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

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

(translation from the consolidated annual accounts to be issued originally in spanish and prepared in accordance with generally accepted accounting principles in spain. in the event of a discrepancy, the spanish-language version prevails)

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

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

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

CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023

Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022
Consolidated Income and Expenses Statement for the year ended on December 31, 2023 and December 31, 2022.
Consolidated Statements of Changes in Equity for the year ended on December 31, 2023 and December 31, 2022.
Consolidated Statements of Cash Flows for the year ended on December 31, 2023 and December 31, 2022.
Notes to the Consolidated Annual Accounts 2023

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2023

LLEIDANET SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARY COMPANIES

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

Tel: +34 932 003 233
Fax: +34 932 098 802
www.bdo.es

San Elías 29-35
08006 Barcelona
España

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

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

Opinion

We have audited the consolidated financial statements of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** (the Parent) **AND ITS SUBSIDIARIES** (the Group), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements give, in all material respects, a true and fair view of the Company's equity and financial position at December 31, 2023, as well as its consolidated results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the consolidated annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

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

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

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

Key audit issues

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

BDO Auditores S.L.P., inscrita en el Registro Oficial de Auditores de Cuentas nº S 1.273, es una sociedad limitada española independiente, miembro de BDO International Limited, una compañía limitada por garantía del Reino Unido y forma parte de la red internacional BDO de empresas independientes asociadas.

Registro Mercantil de Barcelona, Tomo 47.820, Folio 131, Sección 8ª, Hoja B-563.253, CIF: B-82387572.

Key audit issues	Audit response
Valuation of capitalized research and development expenditures As described in notes 3.b and 5 to the accompanying consolidated financial statements, the Group has intangible assets for capitalized research and development project expenses amounting to 2.502 thousand euros. These expenses must be specifically individualised by project and have reasons of economic-commercial profitability, among other requirements in order to be capitalized in the Group's balance sheet. In addition, the assessment by the Parent's management and directors of their recoverable amount or the need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets to be a key issue in our audit.	We have carried out the following audit procedures, among others: - Understanding of the policies and procedures applied by the Group for the capitalization of research and development expenses. - We have analysed a sample of activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations. - We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts. - We have obtained a detail of the book value of research and development expenses individualized by projects and have analysed the reasonableness of the recoverable value of these by reviewing the reasonableness of the assumptions, reviewing the arithmetic calculation, analysing the sales projections, their profitability and checking for deviations from past estimates. - We have verified the correct amortization of the different projects activated based on the useful life of the projects. - Finally, we have verified that the notes to the accompanying consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this respect, Notes 3.b and 5 to the accompanying consolidated annual accounts include the aforementioned disclosures.
Valuation of goodwill on consolidation The accompanying consolidated balance sheet as of December 31, 2023 shows an amount 3.501 thousand Euros in intangible assets, corresponding to the goodwill arising from the acquisition of Lleidanet PKI, S.L. (before Indenova, S.L.) during the year 2021. We focus on this area, due to the amount of its net book value over total assets, and because the assessment by the Group's management and the Parent Company's Board of Directors of its recoverable value or need for impairment involves judgements and estimates. For these reasons, we have considered the recoverable amount of goodwill as a key issue in our audit.	We have carried out the following audit procedures, among others: - Understanding of the policies and procedures applied by the Group for the valuation of a consolidation goodwill. - We have assessed the estimates made by the Group's management and by the Parent Company's Board of Directors to determine the recoverable value of the cash generating unit to which the goodwill belongs by reviewing the impairment test provided, analyzing the assumptions contained therein, the methodology applied, the reasonableness of the discount rate used and the reasonableness of the arithmetic calculations, as well as the business plan, to determine the reasonableness of the expected future cash flows. - Lastly, we have verified that the notes to the accompanying consolidated annual accounts include the related disclosures required by the applicable financial reporting framework. In this regard, notes 3.b. and 5 to the accompanying consolidated annual accounts include the aforementioned disclosures.

Key audit issues	Audit response
Application of the going concern principle Given that the Group has losses at year-end 2023 and 2022 amounting to Euros 2,65 million and Euros 514 thousand, respectively, negative working capital at year-end 2023 amounting to Euros 2,09 million and given the level of indebtedness at year-end of 51% of total liabilities and equity (45% 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.c of the notes to the consolidated financial statements, the Group has obtained new sales contracts in 2024 with respect to 2023 that 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 consolidated financial statements, 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 the following audit procedures, among others: - Understanding of the policies and procedures applied by the Group in the process of estimating the Business Plan and Cash Budget. - Obtaining the Business Plan and Cash Budget prepared by the Group's management. - Obtaining the supporting documentation relating to the renewal of credit facilities upon maturity. - We have analysed the reasonableness of the estimates and assumptions of the Business Plan and the Cash Budget, made by the directors, by means of meetings with the Management and verification of verifiable data. - We have analysed the degree of compliance with the Cash Budget and the Group's financial position up to the date of this report. - Finally, we have verified that the notes to the accompanying consolidated annual accounts include the related disclosures required by the applicable financial reporting framework. In this regard, note 2.c of the accompanying notes to the consolidated financial statements includes the aforementioned disclosures.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2023, the formulation of which is the responsibility of the Parent's directors and does not form an integral part of the consolidated financial statements.

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

Based on the work performed, as described in the preceding paragraph, the information contained in the consolidated management report agrees with that in the consolidated financial statements for financial year 2023 and its content and presentation are in accordance with the applicable regulations.

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

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

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

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

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

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

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

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

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

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and disclosures by the Parent's directors.

- We conclude whether the use, by the Parent's directors, of the accounting principle of the Group as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to events or conditions that can generate significant doubts about the ability of the Group to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

Additional report to the Parent's Audit Committee

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

Contract period

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

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

Services provided

The services, other than the audit of accounts, provided to the Group are disclosed in Note 21 to the consolidated financial statements.

BDO Auditores, S.L.P. (ROAC nº S1273)

Ramón Roger Rull (ROAC 16.887)
Audit Partner

April 29, 2024

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR THE PERIOD ENDED ON DECEMBER 31, 2023

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022

(Expressed in Euros)

ASSETS	Notes to the Consolidated Annual Accounts	31/12/2023	31/12/2022
NON-CURRENT ASSETS		**10.758.513,23**	**11.489.218,96**
Intangible assets	**Note 5**	**9.536.807,30**	**10.376.306,13**
Goodwill on consolidation		3.501.416,33	3.951.238,53
Research		2.502.069,67	2.584.503,16
Industrial property		757.911,63	684.025,45
Other intangible asset		2.775.409,67	3.156.538,99
Tangible fixed assets	**Note 6**	**534.790,24**	**555.303,66**
Land and buildings		143.440,41	148.577,71
Technical installations and other tangible fixed assets		333.969,23	349.345,35
Fixed assets under construction and advances		57.380,60	57.380,60
Long-term financial investments	**Note 8**	**91.335,07**	**83.294,04**
Deferred Tax Assets	**Note 14**	**595.580,62**	**474.315,13**
CURRENT ASSETS		**6.811.361,12**	**8.365.946,31**
Stocks		-	-
Trade and other receivables		**5.147.513,23**	**5.496.693,24**
Client receivables for sales and services	Note 8.2	3.862.974,13	4.358.192,14
Sundry debtors	Note 8.2	89.464,46	107.359,36
Staff	Note 8.2	174,03	3.065,42
Current tax assets	Note 14	1.158.179,03	841.283,21
Other receivables from Public Authorities	Note 14	36.721,58	186.793,11
Short-term financial assets	**Note 8.2**	**362.390,75**	**812.373,00**
Short-term accruals		**284.233,27**	**396.412,28**
Cash and cash equivalents	**Note 8.1**	**1.017.223,87**	**1.660.467,79**
Cash		1.017.223,87	1.660.467,79
TOTAL ASSETS		**17.569.874,35**	**19.855.165,27**

