

Lleida, 27 April 2023

# Relevant event:

# Comparison with 2022 Data Preview, Consolidated Accounts and Audit Presentation, Parent Company Individual Accounts and Audit Presentation, and Organisational Structure Presentation.

Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and Article 228 of the Law 6/2023, as well as Circular 3/2020 of BME Growth of MTF Equity ("BME-Growth), we are hereby informing you of the following information relating to LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. ("Lleida.net", the "Company", or the "Group") that has been prepared under the exclusive responsibility of the issuer and it's administrators.

On 8 March 2023, the Company published a Relevant Event, a preview of the leading figures of the Company's P&L and consolidated debt. This preview was drawn up based on the available accounting information.

To date, this information is complemented with the following documents:

- Audits Report and Consolidated annual accounts for the financial year 2022.
- Audits Report and Individual annual accounts for the financial year 2022.
- Report on the Organizational Structure and Internal Control Systems.

We are available for any clarifications needed.

Regards

Francisco Sapena Soler

CEO of Lleida.net



# Results report of Lleida.net Group for the 2022 financial year

On 8 March 2023, the Lleida.net Group published a results preview based on the available provisional data.

Following a review by the Company's auditors, we have included a document outlining the differences between the account data preview and the consolidated annual accounts formulated by the Board of Directors.

Figures in thousands of euros Consolidated	RE 8 March 2023	Audited accounts	YoY €	YoY %
Sales	20,671	20,671	0	0%
Sale costs	(9,891)	(9,925)	(34)	0%
Gross Margin	10,780	10,746	(34)	0%
% Margin out of sales	52%	52%		
Personnel expenses	(6,340)	(6,340)	0	0%
External services	(3,687)	(3,681)	6	0%
EBITDA WITHOUT CAPITALISATIONS	753	725	(28)	-4%
% of Gross margin	7%	7%		
Activations	1,156	1,156	0	0%
EBITDA	1,909	1,881	(28)	-1%
% of Gross margin	18%	18%		
Depreciation	(2,073)	(2,073)	0	0%
Other incomes	64	64	0	0%
Other results	(1)	(2)	(1)	100%
Impairment and results of disposals of fixed assets		(194)	(194)	-
Total operation costs	(101)	(324)	(223)	221%
Net Financial Debt	(167)	(166)	1	1%
Exchange rate differences	(46)	(46)	0	0%
Earnings before Tax	(314)	(536)	(222)	71%

The primary variance results from the impairment, gain, or loss on disposal of fixed assets amounting to  $\leq 194,000$ , with  $\leq 190,000$  specifically attributed to the partial impairment of Indenova, S.L.'s goodwill.

After acquiring Indenova, S.L. in November 2021, a goodwill worth 4.7 million euros was created. The primary assets of Indenova are intangibles, which are stated on their balance sheet. Indenova has an established brand image that is recognised both domestically and



internationally. It also has a loyal customer base that highly values its service. Its R&D developments will enable new uses of its services, not only for its customer base but will also be a differentiating element in the Group's R&D strategy. Indenova has essential personnel who are still part of the Lleida.net Group and serve as members of the management committee, aiding in meeting the objectives set by the Board of Directors of the Group's parent company. With the acquisition of Indenova, synergies in sales are achieved, given that Indenova and the other companies of the Group have very few shared customers. As a result, Indenova can increase its sales by marketing its products to Lleida.net's existing customer base.

The Parent Company's Board of Directors has analysed the recoverability of the goodwill above in consolidation, for which cash flows based on sales projections for 2023-2027 have been used. Based on the cash flow projections for the upcoming years provided by Indenova, the Parent Company's Board of Directors has decided to impair the goodwill generated from the acquisition. The impairment, amounting to 190 thousand euros, will be reflected in the current year's financial statements.

Indenova has focused its efforts this year on the creation of standard products to be able to serve a larger number of customers and obtain less specialised and more recurring sales. The parent company and Indenova have collaborated to develop hybrid products incorporating technology from both companies. These products are already being sold in the market.

The Board of Directors has chosen to be cautious regarding the new hybrid products since they are still in their early stages, and we are analysing those products' reception by the market before making any further decisions.

The cost of sales items has experienced a 34 thousand Euro variance due to invoices not being received preview of the results. These invoices correspond to services that the Group used in 2022.

Figures in thousands of euros Consolidated	2021	2022	ҮоҮ.€	YoY %
Sales	17,975	20,671	2,696	15%
Sale costs	(8,616)	(9,925)	(1,309)	15%
Gross Margin	9,359	10,746	1,387	15%
% Margin out of sales	52%	52%		
Personnel expenses	(4,381)	(6,340)	(1,959)	45%
External services	(3,477)	(3,681)	(204)	6%
EBITDA WITHOUT CAPITALISATIONS	1,501	725	(776)	-52%
% of Gross margin	16%	7%		
Activations	776	1,156	380	49%
EBITDA	2,277	1,881	(396)	-17%
% of Gross margin	24%	18%		
Depreciation	(1,257)	(2,073)	(816)	65%
Other incomes	114	64		
Other results	(9)	(2)	7	-

All the other figures do not have significant variations, and as a result, we have the following:



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ZH https://investors.lleida.net/docs/zh/20230428\_HRelev.pdf

Impairment and earnings for dispose	al	(194)		
Ordinary result	1,125	(324)	(1,449)	-129%
Net Financial Debt	(84)	(166)	(82)	-98%
Exchange rate differences	(8)	(46)	(38)	-475%
Earnings before Tax	1,033	(536)	(1,569)	-152%

- There has been a 15% increase in sales, resulting in a rise of 1,387 thousand euros in gross margin compared to 2022 Lleida.net has put in significant effort towards integrating its services this year, which has led to an increase in SaaS service sales to 8.6 million euros, compared to 7.4 million euros in 2022. Lleida.net has not overlooked its more traditional sales lines. Commercial SMS sales have grown by 67%, and Wholesale SMS sales have increased by 34%.
- Future growth will be driven by the innovations that the Group can implement. We have increased our R&D investment by 49% to 1.1 million euros. Lleida.net has emerged as a pioneering company in its sector, meeting the needs of individual consumers and large public and private institutions. The Group's portfolio of patented products has experienced a significant expansion, resulting in a unique selling proposition for the Company and making it difficult for new competitors to enter the market.
- The increase in costs, particularly personnel costs, up to 6.3 million euros or 45%, represents an investment in the Company's future. For the Group, the most significant cost is associated with its workforce, which is essential in developing the products required to meet future demand driven by technological advancements.
- EBITDA stood at 1.9 million euros, a 17% decline compared to the previous year. The Company's commitment to innovation and the recruitment of personnel necessary for future growth led to higher investment in OPEX this year, expected to generate profits in the coming years as it expands its product portfolio and international presence.
- The operating profit is negative due to the depreciation of Indenova's goodwill, following a cautious approach, as well as an increase in amortisation costs associated with the inclusion of Indenova, S.L.U. in the scope of consolidation, and the amortisation of corresponding goodwill.
- Financial expenses have increased to 166 thousand euros, primarily due to loan expenses from former Indenova partners. The increase in interest rates could also be attributed to the rise in interest rates that the Group's banking pool has seen in the last quarter.
- The consolidated Group has incurred losses of 46 thousand euros this year due to the fluctuations in the exchange rates of the Colombian peso and the dollar.
- The profit before tax is negative by 536 thousand euros, as explained above, due to the investments made by the Group for its future expansion, the depreciation and amortisation of goodwill.



FR https://investors.lleida.net/docs/fr/20230428 HRelev.pdf

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Consolidated balance Thousands of euros	2021	2022	YoY.€	ΥοΥ %
NON-CURRENT ASSETS	12,016	11,489	(527)	-4%
Intangible fixed assets	11,031	10,376	(655)	-6%
Tangible fix assets	627	556	(71)	-11%
Long-term financial investments	66	83	17	26%
Deferred tax assets	292	474	182	62%
TOTAL CURRENT ASSETS	11,460	8,366	(3,094)	-27%
Trade receivables and other accounts receivable	5,184	5,497	313	6%
ST financial investments	812	812	0	0%
ST accruals	407	397	(10)	-2%
Cash and other equivalent liquid assets	5,057	1,660	(3,397)	-67%
TOTAL ASSETS	23,476	19,855	(3,621)	-15%
	2021	2022	YoY.€	YoY %
TOTAL EQUITY	6,732	5,673	(1,059)	-16%
Equity	6,728	5,754	(974)	-14%
Conversion differences	37	11	(26)	-70%
External partners	-33	-92	(59)	179%
NON-CURRENT LIABILITIES	8,610	6,814	(1,796)	<b>-21%</b>
Long term debts	8,610	6,814	(1,796)	-21%
TOTAL CURRENT LIABILITIES	8,134	7,368	(766)	-9%
Short term provisions	38	18	(20)	-53%
Short term debts	4,565	4,286	(279)	-6%
Trade payables and other accounts payable	3,531	3,023	(508)	-14%
ST accruals		41	41	-

In terms of balance, there is a decrease in intangible assets derived from the amortisation and depreciation of goodwill, with an impact of 659 thousand euros, which accounts for the variation.

This year the Group has invested 1,156 thousand euros in R&D activities that will allow them to increase their product portfolio to ensure future sales.

The Group believes patenting products is a barrier to entry in domestic and international markets. Patents granted amounted to 104,000 euros this year, mainly in Europe, as evidenced by the patent granted in December on its EIDAS contracting method, and in the GCC countries, with the granting of the patent for the registered SMS.



In current assets, we have maintained the outstanding customer balance at 4.3 million; therefore, we have decreased the average collection period from 89 days in 2021 to 77 days in 2022. The reduction is due to the implementation of the Group's collection policies in the Indenova branch and to a more exhaustive control of the customer portfolio, always relying on the credit insurance policies we have contracted. On March 2023, according to transparency criteria, we announced to the market the cut-off of the services of our customer Correos Colombianos 472 due to non-payment following the default protocols implemented in the Group. As of April 2023, the service remains suspended; however, 80 thousand euros of the total outstanding of 391 thousand euros at the time of the cut-off have been recovered.

In terms of cash, analysing short-term financial investments along with cash, we have a decrease of EUR 3.4 million in the year. It has been used for the second outstanding payment arising from the purchase of Indenova, the repayment of outstanding loans with former partners of Indenova, and the cancellation of outstanding loan repayments.

The Group's equity amounted to 5.7 million euros; the decrease of 1 million euros is explained by the following:

- Consolidation of the negative result of the financial year of 462 thousand euros.
- Dividend distribution of 243 thousand euros from 2021.
- Decrease in provisions of 280 thousand euros due to the change in the listed price of treasury shares and the purchase and sale of treasury shares through liquidity providers.

In terms of liabilities, there is a reduction of EUR 2.56 million due to

- Reduction of financing by EUR 2.1 million due to the payment of regular instalments on bank loans and the repayment of loans with former partners of Indenova, which had an interest rate higher than the average of the Group.
- A million euro decrease in outstanding accounts payable.

Lleida.net is a healthy company with a positive working capital of 3.3 million euros. The EBITDA earned by the Group enables it to maintain a constant investment in new products and the internationalisation needed for further growth.

Figures in thousands of euros	2021	2022
Long term debts	8,610	6,814
Short term debts	4,565	4,286
Total debt	13,175	11,100
ST financial investments	812	812
Cash and other equivalent liquid assets	5,057	1,660
Total available	5,869	2,472
Net financial debt (NFT)	7,306	8,628
NFT/EBITDA annualised	3.21	4.59



As mentioned above, we have a decrease in financial debt due to the payment of loan repayments, the second repayment of Indenova's debt, and the repayment of loans from previous shareholders.

Net financial debt increases by 1.3 million euros, even though we include within the debts the amounts pending from the purchase of Indenova to be carried out by the shares that the Group holds in treasury stock for an amount of 1.1 million euros.

Considering the outstanding payment, the remaining financial debt equals 4 times the Company's annual EBITDA.

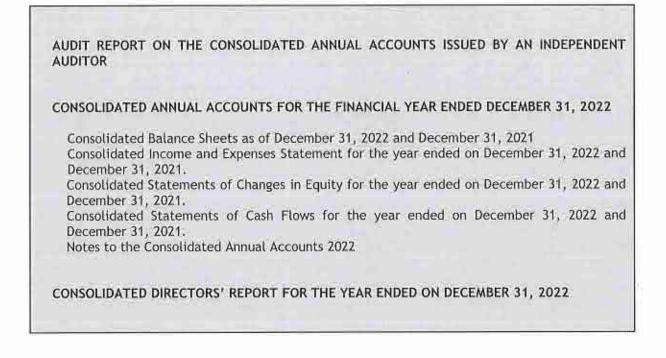
CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2022 TOGETHER WITH THE AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

(TRANSLATION FROM THE CONSOLIDATED ANNUAL ACCOUNTS 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)





Consolidated Annual Accounts and Consolidated Director's Report for the financial year 2022 together with the Audit Report on the Consolidated Annual Accounts issued by an Independent Auditor



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# LLEIDANET SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARY COMPANIES

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

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Audit report on the consolidated financial statements issued by an independent auditor

# To the Shareholders of LLEIDANETWORKS SERVEIS TELEMATICS, S.A.:

#### Opinion

We have audited the consolidated financial statements of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (the Parent) AND ITS SUBSIDIARIES (the Group), which comprise the consolidated balance sheet as of December 31, 2022, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements give, in all material respects, a true and fair view of the Company's equity and financial position at December 31, 2022, as well as its consolidated results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the consolidated annual report) and, in particular, with the accounting principles and criteria contained therein.

#### Basis of opinion

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

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

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

#### Key audit issues

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

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#### Key audit issues

#### Audit response

Valuation of capitalized research and development expenditures

As described in notes 3.b and 5 to the consolidated accompanying financial statements, the Group has intangible assets for capitalized research and development project expenses amounting to 2.584 thousand. These expenses must be specifically individualised by project and have reasons of economiccommercial profitability, among other requirements in order to be capitalized in the Group's balance sheet. In addition, the assessment by the Parent's management and directors of their recoverable amount or the need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets to be a key issue in our audit.

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

- Understanding of the policies and procedures applied by the Group for the capitalization of research and development expenses.
- We have analysed a sample of activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations.
- We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts.
- We have obtained a detail of the book value of research and development expenses individualized by projects and have analysed the reasonableness of the recoverable value of these by reviewing the reasonableness of the assumptions, reviewing the arithmetic calculation, analysing the sales projections, their profitability and checking for deviations from past estimates.
- We have verified the correct amortization of the different projects activated based on the useful life of the projects.
- Finally, we have verified that the notes to the accompanying consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this respect, Notes 3.b and 5 to the accompanying consolidated annual accounts include the aforementioned disclosures.

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Key audit issues	Audit response
Valuation of goodwill on consolidation	We have carried out the following audit procedures, among others:
The accompanying consolidated balance sheet as of December 31, 2022 shows an amount 3.951 thousand Euros in intangible assets, corresponding to the goodwill arising from the acquisition of Indenova, S.L. during the year. We focus on this area, due to the amount of its net book value over total assets, and because the assessment by the Group's management and the Parent Company's Board of Directors of its recoverable value or need for impairment involves judgements and estimates. For these reasons, we have considered the recoverable amount of goodwill as a key issue in our audit.	<ul> <li>Understanding of the policies and procedures applied by the Group for the valuation of a consolidation goodwill.</li> <li>We have assessed the estimates made by the Group's management and by the Parent Company's Board of Directors to determine the recoverable value of the cash generating unit to which the goodwill belongs by reviewing the impairment test provided, analyzing the assumptions contained therein, the methodology applied, the reasonableness of the discount rate used and the reasonableness of the arithmetic calculations, as well as the business plan, to determine the reasonableness of the expected future cash flows.</li> <li>Lastly, we have verified that the notes to the accompanying consolidated annual accounts</li> </ul>
	accompanying consolidated annual accounts include the related disclosures required by the applicable financial reporting framework. In this regard, notes 4.b. and 6 to the accompanying consolidated annual accounts include the aforementioned disclosures.

#### Other information: Management report

The other information comprises exclusively the management report for the financial year 2022, the formulation of which is the responsibility of the Parent's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors' report. Our responsibility for the consolidated directors' report, as required by the regulations governing the audit activity, is to assess and report on the consistency of the consolidated directors' report with the consolidated annual accounts, based on our knowledge of the Group obtained in the course of the audit of the consolidated annual accounts, and to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work performed, as described in the preceding paragraph, the information contained in the consolidated management report agrees with that in the consolidated financial statements for financial year 2022 and its content and presentation are in accordance with the applicable regulations.

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

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

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

The Parent's audit committee is responsible for supervising the preparation and presentation of the consolidated financial statements.

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

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

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

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

- We identify and assess the risks of material misstatement in the consolidated financial statements, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design
  audit procedures that are appropriate in the circumstances, but not for the purpose
  of expressing an opinion on the effectiveness of the Group's internal control.

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- We evaluate the appropriateness of accounting policies used and the reasonableness
  of the accounting estimates and disclosures by the Parent's directors.
- We conclude whether the use, by the Parent's directors, of the accounting principle of the Group as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to events or conditions that can generate significant doubts about the ability of the Group to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

Additional report to the Parent's Audit Committee

The opinion expressed in this report is consistent with that expressed in our additional report to the Parent's Audit Committee dated April 28, 2023.

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#### Contract period

The Extraordinary General Shareholders' Meeting held on November 25, 2022 appointed us as auditors for a period of 3 years from the year ended December 31, 2022.

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

# Services provided

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

# BDO Auditores, S.L.P. (ROAC nº S1273)

Ramón Roger Rull (ROAC 16.887) Audit Partner

April 28, 2023

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# CONSOLIDATED ANNUAL ACCOUNTS FOR THE PERIOD ENDED ON DECEMBER 31, 2022

# CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

(Expressed in Euros)

100070	Notes to the Consolidated Annual Accounts	31/12/2022	31/12/2021
ASSETS	AdduarAccounts	SALL AND STREET	ALL FROM DE A
NON-CURRENT ASSETS		11.489.218,96	12.016.175,29
Intangible assets	Note 5	10.376.306,13	11.031.525,90
Goodwill on consolidation		3,951,238,53	4.610.289,09
Research		2,584,503,16	2.277.036,10
Industrial property		684.025,45	665.124,5
Other intangible asset		3.156.538,99	3.479.076,14
Tangible fixed assets	Note 6	555,303,66	626.565,8
Land and buildings		148.577,71	147.805,2
Technical installations and other tangible fixed assets		349.345,35	421.380,0
Fixed assets under construction and advances		57.380,60	57.380,6
Long-term financial investments	Note 8	83,294,04	66.157,2
Deferred Tax Assets	Note 14	474.315,13	291.926,3
CURRENT ASSETS		8.365.946,31	11.459.992,8
Stocks			489,2
Trade and other receivables		5,496,693,24	5.184.067,9
Client receivables for sales and services	Note 8.2	4.358.192,14	4.368.443,0
Sundry debtors	Note 8.2	107.359,36	75.030,3
Staff	Note 8.2	3.065,42	1.084,0
Current tax assets	Note 14	841.283,21	603.755,6
Other receivables from Public Authorities	Note 14	186.793,11	135,754,9
Short-term financial assets	Note 8.2	812.373,00	812,022,0
Short-term accruals		396.412,28	406.670,8
Cash and cash equivalents	Note 8.1	1.660.467,79	5.056.742,8
Cash	1977 B. C. 1997 L.	1.660.467,79	5.056.742,8
		19.855.165,27	23,476,168,1

# CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

(Expressed in Euros)

	Notes to the Consolidated Annual		
EQUITY AND LIABILITIES	Accounts	31/12/2022	31/12/2021
EQUITY		5.672,759,63	6.731.536,93
Equity		5,753.800,64	6.727.957,69
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	2.382.907,47	1.935.015,50
Legal and statutory	1919 (1917 - 1919) M. (	64,199,77	64.199,77
Other Reserves		2.318.707,70	1.870.815,73
(Shares and own holdings in equity)	Note 12.4	(1.731.481,07)	(1.683.884,76)
Financial year result			74471744187210
attributed to the parent company	Note 18	(462.968,90)	911.483,81
Consolidated Losses and Profits		(514.936,11)	875.667,33
(Minority interest losses and profits)		51.967,21	35.816,48
Adjustments for changes in value		11.373,14	37.398,75
Minority interests	Note 4	(92,414,15)	(33.819,51)
NON-CURRENT LIABILITIES		6.813.623,00	8.610.096,44
Long-term debts		6.813.623,00	8.610.096,44
Debts with credit institutions	Note 9.1	5.741.553,69	6.894.048,41
Other financial liabilities	Note 9.1	1.072.069,31	1.716.048,03
CURRENT LIABILITIES		7.368.782,64	8.134.534,78
Short-term provisions		17.602,52	38,021,23
Other provisions		17,602,52	38.021,23
Short-terms debts	Note 9.1	4.286.769,65	4.565.359,51
Debts with credit institutions		3.187.612,02	1.940,259,31
Other financial liabilities		1.099.157,63	2.625.100,20
Trade and other payables		3.022.624,39	3,531,154,04
Suppliers	Note 9.1	1,968,970,04	1.222.378,07
Sundry creditors	Note 9.1	373.998,82	1.478.005,69
Staff (remuneration payable)	Note 9.1	17.622,82	114.206,30
Other debts with Public Authorities	Note 14	503.035,44	598.931,70
Advances from clients	Note 9.1	158.997,27	117.632,28
Short-term accruals		41.786,07	2
TOTAL EQUITY AND LIABILITIES		19.855.165,27	23,476,168,15

# CONSOLIDATED INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED ON DECEBER 31, 2022 AND 2021

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Consolidated Annual Accounts	2022	2021
	ANAMINA APERATURA INTERACT	Care Theorem Sterry Management	-0-01100210402-05003
Net turnover	Note 15.a	20.670.691,44	17.974.836,76
Work performed by the Company for its assets	Note 5	1.156.398,38	775.602,22
Supplies	Note 15.b	(9.924.608,74)	(8.616.261,33)
Goods consumed		(9.924.608,74)	(8.616.261,33)
Other operating income		64.576,62	47.709,76
Staff expenses		(6.340.132,32)	(4.380.569,09)
Wage, salaries and the like		(4.913.279,48)	(3.381.695,15
ringe benefits	Note 15.c	(1.426.852,84)	(998.873,94
Other operating expenses		(3.681.463,84)	(4.476.833,44
External charges for services		(3.411.202,24)	(3.228.095,28
Taxes		(97.553,04)	(69.413,37
osses, Impairment and change in trade provisions		(172,708,56)	(179.494,91
Amortization of fixed assets	Notes 5 and 6	(2.073.247,58)	(1.257.358,53
Impairment and results of disposals of fixed assets		(194.391,16)	(9.146,92
Other earnings		(1.555,02)	67,650,9
OPERATING EARNIGS		(323.732,22)	1.125.460,2
Financial income	Note 15.d	559,58	814,1
Financial expenses	Note 15.d	(166.415,99)	(85.640,40
Exchange differences	Note 15,d	(45.912,98)	(7,989,05
FINANCIAL EARNINGS		(211,769,39)	(92.815,26
PRE-TAX EARNINGS		(535,501,62)	1.032,644,9
Profit tax	Note 14	20.565,50	(156.977,62
FINANCIAL YEAR'S EARNINGS	Note 18	(514.936,11)	875,667,3
Result attributed to the Parent Company		(462,968,90)	911.483,8
Result attributed to minority interests		(51.967,21)	(35.816,48

Consolidated Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. and Subsidiaries Financial Year 2022\_\_\_

#### LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

#### A) <u>CONSOLIDATED STATEMENTS OF RECOGNISED</u> <u>INCOME AND EXPENSE FOR THE FINANCIAL YEARS 2022 AND 2021</u> (Expressed in Euros)

	2022	2021
CONSOLIDATED RESULT FOR THE YEAR	(514,936,11)	875.667,33
Income and expenses recognised		
directly to equity	(32.653.04)	(69.961,94)
Conversion differences	(52,655,04)	(03.301,34)
TOTAL INCOME AND EXPENSE RECOGNISED		
DIRECTLY IN EQUITY CONSOLIDATED EQUITY	(32.653,04)	(69.961,94)
Transfers to the profit and loss account		
TOTAL TRANSFERS TO CONSOLIDATED		
PROFIT AND LOSS ACCOUNT		
TOTAL RECOGNISED CONSOLIDATED		
CONSOLIDATED RECOGNISED		104444444595
INCOME AND EXPENSES	(547.589,15)	805.705,39
Total income and expenses		
attributable to the Parent Company	(482.367,08)	860.819,21
Total income and expenses attributed to minority interests	(65.222,07)	(55,113,82)

	-	A TENDANET M	AND SUBSIDIARIES	RIES	200			
	FOR	CONSOLIDATED S FOR THE YEAR EN	CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2021 AND 2022 (Expressed in euros)	F CHANGES IN MBER 31, 2021 ros)	EQUITY AND 2022			
	Share Capital	Share Premium	Reserves and previous financia year's income	Reserves and previous financial Own holdings in year's income equity	Result attributed to the Parent Company	Adjustments for changes in value	Minority interests	Total
BALANCE, BEGINNING OF 2020	320.998,86	5244344,28	1309.912,81	(759.458,01)	1.040.470,16	97.712,02	11.645,64	7.265.625,76
Total recognized income and expenses	÷	æ	3	₩¢	911.483,81	(60.313,27)	(45,465,15)	805.705,39
Transactions with shareholders: Transactions with own equity instruments (net) Dividends	5 X R	A <u>B</u> F	(422.289,53) (175.257,73) (247.031,80)	(924.426.75) (924.426.75)	¥ 45	36 - 673	¥ Х. Х	(1.346.716,28) (1.099.684,48) (247.031,80)
Other changes in equity: Distribution of earnings from the previous year Other movements	an na Ab	9 D.S.	1.047.392,22 1.040.470,16 6.922,06	30 E.S.	(1.040.470,16) (1.040.470,16)	PC10 DF	6 A A	6.922,06 6.922,06
BALANCE, END OF 2021	320.998,86	5.244.344,28	1.935.015,50	(1.683,884,76)	911.483,81	37.398,75	(15,919,51)	6.731.536,93
Total recognized income and expenses	947	12	34	-2	(462.968.90)	(26.025,61)	(58.594,64)	(547.589,15)
Transactions with shareholders: Transactions with own equity instruments (net) Dividends	N Rês	21 17 2	(280.404,43) (280.404,43)	(47.596.31) (47.596.31)	(243.006.99) (243.006.99)	EN: 10	3473 W	(571.007.73) (328.000.74) (243.006.99)
Other changes in equity: Distribution of earnings from the previous year Other movements	1-1-1-1 1	129 X	728.296,40 668.476,82 59.819,58	553. E	(668.476.82) (668.476.82)	9 B F	19 10 11	59.819.58 - 59.819.58
BALANCE END OF 2022	320.998,86	5.244.344,28	2.382.907,47	(1.731.481.07)	(462.968.90)	11.373,14	(92.414,15)	5.672.759,63

