



# Lleida.net

La Primera Operadora Certificadora

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Madrid, 24 October 2022

## **RELEVANT INFORMATION LLEIDANETWORKS SERVEIS TELEMÀTICS S.A.**

### **Q3 and accumulated 2022 results preview**

Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and article 228 of the modified text of the Spanish Stock Market Act, approved by Spanish Royal Legislative Decree 4/2015, of 23 October and related provisions, as well as Circular 3/2020 of BME MFT Equity on information to be provided by Growing Companies, we are hereby informing you of the following information relating to LLEIDANETWORKS SERVEIS TELEMÀTICS, SA: (hereinafter "Lleida.net", or the "Company" or the "Enterprise") brings to your attention the following information that has been prepared under the exclusive responsibility of the issuer and its administrators:

The following information constitutes a preview of Lleida.net's Consolidated Income Statement for 3Q and accumulated 2022. It has been compiled from unaudited accounting information for the Board of Directors. Therefore, this information in no way replaces or is equivalent to the publication of financial information provided in MAB Circular 6/2018. Below is the press release to be distributed to the media today.

On Tuesday, 25 October, Sisco Sapena, CEO of the company and Arrate Usandizaga, CFO, will hold a webinar at noon to discuss the progress of 3Q 2022 and accumulated 2022, and answer questions from the attendees <https://www.lleida.net/es/streaming/3T2022>. Pre-registration is mandatory to attend the webinar.

We remain at your disposal for any further clarification you may require.

Sincerely,

Madrid, 24 October 2022.



Lleida.net

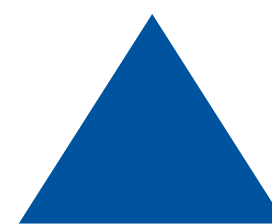
# INTERIM RESULTS


**3Q 2022 RESULTS PREVIEW AND  
ACCUMULATED AS OF 30  
SEPTEMBER 2022**





Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and article 228 of the modified text of the Spanish Stock Market Act, approved by Spanish Royal Legislative Decree 4/2015 of 23 October and related provisions, as well as Circular 3/2020 of BME MFT Equity on information to be provided by Growing Companies, we are hereby informing you of the following information relating to LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.: (hereinafter “Lleida.net”, or the “Company” or the “Enterprise” ) brings to your attention the following information that has been prepared under the exclusive responsibility of the issuer and its administrators. The information provided in this report is a preview of Lleida.net's Consolidated Income Statement on 30 September 2022 and for Q3 2022 and was drawn up based on the unaudited accounting information available to the Board of Directors. Therefore, this information in no way replaces or is equivalent to the publication of financial information provided for in MAB Circular 6/2018



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- Sales increased by 3.1 million euros, 25% compared to the cumulative data as of 30 September 2021
  - All business lines grew, with SaaS sales accounting for 39% of the Group's total sales.
  - First hybrid product contracts have been signed jointly with Indenova technology.
  - Gross margin on sales increased to 49% in the quarter and remained at 50% cumulatively.
  - Quarterly EBITDA grew by 44%, and non-activation EBITDA grew by 22%.
  - Is the first quarter of 2022, we returned to positive results, with 109 thousand euros before taxes.

# MAIN MILESTONES



# FORECAST OF THE INCOME STATEMENT

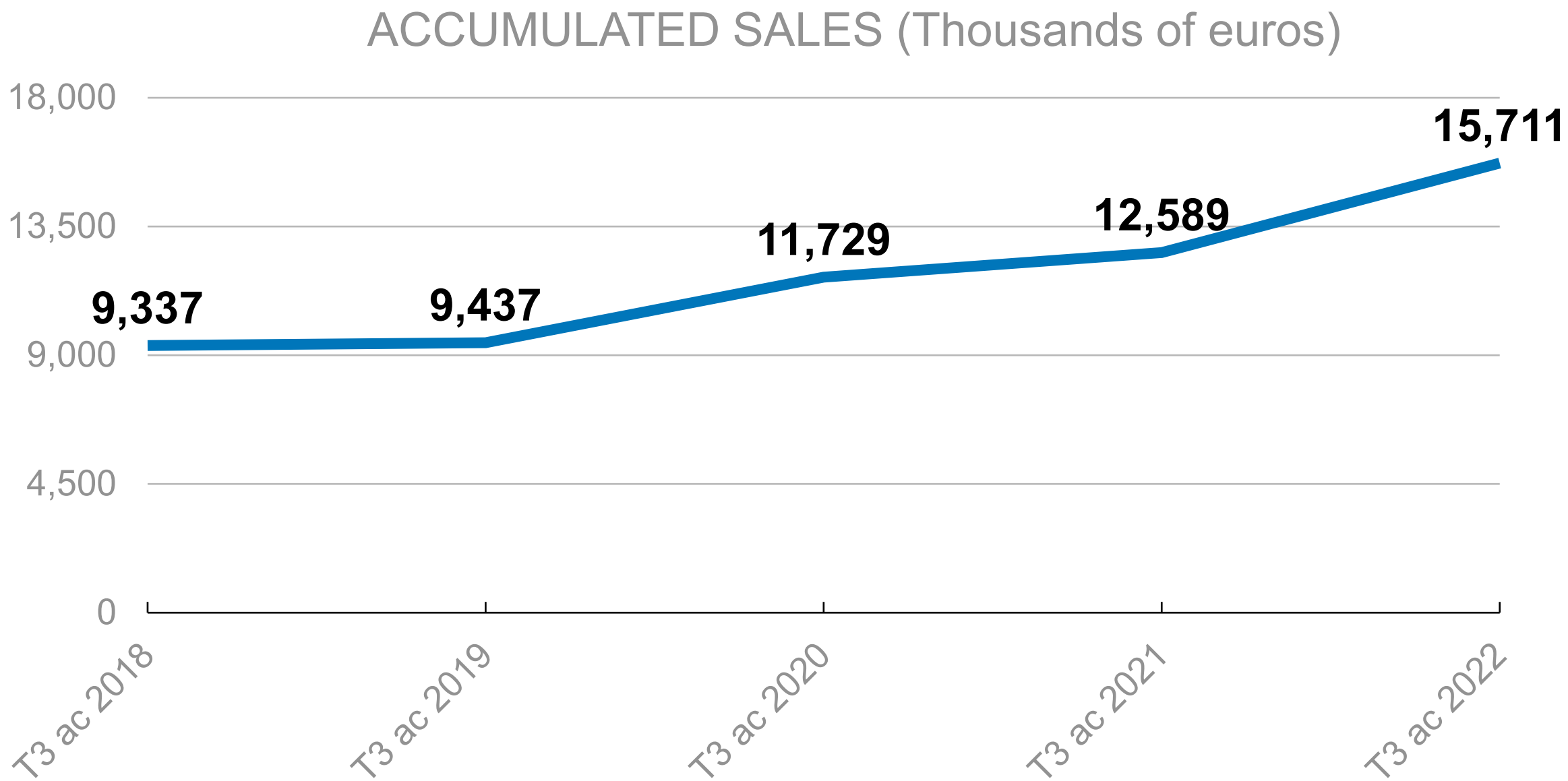
<i>Figures estimated in thousands of euros</i> <b>Consolidated</b>	<b>Q3 2021</b>	<b>Q3 2022</b>	<b>QoQ. €</b>	<b>QoQ.%</b>	<b>Acc Q3 2021</b>	<b>Acc. Q3 2022</b>	<b>QoQ. €</b>	<b>QoQ.%</b>
Sales	4,294	5,178	884	21%	12,589	15,711	3,122	25%
Sale costs	(2,231)	(2,632)	401	18%	(6,309)	(7,860)	1,551	25%
<b>Gross Margin</b>	<b>2,063</b>	<b>2,546</b>	<b>483</b>	<b>23%</b>	<b>6,280</b>	<b>7,851</b>	<b>1,571</b>	<b>25%</b>
<b>% Gross margin</b>	<b>48,04%</b>	<b>49,17%</b>			<b>49,88%</b>	<b>49,97%</b>		
Personnel expenses	(1,133)	(1,564)	431	38%	(3,165)	(4,728)	1,563	49%
External services	(684)	(682)	(2)	0%	(2,106)	(2,543)	437	21%
<b>EBITDA WITHOUT CAPITALIZATIONS</b>	<b>246</b>	<b>300</b>	<b>54</b>	<b>22%</b>	<b>1,009</b>	<b>580</b>	<b>(429)</b>	<b>-43%</b>
<b>% of Gross margin</b>	<b>12%</b>	<b>12%</b>			<b>16%</b>	<b>7%</b>		
Capitalizations	166	292	126	76%	566	897	331	58%
<b>EBITDA</b>	<b>412</b>	<b>592</b>	<b>180</b>	<b>44%</b>	<b>1,575</b>	<b>1,477</b>	<b>(98)</b>	<b>-6%</b>
<b>% of Gross margin</b>	<b>20%</b>	<b>23%</b>			<b>25%</b>	<b>19%</b>		
Depreciation	(277)	(516)	239	86%	(813)	(1,542)	729	90%
Other incomes	27	16	(11)	-41%	57	39	(18)	-31%
Other earnings		0			(9)	(2)	7	78%
<b>Ordinary result</b>	<b>162</b>	<b>92</b>	<b>(70)</b>	<b>-43%</b>	<b>810</b>	<b>(28)</b>	<b>(838)</b>	<b>-103%</b>
Net Financial Debt	(10)	(59)	(49)	-490%	(48)	(138)	(90)	-188%
Exchange rate differences	(22)	76	98	445%	26	152	126	485%
<b>Earnings before Tax</b>	<b>129</b>	<b>109</b>	<b>(20)</b>	<b>-16%</b>	<b>788</b>	<b>(14)</b>	<b>(802)</b>	<b>-102%</b>

The data for 2022 within the scope of consolidation include Indenova's income statement at 30 September 2022.

# SALES FORECAST BY BUSINESS LINE

Estimated consolidated sales per business line Thousand euros

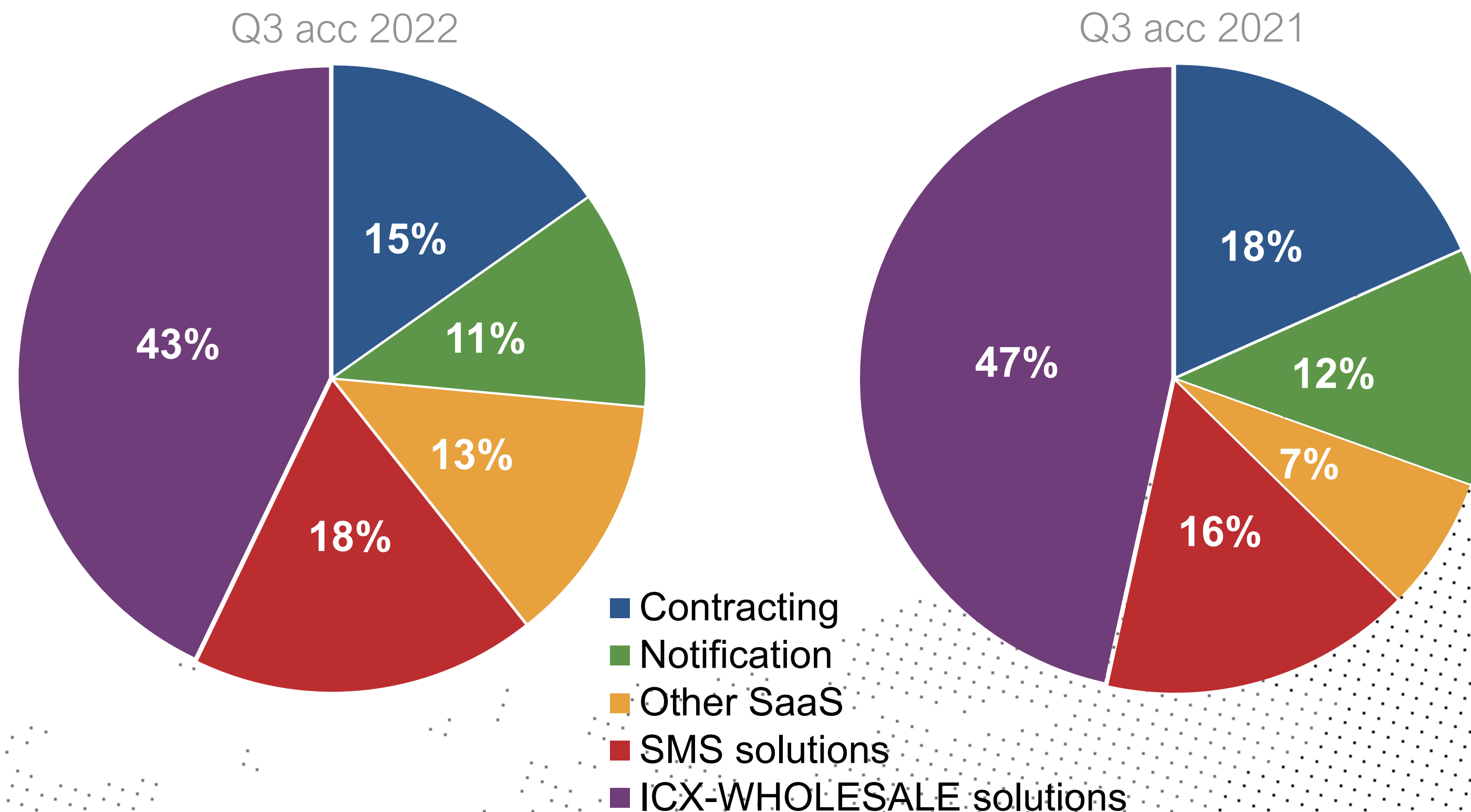
	Q3 2021	Q3 2022	QoQ. €	QoQ.%	Acc Q3 2021	Acc. Q3 2022	QoQ. €	QoQ.%
Contracting	813	784	-29	-4%	2,304	2,388	84	4%
Notification	518	642	124	24%	1,535	1,767	232	15%
Other SaaS	246	576	330	134%	865	2,026	1,161	134%
SMS solutions	671	834	163	24%	2,025	2,796	771	38%
ICX-WHOLESALE solutions	2,046	2,341	295	14%	5,860	6,734	874	15%
<b>Total</b>	<b>4,294</b>	<b>5,178</b>	<b>884</b>	<b>21%</b>	<b>12,589</b>	<b>15,711</b>	<b>3,122</b>	<b>25%</b>



The group has exceeded 15.7 million euros in cumulative sales, showing growth in all business lines throughout its portfolio.

To enhance transparency and homogenise criteria with production data, we have kept the same breakdown as in Q1 2022, in particular the SaaS part has been broken down into three business lines, eContracting, eNotification services and other SaaS. Commercial SMS and Wholesale SMS remains unchanged.

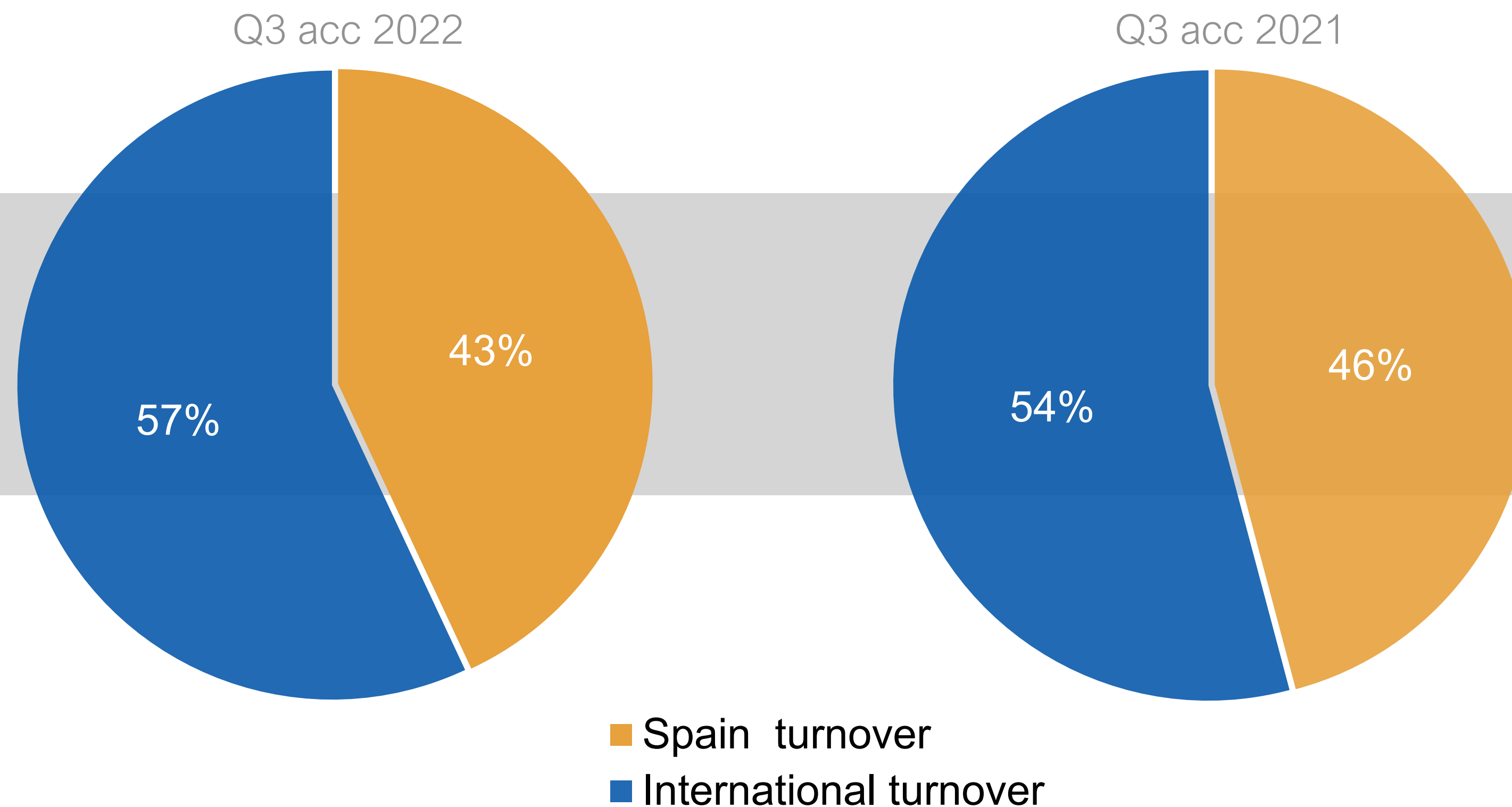
# SALES FORECAST BY BUSINESS LINE



This quarter's significant increase in commercial SMS sales resulted in its relative weight rising from 16% to 18%.

