9.280.092,95)	(404.224,45)	-	-	(9.684.317,40)
Industrial Property	(307.717,52)	(38.747,40)	-	-	(346.464,92)
Computer applications	(236.507,00)	(9.113,19)	-	-	(245.620,19)
	(9.824.317,47)	(452.085,04)	-	-	(10.276.402,5)
Intangible Fixed Assets, Net	3.583.013,57	(308,79)	(9.146,92)	-	3.573.557,86

The details and changes in intangible fixed assets throughout the financial year 2020 were as follows, in euros:

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

Fully-amortized and in-use items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2021 and at December 31, 2020, is the following, stating their cost values in Euros:

	30/06/2021	31/12/2020
Research	7.573.601,89	7.573.601,89
Patents	87.223,51	87.223,51
Computer applications	180.706,34	180.706,34
	7.841.531,74	7.841.531,74

NOTE 5. TANGIBLE ASSETS

The detail and changes of tangible fixed assets for the six-month period ended June 30, 2021, is the following, in euros:

	31/12/2020	Additions	30/06/2021
Cost:			
Land and buildings	197.185,74	-	197.185,74
Technical installations and machinery	252.969,45	-	252.969,45
Other installations, tools and furniture	106.118,89	-	106.118,89
Data processing equipment	642.506,31	259.407,75	901.914,06
Other tangible fixed assets	4.935,79	-	4.935,79
	1.203.716,18	259.407,75	1.463.123,93
Accumulated amortization:			
Land and buildings	(44.243,23)	(2.547,53)	(46.790,76)
Technical installations and machinery	(241.768,74)	(6.320,00)	(248.088,74)
Other installations, tools and furniture	(74.609,25)	(3.844,22)	(78.453,47)
Data processing equipment	(506.123,78)	(71.078,29)	(577.202,07)
Other tangible fixed assets	(3.986,70)	(152,76)	(4.139,46)
	(870.731,70)	(83.942,80)	(954.674,50)
Tangible Fixed Assets, Net	332.984,48	175.464,95	508.449,43

The details and changes in tangible fixed assets throughout the financial year 2020 were as follows, in euros:

	31/12/2019	Additions	Transfers	31/12/2020
Cost:				
Land and buildings	197.185,74	-	-	197.185,74
Technical installations and machinery	252.969,45	-	-	252.969,45
Other installations, tools and furniture	106.118,89	-	-	106.118,89
Data processing equipment	434.519,43	102.689,08	105.297,80	642.506,31
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets	105.297,80	-	(105.297,80)	-
	1.101.027,10	102.689,08	-	1.203.716,18
Accumulated amortization:				
Land and buildings	(39.105,93)	(5.137,30)	-	(44.243,23)
Technical installations and machinery	(221.215,34)	(20.553,40)	-	(241.768,74)
Other installations, tools and furniture	(64.787,54)	(9.821,71)	-	(74.609,25)
Data processing equipment	(392.118,66)	(114.005,12)	-	(506.123,78)
Other tangible fixed assets	(3.678,65)	(308,05)	-	(3.986,70)
	(720.906,12)	(149.825,58)	-	(870.731,70)
Tangible Fixed Assets, Net	380.120,98	(47.136,50)	-	332.984,48

Fully-Amortized and in-Use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2021 and at December 31, 2020, is shown below stating their cost values in Euros:

	30/06/2021	31/12/2020
Technical installations and machinery	43.468,70	43.468,70
Furniture	1.220,60	1.220,60
Data processing equipment	376.580,17	376.580,17
Other fixed assets	3.087,87	3.087,87
	424.357,34	424.357,34

NOTE 6. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

6.1) Operating Leases (the Company as Lessee)

The operating lease charge against the results as an expense in the period ended as of June 30, 2021, is 64.668,67 euros (63.805,59 euros in the period of six months ended as of June 30, 2020).

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	98.738,85	62.253,30
Between 1 and 5 years	89.395,48	94.149,03
More than 5 years	539.635,18	554.424,52
Total	727.769,51	710.826,85

NOTE 7. FINANCIAL ASSETS

The breakdown of the long-term financial assets, except investments in the equity of the group, multi-group and affiliated companies, which are shown in Note 8, is the following, euros:

	Equity instruments		Credits and Other Financial Assets	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Financial assets at amortised cost (Note 7.2)	-	-	145.373,54	66.723,71
Financial assets at fair value with changes in equity (Note 7.3)	10.197,40	10.197,40	-	-
Total	10.197,40	10.197,40	145.373,54	66.723,71

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

	Credits and Others	Financial Assets
	30/06/2021	31/12/2020
Cash or other liquid assets (Note 7.1)	4.748.756,90	3.259.289,58
Financial assets at amortised cost (Note 7.2)	3.541.711,64	4.670.221,28
Total	8.290.468,54	7.929.510,86

7.1) Cash and other Equivalent Liquid Assets

The detail of the assets as of June 30, 2021 and at December 31, 2020 is as follows, in euros:

	Balance at 30/06/2021	Balance at 31/12/2020
Current Accounts	4.740.726,00	3.251.112,26
Cash	8.030,90	8.177,32
Total	4.748.756,90	3.259.289,58