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Consolidated Annual Accounts	31/12/2023	31/12/2022
EQUITY		**2.958.032,40**	**5.672.759,63**
Equity		**3.020.490,79**	**5.753.800,64**
Capital	**Note 12.1**	**320.998,86**	**320.998,86**
Share Capital		320.998,86	320.998,86
Issue Premium	**Note 12.3**	**5.244.344,28**	**5.244.344,28**
Reserves	**Note 12.2**	**1.517.220,86**	**2.382.907,47**
Legal and statutory		64.199,77	64.199,77
Other Reserves		1.453.021,09	2.318.707,70
(Shares and own holdings in equity)	**Note 12.4**	**(1.448.058,18)**	**(1.731.481,07)**
Financial year result attributed to the parent company	**Note 18**	**(2.614.015,03)**	**(462.968,90)**
Consolidated Losses and Profits		(2.656.623,22)	(514.936,11)
(Minority interest losses and profits)		42.608,19	51.967,21
Adjustments for changes in value		**63.623,71**	**11.373,14**
Minority interests	**Note 4**	**(126.082,10)**	**(92.414,15)**
NON-CURRENT LIABILITIES		**5.706.249,16**	**6.813.623,00**
Long-teem provisions	**Note 19**	**200.000,00**	
Long-term debts		**5.481.086,95**	**6.813.623,00**
Debts with credit institutions	**Note 9.1**	4.491.564,12	5.741.553,69
Other financial liabilities	**Note 9.1**	989.522,83	1.072.069,31
Deferred tax liabilities		**25.162,21**	
CURRENT LIABILITIES		**8.905.592,79**	**7.368.782,64**
Short-term provisions		**40.325,36**	**17.602,52**
Other provisions		40.325,36	17.602,52
Short-terms debts	**Note 9.1**	**5.357.296,81**	**4.286.769,65**
Debts with credit institutions		4.488.668,55	3.187.612,02
Other financial liabilities		868.628,26	1.099.157,63
Trade and other payables		**3.278.814,54**	**3.022.624,39**
Suppliers	Note 9.1	1.987.124,34	1.968.970,04
Sundry creditors	Note 9.1	375.595,06	373.998,82
Staff (remuneration payable)	Note 9.1	27.468,78	17.622,82
Other debts with Public Authorities	Note 14	613.308,54	503.035,44
Advances from clients	Note 9.1	275.317,82	158.997,27
Short-term accruals		**229.156,08**	**41.786,08**
TOTAL EQUITY AND LIABILITIES		**17.569.874,35**	**19.855.165,27**

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED ON DECEBER 31, 2023 AND 2022

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Consolidated Annual Accounts	2023	2022
Net turnover	**Note 15.a**	**16.490.677,38**	**20.670.691,44**
Work performed by the Company for its assets	**Note 5**	**863.267,78**	**1.156.398,38**
Supplies	**Note 15.b**	**(7.319.706,33)**	**(9.924.608,74)**
Goods consumed		(7.319.706,33)	(9.924.608,74)
Other operating income		**79.327,75**	**64.576,62**
Staff expenses		**(6.988.028,68)**	**(6.340.132,32)**
Wage, salaries and the like	Note 15.c	(5.502.321,81)	(4.913.279,48)
Fringe benefits	Note 15.c	(1.485.706,87)	(1.426.852,84)
Other operating expenses		**(3.266.317,59)**	**(3.681.463,84)**
External charges for services		(3.110.884,13)	(3.411.202,24)
Taxes		(91.885,25)	(97.553,04)
Losses, Impairment and change in trade provisions		(63.543,19)	(172.708,56)
Other current management costs		(5,02)	
Amortization of fixed assets	**Notes 5 and 6**	**(2.124.635,87)**	**(2.073.247,58)**
Impairment and results of disposals of fixed assets		**-**	**(194.391,16)**
Other earnings	**Note 19**	**(195.558,62)**	**(1.555,02)**
OPERATING EARNIGS		**(2.460.974,17)**	**(323.732,23)**
Financial income	**Note 15.d**	**3.363,64**	**559,58**
Financial expenses	**Note 15.d**	**(198.186,27)**	**(166.415,99)**
Exchange differences	**Note 15.d**	**(64.463,72)**	**(45.912,98)**
FINANCIAL EARNINGS		**(259.286,35)**	**(211.769,39)**
PRE-TAX EARNINGS		**(2.720.260,52)**	**(535.501,62)**
Profit tax	**Note 14**	**63.637,30**	**20.565,50**
FINANCIAL YEAR'S EARNINGS	**Note 18**	**(2.656.623,22)**	**(514.936,11)**
Result attributed to the Parent Company		**(2.614.015,03)**	**(462.968,90)**
Result attributed to minority interests		**(42.608,19)**	**(51.967,21)**

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

A) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEARS 2023 AND 2022

(Expressed in Euros)

	2023	2022
CONSOLIDATED RESULT FOR THE YEAR	**(2.656.623,22)**	**(514.936,11)**
Income and expenses recognised directly to equity		
Conversion differences	61.190,81	(32.653,04)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY CONSOLIDATED EQUITY	**61.190,81**	**(32.653,04)**
Transfers to the profit and loss account		
TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT		**-**
TOTAL RECOGNISED CONSOLIDATED CONSOLIDATED RECOGNISED INCOME AND EXPENSES	**(2.595.432,41)**	**(547.589,15)**
Total income and expenses attributable to the Parent Company	(2.558.664,51)	(482.367,08)
Total income and expenses attributed to minority interests	(36.767,90)	(65.222,07)

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2022 AND 2023

(Expressed in euros)

	Share Capital	Share Premium	Reserves and previous financial year's income	Own holdings in equity	Result attributed to the Parent Company	Adjustments for changes in value	Minority interests	Total
BALANCE, BEGINNING OF 2021	**320.998,86**	**5.244.344,28**	**1.935.015,50**	**(1.683.884,76)**	**911.483,81**	**37.398,75**	**(33.819,51)**	**6.731.536,93**
Total recognized income and expenses	-	-	-	-	**(462.968,90)**	**(26.025,61)**	**(58.594,64)**	**(547.589,15)**
Transactions with shareholders:	-	-	**(280.404,43)**	**(47.596,31)**	**(243.006,99)**	-	-	**(571.007,73)**
Transactions with own equity instruments (net)	-	-	(280.404,43)	(47.596,31)	-	-	-	(328.000,74)
Dividends	-	-	-	-	(243.006,99)	-	-	(243.006,99)
Other changes in equity:	-	-	**728.296,40**	-	**(668.476,82)**	-	-	**59.819,58**
Distribution of earnings from the previous year	-	-	668.476,82	-	(668.476,82)	-	-	-
Other movements	-	-	59.819,58	-	-	-	-	59.819,58
BALANCE, END OF 2022	**320.998,86**	**5.244.344,28**	**2.382.907,47**	**(1.731.481,07)**	**(462.968,90)**	**11.373,14**	**(92.414,15)**	**5.672.759,63**
Total recognized income and expenses	-	-	-	-	**(2.614.015,03)**	**52.250,57**	**(33.667,95)**	**(2.595.432,41)**
Transactions with shareholders:	-	-	**(401.723,25)**	**283.422,89**	-	-	-	**(118.300,36)**
Transactions with own equity instruments (net)	-	-	(401.723,25)	283.422,89	-	-	-	(118.300,36)
Dividends	-	-	-	-	-	-	-	-
Other changes in equity:	-	-	**(463.963,36)**	-	**(462.968,90)**	-	-	**(994,46)**
Distribution of earnings from the previous year	-	-	(462.968,90)	-	(462.968,90)	-	-	
Other movements	-	-	(994,46)	-				(994,46)
BALANCE END OF 2023	**320.998,86**	**5.244.344,28**	**1.517.220,86**	**(1.448.058,18)**	**(2.614.015,03)**	**63.623,71**	**(126.082,10)**	**2.958.032,39**

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR 2023 AND 2022

(Expressed in Euros)