SaaS accounts for 39% of total sales compared to 37% in the cumulative data as of September 2021. The exact ratios are observed for the quarter.

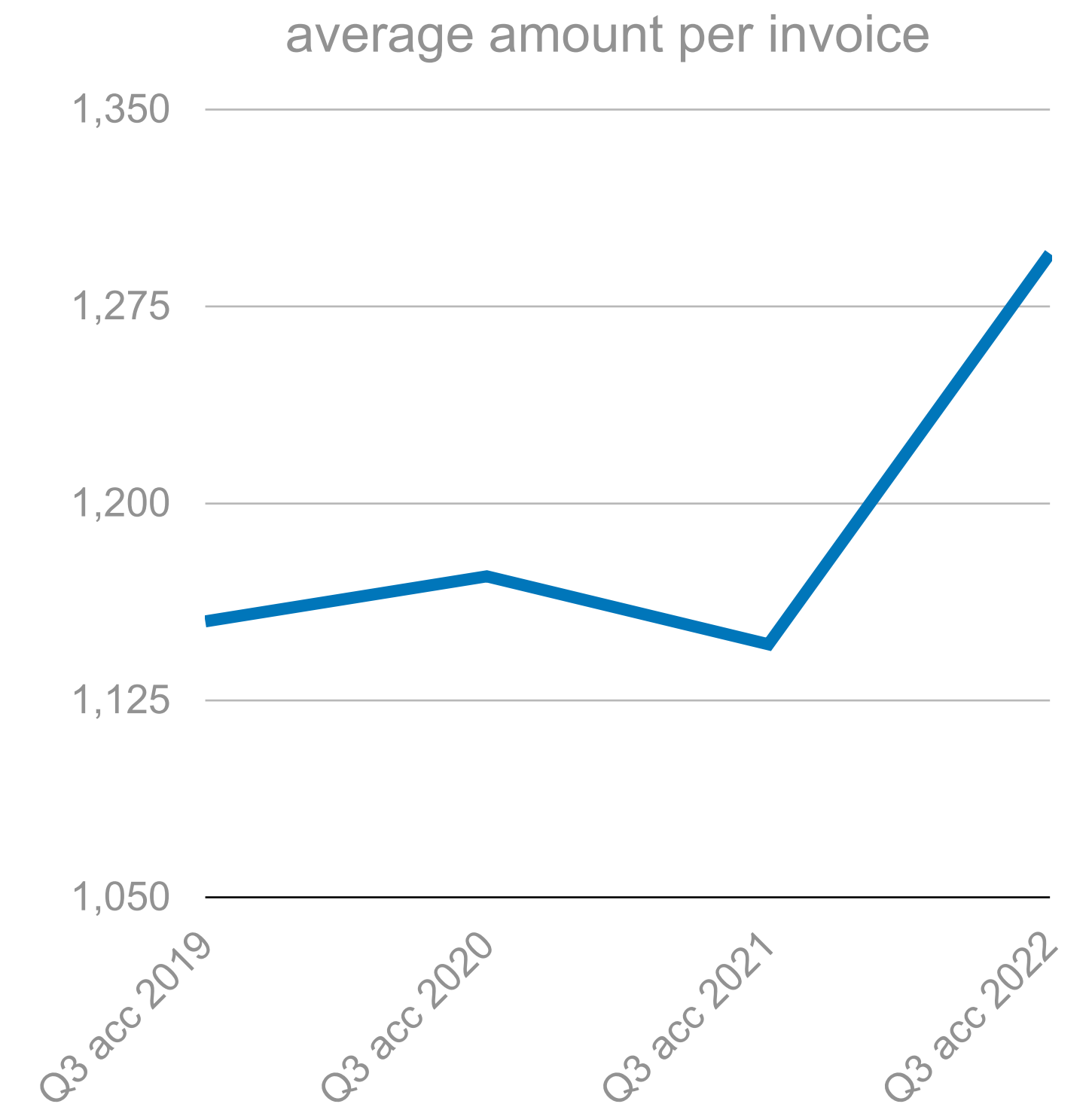
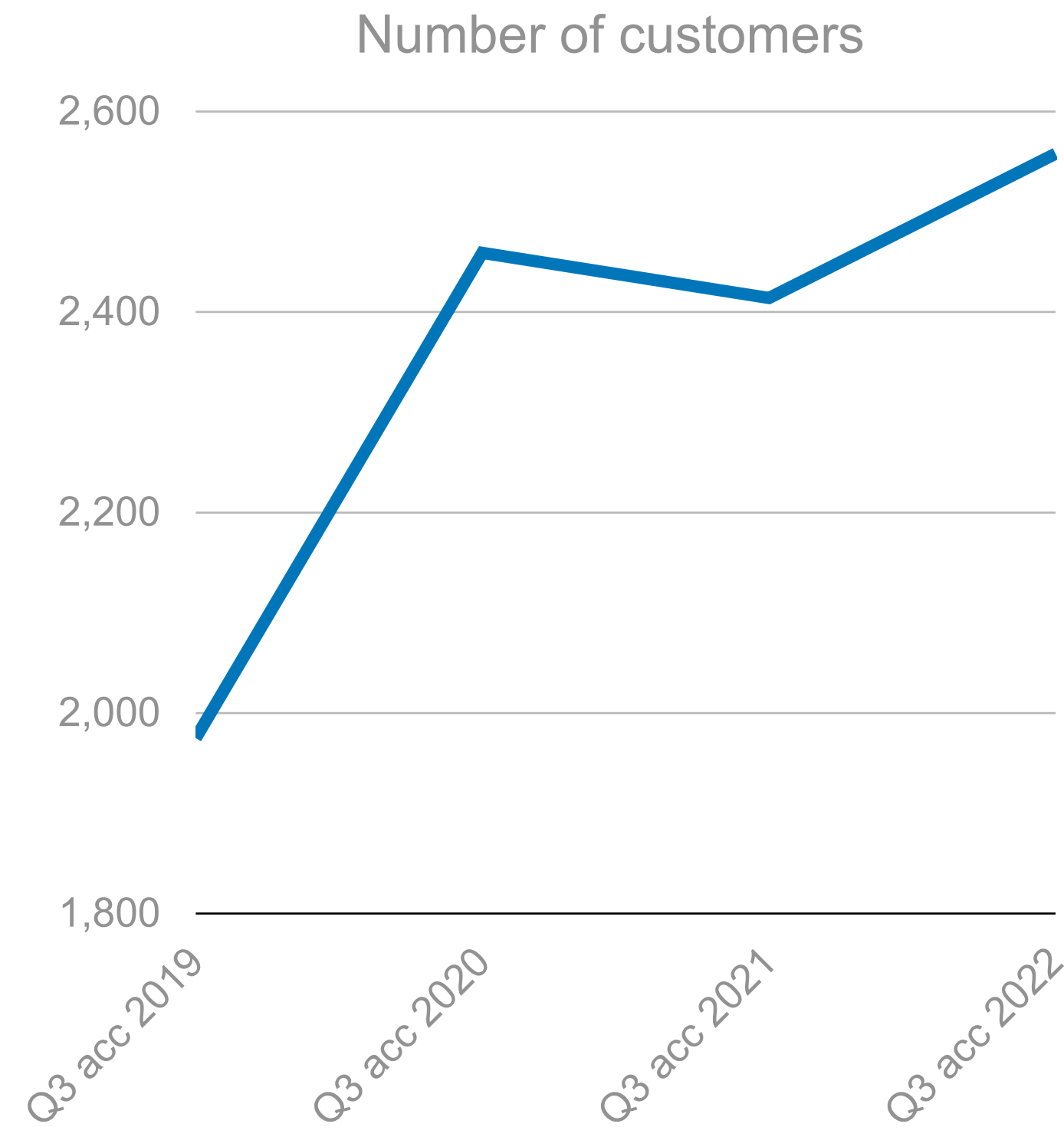
# SALES OVERVIEW BY GEOGRAPHIC AL AREA



Our international sales remain strong, accounting for 57% of the group's overall sales, particularly in Europe and Latin America.



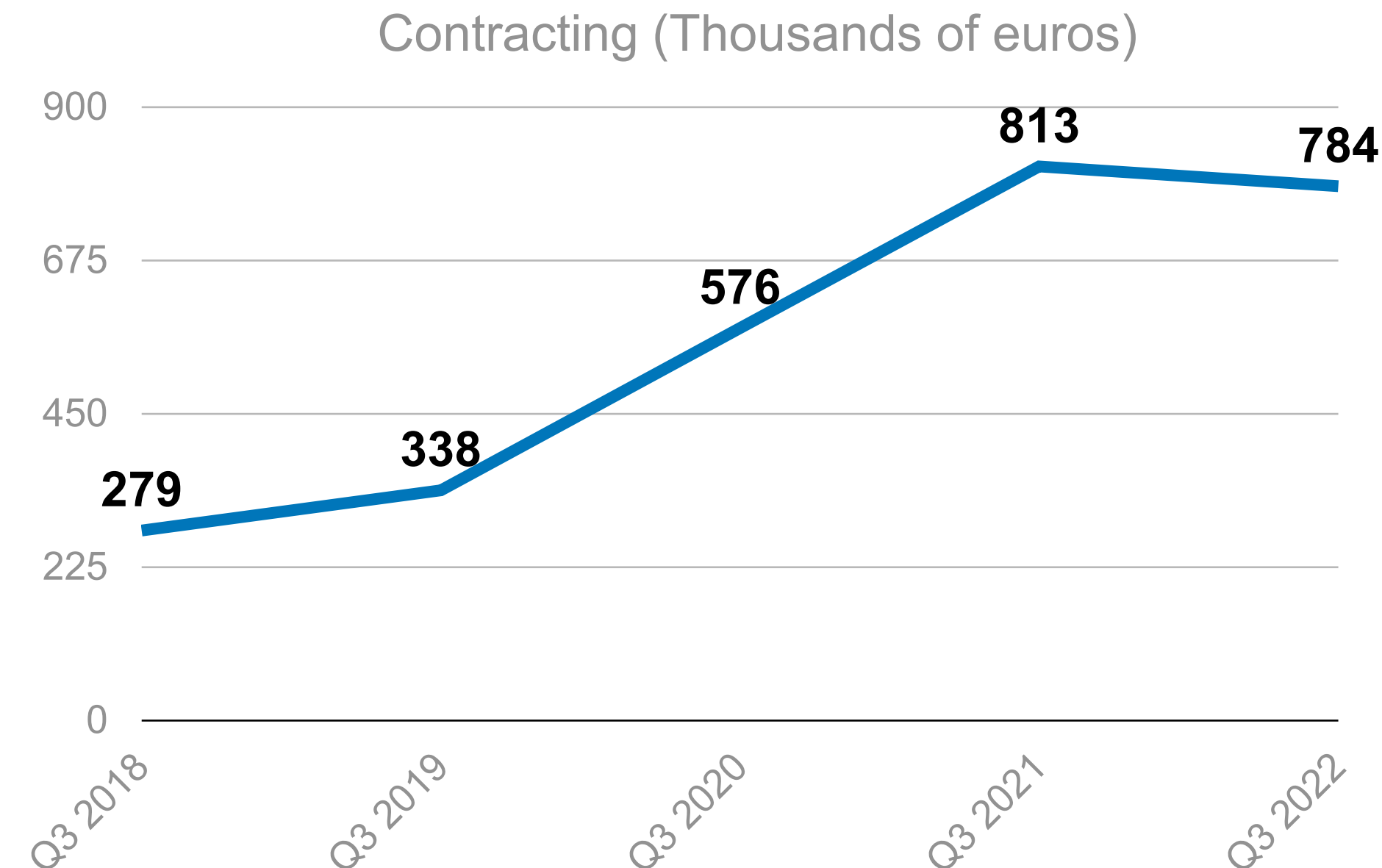
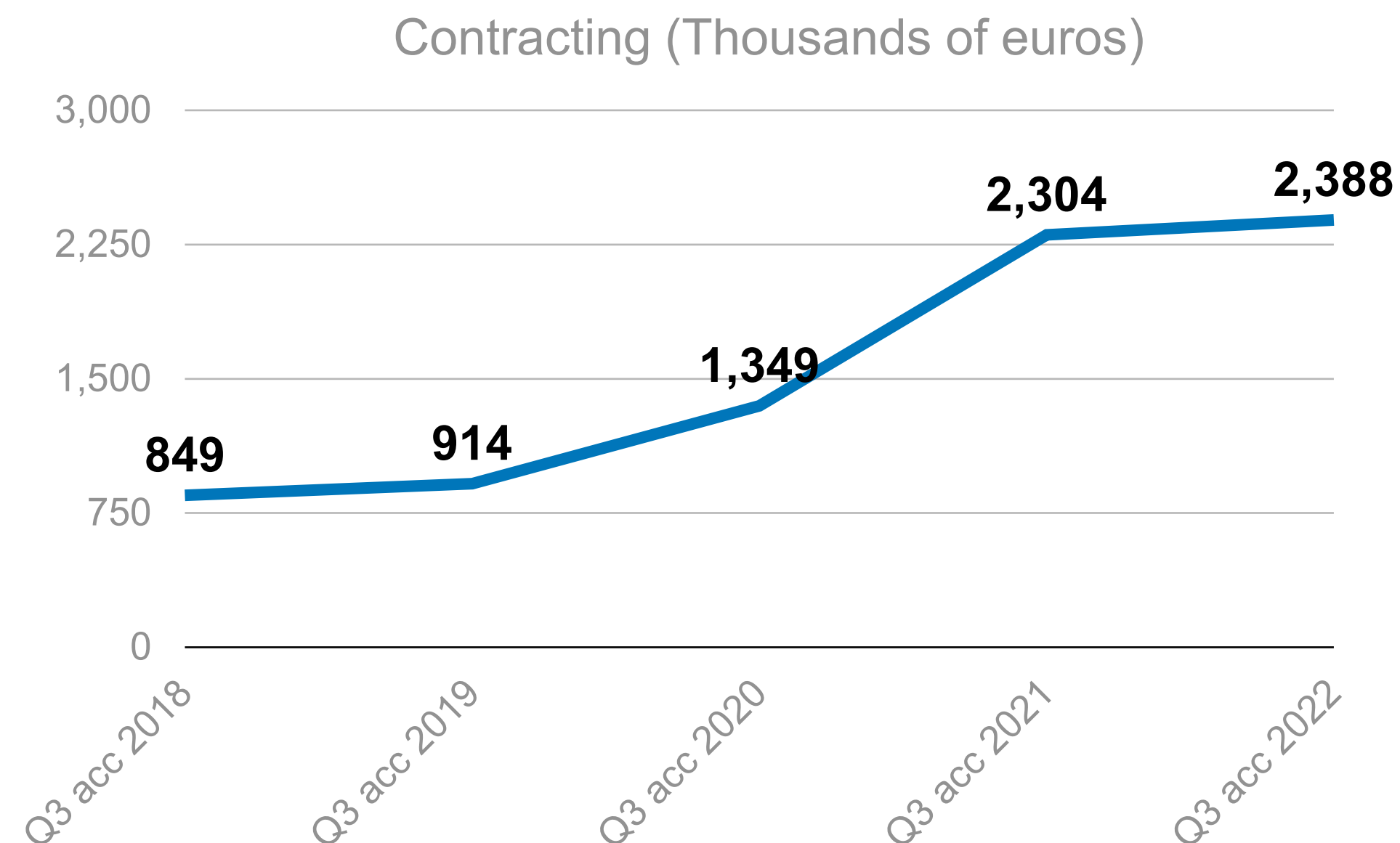
# TPOLOGY OF CUSTOMERS OVER THE QUARTER



Lleida.net has increased customers billed during these three quarters, with an increase of 9% in the customer portfolio, compared to the same quarter of 2021. Likewise, average turnover is increasing by 11% compared to the accumulated data as of the third quarter of 2021.

The company has built a loyal customer base as the number of customers using our services each month increases.