7.2) Financial assets at amortised cost

The composition of loans and receivable items as of June 30, 2021 and at December 31, 2020 is as follows, in euros:

	Balance at 30/06/2021		Balance at 31/12/2020	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Third party customers	-	2.230.910,41	-	2.316.873,86
Group companies, customers (Note 18.1)	-	327.383,57	-	903.264,85
Third party debtors	-	21.331,95	-	47.203,27
Total loans and receivables items for commercial transactions	-	2.579.625,93	-	3.267.341,98
Loans and receivables for non-commercial transactions				
Companies of the group (Note 18.1)	120.865,00	144.438,88	41.049,60	137.285,26
Staff		5.624,83	-	3.572,04
Short-term deposits (*)		812.022,00	-	1.262.022,00
Securities and deposits	24.508,54	-	25.674,11	-
Total loans and receivables for non-commercial transactions	145.373,54	962.085,71	66.723,71	1.402.879,30
Total	145.373,54	3.541.711,64	66.723,71	4.670.221,28

(*) 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	Impairment allowance	Reversion	Transfers	Balance at 30/06/2021
Trade receivables:					
Clients	586.073,81	41.043,77	(10.383,63)	-	616.733,95
Group companies, clients	663.586,47	23.274,60	-	121.713,38	808.574,45
Receivables from non-trade operations:					
Long-term credits	430.151,41	20.850,07	-	(121.713,38)	329.288,10
Short-term credits	71.848,71	629,50	-	-	72.478,21
Total	1.751.660,40	85.797,94	(10.383,63)	-	1.827.074,71

7.3) Financial assets at fair value with changes in equity

Corresponds to the investment made by the Company in the company "IBAN Wallet", a global platform that 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 share capital.

NOTE 8. EQUITY INSTRUMENTS IN GROUP AND AFFILIATED COMPANIES

The holdings held in Group and affiliated companies as of June 30, 2021 are the following ones, in euros:

Company	% Direct Equity	Cost	Impairments	Net value at 30/06/2021	Net book value 30/06/2021
Group companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(270.485,70)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(525.130,77)
Lleidanet Honduras, SA	70%	659,05	-	659,05	-
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	5.195,21
Lleida SAS	100%	195.789,60	-	195.789,60	482.938,32
Lleida Chile SPA	100%	3.256,83	-	3.256,83	(292,93)
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(34.024,36)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	2.657,93
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	28.946,96
Lleidanet Costa Rica	100%	16,06	-	16,06	(189,01)
Lleidanet Perú	100%	138.188,59	(138.188,59)	-	(12.292,90)
Lleida Information					
Technology Network Services	49%	34.141,19	-	34.141,19	(18.179,24)
Lleidanet South Africa	100%	-	-	-	-
Lleidanet SAAS Middle East and Africa DMCC	100%	11.462,76	-	11.462,76	(1.286,62)
Pending disbursements Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Pending disbursements Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Pending disbursements Lleidanet Dominicana, SRL		(10.127,97)	-	(10.127,97)	-
Pending disbursements Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Pending disbursements Lleida Information					
Technology Network Services		(34.141,19)	-	(34.141,19)	-
Pending disbursements Lleidanet SAAS Middle East and Africa DMCC		(11.462,76)	-	(11.462,76)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
Total		782.434,98	(561.940,68)	220.494,30	(342.143,11)

Valuation Corrections

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

In 2021, the Company has fully impaired its interest in Lleidanet Peru.

Detail of activities and registered office of the Subsidiaries is indicated below:

Lleidanetworks 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 to function as an operator.

Lleidanet USA Inc

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012, subscribing Lleidanetworks 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 28 December 2020, an increase in capital of 14.000 new shares subscribed in full by Lleidanetworks Serveis Telemàtics, S.A. was approved.

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012, subscribing Lleidanetworks 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, 2019 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidanetworks Serveis Telemàtics, S.A. subscribed in entirely. On 30 December 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros, subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

Lleida Chile SPA

With its registered office in Santiago (Chile), it was incorporated on March 12, 2013, subscribing Lleidanetworks 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 Lleidanetworks Serveis Telemàtics, S.A. 12.500 shares out of a total of 50.000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013, subscribing 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.A.

Incorporated on December 4, 2015, subscribing Lleidatnetworks Serveis Telemàtics S.A. 100% of the share capital of 3.000 shares for a total value of 3.000 euros. 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 previous year a capital increase was carried out for a total value of 10.000 euros, fully subscribed by Lleidanet Serveis Telemàtics, S.A.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires from D. Francisco José Sapena Soler 100% of this Company for the amount of 16,06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidanet Perú

On August 25, 2016, the 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 said matters. On 21 February 2020 and 28 December 2020, capital increases were carried out by offsetting receivables from the Parent Company for amounts of EUR 104.283 and EUR 33.637, respectively.