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Consolidated Annual Accounts of Lleidanetworks Serveis Telemátics, S.A. and Subsidiaries Financial Year 2022\_

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# CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR 2022 AND 2021

(Expressed in Euros)

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES	789.000,55	751,328,54
financial year's pre-tax earnings	(535,501,62)	1.032.644,95
	2.606.059,37	1.513.823,00
Adjustments to earnings	2.073.247,58	1.257.358,53
Fixed asset amortisation	172.708,56	179,494,91
Valuation changes for impairment	1/2/00,30	(36.659,96)
Change in provisions	10101000	
Gains and losses on derecognition and disposal of fixed assets	194.246,82	9.146.92
Pinancial income	(559,58)	(814,19)
Financial expenses	166,415,99	105.296,79
Changes in current capital	(716.349.92)	(814.894,80)
Stocks	489,28	(489,28)
Stocks Debtors and other accounts receivable	(242,050,58)	(1.127.519,18)
21212222200002200000000000000000000000	10.258,52	(86.572,67)
Other current assets		579.424.93
Trade payables and other accounts payable	(508,529,65)	279-444-92
Other current liabilities	41.786,07	Trans were seen
Change in fair value of financial instruments	(18.303,57)	(179.738,60)
Other cash flow from operating activities	(565,207,28)	(980.244,61)
Interest payments	(166.415,99)	(105,296,79)
	559.58	814.19
Receipts of interests Receipts (payments) for profit tax	(399,350,87)	(875,762,01)
and the first state of the	La TUCO VICTORIA POL	
CASH FLOW FROM INVESTMENT ACTIVITIES	(1,539.204,56)	(8,560.017,69)
Payments for investments	(1.575,567,47)	(9.023.883,53)
Intangible assets	(1.463.838,55)	(8.554.811,89)
Tangible assets	(94,241,08)	(469.071,64)
Other financial assets	(17.487,84)	n an Annaichteann ann an Annaichteann ann ann an Annaichteann ann ann ann ann ann ann ann ann ann
	36.362,91	463,865,84
Divestment proceeds		
Intangible assets	36.362,91	14.935,60
Tangible assets		3.287,14
Other financial assets		445.643,10
CASH FLOW FROM FINANCING ACTIVITIES	(2.646.071,03)	8,809.282,36
Receipts and payments for equity instruments	(328,000,74)	(1,109.001,66)
Disposals (Acquisitions) of own equity instruments	(328.000,74)	(1.109.001,66
	(2.075.063,30)	10,165,315,82
Receipts and payments for financial-liability instruments	(2.075.005.50)	10,100,010,010
Issuance	1,100,000,00	10,970,408,10
Amounts owed to credit institutions	1,100,000,00	6,810,000,00
Others	1 20 000 C CC 200 C C	4.160.408,10
ren son de la companya	(7 172 023 30)	(805.092,28
Repayment and amortisation of:	(3.175.063,30)	
Amounts owed to credit institutions	(1.005.142,01)	(805.092,28
Others	(2.169.921,29)	8
Payments for dividends and remuneration of other equity	10.00	
instruments	(243.006,99)	(247.031,80
Dividends	(243,006,99)	(247.031,80
NET INCREASE/DECREASE OF		
CASH AND CASH EQUIVALENTS	(3.396.275,03)	1.000.593,2
		1.056 1.10 4
Cash and cash equivalents at start of the financial year	5,056,742,82	4,056,149,6
Cash and cash equivalents at end of the financial year	1.660.467,79	5.056.742,82

# NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2022

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

# a) Incorporation and registered Office of the Parent Company

LLEIDANETWORKS SERVEIS TELEMÀTICS, S. A. (hereinafter "the Company"), was incorporated in Lleida on 30 January 1995. On October 7,2017, the Company approved the change of its registered office located in General Lacy, number 42, Planta Baja - Local I, Madrid. In the previous year its registered office was located in the Parc Científic i Tecnològic Agroalimentari de Lleida, Edificio H1, Planta 2, in Lleida. On 26 October 2021, the board of directors resolved to transfer the company's registered office to Calle Téllez, 56 Local C in Madrid.

On June 30, 2011, the General Shareholders' Meeting resolved the transformation from a Limited Company to a Public Limited Company. On December 12, 2011, the agreement reached at the aforementioned meeting was submitted to the Mercantile Registry on February 17, 2012.

# b) Activity of the Parent Company

I Its activity consists of acting as a teleoperator of short message service (SMS) management services via the Internet, notification and electronic contracting services, as well as any other activity related to the aforementioned corporate purpose.

# c) Activities of the Group Companies

Main activity of the subsidiaries consists in the provision of telecommunications services, the development of programs, the sending of text messages and electronic mail, and the provision of study services and analysis of computer processes in general.

#### d) Legal System of the Parent Company

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

#### e) Quotation in Stock Markets

On June 1<sup>st</sup>, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market, currently called BME Growth, of all the shares of the Parent Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16.049.943 shares of 0,02 euros nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On December 19, 2018, the Company was listed on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor. On November 2, 2020, the Company was listed on the OTCQX market in New York. On September 29, 2021, the company changed its liquidity provider, naming Solventis A.V., S.A.

#### f) Effect of the conflict in Ukraine

Since February 2022, there has been a conflict in Europe between the nations of Russia and Ukraine. In this sense, the possible effects on the economy in general and on the Group in particular that this conflict may have must be taken into account. The Board of Directors of the Parent Company considers that the main effect that this event has had on the Company's figures has been the increase in electricity prices, whose impact on the company's figures has been an increase of 45 thousands of euros on the expense in the current financial year. Additionally, although the Board of Directors of the Parent Company does not consider that there is a risk of continuity in its activity at the close of December 31, 2022, it must constantly be aware of their evolution and their economic effects in the evaluation of future estimates, the effects of which would be recorded prospectively.

#### 1.1) Group Companies

The Parent Company holds, directly, investments in different national and international companies, and controls, directly, these companies. On January 1<sup>st</sup>, 2016 the first consolidation of the Group Companies was carried out.

#### Group Companies included in the Consolidation Perimeter

The breakdown of the Group Companies included in the consolidation perimeter as of December 31, 2022 is the following:

The second second second second	Percentage of Holding	Applied Method of Consolidation
Group Lieidanctworks Serveis Telemàtics, S.A.		
which maintains the following investments:		
Leidanctworks Serveis Telemàtics, LTD	100%	Integración global
leidanet USA Inc	100%	Integración global
Jeidanet Honduras, SA	70%	Integración global
Leidanet Dominicana, SRL	99,98%	Integración global
Jeida SAS	100%	Integración global
leida Chile SPA	100%	Integración global
leidanet do Brasil Ltda	99,99%	Integración global
Jeidanet Guatemala	80%	Integración global
Portabilidades Españolas, S.L.U.	100%	Integración global
leidanet Costa Rica	100%	Integración global
Jeidanet Perú	100%	Integración global
Jeida Information Technology Network Services	49%	Integración global
leidanet South Africa	100%	Integración global
ndenova, S.L.	100%	Integración global
Lleidanet India	25%	Puesta en equivalenci

The financial year of the Parent Company and the Subsidiaries begins on 1st of January and ends on 31st of December of each year. The last Annual Accounts of the Parent Company and its Subsidiaries drawn up correspond to the financial year ended on December 31, 2022.

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of December 31, 2022, 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 as operator.

# Lleidanet USA Inc.

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

#### 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 December 28, 2020, was approved an increase in capital of 14,000 new shares subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

#### 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 15 June 2018, Lleidanetworks Serveis Telemàtics, S.A. fully subscribed a capital increase in Lleida SAS amounting to 95.802 euros. On December 30, 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, Lleidanetworks Serveis Telemàtics, S.A., 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

#### Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, Lleidanetworks Serveis Telemàticos S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages. In the previous fiscal year a capital increase was carried out for an amount of 10,000 euros, fully subscribed by Lleidanetworks 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 South Africa

On September 21, 2020, the Company was incorporated Lleidanet South Africa with registered office in Johannesburg (South Africa), subscribing 100% of the shares of this company.

#### Lleidanet Perú

With registered office at Cañon del Pato No. 103, Lima (Peru).

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters. On February 21, 2020 and December 28, 2020, capital increases were carried out by offsetting receivables held with the Parent Company for amounts of 104.283 and 33.637 euros, respectively. On 20 December 2021, a capital increase of Euros 44.309,84 was carried out by offsetting receivables from the Parent company.

#### Lleida Information Technology Network Services

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

#### Indenova, S.L.

On 30 November 2021, the Company acquires 100% of the shares of Indenova, S.L., with registered office at Calle Traginers, 14 - 2º B, Valencia, for a cost of 7,100.000,00 euros.

# NOTE 2. PRESENTATION BASIS OF CONSOLIDATED ANNUAL ACCOUNTS

#### a) True and Fair View

The attached Consolidated Annual Accounts for the year 2022 have been prepared based on the accounting records of the different companies that make up the Group, whose respective Annual Accounts are prepared in accordance with current commercial legislation and the standards established in the approved General Accounting Plan. by Royal Decree 1514/2007, of November 16, applying the modifications introduced to it by Royal Decree 1159/2010, of September 17, and Royal Decree 602/2016, of December 2 and Royal Decree 1/2021, of January 12, in the case of Spanish companies, and in accordance with the regulations applicable in the rest of the countries where the companies that make up the Consolidated Group are located, and are presented in accordance with the provisions of Royal Decree 1159/ 2010 of September 17, in order to show the true image of the assets, the financial situation and the consolidated results, as well as the veracity of the incorporated flows in the Consolidated Statement of Cash Flows.

#### b) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the Consolidated Annual Accounts are expressed in euros.

# c) Critical Aspects of Uncertainties Valuation and Estimation

In preparing the accompanying consolidated annual accounts, estimates were made by the Parent Company's Board of Directors in order to measure certain of the assets, liabilities, income and expenses reported herein. The estimates and criteria relate to:

- Reasonableness of capitalisation and recoverability of research projects. 2
- Reasonableness of the recognition and recoverability of the goodwill arising from the acquisition of Indenova, S.L. (see note 2.e)

Although these estimates have been made on the basis of the best information available at yearend 2022, it is possible that future events may make it necessary to change these estimates (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding income statement.

The Parent Company's Board of Directors considers that there are no significant uncertainties or aspects about the future that could entail a significant risk that could lead to significant changes in the value of assets and liabilities in the following year.

# d) Comparison of the Information

The Directors present, for comparative purposes, with each of the items of the Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year, in addition to the figures for the year 2022 those corresponding to the previous year. The items of both exercises are comparable and homogeneous.

# e) Responsibility for the Information given and the Estimates made

For the preparation of the Consolidated Annual Accounts 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 (see section c).

In November 2021, following the acquisition of the company Indenova, S.L., goodwill of 4,7 million euros has been generated. Indenova's main assets are its assets, as reflected in its balance sheet. Indenova has a brand image that is recognised both nationally and internationally, and a recurring customer base that values its services. Its R&D developments will enable new uses of its services, not only for its customer base, but will also be a differentiating element in the Group's R&D strategy. They have key personnel, that is maintained within the Lleida.net Group and are members of the management committee and help to achieve the objectives set by the Board of Directors of the Parent Company of the Group. With the acquisition of Indenova, synergies in sales are achieved, given that Indenova and the other companies of the Group have very few shared customers. Indenova will be able to increase its sales by selling its products to Lleida net customers.

The Parent Company's Board of Directors has performed the analysis of the recoverability of the aforementioned goodwill on consolidation, using cash flows based on sales projections for the period 2023-2027. According to management, these projections are based on the budget for 2023, the degree of compliance with the budget at the date of formulation of these Consolidated Financial Statements and management's best expectations for the business until 2027 for the corresponding analysis of possible impairment at 31 December 2022. Sales growth has been estimated at 61%, 14%, 12%, 10% and 8% respectively for each of the next 5 years. Cash flows have also been discounted using the average cost of funds after tax. The discount rate used was 17% and a perpetual income of 2.5% was estimated.

As a result of the foregoing, the Parent Company's Board of Directors has considered impairing the goodwill in consolidation in the current year by Euros 190 thousand euros (see Note 5) based on the expectations of cash flow generation forecast for the coming years by this investee company.

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

# f) Correction of Errors

The 2022 Annual Accounts do not include related adjustments as a result of errors detected in previous years' annual accounts.

## g) Fair value

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

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

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

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

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

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

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

## NOTE 3. RECOGNITION AND VALUATION STANDARDS

The principal valuation standards used by the Group in the drafting of its Consolidated Annual Accounts, in accordance with those established by the General Accounting Plan, were as follows:

## a) Consolidation Principles

The consolidation of the Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. with the Annual Accounts of its investee companies mentioned in Notes 1.1 and 2, was carried out using the following methods:

- 1. Application of the global integration method for all Group companies, i.e. those over which it as effective control.
- 2. Application of the equity method as equivalence for associated companies, i.e. those over which a notable influence is exercised in terms of management but in which there is no majority vote or joint management with third parties.

The consolidation of the operations of Lleidanetworks Serveis Telemàtics, S.A. with those of the aforementioned subsidiaries was performed according to the following basic principles:

- The criteria used in formulation of the Balance Sheets, the Profit and Loss Account and the Statement of Changes in Equity and Cash-Flow Statements for each one of the consolidated companies are, generally, and in their basic aspects, homogenous.
- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow include all adjustments and eliminations of the consolidation process, as well as relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.
- Balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with group, affiliated and associated companies which have been excluded from the consolidation are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.

- The deletion of Subsidiary equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiaries which is represented by the shareholding on the date of the first consolidation. The first consolidation differences were treated as follows:
  - a) Positive differences which cannot be allocated to the equity elements of the Subsidiaries were included in the "Consolidation Goodwill" heading of the Consolidated Balance Sheet. The impairment losses must be recognized in the Consolidated Profit and Loss Account and are irreversible
  - b) Negative differences, obtained as first consolidation, are recognized as reserves for the year considering that the group already existed previously in the different subgroups contributed to the Parent Company.
- The consolidated income for the financial year shows the part that may be attributed to the Parent Company, comprised of the income obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the invested companies
- The shareholding value of the minority interests in the equity and the attribution of income in the consolidated subsidiaries is presented in the "Minority Interest" heading of the Equity of the Consolidated Balance Sheet. The value breakdown of these shareholdings is presented in Note 4.

#### b) Intangible Fixed Assets

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

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

#### **Research and Development Costs**

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

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

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

# **Computer Applications**

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

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

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

#### Industrial Property

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

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

## **Consolidation Goodwill**

This item includes positive differences between the equity of subsidiaries attributable to the Parent Company and the equity interest in the Parent Company at the date of first consolidation, which could not be attributed to specific assets and liabilities of the subsidiaries.

Goodwill is amortised over ten years and is recovered on a straight-line basis. In addition, goodwill is reviewed annually for impairment and is recognised in the balance sheet at cost less amortisation and, where applicable, accumulated impairment losses.

In order to check for impairment, at the end of each year an analysis is made of the value of each of the investees that have generated them, based on discounted expected cash flows.

## c) 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 Consolidated 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 straightline-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

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

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

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

At the financial year's closure, the Group, 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 Consolidated Profit and Loss Account.

#### d) Leases and Other Transactions of a Similar Nature

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

#### e) Financial Instruments

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

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

Financial assets are classified for valuation purposes in the following category:

- Financial assets at amortised cost.

Financial instruments issued, incurred or assumed are 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 Company to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with third parties on potentially unfavourable terms.

Financial liabilities are classified for measurement purposes as follows:

- Financial liabilities at amortised cost.

This treatment applies to the following financial instruments:

- a) Financial assets:
  - Cash and cash equivalents;
  - Trade receivables: trade receivables and sundry debtors;
  - Receivables from third parties: such as financial loans and receivables, including those arising from the sale of non-current assets;
  - Other financial assets: such as deposits with credit institutions, loans and advances to employees, guarantees and deposits given, dividends receivable and payments due on own equity instruments.
- b) Financial liabilities:
  - Debts from commercial operations: suppliers and sundry creditors;
  - Debts with credit institutions;
  - Other financial liabilities: debts to third parties, such as financial loans and credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on shareholdings.

# 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 an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

The following are classified in this category:

- Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the sale of goods and the provision of services in the ordinary course of business; and
- b) Non-trade receivables: financial assets, other than equity instruments and derivatives, that are not of a commercial substance and for which the amount receivable is fixed or determinable.

# Financial liabilities at amortised cost

The following are classified in this category:

- a) Trade payables: financial liabilities arising from the purchase of goods and services in connection with trading transactions; 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.

#### Initial measurement

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

Notwithstanding the above, trade receivables and payables maturing in less than one year that do not bear contractual interest rates, as well as, where applicable, advances and loans to employees, dividends receivable and payments required on equity instruments, the amount of which is expected to be received in the short term, and payments required by third parties on equity investments, the amount of which is expected to be paid in the short term, are measured at nominal value when the effect of not discounting cash flows is not material.

#### Subsequent valuation

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 maturing within one year that were initially measured at nominal value continue to be measured at nominal value, unless, in the case of receivables, they are impaired.

#### Impairment of financial assets at amortised cost

At least at year-end, the necessary impairment losses are 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 insolvency of the debtor. The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the realisation of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate at the reporting date is used in accordance with the contractual terms.

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

#### **Reclassification of Financial Assets**

When the Company changes the way in which it manages its financial assets to generate cash flows, it reclassifies all affected assets in accordance with the criteria outlined above. The reclassification is not a derecognition but a change in valuation criteria.

#### Derecognition of Financial Assets

The Company derecognises a financial asset, or part of a financial asset, when the contractual rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred, in circumstances that are assessed by comparing the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset. Substantially all the risks and rewards of ownership of the financial asset are deemed to have been transferred when its exposure to such changes is no longer material in relation to the total change in the present value of the future net cash flows associated with the financial asset.

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

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

### Derecognition of financial liabilities

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

The difference between the carrying amount of the financial liability or part of the financial liability derecognised and the consideration paid, including any costs or fees incurred and including any asset transferred other than cash or liability assumed, is recognised in the income statement in the period in which it occurs.

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

#### **Own equity instruments**

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

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

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

#### Deposits given and received

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

In the case of deposits given or received for operating leases or for the provision of services, the difference between their fair value and the amount paid (e.g. because the deposit is long-term and is not remunerated) is treated as an advance payment or collection for the lease or provision of the service, which is taken to profit or loss over the period of the lease in accordance with 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.

In estimating the fair value of the collateral, the remaining period is taken to be the minimum committed contractual period during which the collateral cannot be repaid, without taking into account the statistical behaviour of repayment.

Where the guarantee is short-term, discounted cash flows are not required if their effect is not material.

#### f) 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 Consolidated Profit and Loss Account for the financial year in which they arise.

#### g) <u>Profit Tax</u>

Profit tax is recognized in the Consolidated Profit and Loss Account or directly in the Consolidated 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 companies 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 Consolidated Profit and Loss Account or directly in the Consolidated 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 analysed 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.

#### h) Income and Expenses

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

## Revenue recognition for sales and services rendered

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

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

In order to apply this fundamental approach to revenue recognition, the Company 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 satisfies a committed obligation through the transfer of a good or the rendering of a service; such satisfaction 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 satisfied.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a specific point in time. As specified in note 15, the invoicing issued by the Company is based on customer consumption of each product. In this regard, for all of the Company's business lines, revenue is also recognised on a monthly basis based on the consumption of each customer during the month in question.

#### Fulfilment of the obligation at a specific point in time

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

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

#### Valuation

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

However, embedded interest on trade receivables maturing in less than one year that do not have a contractual interest rate is included when the effect of not discounting cash flows is not material. If applicable

Taxes levied on the delivery of goods and services that the company must pass on to third parties, such as value added tax and excise duties, as well as amounts received on behalf of third parties, are not part of revenue.

Where variable consideration exists, the Company takes into account in the measurement of revenue the best estimate of the variable consideration if it is highly probable that there will not be a significant reversal of the amount of revenue recognised when the uncertainty associated with the consideration is subsequently resolved.

#### i) Provisions and Contingencies

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

#### j) Grants, Donations and Legacies

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

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

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

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

#### k) 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.

#### I) Cash-Flow Statements

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

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

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

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

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

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

#### NOTE 4. MINORITY INTEREST

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2022, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(263,84)	352	755,73
Lleidanet Honduras	30%	5 m		100	100 C
Lleidanet Brasil	0.01%	(41,163,82)	2.869,63	(1.685, 31)	(4,00)
Lleidanet República Dominicana Lleida Information Technology	0,02%	(8.772,98)	2.446,88	1.069,31	(1,17)
Network Services (*)	51%	(74.803,17)	(5.976,14)	(101.896,59)	(93.164,71)
					(92.414,15)

(\*) Shareholders' Equity includes a portion of outstanding disbursements that correspond mainly to the Parent Company, which is why the total of Minority Interests does not correspond exactly to 49% of the total Shareholders' Equity shown in the table below.

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2021, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(524,94)	175	703,51
Lleidanet Hopduras	30%		-	1000 - 100 -	Sec. 1
Lleidanet Brasil	0.01%	(38.909,84)	7.203,12	(2.253, 98)	(3,40)
LLeidanet República Dominicana Lleida Information Technology	0,02%	(9.014,54)	734,21	241,56	(1,61)
Network Services (*)	51%	(4.575,12)	7.120,79	(70.228,05)	(34.518,01)
					(33,819,51)

(\*) Shareholders' Equity includes a portion of outstanding disbursements that correspond mainly to the Parent Company, which is why the total of Minority Interests does not correspond exactly to 49% of the total Shareholders' Equity shown in the table below.

#### NOTE 5. INTANGIBLE FIXED ASSETS

The details and changes in intangible fixed assets throughout the financial year 2022 were as follows, in euros:

And the other Distance in the local distance	31/12/2021	Additions	De-Recognition	Transfers	31/12/2022
	31/16/69/61	Auditabila	Desteredfuturen		
Cost:					1012221122222
Goodwill on consolidation	4.688.429,58	252	×	3	4.688.429,58
Research	12.372.277,80	1,156,398,38	(5:107,39)	ารระทางเหมือ	13.523.568,79
Industrial Property	1.054,272,10	49,568,26	and the second	55.367,61	1.159.207,97
Computer applications	5.321.268,91	177.766,70	(956,04)	25.054,90	5,523,134,47
Advances for intangible fixed assets	587.442,81	80,105,22	(32.323,70)	(80.422,51)	554.801,82
	24.023.691,20	1,463,838,56	(38.387,13)		25.449.142,63
Accumulated amortization:					
Goodwill on consolidation	(78.140,49)	(468.842,96)	21698255		(546,983,45)
Research	(10.095.241,70)	(844.892,11)	1.068,18	100	(10.939.065,63)
Industrial Property	(389.147,55)	(86.034,97)	10.000 M		(475.182,52)
Computer applications	(2,429.635,56)	(492.717,78)	956,04		(2.921.397,30)
	(12.992.165,30)	(1.892.487,82)	2,024,22	9	(14.882.628,90)
Impairment:					100 000 700
Goodwill on consolidation	1	(190.207,60)			(190,207,60)
Intangible Fixed Assets, Net	11.031.525,90	(618.856,86)	(36,362,91)		10.376.306,13
The second s		A CONTRACT OF A			

The additions in the year mainly relate to the R&D developments that the Company has made in its SaaS product lines as well as the investments made in patents to register the methodology of these new products.

The details and changes in intangible fixed assets throughout the financial year 2021 were as follows, in euros:

	31/12/2020	Perimeter additions	Additions	De-Recognition	Transfera.	31/12/2021
Cost: Goodwill on consolidation Research Industrial Property Computer applications Advances for intangible fixed assets	11,649,345,74 928,218,54 270,661,09 564,399,48	4,688,429,58	722.932,06 14.935,60 455.547,44 158.243,81	(14,935,60) (32,890,63) (9,146,92)	126.053,56	4 688 429,58 12 372 277,80 1 054 272,10 5 321 268,91 587,442,81
	13.412.624,85	9.316.380,59	1,351.658,91	(56,973,15)	(*)	24.023.691,20
Accumulated amorfization: Goodwill on consolidation Research Industrial Property Computer applications	(9.280.092,95) (307.717,52) (241.800,81)	(1.426,403,76)	(78.140,49) (815.148,75) (81.430,03) (794,321,62)		3	(78.140,49) (10.095.241,70) (389.147,55) (2.429.635,56)
	(9.829.611,28)	(1.426.403,76)	(1.769.040,89)	32.890,63		(12.992.165,30)
Intangible Fixed Assets, Net	3.583.013,57	7.889.976,83	(417,381,98)	(24.082,52)		11.031.525,90

#### Goodwill

On 30 November 2021 the Group acquired 100% of the shares of Indenova, S.L. for a cost of 7.100.000,00 euros.

In the current year, the Company has recognised goodwill on consolidation in the amount of 190 thousand euros (see Note 2.e and Note 21).

This goodwill is amortised on a straight-line basis over a period of 10 years.

