

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

Annual Accounts and director's Report for financial year 2023 together with the Audit report on Annual Accounts issued by an Independent Auditor

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

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Annual Accounts and Director's Report
for financial year 2023 together with
the Audit Report on Annual Accounts
issued by an Independent Auditor

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2023:

Balance Sheets as of December 31, 2023 and 2022
Profit and Loss Accounts for the financial years 2023 and 2022
Statement of Changes in Partner's Equity for the financial years 2023 and 2022
Cash-Flow Statement for the financial years 2023 and 2022
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DIRECTOR'S REPORT FOR FINANCIAL YEAR 2023



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

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

**Audit report on the annual accounts
issued by an independent auditor**

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

Opinion

We have audited the annual accounts of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** (the Company), which comprise the balance sheet as of December 31, 2023, 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, 2023, as well as its results and cash flows for the financial year then ended, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the annual accounts) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

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

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

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

Key audit matters

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

Key audit matters	Audit response
<p data-bbox="272 389 783 412">Valuation of capitalized research expenditures</p> <p data-bbox="272 465 783 864">As described in notes 4.a. and 5 to the accompanying notes, the Company presents in the balance sheet intangible assets for expenses on research and development projects amounting to 2.058 thousand. These expenses must be specifically individualised by project and have a sound basis for economic-commercial profitability, among other requirements in order to be capitalized in the Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value and possible need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key audit matter in our audit.</p>	<p data-bbox="807 389 1316 434">We have carried out the following audit procedures, among others:</p> <ul data-bbox="807 465 1316 1458" style="list-style-type: none"><li data-bbox="807 465 1316 562">- Understanding of the policies and procedures applied by the Company for the capitalization of research and development expenses.<li data-bbox="807 591 1316 734">- We have analysed a sample of activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations.<li data-bbox="807 763 1316 860">- We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts.<li data-bbox="807 889 1316 1137">- 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.<li data-bbox="807 1167 1316 1240">- We have verified the correct amortization of the different projects capitalised on the basis of their useful life.<li data-bbox="807 1270 1316 1458">- 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, 47,9% 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.

Application of the going concern principle

Due to the fact that the Company has losses at year-end 2023 and 2022 amounting to 2,74 million euros and 222 thousand euros respectively, it has negative working capital at year-end 2023 and 2022 amounting to 2,57 million euros and 315 thousand euros respectively, and given the Company's level of debt at year-end, which represents 49% of its total liabilities and equity (42% in 2022), it is necessary for the Company to comply with its business plan and cash budget, as well as to obtain new financing in order to be able to continue with its operations. As described in note 2.d of the notes to the consolidated financial statements, the Company has obtained new sales contracts in 2024 with respect to 2023, which will allow it to increase sales in 2024. In addition, certain cost reduction policies were initiated in 2023 that will have their full impact in 2024.

These circumstances are factors causing and mitigating doubts regarding the application of the going concern principle in the preparation of the annual accounts, the assessment of which involves making value judgements and estimates. For these reasons, we have considered the application of the going concern principle as a key audit matter.

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

- Understanding of the policies and procedures applied by the Company in the process of estimating the Business Plan and Cash Budget.
- Obtaining the Business Plan and Cash Budget prepared by the Company's Management.
- Obtaining supporting documentation relating to the renewal of credit policies upon maturity.
- We have analysed the reasonableness of the estimates and assumptions of the Business Plan and the Cash Budget, made by the Company's directors, through meetings with management and verification of verifiable data.
- We have analysed the degree of compliance with the cash budget and the financial situation of the Company up to the date of this report.
- Finally, we have verified that the notes to the accompanying annual accounts include the related disclosures required by the applicable financial reporting framework. In this regard, note 2.d of the accompanying notes to the financial statements includes the aforementioned disclosures.

Other information: Directors' report

The other information comprises exclusively the directors' report for the financial year 2023, 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 2023 and its content and presentation are in accordance with the applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Additional report to the Audit Committee

The opinion expressed in this report is consistent with that expressed in our additional report to the Parent's Audit Committee dated April 29, 2024.



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)



Ramon Roger Rull (ROAC 16.887)
Audit Partner

April 29, 2024

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2023

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022**

(Stated in Euros)

ASSETS	Notes to the Annual Accounts	31/12/2023	31/12/2022
NON-CURRENT ASSETS		10.788.459,33	12.473.286,32
Intangible assets	Note 5	3.533.994,19	3.757.705,52
Research		2.058.330,60	2.317.137,16
Patents, licenses, trademarks and similar		757.911,63	684.025,45
Computer applications		132.386,06	201.741,09
Other intangible assets		585.365,90	554.801,82
Tangible fixed assets	Note 6	473.750,72	502.035,90
Land and buildings		143.440,41	148.577,71
Technical installations and other tangible fixed assets		272.929,71	296.077,59
Tangible assets in progress		57.380,60	57.380,60
Long-term investments in group and affiliated companies		6.215.413,90	7.765.332,54
Equity instruments	Note 9	5.009.265,28	6.409.290,36
Loans to companies	Notes 8.2 and 19.1	1.206.148,62	1.356.042,18
Long-term financial investments		44.991,04	44.991,04
Equity instruments	Note 8.3	10.197,40	10.197,40
Other financial assets	Note 8.2	34.793,64	34.793,64
Deferred Tax Assets	Note 15	520.309,48	403.221,32
CURRENT ASSETS		4.674.000,18	5.648.496,40
Trade and other receivables		3.254.877,06	3.763.384,02
Client receivables for sales and services	Note 8.2	2.424.901,12	2.552.808,19
Clients of the Group and affiliated companies	Notes 8.2 and 19.1	702.232,04	1.058.099,68
Sundry debtors	Note 8.2	83.176,98	95.191,55
Staff	Note 8.2	-	989,39
Current tax assets	Note 15	40.007,92	39.867,49
Other receivables from Public Authorities	Note 15	4.559,00	16.427,72
Short-term investments in group and affiliated companies	Notes 8.2 and 19.1	485.801,18	163.278,11
Loans to companies		485.801,18	163.278,11
Short-term financial investments	Note 8.2	362.373,00	812.373,00
Other financial assets		362.373,00	812.373,00
Short-term accruals		242.948,75	326.234,67
Cash and cash equivalents	Note 8.1	328.000,19	583.226,60
Cash		328.000,19	583.226,60
TOTAL ASSETS		15.462.459,51	18.121.782,72

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022**

(Stated in Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2023	31/12/2022
EQUITY		2.954.368,29	5.820.937,00
Equity		2.954.368,29	5.820.937,00
Capital	Note 13.1	320.998,86	320.998,86
Share Capital		320.998,86	320.998,86
Issue premium	Note 13.3	5.244.344,28	5.244.344,28
Reserves	Note 13.2	2.628.803,65	3.030.526,90
Legal and statutory		64.199,77	64.199,77
Other Reserves		2.564.603,88	2.966.327,13
(Shares and own holdings in equity)	Note 13.4	(1.448.058,18)	(1.731.481,07)
Retained earnings		(1.043.451,96)	(820.530,75)
Financial year's earnings		(2.748.268,36)	(222.921,22)
NON-CURRENT LIABILITIES		5.260.440,53	6.336.811,83
Long-term debts		5.260.440,53	6.336.811,83
Long-term provisions	Note 17	200.000	-
Debts with credit institutions	Note 10.1	4.070.917,70	5.329.534,83
Other financial liabilities	Note 10.2	989.522,83	1.007.277,00
CURRENT LIABILITIES		7.247.650,69	5.964.033,88
Short-term provisions		40.325,36	17.602,52
Short-term debts		4.270.099,32	3.168.444,00
Debts with credit institutions	Note 10.1	3.556.264,52	2.317.872,14
Other financial liabilities	Note 10.2	713.834,80	850.571,86
Trade and other payables		2.937.226,01	2.777.987,36
Suppliers	Note 10.1	1.831.102,39	1.897.755,08
Suppliers, group and affiliated companies	Note 10.1 and 19.1	238.463,03	254.248,46
Sundry creditors	Note 10.1	230.818,10	229.548,49
Personnel (outstanding salaries)	Note 10.1	1.229,00	183,21
Other debts with Public Authorities	Note 15	361.825,36	239.917,92
Advances from clients	Note 10.1	273.788,13	156.334,20
TOTAL EQUITY AND LIABILITIES		15.462.459,51	18.121.782,72