# EVOLUTION OF SALES OF CONTRACTING SERVICES

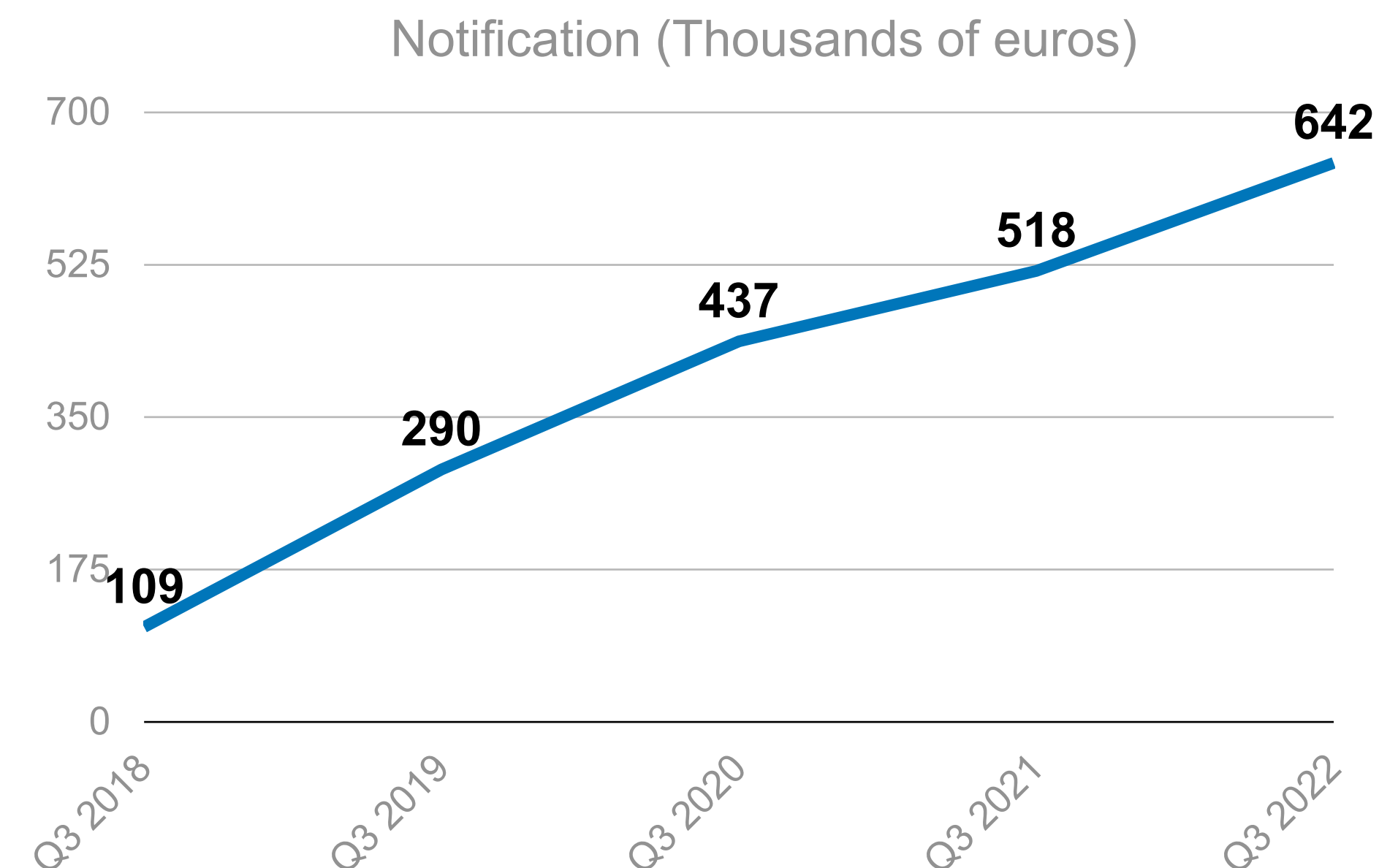
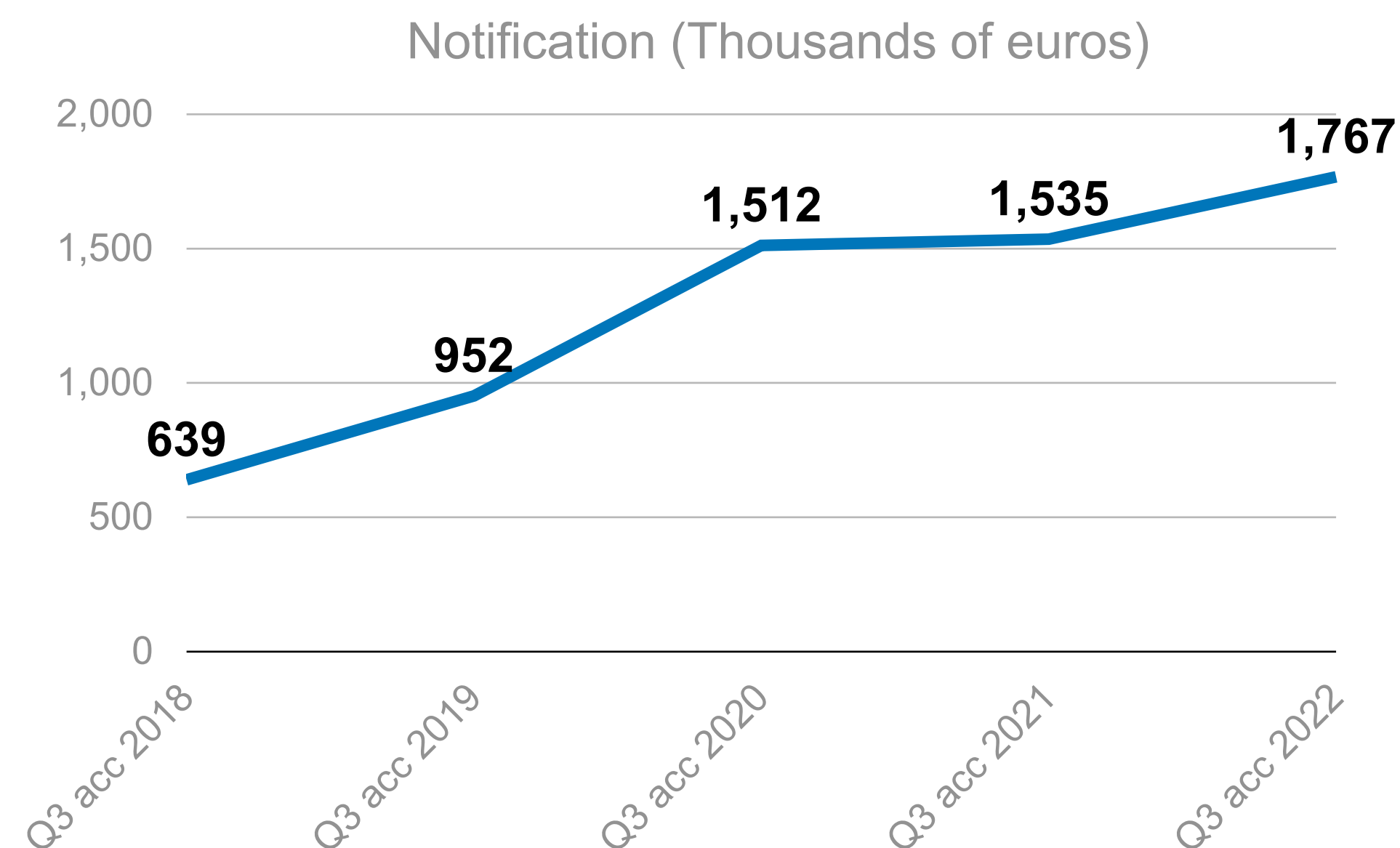


The contracting line includes essential products such as Click & Sign Standard, Email Contract and SMS Contract, along with the most complex products offered by Lleida.net, i. e. the Click & Sign Pro products.

Sales increased by 4% in cumulative terms to 2.4 million euros. The growth of Click & Sign services was balanced by the lower consumption of SMS and Email contract services during the quarter. SMS contracts are primarily used by utilities, whose consumption has slowed down this summer, while services are mainly used by banking and insurance companies.

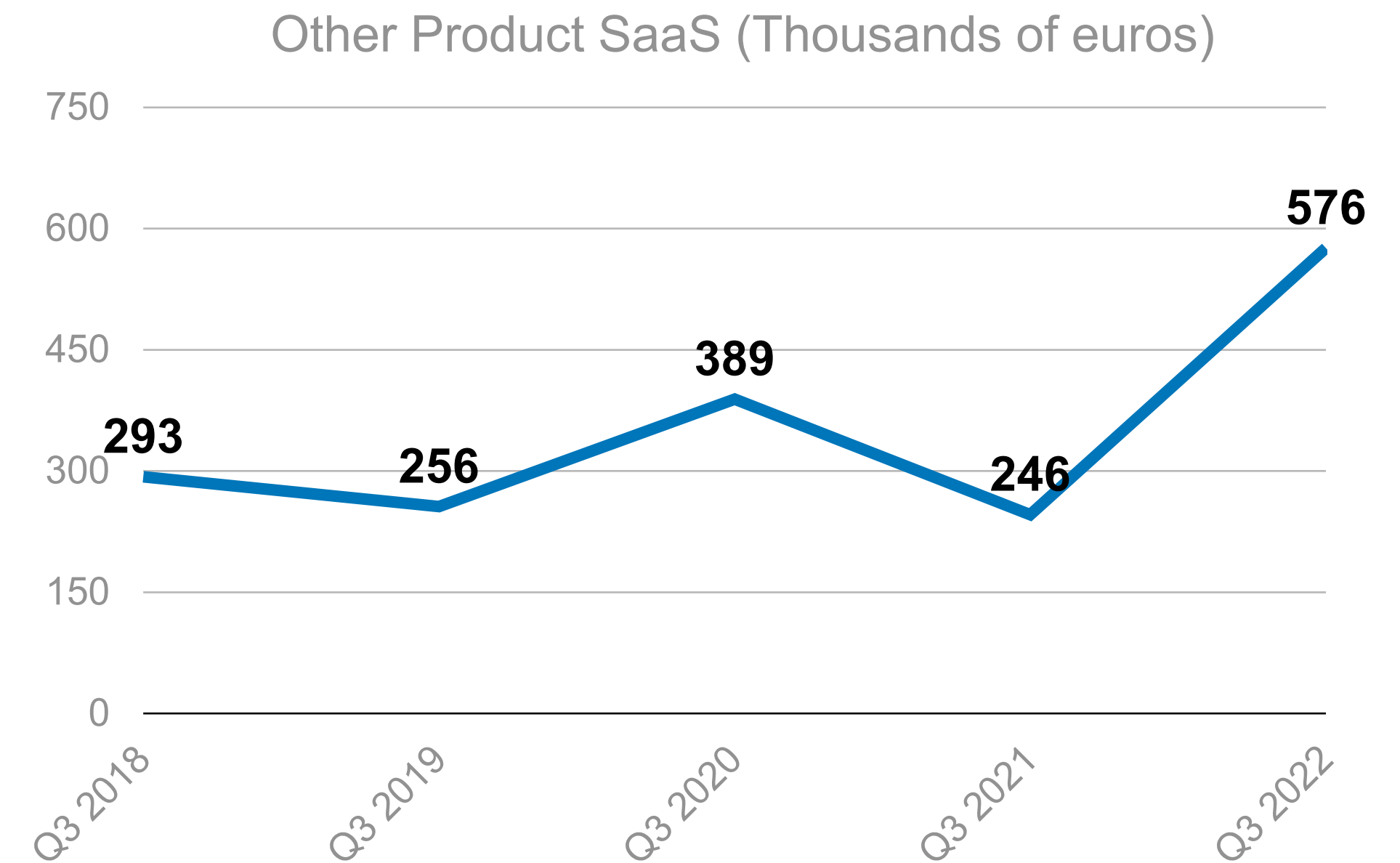
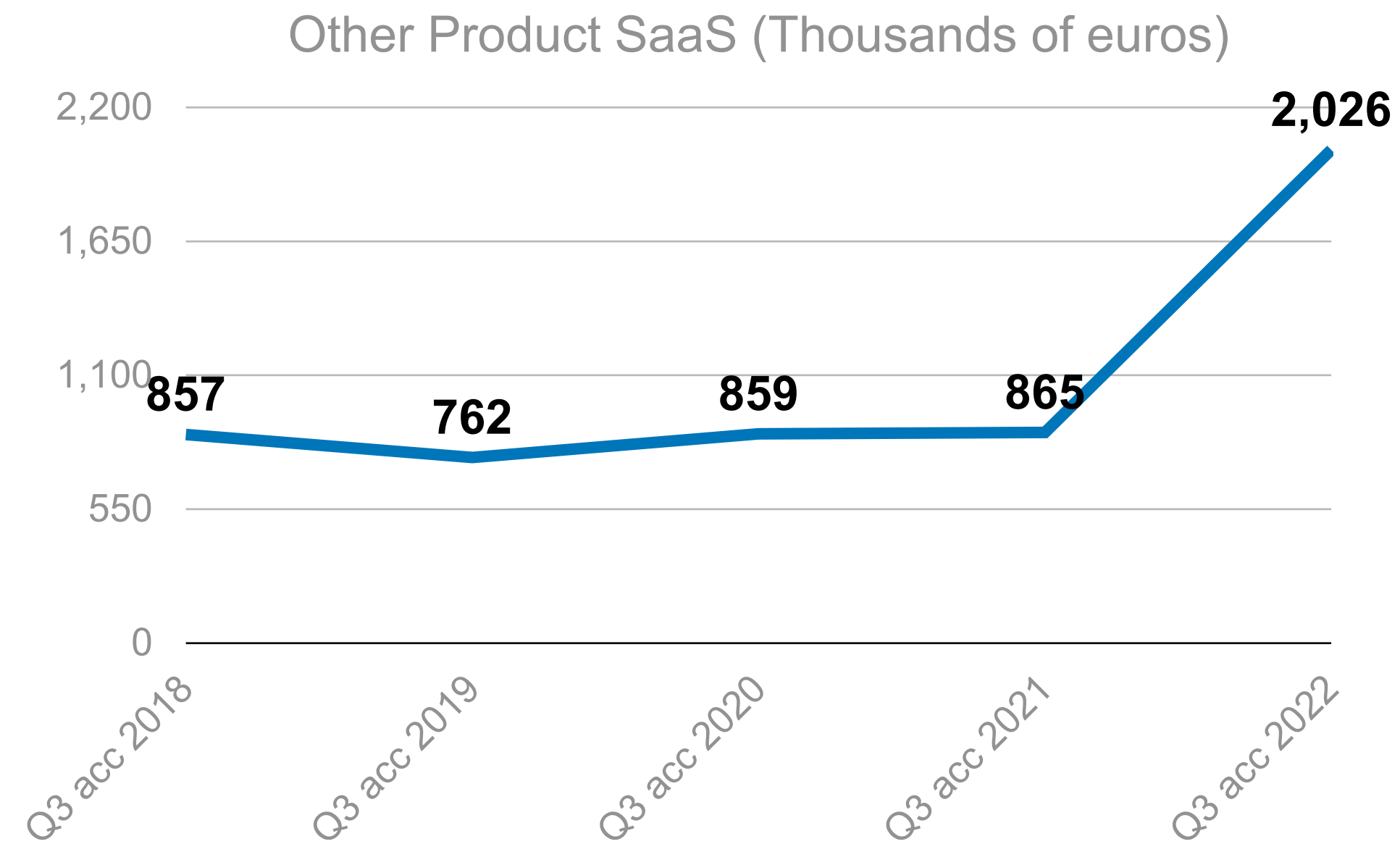


# EVOLUTION OF SALES OF NOTIFICATION SERVICES



Notification sales include Registered Email and Registered SMS products. We witnessed a 19% increase this quarter, and a 14% increase year-on-year, due to the increase in non-payment claims and notifications from public bodies. The renewed agreement with 472, managing Columbian post services and new accounts, will be the focus for growth in the notification and contracting business lines.

# EVOLUTION OF SALES OF OTHER SAAS PRODUCTS



This is the business line with the highest increase due to the incorporation of Indenova's sales in the 2022 figures.