## Fully-amortized and in-use items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2022 and 2021, is the following, stating their cost values in Euros:

	31/12/2022	31/12/2021
Research Patents Computer applications	9.263.012,85 108.806,51 1.404.021,42	8.492.284,57 108.806,51 1.387.114,48
	10.775.840,78	9,988.205,56

#### NOTE 6. TANGIBLE ASSETS

The details and changes in tangible fixed assets throughout the financial year 2022 were as follows, in euros:

	31/12/2021	Perimeter additions	Additions	De-recognitions	Transfers	31/12/2022
Cost:	100 100 01	5.909.80				203.095,54
Land and buildings	197.185.74	3,909,80				Contraction and the second
Technical installations and machinery	257,392,06	2				257.392,06
Other installations,	and a star a		19 A	9	1. The second	699,830,28
tools and furniture	699.830,28		111 000 005	42,574,26	(2.219.15)	1.031.814.06
Data processing equipment	915.009,90	88.331,28	(11.882,23)	42,574,20	(212,13,13)	12.746,77
Other tangible fixed assets	12.746,77					The second
Advances for tangible fixed assets	57,380,60	24				57,380,60
	2.139.545,35	94.241,08	(11.882,23)	42,574,26	(2.219,15)	2.262.259,31
Accumulated amortization:	2007/00/2008/00 #1/2/11					454 617 071
Land and buildings	(49.380,53)	(5.137,30)		12	1	(54.517,83)
Technical installations and machinery	(253,872,68)	(1.956,70)	1	1	15	(255.829,38)
Other installations,	des este antes este a	manantan				2504 180 281
tools and furniture	(280.039,77)	(4.119,61)	11 000 00	112 524.253	3,904,41	(284.159,38) (1.101.061,14)
Data processing equipment	(918,298,64)	(155.974,88)	11.882,23	(42.574,26)	3.904,41	(11.387,92)
Other tangible fixed assets	(11,387,92)			and the second s		Cramer Level
	(1.512.979,54)	(167.188,49)	11,882,23	(42.574,26)	3,904,41	(1,706,955,65)
Tangible Fixed Assets, Net	626.565,81	(72.947,41)			1.685,26	555,303,66

Due to the increase in SaaS sales, investments have been made in servers for more storage capacity. Investments have also been made in laptops during the financial year 2022.

The details and changes in tangible fixed assets throughout the financial year 2021 were as follows, in euros:

	31/12/2020	Perimeter additions	Additions	De-recognitions	Transfers	31/12/2021
Cost:						COLUMN STATE
Land and buildings	197.185,74	35	3		22	197,185,74
echnical installations and	257.392,06		2	23	16	257,392,06
nachinery Other installations,	241.00	52				0.000
ools and furniture	106,118,89	232,962,47	391,047,47	(30.298,55)	20	699,830,28
Data processing equipment	663,660,87	280.973,00	20.643,57	(50.267,54)	5	915.009,90
Other tangible fixed assets	4.935,79	7,810,98	85.5782,055	2	÷.	12.746,77
Advances for tangible fixed assets	1749424	100 Control 100	57,380,60	24		57,380,60
	1,229,293,35	521,746,45	469.071,64	(80.566,69)		2.139.545,35
Accumulated amortization:						
and and buildings Fechnical installations	(44,243,23)	5	(5.137,30)		<b>末</b> 時	(49.380,53)
ind machinery	(246.191,35)	÷a	(7.681,33)	8	7.5	(253.872,68
Other installations,	21346.57749255	140.55440540.00	1775641806269	Sector and		The late of the late
ools and furniture	(74.609,25)	(219.885, 39)	(12.101, 84)	26.556,71	A 1997 127	(280.039,77
Data processing equipment	(524.340,02)	(289.135,32)	(162.638,71)	-50,722,24	7.093,17	(918.298,64
Other tangible fixed assets	(3.986,70)	~ ~ 뭐	(308,05)	-	(7.093,17)	(11.387,92)
	(893.370,55)	(509,020,71)	(187.867,23)	77,278,95		(1.512.979,54
l'angible Fixed Assets, Net	335,922,80	12,725,74	281.204,41	(3,287,14)	2	626.565,8

#### Fully-Amortized and in-Use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2022 and 2021, is shown below stating their cost values in Euros:

	31/12/2022	31/12/2021
Technical installations and machinery	229,435,65	188,916,95
Other facilities and furniture	260.121,63	260.121,63
Data processing equipment	878.394,67	683,570,38
Other fixed assets	3.087,87	3.087,87
	1.371.039,82	1.135,696,83

## NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

#### 7.1) Financial Leases (the Company as Lessee)

The Company has no assets financed by finance leases at 31 December 2022.

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

The amount of the contingent payments recognized as an expense in the year 2022 is 308.075,17 euros (229.166,56 euros in the previous year). Corresponds basically to office rentals and vehicle rentals.

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

	2022	2021
Up to 1 year Between 1 and 5 years More of 5 years	205.494,97 129.638,34 538.947,98	229.464,78 101.044,71 524.845,84
	874.081,29	855.355,33

#### NOTE 8. FINANCIAL ASSETS

The following is the breakdown of the long-term financial assets, in Euros:

	Equity instruments 31/12/2022	Equity instruments 31/12/2021	Credits and Other Financial Assets 31/12/2022	Credits and Other Financial Assets 31/12/2021
Financial assets at amortised cost (Note 8.2)	ž	140	72.796,13	55.659,30
Financial assets at fair value through equity (Note 8.3)	10.497,91	10.497,91	9 <u>4</u>	<u>a</u> s
	10.497,91	10.497,91	72,796,13	55.659,30

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

	Credits and Other Financial Assets 31/12/2022	Credits and Other Financial Assets 31/12/2021
Assets at fair value through the profit and loss: Cash or other liquid assets (Note 8.1)	1.660.467,79 1.660.467,79	5.056.742,82 5.056.742,82
Loans and receivable items (Note 8.2)	5.280.989,93	5.256.579,44
Total	6.941.457,72	10.313.322,26

## 8.1) Assets at Fair Value through the Profit and Loss

## Cash and other Equivalent Liquid Assets

The detail of this assets as of December 31, 2022 and 2021 is as follows, in euros:

	Balance at 31/12/2022	Balance at 31/12/2021
Current Accounts Cash	1,654,851,90 5,615,89	5.008.191,36 48.551,46
Total	1.660.467,79	5.056.742,82

#### 8.2) Financial Assets at Amortised Cost

The composition of loans and receivable items as of December 31, 2022 and 2021 is as follows:

	Balance at	31/12/2022	Balance at	31/12/2021
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers Debtors	į.	4,358,192,14 107,359,36		4.368.443,08 75.030,31
Total loans and receivables items for commercial transactions		4.465.551,51	-C	4,443,473,39
Loans and receivables for non-commercial transactions				
Staff Short-term deposits (*) Securities and deposits	72,796,13	3,065,42 812.373,00	55.659,30	1.084,05 812.022,00
Total loans and receivables for non-commercial transactions	72.796,13	815.438,42	55.659,30	813,106,05
Total	72,796,13	5.280.989,93	55.659,30	5.256.579,44

(\*) 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:

	Amount
Accumulated impairment January 1, 2020	590.740,72
Impairment losses on trade receivables	28.093,31
Accumulated impairment end of financial year 2021	618.834,03
Impairment losses on trade receivables	4.652,52
Accumulated impairment end of financial year 2022	623.486,55

Additionally, the Group has impaired 172,708.56 euros, derecognising them directly from the balance sheet.

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

Corresponds to an investment made by the Group in previous years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the capital stock.

There are no assets as collateral for loans.

## NOTE 9. FINANCIAL LIABILITIES

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

	Debts wi institu		Oth liabil	2.0	To	tal
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial liabilities at amortised cost (Note 9.1)	5.741.553,69	6.894.048,41	1.072.069,31	1.716.048,03	6.813.623,00	8.610.096,44

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

	Debts with cree	tit institutions	Otherlia	dilities	Tot	tat
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Debits and payable Items at amortised cost (Note 9.1)	3.187.612,02	1.940.259,31	3.618.746,58	5.557.322,54	6.806.358,60	7,497,581,85

## 9.1) Debits and Payable Items

The breakdown as of December 31, 2022 and 2021 is as follows, in euros:

	Balance as o	f 31/12/2022	Balance as o	f 31/12/2021
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	199	1.968.970,04	<b>C</b> 20	1.222.378,07
Creditors	550	373.998,82		1.478.005,69
Advances from costumers	1	158.997,27	2	117.632,28
Total balances for commercial transactions		2.501.966,13		2.818.016,04
For non-commercial operations:				
Debts with credit institutions	5.741.553,69	3.187.612,02	6.894.048,41	1,940,259,31
Other financial liabilities	1.072.069,31	1.099.157,63	1.716.048,03	2.625.100,20
Other debts			8.610.096,44	4,565.359,51
Debits and payable items	6.813.623,00	4.286.769,65		
5150910 A #C		0.002	~	114.206,30
Staff (remuneration payable)	-	17.622,82	8,610.096,44	4,679,565,8
Total balances for				and the second state of
non-commercial operations	6.813.623,00	4.304.392,47		
			8.610.096,44	7.497.581,8
Total debts and payable items	6.813.623.00	6.806.358,60	8.610.096.44	7.497.581.8

#### 9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2022 is as follows, in euros:

	Short-Term	Long-Term	Total
Loans Credit policies	1.971.495,72 1.216.116,30	5,741,553,69	7.713.049,41 1.216.116,30
	3.187.612,02	5.741.553,69	8.929.165,71

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

	Short-Term	Long-Term	Total
Loans Credit policies	1.741.259,31 199.000,00	6.894.048.41	8.635.307,72 199.000,00
	1.940.259,31	6.894.048,41	8.834.307,72

#### Loans

The detail of the bank loans as of December 31, 2022, expressed in Euros, is the following:

Loans	Last Maturity	Amount granted	Pending at closure
Loan 24 (*)	15/10/2025	78.375,60	33.699,60
Loan 38	18/06/2023	195.000.00	20.415,03
Loan 39	02/07/2023	200.000,00	24.773,17
Loan 40	28/12/2023	400,000,00	81.978,59
Loan 41	29/03/2024	250,000,00	64.801,46
Loan 42	12/04/2024	400,000,00	110.109,36
Loan 43	03/05/2024	300,000,00	87,905,84
Loan 44	04/06/2024	250.000,00	77.639,41
Loan 45	30/04/2025	400.000,00	236.243,09
Loan 46	22/04/2025	400.000,00	236,436,54
Loan 47	08/04/2025	400.000,00	236.533,39
Loan 48	31/03/2026	500.000,00	327,127,95
Loan 49	09/07/2028	1.200.000,00	960.856,61
Loan 50	31/07/2028	3.200.000,00	2.565.865,12
Loan 51	09/10/2027	1.250.000.00	1.014.515,09
Loan 52	01/02/2028	400.000,00	345,939,28
Loan 53	18/09/2029	700.000,00	677.620,76
Loan 54	31/07/2023	415.829.24	50,571,77
Loan 55	18/03/2023	200.000.00	17,158,13
Loan 56	04/06/2026	150,000,00	132.138,84
Loan 57	04/06/2028	250.000.00	230.478,07
Loan 58	24/03/2026	220.000,00	180.242,51
		11.759.204,84	7,713.049,61

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

Loans	Last Maturity	Amount granted	Pending at closure
Loan 24 (*)	15/10/2025	78.375,60	43.627,60
Loan 36	02/11/2022	300.000,00	58.359,29
Loan 37	01/03/2022	150.000,00	9.375,00
Loan 38	18/06/2023	195.000,00	60.620,92
Loan 39	02/07/2023	200.000,00	66.329,07
Loan 40	28/12/2023	400.000,00	162.956,00
Loan 41	29/03/2024	250.000,00	115.518,23
Loan 42	12/04/2024	400.000,00	191.022,69
Loan 43	03/05/2024	300,000,00	148.548,74
Loan 44	04/06/2024	250,000,00	128.121,40
Loan 45	30/04/2025	400.000,00	334.987,79
Loan 46	22/04/2025	400.000,00	335.097,20
Loan 47	08/04/2025	400.000,00	335.151,93
Loan 48	31/03/2026	500.000,00	426,189,63
Loan 49	09/07/2028	1.200.000,00	1.129.856,99
Loan 50	31/07/2028	3,200,000,00	3.014.188,42
Loan 51	09/10/2027	1.250.000,00	1.216.577,4
Loan 52	21/03/2022	350,000,00	18.200,00
Loan 54	31/07/2023	415.829,24	136.000,00
Loan 55	18/03/2023	200.000,00	84.579,3
Loan 56	04/06/2026	150,000,00	150.000,00
Loan 57	04/06/2028	250.000,00	250.000,0
Loan 58	24/03/2026	220,000,00	220,000,0
		11.459.204,84	8.635.307,72

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

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

During the year 2021, loans for a total amount of 6.810 thousand euros were contracted with various financial institutions. This contracting arose basically from the acquisition of the investee Indenova, S.L.

#### Credit Lines

As of December 31, 2022, the Group has credit policies granted with a total limit amounting to 2.504.000 euros (1.913.500 euros at the end of the previous year), which amount drawn at the aforementioned date is 1.216.116,30 euros (199.000,00 euros at the end of the previous year).

#### Lines of Effects and Import Advances

As of December 31, 2022, the Company has discount policies granted with a total limit amounting to 575.000 euros (780.000 euros at the end of the previous year), of which no provision has been made either at the end of this fiscal year or at the end of the previous fiscal year.

#### 9.1.2) Other Financial Liabilities

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

On 30 November 2021 the Group acquired 100% of the shares of Indenova, S.L. for a price of 7,100,000.00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, deferred. A schedule of payments has been established, with dates 30 November 2022, 2023, 2024 and 2025 in cash, and another schedule of payments with dates 30 November 2023, 2024 and 2025 consisting of a fixed amount to be paid by means of the delivery of shares in Lleidanetworks Serveis Telemàtics, S.A. (own shares). At the end of the 2022 financial year, there are pending payments for a value of 1,857,848.66 euros.

#### Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF), CDTI and former members of Indenova, S.L. The detail of these at the close of fiscal years 2022 is as follows, in euros:

Entity	Last Maturity	Amount granted	Pending at closure
Loan 2	25/07/2023	300.000,00	39.196,40
Loan 3	26/03/2024	199.151,00	49.213,45
Loan 4	23/01/2024	672.672,92	116.722,68
Loan 5	31/12/2022	217.000,00	64.971,46
Loan 6	31/12/2022	290.000,00	10.548,00
Loan 7	31/12/2022	162.000,00	12.893,31
		1.840.823,92	293.545,30

The detail at the close of fiscal year 2021 was as follows, in euros:

Entity	Last Maturity	Amount granted	Pending at closure
Loan 2	25/07/2023	300.000,00	106.390,16
Loan 3	26/03/2024	199.151,00	84.470,17
Loan 4	23/01/2024	111.750,00	196.098,13
Loan 5	31/12/2022	217.000,00	217.000,00
Loan 6	31/12/2022	290.000,00	290.000,00
Loan 7	31/12/2022	162.000,00	162.000,00
Loan 8	31/12/2022	32.000,00	32.000,00
		1.311.901.00	1.087.958,46

Consolidated Amual Accounts of Lleidanetworks Serveis Telemátics, S.A. and Subsidiaries Financial Year 2022	veis Telemátics, S.A. av	ta Subsidiaries Finan	icial Year 2022		S	Draft (Subject to Changes)	nges) <u>36</u>
9.2) Other Information related to Financial Liabilities	ancial Liabilitie						Ĩ
a) Classification by Maturity Date							
The breakdown of the maturity dates of the liability financial instruments as the end of the financial year 2022 is the following:	the liability finar	icial instruments	s as the end of th	tinancial year	2022 is the foll	owing:	
				CIERS GILINERO		View	
ALCONTRACTOR INC.	2023	2024	2025	2026	2027	More than 5 years	Total
Financial debts: Dakes with credit institutions	3.187.612.02	1.657.966.97	1,381,248,92 1,381,248,92	1,139,821,14	990.851,50	571.665,16 571.665,16	8.929.165.71 8.929.165.71
Other financial liabilities: Other debis	1.099.157,63 284,009,08 815,148,55	568,430,81 64,792,31 503,638,50	503,638,50 503.638,50	19	97.4.3	NEWER	2.171.226,94 348,801,39 1.822,425,55
Commercial creditors and other payable items: Suppliers Sundry creditors	2.519.588.95 1.968.970.04 373.998.82 1.58.997.27	(9:3 X	889,823 •	g izani a	4 64.4	3.3 M	2.519.588,95 1.968,970,04 573,998,82 1.58,997,27
August Ham commerce	17,622,82	- 105 300 6	- 1 884 887 42	1.139.821.14	990.851.50	571.665,16	13,619,981,60
Total Total 6.806.358.60 2.126.397,88 Loot 1.001.000 Total Total Control Control The breakdown of the maturity dates of the liability financial instruments at the close of 2021 is the following, in Euros: Maturity were	6.806.358,60 the liability fina	ncial instrument	s at the close of	2021 is the follo	wing, in Euros:		
	1415	2023	2024	2025	2026	Mas de 5 años	Total
Financial debts: Daive with energit institutions	1.940.259.31	2.019.724.52	1.497,448,33	1,497,448,33	952.521.71 952.521.71	1,211,326,20	9.118.728,40
Other financial liabilities: Other debts Deferred bayment acquisition Indenova, S.L.	2.625.100,20 1.046.403.37 1.578.696.83	606.068,72 102,430,22 503,638,50	606.340.81 102.702.31 503.638,50	503.638,50 503.638,50	1001.000°	6363	4.341.148,23 1.251.535,90 3.089.612,33
Commercial creditors and other payable items: Suppliers Sundry creditors Advances from costumers Staff	2,932,237,34 1,222,378,07 1,478,005,69 1,17,652,28 1,14,206,30	ud få	7278-4 K.K.	a ercek	58 AC 300 A	Nikowski di	2.932.222.34 1.222.378,07 1.478,005,69 1.17,632.28 1.17,632.28
Total	7,497,581,85	2.625.793.24	2,103,789,14	2.001.086,83	952.521,71	1.211.326.20	16.392.098,97

#### b) Breach of Contractual Obligations

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

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#### 9.3) Guarantees

The Group has contracted guarantees with several financial institutions for a total amount of 475.000 euros, a standard instrument when signing an interconnection agreement.

The Group does not have guarantees for loans except for Indenova, S.L., where the former partners of the company appear as guarantors for certain loans.

## 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 mac payment on the b	le and pending palance sheet date
	Financial year 2022	Financial year 2021
Average payment period to suppliers	29,68	33,37
Ratio paid operations	29,99	33,78
Ratio of outstanding payment transactions	28,05	30,22
	Financial year 2022	Financial year 2021
Total payments	12.529.440,21	11,246,740,85
Total outstanding payments	2.381.552,03	2.324.889,74
	Financial year 2022	Financial year 2021
Monetary Volume Paid	7,319,503,23	7.689.850,41
% of total payments made	58,41%	59%
Number of invoices	3.011	2.716
% of total invoices	69,10%	64%

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

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

#### 11.1) Credit Risk

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

The Group'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 Parent Company's management based on the experience of previous years and its assessment of the current economic environment.

#### 11.2) Liquidity Risk

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

#### 11.3) Market Risk

Possible market risks are described in note 1.e.

#### 11.4) Exchange Rate Risk

The Group's main exchange rate risks are with the US dollar and the Colombian peso. The Group does not currently operate with exchange rate insurance, although it is a variable that is being analysed for the future. The risk is low in the group, as the Group has both expenses and revenues in these currencies, and therefore uses current accounts in these currencies to be able to match payments in foreign currency with receipts in foreign currency. When there is a currency mismatch, the Group uses the spot market, always analysing the evolution of the currency one month in advance in order to be able to take advantage of the best moment for the exchange.

#### 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.

#### NOTE 12. EQUITY

#### 12.1) Share Capital of Parent Company

#### 12.1) Share Capital

As of December 31, 2022 and 2021, the share capital amounts to 320.998,86 euros and is represented by 16.049.943 registered shares of 0,02 euros nominal each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of December 31, 2022, as well as of December 31, 2021, there were no companies with a direct or indirect holding equal to or greater than 10% of the Company's share capital.

#### **Capital Increase**

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

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

#### 12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2022	31/12/2021
Legal Reserve Voluntary Reserves Negative results from previous years	64.199,77 3.145.977,59 (827,269,89)	64.199,77 3.220.716,13 (1.349.900,40)
	2.382.907,47	1.935.015,50

#### 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

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

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

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

As of December 31, 2022, the Parent Company holds own shares for an amount of 1.731.481,07 euros (1.683.884,76 euros in the previous year) at an average cost price of 3,93 euros per share (5,14 euros per share in the previous year). As a result of the sale of shares in the current year, there has been a negative impact on the Company's reserves of 280 thousand euros, which is explained by the decrease in the share price during 2022.

	The most significant foreign currency balances at the end of the year 2022, totalled in euros and broken down into their foreign currency equivalent, are as follows:	reign curren	tcy balances										12	uivaiciit,
		EUROS	USD	GBP	COP		BRI	DOP	PEN	CLP	CRC		GTQ	AED
ACTIVO CORRIENTE	RIENTE	1.331,657,15	175,449,22	161.991,31	31 5.808.604.747,83	1.1	486.140,70 3	3.067.779.88	2.549.199,84	2.549.199,84 3.600.602,11	1 817,161,75	a Cole	30.880,62	72,360,29
Trade debtors and other accounts receivable Cush	nd other thic	780.766,49 550.890,66	144.373,53 31.075,69	125.683.36 36.307,95	36 3.017.607.690,30 95 2.790,997,057,53	25	33,513,31 2	2.519.538,36 548.241,52	1,952.016,91 597.182,93	3.600.602,11	- 817.161.75	61,75	30,880,62	72,360,29
PASIVO CORRIENTE	RIENTE	83.828,85	3.081,77	41.059,	41.059,51 1.181,480,348,97	348,97	9,5	647.194,33	983.024,58	8.209.510.66		8.571.63	*	1.732.57
Trade creditors and other payable accounts	und other Is	83,828,85	3,081,77	41.059,	41.059,51 1.181,480,348,97	348,97	*	647,194,33	983.024,58	8.209.510,66		8,571,63	с,	1,732,57
The most s	ignificant fo	reign curren	The most significant foreign currency balances as the end of the year 2021, in euros and broken down into their foreign currency equivalent, are as follows:	is the en	d of the ye	ar 2021,	in euros a	und broker	n down inte	) their fore	ign curre	ncy equ	ivalent, ar	as follov
	FUROS	USD	GBP O	cor	BRA	DOP	PEN	CLP CLP	CRC	GTQ	AED	9	ARS	INI
CURRENT	3,819,629,40	294.759,60	448,301,70 2,181,680,576,00	80.576.00	287.032,57	2,586,258,00	373.231,50	50 4212.075.00	15,00 860.316,00		30.000,00 12	122.284,20	. A.	- 20
Trade debtors and other accounts seceivable	2,618,469,57	249,129,79	359,704,00 1,052,451,015,00	51,013,00	543.34	00,689,199						32.628,60		-3 I
Cash	1,291,159,83.	®	88.597,70 1.149.229.561,00	29,561,00	286,489,23	1.924.569,00	324,882,00	1,00 3.883,172,00		860.310,00	20.000.00	10,000.00	ė.	6
CURRENT	602.288,54	99'69'111	47.482,36 1.127,810.198,00	10.198,00	257.270,67	1.303.422.00	267,663,00	00 1275391,00	91,00 35,311,20	11,20		17,320,90	100,000,001	842,47
Trade creditors and other ecoshie				00 501 05	10 014 134	00.667.695.1	267,663,00	3.00 1.275.191,00		02,112,56	13	17,320,90	100,000,001	842,47

			10000	MAN	AED	JPY
9.144.292,00 860.692,00 9.234,50	ά Ω	344.106,91	37,191,18 320,328,68		224.476,09	471.300,00
9.418.742,482,75	2.702.372.19	2.403.741,58	8	2.792,00	æ	<b>2</b> 2
101		9.418742.482.75 - 2.702.372.19	- 2.702.372.19	- 2.702.372.19	2.702.372.19 2.403.741.58	2.702.372.19 2.403.741.58

#### NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2022 and December 31, 2021, in euros:

	31/12/2	2022	31/12/2	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred Tax Assets	474.315,13	2 <sup>3</sup>	291.926,37	
	474,315,13	2	291,926,37	
Current:				
Value Added Tax	136.963,24	198.312,54	97.355,57	339.092,93
Subsidies receivable (*)	37.748,96	Section Section	36.659,96	mercenned
Income Tax retentions		173,376,77		126,185,04
Company Tax	841,283,22		603.755,60	12
Social Security bodies	12.080,90	131.346,13	1.739,39	133.653,73
	1.028.076,32	503.035,44	739,510,52	598.931,70

#### 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. In consequence, for the purposes of subsequent inspections, liabilities may arise additional to those recorded by the Group.

As of December 31, 2022, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2019 to the 2022 financial year. Consequently, as a result of possible inspections, additional liabilities could arise to those registered by the Group. However, the Directors of the Parent 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 year 2022 of the Parent Company with the taxable income tax base is as follows:

	P	rofit and Loss Accour	nt
Financial year's carnings (After taxes)			(222.921,22)
	Increases	Decreases	Net effect
Profit tax	89.990,06	(146.582,99)	(56.592,93)
Permanent differences	1,134,635,21		1.134.635,21
Taxable income (tax result)			855.121,07

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The conciliation of the net amount of income and expenses for the year 2021 of the Parent Company with the taxable income tax base is as follows:

	P	rofit and Loss Accoun	t
Financial year's carnings (After faxes)			772.367,96
	Increases	Decreases	Net effect
Profit tax	÷	(14.902,83)	(14.902,83)
Permanent differences	216.395,78	2	216.395,78
Compensation of tax loss carryforwards			973,860,91

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

1994 - 127 - 12 - 14 - 14 - 14 - 14 - 14 - 14 - 14	2022	2021
Charge at 25 % of Taxable Income Deductions	213.780,27 (123.790,20)	243.465,23 (140.648,52)
Net tax payable	89,990,07	102.816,71
Less: withholdings and payments	(129.857,55)	(74.535,20)
Tax payable	(39.867,48)	28.281,50

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

	2022	2021
Current tax Deferred tax	(121.727,91) 142.293,41	277,197,15 (120,219,53)
Total	20.565,50	(156,977,62)

The movement of deferred taxes generated and cancelled during the year 2022 is detailed below in euros:

1	Balance at 31/12/2021	Generated	Cancelled	Balance at 31/12/2022
Deferred tax assets: Tax credits Credits for deductions	11.499,38 280.426,99	59,594,43 122,794,33		71.093,81 403.221,32
Total	291.926,37	182.388,76		474.315,13

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

	Balance at 31/12/2020	Generated	Cancelled	Balance at 31/12/2021
Deferred tax assets: Tax credits Credits for deductions	23.540,88 136.418,80	144.008,19	(12.041,50)	11,499,38 280,426,99
Total	159.959,68	144.008,19	(12.041,50)	291,926,37

#### Credits for Tax Losses Carry Forward

The Group has activated the amount of the credit for tax bases of its investees Lleidanet Peru, Lleidanet Colombia and Lleidanet Dominican Republic, since they meet the requirements established by current regulations for their registration, and since there are no doubts about the ability to generate future tax profits that allow their recovery.