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**PROFIT AND LOSS ACCOUNTS
FOR THE FINANCIAL YEARS 2023 AND 2022**

(Stated in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2023	2022
Net turnover	Note 16.a	13.665.536,36	17.831.511,04
Net sales		13.665.536,36	17.831.511,04
Work performed by the company for its assets	Note 5	554.672,85	817.779,59
Supplies	Note 16.b	(7.182.757,92)	(9.883.315,34)
Goods consumed		(7.182.757,92)	(9.883.315,34)
Other operating income		72.709,94	241.890,97
Ancillary and other current operating income		71.984,55	232.851,57
Operating grants income		725,39	9.039,40
Staff expenses		(4.826.267,45)	(4.218.726,38)
Wages, salaries and the like	Note 16.c	(3.740.496,81)	(3.196.831,74)
Fringe benefits	Note 16.c	(1.085.770,64)	(1.021.894,64)
Other operating expenses		(2.194.115,05)	(2.753.074,17)
External charges for services		(2.250.095,33)	(2.702.787,16)
Taxes		(47.117,62)	(46.433,77)
Losses, Impairment and change in trade provisions		103.097,90	(3.853,24)
Amortization of fixed assets	Notes 5 and 6	(1.146.034,98)	(1.107.222,78)
Impairment and results of disposals of fixed assets	Note 5	-	(2.335,12)
Other earnings	Note 17	(200.000,00)	-
OPERATING EARNINGS		(1.256.256,25)	926.507,81
Financial income	Note 16.d	46.344,04	26.450,71
Income from negotiable securities and other financial instruments, group and affiliated companies		43.194,36	26.008,08
Other income from negotiable securities and other third-party financial instruments		3.149,68	442,63
Financial expenses	Note 16.d	(140.549,93)	(82.916,61)
For debts with group companies and associates		(1.909,03)	(683,38)
For debts with third parties		(138.640,90)	(82.233,23)
Variation in fair value of financial instruments	Note 16.d	-	(769,53)
Trading portfolio and others		-	(769,53)
Exchange differences	Note 16.d	7.259,31	(52.422,00)
Impairments and earnings for disposals of financial instruments		(1.509.464,65)	(1.096.364,52)
Impairments and losses	Note 16.d	(1.509.464,65)	(1.096.364,52)
Gains (losses) on disposals and others		-	-
FINANCIAL EARNINGS		(1.596.411,23)	(1.206.021,95)
PRE-TAX EARNINGS		(2.852.667,48)	(279.514,15)
Profit tax	Note 15	104.399,12	56.592,93
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		(2.748.268,36)	(222.921,22)
FINANCIAL YEAR'S EARNINGS		(2.748.268,36)	(222.921,22)

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENT OF CHANGES IN PARTNER'S EQUITY
TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2023 AND 2022**

(Stated in Euros)

	Share Capital	Own Shares	Issue Premium	Reserves	Results from previous years	Financial Year's Earnings	Total
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	-	-	-	-	-	(222.921,22)	(222.921,22)
Transactions with shareholders or owners	-	(47.596,31)	-	(280.404,43)	-	(242.998,31)	(570.999,05)
Operation with own shares	-	(47.596,31)	-	(280.404,43)	-	-	(328.000,74)
Dividends	-	-	-	-	-	(242.998,31)	(242.998,31)
Other changes in equity	-	-	-	-	529.369,65	(529.369,65)	-
Distribution of earnings from the previous financial year	-	-	-	-	529.369,65	(529.369,65)	-
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
Total recognized income and expenses	-	-	-	-	-	(2.748.268,36)	(2.748.268,36)
Transactions with shareholders or owners	-	283.422,89	-	(401.723,25)	-	-	(118.300,36)
Operation with own shares	-	283.422,89	-	(401.723,25)	-	-	(118.300,36)
Dividends	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	(222.921,22)	222.921,22	-
Distribution of earnings from the previous financial year	-	-	-	-	(222.921,22)	222.921,22	-
BALANCE END OF YEAR 2023	320.998,86	(1.448.058,18)	5.244.344,28	2.628.803,65	(1.043.451,96)	(2.748.268,36)	4.316.975,29

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**CASH FLOW STATEMENT**
FOR FINANCIAL YEARS 2023 AND 2022

(Stated in Euros)

		2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		774.443,09	1.218.297,89
Financial year's pre-tax earnings		(2.852.667,48)	(222.921,22)
Adjustments to earnings		2.846.607,62	2.266.097,21
Amortization of fixed assets	Note 5 y 6	1.146.034,98	1.107.222,78
Valuation changes for impairment	Note 16.d and 8.2	1.406.366,75	1.100.217,76
Disposals of fixed assets		-	2.190,77
Provisions variables	Note 17	200.000,00	
Financial incomes	Note 16.d	(46.344,04)	(26.450,71)
Financial expenses	Note 16.d	140.549,93	82.916,61
Changes in current capital		887.538,31	(581.961,73)
Trade and other receivables		621.144,80	(631.843,55)
Other current assets		83.285,92	41.690,82
Trade and other payables		183.107,59	28.609,71
Other current liabilities		-	(20.418,71)
Other cash flow from operating activities		(107.035,36)	(186.323,45)
Interest payments		(140.549,93)	(82.916,61)
Interest incomes		46.344,04	26.450,71
Tax income		(12.829,47)	(129.857,55)
CASH FLOW FROM INVESTMENT ACTIVITIES		(736.653,17)	(2.442.771,15)
Payments for investments		(1.019.160,88)	(2.475.094,85)
Group and associated companies		(124.545,55)	(1.289.227,83)
Intangible fixed assets	Note 5	(791.235,62)	(1.125.219,77)
Tangible fixed assets	Note 6	(103.379,71)	(59.494,73)
Other financial assets		-	(1.152,52)
Proceeds from disposals		282.507,71	32.323,70
Group companies and subsidiaries		3.073,84	-
Intangible fixed assets		-	32.323,70
Other financial assets		279.433,87	-
CASH FLOW FROM FINANCING ACTIVITIES		(293.016,33)	(2.047.883,13)
Receipts and payments for equity instruments		(118.300,35)	(328.000,74)
Disposals (Acquisitions) of own equity instruments		(118.300,35)	(328.000,74)
Collections and payments for financial liability instruments		(174.715,98)	(1.476.875,40)
Issuing:		2.102.925,46	1.100.000,00
Amounts owed to credit institutions		2.102.925,46	1.100.000,00
Repayment and amortization of:		(2.277.641,44)	(2.576.875,40)
Amounts owed to credit institutions		(2.123.150,21)	(1.229.121,44)
Others		(154.491,23)	(1.347.753,96)
Payments for dividends and remuneration of other equity instruments		-	(243.006,99)
Dividends		-	(243.006,99)
NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS		(255.226,41)	(3.272.356,39)
Cash or cash equivalents at start of financial year	Note 8.1	583.226,60	3.855.582,99
Cash or cash equivalents at end of financial year	Note 8.1	328.000,19	583.226,60

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2023

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

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

e) Consolidated Annual Accounts

As indicated more extensively in Note 9, the Company holds majority interests in various companies. Therefore, in accordance with Royal Decree 1159/2010 of 17th September, Royal Decree 602/2016 of 2nd December and Royal Decree 1/2021 of 12th January, it is required to prepare and present Consolidated Annual Accounts, although this obligation does not exempt it from preparing and presenting Individual Annual Accounts. The attached Annual Accounts correspond exclusively to Lleidanetworks Serveis Telemàtics, S.L.

d) Effect of the conflict in Ukrania

Since February 2022, a conflict has arisen in Europe between the nations of Russia and Ukraine. In this sense, the possible effects on the economy in general and on society in particular that this conflict may have should 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, which has had an impact on the company's figures of an increase of 45 thousand euros on the expenses for the year 2022. However, the company has implemented corrective measures in the year 2023 that have allowed to reduce the amount by 37 thousand euros. Additionally, although the Board of Directors does not consider that there is a risk of discontinuity in its activity at the close of December 31, 2023, it is necessary to constantly monitor the evolution of these events and their economic effects in the assessment of future estimates, whose effects would be recorded prospectively.

NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS**a) True and Fair View and applicable financial information regulatory framework.**

The Annual Accounts for the financial year 2023 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, estimates made by the Board of Directors of the Company have been used to assess some of the assets, liabilities, revenues, and expenses recorded in them. The estimates and criteria refer to:

- Evaluation of the going concern entity:
- o The Company, as of December 31, 2023, has a negative working capital of 2.57 million euros and a debt representing approximately 80% of its liabilities. To reverse this situation, in 2023 the Company undertook an intensive cost reduction policy that included:
 - Reduction of personnel expenses. In December 2023, the Company implemented an employment regulation file, leading to the reduction of 17 positions.
 - Reduction of external service costs by eliminating physical offices, foreign advisors, exhibitions, commercial travel, internal events.
 - Enhancement of standard product marketing for the year 2024, with lower development costs and higher margins.
 - Focus on international expansion territories, with a concentration in countries where we already have recurring business, specifically Spain, Europe, Colombia, Dominican Republic, and Peru.

The estimation of cost reduction on a consolidated level resulting from all cost adjustments was communicated through a press release, amounting to 1,380 thousand euros annually.

The company's Business Plan, considering all these reductions, is aimed at achieving a positive EBITDA. At the beginning of 2024, we published through a press release significant contracts that were not foreseen in the 2024 sales budgets, such as the awarding of contracts by Santander Global Technology & Operations S.L for an annual amount per year of 650 thousand euros for 3 years.