		2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		**696.590,49**	**789.000,55**
Financial year's pre-tax earnings		**(2.720.260,52)**	**(535.501,62)**
Adjustments to earnings		**2.583.001,69**	**2.606.059,37**
Fixed asset amortisation		2.124.635,87	2.073.247,58
Valuation changes for impairment	Note 5 & 6	63.543,19	172.708,56
Change in provisions	Note 19	200.000,00	-
Gains and losses on derecognition and disposal of fixed assets		-	194.246,82
Financial income	Note 15.d	(3.363,64)	(559,58)
Financial expenses	Note 15.d	198.186,27	166.415,99
Changes in current capital		**1.158.271,83**	**(716.349,92)**
Stocks		(147,84)	489,28
Debtors and other accounts receivable		602.680,51	(242.050,58)
Other current assets		112.179,01	10.258,52
Trade payables and other accounts payable		256.190,15	(508.529,65)
Other current liabilities		187.370,00	41.786,07
Change in fair value of financial instruments		-	(18.303,57)
Other cash flow from operating activities		**(324.422,51)**	**(565.207,28)**
Interest payments		(198.186,27)	(166.415,99)
Receipts of interests		3.363,64	559,58
Receipts (payments) for profit tax		(129.599,88)	(399.350,87)
CASH FLOW FROM INVESTMENT ACTIVITIES		**(959.525,18)**	**(1.539.204,56)**
Payments for investments		**(1.238.959,05)**	**(1.575.567,47)**
Intangible assets	Note 5	(1.099.830,55)	(1.463.838,55)
Tangible assets	Note 6	(131.069,71)	(94.241,08)
Other financial assets		(8.058,79)	(17.487,84)
Divestment proceeds		**279.433,87**	**36.362,91**
Intangible assets		-	36.362,91
Other financial assets		279.433,87	-
CASH FLOW FROM FINANCING ACTIVITIES		**(380.309,23)**	**(2.646.071,03)**
Receipts and payments for equity instruments		**(118.300,35)**	**(328.000,74)**
Disposals (Acquisitions) of own equity instruments		(118.300,35)	(328.000,74)
Receipts and payments for financial-liability instruments		**(262.008,89)**	**(2.075.063,30)**
Issuance		**2.552.562,68**	**1.100.000,00**
Amounts owed to credit institutions		2.552.562,68	1.100.000,00
Repayment and amortisation of:		**(2.814.571,57)**	**(3.175.063,30)**
Amounts owed to credit institutions		(2.501.495,72)	(1.005.142,01)
Others		(313.075,85)	(2.169.921,29)
Payments for dividends and remuneration of other equity instruments		**-**	**(243.006,99)**
Dividends		-	(243.006,99)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS		**(642.243,92)**	**(3.396.275,03)**
Cash and cash equivalents at start of the financial year	Note 8.1	1.660.467,79	5.056.742,82
Cash and cash equivalents at end of the financial year	Note 8.1	1.017.223,87	1.660.467,79

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2023

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

a) Incorporation and registered Office of the Parent Company

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

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

b) Activity of the Parent Company

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

c) Activities of the Group Companies

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

d) Legal System of the Parent Company

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

e) Quotation in Stock Markets

On June 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 September 29, 2021, the company changed its liquidity provider, naming Solventis A.V., S.A.

f) Effect of the conflict in Ukraine

Since February 2022, there has been a conflict in Europe between the nations of Russia and Ukraine. In this sense, the possible effects on the economy in general and on the Group in particular that this conflict may have must be taken into account. The Board of Directors of the Parent Company considers that the main effect that this event has had on the Company's figures has been the increase in electricity prices, whose impact on the company's figures has been an increase of 45 thousands of euros on the expenses during the year 2022. However, in 2023, the company implemented corrective measures by reviewing the corresponding prices, resulting in a reduction of 37 thousand compared to the consumption levels in 2022. Additionally, although the Board of Directors of the Parent Company does not consider that there is a risk of continuity in its activity at the close of December 31, 2023 it must constantly be aware of their evolution and their economic effects in the evaluation of future estimates, the effects of which would be recorded prospectively.

1.1) Group Companies

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

Group Companies included in the Consolidation Perimeter

The breakdown of the Group Companies included in the consolidation perimeter as of December 31, 2023 is the following:

	Percentage of Holding	Applied Method of Consolidation
Group Lleidanetworks Serveis Telemàtics, S.A. which maintains the following investments:		
Lleidanetworks Serveis Telemàtics, LTD	100%	Consolidation Method
Lleidanet USA Inc	100%	Consolidation Method
Lleidanet Honduras, SA	70%	Consolidation Method
LLeidanet Dominicana, SRL	99,98%	Consolidation Method
Lleida SAS	100%	Consolidation Method
Lleida Chile SPA	100%	Consolidation Method
Lleidanet do Brasil Ltda	99,99%	Consolidation Method
Lleidanet Guatemala	80%	Consolidation Method
Portabilidades Españolas, S.L.U.	100%	Consolidation Method
Lleidanet Costa Rica	100%	Consolidation Method
Lleidanet Perú	100%	Consolidation Method
Lleida Information Technology Network Services	49%	Consolidation Method
Indenova, S.L.	100%	Consolidation Method
Lleidanet India	25%	Equity Method

The financial year of the Parent Company and the Subsidiaries begins on 1st of January and ends on 31st of December of each year. The last Annual Accounts of the Parent Company and its Subsidiaries drawn up correspond to the financial year ended on December 31, 2023.

The variation in the consolidation perimeter, compared to the 2022 exercise, is as follows:

On October 19, 2023, the Group has liquidated the company Lleidanet South Africa in which it held a 100% stake. This company was incorporated on September 21, 2020, and had its registered office in Johannesburg (South Africa).

The details of the Dependent Companies included in the consolidation scope for the 2022 financial year were as follows:

	Percentage of Holding	Applied Method of Consolidation
Group Lleidanetworks Serveis Telemàtics, S.A. which maintains the following investments:		
Lleidanetworks Serveis Telemàtics, LTD	100%	Consolidation Method
Lleidanet USA Inc	100%	Consolidation Method
Lleidanet Honduras, SA	70%	Consolidation Method
LLeidanet Dominicana, SRL	99,98%	Consolidation Method
Lleida SAS	100%	Consolidation Method
Lleida Chile SPA	100%	Consolidation Method
Lleidanet do Brasil Ltda	99,99%	Consolidation Method
Lleidanet Guatemala	80%	Consolidation Method
Portabilidades Españolas, S.L.U.	100%	Consolidation Method
Lleidanet Costa Rica	100%	Consolidation Method
Lleidanet Perú	100%	Consolidation Method
Lleida Information Technology Network Services	49%	Consolidation Method
Lleidanet South Africa	100%	Consolidation Method
Indenova, S.L.	100%	Consolidation Method
Lleidanet India	25%	Equity Method

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of December 31, 2023, is indicated below:

<u>Lleidanetworks Serveis Telemàtics, LTD</u>

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.

<u>Lleidanet USA Inc.</u>

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

<u>Lleidanet Honduras, S.A.</u>

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

<u>Lleidanet Dominicana, S.R.L.</u>

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems. On December 28, 2020, was approved an increase in capital of 14,000 new shares subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

Lleida SAS

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

Lleida Chile SPA

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

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 12,500 shares out of a total of 50,000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging.

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

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

Portabilidades Españolas, S.L.U.

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

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

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

Lleidanet Perú

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

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

Lleida Information Technology Network Services

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

Lleida.net PKI, S.L.U.

On 30 November 2021, the Company acquires 100% of the shares of Indenova, S.L., with registered office at Calle Traginers, 14 - 2º B, Valencia, for a cost of 7.100.000,00 euros.

NOTE 2. PRESENTATION BASIS OF CONSOLIDATED ANNUAL ACCOUNTS

a) Presentation Bases and regulatory framework of financial information

The attached Consolidated Annual Accounts for the year 2023 have been prepared based on the accounting records of the different companies that make up the Group, whose respective Annual Accounts are prepared in accordance with current commercial legislation and the standards established in the approved General Accounting Plan. by Royal Decree 1514/2007, of November 16, applying the modifications introduced to it by Royal Decree 1159/2010, of September 17, and Royal Decree 602/2016, of December 2 and Royal Decree 1/2021, of January 12, in the case of Spanish companies, and in accordance with the regulations applicable in the rest of the countries where the companies that make up the Consolidated Group are located, and are presented in accordance with the provisions of Royal Decree 1159/ 2010 of September 17, in order to show the true image of the assets, the financial situation and the consolidated results, as well as the veracity of the incorporated flows in the Consolidated Statement of Cash Flows.

b) Presentation Currency

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

c) Critical Aspects of Uncertainties Valuation and Estimation

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

- Going concern evaluation:

  - The Group, as of December 31, 2023, presents a negative working capital of 2.1 million euros, and a debt that represents approximately 83% of its liabilities. To reverse this situation, the Group implemented an intensive cost reduction policy in 2023 which included:
    - Reduction of personnel expenses. In December 2023, the parent company implemented an employment regulation plan, resulting in the reduction of 17 jobs. Additionally, individual dismissals were carried out in the company in Peru and in the branch of Lleida.net PKI in Colombia, as well as in Lleida SAS.
    - Reduction of external service costs, eliminating physical offices, foreign advisors, fairs, business trips, and internal events.
    - Enhancement of the commercialization of standard products for 2024, with lower development costs and higher margins.
    - Focus on international expansion territories, targeting countries where we already have a recurring commercial presence, specifically Spain, Europe, Colombia, Peru, the Dominican Republic, and Peru.

The estimated cost reduction at a consolidated level resulting from all cost adjustments was disclosed in a relevant fact and amounts to 1.380 million euros annually.

The Group's Business Plan, considering all these reductions, aims to achieve a positive EBITDA.