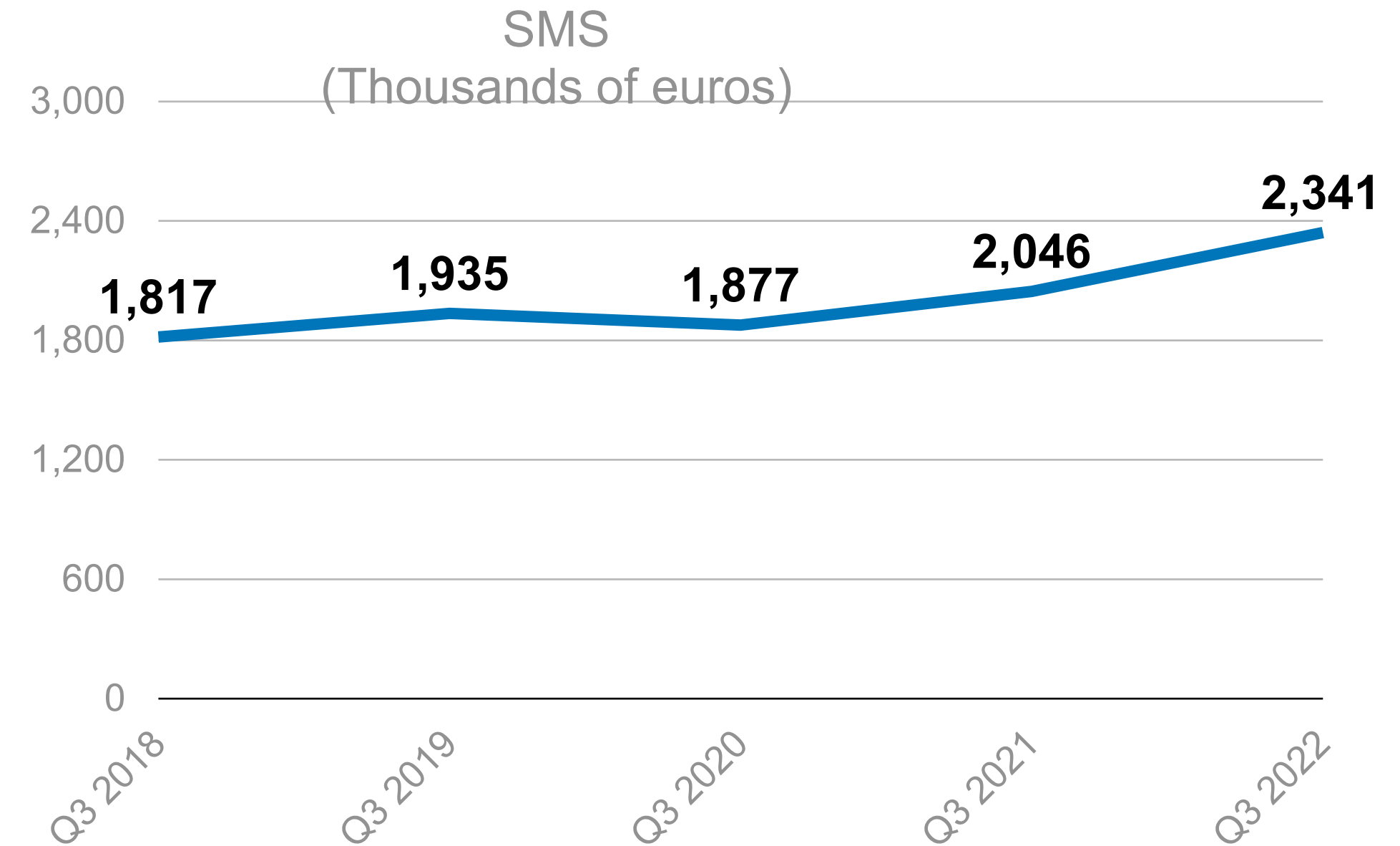
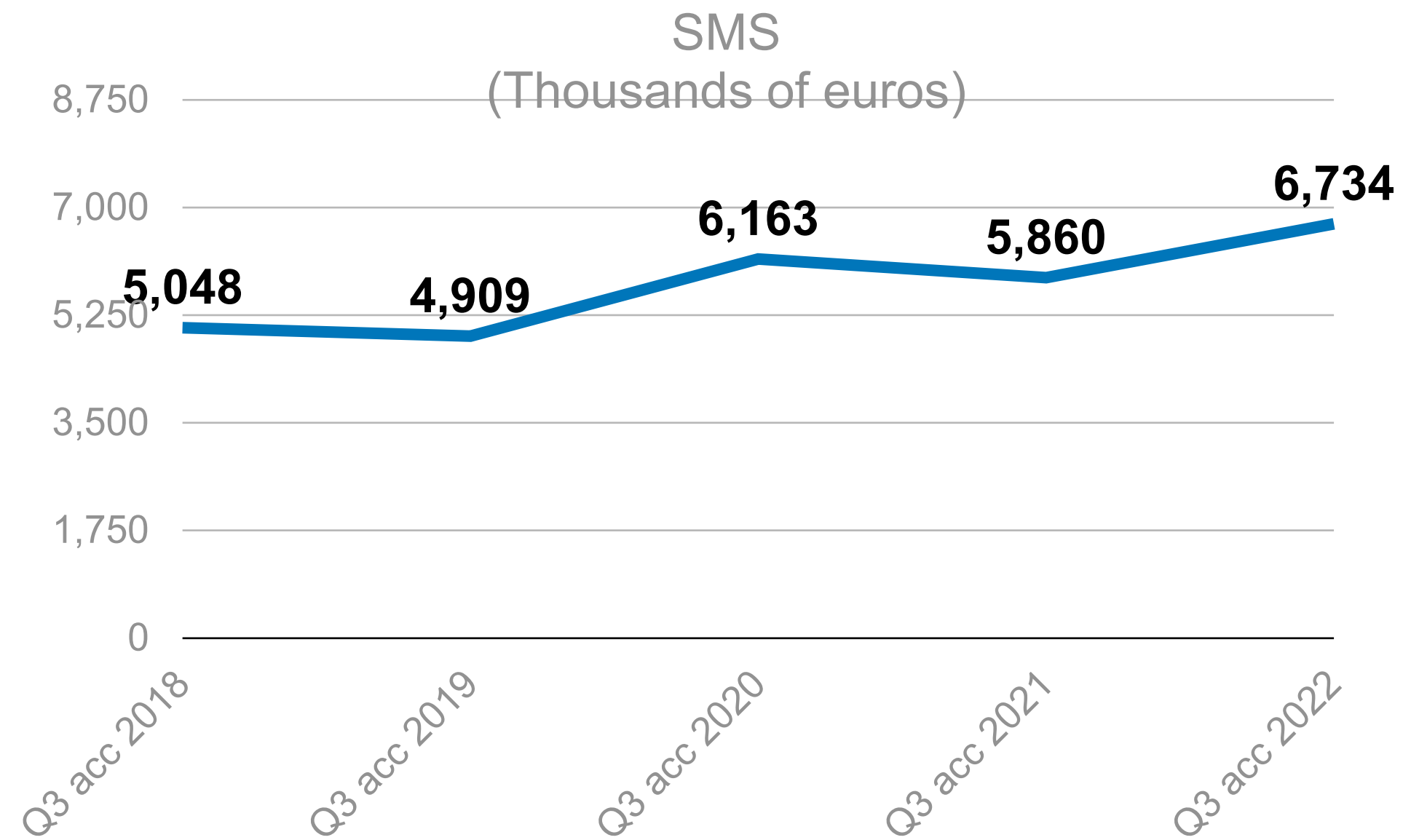
In cumulative terms, this amounts to 1,271,000 euros in sales.

New contracts entered with Indenova, e.g. Sedapal, already integrate the new hybrid technology products of both companies.

Lleida.net's flagship product, namely data and document verification, has kept its turnover stable over the same quarter of 2021.

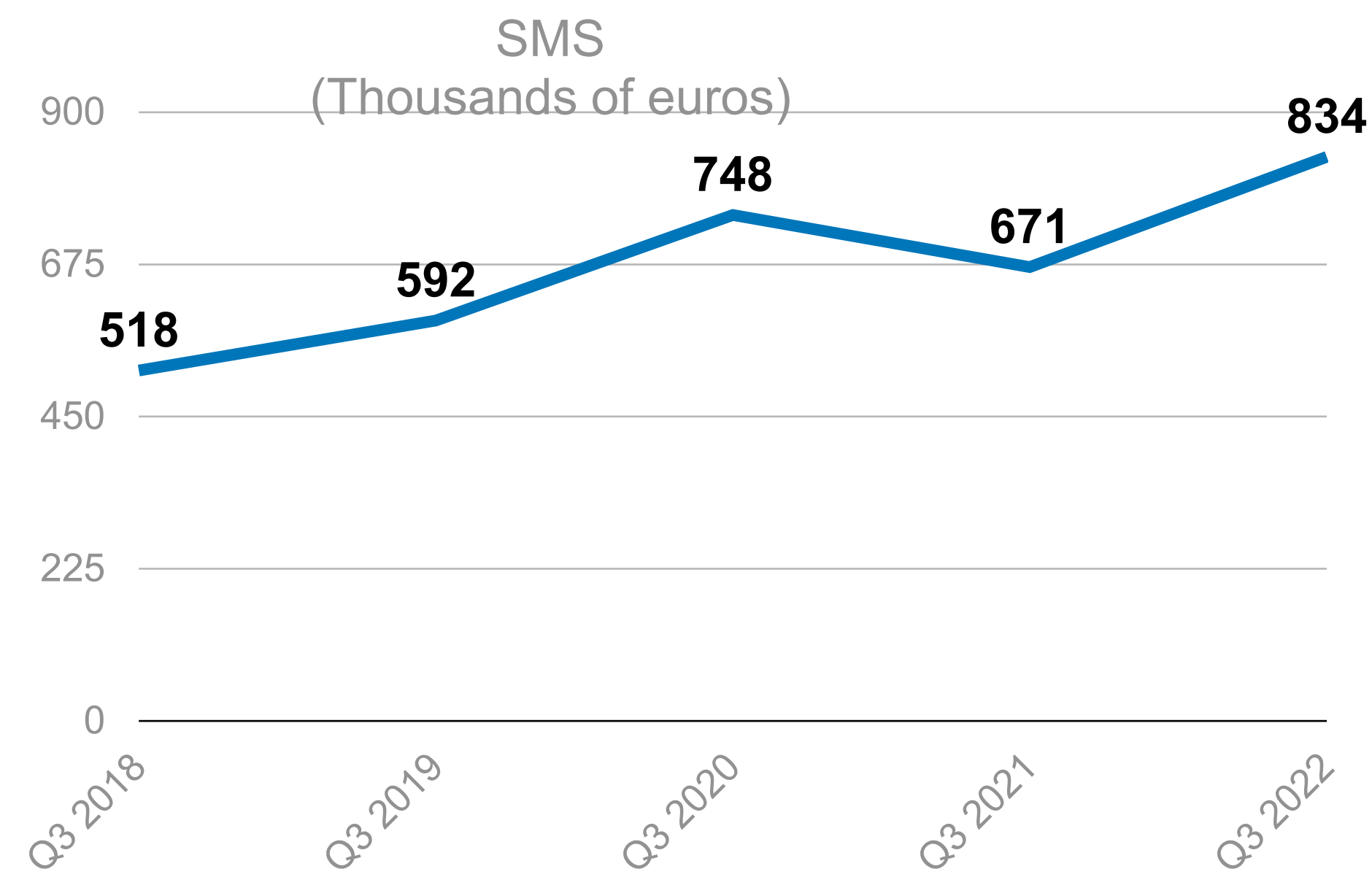
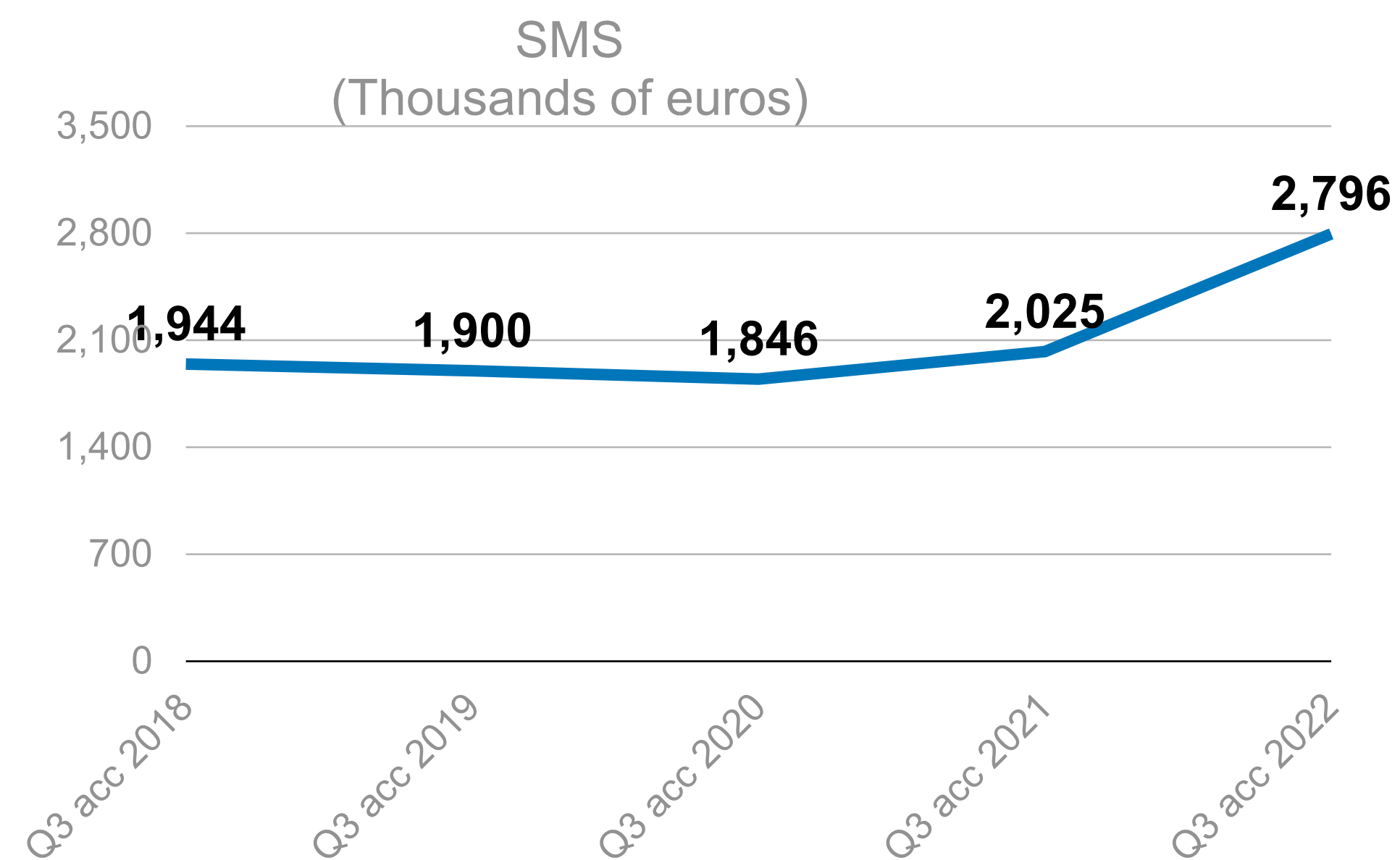


# EVOLUTION OF SMS WHOLESALE SALES



Wholesale sales remain on the same growth trend as for the year, with a 15% increase in the cumulative figures and a 13% increase in the quarterly figures. Traffic has been boosted thanks to the events currently being held, the destinations and the quality of the service offered by Lleida.net set Lleida.net apart in an increasingly competitive market. The increase in turnover is accounted for not only by the increase in traffic we have, but also by the increase in termination prices by operators. The Interconnect team's strategy is targeted towards direct routes rather than pure wholesale, which has cheaper and poorer quality routes.