Lleida Information Technology Network Services

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

Lleidanet South Africa

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

Lleidanet SAAS Middle East and Africa DMCC

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

The summary of the equity of the investee companies as of June 30, 2021, is shown below, in euros:

Company	Share Capital	Reserves	Retained earnings	Profit (Loss) of the year	Total Equity
Group companies::					
Lleidanetworks Serveis Telemàtics, LTD	4,00	-	(480.956,29)	24.413,18	(456.539,11)
Lleidanet USA Inc	397.591,09	-	(1.008.062,83)	5.888,38	(511.181,39)
Lleidanet Honduras, SA (**)	941,50	-	-	-	941,50
Lleidanet Dominicana, SRL	29.714,98	-	(38.729,52)	13.169,77	4.155,23
Lleida SAS	112.969,26	-	202.551,18	206.724,13	522.244,57
Lleida Chile SPA (**)	3.256,83	(653,03)	-	(6.651,77)	(4.047,97)
Lleidanet do Brasil Ltda.	10.801,08	-	(49.710,92)	8.840,52	(30.069,32)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	4.042,50
Portabilidades Españolas, S.A.	13.000,00	-	6.784,14	9.162,82	28.946,96
Lleidanet Costa Rica, S.L. (**)	16,06	-	(156,88)	(12,49)	(153,31)
Lleidanet Perú, S.L.	138.188,59	-	(138.180,75)	(10.881,81)	(10.873,97)
Lleida Information Technology Network Services	69.647,26	-	(4.575,12)	(32.777,70)	32.294,44
Lleidanet SAAS Middle East and Africa DMCC	11.432,00	-	-	(1.286,10)	10.145,90
Affiliated companies:					
Lleida Networks India Private Limited(*)	26.300,00	83.415,22	-	(28.289,93)	81.425,29

(*) The balances are as of March 31, 2019.

(**) No activity during the six-month period that ended on June 30, 2021.

As of December 31, 2020, investments held in Group companies were as follows, in euros:

Company	% Direct Equity	Cost	Impairments	Net value at 31/12/2020	Net book value 31/12/2020
Group Companies					
Lleidane networks 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, S.A.	80%	3.234,00	-	3.234,00	3.234,00
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	19.784,14
Lleidanet Costa Rica	100%	16,06	-	16,06	(140,82)
Lleidanet Perú	100%	138.188,59	-	138.188,59	7,84
Lleida Information Technology Network Services	49%	34.141,19	-	34.141,19	31.885,35
Lleidanet South Africa	100%	-	-	-	-
Pending disbursements Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Pending disbursements Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Pending disbursements Lleidanet Dominicana, SRL		(10.127,97)	-	(10.127,97)	-
Pending disbursements Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Pending disbursements Lleida Information Technology Network Services		(34.141,19)	-	(34.141,19)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
Total		782.434,98	(423.752,09)	358.682,89	(765.788,94)

The summary of the equity of the investee companies as of December 31, 2020, is shown below, in euros:

Company	Share capital	Reserves	Retained earnings	Profit of the year	Total equity
Group Companies:					
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, SA (**)	941,50	-	-	-	941,50
Lleidanet Dominicana, SRL	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 (**)	-	-	-	-	-
Affiliated companies:					
Lleida Networks India Private Limited	26.300,00	83.415,22	-	(28.289,93)	81.425,29

(*) The balances are as of March 31, 2019.

(**) No activity during financial year 2020.

NOTE 9. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Others liabilities		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Financial liabilities at amortised cost (Note 9.1)	1.975.482,12	1.504.438,96	78.392,76	173.583,92	2.053.874,88	1.678.022,88

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

	Debts with credit institutions		Others liabilities		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Financial liabilities at amortised cost (Note 9.1)	926.469,84	835.502,12	2.554.012,35	2.374.657,43	3.480.482,19	3.210.159,55

9.1) Financial liabilities at amortised cost

The breakdown as of June 30, 2021 and at December 31, 2020 is as follows, in euros:

	Balance as of 30/06/2021		Balance as of 31/12/2020	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.827.421,21	-	1.722.871,13
Suppliers associated parties (Note 18.1)	-	64.526,40	-	226.865,25
Creditors	-	435.327,75	-	248.812,48
Advances from clients	-	50.755,88	-	101.758,60
Total balances for commercial transactions	-	2.378.031,24	-	2.300.307,46
For non-commercial operations:				
Debts with credit institutions	1.975.482,12	926.469,84	1.993.897,88	827.002,98
Other financial liabilities	-	-	-	8.499,14
Other debts	78.392,76	77.726,60	106.390,16	74.349,97
Debits and payable items	2.053.874,88	1.004.196,44	2.100.288,04	909.852,09
Staff	-	98.254,51	-	325,25
Total balances for non-commercial operations	2.053.874,88	1.102.450,95	2.100.288,04	910.177,34
Total	2.053.874,88	3.480.482,19	2.100.288,04	3.210.484,80

9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of June 30, 2021 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Loans	926.469,84	1.975.482,12	2.901.951,96

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
	835.502,12	1.993.897,88	2.829.400,00

Loans

The detail of the bank loans as of June 30, 2021, expressed in Euros, is the following:

Company	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	89.533,35
Loan 37	01/03/2022	150.000,00	28.125,00
Loan 38	18/06/2023	195.000,00	80.415,66
Loan 39	02/07/2023	200.000,00	86.682,87
Loan 40	28/12/2023	400.000,00	203.072,93
Loan 41	29/03/2024	250.000,00	140.508,45
Loan 42	12/04/2024	400.000,00	230.951,83
Loan 43	03/05/2024	300.000,00	178.452,79
Loan 44	04/06/2024	250.000,00	152.986,69
Loan 45	30/04/2025	400.000,00	383.807,81
Loan 46	22/04/2025	400.000,00	383.839,10
Loan 47	08/04/2025	400.000,00	383.854,75
Loan 48	31/03/2026	500.000,00	475.442,65
		4.223.375,60	2.866.271,89

(*) This is a loan granted by the CDTI.