At the beginning of 2024, significant contracts that were not in the sales budget for 2024 were published via a relevant fact, such as the award of lots by Santander Global Technology & Operations S.L for an annual amount of 650 thousand euros for 3 years.

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

- Renovation of short-term credit lines with banking entities. To date, the Group has renewed 4 of the short positions that were due before the annual accounts were prepared. Efforts are being made to renew the lines that expire in the following months.
- Request for loans from public entities for the financing of R&D projects being carried out for the development of new products.

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

At the end of the current financial year, the Group has incurred significant losses amounting to 2.6 million euros, due to a decrease in activity. This fact, combined with the presence of a negative working capital, could indicate uncertainty about the application of the going concern principle in accounting and, consequently, the Group's ability to realize its assets, and liquidate its liabilities, for the amounts stated in the attached balance sheet. However, as described in this same note, the Group has implemented an intensive cost reduction policy in the 2023 financial year, which will have its full effect in 2024, and has also obtained new contracts compared to the previous year that lead them to expect a recovery of income.

Therefore, the Group's administrators have prepared these Annual Consolidates Accounts under the going concern principle, considering that the business plan's compliance and obtaining new financing will allow the Group to address any cash flow tensions that may arise during 2024.

- Reasonableness of capitalisation and recoverability of research projects.

- Reasonableness of the recognition and recoverability of the goodwill arising from the acquisition of Lleida.net PKI, S.L.U. (see note 2.e)

- Patent valuation.

- Recoverability of deferred tax assets.

Although these estimates have been made on the basis of the best information available at year-end 2023, it is possible that future events may make it necessary to change these estimates (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding income statement.

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

d) Comparison of the Information

The Directors present, for comparative purposes, with each of the items of the Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year, in addition to the figures for the year 2023 those corresponding to the previous year. The items of both exercises are comparable and homogeneous.

e) Responsibility for the Information given and the Estimates made

For the preparation of the Consolidated Annual Accounts estimates have been used in order to value some of the assets, liabilities, incomes, expenses and compromises that are registered, and that, basically, these estimations are referred to the evaluation of losses by impairment of certain assets, the useful life of non-current assets and the probability of occurrence of provisions (see section c).

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

The Parent Company's Board of Directors has performed the analysis of the recoverability of the aforementioned goodwill on consolidation, using cash flows based on sales projections for the period 2023-2027. According to management, these projections are based on the budget for 2023, the degree of compliance with the budget at the date of formulation of these Consolidated Financial Statements and management's best expectations for the business until 2028 for the corresponding analysis of possible impairment at 31 December 2023. A sales growth of 13.2%, 20%, 17.5%, 15%, and 13% has been estimated for each of the successive 5 years. Likewise, cash flows have been discounted using the average cost of resources after taxes. The discount rate used has been 15.3% and a perpetual income of 2% has been estimated.

With regard to the above, the Board of Directors of the Parent Company has decided not to impair the consolidation goodwill in the current fiscal year based on the expected cash flow generation for the upcoming fiscal years by the subsidiary company.

In the previous fiscal year, the Board of Directors of the Parent Company decided to impair the consolidation goodwill by an amount of 190 thousand euros (see Note 5).

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

f) Correction of Errors

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

g) Fair value

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

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

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

a) Between interested and duly informed parties, in an arm's length transaction,

b) In the main market of the asset or liability, understood as the market with the highest volume and level of activity, or

c) In the absence of a principal market, in the most advantageous market to which the company has access for the asset or liability, understood as the one that maximizes the amount that would be received for the sale of the asset or minimizes the amount that would be paid for the transfer of the liability, after taking into account transaction costs and transportation expenses.

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

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

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

NOTE 3. RECOGNITION AND VALUATION STANDARDS

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

a) Consolidation Principles

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

1. Application of the global integration method for all Group companies, i.e. those over which it as effective control.

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

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

- The criteria used in formulation of the Balance Sheets, the Profit and Loss Account and the Statement of Changes in Equity and Cash-Flow Statements for each one of the consolidated companies are, generally, and in their basic aspects, homogenous.

- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow include all adjustments and eliminations of the consolidation process, as well as relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.

- Balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with group, affiliated and associated companies which have been excluded from the consolidation are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.

- The deletion of Subsidiary equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiaries which is represented by the shareholding on the date of the first consolidation. The first consolidation differences were treated as follows:

  a) Positive differences which cannot be allocated to the equity elements of the Subsidiaries were included in the "Consolidation Goodwill" heading of the Consolidated Balance Sheet. The impairment losses must be recognized in the Consolidated Profit and Loss Account and are irreversible.

  b) Negative differences, obtained as first consolidation, are recognized as reserves for the year considering that the group already existed previously in the different subgroups contributed to the Parent Company.

- The consolidated income for the financial year shows the part that may be attributed to the Parent Company, comprised of the income obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the invested companies

- The shareholding value of the minority interests in the equity and the attribution of income in the consolidated subsidiaries is presented in the "Minority Interest" heading of the Equity of the Consolidated Balance Sheet. The value breakdown of these shareholdings is presented in Note 4.

b) Intangible Fixed Assets

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

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

Research and Development Costs

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

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

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

Computer Applications

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

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

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

Industrial Property

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

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

Consolidation Goodwill

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

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

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

c) Tangible Fixed Assets

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

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

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

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

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

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

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

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

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

d) Leases and Other Transactions of a Similar Nature

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

e) Financial Instruments

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

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

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

- Financial assets at amortised cost.

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

Financial liabilities are classified for measurement purposes as follows:

- Financial liabilities at amortised cost.

This treatment applies to the following financial instruments:

a) Financial assets:

  - Cash and cash equivalents;

  - Trade receivables: trade receivables and sundry debtors;

  - Receivables from third parties: such as financial loans and receivables, including those arising from the sale of non-current assets;

  - Other financial assets: such as deposits with credit institutions, loans and advances to employees, guarantees and deposits given, dividends receivable and payments due on own equity instruments.

b) Financial liabilities:

  - Debts from commercial operations: suppliers and sundry creditors;

  - Debts with credit institutions;

  - Other financial liabilities: debts to third parties, such as financial loans and credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on shareholdings.

Financial assets at amortised cost

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

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

The following are classified in this category:

a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the sale of goods and the provision of services in the ordinary course of business; and

b) Non-trade receivables: financial assets, other than equity instruments and derivatives, that are not of a commercial substance and for which the amount receivable is fixed or determinable.

Financial liabilities at amortised cost

The following are classified in this category:

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

b) Non-trade payables: financial liabilities which, not being derivative instruments, do not arise from trade transactions, but arise from loans or credits received by the Company.

Initial measurement

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

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

Subsequent valuation

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

Impairment of financial assets at amortised cost

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

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

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

Reclassification of Financial Assets

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

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 is not held for trading or classified as financial assets at amortized cost.

For equity instruments that are not held for trading or should be measured at cost, the Company may make an irrevocable election at the time of initial recognition to present 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, which is equivalent to the fair value of the consideration given, plus any directly attributable transaction costs. The initial valuation includes the amount of any preferential subscription rights and similar rights that may have been acquired, if applicable.

Posterior valuation

Financial assets included in this category are valued at fair value, without deducting transaction costs that may be incurred in their sale. Changes in fair value are recorded 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 corrections and gains and losses resulting from exchange rate differences on monetary financial assets in foreign currency 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 a value must be assigned to these assets due to derecognition from the balance sheet or other reasons, the weighted average value method for homogeneous groups is applied.

Impairment of value

At least at the end of the financial year, necessary revaluations are made whenever there is objective evidence that the value of a financial asset, or 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 result in:

a) In the case of acquired debt instruments, a reduction or delay in estimated future cash flows, which may be caused by the insolvency of the debtor; 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 loss for these financial assets is the difference between their cost or amortized cost less, if any, any impairment loss previously recognized in the income statement and the fair value at the time of valuation.

Accumulated losses recognized in equity due to a decrease in fair value, provided 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 loss recognized in previous years is reversed with a credit to the income statement for the year. However, if the fair value corresponding to an equity instrument increases, the impairment loss recognized in previous years will not reverse with a credit to the income statement and the increase in fair value is recorded directly against equity.