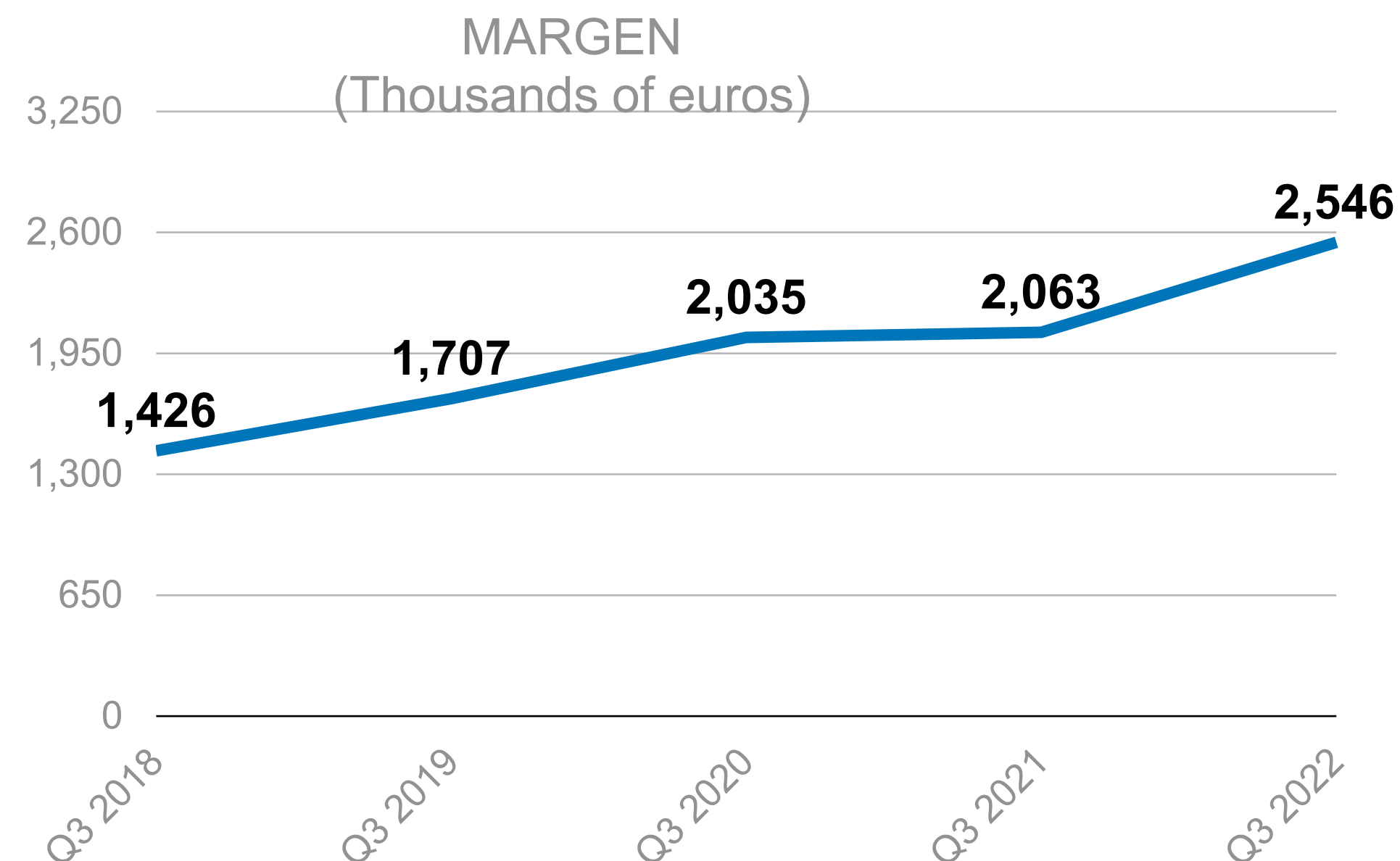
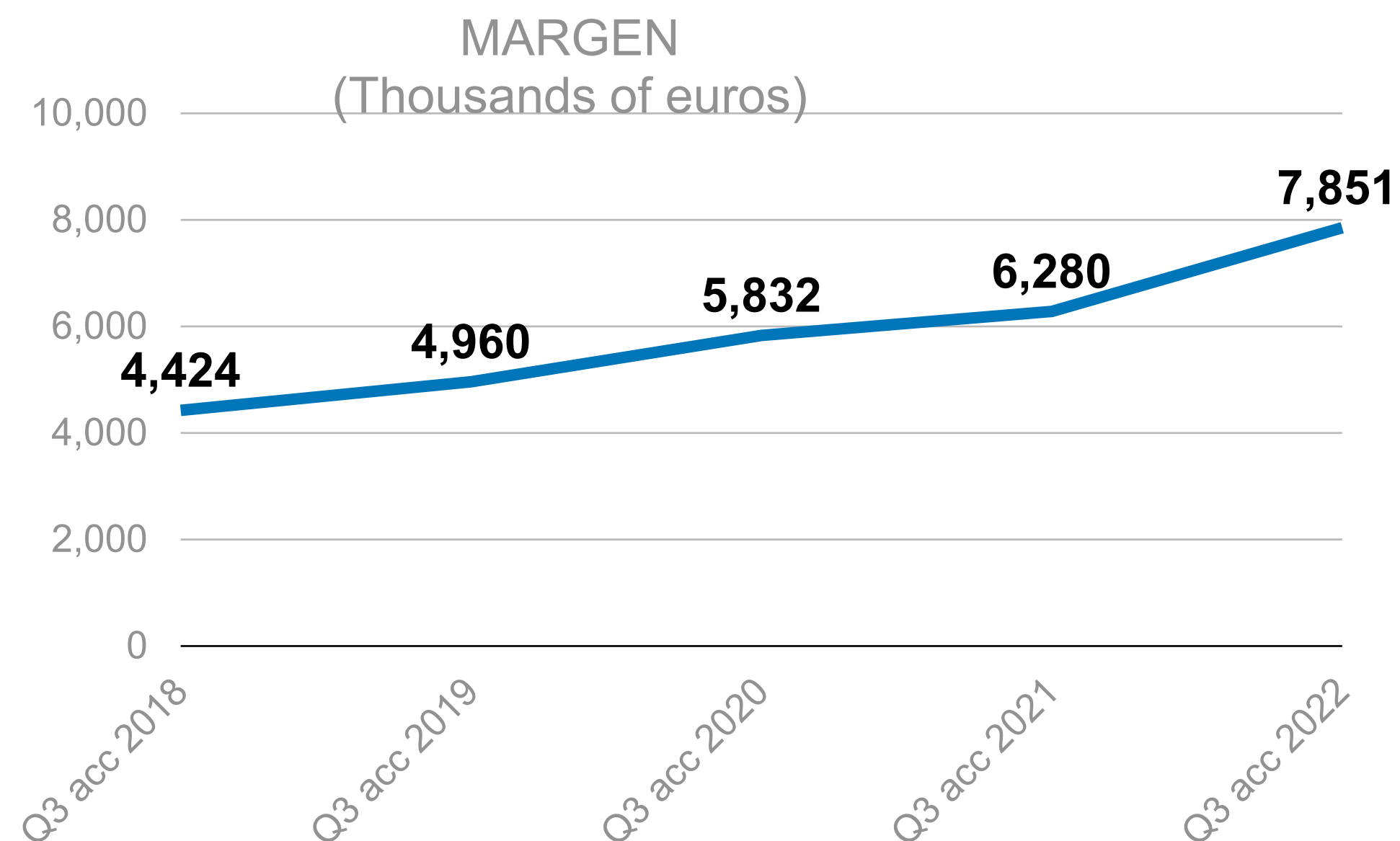
# EVOLUTION OF SMS WHOLESALE SALES



SMS sales amounted to 2.8 million euros in cumulative figures, a 38% growth compared to 2021. This growth is marked by the higher volume of SMS traffic, an increase of 24% in Q3, derived from the seasonal nature of this type of sales, boosted by commercial campaigns.



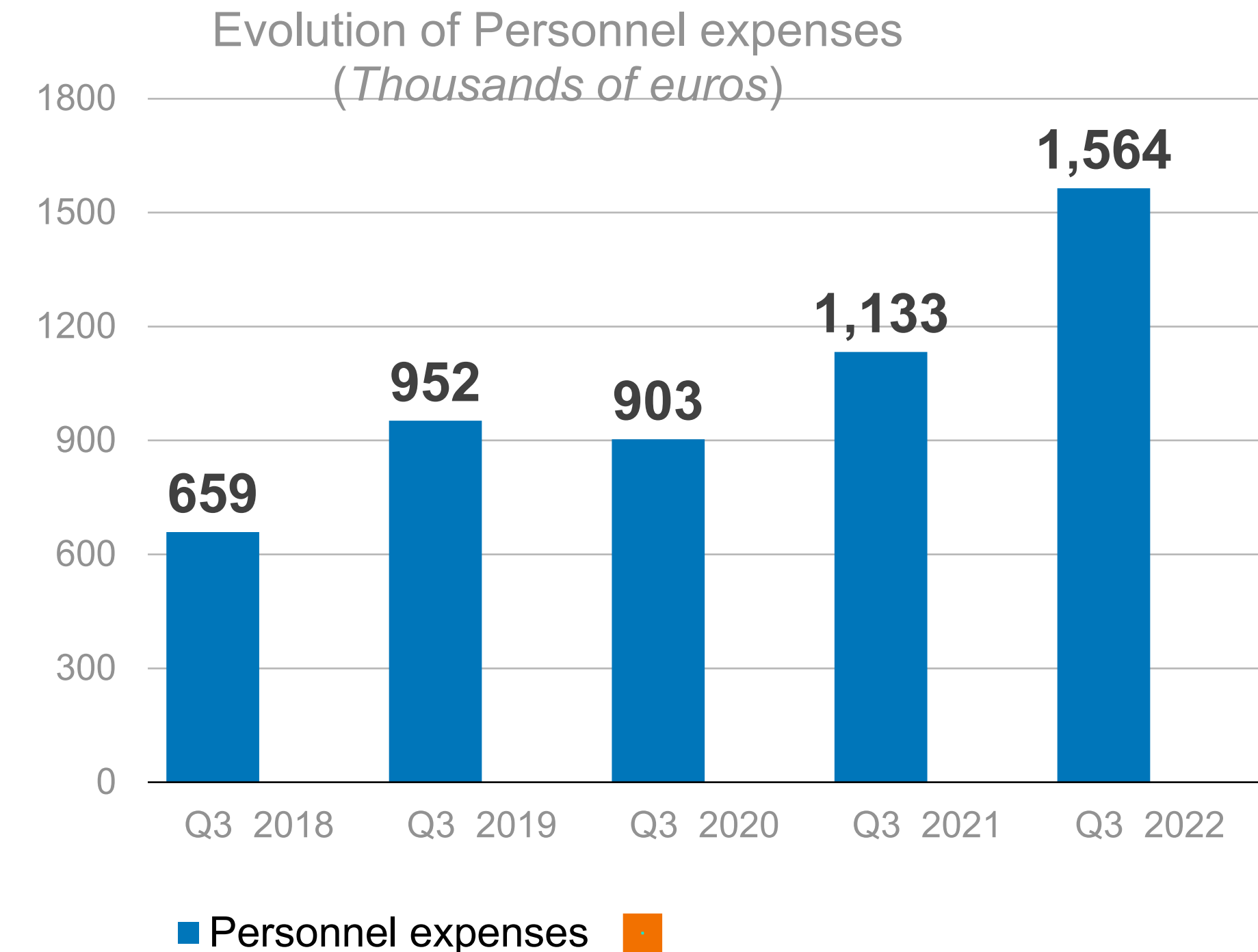
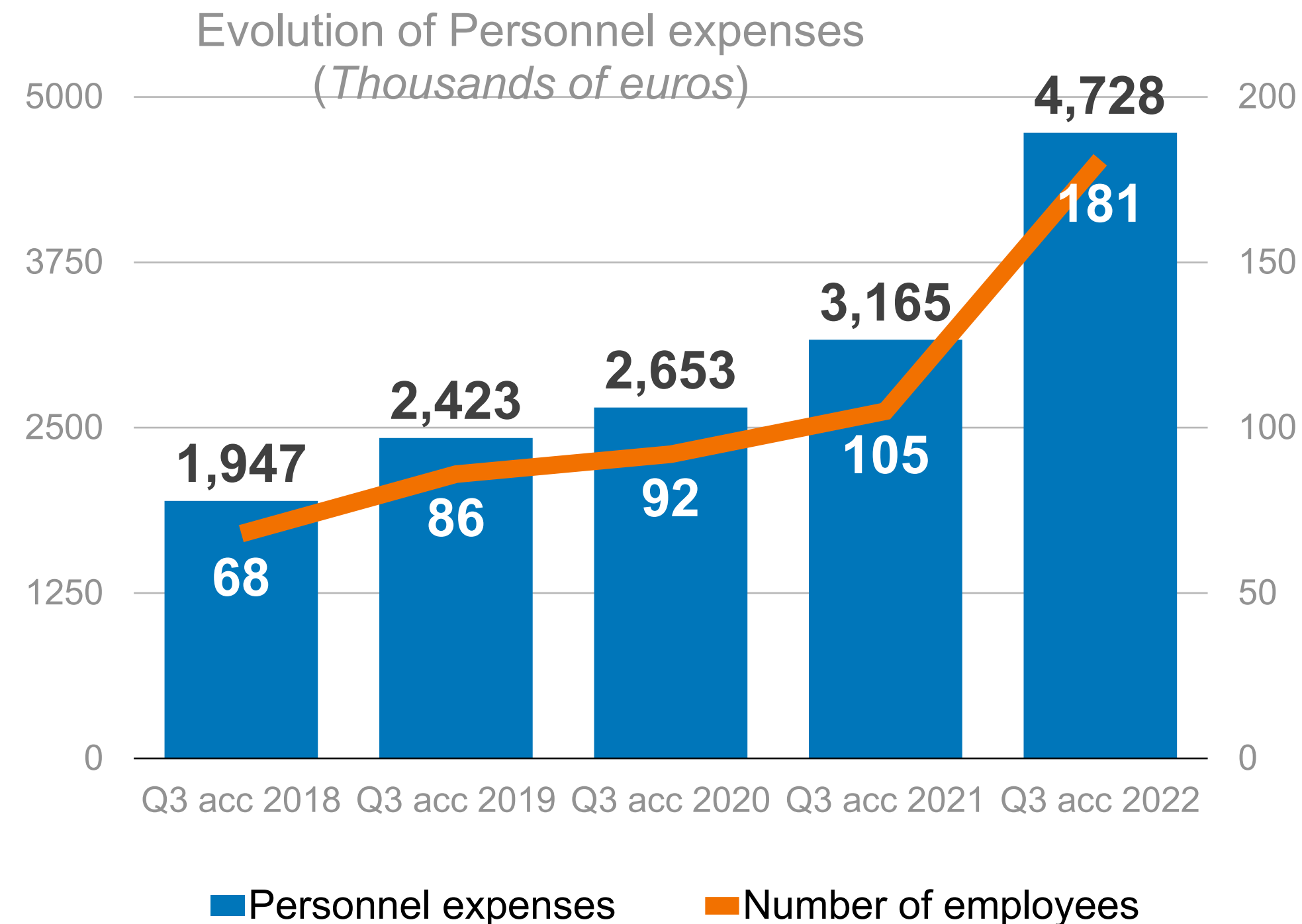
# GROSS MARGIN EVOLUTION



Gross margin increased in line with sales in the cumulative figures by 25%, reaching 7.8 million euros. The sales margin stands at 50%.

During the quarter, the gross margin amounted to €2.5 million, €483 thousand above Q3 2021's margin, and accounted for 49.17% of sales, compared to 48.04% in 2021. This increase is due to the higher weight of all SaaS lines in total sales.

# PERSONNEL EXPENSES



The increase in staff costs of 1.5 million euros is accounted for by the incorporation of Indenova's staff in November 2021. Indenova accounts for nearly the entire increase, with an expenditure of 1.4 million euros.

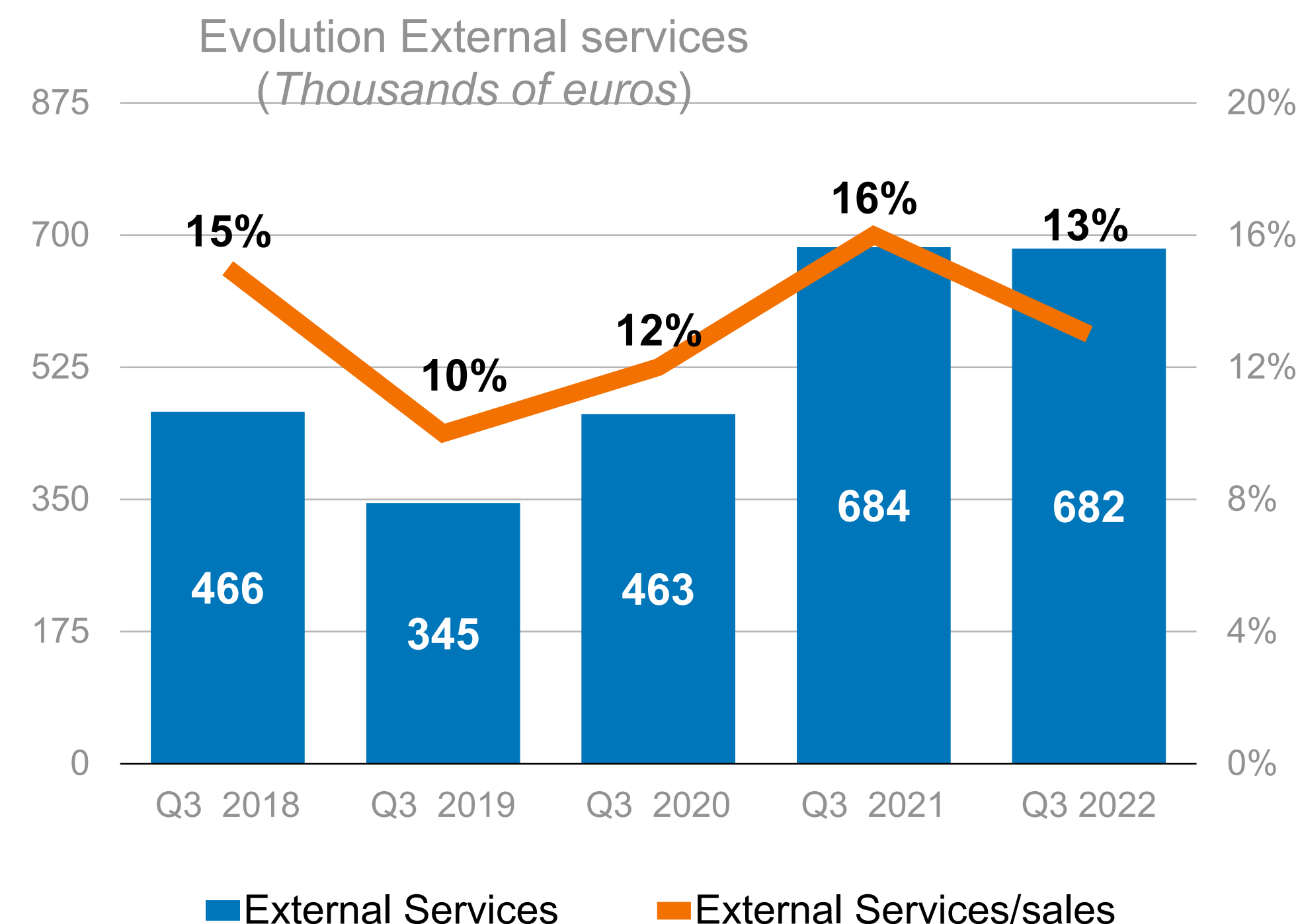
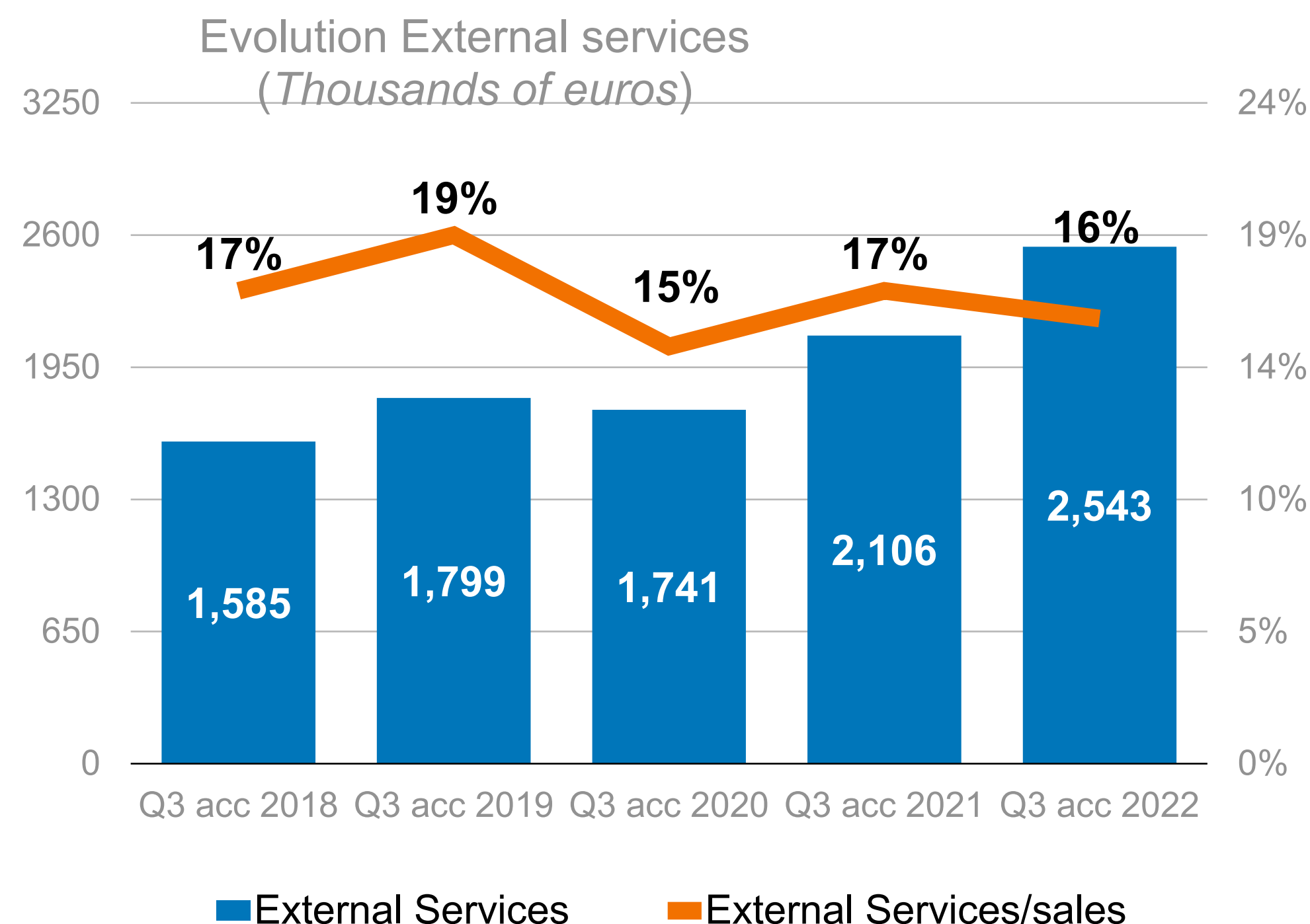
We are currently 181 people on staff, the figures for the second quarter are unchanged, which means an increase of 72%, while expenditure has increased by 49%.