Additionally, on a financial level, the company has implemented the following measures:

- Renewal of short-term credit lines with banking entities. To date, the company has renewed 4 of the short positions that were expiring before the preparation of the annual accounts. Work is being done to renew the positions expiring in subsequent months.
- Request for loans from public entities for the financing of R&D projects being undertaken for the development of new products.

Furthermore, within the current liabilities, there is a debt of 378 thousand euros with former partners, which will be paid in the form of own shares that the Company has already acquired, reflected in the Company's equity.

At the end of the current fiscal year, the Company has incurred significant losses amounting to 2.7 million euros, due to a decrease in activity, as well as to impairment provision of investments in group companies, amounting to 1.5 million euros. This fact, together with the existence of a negative working capital, could indicate uncertainty regarding the application of the accounting principle of a going concern and, consequently, about the Company's ability to realize its assets, and settle its liabilities, in the amounts shown on the attached balance sheet. However, as described in this same note, the Company has implemented an intensive cost reduction policy in the 2023 fiscal year, which will have its full effect in 2024, and has additionally obtained new contracts compared to the previous year, which make it hopeful for a revenue recovery. As a result, the directors of the Company have prepared these Annual Accounts on a going concern basis, considering that the fulfilment of the business plan, as well as obtaining new financing, will allow the Company to face any cash flow tensions that may arise during the year 2024.

- Possible impairment of assets: investments, loans, and balances with group companies (Note 4.d):
 - o As of December 31, 2023, the Company maintains significant receivables and equity instruments with Group companies (Note 19.1), whose recovery will be linked to the residual value of the cash flow estimate. Based on the budgets set by Management, the Board of Directors of the Company estimates that the recovery of all receivables with Group companies listed on the Company's balance sheet will occur.
- Reasonableness of the activation and recoverability of research projects.
- Patent evaluation
- Recoverability of assets through deferred tax

In addition to the matters mentioned above, there are uncertainties and aspects about the future that may carry significant risks that could lead to significant changes in the value of assets and liabilities in the following fiscal year:

- Slower growth than planned in the Business Plan: slower maturation in some countries.
- Foreign exchange risk, although the Company has a natural hedge with revenues and costs in foreign subsidiaries denominated in the same currency.
- Highly fragmented and competitive market at the local level.

Although these estimates have been made based on the best available information at the end of the 2023 financial year, future events may require them to be modified (upward or downward) in the coming years, which would be done prospectively, recognizing the effects of the change in estimation in the corresponding income statement 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 2023, 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 2023 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.

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 2023 and 2022, drawn up by the Board of Directors are shown below, in Euros:

	2023	2022
Distribution base:		
Profits obtained/ (Generated losses) in the financial year	(2.748.268,36)	(222.921,22)
Distribution to:		
Compensation of previous years losses	(2.748.268,36)	(222.921,22)
Distribution of dividends		-

There are no limitations on the distribution of dividends in the Company's bylaws.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Annual Accounts for the 2023 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 account.

Research Costs

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

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

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

Computer Applications

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

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

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

Industrial Property

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

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

b) Tangible Fixed Assets

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

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

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

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

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

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

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

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

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

c) Leases and Other Transactions of a Similar Nature

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

d) Financial Instruments

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

A financial asset is any asset that is: cash, an equity instrument of another company, or involves a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties on potentially favourable 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) Nontrade debts: Financial liabilities which, not being derivative instruments, have no commercial origins, but arise from loans or credit operations received by the Company.

Initial assessment

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

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

Subsequent assessment

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

Impairment of financial assets at amortized cost

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

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

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

Financial assets at cost

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

Initial valuation

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

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

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

Subsequent valuation

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

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

Impairment

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

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

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the 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.

Financial assets at fair value through equity

A financial asset is included in this category when the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount, and it is not held for trading or classified as financial assets at amortized cost.

For equity instruments that are not held for trading, or should not be measured at cost, the Company may make an irrevocable election at initial recognition to present the subsequent changes in fair value directly in equity.

Initial valuation

Financial assets included in this category are initially valued at their fair value, which, unless evidence to the contrary exists, is the transaction price, equivalent to the fair value of the consideration transferred, plus directly attributable transaction costs. The initial valuation also includes the amount of any preferential subscription rights and similar rights that may have been acquired.

Posterior valuation

Financial assets included in this category are valued at their fair value, without deducting transaction costs that may be incurred in their sale. Changes in fair value are recognized directly in equity, until the financial asset is derecognized from the balance sheet or impaired, at which point the amount recognized is charged to the income statement.

However, impairment value adjustments and gains and losses resulting from exchange rate differences in foreign currency monetary financial assets are recorded in the income statement.

The amount of interest, calculated using the effective interest rate method, and accrued dividends are also recorded in the income statement. When it is necessary to assign a value to these assets due to derecognition from the balance sheet or for other reasons, the weighted average method by homogeneous groups is applied.

Impairment of value

At least at the end of the financial year, necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset, or a group of financial assets included in this category with similar risk characteristics collectively valued, has deteriorated as a result of one or more events that have occurred after its initial recognition, and that cause:

- a) In the case of acquired debt instruments, a reduction or delay in estimated future cash flows, which may be caused by the debtor's insolvency; or
- b) In the case of investments in equity instruments, the lack of recoverability of the carrying amount of the asset, evidenced, for example, by a prolonged or significant decline in its fair value.

The impairment adjustment for the value deterioration of these financial assets is the difference between their cost or amortized cost less, if applicable, any impairment adjustment previously recognized in the income statement, and the fair value at the time of valuation.

Accumulated losses recognized in equity due to decrease in fair value, whenever there is objective evidence of impairment in the value of the asset, are recognized in the income statement.

If the fair value increases in subsequent years, the impairment adjustment recognized in previous years reverses with credit to the income statement for the year. However, in the event that the fair value of an equity instrument increases, the impairment adjustment recognized in previous years will not reverse with credit to the income statement and the increase in fair value is recorded directly against equity.

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 provisioned.

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 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.

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 delivered

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 fulfils a committed obligation through the transfer of a good or the rendering of a service; fulfilment 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 corresponding month.

Fulfilment of the obligation at a given time

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

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

Valuation

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

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

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

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

h) Provisions and Contingencies

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

i) Grants, Donations and Legacies

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

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

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

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

j) Related-Party Transactions

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

k) Cash-Flow Statements

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

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

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

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

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

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

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in intangible fixed assets throughout the financial year 2023 are as follows:

	31/12/2022	Additions	De-Recognition	Transfers	31/12/2023
Cost:					
Research	13.187.257,56	554.672,85	-	-	13.741.930,41
Industrial Property	1.159.207,97		-	161.785,86	1.320.993,83
Computer applications	544.009,63	44.212,83	-	-	588.222,46
Advances for intangible fixed assets	554.801,82	192.349,94	-	(161.785,86)	585.365,90
	15.445.276,98	791.235,62	-	-	16.236.512,60
Accumulated amortization:					
Research	(10.870.120,40)	(813.479,41)	-	-	(11.683.599,81)
Industrial Property	(475.182,52)	(87.899,68)	-	-	(563.082,20)
Computer applications	(342.268,54)	(113.567,76)	-	-	(455.836,40)
	(11.687.571,46)	(1.014.946,95)	-	-	(12.702.518,41)
Intangible Fixed Assets, Net	3.757.705,52	(223.711,33)	-	-	3.533.994,19

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. The amount of work carried out by the company for its intangible assets amounted to 554 thousand in the current fiscal year (817 thousand in the previous year).

During the current fiscal year, the Company has conducted a valuation of some of its patents, which has not resulted in impairment at the close of the year.

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

	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	341.188,03	177.766,70	-	25.054,90	544.009,63
Advances for 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

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, 2023 and at December 31, 2022, is the following, stating their cost values in Euros:

	31/12/2023	31/12/2022
Research	10.087.649,66	9.263.012,85
Patents	196.149,07	108.806,51
Computer applications	400.477,89	221.657,91
	10.684.276,62	9.593.477,27

NOTE 6. TANGIBLE FIXED ASSETS

The breakdown of tangible fixed assets as of December 31, 2023 is as follows, in Euros:

	31/12/2022	Additions	Transfers	31/12/2023
Cost:				
Land and buildings	203.095,54	-	-	203.095,54
Technical installations and machinery	252.969,45	-	-	252.969,45
Other installations, tools and furniture	106.118,89	-	-	106.118,89
Data processing equipment	1.127.573,97	37.260,24	(576,86)	1.164.257,35
Transportation Assets	-	66.119,47	-	66.119,47
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets	57.380,60	-	-	57.380,60
	1.752.074,24	103.379,71	(576,86)	1.854.877,09
Accumulated amortization:				
Land and buildings	(54.517,83)	(5.137,30)	-	(59.655,13)
Technical installations and machinery	(251.031,83)	(1.907,21)	-	(252.939,04)
Transportation Assets	-	(4.618,17)	-	(4.618,17)
Other installations, tools and furniture	(85.012,17)	(2.927,12)	-	(87.939,29)
Data processing equipment	(854.873,71)	(116.190,18)	-	(971.063,89)
Other tangible fixed assets	(4.602,80)	(308,05)	-	(4.910,85)
	(1.250.038,34)	(131.088,03)	-	(1.381.126,37)
Tangible Fixed Assets, Net	502.035,90	(27.708,32)	(576,86)	473.750,72

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:				
Land and buildings	197.185,74	5.909,80	-	203.095,54
Technical installations and machinery	252.969,45	-	-	252.969,45
Other installations, tools and furniture	106.118,89	-	-	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	-	-	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)	-	(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)
Tangible Fixed Assets, Net	597.599,79	(95.563,89)	-	502.035,90

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, 2023 and at December 31, 2022, is shown below stating their cost values in Euros:

	31/12/2023	31/12/2022
Technical installations and machinery	249.269,45	229.435,65
Furniture	69.471,28	66.370,09
Data processing equipment	683.688,15	662.312,78
Other fixed assets	3.087,87	3.087,87
	1.005.516,75	961.206,39

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, 2023.