#### **Deductions Pending Application**

As of December 31, 2022, the Group has the following deductions to apply:

Origin Year	Amount
2008	11,288,42
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	344.112,78
2013	428.680,64
2014	245.346,28
2015	369.824,03
2016	188.991,46
2017	180.537,92
2018	170.354,09
2019	163,214,66
2020	136,418,80
2021	236.841,13
2022	205.539,80
	3:249.346.64

In view of the Group's good performance, the Board of Directors of Parent Company has decided to recognise the deductions pending to apply tax credits for the years 2021 and 2022 as assets of the Group.

#### NOTE 15. INCOME AND EXPENSES

#### a) Income

#### 1. Disaggregation of revenue from ordinary activities.

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

	20	2022		2021	
Business areas (figures in thousands of euros)	Euros	%	Euros	%	
Contracts Notification Other SaaS ICX Wholesale Solutions SMS Solutions	2.999 2.468 3.115 8.455 3.634	15% 12% 15% 40% 18%	3 219 2 359 1,869 7,818 2,710	18%4 13%5 10%6 44%6 15%6	
Total	20.671	100%	17,975	100%	

The distribution of revenue from the Company's ordinary activities by geographical market is shown below:

	2022		202	10
Geographic market description	Euros	%	Euros	%
National European Union Rest of the World	9 189 049 12 5 355 241 84 6 126 400 48	44,45% 25,91% 29,64%	8.187.464,82 5.048.371,88 4.739.000,06	45,55% 28,09% 26,36%
Total	20,670.691,44	100,00%	17.974.836,76	100,00%

The distribution of revenue from the Company's ordinary activities, by type of contract, is shown below:

	Financial Year 2022	Financial Year 2021
Type of contract Fixed price contracts (*) Variable contracts (**)	19.499.516,12 1.171.175,32	15,423,864,90 2,550,971,86
Total	20.670.691,44	17.974.836,76

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

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

The distribution of revenue from the Company's ordinary activities, by contract term, is shown below:

	Financial Year 2022	Financial Year 2021
Duration of contract Short-term contracts Long-term contracts	20.670.691,44	17.974.836,76
Total (*)	20.670.691,44	17.974.836,76

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

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

والمتحد والمتحد	Financial Year 2022	Financial Year 2021
Sales channels Distributors or wholesalers	1.299.412,05	1,944.351,37
Retailers (*) Direct sales	289,944,01 19,081,335,38	265.041,39 15.765.444,00
Total	20.670.691,44	17.974.836,76

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

There are invoices to be issued, mainly for interconnection customer consumption in December 2022, which are invoices issued in January 2023.

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

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

#### b) Supplies

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

	2022	2021
Consumption of merchandise	3,961,113,66	3.204.573.91
Domestics Intra-Community Acquisitions	4.073.073,54	3.547.959,27
Imports	1.890.421,53	1.863.728,15
	9.924.608,74	8.616.261,33

#### c) Staff expenses

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

	2022	2021
Company Social Security contributions Other welfare costs	1.296.833,96 130.018,88	880.957,66 117.916,28
	1.426.852,84	998.873,94

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#### d) Financial Results

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

	2022	2021
Financial incomes Other financial incomes	559,58 559,58	814,19 814,19
Financial expenses For debts with credit institutions	(166.415,99) (166.415,99)	(85.640,40) (85.640,40)
Exchange differences	(45.912,98)	(7.989,05)
Financial Result Positive / (Negative)	(211.769,39)	(92.815,26)

## NOTE 16. INFORMATION ON THE ENVIRONMENT

The Group 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. SUBSEQUENT EVENTS

The Lleida.net group notified the market by means of a relevant fact dated 14 March 2023, the decision to cut the certified e-mail and certified SMS service to the public company 472 (Servicios Postales de Colombia). The decision was taken as a result of the accumulated non-payments by 472 to Lleida.net, amounting to approximately 391 thousand euros, of which 249 thousand euros were pending collection at year-end.

There have been no significant events, except for those mentioned above, from December 31, 2022 to the date of formulation of these annual accounts that, affecting them, would not have been included in them, or whose knowledge could be useful to a user of the same.

## NOTE 18. CONSOLIDATED EARNINGS

The following is the breakdown for the financial year 2022 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Result attributed to External Partners
Lleidanetworks Serveis Telemátics, S.A.	(222.921.22)		(222.921,22)	-
Lleidanetworks Serveis Telemátics, LTD	22.814.50	100%	22.814,50	
Lieidanet USA Inc	10,722,36	100%	10,722,36	~
Lleidanet Honduras, SA		70%		6
LLeidanct Dominicana, SRL	1.069.31	99,98%	1.069,10	0,21
Lleida SAS	15.185.75	100%	15.185,75	
Lleida Chile SPA	(5.691, 17)	100%	(5.691,18)	
Lleidanet do Brasil Ltda	(1.685,31)	99,99%	(1.685,14)	(0,16)
Lieidanet Guatemala		80%	ina ana ana ang ang ang ang ang ang ang a	12/24-111/201
Portabilidades Españolas, S.A.		100%		-
Jeidanet Costa Rica	(14, 24)	100%	(14,24)	5
Lleidanet Perú	2.151,33	100%	2.151,33	1. The second state
Lleida Information Technology Network Services	(101.896,59)	49%	(49,929,33)	(51.967,26)
Indenova, S.L.	(671,151,84)	100%	(671.151,84)	
Lleidanet South Africa	(832,95)	100%	(832,95)	2
	(952.250,07)		(900.282,86)	(51.967,21)

The following is the breakdown for the financial year 2021 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Result attributed to External Partners
Management of the			1.633	
Lleidanetworks Serveis Telemàtics, S.A.	772.367,96	the second second	772.367,96	20
Lleidanetworks Serveis Telematics, LTD	45.932,35	100%	45,932,35	
Lieidanct USA Inc	14.056,31	100%	14.056,31	
Lleidanet Honduras, SA	107121200	70%	10 <sub>10</sub>	1.70
LLeidanet Dominicana, SRL	241,56	99,98%	241,51	0,05
Liesda SAS	1,890,78	100%	1.890,78	್ರಿಕಾರ
Lleida Chile SPA	(7.460.87)	100%	(7,460,87)	
Lleidanet do Brasil Ltda	(2.253,98)	99,99%	(2.253,75)	(0,23)
	Decements	80%	ALCONTO AND A	101/25
Lleidanet Guatemala	2.	100%		
Portabilidades Españolas, S.A.	10.0 0.00	2020/2020	(35,74)	
Lleidanet Costa Rica	(35,74)	100%		
Lleidanet Perù	1.523,21	100%	1.523,21	100.010.000
Lieida Information Technology Network Services	(70.228,05)	49%	(34,411,74)	(35,816,31)
Indenova, S.L.	(68.323,97)	100%	(68.323,97)	
Lleidanet South Africa	(131,86)	100%	(131,86)	-
	687.577,70		723,394,19	(35.816,48)

The adjustments made to the Earnings associated to Parent Company in 2022 is as follows:

(900.282,86) 1.096.364,52
(468.842.96)
(190.207,60)

The adjustments made to the Earnings associated to Parent Company in 2021 is as follows:

2010 S
723.394,19
182.942,76
(78.140,49)
83.287,35
911.483,81

## NOTE 19. TRANSACTIONS WITH RELATED PARTIES

## 19.1) <u>Balances and Transactions with the Directors of the Parent Company and Senior</u> Executives

The remuneration accrued during the financial year 2022 by the Board of Directors of the Parent Company amounted to 100.500 euros (100.500 euros in the previous year).

Senior Management tasks are carried out by three members of the same Board of Directors (three members in the previous year), with remuneration amounting to 300.474,07 euros (296,947.77 euros in the previous year). The detail for this amount is as follows, in euros:

	2022	2021
Wages and salaries Payment in kind	274.274,29 26.199,78	277.749,63 19.198,14
	300.474,07	296.947,77

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

As of December 31, 2022, and 2021, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

#### Other Information Regarding the Board of Directors

Pursuant to the Capital Companies Law, it is reported that the members of the Parent 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 20. OTHER INFORMATION

The average number of employees during fiscal 2022 and 2021, distributed by category and gender, is as follows:

	2022	2021
Senior Executives	3	3,18
Administration	8,05	7,84
Commercial	27,75	23,50
Production	96,38 0,88	57,21
Maintenance	0,88	0,5
Reception	R	9,85
Business development	9,61	0,5 9,85 7,51 3,31
Compliance	5	3,31
Human Resources	3	2,77
Intellectual Property	9,61 5 3 2	1,5
TOTAL	163,67	117,17

The distribution of the Group's employees at the end of fiscal year 2022, by category and gender, is as follows:

		2022		
	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	2	3	-
Administration	.4	5	9	1
Commercial	11	17	28	1
Production	81	17	98	1
Maintenance		2	2	
Reception	Ť	7	8 12	82
Business development	-4	8	12	2 <del>5</del>
Compliance		5	5	37
Human Resources		3	3	32
Intellectual Property	2		2	19
TOTAL	104	66	170	2

The distribution of the Group's employees at the end of fiscal 2021, by category and gender, was as follows:

		2021		
Nation States and the	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	2	2	4	
Administration	3	7	4 10	T.K.
Commercial	10	15	25	1
Production	85	15	25 100	1
Maintenance	NGUN	1	1	
Reception	10 85 9	10	19	
Business development	4	5	9	
Compliance		5 5 3	5	245
Human Resources	2	3	5	58
Intellectual Property	2	10	19 9 5 5 2	1.53
TOTAL	117	63	180	3

The breakdown of the audit fees for the financial years 2022 and 2021 is as follows:

	2022	2021
statutory Auditor's fees for the provision of audit services: Statutory Auditor's fees for other non-audit services (*) Statutory Auditor's network firms' fees	31,000 24,500	33,500 17,000
or other and other services (**)	1	7.500
Potal	55.500	58.000

(\*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the interim financial statements as at 30 June 2022 and 30 June 2021.

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

The Group is hereby informed that during the year it has paid the premium corresponding to the civil liability policy that would eventually cover any damage caused to third parties by acts or omissions related to the performance of its duties. The premium amounted to 72.904,77 euros (32.064 euros in the previous year).

#### NOTE 21. GOODWILL ON CONSOLIDATION

Details of goodwill in consolidation at year-end 2022 are as follows, in euros:

	Cost 31/12/2022	Amortisation 31/12/2022	Impairment 31/12/2022	Net Value 31/12/2022
Cost: Indenova, S.L.,	4.688.429,58	(546.983,45)	(190.207,60)	3,951,238,53
Goodwill on consolidation	4.688.429,58	(546.983,45)	(190.207,60)	3.951.238,53

The detail of the existing consolidation goodwill at the end of the 2021 financial year is as follows, in euros:

	Cost 31/12/2021	Amortisation 31/12/2021	Net Value 31/12/2021
Cost: Indenova, S.L.	4,688.429,58	(78.140,49)	4.610.289,09
Goodwill on consolidation	4.688,429,58	(78.140,49)	4.610.289,09

The Parent Company's Board of Directors has performed the analysis of the recoverability of this consolidation goodwill mentioned above, using cash flows based on sales projections for the period 2023-2027. According to management, these projections are based on the budget for 2023, the degree of compliance with the budget at the date of formulation of these Consolidated Financial Statements and management's best expectations for the business until 2027 for the corresponding analysis of possible impairments at 31 December 2022. Sales growth has been estimated at 61%, 14%, 12%, 10% and 8% respectively for each of the next 5 years. Cash flows have also been discounted using the average cost of funds after tax. The discount rate used was 17% and a perpetual income of 2.5% was estimated.

As a result of the foregoing, the Parent Company's Board of Directors has considered impairing the goodwill in consolidation in the current year by 190 thousand euros (see Note 5) based on the expectations of cash flow generation forecast for the coming years by this investee company.

# GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

# CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2022

## GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

#### CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2022

In compliance with the provisions of the Corporations Law, the directors present below the management report for the year, in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to fiscal year 2022.

#### 1. EVOLUTION OF RESULT AND NET TURNOVER

The year 2022 has been the year of integration of Indenova into the Lleida.net Group. The fusion of technologies has been achieved with the first hybrid products that have come onto the market, as well as cross-selling between the entities that make up the group. It has also been a year in which work has been done to implement the group's policies within the new company and to optimize processes.

These efforts have been produced from all areas of the group, but we have managed to reach our record sales figure of 20.7 million, which represents an increase of 15%.

Sales by business line thousand euros	2021	2022	Var. Euros	Var.%
Contracts	3,219	2,999	-220	-7%
Notification	2.359	2.468	109	5%
Other SaaS	1.869	3.115	1.246	67%
SMS Solutions	2,710	3.634	924	34%
ICX WHOLESALE Solutions	7,818	8.455	637	8%
Total	17,975	20,671	2.696	15%
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The evolution has been different in each line of business, with an increase in all of them except in the contracting part.

The contracting line has had a 7% decrease derived from the lower demand that we are seeing in the market as well as a reduction in prices, especially in the national market. We have reached almost 3 million euros.

The notification line has grown by 5% to 2.5 million euros. A slower than expected increase, boosted by the evolution of the price of the Colombian peso against the euro. We do not have a reduction in units or prices, but the sales that the Colombian company contributes to the consolidated have had a lower impact derived from the currency price.

In the part of other SaaS services, we have an increase of 67% in sales to 3.1 million euros. This year we have included the total sales of Indenova in the consolidated year, compared to the two months that we included in 2021 after the purchase. We also include in this line of business, all the verification products that have had a decrease as they are services that are prior to the contracting products that have had less demand.

The commercial SMS line that includes the SMS that are sold to end customers, mainly nationals, has increased by 34% to 3.6 million euros. The increases are marked by the increase in consumption by recurring customers, as well as by the acquisition of small accounts.

The SMS Wholesale line, where we group all sales to operators and aggregators, has grown by 8% this year to 8.4 million euros. The increase is explained both by the increase in units sold and by the increase in the finishing prices of these products.

Data in thousand euros	2021	2022	Var. Euros	Var.%
Sales	17.975	20.671	2.696	15%
Cost of sales	-8.616	-9.925	1.309	15%
Gross Profit	9.359	10.746	1.387	15%
Staff Expenses	-4.381	-6,340	-1.959	-45%
Other expenses	-3.477	-3.681	-204	-6%
Capitalization	776	1.156	380	49%
EBITDA	2.277	1.881	-396	-18%
Other incomes	47	65	18	38%
Depreciation	-1.257	-2.073	-816	-65%
Results on disposals	-9	-194	-185	2056%
Other results	67	-2	-69	-96%
Operating Result	1.125	-323	-1.448	-129%
Financial income	-85	-166	81	95%
Impairment and results on disposals				
Exchange rate differences	-7	-46	39	557%
Profit before tax	1.033	-535	-1,328	-129%

The gross margin remains at 52% of sales, but in absolute terms we have an increase of 1.4 million euros, which represents an additional 15% compared to 2021 derived from the increase in sales.

The item of expenses that has increased the most in 2022 has been those associated with personnel. It is mainly derived from the incorporation of the Indenova workforce into the consolidated. We currently have an average workforce made up of 164 professionals compared to the 117 we had in 2021. One of the essential axes of growth for the Group is innovation, which cannot be achieved without the technical staff we have, who are experts within of their subject matter and will be the basis for sales growth in the years to come.

External service expenses reached 3.7 million euros, representing 6% of sales and assuming an increase of 6% compared to 2021. The increase is mainly explained by the incorporation of Indenova's annual expenses to the consolidated, as well as as well as the increase in investment that has been made in trade fairs and missions.

EBITDA stands at 1.9 million euros, with a decrease of 18% compared to the data for 2021, due to the increase in personnel expenses that have been higher than the increase in gross margin.

The operating result is negative by 323 thousand euros, penalised by the incorporation of the amortisation of Indenova's goodwill, which amounted to an additional 469 thousand euros, as well as the depreciation of goodwill of 190 thousand euros.

Profit before tax was negative by 535 thousand euros, compared to 1 million euros in 2021, as a result of the increase in the financial costs required for the acquisition of Indenova, as well as the exchange differences arising from the evolution of the US dollar and the Colombian currency.

#### 2. SUBSEQUENT EVENTS

The Lleida.net group notified the market through a relevant fact of March 14, 2023, of the decision to cut off the certified email and certified SMS service to company 472 (Colombian Postal Services). The decision was made as a result of the accumulated defaults by 472 towards Lleida.net and amounting to approximately 391,000 euros, of which not all have expired.

After December 31, 2022, and up to the date of preparation of this Management Report, there have been no subsequent events in addition to those already mentioned in the Explanatory Notes to the annual accounts and the previous point, which reveal circumstances that already existed as of December 31, 2022 and that due to the importance of their economic impact they should entail adjustments in the Financial Statements or modifications in the information contained in the explanatory notes.

There are also no other subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist as of December 31, 2022 and that are of such importance that they require additional information in the Explanatory Notes to the annual accounts.

#### 3. PROBABLE EVOLUTION OF THE GROUP

The forecasts for the 2023 financial year are to increase sales of the Group's SaaS products, specifically notification and electronic contracting. It will allow an increase in the gross margin and thanks to the containment of expenses we will achieve a higher EBIDTA.

#### 4. RESEARCH ACTIVITIES

In the 2022 financial year, the Group has invested 1,156 thousand euros in research activities aimed mainly at the Group's certification line and hybrid products together with Indenova technology.

#### 5. OPERATIONS WITH OWN SHARES

In accordance with the provisions of the BME Growth and Euronext Growth regulations, the company signed a liquidity agreement with the placement bank on the occasion of its listing on the market. This agreement establishes both the delivery of a certain amount of treasury shares and the deposit of a certain amount of cash. The objective of this contract is to allow investors to negotiate the shares of the company, ensuring that any interested person has the possibility of buying or selling shares.

As of December 31, 2022, the company had 433,357 shares with a valuation on that date of 895,289.01 euros, which represented 2.7% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

#### 6. FINANCIAL INSTRUMENTS,

During 2022, the Group is not exposed to significant exchange rate risk, therefore it does not carry out operations with exchange rate financial instruments.

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The treasury department has a daily vision of the actual treasury situation and it is compared with the weekly forecasts that are made. The Group has a comfortable short-term financial capacity, as reflected by the positive balances in credit accounts.

Faced with situations of global uncertainty, such as the spread of COVID-19, the Group has achieved the collaboration of financial institutions to sign new financing agreements, both short and long term.

The main exchange rate risks that the Group has are with the dollar and the Colombian peso. The group does not currently operate with exchange rate insurance, although it is a variable that is being analyzed for the future. The risk is reduced in the group, because we have both expenses and income in those currencies, so we use checking accounts in those currencies to be able to meet payments in foreign currency with receipts in foreign currency. When we have a currency defect, we go to the spot market, always analyzing the evolution of the currency a month in advance in order to take advantage of the best moment for the change.

#### 7. DEFERMENT OF PAYMENT TO SUPPLIERS

Information concerning deferrals of payments to suppliers is shown in the Financial Statements in Note 10.

#### 8. EFFECTS DERIVED FROM THE CONFLICT IN UKRAINE

The information referring to the effects derived from the current situation caused by the conflict in Ukraine is shown in the Financial Statements, in Note 1.e

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#### PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES draw up the Consolidated Annual Accounts and the Consolidated Director's Report for the financial year 2022, which comprises the attached pages number 1 to 57.

> Lleida, March 30, 2023 The Board of Directors



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Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

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17147802Z, SN = PEREZ SUBIAS, G = MIGUEL, C = ES Reason: I am approving this document Date: 2023.03.30 14:37:19 +02'00'

Mr. Miguel Pérez Subias Independent Director Firmado por CARBONELL SEBARROJA JORDI -\*\*\*9668\*\* el dia 30/03/2023 con un certificado emitido

Mr. Jordi Carbonell i Sebarroja Independent Director

Firmado por SAINZ DE VICUÑA BARROSO JORGE - \*\*\*1181\*\* el día 30/03/2023 con un certificado emitido por AC FNMT Usuarios

> D. Jorge Sainz de Vicuña Independent Director

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Mr. Marcos Gallardo Meseguer Secretary

Firmado digitalmente por LOPEZ DEL CASTILLO, ANTONIO (AUTENTICACIÓN) Fecha: 2023.03.30 16:03:17 +02'00'

Mr. Antonio López del Castillo Independent Director

Firmado digitalmente por ARRATE MARIA ARRATE MARIA USANDIZAGA RUIZ - DNI **USANDIZAGA RUIZ** 44558454W Fecha: 2023.03.30 11:18:32 - DNI 44558454W 102'00'

Mrs. Arrate María Usandizaga Ruíz Executive Director

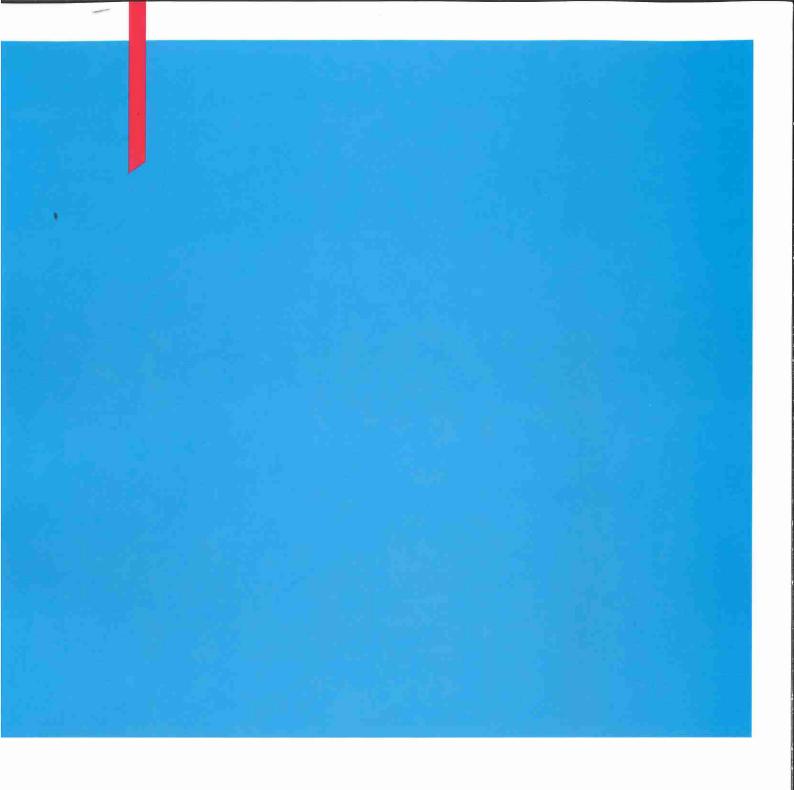
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Mrs. Beatriz García Torre Executive Director

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ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR FINANCIAL YEAR 2022 TOGETHER WITH THE AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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





Annual Accounts and Director's Report for financial year 2022 together with the Audit Report on Annual Accounts issued by an Independent Auditor



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AUDIT REPORT ON THE ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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Audit report on the annual accounts issued by an independent auditor

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

#### Opinion

We have audited the 33annual accounts of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (the Company), which comprise the balance sheet as of December 31, 2022, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts give, in all material respects, a true and fair view of the Company's equity and financial position as of December 31, 2022, as well as its results and cash flows for the financial year then ended, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the annual accounts) and, in particular, with the accounting principles and criteria contained therein.

#### Basis of opinion

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

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

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

#### Key audit matters

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

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Key audit matters	Audit response			
Valuation of capitalized research expenditures	We have carried out the following audit procedures, among others:			
As described in notes 4.a. and 5 to the accompanying notes, the Company presents in the balance sheet intangible assets for	- Understanding of the policies and procedures applied by the Company for the capitalization of research and			

the balance sheet intangible assets for expenses on research and development projects amounting to 2.317 thousand. These expenses must be specifically individualised by project and have a sound basis for economiccommercial profitability, among other requirements in order to be capitalized in the Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value and possible need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key audit matter in our audit.

We have analysed a sample of activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations.

development expenses.

- We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts.
- We have obtained a breakdown of the carrying amount of research and development expenditure by project and have analysed the reasonableness of their recoverable value by reviewing the reasonableness of the assumptions, reviewing the arithmetic calculation, analysing the sales projections, their profitability and verifying the deviations that occurred in past estimates.
- We have verified the correct amortization of the different projects capitalised on the basis of their useful life.
- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached report include the aforementioned information breakdowns.



Valuation of investments, loans and balances with group companies

As described in notes 4.d, 8, 9 and 19 to the accompanying notes to the annual accounts, investments in group companies together with the balances of group customers and other investments represent, on an aggregate basis, 49,6% of the Company's total assets.