Due to the incorporation of personnel, mainly from Latin America, the average cost per person has been reduced.

The strategy for attracting talent is focused on the incorporation of personnel in R&D&I, commercial teams to boost international sales and support to face the increase in activity.



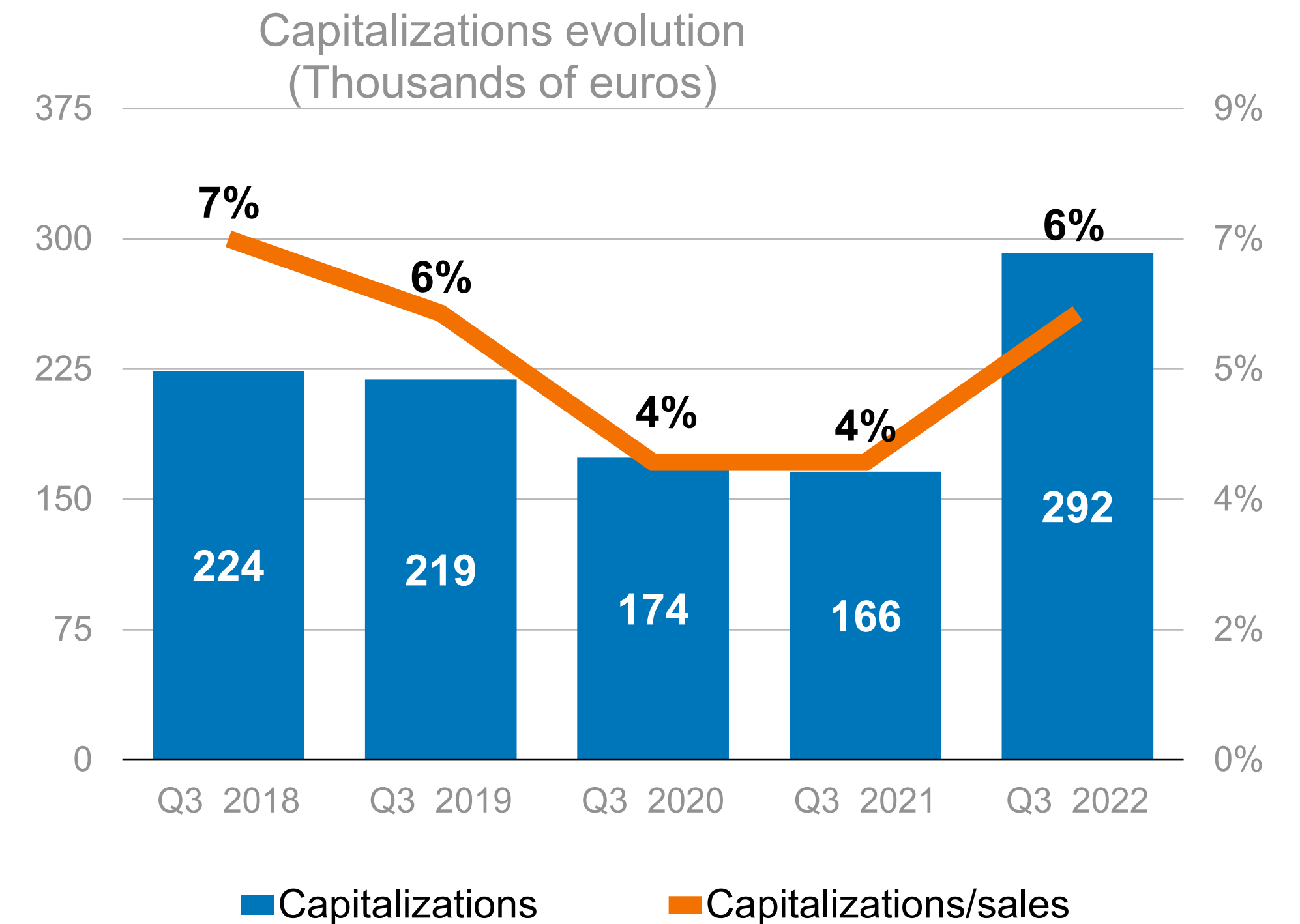
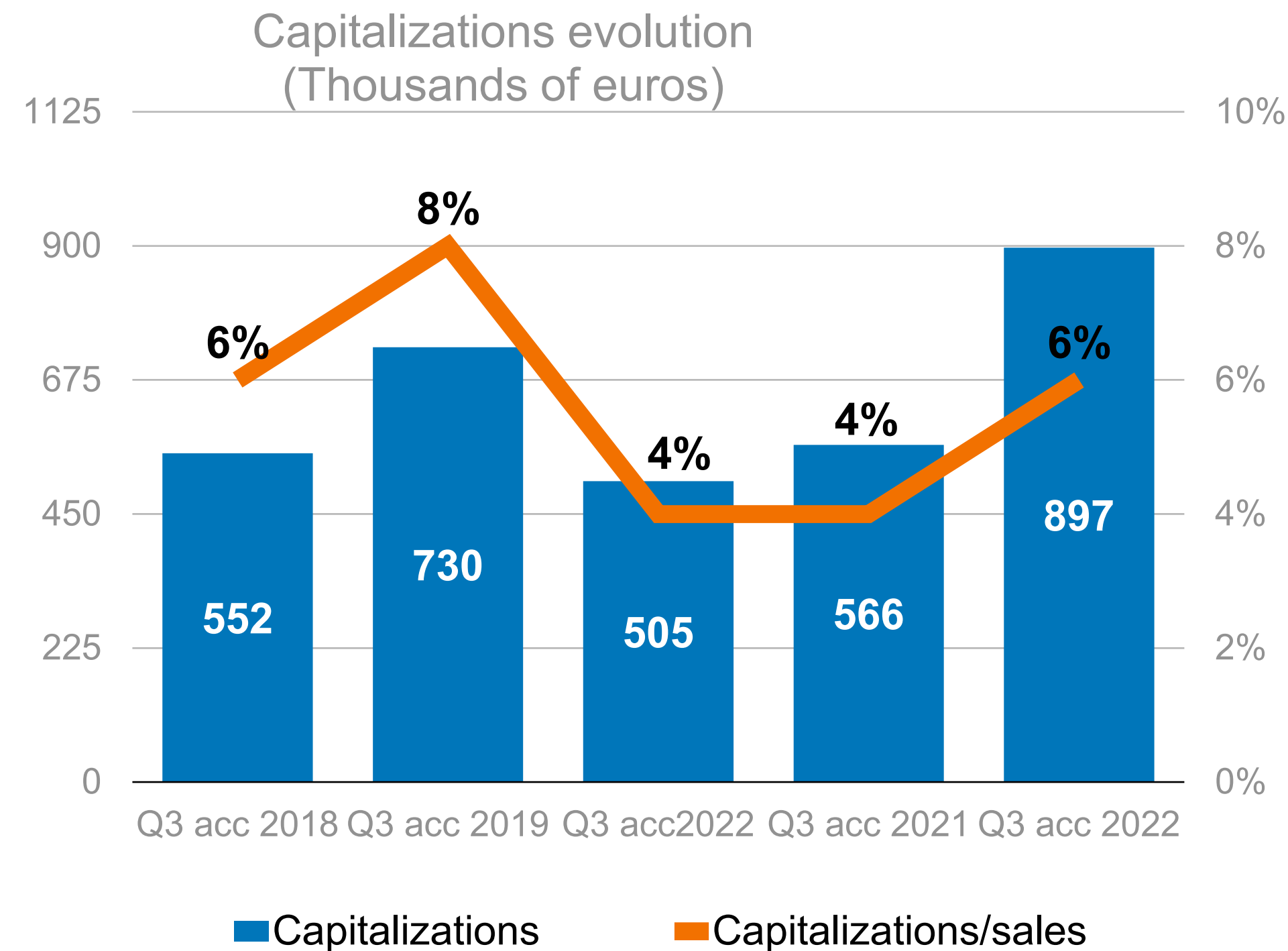
# EXTERNAL SERVICES EXPENDITURES



External services expenses remain at the same volumes as in Q3 2021, 682 thousand euros, but decrease as a percentage of sales from 16% in Q3 2021 to 13% this quarter.

There is seasonality about these expenses, primarily due to the trade fairs we attend, however this quarter, we have been attending the Secure Payment & ID Congress in Madrid, the Wholesale World Congress in Madrid, Spain Legal Expo, WAS in South Africa and Digital Banking Summit in Munich.

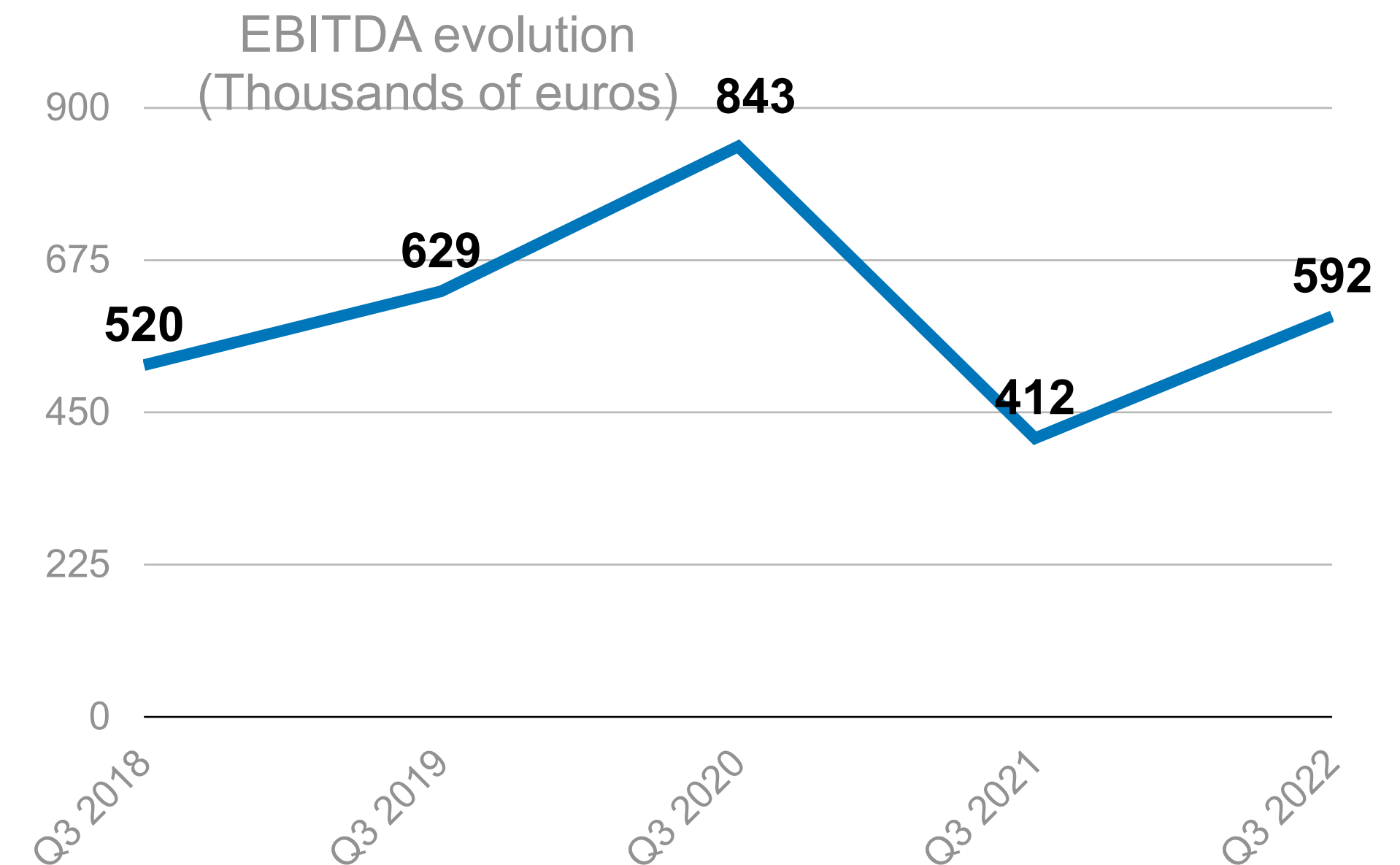
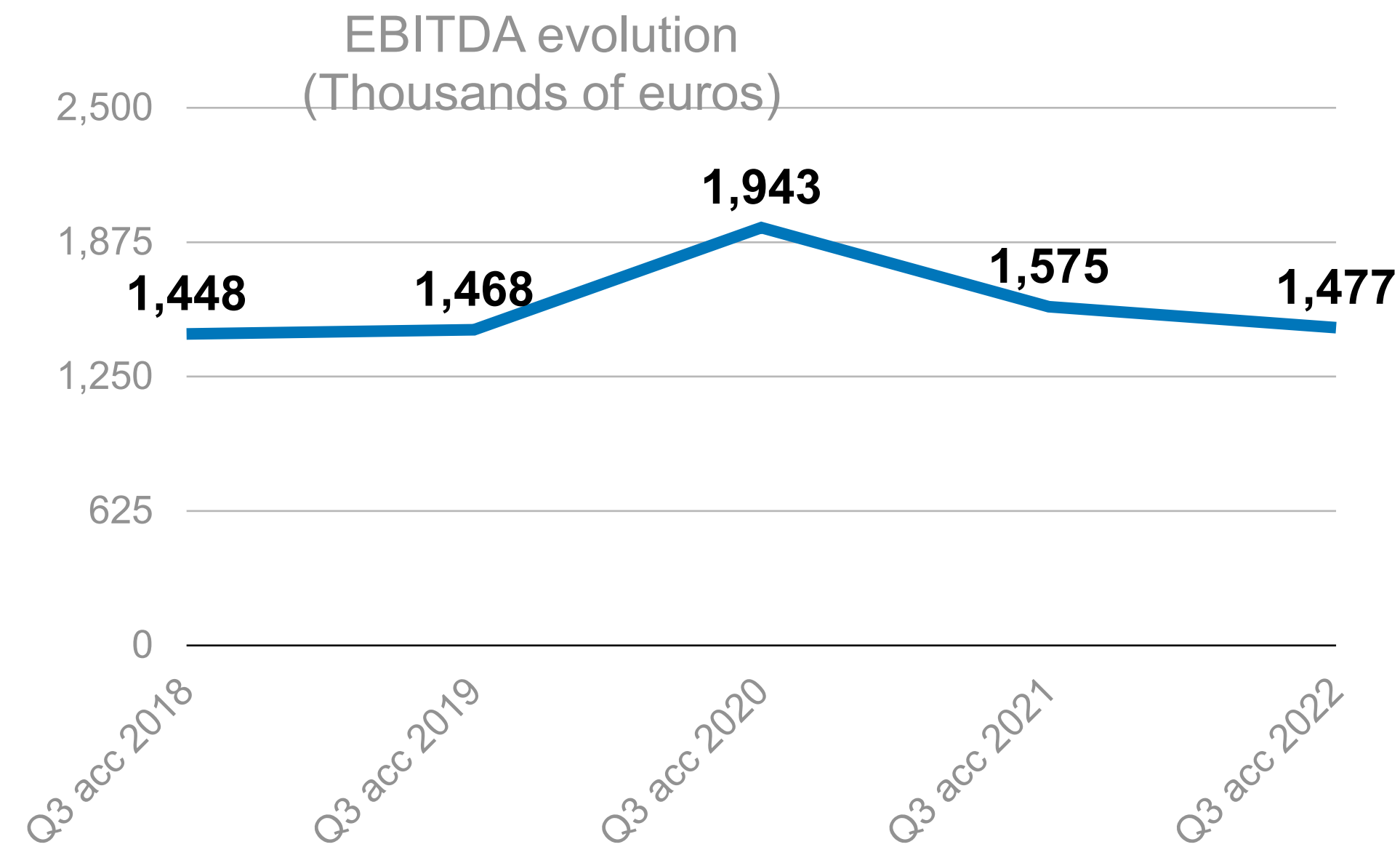
# EVOLUTION OF CAPITALIZATIONS



R&D is a critical factor in the group's strategy that guarantees our pioneering role in the sector. In the spirit of prudence, we are maintaining a 6% activation rate relative to sales. The R&D work drives the increase within the Indenova affiliate.