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2023 is 158.396,34 euros (162.059,13 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:

	2023	2022
Up to 1 year	86.557,59	98.742,77
Between 1 and 5 years	44.368,02	49.297,80
More of 5 years	505.126,72	514.986,28
	636.052,33	663.026,85

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments		Credits and Others Financial Assets	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Loans and receivable items (Note 8.2)	-	-	1.240.942,26	1.390.835,82
Financial assets available for sale (Note 8.3)	10.197,40	10.197,40	-	-
Total	10.197,40	10.197,40	1.240.942,26	1.390.835,82

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

	Credits and Others Financial Assets	
	31/12/2023	31/12/2022
Assets at fair value through the profit and loss:		
Cash or other liquid assets (Note 8.1)	328.000,19	583.226,60
Loans and receivable items (Note 8.2)	4.058.484,32	4.682.739,92
Total	4.386.484,51	5.265.966,52

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, 2023 and 2022 is as follows, in euros:

	Balance at 31/12/2023	Balance at 31/12/2022
Short-term investments with high liquidity	170.556,13	-
Current Accounts	151.891,56	577.610,71
Cash	5.552,50	5.615,89
Total	328.000,19	583.226,60

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2023 and 2022 is the following:

	Balance at 31/12/2023		Balance at 31/12/2022	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers	-	2.424.901,12	-	2.552.808,19
Related party customers (Note 19.1)	-	702.232,04	-	1.058.099,68
Debtors	-	83.176,98	-	95.191,55
Total loans and receivables items for commercial transactions	-	3.210.310,14	-	3.706.099,42
Loans and receivables for non-commercial transactions				
Group Companies (Note 19.1)	1.206.148,62	485.801,18	1.356.042,18	163.278,11
Staff	-	-	-	989,39
Short-term deposits (*)	-	362.373,00	-	812.373,00
Securities and deposits	34.793,64	-	34.793,64	-
Total loans and receivables for non-commercial transactions	1.240.942,26	848.174,18	1.390.835,82	976.640,50
Total	1.240.942,26	4.058.484,32	1.390.835,82	4.682.739,92

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

The Company has signed in the current fiscal year a credit line with its subsidiary Lleidanet PKI, S.L.U for a total amount of 250 thousand euros, of which as of December 31, 2023 there is a balance of 126.861,82 thousand euros. Additionally, the Company signed in the 2022 fiscal year, two credits with the same subsidiary for amounts of 1 million euros and 450 thousand euros in January and December respectively. Both loans have a duration of 10 years and accrue market interest.

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

	Balance at 31/12/2022	Current year impairment	Reversal	Transfers	Balance at 31/12/2023
Receivables for commercial transactions:					
Clients	620.409,05	25.695,96	-	-	646.105,01
Clients group companies	945.858,15	-	(132.840,74)	(11.737,36)	801.280,05
Short-term credits	168.928,95	8.992,36	-	(16.518,55)	161.402,76
Total	1.735.196,15	34.688,32	(132.840,74)	(28.255,91)	1.608.787,82

The balances of receivables from non-trade operations from group companies include an impairment of 116.801,60 euros from the Group company Lleida Information Technology Network Services, an impairment of 26.289,43 euros from the Group company Lleidanet Chile SPA, an impairment of 1.397,44 euros from the company Lleidanet Costa Rica and a reversal impairment of customers of 132.809,42 euros from the company Lleidanetworks Serveis Telemàtics, LTD as of December 31, 2023.

The balances of trade debtors and other accounts receivable at the end of the previous financial year included impairments caused by insolvency risks, as detailed in the attached document.

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

The credit balances for non-commercial transactions with group companies included an impairment of €175,155.05 for the company Grupo Lleida Information Technology Network Services, an impairment of €17,920.68 for the company Grupo Lleidanet do Brasil Ltda., an impairment of €37,583.29 for the company Lleidanet Perú, and an impairment of €34.23 for the company Grupo Lleidanetworks Serveis Telemàtics, LTD as of December 31, 2022.

The detail of credits for commercial operations and their impairment at the end of fiscal year 2023, is shown below:

	Not overdue	Overdue, less than 90 days	Overdue, between 90 and 180 days	Overdue, more than 180 days	TOTAL
Credits for commercial transactions	2.559.320,30	66.416,31	157.397,40	1.848.048,56	4.631.182,57
Impaired balance	-	-	-	(1.420.872,43)	(1.420.872,43)
TOTAL	2.559.320,30	66.416,31	157.397,40	427.176,13	3.210.310,14

The detail of credits for commercial operations and their impairment at the end of fiscal year 2022, is shown below:

	Not overdue	Overdue, less than 90 days	Overdue, between 90 and 180 days	Overdue, more than 180 days	TOTAL
Credits for commercial transactions	3.074.208,58	42.424,74	307.449,08	1.827.232,40	5.251.314,80
Impaired balance	-	-	-	(1.545.215,38)	(1.545.215,38)
TOTAL	3.074.208,58	42.424,74	307.449,08	282.017,02	3.706.099,42

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, 2023, is as follows:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2023	Theoretical book value 31/12/2023
Group Companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	(4,00)	-	(397.367,00)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(533.926,91)
Lleidanet Honduras, SA	70%	659,05	-	659,05	-
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	4.736,80
Lleida SAS	100%	195.789,60	-	195.789,60	298.328,14
Lleida Chile SPA	100%	3.256,83	-	3.256,83	(17.750,69)
Lleidanet do Brasil Ltda.	99,99%	10.800,00	-	10.800,00	(41.448,50)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	3.022,92
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	19.694,14
Lleidanet Costa Rica	100%	16,06	(16,06)	-	(254,15)
Lleidanet Perú	100%	182.498,43	(182.498,43)	-	(73.819,95)
Lleida Information Technology Network Services	49%	34.141,19	-	34.141,19	(121.072,90)
Lleida.net PKI S.L.U	100%	7.100.000,00	(2.311.208,96)	4.788.791,04	1.205.969,36
Pending disbursements Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Pending disbursements Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
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)	-	(34.141,19)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
Total		7.926.744,82	(2.917.479,54)	5.009.265,28	346.111,26

The difference between the investment that is maintained in the company Lleida.net PKI S.L.U, 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 Lleida.net PKI, S.L.U, S.L. For this analysis, cash flows based on sales projections for the period 2024-2028 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 2028 for the corresponding analysis of possible impairment at 31 December 2023. Sales growth has been estimated at 13,2%, 20%, 17,5%, 15% and 13% 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 15,3% and a perpetual income of 2% was estimated. As a result of the foregoing, the Company's Board of Directors has considered impairing the holding in Lleida.net PKI, S.L.U. in the current year by 1.400 thousand euros 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 and Lleida.net PKI, S.L.U. In the current year the Company has impaired its shareholdings in Lleida.net Costa Rica for an amount of 16,06 euros and partially Lleida.net PKI S.L.U for an amount of 1,4 million euros.

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

Lleidatnetworks Serveis Telemàtics, LTD

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

Lleidanet USA Inc.

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems. On December 28, 2020, was approved an increase in capital of 14.000 new shares fully subscribed by Lleidatnetworks Serveis Telemàtics, S.A.

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 100 shares out of a total of 100 that were issued. Its main activity is based on the dissemination of telematics systems. On June 15, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidatnetworks Serveis Telemàtics, S.A. subscribed in full. On December 30, 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros subscribed in full by Lleidatnetworks Serveis Telemàtics, S.A.

Lleida Chile SPA

With its registered office in Santiago (Chile), it was incorporated on March 12, 2013, subscribing, Lleidatnetworks Serveis Telemàtics, SA, 200 shares out of a total of 200 that were issued. Its main activity is based on the provision, organization and commercialization of telecommunications services.