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

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

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

- Understanding of the policies and procedures applied by the Company in respect of the valuation of investments and balances with group companies.
- We analysed the evolution of the investments in group companies, loans and balances of the various subsidiaries during the year.
- We have analysed the existence of signs of impairment of investments in group companies by comparing the net book value of the investment with the net book value of the subsidiaries' financial statements and, where appropriate, through the analysis of the business plan and discounted cash flows.
- We have reviewed the impairment test provided by analysing the assumptions contained therein, the methodology applied, the reasonableness of the discount rate used and the reasonableness of the calculations as well as the business plans of the different subsidiaries, to determine the reasonableness of future cash flows in the current forecasts.
- We have assessed whether events up to the date of the audit report provide audit evidence regarding the estimates made.
- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4 d), 8, 9 and 19 of the attached report include the aforementioned information breakdown.

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#### Other information: Directors' report

The other information comprises exclusively the directors' report for the financial year 2022, the draw up of which is the responsibility of the Board of Directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility for the directors' report, as required by the regulations governing the audit activity, is to assess and report on the consistency of the directors' report with the annual accounts, based on our knowledge of the Entity obtained in the course of the audit of the annual accounts, and to assess and report on whether the content and presentation of the directors' report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work performed, as described in the preceding paragraph, the information contained in the directors' report agrees with that in the annual accounts for financial year 2022 and its content and presentation are in accordance with the applicable regulations.

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

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

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

The audit committee is responsible for supervising the preparation and presentation of the annual accounts.



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

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

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

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

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



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

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

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

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

Report on other legal and regulatory requirements

#### Additional report to the Audit Committee

The opinion expressed in this report is consistent with that expressed in our additional report to the Parent's Audit Committee dated April 28, 2023.

#### Contract period

The Extraordinary General Shareholders' Meeting held on November 25, 2022 appointed us as auditors for a period of 3 years, starting from the year ended December 31, 2022.

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

#### Services provided

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

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

Ramón Roger Rull (ROAC 16.887) Audit Partner

April 28, 2023

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### ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2022

### BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

(Stated in Euros)

ASSETS	Notes to the Annual Accounts	31/12/2022	31/12/2021
NON-CURRENT ASSETS		12.473.286,32	11.989.081,76
Intangible assets	Note 5	3.757.705,52	3.619.164,38
Research		2.317.137,16	2.277.036,10
Patents, licenses, trademarks and similar		684.025,45	665.124,55
Computer applications		201.741,09	89.560,92
Other intangible assets		554.801,82	587.442,81
Fangible fixed assets	Note 6	502.035,90	597.599,79
Land and buildings		148.577,71	147.805,21
Technical installations and other tangible fixed assets		296.077,59	392.413,98
Tangible assets in progress		57.380,60	57.380,60
Long-term investments in group and affiliated companies		7.765.332,54	7.471.489,74
	Note 9	6.409.290,36	7.320.499,32
Equity instruments	Notes 8.2 and 19.1	1.356.042,18	150.990,42
Loans to companies	110105 0.2 and 19.1	1.550.042,10	150.550,42
Long-term financial investments		44.991,04	44.189,52
Equity instruments	Note 8.3	10.197,40	10.197,40
Other financial assets	Note 8.2	34.793,64	33.992,12
Deferred Tax Assets	Note 15	403.221,32	256.638,33
CURRENT ASSETS		5.648.496,40	8.395.305,62
To de se de theu manimables		3.763.384,02	3.208.211,95
Trade and other receivables	Note 8.2	2.552.808,19	2.523.653,09
Client receivables for sales and services	Notes 8.2 and 19.1	1.058.099,68	615.207,71
Clients of the Group and affiliated companies	Note 8.2	95.191,55	63.269,89
Sundry debtors	Note 8.2	989,39	1.084,05
Staff	Note 15	39.867,49	1.004,05
Current tax assets	Note 15	16.427,72	4.997.21
Other receivables from Public Authorities	Note 15	10.427,72	4.997,21
	Notes 8.2 and	8 66 6 <b>6</b> 6 6 6 7 7 7	
Short-term investments in group and affiliated companies	19.1	163.278,11	151.563,19
Loans to companies		163.278,11	151.563,19
Short-term financial investments	Note 8.2	812.373,00	812.022,00
Other financial assets		812.373,00	812.022,00
Short-term accruals		326.234,67	367.925,49
Cash and cash equivalents	Note 8.1	583.226,60	3.855.582,99
Cash		583.226,60	3.855.582,99
TOTAL ASSETS		18.121.782,72	20.384.387,38

#### BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021 (Stated in Euros)

Notes to the 31/12/2021 31/12/2022 EQUITY AND LIABILITIES **Annual Accounts** 5.820.937,00 6.614.857,27 EQUITY 5.820.937,00 6.614.857,27 Equity 320.998,86 320.998,86 Note 13.1 Capital 320.998,86 320.998,86 Share Capital 5.244.344,28 5.244.344,28 Note 13.3 Issue premium 3.310.931,33 3.030.526,90 Note 13.2 Reserves 64.199,77 64.199,77 Legal and statutory 2.966.327,13 3.246.731,56 Other Reserves Note 13.4 (1.731.481,07)(1.683.884,76)(Shares and own holdings in equity) (820.530,75)(1.349.900, 40)**Retained earnings** (222.921,22) 772.367,96 Financial year's earnings 7.646.787,39 6.336.811,83 NON-CURRENT LIABILITIES 7.646.787,39 6.336.811,83 Note 10.1 Long-term debts 6.096.675,49 Debts with credit institutions 5.329.534,83 1.550.111,90 1.007.277,00 Other financial liabilities 6.122.742,72 5.964.033,88 CURRENT LIABILITIES 38.021,23 17.602,52 Short-term provisions 3.335.343,84 Note 10.1 3.168.444,00 Short-term debts 2.317.872.14 1.679.852,92 Debts with credit institutions 850.571,86 1.655.490,92 Other financial liabilities 2.777.987,36 2.749.377,65 Trade and other payables 1.897.755,08 1.737.866,70 Note 10.1 Suppliers 116.115,44 Suppliers, group and affiliated companies Note 10.1 and 19.1 254.248,46 470.907,60 229.548,49 Sundry creditors Note 10.1 183,21 3.001,79 Note 10.1 Personnel (outstanding salaries) 239.917,92 305.336,45 Other debts with Public Authorities Note 15 156.334,20 116.149,67 Note 10.1 Advances from clients 18.121.782,72 20.384.387,38 TOTAL EQUITY AND LIABILITIES

### PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS 2022 AND 2021 (Stated in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2022	2021
Net turnover Net sales	Note 16.a	<b>17.831.511,04</b> 17.831.511,04	<b>16.688.870,84</b> 16.688.870,84
Work performed by the company for its assets	Note 5	817.779,59	722.932,06
Supplies Goods consumed	Note 16.b	( <b>9.883.315,34</b> ) (9.883.315,34)	<b>(8.608.860,11)</b> (8.608.860,11)
Other operating income Ancillary and other current operating income Operating grants income		<b>241.890,97</b> 232.851,57 9.039,40	<b>100.748,33</b> 100.748,33
Staff expenses Wages, salaries and the like Fringe benefits	Note 16.c	(4.218.726,38) (3.196.831,74) (1.021.894,64)	(3.969.053,63) (3.038.976,68) (930.076,95)
Other operating expenses External charges for services Taxes Losses, Impairment and change in trade provisions		(2.753.074,17) (2.702.787,16) (46.433,77) (3.853,24)	(2.874.309,10) (2.764.546,87) (45.141,37) (64.620,86)
Amortization of fixed assets	Notes 5 and 6	(1.107.222,78)	(1.093.372,65)
Impairment and results of disposals of fixed assets	Note 5	(2.335,12)	(9.146,92)
Other earnings		÷	10.418,81
OPERATING EARNINGS		926.507,81	968.227,63
Financial income Income from negotiable securities and other financial instruments, group and affiliated companies	Note 16.d	<b>26.450,71</b> 26.008,08	<b>16.566,00</b> 15.753,31
Other income from negotiable securities and other third-party financial instruments		442,63	812,69
Financial expenses For debts with group companies and associates For debts with third parties	Note 16.d	(82.916,61) (683,38) (82.233,23)	(72.948,51)
Variation in fair value of financial instruments Trading portfolio and others	Note 16.d	( <b>769,53</b> ) (769,53)	-
Exchange differences	Note 16.d	(52.422,00)	5.288,17
Impairments and earnings for disposals of financial instruments Impairments and losses Gains (losses) on disposals and others	Note 16.d	(1.096.364,52) (1.096.364,52)	(159.668,16) (159.668,16) -
FINANCIAL EARNINGS		(1.206.021,95)	(210.762,50)
PRE-TAX EARNINGS		(279.514,15)	757.465,13
Profit tax	Note 15	56.592,93	14.902,83
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		(222.921,22)	772.367,96
FINANCIAL YEAR'S EARNINGS		(222.921,22)	772.367,96

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	LEIDA	NETWORKS SH	LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.	TICS, S.A.			
TOTAL STA	STATEM TOTAL STATEMENT OF (	IENT OF CHAN HANGES IN EC (State	STATEMENT OF CHANGES IN PARTNER'S EQUITY ENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2022 AND 2021 (Stated in Euros)	<u>es equity</u> NCIAL YEARS	2022 AND 2021		
	Share Capital	Own Shares	Issue Premium	Reserves	Results from previous years	Financial Year's Earnings	Total
BALANCE END OF YEAR 2020	320.998,86	(759.458,01)	5.244.344,28	3.486.189,06	(1.897.046,66)	794.186,74	7.189.214,27
Total recognized income and expenses	ĩ	I	P	1		772.367,96	772.367,96
<b>Transactions with shareholders or owners</b> Operation with own shares Dividends		(924.426,75) (924.426,75)	ан) -	(175.257,73) (175.257,73)	(247.040,48) - (247.040,48)	1 I I	(1.346.724,96) (1.099.684,48) (247.040,48)
Other changes in equity	1	ļ	ı	ı	794.186,74	(794.186,74)	ł
Distribution of earnings from the previous financial year	)	1	ï	,	794.186,74	(794.186,74)	
BALANCE END OF YEAR 2021	320.998,86	(1.683.884,76)	5.244.344,28	3.310.931,33	(1.349.900,40)	772.367,96	6.614.857,27
Total recognized income and expenses	1	ĩ	ï	). E	ж	(222.921,22)	(222.921,22)
<b>Transactions with shareholders or owners</b> Operation with own shares Dividends		(47.596,31) (47.596,31) -		(280.404,43) (280.404,43) -		(242.998,31) - (242.998,31)	(570.999,05) (328.000,74) (242.998,31)
Other changes in equity	ł	Э́р		ä	529.369,65	(529.369,65)	1
Distribution of earnings from the previous mancial year	ĸ	1	2	,	529.369,65	(529.369,65)	ч.
BALANCE END OF YEAR 2022	320.998,86	(1.731.481,07)	5.244.344,28	3.030.526,90	(820.530,75)	(222.921,22)	5.820.937,00

Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Year 2022\_

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

### <u>CASH FLOW STATEMENT</u> FOR FINANCIAL YEARS 2022 AND 2021 (Stated in Euros)

	2022	2021
ASH FLOW FROM OPERATING ACTIVITIES	1.218.297,89	2.026.325,51
nancial year's pre-tax earnings	(222.921,22)	757.465,13
djustments to earnings	2.266.097,21	1.383.191,10
mortization of fixed assets	1.107.222,78	1.093.372,65
aluation changes for impairment	1.100.217,76	224.289,02
Disposals of fixed assets	2.190,77	9.146,92
	(26.450,71)	(16.566,00)
inancial incomes	82.916,61	72.948,51
inancial expenses	82.910,01	72.740,51
Changes in current capital	(581.961,73)	36.935,51
rade and other receivables	(631.843,55)	(130.767,40)
Other current assets	41.690,82	(53.163,98)
Frade and other payables	28.609,71	235.896,54
Other current liabilities	(20.418,71)	(15.029,65)
Other cash flow from operating activities	(186.323,45)	(151.266,23)
nterest payments	(82.916,61)	(72.948,51)
nterest incomes	26,450,71	16.566,00
Fax income	(129.857,55)	(94.883,72)
	(2 442 771 15)	(4,965,685,91)
CASH FLOW FROM INVESTMENT ACTIVITIES	(2.442.771,15)	(4,905,005,91)
Payments for investments	(2.475.094,85)	(5.431.450,42)
Group and associated companies	(1.289,227,83)	(4.004.082,21)
Intangible fixed assets	(1.125.219,77)	(971.932,22)
Tangible fixed assets	(59.494,73)	(455.435,99)
Other financial assets	(1.152,52)	
Juier financial assets	(,,	
Proceeds from disposals	32.323,70	465.764,51
Intangible fixed assets	32.323,70	24.082,52
Other financial assets		441.681,99
CASH FLOW FROM FINANCING ACTIVITIES	(2.047.883,13)	3.535.653,81
Receipts and payments for equity instruments	(328.000,74)	(1.099.693,16
Disposals (Acquisitions) of own equity instruments	(328.000,74)	(1.099.693,16
a li di li di Constituti la bilita instrumente	(1.476.875,40)	4.882.378,77
Collections and payments for financial liability instruments	1,100.000,00	6.150.000,00
lssuing:	1.100.000,00	6.150.000,00
Amounts owed to credit institutions		(1.267.621,23
Repayment and amortization of:	(2.576.875,40) (1.229.121,44)	(1.202.871,59
Amounts owed to credit institutions		(1.202.871,39
Others	(1.347.753,96)	(04.749,04
Payments for dividends and remuneration of other equity instruments	(243.006,99)	(247.031,80
Dividends	(243.006,99)	(247.031,80
NET INCREASE/REDUCTION		
OF CASH AND CASH EQUIVALENTS	(3.272.356,39)	596.293,4
Cash or cash equivalents at start of financial year	3.855.582,99	3,259,289,5
Cash of Cash courvaients at start of rinaneial year	583.226,60	3.855.582,9

#### NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2022

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

#### a) Incorporation and Registered Office

**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** (hereinafter "Parent Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Parent Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. Previously its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, Lleida. On 26 October 2021, the board of directors resolved to transfer the company's registered office to Calle Téllez, 56 Local C in Madrid.

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 of acting as a teleoperator of short message service (SMS) management services via the Internet, notification and electronic contracting services, as well as any other activity related to the aforementioned corporate purpose.

#### c) Legal System

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

#### d) Quotation in Stock Markets

On June 1<sup>st</sup>, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market, currently called BME Growth, of all the shares of the Parent Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16.049.943 shares of 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On December 19, 2018, the Company was listed on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor. On November 2, 2020, the Company was listed on the OTCQX market in NewYork. On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A.

#### e) Effect of the conflict in Ukrania

Since February 2022, there has been a conflict in Europe between the nations of Russia and Ukraine. In this sense, the possible effects on the economy in general and on the Company that this conflict may have must be taken into account. The Board of Directors considers that the main effect that this event has had on the Company's figures has been the increase in electricity prices, whose impact on the Company's figures has been an increase of 45 thousand euros over spending this year. Additionally, although the Board of Directors does not consider that there is a risk of continuity in its activity at the close of December 31, 2022, it must be constantly aware of their evolution and their economic effects in the evaluation of future estimates, whose effects would be recorded prospectively.

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

#### a) True and Fair View

The Annual Accounts for the financial year 2022 have been taken from the Company accounting records and drawn up in accordance with the applicable commercial law currently in force and with the standards established in the General Accounting Plan approved by Spanish Royal Decree 1514/2007, of 16 November, applying the modifications introduced by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December and Royal Decree 1/2021, of 12 January, to show a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash flows included in the cash flow statement.

#### b) Accounting Principles Applied

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

#### c) Presentation Currency

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

#### d) Critical Aspects of Uncertainties Valuation and Estimation

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

- Going concern assessment:

- The Company, at 31 December 2022, presents a negative working capital of 315 thousand euros, and a debt that represents approximately 50% of its liabilities. In order to reverse this situation, the Company has defined a business plan, in order to reverse the situation, the Company has designed a business plan, in addition to discuss the conditions of policies renewals and additional funding. In 2022 and 2023, the company has obtained a positive EBITDA and, at the date of preparation of these financial statements, a new loan is being negotiated, as well as the renewal of the credit facilities that the Company had at year-end. In addition to this fact, current liabilities include, on the one hand, a debt of Euros 378 thousand with former shareholders, the payment of which will be made in treasury shares that the Company has already acquired and which are reflected in the Company's equity, and on the other hand, a debt of Euros 311 thousand with the former shareholders of the investee company, Indenova, S.A., which has been claimed as a lower purchase price. Consequently, all of the above would have a positive effect on working capital in the amount of 689 thousand. The Company's directors have prepared these annual accounts on a going concern basis, considering that compliance with the business plan and the obtaining of new financing will enable the Company to meet any possible cash pressures that may arise in 2023.
- Possible impairment of assets: investments, loans and balances with group companies (Note 4.d):
  - At 31 December 2022, the Company has significant balances receivable and equity instruments from Group companies (see Note 19.1), the recovery of which will be linked to residual value of the estimated flows. On the basis of the budgets established by management, the Company's Board of Directors estimates that all the Group company receivables on the Company's balance sheet will be recovered.
- Reasonableness of activation and recoverability of research projects.

In addition to what has been mentioned in the preceding paragraph, there are uncertainties or aspects of the future that could entail a significant risk that could lead to significant changes in the value of assets and liabilities in the following year:

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

Although these estimates have been made based on the best information available at the close of financial year 2022, it is possible that events that may take place in the future will make it necessary to modify them (upwards or downwards) in coming years, which would be done prospectively, recognising the effects of the change in the estimate in the corresponding profit and loss account.

#### e) Comparison of the Information

In accordance with commercial law, for comparison purposes, the Board of Directors presents, in addition to the figures for the financial year 2022, for each of the items in the Balance Sheet, Profit and Loss Accounts, the Statement of Changes in Equity and the Cash-Flow Statement, the figures for the previous financial year. The items for both financial years are comparable and homogeneous.

#### f) Correction of Errors

The 2022 Annual Accounts do not include related adjustments as a result of errors detected in the annual accounts of previous years.

#### g) Fair value

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

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

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

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

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

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

The fair value of a financial instrument must consider, among other things, the credit risk and, in the specific case of a financial liability, the company's default risk, which includes, among other components, its own credit risk. However, no adjustments for volume or market capacity should be made to estimate the fair value.t

#### h) Responsibility for Information and Estimates Made

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

Even though these estimates were made based on the best information available on the date of preparation of the annual accounts, it is possible that events that could take place in the future may force them to be modified in future years. In such a case, this would be done prospectively, recognizing the effects of the change in estimate in the corresponding profit and loss accounts.

#### 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 Profit and Loss Account for the corresponding year. Therefore, these annual accounts do not include the Statement of Recognized Income and Expenses.

#### **NOTE 3. DISTRIBUTION OF EARNINGS**

The proposed distribution of 2022 and 2021, drawn up by the Board of Directors are shown below, in Euros:

	2022	2021
Distribution base:		
Profits obtained/ (Generated losses)		
in the financial year	688.287,75	772.367,96
Distribution to:		
Compensation of previous years losses	688.287,75	525.327,48
Distribution of dividends	( <b>-</b> ,)	247.040,48

#### **NOTE 4. RECOGNITION AND VALUATION STANDARDS**

The principal standards used by the Company in the drafting of its Annual Accounts for the 2022 financial year, in accordance with those established by the General Accounting Plan, were as follows:

#### a) Intangible Fixed Assets

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

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

#### **Research Costs**

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

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

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

#### **Computer Applications**

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

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

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

#### Industrial Property

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

During all these years, the Company has been able to develop methods and unique technologies in its sector by continuous investment in research and development. The result of this effort has been the publication of patents at European, American and PCT levels, putting in value the effort developed during these last years. These patents allow the Group to license this technology to third parties and protect it against possible copies of other actors in the sector, Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Year 2022\_ less scrupulous when creating original models.

#### b) Tangible Fixed Assets

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

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

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

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

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

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

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

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

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

#### c) Leases and Other Transactions of a Similar Nature

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

Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Year 2022\_ Account.

#### d) Financial Instruments

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

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

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

- Financial assets at amortized cost.

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

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

- Financial liabilities at amortized cost.

This treatment applies to the following financial instruments:

- a) Financial assets:
  - Cash and cash equivalents;
  - Trade receivables: trade accounts receivable and sundry accounts receivable;
  - Loans to third parties: such as loans and financial credits granted, including those arising from the sale of non-current assets;
  - Equity instruments of other companies acquired: shares, units in collective investment undertakings and other equity instruments;
  - Other financial assets: such as deposits in credit institutions, loans to personnel, guarantees and deposits, dividends receivable and disbursements required on own equity instruments.
- b) Financial liabilities:
  - Trade accounts payable: suppliers and sundry creditors;
  - Debts with credit institutions;
  - Other financial liabilities: debts with third parties, such as loans and financial credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on participations.

#### Financial assets at amortized cost

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

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

In this category are classified:

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

#### Financial liabilities at amortized cost

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: Financial liabilities which, not being derivate instruments, have no commercial origins, but arise from loans or credit operations received by the Company.

#### Initial assessment

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

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

#### Subsequent assessment

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

#### Impairment of financial assets at amortized cost

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

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

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

#### Financial assets at cost

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

#### **Initial valuation**

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

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

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

#### Subsequent valuation

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

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

#### **Impairment**

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

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

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the discounted future cash flows expected to be obtained from these investments. In determining this value, and provided that the investee has in turn invested in another investee, the equity included in the consolidated annual accounts prepared by applying the criteria of the Commercial Code and its implementing regulations is taken into account.

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

#### **Reclassification of Financial Assets**

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

#### **Derecognition of Financial Assets**

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

When the financial asset is derecognized, the difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying amount of the financial asset, determines the gain or loss arising on derecognition of the asset, and forms part of the profit or loss for the year in which the gain or loss arises. The Company does not derecognize financial assets and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which it has retained substantially all the risks and rewards of ownership, such as in bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitizations of financial assets in which the transferor retains subordinated financing or other types of guarantees that absorb substantially all the expected losses.

#### **Derecognition of Financial Liabilities**

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

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

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

#### **Own equity instruments**

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

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

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

#### Bonds delivered and received

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

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

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

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

#### e) Transactions in foreign currencies

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

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

#### f) Profit Tax

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

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

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

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

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

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

#### g) Income and Expenses

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

#### Revenue recognition for sales and services rendered

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

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

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

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

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a specific point in time. As specified in note 16, the invoicing issued by the Company is based on customer consumption of each product. In this regard, for all of the Company's business lines, revenues are also recognised on a monthly basis according to the consumption made by each customer during the month in question.

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

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

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

#### Valuation

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

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

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

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

#### h) Provisions and Contingencies

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

#### i) Grants, Donations and Legacies

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

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

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

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

#### j) Related-Party Transactions

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

#### k) Cash-Flow Statements

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

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

<u>Cash Stream-flows</u>: 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.

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

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

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

### NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2022 are as follows:

en skonski stali	31/12/2021	Additions	De-Recognition	Transfers	31/12/2022
Cost:					
Research	12.372.277,80	817.779,59	(2.799,83)	-	13.187.257,56
Industrial Property	1.054.272,10	49.568,26	-	55.367,61	1.159.207,97
Computer applications Advances for	341.188,03	177.766,70		25.054,90	544.009,63
intangible fixed assets	587.442,81	80.105,22	(32.323,70)	(80.422,51)	554.801,82
	14.355.180,74	1.125.219,77	(35.123,53)		15.445.276,98
Accumulated amortization:					
Research	(10.095.241,70)	(775.487,76)	609,06	-	(10.870.120,40)
Industrial Property	(389.147,55)	(86.034,97)	-	-	(475.182,52)
Computer applications	(251.627,11)	(90.641,43)	-		(342.268,54)
	(10.736.016,36)	(952.164,16)	609,06		(11.687.571,46)
Intangible Fixed Assets, Net	3.619.164,38	173.055,61	(34.514,47)		3.757.705,52

The additions in the year mainly relate to the R&D developments the Company has made in its SaaS product lines as well as the investments made in patents to register the methodology of these new products.