The main developments during the quarter are focused on implementing hybrid products in the SaaS line.

# EBITDA EVOLUTION

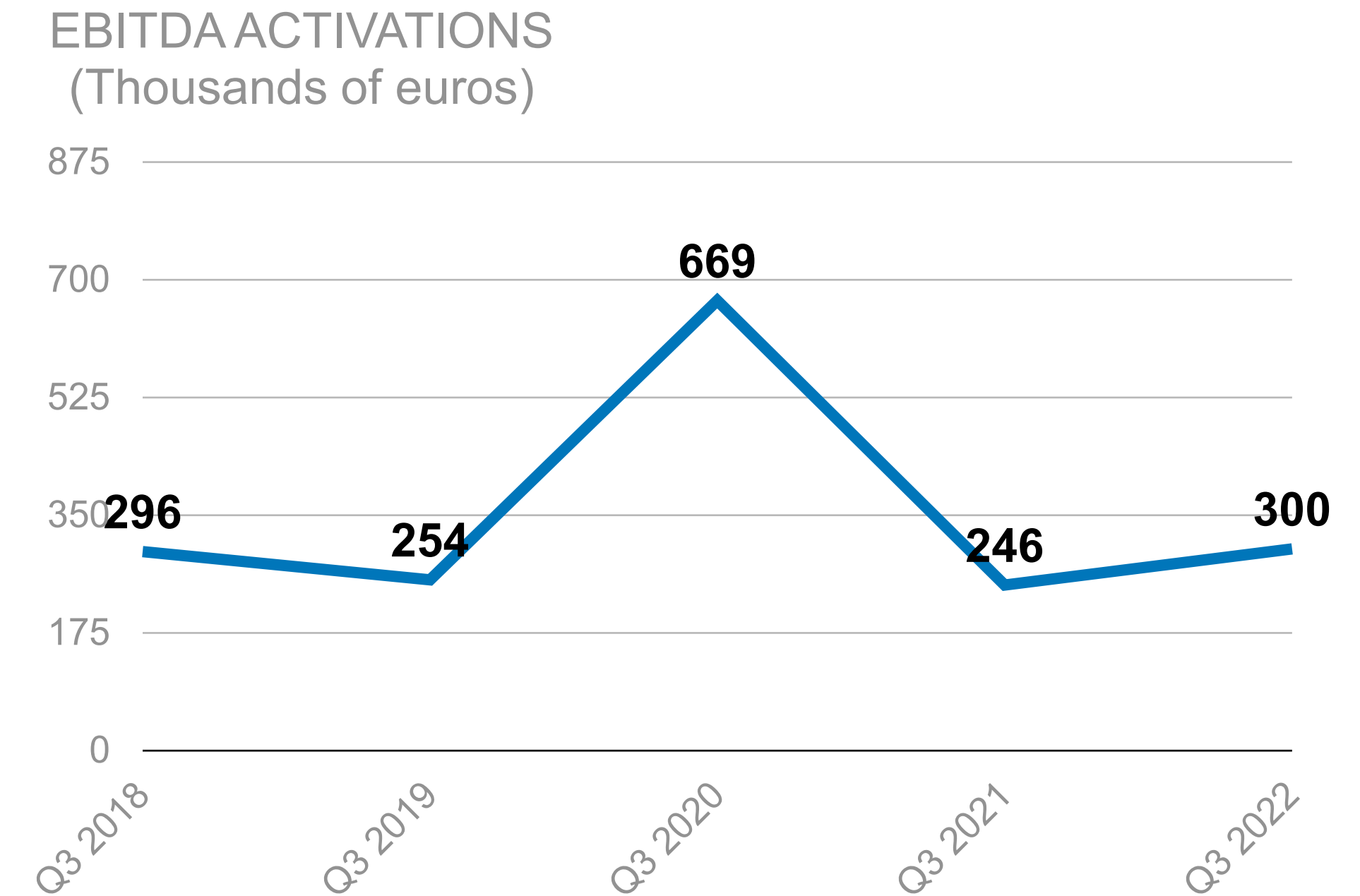
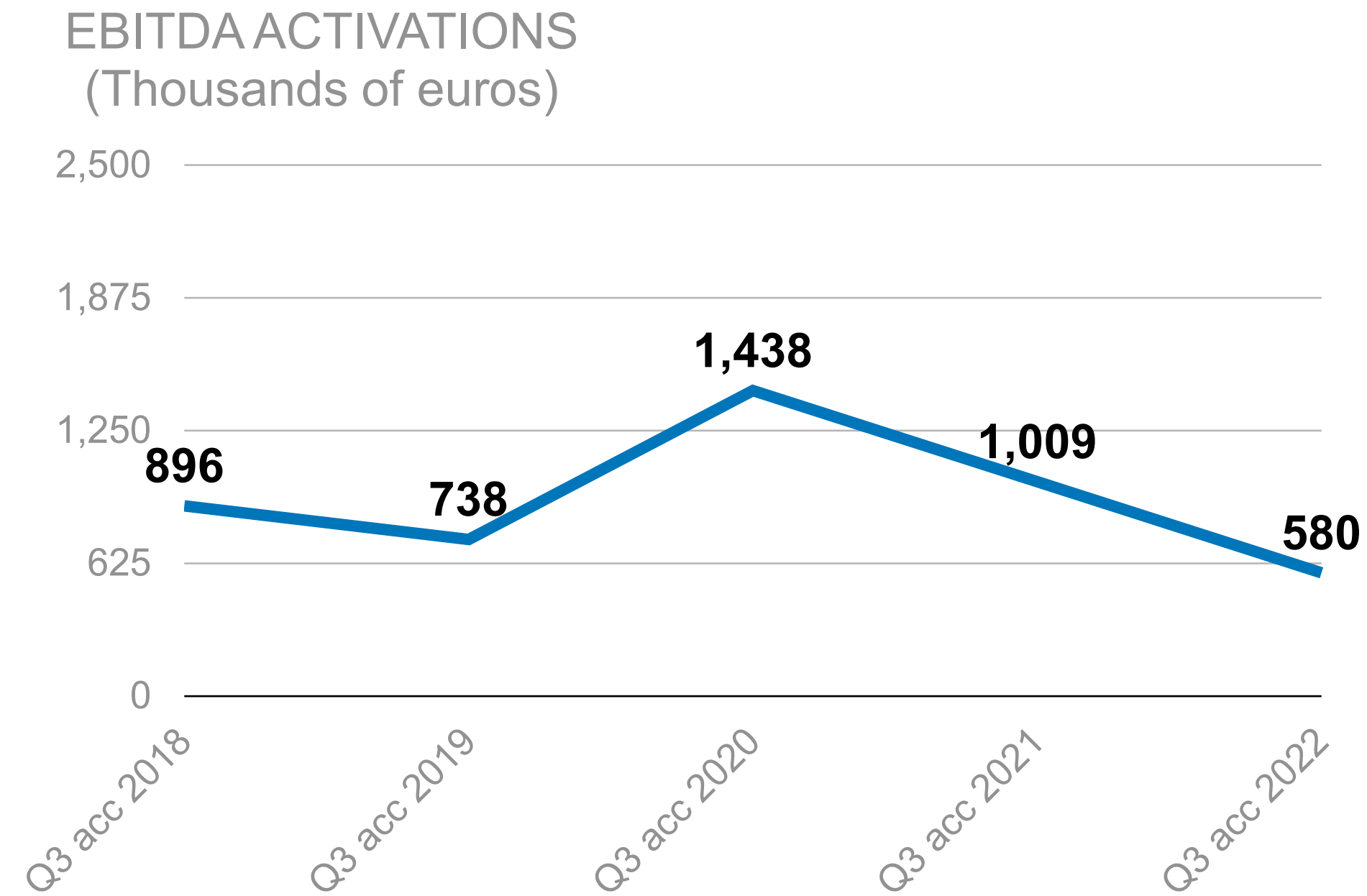


Over the first two quarters, EBITDA was lower than the previous year's period. In Q3, EBITDA was 44% higher, 180 thousand euros more than in Q3 2021. This increase is driven by the increase in sales coupled with an enhanced margin and a restraint of external service expenses.

In cumulative figures, it is 6% lower at 1,477 thousand euros, whereas in the half-yearly figures, it was 24% lower. The seasonal nature of sales, and the efforts to optimise costs, are allowing this differential to be reduced.



# EBITDA EVOLUTION WITHOUT CAPITALIZATIONS

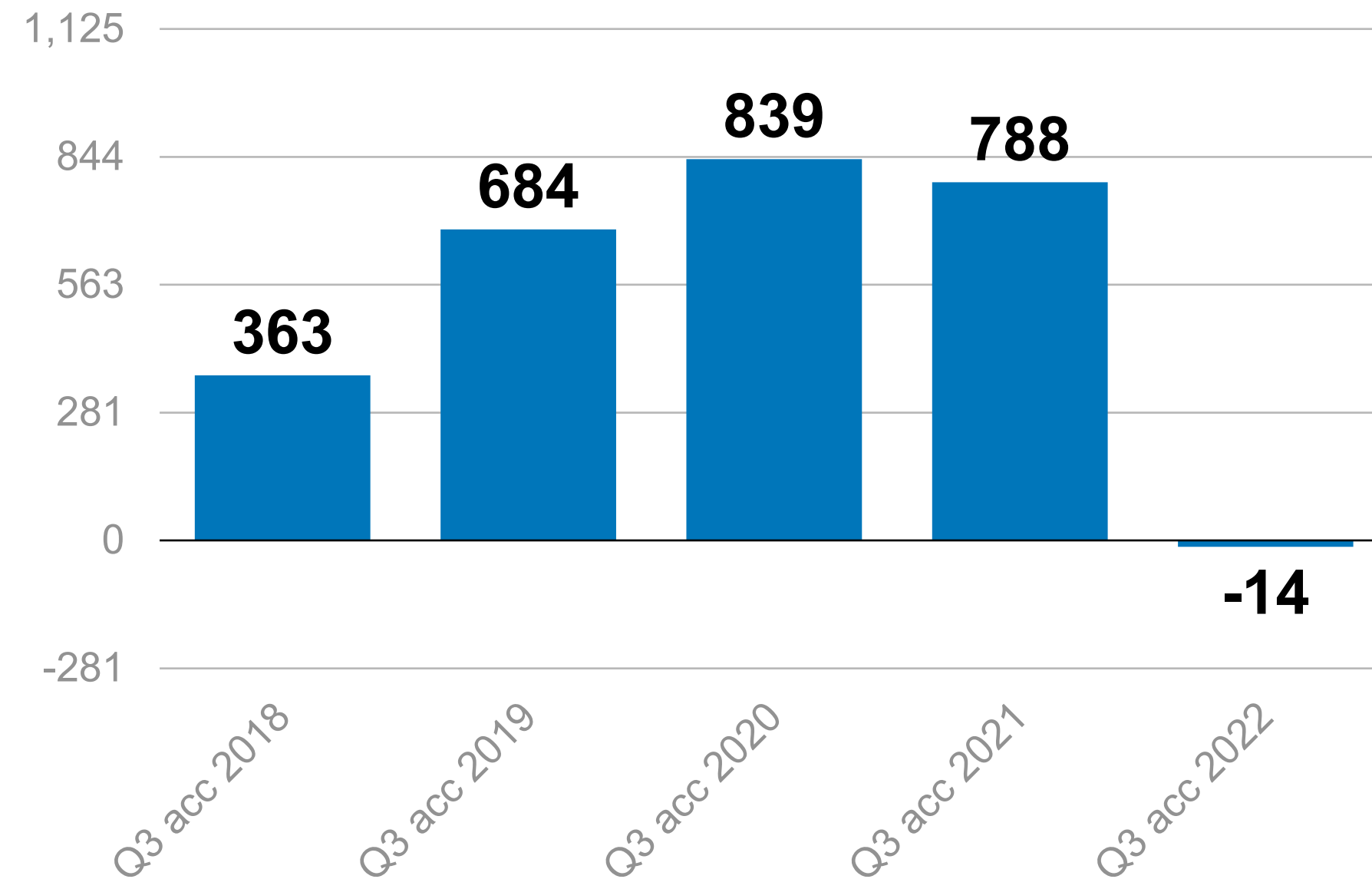


Cash EBITDA for the quarter amounted to 300 thousand euros, almost half of the cumulative figure for the period. The increase is 22% quarter-on-quarter to 300 thousand euros, while in cumulative figures, it is 43% lower.

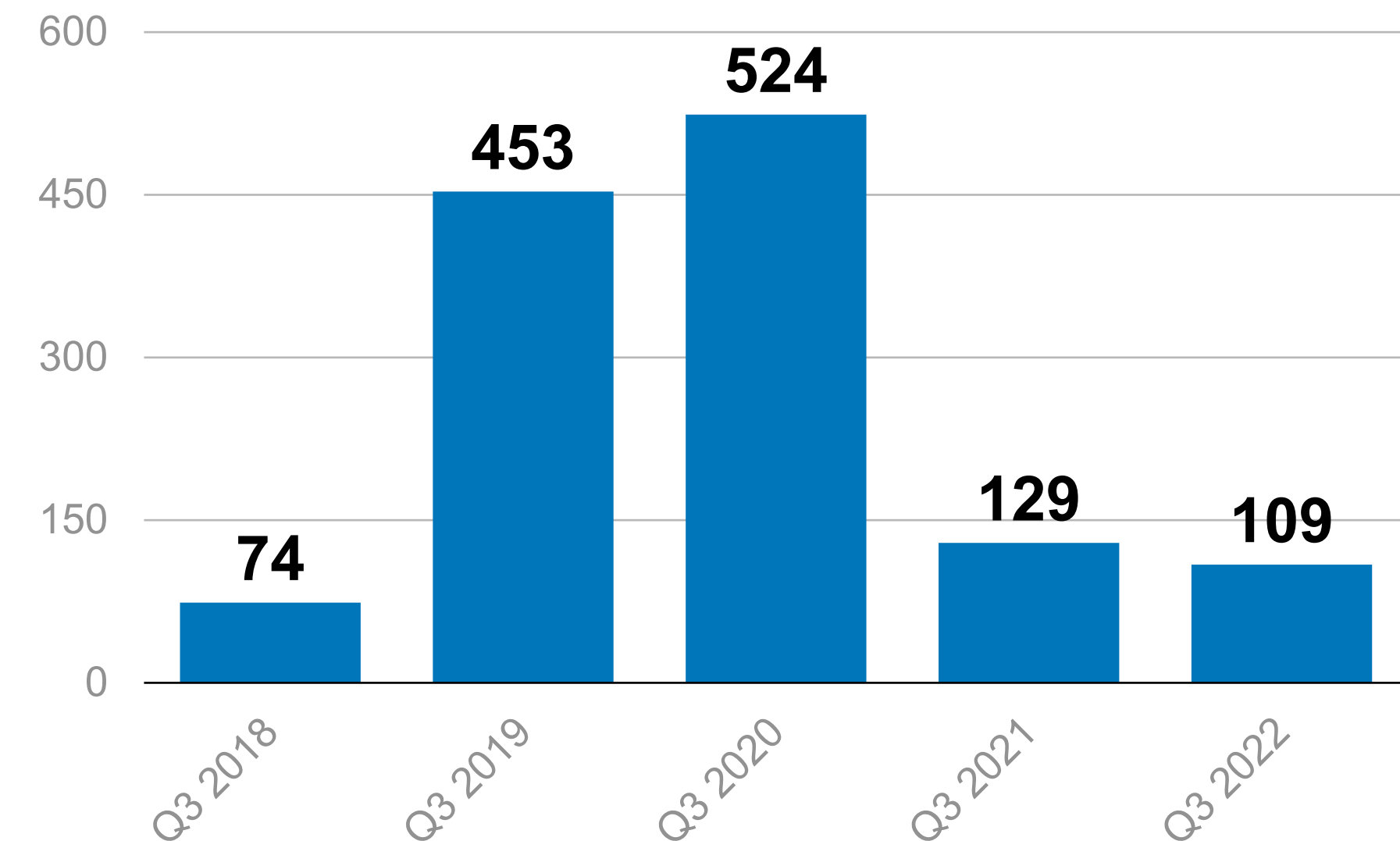
The differences concerning EBITDA are the result of Indenova's increased activations.

# EVOLUTION OF EARNINGS BEFORE TAXES

Earnings before taxes (thousand of euros)



Earnings before taxes (thousand of euros)



During the quarter, we moved back to positive earnings, €109 thousand, compared to €129 thousand in Q3 2021. The decrease is due to the increase in depretiation, an additional EUR 239 thousand in the quarter and EUR 729 thousand in the first nine months, due to the depretiation of Indenova's goodwill and Indenova's assets depretiation.