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

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

(*) This is a loan granted by the CDTI.

Credit Lines

As of June 30, 2021, the Company has credit policies granted with a total limit amounting up to 1.815.000 euros (1.815.000 euros at the end of the previous year). The amount drawn at the aforementioned date is 0 euros (134.026,31 euros at the end of the previous year).

Lines of Effects and Import Advances

As of June 30, 2021, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), of which no amount has been disposed of as of that date (no amount discounted at the end of the previous year).

9.1.2) Other debts

The balance of other debts includes mainly one loan held by the Company with the Institut Català de Finances (ICF). The detail of those loans as of 30 June, 2021, are as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	147.053,53

The detail of these loans as of 31 December, 2020, is as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2013	300.000,00	180.740,13

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

The breakdown of the maturity dates of the liability financial instruments as of June 30, 2021 is the following, in Euros:

	Maturity years					Total
	2021	2022	2023	2024	2025	
Financial debts:						
Debts with credit institutions	486.046,20	878.243,79	785.010,41	509.122,34	214.163,18	2.901.951,96
	486.046,20	878.243,79	785.010,41	509.122,34	214.163,18	2.901.951,96
Other debts:						
	77.726,60	47.206,08	31.186,68	-	-	156.119,36
Commercial creditors and other payable items:						
Suppliers	2.476.285,75	-	-	-	-	2.476.285,75
Suppliers associated parties	1.827.421,21	-	-	-	-	1.827.421,21
Sundry creditors	64.526,40	-	-	-	-	64.526,40
Staff	435.327,75	-	-	-	-	435.327,75
Advances from costumers	98.254,51	-	-	-	-	98.254,51
	50.755,88	-	-	-	-	50.755,88
Total	3.040.058,55	925.449,87	816.197,09	509.122,34	214.163,18	5.534.357,07
						29.366,04

The breakdown of the maturity dates of the liability financial instruments as of December 31, 2020 is the following, in Euros:

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

b) Breach of Contractual Obligations

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

9.3) Guarantees

The Company has contracted guarantees with a financial institution for a total amount of 403.500 euros, a customary instrument when signing an interconnection agreement.

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the third additional provision 'Duty to inform' of Law 15/2010, of July 5 (modified by Law 31/2014), to amend Law 3/2004 of December 29, by which are established measures to combat late payment in commercial transactions and with regard to the resolution January 29, 2016, of the Institute of Accounting and Audit Statements, about the information to include in the Notes to the Annual Accounts with regard to the average payment period to suppliers in commercial transactions, is as follows:

Payments made and pending payment on the Closing Date Balance		
	Financial year 2021 Days	Financial year 2020 Days
Average payment period to suppliers	35,23	31,67
Ratio paid operations	36,68	35,48
Ratio of outstanding payment transactions	31,98	20,00

	Financial year 2021 (six months) Amount	Financial year 2020 Amount
Total payments	5.234.714,71	5.398.624,36
Total outstanding payments	2.327.275,36	1.764.145,80

NOTE 11. INFORMATION ON THE NATURE AND LEVEL OF THE RISK FROM FINANCIAL INSTRUMENT

Company activities are exposed to a diverse set of financial risks, specifically credit risk, liquidity risk and market risks (exchange rate, interest rate and other price risks).

11.1) 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 Company's management based on the experience of previous years and its assessment of the current economic environment.

11.2) Liquidity Risk

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

11.3) Market Risk

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

11.4) Exchange Rate Risk

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

11.5) 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.

11.6) Risks Derived from the Current Situation due to the Possible Effects of COVID-19

Since December 2019, COVID-19, a new strain of Coronavirus, has spread to many countries, including Spain since January 2020. This event significantly affects economic activity worldwide and, as a result, the Group's operations and financial results.

The effects of this crisis have had two main axes within Lleida.net:

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

The growth in demand for the SaaS line is not foreseen as a one-off growth, but rather as an accelerator of new contracts, which will have recurrent consumption.

With the aim of minimizing the risk of contagion within the staff of Lleidanet, where the number of employees has continued to increase and no ERTE has been accepted, teleworking was introduced as a predominant precautionary measure. To date, most of the staff continues to telework, and the staff attending the facilities must comply with the security protocol implemented.

NOTE 12. EQUITY**12.1) Share Capital**

As of December 31, 2021 and June 30, 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 June 30, 2021, as well as 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 BME Growth, the 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 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 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 Company.
- On September 30, 2015, it was agreed to increase the 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.

12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	30/06/2021	31/12/2020
Legal Reserve	64.199,77	64.199,77
Voluntary Reserves	3.344.022,47	3.421.989,29
Total	3.408.222,24	3.486.189,06

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 June 30, 2021, the Legal Reserve was fully endowed.

12.3) 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.