Derecognition of Financial Assets

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

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

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

Derecognition of financial liabilities

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

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

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

Own equity instruments

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

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

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

Deposits given and received

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

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

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

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

f) Transactions in Foreign Currencies

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

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

g) Profit Tax

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

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

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

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

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

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

h) Income and Expenses

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

Revenue recognition for sales and services rendered

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

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

In order to apply this fundamental approach to revenue recognition, the Company follows a comprehensive process consisting of the following successive steps:

a) Identify the contract(s) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations for the parties.

b) Identify the obligation(s) to be fulfilled in the contract, representing commitments to transfer goods or provide services to a customer.

c) Determine the transaction price, or contract consideration, to which the firm expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.

d) Allocate the transaction price to the obligations to be performed on the basis of the individual selling prices of each separate good or service committed to in the contract or, where appropriate, on the basis of an estimate of the selling price when the selling price is not independently observable.

e) Recognise revenue when (as) the company satisfies a committed obligation through the transfer of a good or the rendering of a service; such satisfaction occurs when the customer obtains control of that good or service, so that the amount of revenue recognised is the amount allocated to the contractual obligation satisfied.

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

Fulfilment of the obligation at a specific point in time

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

a) The customer assumes the significant risks and rewards of ownership of the asset. In assessing this, the Company excludes any risk that gives rise to a separate obligation other than a commitment to transfer the asset.

b) The Company has transferred physical possession of the asset.

c) The customer has received (accepted) the asset in accordance with the contractual specifications.

d) The company has a collection right for transferring the asset.

e) The customer has ownership of the asset.

Valuation

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

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

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

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

i) Provisions and Contingencies

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

j) Grants, Donations and Legacies

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

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

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

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

k) Related-Party Transactions

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

l) 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 4. MINORITY INTEREST

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2023, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(263,84)	-	755,73
Lleidanet Honduras	30%	-	-	-	-
Lleidanet Brasil	0,01%	(42.849,13)	619,11	777,39	(4,15)
Lleidanet República Dominicana	0,02%	(7.703,67)	2.440,44	10.000,98	0,95
Lleida Information Technology Network Services (*)	51%	(176.699,76)	11.553,95	(83.549,55)	(126.834,63)
					(126.082,10)

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

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

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(263,84)	-	755,73
Lleidanet Honduras	30%	-	-	-	-
Lleidanet Brasil	0,01%	(41.163,82)	2.869,63	(1.685,31)	(4,00)
LLeidanet República Dominicana	0,02%	(8.772,98)	2.446,88	1.069,31	(1,17)
Lleida Information Technology Network Services (*)	51%	(74.803,17)	(5.976,14)	(101.896,59)	(93.164,71)
					(92.414,15)

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

NOTE 5. INTANGIBLE FIXED ASSETS

The details and changes in intangible fixed assets throughout the financial year 2023 were as follows, in euros:

	31/12/2022	Additions	De-Recognition	Transfers	Exchange rate differneces	31/12/2023
Cost:						
Goodwill on consolidation	4.688.429,58	-	-	-		4.688.429,58
Research	13.523.568,79	863.267,78	-	-		14.386.836,57
Industrial Property	1.159.207,97	-	-	161.785,86		1.320.993,83
Computer applications	5.523.134,47	44.212,83	-	-	926,88	5.568.274,18
Advances for intangible fixed assets	554.801,82	192.349,94	-	(161.785,86)		585.365,90
	25.449.142,63	**1.099.830,55**	**-**	**-**	**926,88**	**26.549.900,06**
Accumulated amortization:						
Goodwill on consolidation	(546.983,45)	(449.822,20)	-	-		(996.805,65)
Research	(10.939.065,63)	(945.701,27)	-	-		(11.884.766,90)
Industrial Property	(475.182,52)	(87.899,68)	-	-		(563.082,20)
Computer applications	(2.921.397,30)	(455.906,23)	-	-	(926,88)	(3.378.230,41)
	(14.882.628,90)	**(1.939.329,38)**	**-**	**-**	**(926,88)**	**(16.822.885,16)**
Impairment:						
Goodwill on consolidation	(190.207,60)	-	-	-		(190.207,60)
Intangible Fixed Assets, Net	**10.376.306,13**	**(839.498,83)**	**-**	**-**		**9.536.807,30**

The additions in the year mainly relate to the R&D developments that the Company has made in its SaaS product lines as well as the investments made in patents to register the methodology of these new products. The amount of work done by the Group for its intangible assets has amounted to 863 thousand in the current year (1,156 thousand in the previous year).

During the current year, the Group has carried out an evaluation of some of its patents, which has not resulted in any impairment at the closing.

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

	31/12/2021	Additions	De-Recognition	Transfers	31/12/2022
Cost:					
Goodwill on consolidation	4.688.429,58	-	-	-	4.688.429,58
Research	12.372.277,80	1.156.398,38	(5.107,39)	-	13.523.568,79
Industrial Property	1.054.272,10	49.568,26	-	55.367,61	1.159.207,97
Computer applications	5.321.268,91	177.766,70	(956,04)	25.054,90	5.523.134,47
Advances for intangible fixed assets	587.442,81	80.105,22	(32.323,70)	(80.422,51)	554.801,82
	24.023.691,20	**1.463.838,56**	**(38.387,13)**	**-**	**25.449.142,63**
Accumulated amortization:					
Goodwill on consolidation	(78.140,49)	(468.842,96)	-	-	(546.983,45)
Research	(10.095.241,70)	(844.892,11)	1.068,18	-	(10.939.065,63)
Industrial Property	(389.147,55)	(86.034,97)	-	-	(475.182,52)
Computer applications	(2.429.635,56)	(492.717,78)	956,04	-	(2.921.397,30)
	(12.992.165,30)	**(1.892.487,82)**	**2.024,22**	**-**	**(14.882.628,90)**
Impairment:					
Goodwill on consolidation	-	(190.207,60)	-	-	(190.207,60)
Intangible Fixed Assets, Net	**11.031.525,90**	**(618.856,86)**	**(36.362,91)**	**-**	**10.376.306,13**

Goodwill

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

In 2022, the Company has recognised goodwill on consolidation in the amount of 190 thousand euros (see Note 2.e and Note 21).

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

Fully-amortized and in-use items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2023 and 2022, is the following, stating their cost values in Euros:

	31/12/2023	31/12/2022
Research	10.124.956,16	9.263.012,85
Patents	196.149,07	108.806,51
Computer applications	2.596.805,77	1.404.021,42
	12.917.911,00	**10.775.840,78**

NOTE 6. TANGIBLE ASSETS

The details and changes in tangible fixed assets throughout the financial year 2023 were as follows, in euros:

	31/12/2022		Additions	De-recognitions	Regulations	Exchange rate differneces 31/12/2023
Cost:						
Land and buildings	203.095,54	-	-		-	203.095,54
Technical installations and machinery	257.392,06	27.690,00	-	(32.112,61)		252.969,45
Other installations, tools and furniture	699.830,28	-	-	(389.930,98)	1.468,51	311.367,81
Data processing equipment	1.031.814,06	37.260,24	(15.524,83)	423.364,48	1.555,12	1.478.469,07
Transport elements		66.119,47	-	6.490,09	1.158,03	73.767,59
Other tangible fixed assets	12.746,77	-	-	(7.810,98)	-	4.935,79
Advances for tangible fixed assets	57.380,60	-	-	-	-	57.380,60
	2.262.259,31	**131.069,71**	**(15.524,83)**	**0,00**	**4.181,66**	**2.381.985,85**
Accumulated amortization:						
Land and buildings	(54.517,83)	(5.137,30)	-	-	-	(59.655,13)
Technical installations and machinery	(255.829,38)	(1.907,21)	-	45.962,25	-	(211.774,34)
Other installations, tools and furniture	(284.159,38)	(4.098,59)	-	(42.307,60)	(1.097,75)	(331.663,31)
Data processing equipment	(1.101.061,14)	(133.923,49)	13.905,05	(5.572,21)	(1.421,11)	(1.228.072,91)
Transport elements		(5.382,98)	-	(4.867,56)	(868,53)	(11.119,07)
Other tangible fixed assets	(11.387,92)	(308,05)	-	6.785,12	-	(4.910,85)
	(1.706.955,65)	**(150.757,62)**	**13.905,05**	**(0,00)**	**(3.387,38)**	**(1.847.195,61)**
Tangible Fixed Assets, Net	**555.303,66**	**(19.687,91)**	**(1.619,78)**	**(0,00)**	**794,28**	**534.790,24**

Due to the increase in SaaS sales, investments have been made in servers for more storage capacity. Investments have also been made in laptops during the financial year 2023.