Details of and changes in tangible fixed assets throughout the financial year 2021 are as follows:

	31/12/2020	Additions	De-Recognition	Transfers	31/12/2021
Cost:					
Research	11.649.345,74	722.932,06	-	-	12.372.277,80
Industrial Property	928.218,54		÷.	126.053,56	1.054.272,10
Computer applications	265,367,28	75.820,75	-	5	341.188,03
Advances for intangible fixed assets	564.399,48	158.243,81	(9.146,92)	(126.053,56)	587.442,81
	13.407.331,04	956.996,62	(9.146,92)		14.355.180,74
Accumulated amortization:					
Research	(9.280.092,95)	(815.148,75)	-	-	(10.095.241,70)
Industrial Property	(307.717,52)	(81.430,03)	-	-	(389.147,55)
Computer applications	(236.507,00)	(15.120,11)	5 <b>1</b> 0	-	(251.627,11)
	(9.824.317,47)	(911.698,89)		1	(10.736.016,36)
Intangible Fixed Assets, Net	3.583.013,57	45.297,73	(9.146,92)	-	3.619.164,38

#### **Fully-amortized and In-use Items**

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2022 and at December 31, 2021, is the following, stating their cost values in Euros:

	31/12/2022	31/12/2021
Research	9.263.012,85	8.492.284,57
Patents	108.806,51	108.806,51
Computer applications	221.657,91	221.657,91
	9.593.477,27	8.822.748,99

#### **NOTE 6. TANGIBLE FIXED ASSETS**

The breakdown of tangible fixed assets as of December 31, 2022 is as follows, in Euros:

	31/12/2021	Additions	Transfers	31/12/2022
Cost:				
and and buildings	197.185,74	5.909,80	-	203.095,54
Fechnical installations and machinery	252.969,45	·		252.969,45
Other installations, tools and furniture	106.118,89	Ξ.	180 	106.118,89
Data processing equipment	1.031.414,78	53.584,93	42.574,26	1.127.573,97
Other tangible fixed assets	4.935,79		-	4.935,79
Advances for tangible fixed assets	57.380,60		52.	57.380,60
	1.650.005,25	59,494,73	42.574,26	1.752.074,24
Accumulated amortization:				
Land and buildings	(49.380,53)	(5.137,30)	1.	(54.517,83
Technical installations and machinery	(249.075,13)	(1.956,70)	-	(251.031,83
Other installations, tools and furniture	(80.892,56)	(4.119,61)	÷	(85.012,17
Data processing equipment	(668.762,49)	(143.536,96)	(42.574,26)	(854.873,71
Other tangible fixed assets	(4.294,75)	(308,05)	-	(4.602,80
	(1.052.405,46)	(155.058,62)	(42.574,26)	(1.250.038,34

	31/12/2020	Additions	Transfers	31/12/2021
Cost:				
Land and buildings	197.185,74	-	-	197.185,74
Technical installations and machinery	252.969,45	<del></del>	:#c	252.969,45
Other installations, tools and furniture	106.118,89	· · · · · · · · · · · · · · · · · · ·	نې د د د د د د د د د د د د د د د د د د د	106.118,89
Data processing equipment	642.506,31	391.047,47	(2.139,00)	1.031.414,78
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets		57.380,60	-	57.380,60
	1.203.716,18	448.428,07	(2.139,00)	1.650.005,25
Accumulated amortization:				(10 200 52)
Land and buildings	(44.243,23)	(5.137,30)	-	(49.380,53)
Technical installations and machinery	(241.768,74)	(7.306,39)	-	(249.075,13)
Other installations, tools and furniture	(74.609,25)	(6.283,31)	1	(80.892,56)
Data processing equipment	(506.123,78)	(162.638,71)	-	(668.762,49)
Other tangible fixed assets	(3.986,70)	(308,05)	1977	(4.294,75)
	(870.731,70)	(181.673,76)		(1.052.405,46)
Tangible Fixed Assets, Net	332.984,48	266.754,31	(2.139,00)	597.599,79

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

# Fully-amortized and In-use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2022 and at December 31, 2021, is shown below stating their cost values in Euros:

	31/12/2022	31/12/2021
Technical installations and machinery	229.435,65	188.916,95
Furniture	66.370,09	50.659,90
Data processing equipment	662.312,78	420.071,20
Other fixed assets	3.087,87	3.087,87
	961.206,39	662.735,92

# NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

#### 7.1) Financial Leases (the Company as Lessee)

The Company has no assets financed through finance leases as of December 31, 2022.

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

The amount of the contingent payments recognized as an expense in year 2022 is 162.059,13 euros (136.382,24 euros in the previous year). Corresponds basically to office and car rentals.

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

	2022	2021
Up to 1 year	98.742,77	92.328,30
Between 1 and 5 years	49.297,80	55.510,51
More of 5 years	514.986,28	524.845,84
	663.026,85	672.684,65

#### NOTE 8. FINANCIAL ASSETS

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

	Equity instruments		Credits and Other	ers Financial Assets	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	
Loans and receivable items (Note 8.2)	-	5	1.390.835,82	184.982,54	
Financial assets available					
for sale (Note 8.3)	10,197,40	10.197,40	-	, <del>-</del>	
Total	10.197,40	10.197,40	1.390.835,82	184.982,54	

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

	Credits and Others Financial Assets		
	31/12/2022	31/12/2021	
Assets at fair value through the profit and loss:	583.226,60	3.855.582,99	
Cash or other liquid assets (Note 8.1)	583.226,60	3.855.582,99	
Loans and receivable items (Note 8.2)	4.682.739,92	4.166.799,93	
Total	5.265.966,52	8.022.382,92	

# 8.1) Assets at Fair Value through the Profit and Loss

# Cash and other Equivalent Liquid Assets

The detail of this assets as of December 31, 2022 and 2021 is as follows, in euros:

	Balance at 31/12/2022	Balance at 31/12/2021
Current Accounts Cash	577.610,71 5.615,89	3.847.552,09 8.030,90
Total	583.226,60	3.855.582,99

#### 8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2022 and 2021 is the following:

The Second State of the Second	Balance at	31/12/2022	Balance at	31/12/2021
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers Related party customers (Note 19.1) Debtors	-	2.552.808,19 1.058.099,68 95.191,55	-	2.523.653,09 615.207,71 63.269,89
Total loans and receivables items for commercial transactions		3.706.099,42		3.202.130,69
Loans and receivables for non-commercial transactions				
Group Companies (Note 19.1) Staff Short-term deposits (*) Securities and deposits	1.356.042,18 - 34.793,64	163.278,11 989,39 812.373,00	150.990,42	151.563,19 1.084,05 812.022,00
Total loans and receivables for non-commercial transactions	1,390.835,82	976.640,50	184.982,54	964.669,24
Total	1.390.835,82	4.682.739,92	184.982,54	4.166.799,93

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

In the current year the Company has signed two loans to its subsidiary Indenova, S.L. amounting to 1 million euros and 450 thousand euros in January and December, respectively. Both loans have a term of 10 years and bear interest at market rates.

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

	Balance at 31/12/2021	Current year impairment	Transfers	Balance at 31/12/2022
Receivables for commercial transactions:				
Clients Clients group companies Short-term credits	616.733,95 838.869,87 73.301,35	3.675,10 13.675,61	106.988,28 81.951,99	620.409,05 945.858,15 168.928,95
Total	1.528.905,17	17.350,71	188.940,27	1.735.196,15

The balances of receivables from non-trade operations from group companies include an impairment of 175.155,05 euros from the Group company Lleida Information Technology Network Services, an impairment of 17.920,68 euros from the Group company Lleidanet do Brasil Ltda., an impairment of 37.583,29 euros from the Group company Lleidanet Perú and an impairment of 34,23 euros from the company Lleidanetworks Serveis Telemàtics, LTD as of December 31, 2022.

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

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

Corresponds to an investment made by the Company in prior years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the capital stock.

There are no assets as collateral for loans.

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

The breakdown of the holdings held of the Group companies at December 31, 2022, is as follows:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2022	Theoretical book value 31/12/2022
Group Companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00		4,00	(412.205,44)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)		(501.267,62)
Lleidanet Honduras, SA	70%	659,05		659,05	
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	(5.255,74)
Lleida SAS	100%	195.789,60	• • • • • • • • • • • • • • • • • • •	195.789,60	251.971,57
Lleida Chile SPA	100%	3.256,83	- <b>17</b> .	3.256,83	(14.458,07)
Lleidanet do Brasil Ltda.	99,99%	10.800,00	<b></b> )	10.800,00	(39.979,50)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	2.814,05
Portabilidades Españolas, S.L.U.	100%	13.000,00		13.000,00	19.739,14
Lleidanet Costa Rica	100%	16,06	-	16,06	(249,49)
Lleidanet Perú	100%	182.498,43	(182.498,43)	-	48.225,41
Lleida Information					
Technology Network Services	49%	34.141,19	-	34.141,19	(89.511,19)
Lleidanet South Africa	100%	5,02	-	5,02	(911,80)
Indenova, S.L.	100%	7.100.000,00	(911.208,96)	6.188.791,04	1.812.680,32
Pending disbursements Lleidanet USA		(2.349, 36)	÷	(2.349,36)	-
Pending disbursements Lleidanet Honduras, SA		(659,05)	( <b>-</b> )	(659,05)	-7- C
Pending disbursements					
Lleidanet Dominica, 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)	5 <b>7</b> .	(34.141,19)	
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	
Total		7.926.749,84	(1.517.459,48)	6.409.290,36	1.071.591,64

The difference between the investment that is maintained in the company Indenova, S.L. and its theoretical book value is due to the fact that the Company expects to obtain future profits and cash flows in the subsidiary company that allow the recoverability of the investment. In this regard, the Board of Directors of the Company has carried out an analysis of the recoverability of the investment in Indenova, S.L. For this analysis, cash flows based on sales projections for the period 2023-2027 have been used. According to management, these projections are based on the budget for 2023, the degree of compliance with the budget at the date of preparation of these financial statements and management's best expectations for the business until 2027 for the corresponding analysis of possible impairment at 31 December 2022. Sales growth has been estimated at 61%, 14%, 12%, 10% and 8% respectively for each of the next 5 years. Cash flows have also been discounted using the average cost of funds after tax. The discount rate used was 17% and a perpetual income of 2.5% was estimated. As a result of the foregoing, the Company's Board of Directors has considered impairing the holding in Indenova, S.L. in the current year by Euros 911 thousand on the basis of the expectations of cash flow generation forecast for the coming years by this investee company.

#### Valuation Corrections

In previous years, the Company fully impaired the interests held in Lleidanet USA, Inc, in Lleida Networks India Private Limited, Lleidanet Perú and partially in Lleidanet Dominicana. In the current year the Company has impaired its shareholdings in Indenova, S.L.

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

#### Lleidanetworks Serveis Telemàtics, LTD

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

#### Lleidanet USA Inc.

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

#### 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 December 28, 2020, was approved an increase in capital of 14.000 new shares fully subscribed by Lleidanetworks Serveis Telemàtics, S.A.

#### 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, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidanetworks Serveis Telemàtics, S.A. subscribed in full. On December 30, 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros subscribed in full by 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, Lleidanetworks Serveis Telemàtics, S.A., 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

#### Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, subscribing, Lleidanetworks Serveis Telemàtics S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages. In the current fiscal year a capital increase has been carried out for a total amount of 10.000 euros, fully subscribed by Lleidanet Serveis Telemàtics, S.A.

#### Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

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

#### Lleidanet Perú

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters. On February 21, 2020 and December 28, 2020, capital increases were carried out by offsetting receivables held with the Parent Company for amounts of 104.283 and 33.637 euros, respectively. On December 2021, a capital increase has been carried out by offsetting credits maintained with the Parent Company in the amount of 44,309.84 euros.

#### Lleida Information Technology Network Services

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

#### Lleidanet South Africa

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

#### Indenova, S.L.

On November 31, 2021, the Company acquired 100% of the shares of Indenova, S.L. with registered offices at Calle Traginers  $14 - 2^{\circ}B$ , Valencia, for a cost of 7.100.000,00 euros, which 5,242,151.34 euros have been paid as of today, the remaining amount being deferred (see note 10.1.2).

Total Equity	(412.205,44) (501.267,62) (5.256,79) - (5.256,79) 251.971,57 (14.458,07) (39.979,50) 3.517,56 19.739,14 (249,49) 48.225,41 (182.675,90) (911,80) 1.812.680,32	81.425,29	
Currency translation adjustments	$\begin{array}{c} 84.425,45\\ 84.425,45\\ -\\ 2.446,88\\ (80.625,40)\\ (653,00)\\ (653,00)\\ 2.869,63\\ (524,94)\\ (524,94)\\ (524,94)\\ (524,94)\\ (5279,61\\ (5368)\\ 3.2779,61\\ (5176,14)\\ (71,545,19)\\ (11.545,19)\end{array}$	3	
Profit of the year	22.814,50 10.722,36 10.722,36 1.069,31 15.185,75 (5.691,17) (1.685,31) (1.685,31) (1.685,31) (1.685,31) (1.01.896,59) (670.876,68)	(28.289,93)	
Retained earnings	(435.023,94) (994.006,52) - (38.487,96) - (8.113,90) (51.964,90) - (139.703,96) (139.703,96) (74.803,17) (131,86) -	ų	
Reserves	- - 204.441,96 - 6.739,14 - - 2.295.102,19	83.415,22	
Share Capital	4,00 397.591,09 - 29.714,98 112.969,26 10.801,08 4.042,50 13.000,000 13.000,000 182.498,43 - 5,02 5,02 200.000,000	26.300,00	
Entity	Group Companies: Lleidanet Works Serveis Telemàtics, LTD Lleidanet USA Inc Lleidanet Honduras, S.A. (**) Lleidanet Dominicana, S.R.L. Lleidanet Dominicana, S.R.L. Lleidanet do Brasil Ltda. Lleidanet do Brasil Ltda. Lleidanet Guatemala, S.A. (**) Portabilidades Españolas, S.L.U. Lleidanet Perú Lleidanet Perú Lleidanet Perú Lleidanet South Africa (**) Indenova, S.L.	Affiliated companies: Lleida Networks India Private Limited (*)	

The summary of the equity of the investees at 31 December 2022 is as follows, in euros:

Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Year 2022\_

(\*) Figures at March 31, 2018 (\*\*) Without activity in the year 2022

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

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2021	Theoretical book value 31/12/2021
Group Companies: Lleidanet WSA Inc Lleidanet USA Inc Lleidanet Honduras, SAL Lleidanet Honduras, SAL Lleidanet Dominicana, SRL Lleida SAS Lleida Chile SPA Lleidanet Guatemala Portabilidades Españolas, S.L.U. Lleidanet Guatemala Portabilidades Españolas, S.L.U. Lleidanet Costa Rica Lleidanet Costa Rica Lleidanet Perú Lleidanet Perú Lleidanet SAAS Middle East and Africa DMCC Indenova, S.L. Pending disbursements Lleidanet USA Pending disbursements Lleidanet USA Pending disbursements Lleidanet SAAS Middle East Pending disbursements Lleidanet SAAS Middle East and Africa pMCC Pending disbursements Lleidanet SAAS Middle East and Africa DMCC	100% 70% 99,98% 100% 100% 100% 100% 100% 100%	$\begin{array}{c} 4,00\\ 397.591,09\\ 659,05\\ 659,05\\ 659,05\\ 195.789,60\\ 3.256,83\\ 10.800,00\\ 3.256,83\\ 10.800,00\\ 3.234,00\\ 13.000,00\\ 13.000,00\\ 13.256,83\\ 34.141,19\\ 5,02\\ 11.462,76\\ 7.100.000,00\\ (2.349,36)\\ (3.256,83)\\ (3.256,83)\\ (3.256,83)\\ (3.256,83)\\ (3.2476)\\ (11.462,76)\\ (11.462$	(197.591,09) (19.586,00) 	4,00 659,05 10.127,97 105.789,60 3.256,83 10.800,00 3.256,83 10.800,00 13.000,00 13.000,00 13.000,00 11.462,76 7.100.000,00 (2.349,36) (10.127,97) (3.256,83) (3.256,83) (11.462,76) (	(435.019,94) (523.666,68) (523.666,68) (523.666,68) (7.498,77) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,74) (7.498,77) (7.498,77) (7.414,14) (7.223,00) 44,670,40 (33.164,37) (142,12) 12.022,73 (142,12) 12
Affiliated Companies: Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
Total		7.926.749,84	(25,052.00)	70,664.076.1	70,1/7.670.1

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

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

Total Equity	(435.019,94) (523.666,68) (523.666,68) (33.667,50 (7.498,74) (7.498,74) (33.960,70) 3.517,56 19.784,14 (223,00) 44.670,40 (67.682,38) (142,12) 2.319.313,51 12.022,73 81.425,29	
Other movements	72.748,75 734,21 359.368,64 615,16 7.203,12 (524,94) (1.170,49) 7.120,79 (15,28)	
Result of the financial year	45.932,35 14.056,31 241,56 1.890,78 (7.460,87) (2.253,98) (2.253,98) (2.253,98) (2.253,98) (2.253,98) (2.253,98) (2.253,98) (1.544,27) (175.544,27) (175.544,27) (175.544,27)	
Results from previous years	(480.956,29) (1.008.062,83) (38.729,52) (202.551,18) (653,03) (49.710,92) (49.710,92) (49.710,92) (49.710,92) (49.710,92) (138.180,75) (4.575,12)	
Reserves	2.294.857,78	
Share Capital	4,00 397.591,09 - 29.714,98 112.969,26 10.801,08 4.042,50 13.000,00 13.000,00 182.498,43 - 5,02 200.000,00 12.022,73 26.300,00	
Entity	Group Companies: Lleidanetworks Serveis Telemàtics, LTD Lleidanet USA Inc Lleidanet Honduras, S.A. (**) Lleidanet Dominicana, S.R.L. Lleidanet Dominicana, S.R.L. Lleidanet Guatemala, S.A. (**) Lleidanet Guatemala, S.A. (**) Portabilidades Españolas, S.L.U. Lleidanet Sepañolas, S.L.U. Lleidanet South Africa (**) Lleidanet South Africa (**) Lleidanet South Africa (**) Ileidanet South Africa (**) Ileidanet SAAS Middle East and Africa DMCC Affiliated Companies: Lleida Networks India Private Limited (*)	

(\*) Figures at March 31, 2018 (\*\*) Without activity in the year 2021

# **NOTE 10. FINANCIAL LIABILITIES**

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Debits and payable items (Note 10.1)	5.329.534,83	6.096.675,49	1.007.277,00	1.550.111,90	6.336.811,83	7.646.787,39

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Debits and payable items (Note 10.1)	2.317.872,14	1.679.852,92	3.388.641,30	4.099.532,12	5.706.513,44	5.779.385,04

# 10.1) Debits and Payable Items

The breakdown as of December 31, 2022 and at December 31, 2021 is as follows, in euros:

	Balance as of 31/12/2022		Balance as o	f 31/12/2021
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.897.755,08	-	1.737.866,70
Suppliers (Related parties) (Note 19.1)		254,248,46		116.115,44
Creditors	<b>4</b> .	229.548,49	-	470.907,60
Advances from costumers		156.334,20		116.149,67
Total balances for				
commercial transactions		2.537.886,23		2.441.039,41
For non-commercial operations:				
Debts with credit institutions	5.329.534,83	2.317.872,14	6.096.675,49	1.679.852,92
Personnel (outstanding salaries)		183,21		3.001,79
Other debts (Note 10.1.12)	1.007.277,00	850.571,86	1.550.111,90	1.655.490,92
Debits and payable items	6.336.811,83	3.168.627,21	7.646.787,39	3.338.345,63
Total balances for				
non-commercial operations	6.336.811,83	3.168.627,21	7.646.787,39	3.338.345,63
Total debts and payable items	6.336.811,83	5.706.513,44	7.646.787,39	5.779.385,04
Total debts and payable items	6.336.811,83	5.706.513,44	7.646.787,39	5.779.385,0

# 10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2022 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Loans Credit lines	1.772.925,46 544.946,68	5.329.534,83	7.102.460,29 544.946,68
	2.317.872,14	5.329.534,83	7.647.406,97

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

	A Short-Term	A Long-Term	Total
Loans	1.679.852,92	6.096.675,49	7.776.528,41
	1.679.852,92	6.096.675,49	7.776.528,41

#### Loans

The detail of the bank loans as of December 31, 2022, expressed in Euros, is the following:

Loans	Last Maturity	Initial Amount	Pending at closing
Loan 24 (*)	15/10/2025	78.375,60	33.699,60
Loan 38	18/06/2023	195.000,00	20.415,03
Loan 39	02/07/2023	200.000,00	24.773,17
Loan 40	28/12/2023	400.000,00	81.978,59
Loan 41	29/03/2024	250.000,00	64.801,46
Loan 42	12/04/2024	400.000,00	110.109,36
Loan 43	03/05/2024	300.000,00	87.905,84
Loan 44	04/06/2024	250.000,00	77.639,41
Loan 45	30/04/2025	400.000,00	236.243,09
Loan 46	22/04/2025	400.000,00	236.436,54
Loan 47	08/04/2025	400.000,00	236.533,39
Loan 48	31/03/2026	500.000,00	327.127,95
Loan 49	09/07/2028	1.200.000,00	960.856,61
Loan 50	31/07/2028	3.200.000,00	2.565.865,12
Loan 51	09/10/2027	1.250.000,00	1.014.515,09
Loan 52	01/02/2028	400.000,00	345.939,28
Loan 53	18/09/2029	700.000,00	677.620,76
		10.523.375,60	7.102.460,29

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

Loans	Last Maturity	Initial Amount	Pending at closin
Loan 24 (*)	15/10/2025	78.375,60	43.627,60
Loan 36	02/11/2022	300.000,00	58.359,29
Loan 37	01/03/2022	150.000,00	9.375,00
Loan 38	18/06/2023	195.000,00	60.620,92
Loan 39	02/07/2023	200.000,00	66.329,07
Loan 40	28/12/2023	400.000,00	162.956,00
Loan 41	29/03/2024	250.000,00	115.518,23
Loan 42	12/04/2024	400.000,00	191.022,69
Loan 43	03/05/2024	300.000,00	148.548,74
Loan 44	04/06/2024	250.000,00	128.121,46
Loan 45	30/04/2025	400.000,00	334.987,79
Loan 46	22/04/2025	400.000,00	335.097,20
Loan 47	08/04/2025	400.000,00	335.151,93
Loan 48	31/03/2026	500.000,00	426.189,63
Loan 49	09/07/2028	1.200.000,00	1.129.856,99
Loan 50	31/07/2028	3.200.000,00	3.014.188,42
Loan 51	09/10/2027	1.250.000,00	1.216.577,45
		9.873.375,60	7,776.528,41

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

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

#### **Credit Lines**

As of December 31, 2022, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 544.946,68 euros (did not make any drawdowns in the previous year).

#### Lines of Effects and Import Advances

As of December 31, 2022, the Company has discount policies granted with a total limit amounting to 500.000 euros (700.000 euros at the end of the previous year), of which the Company has not made any disposals either at the end of this year or at the end of the previous year.

#### 10.1.2) Other Financial Liabilities

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

On 30 November 2021 the Company acquired 100% of the shares of Indenova, S.L. for a price of 7.100.000,00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, being deferred. A payment schedule has been established, with dates of November 30, 2022, 2023, 2024 and 2025 in cash and another payment schedule with dates of November 30, 2023, 2024 and 2025 consisting of a fixed amount which will be paid by delivery of shares of Lleidanetworks Serveis Telemàtics, S.A. (own actions). At the end of the 2022 financial year, there are pending payments for a value of 1.857.848,66 euros.

#### Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF). The detail of these loans at the close of fiscal years 2022 is as follows, in euros:

Loan	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	39.196,40
		300.000,00	39.196,40

The detail at the close of fiscal year 2021 was as follows, in euros:

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

Amnual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Ye 10.2) Other Information related to Financial Liabilit	.A. Financial Year 2022 Icial Liabilities	22					38
a) <u>Classification by Maturity Date</u> The breakdown of the maturity dates of the liability financial instruments as of December 31, 2022 is the following, in Euros:	e liability financi	al instruments a	as of December	31, 2022 is the	following, in E	uros:	
		And the Shire		Maturity years			
	2023	2024	2025	2026	2027	More than 5 years	Total
Financial debts: Debts with credit institutions	<b>2.3</b> 17.872,14 2.317.872,14	1.502.990,87 1.502.990,87	1.222.812,65 1.222.812,65	<b>1.041.214,65</b> 1.041.214,65	<b>990.851,50</b> 990.851,50	<b>571.665,16</b> 571.665,16	7.647.406,97 7.647.406,97
Other financial liabilities: Other debts Deferred payment acquisition Indenova, S.L.	850.571,86 35.423,31 815.148,55	<b>503.638,50</b> - 503.638,50	<b>503.638,50</b> - 503.638,50	1 1 1		111	1.857.848,86 35.423,31 1.822.425,55
Commercial creditors and other payable items: Suppliers Suppliers (related parties) Sumdry creditors Advances from costumers Personnel (remunerations pending payment)	<b>2.538.069,44</b> 1.897.755,08 254.248,46 229.548,49 156.334,20 183,21						<b>2.538.069,44</b> 1.897.755,08 254.248,46 229.548,49 156.334,20 183,21
Total	5.706.513,44	2.006.629,37	1.726.451,15	1.041.214,65	990.851,50	571.665,16	12.043.325,27
The breakdown of the maturity dates of the liability financial instruments at the close of 2021 is the following, in Euros:	e liability financi	ial instruments	at the close of $2$	.021 is the follow	wing, in Euros:		
				Maturity years			
	2022	2023	2024	2025	2026	More than 5 years	Total
Financial debts: Debts with credit institutions	<b>1.679.852,92</b> 1.679.852,92	<b>1.611.346,86</b> 1.611.346,86	<b>1.342.472,23</b> 1.342.472,23	<b>1.054.591,38</b> 1.054.591,38	<b>876.938,82</b> 876.938,82	<b>1.211.326,20</b> 1.211.326,20	7.776.528,41 7.776.528,41
Other financial liabilities: Other debts Deferred payment acquisition Indenova, S.L.	1.655.490,92 76.794,09 1.578.696,83	<b>542.834,90</b> 39.196,40 503.638,50	<b>503.638,50</b> 503.638,50	<b>503.638,50</b> - 503.638,50	1 1 1	1 1 1	<b>3.205.602,82</b> 115.990,49 3.089.612,33
Commercial creditors and other payable items: Suppliers Suppliers (related parties) Sundry creditors Advances from costumers Personnel (remunerations pending payment)	<b>2.444.041,20</b> 1.737.866,70 116.115,44 470.907,60 116.149,67 3.001,79	11111			rttii		<b>2.444.041,20</b> 1.737.866,70 116.115,44 470.907,60 116.149,67 3.001,79
Total	5.779.385,04	2.154.181,76	1.846.110,73	1.558.229,88	876.938,82	1.211.326,20	13.426.172,43

#### b) Breach of Contractual Obligations

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

#### 10.3) Guarantors

The Company has contracted guarantees with several financial institutions for a total amount of 400.000 euros, a customary instrument when signing an interconnection agreement.

The Company does not have any guarantees for loans.

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

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

		and Outstanding se Sheet Date
	Financial Year 2022 Days	Financial Year 2021 Days
Average payment period	29,68	33,37
Paid operations ratio	29,99	33,78
Outstanding payments operations ratio	28,05	30,22
	Financial Year 2022 Euros	Financial Year 2021 Euros
Total payments paid	12.529.440,21	11.246.740,85
Total outstanding payments	2.381.552,03	2.324.889,74
	Ejercicio 2022 Importe	Ejercicio 2021 Importe
Monetary Volume Paid	7.319.503,23	7.689.850,41
% of total payments made	58,41%	59%
Number of invoices	3.011	2.716
% of total invoices	69,10%	64%

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

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

#### 12.1) Credit Risk

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

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

#### 12.2) Liquidity Risk

As specified in note 2.d of these notes to the consolidated financial statements, the Company has a negative working capital at year-end. The treasury department has a daily overview of the actual cash position which is compared with weekly forecasts. In this respect, as stated in note 2.d, the Company does not expect to have short-term financing problems thanks to the fulfilment of its business plan and the obtaining of new financing. In the face of global uncertainty, the Company has secured the cooperation of financial institutions to sign new short and long-term financing agreements.