12.4) Own Shares

The Board of Shareholders of the Company agreed on June 1, 2015 to authorize the Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity providers GVC Gaesco Valores SV, S.A, making available a total value of 1.200.000 euros and Invest Securities S.A in the Euronext Growth, making available a total value of 83.438,45 euros to be able to carry out transactions of own shares, in accordance with the provisions of the BME Growth and Euronext Growth respectively. Own shares are valued at acquisition cost.

Given the evolution of the Parent Company's share price during the first six months of the financial year 2021, transactions with treasury shares have led to a decrease in Voluntary Reserves of 77.966,82 euros during this period.

As of June 30, 2021, the Company holds own shares for an amount up to 508.884,93 euros (759.458,01 euros as of December 31, 2020).

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances as of June 30, 2021, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP
CURRENT ASSETS			
Trade debtors and other accounts	63,17	-	55,11
CURRENT LIABILITIES			
Trade creditors and other payable accounts	13.450,84	15.990,43	42,12

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

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

The most significant transactions carried out during the six-month period ended June 30, 2021, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	JPY	MXN	ZAR	PLN	AED	BRL
Purchases and services received	969.265,84	767.850,61	10.042,12	4.079.947,00	103.700,00	118.910,15	237.556,93	17.547,60	62.504,45	-
Sales and services given	187.015,63	157.651,44	55,11	-	-	8,92	-	-	-	25,50

The most significant transactions carried out during the financial year 2020 ended December 31, 2020, totalled 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 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of June 30, 2021 and December 31, 2020, in euros:

	30/06/2021		31/12/2020	
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	178.516,27	-	136.418,80	-
Current:				
Value Added Tax	3.257,82	153.297,71	3.257,82	80.710,49
Grants receivable	7.200,60	-	7.200,60	-
Income Tax retentions	-	45.164,32	-	58.013,97
Social Security bodies	10.432,98	47.374,92	10.432,98	-
Income tax	839,39	81.381,63	2.015,65	74.449,19
	21.730,79	327.218,58	22.907,05	213.173,65

Tax Situation

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.

As of June 30, 2021, the Company has open to tax inspection all the taxes to which it is subject from the financial year 2017 to the 2020 financial year. Consequently, as a result of possible inspections, additional liabilities could arise to those registered by the Company. However, the Directors of the Company and its tax advisors consider that such liabilities, if they occur, would not be significant on the annual accounts taken as a whole.

Profit Tax

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2021 of the Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six months)			273.117,70
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	48.636,53	(42.097,47)	6.539,06
Permanent differences	200.242,76	-	200.242,76
Taxable income (tax result)			479.899,52

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2020 of the Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six months)			197.180,86
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	-	-	-
Permanent differences	17.962,28	-	17.962,28
Offset of negative tax bases	-	(215.143,14)	(215.143,14)
Taxable income (tax result)			-

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

	2021 (6 months)	2020 (6 months)
Charge at 25 % of Taxable Income	119.974,88	-
Deductions	(72.588,35)	-
Net tax payable	47.386,53	-
Less: withholdings and payments	(11,61)	(14,85)
Tax payable	47.374,92	(14,85)

The main components of the Corporate Income Tax expense are the following:

	2021	2020
Current tax	48.636,53	-
Deferred tax	(42.097,47)	-
	6.539,06	-

The movement in deferred taxes generated and cancelled at the end of the six-month period of 2021 is as follows, in euros

	Balance at 31/12/2020	Generated	Balance at 30/06/2021
Deferred tax assets:			
Deductions	136.418,80	42.097,47	178.516,27

The movement in deferred taxes generated and cancelled at the end of the previous year is as follows, in euros

	Balance at 31/12/2020	Generated	Balance at 30/06/2021
Deferred tax assets:			
Deductions	-	136.418,80	136.418,80

Deductions Pending Application

As of June 30, 2021, the Company has the following deductions to apply:

Year of Origin	Amount
2007	52.795,39
2008	201.266,41
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	251.779,01
2013	90.887,05
2014	127.371,20
2015	369.824,03
2016	188.991,46
2017	182.112,92
2018	171.929,09
2019	165.515,26
2020	136.418,80
2021	42.097,47
	2.549.184,72

NOTE 15. INCOME AND EXPENSES

a) Supplies

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

	2021 (6 months)	2020 (6 months)
Consumption of merchandise		
Domestics	1.658.972,52	1.336.197,19
Intra-Community Acquisitions	1.494.311,48	1.229.199,36
Imports	885.120,52	1.328.483,21
	4.038.404,51	3.893.879,76

b) Staff expenses

The staff expenses as in the Profit and Loss Account are composed as follows, in euros:

	2021 (6 months)	2020 (6 months)
Company Social Security contributions	397.730,90	330.240,76
Other welfare costs	57.981,78	67.572,25
	455.712,68	397.813,01

c) Financial Results

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

	2021 (6 months)	2020 (6 months)
Financial incomes		
Income from loans granted to group companies	7.805,86	13.264,38
Other financial incomes	598,37	426,21
	8.404,23	13.690,59
Financial expenses		
For debts with credit institutions	(25.890,47)	(35.608,61)
	(25.890,47)	(35.608,61)
Exchange differences	16.752,17	(10.386,81)
Impairment and gains/losses on disposals of financial instruments	(159.668,16)	-
Impairment and loss	(159.668,16)	-
Financial Result	(160.402,23)	(32.304,83)