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013 subscribing, Lleidatnetworks Serveis Telemàtics, S.A., 12.500 shares out of a total of 50.000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging.

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Portabilidades Españolas, S.L.U.

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

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires D. Francisco José Sapena Soler 100% of this Company for 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 Africa by subscribing 100% of the shares of this company. The company was closed on October, 19th of 2023 with an impact in the Profit and Losses account of 2.337,86 euros.

LLEIDANET PKI S.L.U

On November 31, 2021, the Company acquired 100% of the shares of Lleida.net PKI, S.L.U with registered offices at Calle Traginers 14 – 2ºB, Valencia, for a cost of 7.100.000,00 euros, of which 5.403.483,95 euros have been paid as of today, the remaining amount being deferred (see note 10.1.2).

The summary of the equity of the investees at 31 December 2023 is as follows, in euros:

Entity	Share Capital	Reserves	Retained earnings	Profit of the year	Currency translation adjustments	Total Equity
Group Companies:						
Lleidanetworks Serveis Telemàtics, LTD	4,00	-	(412.209,00)	14.838,00	-	(397.367,00)
Lleidanet USA Inc	397.591,09	(983.284,16)	-	9.764,62	42.001,54	(533.926,91)
Lleidanet Honduras, S.A. (**)	29.714,98	(37.418,65)	-	10.000,98	2.440,44	4.737,75
Lleida SAS	112.969,26	219.627,71	-	(6.848,96)	(27.418,87)	298.329,14
Lleida Chile SPA (**)	-	-	(13.805,07)	(4.551,64)	606,02	(17.750,69)
Lleidanet do Brasil Ltda.	10.801,08	-	(51.964,90)	945,91	(1.234,73)	(41.452,64)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	(263,84)	3.778,66
Portabilidades Españolas, S.L.U.	13.000,00	6.739,14	(1.307,16)	1.262,16	-	19.696,14
Lleidanet Costa Rica (**)	16,06	-	(206,86)	(28,48)	(34,87)	(254,15)
Lleidanet Perú	182.498,43	-	(137.552,63)	(124.537,31)	5.771,56	(73.819,95)
Lleida Information Technology Network Services	-	-	(176.699,76)	(83.549,55)	13.161,75	(247.087,56)
Lleida.net PKI, S.L.U.	200.000,00	2.295.102,19	(671.151,85)	(682.833,02)	34.435,01	1.175.552,33
Affiliated companies:						
Lleida Networks India Private Limited (*)	26.300,00	55.125,29	-	-	-	81.425,29

Figures at March 31, 2018

(**) Without activity in the year 2023

(*)

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

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2022	Theoretical book value 31/12/2022
Group Companies:					
Lleidatnetworks 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	-	3.256,83	(14.458,07)
Lleidanet do Brasil Ltda.	100%	10.800,00	-	10.800,00	(39.979,50)
Lleidanet Guatemala	99,99%	3.234,00	-	3.234,00	2.814,05
Portabilidades Españolas, S.L.U.	80%	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)
Lleidanet PKI, 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)	-	(659,05)	-
Pending disbursements Lleidanet Dominicana, SRL		(10.127,97)	-	(10.127,97)	-
Pending disbursements Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Pending disbursements Lleida Information Technology Network Services		(34.141,19)	-	(34.141,19)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	-
Total		7.926.749,84	(1.517.459,48)	6.409.290,36	1.071.591,64

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

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

Entity	Share Capital	Reserves	Retained earnings	Profit of the year	Currency translation adjustments	Total Equity
Group Companies:						
Lleidanetworks Serveis Telemàtics, LTD	4,00	-	(435.023,94)	22.814,50	-	(412.205,44)
Lleidanet USA Inc	397.591,09	-	(994.006,52)	10.722,36	84.425,45	(501.267,62)
Lleidanet Honduras, S.A. (**)	29.714,98	-	(38.487,96)	1.069,31	2.446,88	(5.256,79)
Lleidanet Dominicana, S.R.L.	112.969,26	204.441,96	-	15.185,75	(80.625,40)	251.971,57
Lleida SAS	-	-	(8.113,90)	(5.691,17)	(653,00)	(14.458,07)
Lleida Chile SPA (**)	10.801,08	-	(51.964,90)	(1.685,31)	2.869,63	(39.979,50)
Lleidanet do Brasil Ltda.	4.042,50	-	-	-	(524,94)	3.517,56
Lleidanet Guatemala, S.A. (**)	13.000,00	6.739,14	-	-	-	19.739,14
Portabilidades Españolas, S.L.U.	16,06	-	(192,62)	(14,24)	(58,68)	(249,49)
Lleidanet Costa Rica (**)	182.498,43	-	(139.703,96)	2.151,33	3.279,61	48.225,41
Lleidanet Perú	-	-	(74.803,17)	(101.896,59)	(5.976,14)	(182.675,90)
Lleida Information Technology Network Services	5,02	-	(131,86)	(832,95)	47,99	(911,80)
Lleidanet South Africa (**)	200.000,00	2.295.102,19	-	(670.876,68)	(11.545,19)	1.812.680,32
Lleida.net PKI S.L.U	-	-	-	-	-	-
Affiliated companies:						
Lleida Networks India Private Limited (*)	26.300,00	83.415,22	-	(28.289,93)	-	81.425,29

(*) Figures at March 31, 2018

(**) Without activity in the year 2022

NOTE 10. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Debits and payable items (Note 10.1)	4.070.917,70	5.329.534,83	989.522,83	1.007.277,00	5.060.440,53	6.336.811,83

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Debits and payable items (Note 10.1)	3.556.264,12	2.317.872,14	3.289.235,45	3.388.641,30	6.845.499,97	5.706.513,44

10.1) Debits and Payable Items

The breakdown as of December 31, 2023 and at December 31, 2022 is as follows, in euros:

	Balance as of 31/12/2023		Balance as of 31/12/2022	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.831.102,19	-	1.897.755,08
Suppliers (Related parties) (Note 19.1)	-	238.463,03	-	254.248,46
Creditors	-	230.609,10	-	229.548,49
Advances from costumers	-	273.788,13	-	156.334,20
Total balances for commercial transactions	-	2.574.171,65	-	2.537.886,23
For non-commercial operations:				
Debts with credit institutions	4.070.917,70	3.556.264,52	5.329.534,83	2.317.872,14
Personnel (outstanding salaries)	-	1.229,00	-	183,21
Other debts (Note 10.1.12)	989.522,83	713.834,80	1.007.277,00	850.571,86
Debits and payable items	5.060.440,53	4.271.328,32	6.336.811,83	3.168.627,21
Total balances for non-commercial operations	5.060.440,53	4.271.328,32	6.336.811,83	3.168.627,21
Total debts and payable items	5.060.440,53	6.845.499,97	6.336.811,83	5.706.513,44

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2023 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Loans	1.722.247,30	4.070,9 17,70	5.793,1 65,00 1.684,7
Credit lines	1.684.719,91	-	19,91 149.297
Advance invoices	149.297,31	-	,31
	3.556.264,52	4.070,91 7,70	7.627.182,22

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

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

Loans

The detail of the bank loans as of December 31, 2023, expressed in Euros, is the following:

Loans	Last Maturity	Initial Amount	Pending at closing
Loan 24 (*)	10/15/2025	78.375,60	23.771,60
Loan 41	03/29/2024	250.000,00	13.086,82
Loan 42	04/12/2024	400.000,00	27.768,64
Loan 43	05/03/2024	300.000,00	26.100,64
Loan 44	06/04/2024	250.000,00	26.138,41
Loan 45	04/30/2025	400.000,00	136.006,99
Loan 46	04/22/2025	400.000,00	136.185,67
Loan 47	04/08/2025	400.000,00	136.275,27
Loan 48	03/31/2026	500.000,00	227.320,71
Loan 49	07/09/2028	1.200.000,00	790.924,37
Loan 50	07/31/2028	3.200.000,00	2.114.167,81
Loan 51	10/09/2027	1.250.000,00	809.810,19
Loan 52	02/01/2028	400.000,00	280.439,20
Loan 53	09/18/2029	700.000,00	587.580,81
Loan 54	05/02/2028	330.000,00	295.413,56
Loan 55	02/14/2024	260.000,00	162.174,31
		10.318.375,60	5.793.165,00

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

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

Credit Lines

As of December 31, 2023, the Group has credit policies granted with a total limit amounting to 1.815.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 1.684.719,91 euros (544.946,68 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2023, the Company has discount policies granted with a total limit amounting to 700.000 euros (500.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 149.297,31 euros (0,00 euros at the end of the previous year).

10.1.2) Other Financial Liabilities

Deferred payment for the acquisition of Lleida.net PKI, S.L.U

On 30 November 2022 the Company acquired 100% of the shares of Lleida.net PKI, S.L.U. 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 2023, there are pending payments amounting to 1.695 thousand euros, of which 486 thousand euros have been included with a due date of 2028. Within the purchase contract with the sellers, the Company included the option of payment retentions for incidents that could be identified once the purchase was formalized.