# 12.3) Market Risk

Possible market risks are described in note 1.e.

#### 12.4) Exchange Rate Risk

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

#### 12.5) Interest Rate Risk

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

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

#### NOTE 13. EQUITY

#### 13.1) Share Capital

As of December 31, 2022, and December 31, 2021, the share capital amounts to 320.998,86 euros and is represented by 16.049.943 registered shares of 0,02 euros nominal each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of December 31, 2022, as well as of December 31, 2021, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

#### Capital Increase

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

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

#### 13.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2022	31/12/2021
Legal Reserve	64.199,77	64.199,77
Voluntary Reserves	2.966.327,13	3.246.731,56
	3.030.526,90	3.310.931,33

#### a) Legal Reserve

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Companies, trading companies which obtain profits under this legal form are obliged to provide the reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. At December 31, 2022, the Legal Reserve was fully endowed.

#### 13.3) Issue Premium

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

#### 13.4) Own Shares

On 1 June 2015, the Company's shareholders' meeting resolved to authorise the Board of Directors to derivatively acquire treasury shares under the terms provided for in current legislation. These acquisitions of treasury shares were made through the liquidity provider GVC Gaesco Valores SV, S.A. At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500.000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova, whereby it was agreed to pay part of the deferred purchase price in shares of the parent company. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175.534 shares were purchased at an average price of 5,53 euros per share.

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

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

As of December 31, 2022, the Parent Company holds own shares for an amount of 1.731.481,07 euros (1.683.884,76 euros at the end of the previous year) at an average cost price of 3,93 euros per share (5,14 euros per share in the previous year). As a result of the sale of shares in the current year, there has been a negative impact on the Company's reserves amounting to EUR 280 thousand euros, which is explained by the decrease in the share price during 2022.

# **NOTE 14. FOREIGN CURRENCY**

The most significant foreign currency balances as of December 31, 2022, totalized in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	CLP	GBP
CURRENT ASSETS				
Trade debtors and other accounts	67,93	-	æ.	57,39
CURRENT LIABILITIES				
Trade creditors and other payable accounts	5.633,05	3.081,77	2.403.886,00	

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

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

	EUR	<b>USD</b>	GBP	CLP	COP	NXM	ZAR	PLN	JPY	AED	PEN
Purchases and services received Sales and services given	1.353.322,58 425.114,93	8 1.326.770,66 3 442.295,30	34.416,78 57,39	9.144.292,00	860.692,00	320.328,68 2.792,00	9.234,50	37.191,18	37.191,18 471.300,00	46.130,00 -	33.814,62
The most significant transactions carried out during the financial year 2021 totalized in euros and broken down into the equivalent in foreign currency, are as follows:	transactions c	arried out du	ring the fin	ancial year 20	)21 totalize	d in euros a	nd broken d	lown into th	e equivalent	t in foreign c	urrency
	EUR	USD	GBP	CLP	CHF	MXN	ZAR	PLN	JPY	AED	BRL
Purchases and services received Sales and services given	1.534.393,20 305.517,28	1.649.183,98 354.192,90	35.259,28 142,55	8.268.482,00 -	700,00	275.529,65 8,92	362.051,93 -	35.382,66 -	103.700,00	84.754,45	- 25,50

#### NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2022 and 2021 in Euros:

	31/12/	2022	31/12/	2021
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	403.221,32	-	256.638,33	-
Current:				
Value Added Tax	3.257,82	83.745,59	3.257,82	151.685,55
Grants to be paid (*)	1.089,00	-	-	
Income Tax retentions	-	68.311,37		69.718,39
Social Security bodies	39.867,49	-	Ŧ	5 <b>4</b> 1
Income tax	12.080,90	87.860,96	1.739,39	83.932,51
	56.295,21	239.917,92	4.997,21	305.336,45

### Tax Matters

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

At December 31, 2022, the Company has all the taxes to which it is subject from 2019 to 2022 open for inspection by the tax authorities. Consequently, on the occasion of possible inspections, additional liabilities may arise to those recorded by the Company. However, the directors of the Company and its tax advisers consider that any such liabilities would not be material to the annual accounts taken as a whole.

#### Corporate Income Tax

The conciliation of the net amount of income and expenses for the year 2022 with the tax base of the profit tax is:

	P	rofit and Loss Acco	unt
Financial year's earnings (After taxes)			(222.921,22)
	Increases	Decreases	Net effect
Profit Tax	89.990,06	(146.582,99)	(56.592,93)
Permanent differences	1.134.635,21	-	1.134.635,21
Taxable income (tax result)			855.121,07

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The conciliation of the net amount of income and expenses for the year 2021 with the tax base of the profit tax is:

	Pr	ofit and Loss Accou	int
Financial year's earnings (After taxes)			772.367,96
	Increases	Decreases	Net effect
Profit Tax	-	(14.902,83)	(14.902,83)
Permanent differences	216.395,78	<u>-</u>	216.395,78
Taxable income (tax result)			973.860,91

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

	2022	2021
Charge at 25 % of Taxable Income Deductions	<b>213.780,27</b> (123.790,20)	<b>243.465,23</b> (140.648,52)
Net tax payable	89.990,06	102.816,71
Less: withholdings and payments	(129.857,55)	(74.535,20)
Tax payable	(39.867,49)	28.281,50

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

	2022	2021
Current tax Deferred tax	89.990,06 (146.582,99)	105.316,70 (120.219,53)
Total	(56.592,93)	(14.902,83)

The movement of deferred taxes generated and cancelled during financial year 2022 is detailed below in euros:

Balance at 31/12/2021		
6.638,33	146.582,99	403.221,32
5	56.638,33	56.638,33 146.582,99

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

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

#### Tax Loss Carry forwards

At year-end 2022, the Company has no tax loss carryforwards pending offset.

#### **Deductions pending to apply**

As of December 31, 2022, the Group has the following deductions to apply:

Year of Origin	Amount		
2008	11.288,42		
2009	172.071,08		
2010	181.164,26		
2011	214.961,29		
2012	251.779,01		
2013	90.887,05		
2014	127.371,20		
2015	369.824,03		
2016	188.991,46		
2017	180.537,92		
2018	170.354,09		
2019	163.214,66		
2020	136.418,80		
2021	131.964,53		
2022	163.483,06		
	2.554.310,86		

In view of the Company's good performance, the Board of Directors has decided to recognise the deductions pending to apply tax credits for the years 2021 and 2022 as assets of the Company.

#### NOTE 16. INCOME AND EXPENSES

#### a) Revenues

# 1. Disclosure of revenues from ordinary activities.

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

	20	022	20	2021		
Business Areas (figures in thousands of euros)	Euros	%	Euros	%		
Notification Contracts Other SaaS SMS Solutions ICX Wholesale Solutions	1.946 2.890 1.002 3.639 8.355	10,91% 16,21% 5,62% 20,41% 46,85%	1.756 3.168 958 2.812 7.995	10,52% 18,98% 5,74% 16,85% 47,91%		
Total	17.832	100,00%	16.689	100,00%		

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

	202	2	2021		
Geographic market description	Euros			%	
National European Union Rest of the world	8.958.214,38 5.265.346,44 3.607.950,22	50,24% 29,53% 20,23%	8.075.677,75 4.880.742,55 3.732.450,54	48,39% 29,25% 22,36%	
Total	17.831.511,04	100,00%	16.688.870,84	100,00%	

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

	2022 Financial Year	2021 Financial Year	
Type of contrct	16 245 107 00	16.094.835,96	
Fixed price contracts (*) Variable contracts (**)	16.245.107,90 1.586.403,14	594.034,88	
Total	17.831.511,04	16.688.870,84	

(\*) Fixed prices are the prices offered to customers for each SaaS product, as well as the wholesale prices offered in a specific period of time for a destination in the SMS. Please note that all invoices issued are based on customer consumption. (\*\*) There are agreements with customers where the selling price is variable depending on the number of transactions made.

The distribution of the net sales corresponding to the Company's ordinary activities, by contract

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

	2022 Financial Year	2021 Financial Year
Contract duration		
Short-term contracts	-	( <del></del>
Long-term contracts	17.831.511,04	16.688.870,84
Total (*)	17.831.511,04	16.688.870,84

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

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

	2022 Financial Year	2021 Financial Year	
Sales channels			
Distributors or wholesalers	519.627,55	654.799,69	
Retailers (*)	265.377,98	246.837,33	
Sales channels	17.046.505,51	15.787.233,82	
Total	17.831.511,04	16.688.870,84	

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

There are invoices to be issued, mainly for interconnection customer consumption in December 2022, which are invoices issued in January 2023.

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

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

# b) Supplies

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

	2022	2021
Consumption of merchandise		
National	3.389.341,92	3.220.169,07
Intracommunity acquisitions	4.731.320,77	3.589.742,66
Imports	1.762.652,65	1.798.948,38
	9.883.315,34	8.608.860,11

### c) Social Security

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

	2022	2021
Social Security paid by the Company	892.921,38	812.160,67
Other social expenses	128.973,26	117.916,28
Employee welfare expenses	1.021.894,64	930.076,95

#### d) Financial Results

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

	2022	2021
Financial incomes		16 552 21
Financial incomes from group companies	26.008,08	15.753,31
Other financial incomes	442,63	812,69
	26.450,71	16.566,00
Financial expenses		
Due to debts with group companies and associates	(683,38)	
For debts with credit institutions	(82.233,23)	(72.948,51)
	(82.916,61)	(72.948,51)
Change in fair value of financial instruments	(769,53)	-
Exchange differences	(52.422,00)	5.288,17
Gains (losses) on disposals and other	(1.096.364,52)	(159.668,16)
Financial Result Positive / (Negative)	(1.206.021,95)	(210.762,50)

# NOTE 17. INFORMATION ON THE ENVIRONMENT

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

# NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events from December 31, 2022 to the date of formulation of these annual accounts that, affecting them, would not have been included in them, or whose knowledge could be useful to a user of the same.

Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. Financial Year 2022\_

# NOTE 19. TRANSACTIONS WITH RELATED PARTIES

# 19.1) Balances between Related Parties

Below is the breakdown of the balances held with related parties as of December 31, 2022 in Euros:

Total	953,50 1.356.042,18	1.356.042,18	1.586.735,43 (230.693,25)	1.221.377,79	1.058.099,68 2.003.957,83 (945.858,15)	163.278,11	332.207,06 (168.928,95)	254.248,46	<b>254.248,46</b> 254.248,46
LLEIDANET SOUTH AFRICA	953,50	953,50	953,50	•	а к н	X	x t		19
LLEIDANET EMIRATOS FREE ZONE	20.048,25	20.048,25	195.203,30 (175.155,05)			3	7.201.81 (7.201.81)		1.1
LLEIDANET EMIRATOS LLC	12.054,88 1.305.000,00	1.305.000,00	1.305.000,00	161.700,00	લાઇ સાંચ	161.700,00	161.700,00	52.688,82	<b>52.688,82</b> 52.688,82
LLEIDANET CHILE	12.054,88	12.054,88	12.054,88	479,19	t 1. I	479,19	479,19 -		
LLEIDANET COSTA RICA	1.381,38	1.381,38	1.381,38	•	т т т	ι.			
LLEIDANET PERÚ		ſ	37.583,29 (37.583,29)	48.372,44	<b>48.372,44</b> 60.190,53 (11.818,09)	IJ	11.801,53 (11.801,53)	42.245,97	<b>42.245,97</b> 42.245,97
LLEIDANET BRASIL	16.604,17	16.604,17	34.524,85 (17.920,68)	86.116,94	85.018,02 85.018,02	1.098,92	5.756,64 (4.657,72)		
PORTABI- LIDADES ESPAÑOLAS		,		46.020,55	46.020,55 46.020,55 -			175,20	175,20 175,20
LLEIDA REP. DOMINIC.			3.3	26.238,10	<b>26.238,10</b> 55.341,65 (29.103,55)		4.842,18 (4.842,18)	11.897,98	11.897,98 11.897,98
LLEIDA SAS	•	1	16 J	519.739,77	<b>519.739,77</b> 519.739,77 -	7	E E	4	4.1
LLEIDA NET USA	-	а	10 - 318	332.710,80	<b>332.710,80</b> 735.844,61 (403.133,81)	1	74.827,79 (74.827,79)	145.211,37	145.211,37 145.211,37
LLEIDA NET UK		i.	34,23 (34,23)		501.802,70 (501.802,70)	1	65.597,92 (65.597,92)	2.029,12	<b>2.029,12</b> 2.029,12
Outstanding balances with related parties in 2021	NON CURRENT ASSETS	Long-term loans to group companies	Long-term loans to group companies Impairment	CURRENT ASSETS	Trade receivables Clients Impairment	Short-term loans to group companies	Short-term loans to group companies Impairment	CURRENT	<b>Trade payables</b> Suppliers

	LLEIDANET SOUTH AFRICA Total	94,05 150.990,42	94,05 150.990,42	94,05 404.850,12 - (253.859,70)	- 766.770,89	- 615.207,71 - 1.454.077,58 - (838.869.87)	- 151,563,18	- 224.864.53 - (73.301.35)	- 116.115,44	- 116.115,44 - 116.115,44
	LLEIDANET LLE EMIRATOS SC FREE ZONE AF	5.607,18	5.607,18	5.607,18 -		6 J K	ï	•••		
S:	LLEIDANET EMIRATOS LLC	94.817,37	94.817,37	94.817.37	2.166,18	1.1.1	2.166,18	2.166.18		11
	LLEIDANET CHILE	10.554,00	10.554,00	10.554,00	-	сст	я	.1: .1	ï	њ л
l in Euros:	LLEIDANET COSTA RICA	1.381,38	1.381,38	1.381,38	•	х на	1	£ à		<b>1</b> , 107
er 31, 2021	LLEIDANET PERÚ	r	ï	4.357,86 (4.357,86)	7.599,72	7.599,72 52.852.98 (45.253.26)	X	11.591,79 (11.591,79)	1	i r
of Decemb	LLEIDANET BRASIL	34.524,85	34.524,85	34.524,85	24.540,32	<b>20.012,34</b> 37.933,02 (17.920,68)	4.527,98	4.527,98 -		эт
Below is the breakdown of the balances held with related parties as of December 31, 2021 in Euros:	PORTABI- LIDADES ESPAÑOLAS		с		89.128,43	<b>89.128,43</b> 89.128,43 -	,	лî	1.524,15	1.524,15 1.524,15
	LLEIDA REP. DOMINIC.	4.011,59	4.011,59	30.240.73 (26.229.14)	15.072,50	14.026,59 19.073,56 (5.046,97)	1.045,91	3.715.53 (2.669,62)	3.911,63	<b>3.911,63</b> 3.911,63
	LLEIDA SAS	3	1		175.486,68	175.486,68 175.486,68		ţ I		K B
	LLEIDA NET USA		1	E H	190.574,65	<b>108.887,05</b> 586.848,65 (477.961.60)	81.687,60	81.687,60	108.650,54	108.650,54 108.650,54
akdown of	LLEIDA NET UK	•	Т	223.272.70 (223.272.70)	262.202,41	<b>200.066,90</b> 492.754,26 (292.687,36)	62.135,51	121.175,45 (59.039,94)	2.029,12	<b>2.029,12</b> 2.029,12
Below is the bre	Outstanding balances with related parties in 2021	NON CURRENT ASSETS	Long-term loans to group companies	Long-term loans to group companies Impairment	CURRENT ASSETS	Trade receivables Clients Impairment	Short-term loans to group companies	Short-term loans to group companies Impairment	CURRENT LIABILITIES	Trade payables Suppliers

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Annual Accounts of Lleidanetworks Serveis Telemátics, S.A. Financial Year 2022\_

Ammal Accounts of Lleidanetworks Serveis Telemátics, S.A. Financial Year	tworks Serveis Te.	lemàtics, S.A. F	<sup>r</sup> inancial Year 2022_	22.						53
19.2) <u>Transactions with Related Parties</u>	ith Related ]	Parties								
The most significant transactions carried out with associated parties at financial year 2022 are as follows, in Euros:	ransactions c	arried out w	ith associated	d parties at fin	ancial year 20	22 are as follov	vs, in Euros:			
Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET PERÚ	LLEIDANET I BRASIL	LEIDANET REP. PORTABILIDADES DOMINICANA ESPAÑOLAS	RTABILIDADES ESPAÑOLAS	INDENOVA	LLEIDANET CHILE	UAE LLC
Sales	355.544,37	23.999,20	956.845,94	7.337,55	47.085	53.520,95 7 086 30	107.378,57 4 909 96	- 52.688.82	* *	ų i
Purchases Interest incomes	36.560,83 -	45.654,/5 1.129,27	t) t	42.243,97	1.228,66	1.126,65		16.759,29	479,19	5.035,62
Sales	ŕ	182.227,42	а. <sup>с</sup>	9	¥	ŗ	£	•		r
The most significant transactions carried out with associated parties at financial year 2021 are as follows, in Euros:	transactions c	arried out w	vith associated	d parties at fin	ancial year 20	21 are as follov	vs, in Euros:			
Operation with related parties in the year	s LLEIDA NET USA		LLEIDA I NET UK	LLEIDA NET COLOMBIA	LLEIDANET	LLEIDANET BRASIL		0	RTABILIDADES ESPAÑOLAS	UAE LLC
Sales Purchases Interest incomes	206.698,76 108.650,54 221,36		379.168,70 - 9.638,56	971.710,21 -	5.105,01 - 1.452,64	20.012,34 - 1.228,65	14.026,59 3.911,63 1.045,91		226.711,47 4.151,49 -	- - 2.166,19

# 19.3) <u>Balances and Transactions with the Directors of the Parent Company and Senior</u> Executives

The remuneration accrued during the financial year 2022 by the Board of Directors amounted to 100.500 euros (99.000 euros in the previous year).

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 287.671,89 euros (296.947,77 euros in the previous year). The detail of this amount is as follows, in euros:

	2022	2021
Wages and salaries Payment in kind	276.990,50 10.681,39	277.749,63 19.198,14
	287.671,89	296.947,77

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

As of December 31, 2022, and 2021, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

# Other Information Regarding the Board of Directors

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

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

#### **NOTE 20. OTHER INFORMATION**

The average number of people employed during fiscal years 2022 and 2021, distributed by category, is as follows:

	2022	2021
Senior Executives Administration Commercial Production Maintenance Reception Business development Compliance Human Resources	3 7 15,75 44 0,5 8 8,74 5 3	3 7,62 14,17 46,11 0,5 5,84 7,51 3,31 2,24
Intellectual Property TOTAL	1 95,99	1,5 91,80

The number of employees at the end of the fiscal years 2022 and 2021, broken down by category and sex, is as follows:

	- 2 S P.U.	2022	100			2021		
	Men	Women	Total	Disability greater than or equal to 33%	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	2	3	-	1	2	3	-
Administration	3	4	7	1	2	6	8	1
Commercial	5	10	16	î	6	7	13	1
	38	7	45	-	41	5	46	-
Production	20	1	45			ĩ	1	-
Maintenance	5	1	1	-	-	6	6	-
Reception	1	7	8	-	-	5	0	
Business development	4	7	11	-	4	2	9	1922
Compliance		5	5	7 <u>2</u> 4	-	2	2	<del></del>
Human Resources		3	3		1	2	3	1772
Intellectual Property	1	-	1	-	2	140) 140)	2	
TOTAL	54	46	100	2	57	39	96	2

The breakdown of the audit fees for the financial years 2022 and 2021 is as follows:

	2022	2021
Statutory Auditor's fees for the provision of audit services:	19.000	15.000
Statutory Auditor's fees for other non-audit services (*)	)#	9.500
Statutory Auditor's network firms' fees for other and other services (**)	-	7.500
Total	19.000	32.000

(\*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the interim financial statements as at 30 June 2022 and 30 June 2021. (\*\*) The amount of fees from firms in the Statutory Auditor's network for other services other than transfer pricing reports.

It is reported that during the year the Company has paid the premium corresponding to the civil liability policy that would eventually cover damages caused to third parties due to acts or omissions related to the performance of its duties. The premium amounted to 31.363,50 euros (28.119 in the previous year).

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# LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

# **DIRECTOR'S REPORT FOR FINANCIAL YEAR 2022**

# LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

# **DIRECTOR'S REPORT FOR FINANCIAL YEAR 2022**

In compliance with the provisions of the Spanish Companies Act, the Board of Directors hereby submits the directors' report for the year in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to fiscal year 2022.

#### 1. EVOLUTION OF BUSINESS

Sales by business line thousand euros	2021	2022	Var. Euros	Var.%
Notification	1.756	1.946	190	11%
Contracts	3.168	2.890	-278	-9%
Other SaaS	958	1.002	44	5%
SMS Solutions	2.812	3.639	827	29%
ICX WHOLESALE Solutions	7.995	8.355	360	5%
Total	16.689	17.832	1.143	7%

In the 2022 financial year, sales have increased by 7%, reaching 17,8 million euros.

In general terms, 2022 has been a year of growth, with an increase in sales of 7% to reach 17.8 million euros, a record sales figure for the Company. The variations have not followed the same pattern in all business lines.

The notification part that includes both certified email and certified SMS increased by 11% and reached almost 2 million euros. Sales are boosted by the greater number of claims that we are seeing towards consumers.

The contracting services have decreased this period by 9% to 2.9 million euros, caused by the decrease in the contracting of cards for consumer financing.

In the part of Other SaaS, which includes the verifications that we do thanks to our Checker services, we have an increase of 44 thousand euros this year, 5%.

The SaaS services that include the three previous lines account for 33% of the company's total sales.

The SMS line, where we record sales made to final customers mainly in Spain, is the line that has grown the most this year, 29%, to 3.6 million euros. Lleida.net has a strong brand image in this segment, where the reliability we give our clients is a differentiating factor.

In the Wholesale part, where we collect the sales we make to both aggregators and operators around the world, it increases by 5% to 8,3 million euros. The increase is marked by the increase in termination prices, this year we have sold to more expensive destinations, and it is reflected in the billing of 2022.

The sales margin stands at 44.5% compared to 48.4% in 2021, derived from the greater increase in SMS sales, which have a lower unit margin than SaaS sales.

Personnel expenses increased by 6% mainly due to the increase in the average workforce. The workforce has gone from 96 people in 2021 to 100 people in 2022, representing an increase of 4%. The new additions have been focused on attracting new salespeople necessary to publicize our products both nationally and internationally.

External service expenses decreased by 121 thousand euros in the year, derived from the containment of expenses that we have seen during this year. Additionally, in fiscal year 2021, the company had the expenses of advisers inherent to the acquisition of Indenova.

EBITDA reached 2 million euros, with an increase in capitalization expenses of 95 thousand euros. The increase in sales has offset the increase in personnel costs.

The operating result remains around one million euros, as in the 2021 financial year.

The pre-tax result stands at a loss of 280 thousand euros, 137% lower than the 2021 result, penalised by the impairment expense of 1,096 thousand euros, mainly from the subsidiary Indenova, S.L., as well as by the exchange differences expense, mainly caused by the fluctuations of the dollar and Colombian peso against the euro.

During the 2022 financial year, Lleida.net has focused its efforts on the technological and cultural integration of Indenova within the Lleida.net group. The first hybrid products have been launched, as well as changing the invoicing method of the subsidiary to a SaaS format, which ensures a recurring customer base with less dependence for the future. The company has decided to provision an amount of 911 thousand euros in the subsidiary in a prudent manner and to periodically review compliance with the company's business plan.

During this 2022 financial year, Lleida.net has focused its efforts on the integration of both technology and culture of Indenova within the Lleida.net group. The first hybrid products have been launched, as well as the subsidiary's billing method has been changed to a SaaS format, which ensures a recurring customer base with less dependency for the future.

Data in thousand euros	2021	2022	Var. Euros	Var.%
Sales	16.689	17.832	1.143	7%
Cost of sales	-8.609	-9.883	1.274	15%
Gross Profit	8.080	7.949	-131	-2%
Staff Expenses	-3.969	-4.219	250	6%
Other expenses	-2.874	-2.753	-121	-4%
Other incomes	100	241	141	141%
Capitalization	723	818	95	13%
EBITDA	2.060	2.036	-24	-1%
Depreciation	-1.093	-1.107	14	1%
Results on disposals	-9	-2	-7	-78%
Other results	10	0	10	100%
Opertaing Result	968	927	-41	-4%
Financial income	-56	-59	3	4%
Impairment and results on disposals	-160	-1.096	-936	-
Exchange rate differences	5	-52	57	1140%
Profit before tax	757	-280	-1.037	-137%

## 2. SUBSEQUENT EVENTS

After December 31, 2022 and up to the date of preparation of this Management Report, there have been no subsequent events in addition to those already mentioned in the Explanatory Notes to the annual accounts, which reveal circumstances that already existed on December 31, 2022 and that due to the importance of its economic impact they should entail adjustments in the Financial Statements or modifications in the information contained in the explanatory notes.

There are also no other subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist as of December 31, 2022 and that are of such importance that they require additional information in the Explanatory Notes to the annual accounts.

# 3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecasts for the 2023 financial year are to increase sales of the company's SaaS products, specifically notification and electronic contracting. It will allow an increase in the company's gross margin and thanks to cost containment we will achieve a higher EBIDTA.

#### 4. <u>R&D ACTIVITIES</u>

In the 2022 financial year, the Company has invested 818 thousand euros in research activities aimed mainly at the company's certification line.

## 5. OPERATIONS WITH OWN SHARES

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

As of December 31, 2022, the company had 433,357 shares with a valuation on that date of 895,289.01 euros, which represented 2.7% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

## 6. FINANCIAL INSTRUMENTS

During 2022 the Company has not used instruments related to financial derivatives (see Note 12).

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

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

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

# 7. DEFERRALS OF PAYMENT TO SUPPLIERS

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

# 8. EFFECTS DERIVED FROM THE CONFLICT IN UKRAINE

The information referring to the effects derived from the current situation caused by the conflict in Ukraine is shown in the annual accounts, in note 1.e.