NOTE 16. 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 17. EVENTS AFTER THE BALANCE SHEET DATE

On June 30, 2021, Lleida.net has reached an agreement to acquire 100% of the shares of Indenova S.L. Founded in the capital of Turia, Indenova has specialised for the last decade and a half in providing electronic signature, electronic invoicing and process automation services in Spain, Morocco, Colombia, Peru, Chile and Paraguay. An agreement has been signed setting out the terms and conditions of the transaction which, following due diligence and the appropriate negotiation of the required contracts, will be signed before a notary public. The total amount of the transaction will be 7.100.000 euros, which will be financed through equity and bank financing.

On the occasion of the acquisition mentioned in the previous paragraph, the Company has contracted the services of ANDBANK, S.A.U. as manager of its treasury stock programme within the mandate of the general shareholders' meeting of 7 June 2021. The initial allocation of funds for the programme was 500.000 euros, with this first block involving the purchase of a total of 85.400 shares at an average price of 5.85 euros per share, which was subsequently increased by a further 500.000 euros, with this second block involving the purchase of a total of 90.134 shares at an average price of 5.53 euros per share. These purchases of treasury shares were made for the purpose of meeting the Company's contractual obligations in connection with the acquisition of Indenova, S.L.

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

Subsequent to June 30, 2021, there have been no significant events other than those discussed above that affect the Company's Interim Financial Statements at that date.

Below is the breakdown of the balances held with related parties at December 31, 2020, in Euros:

Outstanding balances with related parties in 2020	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTA-LIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	LLEIDANET CHILE	Total
NON CURRENT ASSETS	-	-	-	-	-	34,524,85	-	1,381,38	5,143,37	41,049,60
Long-term loans to group companies	-	-	-	-	-	34,524,85	-	1,381,38	5,143,37	41,049,60
Long-term loans to group companies	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)
CURRENT ASSETS	289,953,18	391,856,76	208,126,79	-	147,314,05	3,299,33	-	-	-	1,040,550,11
Trade receivables	237,456,23	310,390,52	208,104,05	-	147,314,05	-	-	-	-	903,264,85
Clients	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)
CURRENT LIABILITIES	2,029,12	224,594,89	-	-	241,24	-	-	-	-	226,865,25
Trade payables	2,029,12	224,594,89	-	-	241,24	-	-	-	-	226,865,25
Suppliers	2,029,12	224,594,89	-	-	241,24	-	-	-	-	226,865,25

18.2) Transactions with related parties

The most significant transactions carried out with associated parties during the six-month period that ended on June 30, 2021, is as follows:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET PERÚ	LLEIDANET BRASIL	LLEIDANET REP. DOMINICANA	PORTA-LIDADES ESPAÑOLA	LLEIDANET UAE LLC
Sales	156.747,53	186.411,10	250.499,38	23.274,60	7.751,84	9.235,33	133.935,80	-
Purchases	59.501,05	-	-	-	-	2.754,99	2.375,37	-
Interest incomes	221,36	5.124,41	-	629,50	609,28	496,81	-	724,50

The most significant transactions carried out with associated parties at financial year 2020, is as follows:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET PERÚ	LLEIDANET BRASIL	LLEIDANET REP. DOMINICANA	PORTA-BILIDADES 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	-

18.3) Balances and Transactions with the Directors of the Company and Senior Executives

The remuneration accrued during the six-month period ended June 30, 2021 by the Board of Directors of the Company amounted to 49.500 euros. In the six-month period ended June 30, 2020, remunerations were accrued by the Board of Directors amounting to 54.000 euros.

The Senior Management tasks are performed by three members of the same Board of Directors (three members for the six-month period ended June 30, 2021), with compensation for salaries and wages amounting to 123.996,15 euros (144.867,51 euros for the six-month period ended June 30, 2020) and 9.452,11 in other retributions (6.688,62 euros in the six-month period ended June 30, 2020).

As of June 30, 2021, as well as December 31, 2020, there are no credits or advances with the Board of Directors of the 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 Company's 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 Group, which may be considered to be not in accordance with normal trading and not carried out under normal market conditions.

NOTE 19. OTHER INFORMATION

The average number of persons employed during the six months ended 30 June 2021 and 2020, by category, is as follows:

	2021		2020	
	Total	Disability greater than or equal to 33%	Total	Disability greater than or equal to 33%
Senior Executives	3	-	3	-
Administration	4,5	1	4	1
Commercial	13,01	1	15	1
Human Resources	2	-	4	-
Production	39,65	0,75	36	1
Maintenance	0,75	-	1	-
Customer service	9	-	1	-
Business development	7,5	-	8	-
Compliance	3,62	-	8	-
Intellectual Property	1,5	-	1	-
TOTAL	84,53	2,75	81	3

The distribution of the Company's staff at the end of each of the six months ended 30 June 2021 and 2020, by category and gender, is as follows:

	2021			Disability greater than or equal to 33%	2020			Disability greater than or equal to 33%
	Men	Women	Total		Men	Women	Total	
Senior Executives	1	2	3	-	1	2	3	-
Administration	2	3	5	1	1	3	4	1
Commercial	7	8	15	1	6	9	15	1
Human Resources	38	7	45	1	31	5	36	1
Production	-	1	1	-	-	1	1	-
Maintenance	-	9	9	-	-	1	1	-
Customer service	4	5	9	-	-	8	8	-
Business development	-	4	4	-	3	5	8	-
Compliance	1	1	2	-	-	4	4	-
Intellectual Property	2	-	2	-	1	-	1	-
TOTAL	55	40	95	3	43	38	81	3

The amount of fees accrued for the individual review services of the Interim Financial Statements for the year ended June 30, 2021 amounted to 9.500 euros (9.950 euros in the previous period of 6 months ended June 30, 2020).

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

NOTE 20. SEGMENTED INFORMATION

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

Business Areas (in thousands of euros)	2021 (6 months)		2020 (6 months)	
	Euros	%	Euros	%
SaaS Services	2.901.620,96	37,08%	1.757.570,29	24,26%
SMS Solutions	1.120.669,35	14,32%	1.227.464,52	16,95%
ICX Wholesale Solutions	3.803.790,73	48,60%	4.258.844,03	58,79%
Total	7.826.081,03	100,00%	7.243.878,84	100,00%

The distribution of the net amount of turnover corresponding to the ordinary activities of the Company, by geographic markets, is shown below, in euros:

Description of geographic markets	2021 (6 months)		2020 (6 months)	
	Euros	%	Euros	%
Domestic	3.819.209,49	48,80%	3.363.640,37	46,43%
European Union	2.278.455,26	29,11%	1.994.079,55	27,53%
Rest of the World	1.728.416,28	22,09%	1.886.158,92	26,04%
Total	7.826.081,03	100,00%	7.243.878,84	100,00%

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

DIRECTORS' REPORT FOR
THE SIX-MONTH PERIOD ENDED AS OF JUNE 30, 2021

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

**DIRECTOR'S REPORT FOR THE
SIX-MONTH PERIOD ENDED 30 JUNE 2021**

In compliance with the provisions of the Spanish Corporations Law, the Board of Directors hereby submits the director's 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 the first half of fiscal year 2021.

1. EVOLUTION OF BUSINESS

In the first half of the financial year 2021, sales increased by 8% to EUR 7,8 million. The 65% increase in sales of SaaS products is explained by the increase in the electronic notification and contracting market, as well as the consolidation of important projects signed in the financial year 2020. During this semester, the Company signed a distribution agreement for our products with the Pan-African Postal Union and the Phone House.

The Wholesale SMS line, which aggregates all SMS sales to operators and aggregators, has decreased its sales by 11% compared to the same half of 2020. As we mentioned in the 2020 audited accounts, there has been a disappearance of traffic that we call Hospitality, which aggregates bookings derived from travel, such as hotels or air or train tickets, which is slowly coming back at the end of this half. On the other hand, competition in the sector has increased, with a considerable increase in operators' termination prices.

Sales of commercial SMS, which are sales to end customers, decreased by 9% to EUR 1,1 million, due to increased competition in the domestic sector.

The margin on sales reached 48%, compared to 46% in the first half of 2020 in percentage terms, and in absolute terms we have an increase of 13%. The increase in percentage terms is explained by the greater weight of SaaS sales, which have increased from 24% in the first half of 2020 to 37% in this half. Since the IPO, Lleida.net's strategy has been aimed at boosting SaaS sales, which are more profitable than SMS Wholesale sales.

Boosting SaaS sales in the long term entails a policy of growth in the necessary talent in the organisation. This year, Lleidanet has reinforced its R&D, technical and commercial departments in order to grow in a sustainable manner.

Personnel at the end of the first half was 95, an increase of 17% compared to personnel on June 30, 2020. The most reinforced department is the technical department, with 25% more staff.

EBITDA has increased by 20% due to:

- Increase in sales and the corresponding gross margin.
- Increase in other income and work performed in the R&D area.

Operating income amounted to 440.000 euros, an increase of 92% compared to 2020, 229.000 euros. Profit before tax amounted to 280.000 euros, 42% higher than the previous year.

Sales by business lines - Thousand of euros

	S1 2020	S1 2021	Var. €	Var. %
SaaS Services	1.758	2.901	1.143	65%
SMS Solutions	1.227	1.121	-106	-9%
ICX WHOLESALE Solutions	4.259	3.804	-455	-11%
Total	7.244	7.826	582	8%

Data in thousand of Euros

	S1 2020	S1 2021	Var. €	Var. %
Sales	7.244	7.826	582	8%
Cost of Sales	(3.894)	(4.038)	144	4%
Gross Margin	3.350	3.788	438	13%
Payroll	(1.610)	(1.899)	289	18%
External Services	(1.243)	(1.349)	106	9%
Other Incomes	(5)	45	50	1000%
Activations	331	400	69	21%
EBITDA	823	985	162	20%
Amortizations	(584)	(536)	(48)	-8%
Impairment and Gain on Disposal	(10)	(9)	(1)	-10%
Profit from operations	229	440	211	92%
Financial Net Result	(22)	(17)	(5)	-23%
Impairment and gain or loss on disposal		(160)	160	-
Exchange Rate Differences	(10)	17	27	270%
Profit Before Tax	197	280	83	42%

2. SUBSEQUENT EVENTS

On June 30, 2021, Lleida.net has reached an agreement for the acquisition of 100% of the shares of Indenova S.L. Founded in the capital of Turia, inDenova specialises for the last decade and a half in providing electronic signature, electronic invoicing and process automation services in Spain, Morocco, Colombia, Peru, Chile and Paraguay. An agreement has been signed setting out the terms of the transaction which, after due diligence and the appropriate negotiation of the mandatory contracts, will be signed before a notary public. The total amount of the transaction will be 7.100.000 euros, which will be financed through equity and bank financing.