Currency fluctuations, particularly the dollar against the euro, allowed us to have a favourable exchange rate income of 152 thousand euros in accumulated figures derived from the loans that the parent company has with the subsidiary in the USA.

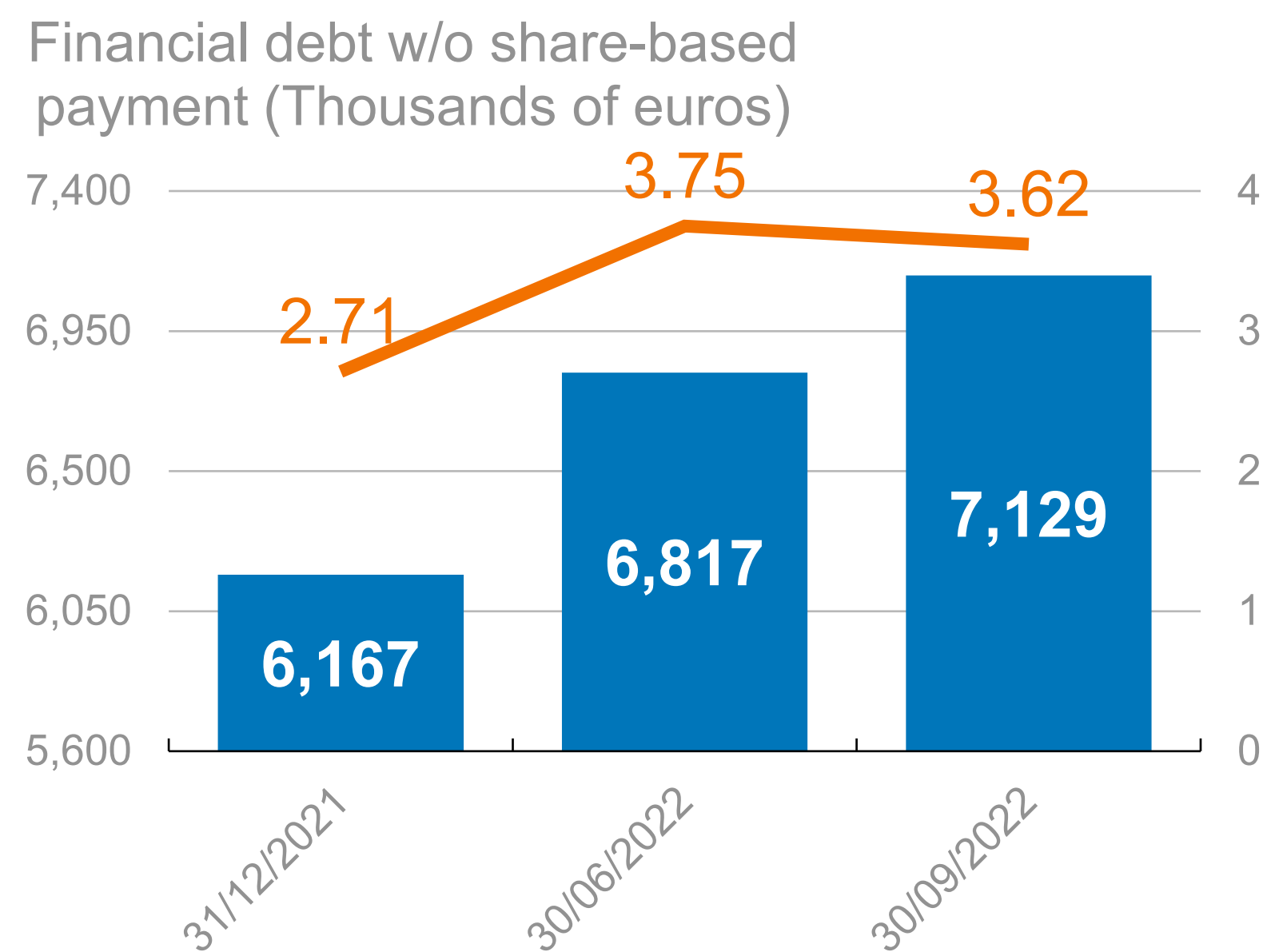
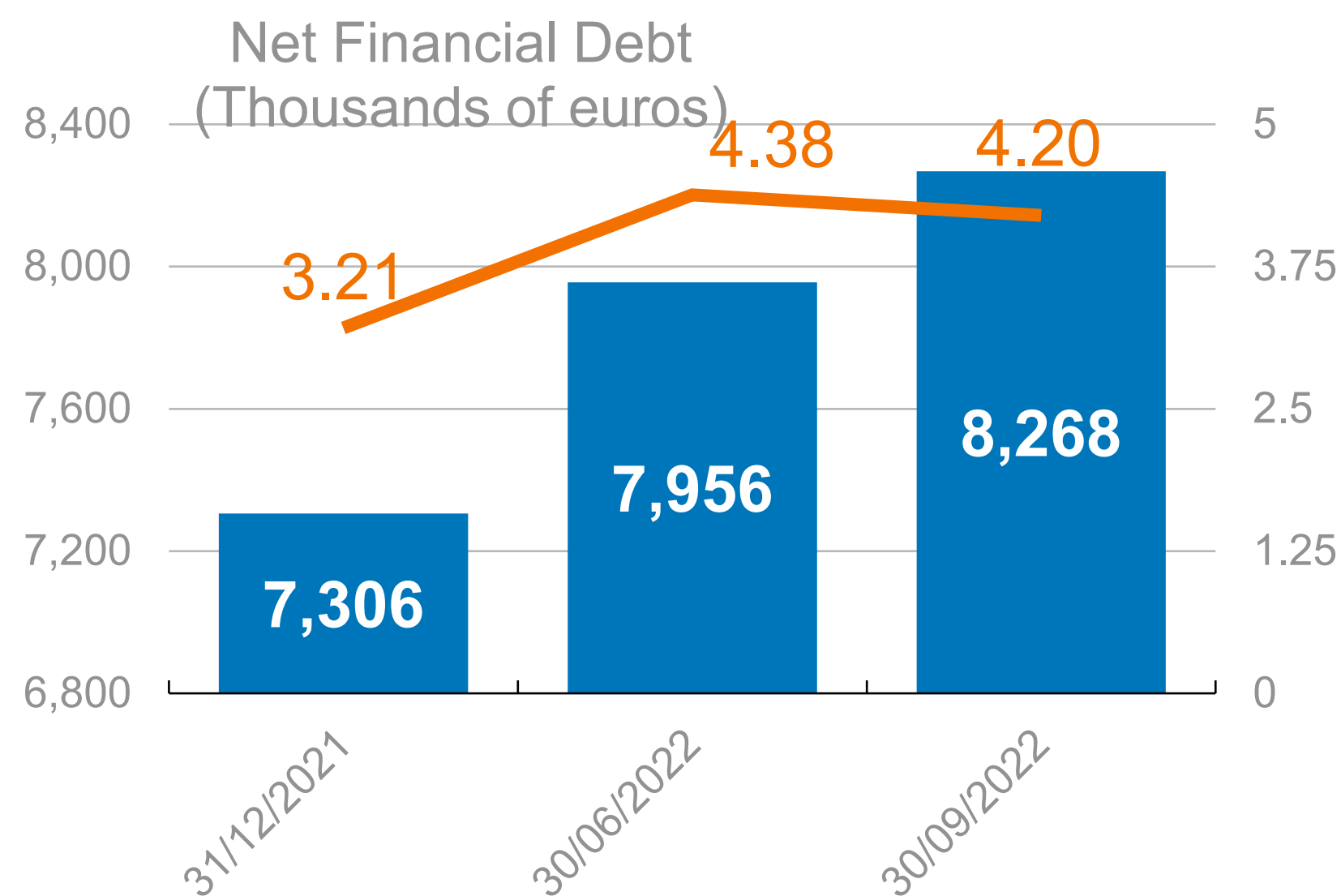
The increase in financial expenses can be explained by the new loans signed at a fixed rate for the acquisition of Indenova and by the loans of Indenova with former partners and financial institutions, representing an additional expense of 90 thousand euros.

The accumulated profit before tax was -14 thousand euros, compared to a negative 123 thousand euros in the first half, primarily due to the increase in sales.

# EVOLUTION OF NET FINANCIAL DEBT

Thousands of euros	31/12/2021	30/06/2022	30/09/2022	Difference 30/06/2022 – 30/09/2022	
				Thousands of euros	Percentage
Short term debt	4,565	5,023	5,202	179	3%
Long term debt	8,610	7,707	7,810	103	1%
<b>Total Financial debt</b>	<b>13,175</b>	<b>12,730</b>	<b>13,012</b>	<b>282</b>	<b>2%</b>
Short term financial investments	812	812	812	0	0%
<b>Cash and other equivalent liquid assets</b>	<b>5,057</b>	<b>3,962</b>	<b>3,932</b>	<b>(30)</b>	<b>(1%)</b>
Available cash	5,869	4,774	4,744	(30)	(1%)
<b>NFD</b>	<b>7,306</b>	<b>7,956</b>	<b>8,268</b>	<b>312</b>	<b>4%</b>

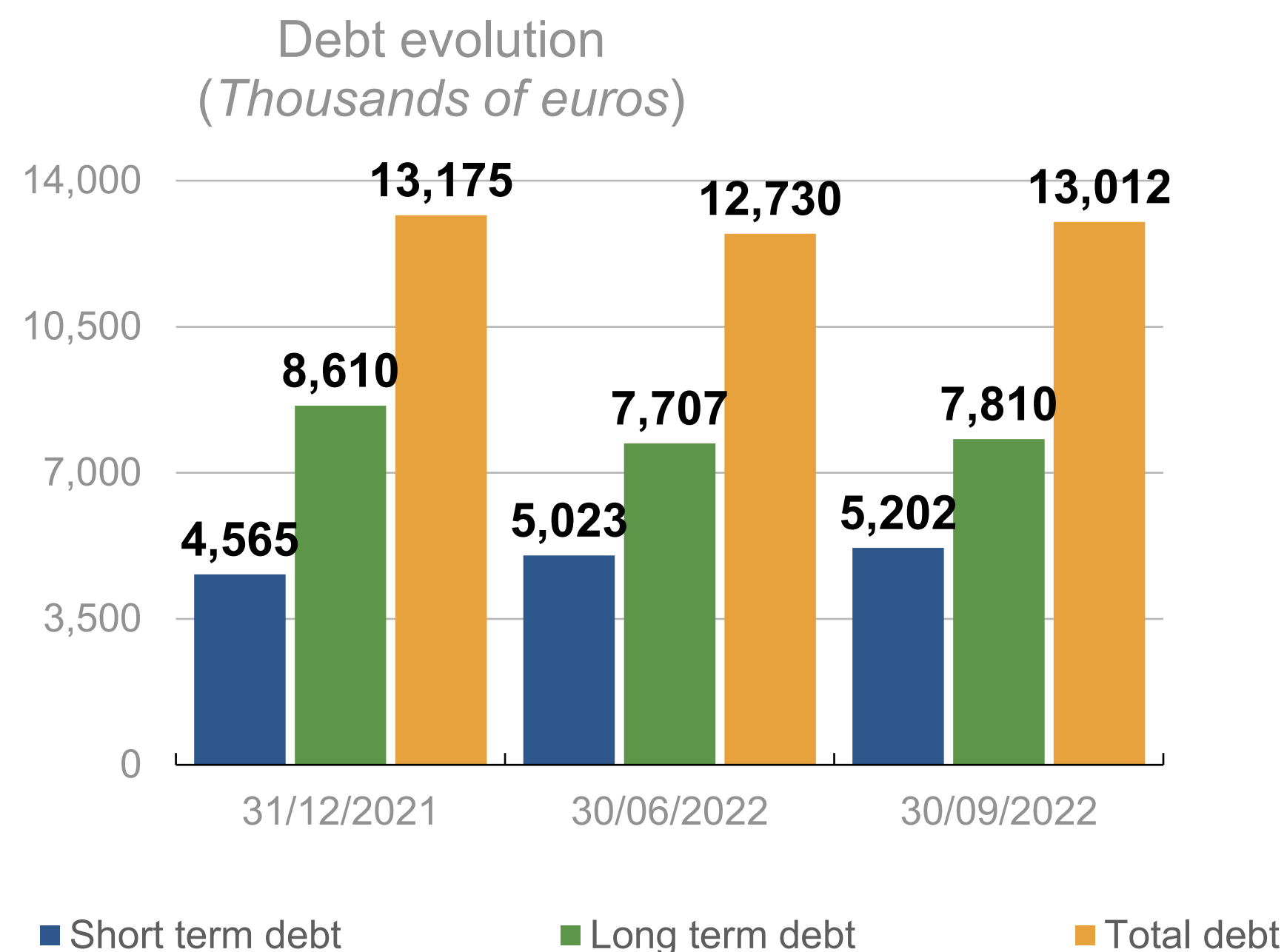
The debt, including all of Indenova's outstanding disbursements, even those paid in shares, amounts to 8.2 million euros, 4.20 times annualised EBITDA.



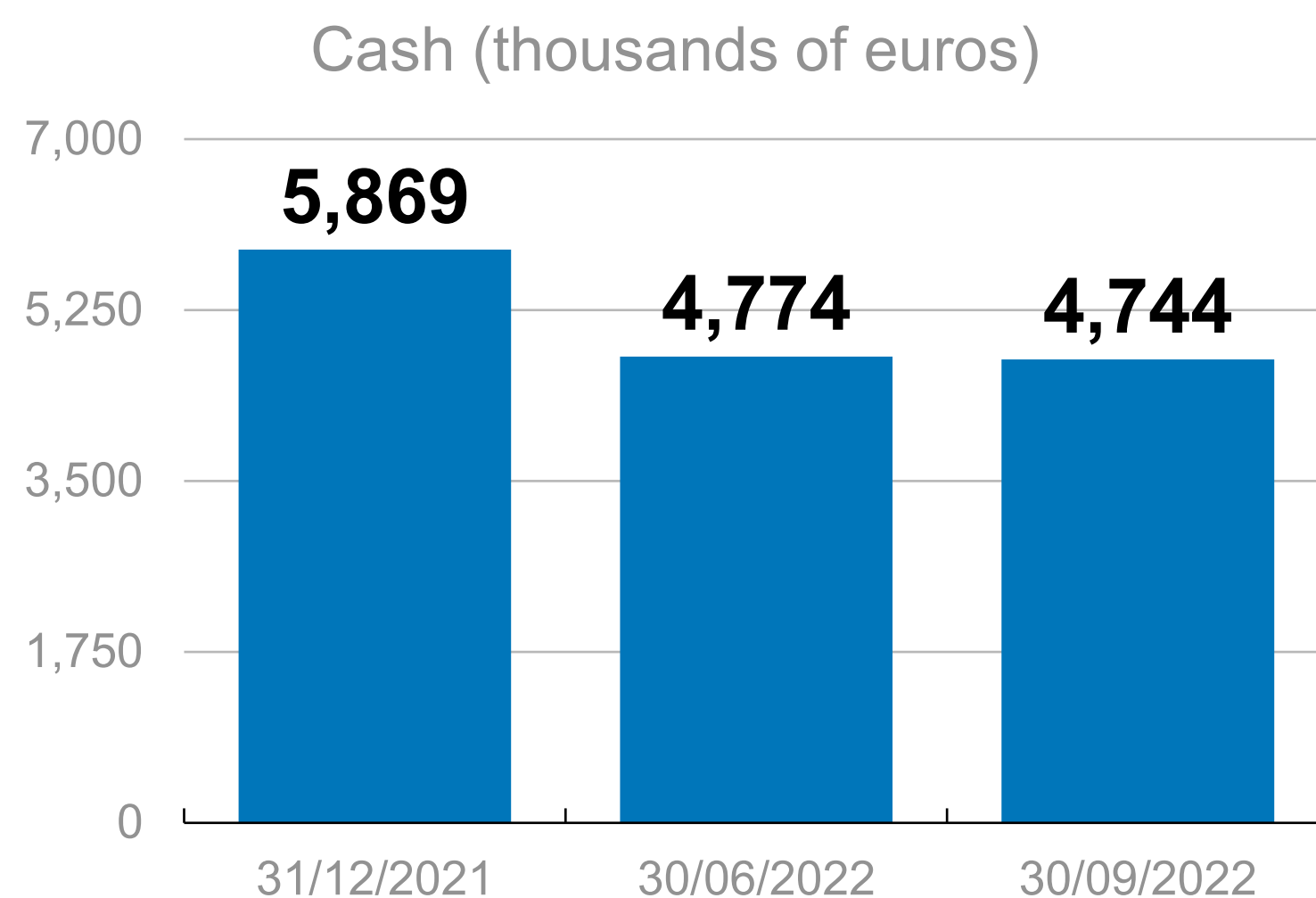
Nevertheless, a portion of the debt is paid in shares totalling 1,139 thousand euros, which the Group considers to have enough shares in its treasury stock to meet the payment. Therefore, the net financial debt excluding this payment would amount to 7,129 thousand euros, i.e. 3.62 times annualised EBITDA compared to the 3.75 times EBITDA recorded in the year's second half.



# EVOLUTION OF NET FINANCIAL DEBT



We have increased the total debt by 282 thousand euros due to entering into a new loan contract amounting to 700 thousand euros at a variable interest rate. The Group has also reduced its other debtor positions with financial institutions due to regular loan repayments.



The decrease in cash is due to lower policy utilisation to minimise credit balance costs.



# Lleida.net

The First Registering Operator

**OTCQX: LLEIF**

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**EPA: ALLN · BME: LLN**

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[ir@lleida.net](mailto:ir@lleida.net)

[investors.lleida.net](http://investors.lleida.net)