\* \* \* \* \* \* \* \* \* \* \* \*

# PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2022, which comprises the attached pages number 1 to 60.

> Lleida, March 30, 2023 Board of Directors



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Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

PEREZ SUBIAS MIGUEL -17147802Z

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Mr. Miguel Pérez Subias Independent Director

Firmado por CARBONELL SEBARROJA JORDI -\*\*\*9668\*\* el día 30/03/2023 con un certificado emitido por AC FNMT Usuarios

Mr. Jordi Carbonell i Sebarroja Independent Director

Firmado por SAINZ DE VICUÑA BARROSO JORGE - \*\*\*1181\*\* el día 30/03/2023 con un certificado emitido por AC FNMT Usuarios

> Mr. Jorge Sainz de Vicuña Independent Director

NOMBRE GALLARDO MESEGUER MARCOS - NIF 52423593S

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Mr. Marcos Gallardo Meseguer Secretary

Firmado digitalmente por LOPEZ DEL CASTILLO, ANTONIO (AUTENTICACIÓN) Fecha: 2023.03.30 16:05:04 +02'00'

> Mr. Antonio López del Castillo Independent Director

ARRATE MARIA USANDIZAGA RUIZ - DNI 44558454W

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Mrs. Arrate María Usandizaga Ruíz **Executive Director** 

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Mrs. Beatriz García Torre **Executive Director** 

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# REPORT ON THE ORGANIZATIONAL STRUCTURE AND INTERNAL CONTROL SYSTEM FOR THE FINANCIAL INFORMATION OF LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A

In compliance with the provisions outlined in Article 17 of Regulation (EU) No. 596/2014 on market abuse, Article 228 of Law 6/2023 on Securities Markets and Investment Services, and relevant accompanying provisions, and following Circular 3/2020 of the BME Growth segment of BME MTF Equity ("BME Growth") concerning information requirements for Growth Companies, we hereby publish the approved report on the Organisational Structure and Internal Control Systems of the Financial Information of Lleidanetworks Serveis Telemátics, S.A and its subsidiaries (referred to as "Lleida.net", "Lleida.net Group", the "Group", the "Company," or the "Company"). The board of directors ratified this report during its meeting on 30 March 2023, following approval by the audit committee.

Lleida, 28 April 2023

FRANCISCO SAPENA SOLER

Chairman and Chief Executive Officer of Lleidanetworks Serveis Telemátics, S.A

#### 1. BRIEF DESCRIPTION OF THE COMPANY:

Lleidanetworks Serveis Telemàtics, S.A. is a limited liability company with an indefinite duration and with registered office located in Madrid (Spain) Calle General Lacy 42, ground floor according to the agreement of the Board of Directors dated 7 October 2017, with VAT number A25345331. On 26 October 2021, the Board of Directors relocated the Company's registered office to calle Téllez, 56 local C in Madrid.

Previously it was incorporated as a Limited Liability Company for an indefinite period under the name of Lleidanetworks Serveis Telemàtics, SL by means of a document authorised by the Public Notary of Lleida, Mr Antonio Rico Morales, Notary of the Barcelona Bar Association, on 30 January 1995, under number 547 of its protocol.

The Company was registered in the Mercantile Registry of Lleida on 13 March 1995, volume 355, Folio 137, section 1 sheet L6657.

Adapted its By-laws to the current Law of Limited Liability Companies in writing of 12 June 2000, corrected by another of 3 November 2000, all authorised by the Notary of Lleida, Mr Antonio Rico Morales, increased its capital by the Notary of Lleida, increased its capital in writing authorised by the Notary of Lleida, Mr Pablo Gómez Clavería, on 21 October 2004 and once again increased its capital in writing authorised by the aforementioned Notary of Lleida, Mr Gómez, 16 August 2006 and registered in the Mercantile Registry of Lleida, in volume 355, page 141, page number L-6.657.

On 30 June 2011, the Extraordinary General Shareholders' Meeting unanimously agreed to transform the Company into a Public Limited Company, being formalised in a public document by virtue of a public deed dated 12 December 2011 by means of a document issued by the Public Notary of Catalonia, Mr Pablo Gómez Clavería with the number 3357 of his protocol and registered on 17 February 2012 in the Mercantile Registry of Lleida in Volume 355, Page 145, Sheet L6.657 and registration 8th on 17 February 2012. On 1 June 2015, the Company approved at the Shareholders' Meeting the request for incorporation into the former Alternative Stock Market (MAB), currently BME growth of all the shares of the Company.

On 7 October 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 9 October 2015.

On 14 December 2018, the Euronext Admission Committee accepted the incorporation of the shares of Lleida.net in Euronext Growth as of 19 December 2018.

On 30 October 2020, FINRA gave its favourable decision for the listing of the Company on the New York OTCQX market, where the shares entered into trading as of 2 November 2020-

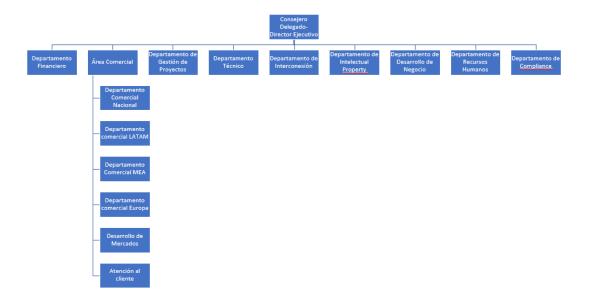
The corporate purpose of Lleida.net is expressed in article 2 of its By-laws, the text of which is transcribed below:

<u>Article 2º: Corporate purpose</u>

a) Electronic and information technology consulting on different matters through professionals and electronic and computing mechanisms for companies and services. b) Dissemination of electronic systems through activities and publications. c) The provisions of telecommunication services ."

## 2. ORGANISATIONAL STRUCTURE

The departments that make up the Company are detailed below. All Chief Officers meet monthly to discuss the Company's action plans and propose its approval by the Board of Directors.



The Financial Department prepares the financial information and reviews it by the Executive Director, although the final responsibility of its preparation rests with the Board of Directors.

The different bodies and functions that are responsible for the implementation and maintenance of a correct and effective Internal Information Control System are detailed below

# a) Board of Directors:

The Company's management and representation in court and out of court and in all actions included in the corporate object correspond to the Board of Directors, which shall act together without prejudice to any delegations or powers of attorney granted. In addition to the powers mentioned in the previous paragraph, the responsibility of the members of the Board of Directors is to have the appropriate commitment to guarantee to take the necessary measures to head in the right direction and the control of the Company, which includes the supervision and understanding of the financial information reported to the markets, to the shareholders, as well as the internal control of the Company.

The Board of Directors is composed by:

#### Francisco Sapena Soler Executive Director

He studied Technical Agricultural Engineering, specialising in Horticulture and Gardening at the University of Lleida and postgraduate in Telematics at the UPC. Passionate about new technologies and the Internet. President of IRC Hispano for 9 years. At present, he is Chief Executive and main Shareholder of Lleida.net. He is considered, without hesitating, the alma mater of the Company.

#### Beatriz García Executive Director

With over 12 years of experience in Telecommunications, Beatriz is Bachelor of Science in Telecommunication Engineering and Computer Science from the Polytechnic University of Catalonia and TU Delft (The Netherlands). She graduated in Management Development from IESE Munich-Barcelona.

She worked at Orange España and later in Deloitte as an IT auditor. In 2008 she joined Lleida.net in the Routing Department. She enhanced her responsibilities in 2014 when she was appointed Chief Interconnection Officer to develop and execute Interconnection strategies. Currently, she is responsible for redefining the business strategy of the SMS business line.

#### Marcos Gallardo- External director

Founder and managing partner of Lexing Spain in Barcelona. Admitted to the Barcelona Bar Association in 1998. President of the Commission on Privacy and Rights of the Digital Person (International Association of Lawyers / Union International des Avocats). Vice-President of the Lexing <sup>®</sup> network, the first global network of law firms specialising in advanced technology law, currently composed of 22 offices located in 25 countries in Europe, America, Africa and Asia. Vice-President of the Commission on Intellectual Property (Barcelona Bar Association - ICAB).

Member of the Board of Directors of several multinational companies in the telecommunications and Internet industry.

Ranked by Who's Who Legal in 2012, 2013 and 2014. as being among the world's leading Internet & commerce& Data protection lawyer

#### Arrate Usandizaga- Executive Director

Chief Financial Officer, Graduate in Administration and Business Management, Master in finance and accounting at the University of Deusto. After some years at PricewaterhouseCoopers working as supervisor in the Assurance (financial statement audit) division, she joined Lleida.net to coordinate the audit and risk department and is currently the Group's Chief Financial Officer.

#### Miguel Pérez Subias - Independent director

Senior Telecommunications Engineer, ETSIT at the Polytechnic University of Madrid and Master in Business Management, INESE. He reconciles his position as President of the Internet Users Association- AUI. with an intense professional activity as a consultant specialising in the Internet and new technologies.

In 1993, he edited and promoted the first magazine published in Spain dedicated to the Internet (Click Magazine), and two years later, he founded the Association of Internet Users, a non-profit organisation of which he is President.

Among the most relevant initiatives are the Internet World Conference (Madrid 1996-2005) and ExpoInternet (Barcelona 1997-2001), the launch of World Information Society Day: Internet Day (Tunisia 2005), Spanish neutral node EspaNIX (Madrid 1997) and the creation of the Spanish Internet Governance Forum (Madrid 2008).

#### Antonio López del Castillo - Independent Director

Consultant in Telecommunications and sourcing with long experience as Director of Purchases at Telefónica de España and Vivo, Telefonica Groups in Brazil.

During his professional career with Telefónica, he has participated in relevant projects such as the Barcelona 92 Olympic Telecommunication Planning, the implementation of the first High-Speed Metropolitan Area Network for Interconnection of University Institutions and Hospitals in Barcelona, and the implementation of the Rigograndense Company of Telecommunications (CRT) of Sao Paulo of the Advanced Procurement System after privatisation, being responsible for the award of more than 30,000 million Reales from 1998 to 2002.

Technical Director of the Spanish versions of the magazines: Tele.Com, Data Communication, LAN Times and founder of Global Telecommunications.

Director of the New Technologies course at Instituto Catalan, director of Summer University Sitges courses at UNTEC, and Director of the Postgraduate Course in Multimedia and Telecommunications conducted by the Universitat Autònoma de Barcelona.

#### Jordi Carbonell i Sebarroja Independent Director

Counsel and Advisor of the Parque Científico y Tecnológico Agroalimentario de Lleida (PCiTAL). Representative in the Spanish Association of Technological Parks (APTE) and the World Association (IASP). Business advisor of the Park and Clusters of Lleida.

From 2005 to 2006, he was Secretary of Industry and Energy of the Department of Labour and Industry of the Generalitat of Catalonia, and in the elections of the Parliament of Catalonia of 2003, he was chosen deputy for the province of Lleida.

From 1996 to 2003, Director General of ACTEL, S.C.L, Cooperative of second degree of which 130 Cooperatives of Lleida are part, receiving in 2003 the Award for Business Innovation of the Generalitat of Catalonia.

Between 1993 and 1996, he was Civil Governor of Lleida and a member of the negotiating team for the entry of Spain into the European Economic Community (1984-1986). He was also General Technical Secretary of the Ministry of Agriculture, Fisheries and Food (1982-1988).

#### Jorge Sainz de Vicuña External Barroso - by co-option

Manager of investee companies. Experience in remediation and enhancement as General Manager / CEO in the affiliated companies, and with a vast experience in negotiations and sales processes, from the preparation of sales notes to the closing, through NDA's, management of offers, due diligence's, and contracts, in coordination with legal, fiscal and labour advisors.

#### b) The Audit Commission

According to the Company's By-laws and the Board of Directors regulations, the Audit Commission has to evaluate the accounting verification system of the Company, ensuring the external auditor's independence and reviewing the internal control systems of the Company's financial information.

Notwithstanding any other duties assigned at any given time by the Board of Directors, the Audit Commission shall carry out the following essential duties:

Report to the General Meeting of Shareholders on issues raised by the shareholders within its sphere of competence.

Propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external account auditors referred to in article 264 of the Capital Companies Act, as well as their contracting conditions, the scope of his professional mandate and where appropriate, his revocation or non-renewal. To ensure the external auditor's independence, the Company will notify the governing Company of the Alternative Stock Market in Relevant Event of the change of auditor.

Monitor internal auditing systems, ensuring their independence and effectiveness.

Review the Company's accounts, ensuring compliance with all legal requirements and the correct application of accounting principles, with direct collaboration from external and internal auditors.

- Know and supervise the preparation process and the integrity of the financial information related to the Company and, where appropriate, its Group, reviewing compliance with regulatory requirements and the correct application of accounting criteria; to know and supervise the Company's internal control systems, check their adequacy and integrity; and review the appointment or replacement of those in charge.

- Periodically review the internal risk control and management systems so that the main risks are adequately identified, managed and disclosed.

Maintain relations with external auditors to receive information on those issues that may jeopardise their independence and any others related to the process

of developing the accounts audit and those other communications provided for in the audit legislation of accounts and technical auditing standards.

Supervise compliance with the audit contract, ensure that the opinions of the annual accounts and main content of audit reports are written clearly and accurately, and evaluate the results of each audit.

- Review any periodic financial information that the Board should provide to the markets and its supervisory bodies, ensuring all mid-term accounts are prepared under the same accounting criteria as annual accounts.

- Inform the Board of Directors before the adoption of the corresponding decisions on all matters applicable by law, the By-laws, and the Board Regulations, and in particular on the following issues: (i) the financial information the Company must periodically make public; (ii) the creation or acquisition of stakes in special entities or entities registered in offshore countries as well as any other transaction or operation of a similar nature which may undermine the Group's transparency due to the complexity; and (iii) related transactions.

Currently, the Audit Commission comprises two independent directors, and they meet at least biannually and whenever called by its President. In 2020, the Committee met twice.

#### c) Board of Directors

It is made up of the Executive Director and Chief officers of the Company.

The meeting is convened at least once a month to coordinate the different vital activities of Lleida.net. The lines of action are defined both in the short and medium-term to achieve the Board of directors' objectives and resolve the setbacks or problems that may have arisen.

The information from all the company areas is covered, and each chief officer makes a report of the issues to address at the meeting. If the information that should be shared with the market is detected, it is communicated by the Executive Director to the Board of Directors for timely communication.

#### d) Finance Department

The Finance Department is responsible for implementing a correct control system for financial information daily. It deals with the parent company's accounting and controls the subsidiary companies' reporting. Among its functions is the elaboration of the necessary reports for decision making by the Board of Directors, as well as the publication of the information required by the markets

#### e) External audit

The annual accounts, both individual and consolidated, of Lleida.net, are reviewed by BDO auditors, a renowned prestige auditing firm. Since 2016, a limited review of the period from 1 January to 30 June is also performed, reviewed by the same audit company.

## 3. COMPANY CONTROL SYSTEMS

The mechanisms of Internal Control and Risk Management Related to the financial information are the responsibility of the Audit Committee. As established by the regulations of the Board of Directors, they are reviewed and supervised by the Board of Directors. The main control mechanisms are:

#### 3.1 Annual budgets implementation:

The executive team implements the annual budgets of the Group, and they should be reviewed and approved by the Board of Directors

Subsequently, a monthly control of deviations and their compliance is reviewed by the Board of Directors and responsible for taking the appropriate measures and the significant lines of action.

## 3.2 Internal control measures:

Lleida.net has defined the following financial processes as high-level control areas to comply with the internal control systems of the financial information:

- Sales, customer billing and collection management
- Consolidation and reporting of group companies
- Investments in R + D + i
- Investments in Property, Plant and Equipment
- Treasury
- Purchases and accounts payable
- Taxes
- Human Resources
- Annual closings

The main control measures by risk area are the following:

#### a) Sales, customer billing and collection management.

A monthly detail of the invoices to be issued is generated, reviewed by the Billing Manager, and the automatic process is launched, which allows:

- Generate entries into the accounts of sales
- Send invoices to customers
- Create the files that are sent to the sales managers, Chief Officers and the Chief Financial Officer for the monitoring of the monthly figures

The head of the Treasury is the person who supervises customer collections; relevant invoices are insured before a credit insurance company to avoid possible non-payments.

Every week, a follow-up is carried out to discuss the situation of the collections with the sales managers.

The collections are reconciled weekly by the Financial Department

The management system used by the Company to control its accounting systems has defined profiles that define the information that each user can access.

# b) Consolidation and reporting:

The Company has accounting and tax advisors in each country where the Group has a registered company. These advisors are responsible for sending monthly the subsidiary figures so that the parent company can review them by the department. Advisors do not have access to the subsidiaries' bank accounts and only have limited powers to carry out administrative procedures before the public administration in each country.

## c) <u>R+D Investment</u>

The R & D projects carried out by the Company have an annual budget, which is controlled both by the Chief Technical officer and by the Financial Department. All the activity carried out in R & D must be set within the annual action plan, and in case of extraordinary collaboration, it must be approved by the Chief Technical Officer.

#### d) d) Investment intangible fixed assets:

The most significant amount corresponds to the investments made in servers and other IT equipment in this area. An annual budget is made jointly between the technical and financial departments, analysing the annual requirements and the execution process is controlled monthly.

#### e) Treasury:

The person in charge of the Treasury must control the balance of the Company's financial instruments daily. The Executive Director is the person who has the power to make the corresponding wire transfers. From the Treasury, the payments files are prepared and reviewed by the Chief Financial Officer for its execution by the Executive Director.

The bank accounts of the different subsidiaries are controlled from the parent's staff.

Every week, a summary is made by the Treasury, with the balances that each instrument has and the principal payments and incomes made from each account. The summary is sent to the Financial Director and the Executive Director for their supervision.

The bank accounts are reconciled by the Financial Department, different from the treasury staff that prepares the payment files.

#### f) Purchases and payable accounts:

Suppliers' consumptions go directly into the ERP management. The suppliers' rates are updated automatically by the same system whenever a routing price is modified. The Financial department usually verifies that the invoices correspond to the consumptions entered into the ERP. If applicable, the consumption is validated, and the accounting entries of the purchase are automatically made. In the event of any discrepancy, the Company has a protocol for action, where the discrepancy is communicated to the supplier and analysed and communicated to the interconnection department.

Payments with the primary providers, usually operators, are made through netting. The purchase and sale invoices are cleared. The same system automatically generates this netting sent to the provider for its acceptance. Once accepted by the supplier, it is included in the next payment remittance.

Other payments are mainly commercial expenses that employees pay with their credit cards. An ongoing monthly expense sheet is made, where all the supporting documents are included, and it must be approved, first by its direct Chief Officer and then by the Financial department. The amounts are paid by wire transfer, included in the payment file.

The Company also has direct debits that correspond to lease and supply payments. Such charges are reconciled weekly with the debits in the bank account.

f) Taxes:

The Company internally manages the presentation of monthly taxes, which are automatically downloaded from the ERP. The Financial Department prepares the documents for its digital signature by the Executive Director, who is the person who has the power to submit them.

In addition, the Company has global advisors who inform of all possible amendments to the regulations that may affect them.

#### g) Human Resources:

The Labour force is a key element for the success of Lleida.net. The human Resource department manages both current staff and recruits, and the Chief HR Officer manages both the development of each individual and their careers. The desired profile for the new employees is set in collaboration with the department's Chief Officer. The job description is posted on the Company's social media profiles and job sites, and initial screening and pre-selection of applicants are made depending on the training and experience provided. Subsequently, a first interview with Chief Human Resource Officer is conducted, and a performance test is carried out. The 3 best candidates are interviewed to make the final selection. The Chief Human Resource Officer also manages salary payments and assesses, together with the department's Chief Officer, the payments of each employee, always with the final acceptance of direction and framed within the annual budget.

#### I) Financial closing:

Regulation: Lleida.net follows the regulations set by the general accounting plan for recording its activities. It has the advice of advisors when needed or to update the regulations that might affect the Company's procedures.

Monthly financial closing: The Company carries out monthly financial closings to check compliance with the Board of directors' budget.

- System blocking: once all the entries in the period have been made and reviewed, the accounting period is blocked to prevent registering new entries.

Financial closing review: The monthly profit and loss account is reviewed with the balance sheet to check whether there are significant variations, inconsistencies, or errors compared to previous periods. The information is generated by the Financial department, which is reviewed by its Chief Officer, who makes the summary reports that are sent to the executive director for verification and then forwarded to the Board of Directors for its analysis.

Reporting financial information: To offer greater transparency about the Company's activity, the information on the leading financial figures is published quarterly on BME growth in a relevant event. As stated in point 5.1

- Publication of the annual accounts and interim financial statements as of 30 June: annually, the general meeting of shareholders approves the audited annual accounts prepared by the Board of Directors and the management report together with the information required by BME growth following the established guidelines and formats. Also, the interim financial statements as of 30 June are audited and submitted as established by BME growth regulations.

- Report to investors and analysts: regular financial and management information is submitted either in person or on a conference call. The people responsible for these communications are the Executive Director and the Chief Financial Officer

#### 3.3 Internal Code of conduct in Stock markets

LLEIDA.NET Board has approved the Internal Code of Conduct in the area of the Stock Market of Directors held on 26 July 2016 and in compliance with the provisions of article 225.2 of the revised text of the Law on Stock Market approved by Royal Legislative Decree 4/2015, of 23 October. Specifically, the Code incorporates the provisions contained in Chapter II of Title VII of the consolidated text of the

Securities Market Law, applicable to the Company by virtue of the provisions of Page 13 of 15, article 322.3 of said consolidated text, as well as in its development regulations, which includes Royal Decree 1333/2005, of 11 November, which develops the Securities Market Law on market abuse and Circular 4/2009, of 4 November, of the CNMV on the communication of the relevant event. The Code aims to establish a set of rules of conduct governing the behaviour of LLEIDA.NET and the people affected by the different scopes regulated by this Code to guarantee full and adequate transparency for the Company and protect investors. The supervisory body of this Code is the Audit Committee.

# 4 RISK ASSESSMENTS:

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

## 4.1 ) Credit Risk

The Group's main financial assets are cash and cash balances, trade and other receivables and investments, representing the Group's maximum exposure to credit risk about financial assets. The Group's credit risk is attributable mainly to its commercial debts. The amounts are reflected in the net balance of provisions for bad debts, estimated by the management of the Parent Company, which are based on the experience of previous years and its assessment of the current economic environment.

#### 4.2) Liquidity Risk

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

#### 4.3) Market Risk

Over the last years, the general market situation has been unfavourable due to the complex global economic situation.

#### 4.4) Exchange Rate Risk

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

**4.5) Interest Rate Risk** Changes in interest rates modify the fair value of those assets and liabilities that accrue a fixed interest rate and the future flows of assets and liabilities referenced to a variable interest rate. Interest rate risk management aims to achieve a balance in the debt structure that minimises the cost of debt over the multi-year horizon with reduced volatility in the Profit and Loss Account.

## 5. COMUNICATION OF INFORMATION

The Company differentiates the information to be communicated to the market into three basic types: Financial information Strategic information Technical Information

The procedures according to the type of information are detailed below

#### 5.1 Communication of financial information

The Company carries out monthly and quarterly closings and prepares the interim financial statements under the General Accounting Plan, prepared on a "going concern" basis. The information is generated in the Financial department, where it is reviewed first by its Chief officer and then by the Executive Director. The information is prepared for the Board of Directors by the Financial Department, and it is sent to the chief officers so they can formulate the annual accounts and the interim financial statements. The financial statements are reviewed by the Audit Commission, prepared by the Board of Directors, and made available to shareholders for review.

The main milestones achieved by the Company are presented at the Shareholders' Meeting, and the voting corresponding to the acceptance of the annual accounts is done.

The information published in the BME growth is prepared based on the consolidated financial statements obtained directly from the Company's ERP. However, for some companies based abroad, their local advisors should provide the information. A standardisation of both the regulations and the currency of the financial information obtained is carried out. The Chief Financial Officer reviews the information.

Once the financial data that is considered relevant is obtained, the relevant event is written by the Chief Financial Officer in collaboration with the Registered Advisor.

The relevant event is reviewed by both the Executive Director and the Registered Advisor, and it is reported to the members of the Board of Directors, should they want to provide comments.

Lleida.net uploads it on the BME growth website, and it must be approved by the registered advisor before or after the start of the session. Once uploaded and published on the BME growth website, it is published on Lleida.net website under the Investors section.

#### 5.2 Strategic information:

Negotiations of strategic nature such as acquisitions of companies and new business lines are directly piloted by the Company's executive director.

They are included as a point to discuss within the call of the Board of Directors, the decision making body.

The relevant event is reviewed by both the Executive Director and the Registered Advisor and is reported to the members of the Board of Directors, should they want to provide comments.

Lleida.net uploads it on the BME growth website, and the registered advisor must approve it before or after the start of the session. Once uploaded and published on the BME growth website, it is published on Lleida.net website under the Investors section.

#### 5.3 Technical information

Due to the relevance of the technical developments of our products, Lleida.net patents all its developments and trademarks. The submission procedure of patents is monitored internally by the Intellectual Property department. It has the support of external companies responsible for supervising all deadlines under the supervision of the Chief IP Officer.

To prevent possible errors in the communication channels, the Financial Department asks the IP Department about the status of the patents every quarter. When a patent is granted, the relevant event is written by the Chief Intellectual Property Officer with the supervision of the Executive Director together with the registered advisor, and it is communicated to the members of the Board of Directors, should they want to provide any comments. It is uploaded by Lleida.net on the BME growth website and must be approved by the registered advisor before or after the start of the session. Once uploaded and published on the BME growth website, it is published on Lleida.net website under the Investors section.

# MONITORING AND SUPERVISION CONTROL ACTIVITIES:

The audit committee has carried out the following activities throughout 2022 to control the correct functioning of the internal control system of financial information:

Review the individual interim financial statements for the period between 1 January, 2022 and 30 June, 2022 of the parent company - Review the Group's individual and consolidated financial statements and annual accounts for 2022. - Review the audit plan and the independence of the BDO auditors' external auditors.

- Review together with the external auditor the development of the audit work and work risk areas