The "Other movements" column corresponds to misclassifications that come from previous exercises. The details and changes in tangible fixed assets throughout the financial year 2022 were as follows, in euros:

	31/12/2021	Perimeter additions	Additions	De-recognitions	Transfers	31/12/2022
Cost:						
Land and buildings	197.185,74	5.909,80	-	-	-	203.095,54
Technical installations and machinery	257.392,06	-	-	-	-	257.392,06
Other installations, tools and furniture	699.830,28	-	-	-	-	699.830,28
Data processing equipment	915.009,90	88.331,28	(11.882,23)	42.574,26	(2.219,15)	1.031.814,06
Other tangible fixed assets	12.746,77	-	-	-	-	12.746,77
Advances for tangible fixed assets	57.380,60	-	-	-	-	57.380,60
	2.139.545,35	**94.241,08**	**(11.882,23)**	**42.574,26**	**(2.219,15)**	**2.262.259,31**
Accumulated amortization:						
Land and buildings	(49.380,53)	(5.137,30)	-	-	-	(54.517,83)
Technical installations and machinery	(253.872,68)	(1.956,70)	-	-	-	(255.829,38)
Other installations, tools and furniture	(280.039,77)	(4.119,61)	-	-	-	(284.159,38)
Data processing equipment	(918.298,64)	(155.974,88)	11.882,23	(42.574,26)	3.904,41	(1.101.061,14)
Other tangible fixed assets	(11.387,92)	-	-	-	-	(11.387,92)
	(1.512.979,54)	**(167.188,49)**	**11.882,23**	**(42.574,26)**	**3.904,41**	**(1.706.955,65)**
Tangible Fixed Assets, Net	**626.565,81**	**(72.947,41)**	**-**	**-**	**1.685,26**	**555.303,66**

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 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
Other facilities and furniture	263.305,08	260.121,63
Data processing equipment	916.206,47	878.394,67
Other fixed assets	3.087,87	3.087,87
	1.431.868,87	**1.371.039,82**

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has no assets financed by finance leases at 31 December 2023.

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in the year 2023 is 170.266,53 euros (308.075,17 euros in the previous year). Corresponds basically to office rentals and vehicle rentals.

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

	2023	2022
Up to 1 year	162.830,50	205.494,97
Between 1 and 5 years	51.263,76	129.638,34
More of 5 years	505.126,72	538.947,98
	719.220,98	**874.081,29**

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments 31/12/2023	Equity instruments 31/12/2022	Credits and Other Financial Assets 31/12/2023	Credits and Other Financial Assets 31/12/2022
Financial assets at amortised cost (Note 8.2)		-	**80.837.16**	**72.796,13**
Financial assets at fair value through equity (Note 8.3)	**10.497,91**	**10.497,91**		-
	10.497,91	**10.497,91**	**80.837,16**	**72.796,13**

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

	Credits and Other Financial Assets 31/12/2023	Credits and Other Financial Assets 31/12/2022
Assets at fair value through the profit and loss:	**1.017.223,87**	**1.660.467,79**
Cash or other liquid assets (Note 8.1)	1.017.223,87	1.660.467,79
Financial Assets at Amortised Cost (Note 8.2)	**4.315.003,37**	**5.280.989,93**
Total	**5.332.227,24**	**6.941.457,72**

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 highly liquid investments	170.556,13	-
Current Accounts	841.075,26	1.654.851,90
Cash	5.592,48	5.615,89
Total	**1.017.223,87**	**1.660.467,79**

8.2) Financial Assets at Amortised Cost

The composition of loans and receivable items as of December 31, 2023 and 2022 is as follows:

	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	-	3.862.974,13	-	4.358.192,14
Debtors	-	89.464.,46	-	107.359,36
Total loans and receivables items for commercial transactions	**-**	**3.952.438,59**	**-**	**4.465.551,50**
Loans and receivables for non-commercial transactions				
Staff	-	174,03	-	3.065,42
Short-term deposits (*)	-	362.390,75	-	812.373,00
Securities and deposits	80.837,16	-	72.796,13	-
Total loans and receivables for non-commercial transactions	**80.837,16**	**362.564,78**	**72.796,13**	**815.438,42**
Total	**80.837,16**	**4.315.003,37**	**72.796,13**	**5.280.989,92**

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

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

	Amount
Accumulated impairment January 1, 2021	**618.834,03**
Impairment losses on trade receivables	4.652,52
Accumulated impairment end of financial year 2022	**623.486,55**
Impairment losses on trade receivables	57.984,08
Accumulated impairment end of financial year 2023	**681.470,63**

Additionally, the Group has impaired 93.711,52 euros, derecognising them directly from the balance sheet.

The detail of the age of the financial assets and their impairment at the end of the 2023 fiscal year is shown below:

	Not due	Due, less than 90 days	Due between 90 and 180 days	Due, more than 180 days	TOTAL
Credits for commercial operations	3.039.945,91	290.632,37	165.902,31	1.137.428,63	4.633.909,22
Impaired balance				(681.470,63)	(681.470,63)
TOTAL	**3.039.945,91**	**290.632,37**	**165.902,31**	**455.958,00**	**3.952.438,59**

The detail of the age of the financial assets and their impairment at the end of the 2022 fiscal year is shown below:

	Not due	Due, less than 90 days	Due between 90 and 180 days	Due, more than 180 days	TOTAL
Credits for commercial operations	3.786.359,34	52.834,26	326.417,23	923.427,22	5.089.038,05
Impaired balance				(623.486,55)	(623.486,55)
TOTAL	**3.786.359,34**	**52.834,26**	**326.417,23**	**299.940,67**	**4.465.551,50**

8.3) <u>Financial Assets at Fair Value through Shareholders' Equity</u>

Corresponds to an investment made by the Group in previous years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.497,91 euros and corresponds to 0,38% of the capital stock.

There are no assets as collateral for loans.

NOTE 9. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Other liabilities		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial liabilities at amortised cost (Note 9.1)	**4.491.564,12**	**5.741.553,69**	**989.522,83**	**1.072.069,31**	**5.481.086,95**	**6.813.623,00**

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

	Debts with credit institutions		Other liabilities		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Debits and payable Items at amortised cost (Note 9.1)	**4.488.668,55**	**3.187.612,02**	**3.535.134,26**	**3.618.746,58**	**8.022.802,81**	**6.806.358,60**

9.1) Debits and Payable Items

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

	Balance as of 31/12/2023		Saldo a 31/12/2022	
	Long-Term	**Short-Term**	**Long-Term**	**Short-Term**
For commercial transactions:				
Suppliers	-	1.987.124,34	-	1.968.970,04
Creditors	-	375.595,06	-	373.998,82
Advances from costumers	-	275.317,82	-	158.997,27
Total balances for commercial transactions	**-**	**2.638.037,22**	**-**	**2.501.966,13**
For non-commercial operations:				
Debts with credit institutions	4.491.564,12	4.488.668,55	5.741.553,69	3.187.612,02
Other debts	989.522,83	868.628,26	1.072.069,31	1.099.157,63
Debits and payable items	**5.481.086,95**	**5.357.296,81**	**6.813.623,00**	**4.286.769,65**
Staff (remuneration payable)	-	27.468,78	-	17.622,82
Total balances for non-commercial operations	**5.481.086,95**	**5.384.765,59**	**6.813.623,00**	**4.304.392,47**
Total debts and payable items	**5.481.086,95**	**8.022.802,81**	**6.813.623,00**	**6.806.358,60**

9.1.1) Debts with credit institutions

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

	Short-Term	**Long-Term**	**Total**
Loans	1.926.216,15	4.491.564,12	6.417.780,27
Credit policies	2.413.155,09	-	2.413.155,09
Advanced billing	149.297,31		149.297,31
	4.488.668,55	**4.491.564,12**	**8.980.232,67**

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

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

Loans

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

Loans	Last maturity	Amount Granted	Pending at closure
Loan 24 (*)	15/10/2025	78.375,60	23.771,60
Loan 41	29/03/2024	250.000,00	13.086,82
Loan 42	12/04/2024	400.000,00	27.768,64
Loan 43	03/05/2024	300.000,00	26.100,64
Loan 44	04/06/2024	250.000,00	26.138,41
Loan 45	30/04/2025	400.000,00	136.006,99
Loan 46	22/04/2025	400.000,00	136.185,67
Loan 47	08/04/2025	400.000,00	136.275,27
Loan 48	31/03/2026	500.000,00	227.320,71
Loan 49	09/07/2028	1.200.000,00	790.924,37
Loan 50	31/07/2028	3.200.000,00	2.114.167,81
Loan 51	09/10/2027	1.250.000,00	809.810,19
Loan 52	01/02/2028	400.000,00	280.439,20
Loan 53	18/09/2029	700.000,00	587.580,81
Loan 54	02/05/2028	330.000,00	295.413,56
Loan 55	14/02/2024	260.000,00	162.174,31
Loan 56	04/06/2024	150.000,00	95.672,12
Loan 57	04/06/2028	250.000,00	190.167,68
Loan 58	24/03/2026	220.000,00	126.179,06
Loan 59	19/05/2028	200.000,00	179.263,07
Loan 60	15/01/2024	100.000,00	33.333,34
		11.238.375,60	**6.417.780,27**