On the occasion of the acquisition mentioned in the previous paragraph, the Company has contracted the services of ANDBANK, S.A.U. as manager of its treasury stock programme within the mandate of the general shareholders' meeting of 7 June 2021. The initial allocation of funds for the programme was 500.000 euros, with this first block involving the purchase of a total of 85.400 shares at an average price of 5.85 euros per share, which was subsequently increased by a further 500.000 euros, with this second block involving the purchase of a total of 90.134 shares at an average price of 5.53 euros per share. These purchases of treasury shares were made for the purpose of meeting the Company's contractual obligations in connection with the acquisition of Indenova, S.L.

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

Subsequent to June 30, 2021, there have been no significant events other than those discussed above that affect the Company's Interim Financial Statements at that date.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecasts for the second half of 2021 are to integrate Indenova's services within the Lleida.net portfolio and to increase sales of SaaS products by consolidating international markets and achieving an increase in the company's results.

4. R&D ACTIVITIES:

In the first half of fiscal year 2020, the Company has invested 400.000 euros in research activities aimed mainly at the company's certification line.

5. OPERATIONS WITH OWN SHARES:

In accordance with BME Growth and Euronext Growth regulations, the company signed a liquidity agreement with the placement bank on the occasion of its flotation. This agreement provides for both the delivery of a certain amount of treasury shares and the deposit of a certain amount of cash. The purpose of this agreement is to allow investors to trade in the company's shares, ensuring that any interested party has the possibility to buy or sell shares.

On June 30, 2021 the company held 87.710 securities with a valuation at that date of 488.608,82 euros, which represented 0,55% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During the first semester of 2021, the Company has not used instruments related to financial derivatives.

7. DEFERRALS OF PAYMENT TO SUPPLIERS

Information regarding deferrals of payment to suppliers is shown in the Financial Statements in Note 10.

8. EFFECTS DERIVED FROM COVID-19

Information regarding the effects of the current situation caused by Covid-19 is shown in the Financial Statements, in Note 11.6.

* * * * *

**PREPARATION OF THE INTERIM FINANCIAL
STATEMENTS AND DIRECTORS' REPORT**

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Interim Financial Statements and the Directors' Report for the period that ends on June 30, 2021. Both of them are comprised in the attached pages number 1 to 54.

Lleida, October 22, 2021
The Board of Directors



Firmado digitalmente
por 40897755Y
FRANCISCO JOSE
SAPENA (R:A25345331)
Fecha: 2021.10.22
11:28:05 +02'00'

Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer

NOMBRE
GALLARDO
MESEGUER
MARCOS - NIF
52423593S

Firmado digitalmente
por NOMBRE
GALLARDO MESEGUER
MARCOS - NIF
52423593S
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22:29:57 +02'00'

Mr. Marcos Gallardo Meseguer
Secretary

**PEREZ SUBIAS
MIGUEL -
17147802Z**

Digitally signed by PEREZ SUBIAS
MIGUEL - 17147802Z
DN: CN = PEREZ SUBIAS MIGUEL -
17147802Z, SN = PEREZ SUBIAS, G
= MIGUEL, C = ES
Reason: I am approving this document
Date: 2021.10.22 12:16:06 +02'00'

Mr. Miguel Pérez Subias
Independent Director

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DEL CASTILLO, ANTONIO (FIRMA)
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Mr. Antonio López del Castillo
Independent Director

ARRATE MARIA
USANDIZAGA
RUIZ - DNI
44558454W

Firmado digitalmente
por ARRATE MARIA
USANDIZAGA RUIZ -
DNI 44558454W
Fecha: 2021.10.22
11:31:08 +02'00'

Mrs. Arrate María Usandizaga Ruíz
Executive Director

**SAINZ DE VICUÑA
BARROSO JORGE
- 00811819B**

Firmado digitalmente por
SAINZ DE VICUÑA
BARROSO JORGE -
00811819B
Fecha: 2021.10.22 11:57:41
+02'00'

Mr. Jorge Sainz de Vicuña
Independent Director

BEATRIZ
CARMEN
GARCIA TORRE -
DNI 43749850D

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por BEATRIZ CARMEN
GARCIA TORRE - DNI
43749850D
Fecha: 2021.10.22
11:41:45 +02'00'

Mrs. Beatriz García Torre
Executive Director

Firmado por CARBONELL
SEBARROJA JORDI - ***9668**
el día 22/10/2021 con un
certificado emitido por AC
FNMT Usuarios

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