Due to incidents identified in previous financial statements, the Company has notified and withheld payments from the buyers for an amount of 486 thousand euros. The Company believes it has substantial grounds for not paying these amounts. However, as a precautionary measure, it has decided to keep them on the balance sheet and will reverse these amounts when it has sufficient evidence that there are no future adjustments.

On January 5th 2024, the Company will proceed to pay 209 thousand euros of the payment corresponding to November 30th, 2023, through the delivery of company shares

Other debts

The heading of other debts for this fiscal year 2023, the company does not maintain any further debt. However, in the fiscal year 2022, there was a loan with the Catalanian Institute of Finance (ICF). The breakdown of these debts at the end of the fiscal year 2022 is as follows, in euros:

The detail at the close of fiscal year 2022 was 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

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

The breakdown of the maturity dates of the liability financial instruments as of December 31, 2023 is the following, in Euros:

	Vencimiento años					Total
	2024	2025	2026	2027	2028	
Financial debts:						
Debts with credit institutions	3.556.264,52	1.287.252,00	1.108.580,03	1.062.414,77	524.022,80	88.648,10
	3.556.264,52	1.287.252,00	1.108.580,03	1.062.414,77	524.022,80	88.648,10
Other financial liabilities:						
Other debts	713.834,80	503.638,50	-	-	485.884,33	-
Deferred payment acquisition Indenova, S.L.	7.831,58	-	-	-	-	7.831,58
	706.003,22	503.638,50	-	-	485.884,33	-
Commercial creditors and other payable items:						
Suppliers	2.575.400,65	-	-	-	-	-
Suppliers (related parties)	1.831.102,39	-	-	-	-	-
Sundry creditors	238.463,03	-	-	-	-	238.463,03
Advances from costumers	230.818,10	-	-	-	-	230.818,10
Personnel (remunerations pending payment)	273.788,13	-	-	-	-	273.788,13
	1.229,00	-	-	-	-	1.229,00
Total	6.845.499,97	1.790.890,50	1.108.580,03	1.062.414,77	1.009.907,13	88.648,10
						11.905.940,50

The breakdown of the maturity dates of the liability financial instruments at the close of 2022 is the following, in Euros:

	Maturity years					Total
	2023	2024	2025	2026	2027	
Financial debts:						
Debts with credit institutions	2.317.872,14 2.317.872,14	1.502.990,87 1.502.990,87	1.222.812,65 1.222.812,65	1.041.214,65 1.041.214,65	990.851,50 990.851,50	7.647.406,97 7.647.406,97
Other financial liabilities:						
Other debts	850.571,86 35.423,31	503.638,50 -	503.638,50 -	- -	- -	1.857.848,86 35.423,31
Deferred payment acquisition Indenova, S.L.	815.148,55	503.638,50	503.638,50	-	-	1.822.425,55
Commercial creditors and other payable items:						
Suppliers	2.538.069,44 1.897.755,08	- -	- -	- -	- -	2.538.069,44 1.897.755,08
Suppliers (related parties)	254.248,46	-	-	-	-	254.248,46
Sundry creditors	229.548,49	-	-	-	-	229.548,49
Advances from costumers	156.334,20	-	-	-	-	156.334,20
Personnel (remunerations pending payment)	183,21	-	-	-	-	183,21
Total	5.706.513,44	2.006.629,37	1.726.451,15	1.041.214,65	990.851,50	12.043.325,27
						571.665,16

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 488.000 euros, (400.000 euros in 2022) a customary instrument when signing an interconnection agreement.

The Company does not have any guarantees for loans.

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

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

	Payments Made and Outstanding at the Balance Sheet Date	
	Financial Year 2023 Days	Financial Year 2022 Days
Average payment period	35,95	29,68
Paid operations ratio	37,46	29,99
Outstanding payments operations ratio	29,72	28,05

	Financial Year 2023 Euros	Financial Year 2022 Euros
Total payments paid	9.514.230,81	12.529.440,21
Total outstanding payments	2.300.174,52	2.381.552,03

	Financial Year 2023 Euros	Financial Year 2022 Euros
Monetary Volume Paid	4.879.900,65	7.319.503,23
% of total payments made	47,98%	58,41%
Number of invoices	2.368	3.011
% of total invoices	60,27%	69,10%

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, 2023, and December 31, 2022, 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, 2023 as well as of December 31, 2022, 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:

	31/12/2023	31/12/2022
Legal Reserve	64.199,77	64.199,77
Voluntary Reserves	2.564.603,88	2.966.327,13
	2.628.803,65	3.030.526,90

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, 2023 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 2022, 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.

As of December 31, 2023, the Parent Company holds own shares for an amount of 1.448.058,19 euros (1.731.481,07 euros at the end of the previous year) at an average cost price of euros 2.75 per share (3,93 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 402 thousand euros, which is explained by the decrease in the share price during 2023.

At the end of the financial year, the Company owned 526,398 treasury shares with a unit nominal value of 0.02 euros per share. During the year 2023, the Company acquired 1,127,067 shares for a value of 1,738,382.87 euros and sold 1,034,026 shares for a value of 1,608,955.45 euros in the markets where it is listed. The purpose of the treasury shares is to provide liquidity through contracts with liquidity providers, as well as to meet deferred payments for the purchase of Lleida.net PKI, S.L.U in shares.

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2023, totaled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	CLP	GBP
CURRENT ASSETS				
Trade debtors and other accounts	38.571,00	38.596,43	-	1.375,57
CURRENT LIABILITIES				
Trade creditors and other payable accounts	2.860,71	302,28	1.096.136,00	557,94

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

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

The most significant transactions carried out during the financial year 2023 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	MXN	ZAR	PLN	JPY	AED	CAD	AUD
Purchases and services received	1.047.270,33	924.129,60	65.359,46	8.030,47	17.873,42	14,34	17.780,60	11.037,79	1.004,15	781,21	1.259,03
Sales and services given	134.791,24	143.050,76	1.375,57	-	4.004,96						

The most significant transactions carried out during the financial year 2022 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	MXN	ZAR	PLN	JPY	AED	PEN
Purchases and services received	1.353.322,58	1.326.770,66	34.416,78	9.144.292,00	860.692,00	320.328,68	9.234,50	37.191,18	471.300,00	46.130,00	33.814,62
Sales and services given	425.114,93	442.295,30	57,39	-	-	2.792,00	-	-	-	-	-

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2023 and 2022 in Euros:

	31/12/2023		31/12/2022	
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	520.309,48	-	403.221,32	-
Total Non Current	520.309,48	-	403.221,32	-
Current:				
Value Added Tax	-	173.344,52	3.257,82	83.745,59
Grants to be paid (*)	1.089,00	-	1.089,00	-
Income Tax retentions	-	86.585,48	-	68.311,37
Social Security bodies	40.007,92	-	39.867,49	-
Income tax	3.470,00	101.895,36	12.080,90	87.860,96
Total Current	44.566,92	361.825,36	56.295,21	239.917,92

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, 2023, the Company has all the taxes to which it is subject from 2019 to 2023 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 2023 with the tax base of the profit tax is:

Profit and Loss Account			
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Financial year's earnings (After taxes)			(2.748.268,36)
Profit Tax	-	(104.399,12)	(104.399,12)
Permanent differences	1.738.964,65	(132.840,74)	1.606.123,91
Taxable income (tax result)	1.738.964,65	(237.239,86)	(1.246.543,57)

Permanent differences mainly correspond to impairments of investments and loans held with group companies.

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

Profit and Loss Account			
Financial year's earnings (After taxes)			(222.921,22)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
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

Permanent differences mainly correspond to impairments of investments and loans held with group companies.

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

	2023	2022
Charge at 25 % of Taxable Income	-	213.780,27
Deductions	-	(123.790,20)
Net tax payable	-	89.990,06
Less: withholdings and payments	(140,43)	(129.857,55)
Tax payable	(140,43)	(39.867,49)

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

	2023	2022
Current tax	-	89.990,06
Deferred tax	(104.399,12)	(146.582,99)
Total	(104.399,12)	(56.592,93)

The movement of deferred taxes generated and cancelled during financial year 2023 is detailed below in euros:

	Balance at 31/12/2022	Generated	Balance at 31/12/2023
Deferred tax assets:			
Tax credits	403.221,32	117.088,16	520.309,48

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

	Balance at 31/12/2021	Generated	Balance at 31/12/2022
Deferred tax assets:			
Tax credits	256.638,33	146.582,99	403.221,32

Tax Loss Carry forwards

At the end of the 2023 fiscal year, the company has the following negative taxable bases pending to be offset 1.246.543,57 euros generated in fiscal year 2023

Deductions pending to apply

As of December 31, 2023, 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
2023	117.088,16
	2.671.399,02

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 2022 and 2023 as assets of the Company. The deadline for using the deductions is 15 immediate and subsequent years from their generation.