(*) 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	Amount granted	Pending at closure
Loan 24 (*)	15/10/2025	78.375,60	33.699,60
Loan 38	18/06/2023	195.000,00	20.415,03
Loan 39	02/07/2023	200.000,00	24.773,17
Loan 40	28/12/2023	400.000,00	81.978,59
Loan 41	29/03/2024	250.000,00	64.801,46
Loan 42	12/04/2024	400.000,00	110.109,36
Loan 43	03/05/2024	300.000,00	87.905,84
Loan 44	04/06/2024	250.000,00	77.639,41
Loan 45	30/04/2025	400.000,00	236.243,09
Loan 46	22/04/2025	400.000,00	236.436,54
Loan 47	08/04/2025	400.000,00	236.533,39
Loan 48	31/03/2026	500.000,00	327.127,95
Loan 49	09/07/2028	1.200.000,00	960.856,61
Loan 50	31/07/2028	3.200.000,00	2.565.865,12
Loan 51	09/10/2027	1.250.000,00	1.014.515,09
Loan 52	01/02/2028	400.000,00	345.939,28
Loan 53	18/09/2029	700.000,00	677.620,76
Loan 54	31/07/2023	415.829,24	50.571,77
Loan 55	18/03/2023	200.000,00	17.158,13
Loan 56	04/06/2026	150.000,00	132.138,84
Loan 57	04/06/2028	250.000,00	230.478,07
Loan 58	24/03/2026	220.000,00	180.242,51
		11.759.204,84	**7.713.049,61**

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

Credit Lines

As of December 31, 2023, the Group has credit policies granted with a total limit amounting to 2.573.500,00 euros (2.504.000 euros at the end of the previous year), which amount drawn at the aforementioned date is amounting 2.413.155,92 euros (1.216.116,30 euros euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2023, the Company has granted trade discount policies with a total limit amounting to 700,000.00 euros (575,000 euros in the previous year), of which the Company has used 149,297.31 at the end of this 2023 fiscal year.

9.1.2) Other Financial Liabilities

Deferred payment for the acquisition of Lleida.net PKI, SL

On November 30, 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 an initial payment of 4,010,387.67 euros, with the remaining amount of 3,089,612.33 euros deferred. A payment schedule has been established, with dates on November 30, 2022, 2023, 2024, and 2025 in cash, and another payment schedule with dates on November 30, 2023, 2024, and 2025 consisting of a fixed amount to be paid with the delivery of shares of Lleidanetworks Serveis Telemàtics, S.A. (own shares).

As of the closing of the 2023 fiscal year, there are outstanding payments totaling 1,696,516.05 euros, of which 485,884.33 euros have been included with a maturity date of 2028. The Company included a payment retention option in the purchase agreement with the sellers for any issues that may arise after the purchase is formalized.

Due to issues identified in previous financial statements, the Company has notified and withheld payments from buyers in the amount of 486,000 euros. The Company believes it has substantial grounds for not paying these amounts. However, as a prudent measure, it has decided to keep them on the balance sheet and will reverse these amounts when there is sufficient evidence that there are no future adjustments. On January 5th, 2024, the Company proceeded to pay 209 thousand euros corresponding to November 30th, 2023, by delivering company shares.

Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF), CDTI and former members of Indenova, S.L. The detail of these at the close of fiscal year 2023 is as follows, in euros:

Entity	Last Maturity	Amount granted	Pending at closur
Loan 3	31/03/2024	199.151,00	25.889,63
Loan 4	23/01/2024	672.672,92	40.458,13
Loan 5	31/12/2023	217.000,00	63.568,43
Loan 6	31/12/2023	290.000,00	10.548,00
Loan 7	31/12/2023	162.000,00	12.893,31
		1.540.823,92	**153.357,50**

The detail at the close of fiscal year 2022 was as follows, in euros:

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

9.2) Other Information related to Financial Liabilities

a) Classification by Maturity Date

The breakdown of the maturity dates of the liability financial instruments as the end of the financial year 2023 is the following:

	Maturity years						
	2024	2025	2026	2027	2028	Más de 5 años	Total
Financial debts:	**4.488.668,55**	**1.462.916,90**	**1.225.979,93**	**1.148.743,56**	**565.275,63**	**88.648,10**	**8.980.232,67**
Debts with credit institutions	4.488.668,55	1.462.916,90	1.225.979,93	1.148.743,56	565.275,63	88.648,10	8.980.232,67
Other financial liabilities:	**868.628,26**	**503.638,50**	-	-	-	-	**1.858.151,09**
Other debts	162.625,04	-	-	-	-	-	162.625,04
Deferred payment acquisition Indenova, S.L.	706.003,22	503.638,50	-	-	-	**485.884,33**	1.695.526,05
Commercial creditors and other payable items:	**2.666.417,80**	-	-	-	-	-	**2.665.506,00**
Suppliers	1.987.124,34	-	-	-	-	-	1.987.124,34
Sundry creditors	376.506,86	-	-	-	-	-	375.595,06
Advances from costumers	275.317,82	-	-	-	-	-	275.317,82
Staff	27.468,78	-	-	-	-	-	27.468,78
Total	**8.022.802,81**	**2.146.555,40**	**1.225.979,93**	**1.148.743,56**	**1.051.159,96**	**88.648,10**	**13.503.889,76**

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

	Maturity years						
	2023	2024	2025	2026	2027	More than 5 years	Total
Financial debts:	**3.187.612,02**	**1.657.966,97**	**1.381.248,92**	**1.139.821,14**	**990.851,50**	**571.665,16**	**8.929.165,71**
Debts with credit institutions	3.187.612,02	1.657.966,97	1.381.248,92	1.139.821,14	990.851,50	571.665,16	8.929.165,71
Other financial liabilities:	**1.099.157,63**	**568.430,81**	**503.638,50**	-	-	-	**2.171.226,94**
Other debts	284.009,08	64.792,31	-	-	-	-	348.801,39
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:	**2.519.588,95**	-	-	-	-	-	**2.519.588,95**
Suppliers	1.968.970,04	-	-	-	-	-	1.968.970,04
Sundry creditors	373.998,82	-	-	-	-	-	373.998,82
Advances from costumers	158.997,27	-	-	-	-	-	158.997,27
Staff	17.622,82	-	-	-	-	-	17.622,82
Total	**6.806.358,60**	**2.226.397,78**	**1.884.887,42**	**1.139.821,14**	**990.851,50**	**571.665,16**	**13.619.981,60**

b) Breach of Contractual Obligations

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

9.3) Guarantees

The Group has contracted guarantees with several financial institutions for a total amount of 563.000 euros (475.000 euros in 2022), a standard instrument when signing an interconnection agreement.

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

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

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

	Payments made and pending payment on the balance sheet date	
	Days Financial year 2023	**Days Financial year 2022**
Average payment period to suppliers	35,95	29,68
Ratio paid operations	37,46	29,99
Ratio of outstanding payment transactions	29,72	28,05
	Financial year Amount 2023	**Financial year Amount 2022**
Total payments	9.514.230,81	12.529.440,21
Total outstanding payments	2.300.174,52	2.381.552,03
	Financial year Amount 2023	**Financial year Amount 2022**
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 11. INFORMATION ON THE NATURE AND LEVEL OF THE RISK FROM FINANCIAL INSTRUMENT

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

11.1) Credit Risk

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

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

11.2) Liquidity Risk

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

11.3) Market Risk

Possible market risks are described in note 1.e.

11.4) Exchange Rate Risk

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

11.5) Interest Rate Risk

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

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

NOTE 12. EQUITY

12.1) Share Capital of Parent Company

12.1) Share Capital

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

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

Capital Increase

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

- On June 1, 2015, a General Shareholders' Meeting resolved to split the shares of the Parent Company by reducing the par value of the shares by 60,10 euros at a nominal value of 0,02 euros per share. In this operation, 3.005 shares were generated for each old share, with the capital stock being formed by 11.812.655 shares with a nominal value of each share at nominal 0,02 euros each.

- On June 1, 2015, it was agreed by the General Shareholders' Meeting to modify the system of representation of the shares, transforming the nominative securities representing the shares in which the Parent Company's capital is divided into account entries.

- On June 1, 2015, it was resolved by means of a General Meeting of Shareholders to modify the transmission regime of the shares of the Parent Company, passing this transfer of shares to be free and not subject to consent or authorization by the Company nor by shareholders

- On June 1, 2015, it was agreed by the General Meeting of Shareholders to request the incorporation in the segment of Companies in Expansion of the Alternative Stock Market of all the shares representing the Parent Company.