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:

Business Areas (figures in thousands of euros)	2023		2022	
	Euros	%	Euros	%
Notification	1.208	21,21%	1.946	10,91%
Contracts	2.898	8,84%	2.890	16,21%
Other SaaS	824	6,03%	1.002	5,62%
SMS Solutions	3.312	24,23%	3.639	20,41%
ICX Wholesale Solutions	5.423	39,68%	8.355	46,85%
Total	13.665	100,00%	17.832	100,00%

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

Geographic market description	2023		2022	
	Euros	%	Euros	%
National	8.332.353,45	60,97%	8.958.214,38	50,24%
European Union	3.532.282,28	25,85%	5.265.346,44	29,53%
Rest of the world	1.800.900,63	13,18%	3.607.950,22	20,23%
Total	13.665.536,36	100,00%	17.831.511,04	100,00%

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

	2023 Financial Year	2022 Financial Year
Type of contract		
Fixed price contracts (*)	8.174.908,62	16.245.107,90
Variable contracts (**)	5.490.627,74	1.586.403,14
Total	13.665.536,36	17.831.511,04

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

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

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

	2023 Financial Year	2022 Financial Year
Contract duration		
Short-term contracts	-	-
Long-term contracts	13.665.536,36	17.831.511,04
Total (*)	13.665.536,36	17.831.511,04

(*) 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:

	2023 Financial Year	2022 Financial Year
Sales channels		
Distributors or wholesalers	621.156,82	519.627,55
Retailers (*)	261.605,39	265.377,98
Sales channels	12.782.774,15	17.046.505,51
Total	13.665.536,36	17.831.511,04

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

There are invoices to be issued, mainly for interconnection customer consumption in December 2023, which are invoices issued in January 2024.

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:

	2023	2022
Consumption of merchandise		
National	3.210.338,39	3.389.341,92
Intracommunity acquisitions	2.915.685,33	4.731.320,77
Imports	1.056.734,20	1.762.652,65
	7.182.757,92	9.883.315,34

c) Social Security

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

	2023	2022
Social Security paid by the Company	3.500.163,10	892.921,38
Other social expenses	240.333,71	128.973,26
Employee welfare expenses	3.740.496,81	1.021.894,64

Additionally, in staff expenses, the several pay expenses that have been paid at the end of the fiscal year as a result of the labor force layoffs file carried out by the company are included. The breakdown of the wages and staff expense is as follows:

	2023	2022
Wages and salaries	3.500.165,10	3.196.831,74
Several Pay	240.333,71	-
	3.740.498,81	3.196.831,74

d) Financial Results

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

	2023	2022
Financial incomes		
Financial incomes from group companies	43.194,36	26.008,08
Other financial incomes	3.149,38	442,63
	46.344,04	26.450,71
Financial expenses		
Due to debts with group companies and associates	(1.909,03)	(683,38)
For debts with credit institutions	(138.640,90)	(82.233,23)
	(140.549,93)	(82.916,61)
Change in fair value of financial instruments	-	(769,53)
Exchange differences	7.259,31	(52.422,00)
Gains (losses) on disposals and other	(1.509.464,65)	(1.096.364,52)
Financial Result Positive / (Negative)	(1.596.411,23)	(1.206.021,95)

NOTE 17. LONG-TERM PROVISIONS

The Society has opened an administrative file that is in the initial phase, a provision of 200 thousand euros has been included which we consider will be sufficient to face the outcome once the corresponding resources are completed.

NOTE 18. 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 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, 2023 in Euros:

Outstanding balances with related parties in 2023	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	LLEIDA REP. ESPAÑOLAS	PORTABILI-DADES	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	LLEIDANET CHILE	INDENOVA	LLEIDANET EMIRATOS LLC	LLEIDANET SOUTH AFRICA	Total
NON CURRENT ASSETS	-	-	3.230,75	-	-	-	11.946,45	30.971,42	-	-	1.160.000,00	-	-	1.206.148,62
Long-term loans to group companies	-	-	3.230,75	-	-	-	11.946,45	30.971,42	-	-	1.160.000,00	-	-	1.206.148,62
Long-term loans to group companies	61,55	-	3.230,75	-	-	-	34.524,85	92.152,91	1.381,38	21.868,22	1.160.000,00	249.987,48	-	1.563.207,14
Impairment	(61,55)	-	-	-	-	-	(22.578,40)	(61.181,49)	(1.381,38)	(21.868,22)	-	(249.987,48)	-	(357.058,62)
CURRENT ASSETS	-	170.048,26	331.152,35	16.806,71	42.440,28	42.440,28	133.826,04	10.340,28	-	-	465.235,58	-	-	1.187.923,50
Trade receivables	-	170.048,26	331.152,35	16.807,21	42.440,28	42.440,28	131.524,87	10.340,28	-	-	-	-	-	702.312,75
Clients	368.961,97	573.182,07	331.152,35	45.910,76	42.440,28	42.440,28	131.524,87	10.340,29	-	-	-	-	-	1.503.512,08
Impairment	(368.961,97)	(403.133,81)	-	(29.103,55)	-	-	-	-	-	-	-	-	-	(801.199,33)
Short-term loans to group companies	-	-	-	-	-	-	6.958,29	13.416,88	-	-	465.235,58	-	-	485.610,75
Short-term loans to group companies	65.597,91	74.827,79	-	4.842,19	-	-	6.958,29	13.416,88	-	1.164,38	465.235,58	15.029,79	-	647.072,80
Impairment	(65.597,91)	(74.827,79)	-	(4.842,19)	-	-	-	-	-	(1.164,38)	-	(15.029,79)	-	(161.462,05)
CURRENT LIABILITIES	-	104.840,81	117.322,62	7.628,37	-	-	-	-	-	-	8.671,23	-	-	238.463,03
Trade payables	-	104.840,81	117.322,62	7.628,37	-	-	-	-	-	-	8.671,23	-	-	238.463,03
Suppliers	-	104.840,81	117.322,62	7.628,37	-	-	-	-	-	-	8.671,23	-	-	238.463,03

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

Outstanding balances with related parties in 2022	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABILLIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	LLEIDANET CHILE	LLEIDANET EMIRATOS LLC	LLEIDANET EMIRATOS FREE ZONE	LLEIDANET SOUTH AFRICA	Total
NON CURRENT ASSETS	-	-	-	-	-	16.604,17	-	1.381,38	12.054,88	1.305.000,00	20.048,25	953,50	1.356.042,18
Long-term loans to group companies	-	-	-	-	-	16.604,17	-	1.381,38	12.054,88	1.305.000,00	20.048,25	953,50	1.356.042,18
Long-term loans to group companies	34,23	-	-	-	-	34.524,85	37.583,29	1.381,38	12.054,88	1.305.000,00	195.203,30	953,50	1.586.735,43
Impairment	(34,23)	-	-	-	-	(17.920,68)	(37.583,29)	-	-	-	(175.155,05)	-	(230.693,25)
CURRENT ASSETS	-	332.710,80	519.739,77	26.238,10	46.020,55	86.116,94	48.372,44	-	479,19	161.700,00	-	-	1.221.377,79
Trade receivables	-	332.710,80	519.739,77	26.238,10	46.020,55	85.018,02	48.372,44	-	-	-	-	-	1.058.099,68
Clients	501.802,70	735.844,61	519.739,77	55.341,65	46.020,55	85.018,02	60.190,53	-	-	-	-	-	2.003.957,83
Impairment	(501.802,70)	(403.133,81)	-	(29.103,55)	-	-	(11.818,09)	-	-	-	-	-	(945.858,15)
Short-term loans to group companies	-	-	-	-	-	1.098,92	-	-	479,19	161.700,00	-	-	163.278,11
Short-term loans to group companies	65.597,92	74.827,79	-	4.842,18	-	5.756,64	11.801,53	-	479,19	161.700,00	7.201,81	-	332.207,06
Impairment	(65.597,92)	(74.827,79)	-	(4.842,18)	-	(4.657,72)	(11.801,53)	-	-	-	(7.201,81)	-	(168.928,95)
CURRENT LIABILITIES	2.029,12	145.211,37	-	11.897,98	175,20	-	42.245,97	-	-	52.688,82	-	-	254.248,46
Trade payables	2.029,12	145.211,37	-	11.897,98	175,20	-	42.245,97	-	-	52.688,82	-	-	254.248,46
Suppliers	2.029,12	145.211,37	-	11.897,98	175,20	-	42.245,97	-	-	52.688,82	-	-	254.248,46

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

The remuneration accrued during the financial year 2023 by the Board of Directors amounted to 99.000,00 euros (100.500 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 307.314,06 euros (284.955,68 euros in the previous year). The detail of this amount is as follows, in euros:

	2023	2022
Wages and salaries	278.572,62	274.274,29
Payment in kind	28.741,44	10.681,39
	307.314,06	284.955,68

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

As of December 31, 2023, 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 2023 and 2022, distributed by category, is as follows:

	2023	2022
Senior Executives	3	3
Administration	7,08	7
Commercial	15,52	15,75
Production	44,54	44
Maintenance	0,50	0,5
Reception	8,17	8
Business development	8,47	8,74
Compliance	5,94	5
Human Resources	3,5	3
Intellectual Property	1	1
TOTAL	97,73	95,99

The number of employees at the end of the fiscal years 2023 and 2022, broken down by category and sex, is as follows:

	2023				2022			
	Men	Women	Total	Disability greater than or equal to 33%	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives Administration	1	2	3	-	1	2	3	-
Commercial	2	4	6	1	3	4	7	1
Production	4	8	12	1	6	10	16	1
Maintenance	33	7	40	-	38	7	45	-
Reception	-	1	1	-	-	1	1	-
Business development	1	6	7	-	1	7	8	-
Compliance	2	4	6	-	4	7	11	-
Human Resources	-	4	4	-	-	5	5	-
Intellectual Property	-	2	2	-	-	3	3	-
	1	-	1	-	1	-	1	-
TOTAL	44	38	82	2	54	46	100	2

The breakdown of the audit fees for the financial years 2023 and 2022 is as follows:

	2023	2022
Fees of the audit accountant for providing audit services (individual and consolidated)	32.475	31.000
Fees of the auditor for the provision of audit services (other companies of the group)	11.965	11.450
Fees of the accountant for other related services (*)	25.700	24.500
Total	70.140	66.950

(*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the consolidated interim financial statements as of June 30, 2023 and June 30, 2022.

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 (31.363,50 in the previous year).

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events from December 31, 2023 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.

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.
DIRECTOR'S REPORT FOR FINANCIAL YEAR 2023

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2023

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 2023.

1. EVOLUTION OF BUSINESS

In the 2023 financial year, sales have decreased by 23%, reaching 13,7 million euros.

Sales by business line thousand euros	2022	2023	Var. Euros	Var. %
Notification	1.946	1.208	-738	-38%
Contracts	2.890	2.899	8	0%
Other SaaS	1.002	824	-178	-18%
SMS Solutions	3.639	3.312	-327	-9%
ICX WHOLESALE Solutions	8.355	5.423	-2.932	-35%
Total	17.832	13.665	-4.167	-23%

Wholesale sales have experienced a 35% decline, stemming from the mature market's downturn. In this context, the destination price to which SMS messages are sent directly impacts sales. During this period, we observed both a decrease in transit units and a reduction in destination prices.

Similarly, the second line of business also faced a decline in 2023. This decrease was primarily due to the termination of services to Colombian client Correos Postales Nacionales, 472, resulting from unpaid invoices. This termination directly affected the intragroup billing to the Colombian subsidiary.

On the other hand, the contracting segment remained relatively stable compared to the previous year.

The sales margin stands at 47.4%, compared to 44.5% in 2022, driven by the increased share of SaaS sales in the overall sales volume.

The recurring personnel expenses during the year 2023 have increased by 9%. Within the personnel expenses, we have broken down the indemnities derived from the corresponding ERE exits as exceptional expenses, amounting to 240 thousand euros. Due to the workforce adjustments made in the offices of Lleida and Madrid, the company will return to a cost structure in 2024 that will allow it to return to profitability.

During fiscal year 2023, the company made cost adjustments, as evidenced by the evolution of external service costs, resulting in a decrease of 455 thousand euros. They eliminated expenses related to office rentals abroad, cut advisory costs, significantly reduced in-person trade fairs, and limited business travel. Additionally, they implemented rigorous cost control measures and renegotiated contracts with all suppliers. These cost-cutting measures continue into fiscal year 2024, always with the goal of maximizing profitability in all activities.

Despite the 23% decline in sales, the EBITDA has remained positive at 227 thousand euros. Within the extraordinary results, we have included provisions for possible sanctions amounting to 200 thousand euros, as well as the corresponding amount for severance payments due to the employment regulation procedure, which totals 240 thousand euros. The operating result is negative at 1.256 thousand euros, a situation the company expects to reverse in 2024 due to the cost-cutting measures it has implemented.

The pre-tax result shows a loss of 2,9 million euros, reflecting an increase in financial expenses due to rising interest rates on short-term policies referenced to the Euribor, as well as greater utilization of these policies.

Regarding disposals and impairments, this includes the reversal of provisions for balances held in the Irish subsidiary, which has been collected by the parent company, and provisions for positions in group companies made prudently. Specifically, the most significant item is the provision for the investment in Lleida.net PKI, S.L.U for 1.4 million euros as we have explained in the notes to the financial statements.

In 2023, the company focused on aligning costs with current business figures while maintaining innovation and introducing new products to the market. The current cost situation, along with sales projections, sets budgetary objectives for 2024, where we expect to return to profitability and reduce our financial debt.

Data in thousand euros	2022	2023	Var. Euros	Var. %
Sales	17.832	13.666	(4.167)	-23%
Cost of sales	(9.883)	(7.183)	(2.700)	-27%
Gross Profit	7.949	6.482	(1.467)	-18%
Staff Expenses	(4.219)	(4.586)	367	9%
Other expenses	(2.753)	(2.297)	(456)	-17%
Other incomes	241	73	(168)	-70%
Capitalization	818	555	(263)	-32%
EBITDA	2.036	227	(1.809)	-89%
Depreciation	(1.107)	(1.146)	39	4%
Impairment losses	(2)	103	105	5250%
Other results	0	(200)	200	-
Indemnities		(240)	240	-
Operating Result	927	(1.256)	(2.183)	-235%
Financial income	(59)	(95)	36	61%
Impairment and results on disposals	(1.096)	(1.509)	413	38%
Exchange rate differences	(52)	7	59	113%
Profit before tax	(280)	(2.853)	(2.573)	-919%

2. SUBSEQUENT EVENTS

After December 31, 2023, and until the preparation date of this Management Report, no additional subsequent events have occurred beyond those already mentioned in the Explanatory Notes to the financial statements, which would reveal circumstances that already existed as of December 31, 2023, and which, due to their significant economic impact, should result in adjustments to the Financial Statements or changes 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, 2023, and that are of such importance that they require additional information in the Explanatory Notes to the financial statements.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

After the expense adjustments that have been made in the company, both after the labor force layoffs completed in December 2023 and by the review of all expense items, the company expects to return to profit. Sales forecasts are optimistic, as demonstrated by the latest contracts granted by Santander bank at the beginning of the 2024 fiscal year, which will result in recurring sales over the next 3 years of 650 thousand euros per year. Sales increases will come from increased consumption by existing customers, the acquisition of new customers, as well as the commercialization of new hybrid products developed in conjunction with Lleida.net PKI, S.L.U technology.

4. R&D ACTIVITIES

In the 2023 exercise, the Society has invested 556 thousand euros in research activities primarily focused on the company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with the regulations of BME Growth and Euronext Growth, the company signed a liquidity agreement with the placing bank in connection with its market listing. This agreement involves both the delivery of a certain amount of the company's own shares and the deposit of a cash amount. The purpose of this contract is to allow investors to trade the company's shares, ensuring that any interested party could have the opportunity to buy or sell shares.

As of December 31, 2023, the company had 526,398 shares with a valuation of 414,102.07 euros on that date, representing 3.3% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2023, the Company has not used instruments related to financial derivatives.

The treasury department has a daily check-up of the actual cash position and compares it with the weekly forecasts that are carried out. The Company is renewing the short-term credit lines held with banking entities, and thanks to the projected cash generation, it will reduce its debt.

In the face of global uncertainty situations, such as the spread of COVID-19, the Company has managed to secure the collaboration of financial institutions for the signing of new financing agreements both in the short and long term.

The Company is not significantly exposed to currency risk, so it does not engage in operations with financial hedging instruments. In the case of loans to group companies, the reference currency is the euro, so the exchange rate risk falls on 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. During the 2023 fiscal year, the Company has increased the payment term to its suppliers compared to the 2022 fiscal year, negotiating in most cases for extended terms. The outstanding payments at the end of the fiscal year have a period of less than 30 days. To reduce the payment term, the Company has negotiated payment lines with banking entities, as well as longer payment terms with certain suppliers. The expected cash generation for 2024 will allow the Company to reduce payment terms in the new fiscal year.

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.

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PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2023, which comprises the attached pages number 1 to 65.

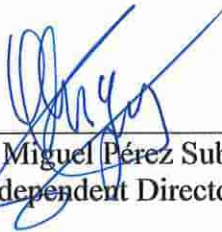
Lleida, March 27th, 2024
Board of Directors



Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer



Mr. Marcos Gallardo Meseguer
Secretary



Mr. Miguel Pérez Subias
Independent Director



Mr. Antonio López del Castillo
Independent Director



Mr. Jordi Carbonell i Sebarroja
Independent Director



Mrs. Arrate María Usandizaga Ruíz
Executive Director



Mr. Jorge Sainz de Vicuña
Independent Director



Mrs. Beatriz García Torre
Executive Director

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