- On September 30, 2015, it was agreed to increase the Parent Company's Capital Stock by 84.745,78 euros through the issuance of 4.237.288 shares with a nominal value of 0,02 euros and an issue premium of 1,16 euros per share. This extension is fully subscribed and disbursed.

12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2023	31/12/2022
Legal Reserve	64.199,77	64.199,77
Other Reserves	1.453.021,09	2.318.707,70
	1.517.220,86	**2.382.907,47**

12.3) Issue Premium

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

12.4) Own Shares

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

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

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 in the previous year) at an average cost price of 2,75 euros 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 of 402 thousand euros, which is explained by the decrease in the share price during 2023. Al the end of the fiscal year, the Parent Company had 526,398 treasury shares with a nominal unit value of 0.02 euros per share. During the year 2023, the Parent Company acquired 1,127,067 shares for a total of 1,738,382.87 euros and sold 1,034,026 shares for a total of 1,608,955.45 euros in the markets where it is listed. The purpose of holding treasury shares is to provide liquidity through agreements with liquidity providers and to cover deferred payments for the purchase of Lleida.net PKI, S.L.U in shares.

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances at the end of the year 2023, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRL	DOP	PEN	CLP	GTQ	AED
ACTIVO CORRIENTE	**937.380,73**	**153.206,06**	**1.375,57**	**2.383.745.722,83**	**712.123,03**	**3.600.880,02**	**103.782,00**	**4.330.130,00**	**30.000,00**	**68.654,07**
Trade debtors and other accounts receivable	584.600,62	148.864,05	1.375,57	1.599.699.444,80	21.109,02	2.896.327,73	77.396,00	1.060.610,00	-	19.933,47
Cash	352.780,11	4.342,01	-	784.046.278,03	691.014,01	704.552,29	26.386,00	3.269.520,00	30.000,00	48.720,60
PASIVO CORRIENTE	**230.022,71**	**139.302,28**	**557,94**	**295.960.786,18**	**7.812,19**	**460.894,80**	**96.787,00**	**1.096.136,00**	**-**	**2.373,77**
Trade creditors and other payable accounts	230.022,71	139.302,28	557,94	295.960.786,18	7.812,19	460.894,80	96.787,00	1.096.136,00	-	2.373,77

The most significant foreign currency balances as the end of the year 2022, in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRl	DOP	PEN	CLP	CRC	GTQ	AED
ACTIVO CORRIENTE	**1.331.657,15**	**175.449,22**	**161.991,31**	**5.808.604.747,83**	**486.140,70**	**3.067.779,88**	**2.549.199,84**	**3.600.602,11**	**817.161,75**	**30.880,62**	**72.360,29**
Trade debtors and other accounts receivable	780.766,49	144.373,53	125.683,36	3.017.607.690,30	33.513,31	2.519.538,36	1.952.016,91	-	-	-	-
Cash	550.890,66	31.075,69	36.307,95	2.790.997.057,53	452.627,39	548.241,52	597.182,93	3.600.602,11	817.161,75	30.880,62	72.360,29
PASIVO CORRIENTE	**83.828,85**	**3.081,77**	**41.059,51**	**1.181.480.348,97**	**-**	**647.194,33**	**983.024,58**	**8.209.510,66**	**8.571,63**	**-**	**1.732,57**
Trade creditors and other payable accounts	83.828,85	3.081,77	41.059,51	1.181.480.348,97	-	647.194,33	983.024,58	8.209.510,66	8.571,63	-	1.732,57

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

	EUR	USD	GBP	CLP	COP	ZAR	DOP	PEN	PLN	MXN	AED	CAD	AUD	JPY
Purchases and services received	1.558.734,00	1.125.362,00	63.256,25	7.091.212,00	868.629.281,95	295,13	1.312.529,16	482.766,54	80.540,14	343.311,13		1.164,49	1.321	1.690.200,00
Sales and services given	2.690.167,32	850.038,80	1.375,57	-	5.172.273.859,43	-	2.936.279,43	3.107.107,65	-	4.004,96	4.649,37	-	-	-

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

	EUR	USD	GBP	CLP	COP	ZAR	DOP	PEN	PLN	MXN	AED	JPY
Purchases and services received	1.689.914,92	1.522.441,62	58.119,95	9.144.292,00	860.692,00	9.234,50	-	344.106,91	37.191,18	320.328,68	224.476,09	471.300,00
Sales and services given	4.221.500,61	1.533.460,43	677,39	-	9.418.742.482,75	-	2.702.372,19	2.403.741,58	-	2.792,00	-	-

NOTE 14. TAX SITUATION

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

	31/12/2023		31/12/2022	
	Receivable	**Payable**	**Receivable**	**Payable**
Non-current:				
Deferred Tax Assets	595.580,62	-	474.315,13	-
Deferred tax liabilities	-	25.162,21	-	-
	595.580,62	**25.162,21**	**474.315,13**	**-**
Current:				
Value Added Tax	32.162,58	296.269,27	136.963,24	198.312,54
Subsidies receivable (*)	1.089,00	-	37.748,96	-
Income Tax retentions	-	174.943,25	-	173.376,77
Company Tax	1.158.179,03		841.283,22	-
Social Security bodies	3.470,00	142.096,02	12.080,90	131.346,13
	1.194.900,61	**613.308,54**	**1.028.076,32**	**503.035,44**

Tax Situation

In accordance with current legislation, tax payments cannot be considered final until they have been inspected by the tax authorities, or until the statute barring period of four years has passed. In consequence, for the purposes of subsequent inspections, liabilities may arise additional to those recorded by the Group.

As of December 31, 2023, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2019 to the 2022 financial year. Consequently, as a result of possible inspections, additional liabilities could arise to those registered by the Group. However, the Directors of the Parent Company and its tax advisors consider that such liabilities, if they occur, would not be significant on the annual accounts taken as a whole.

Profit Tax

The conciliation of the net amount of income and expenses for the year 2023 of the Parent Company with the taxable income tax base is as follows:

		Profit and Loss Account	
Financial year's earnings (After taxes)			**(2.748.268,36)**
	Increases	*Decreases*	*Net effect*
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.

The conciliation of the net amount of income and expenses for the year 2022 of the Parent Company with the taxable income tax base is as follows:

	Profit and Loss Account		
Financial year's earnings (After taxes)			**(222.921,22)**
	Increases	*Decreases*	*Net effect*
Profit tax	**89.990,06**	**(146.582,99)**	**(56.592,93)**
Permanent differences	**1.134.635,21**	**-**	**1.134.635,21**
Taxable income (tax result)	**1.224.625,27**	(146.582,99)	**855.121,07**

Permanent differences mainly correspond to impairments of investments and loans.

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	-	**89.990,07**
Less: withholdings and payments	(140,43)	**(129.857,55)**
Tax payable	**(140,43)**	(39.867,48)

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

	2023	2022
Current tax	(40.761,82)	(121.727,91)
Deferred tax	104.399,12	142.293,41
Total	**63.637,30**	**20.565,50**

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

	Balance at 31/12/2022	Generated	Cancelled	Balance at 31/12/2023
Deferred tax assets:				
Tax credits	71.093,81	4.177,33	-	75.271,14
Credits for deductions	403.221,32	117.088,17	-	520.309,48
Total	**474.315,13**	**121.265,50**		**595.580,62**

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

	Balance at 31/12/2021	Generated	Cancelled	Balance at 31/12/2022
Deferred tax assets:				
Tax credits	11.499,38	59.594,43	-	71.093,81
Credits for deductions	280.426,99	122.794,33	-	403.221,32
Total	**291.926,37**	**182.388,76**	**-**	**474.315,13**

Credits for Tax Losses Carry Forward

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

At the end of the 2023 financial year, the Group has the following negative tax bases pending to be offset for an amount of 2,542,980.46 euros that have not been activated and correspond to the Dominant Company and Lleida.net PKI, S.L.U

Deductions Pending Application

As of December 31, 2023, the Group has the following deductions to apply:

Origin Year	Amount
2008	11.288,42
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	344.112,78
2013	428.680,64
2014	245.346,28
2015	369.824,03
2016	188.991,46
2017	180.537,92
2018	170.354,09
2019	163.214,66
2020	136.418,80
2021	236.841,13
2022	205.539,80
2023	154.119,56
	3.403.466,20

In view of the Group's good performance, the Board of Directors of Parent Company has decided to recognise the deductions pending to apply tax credits for the years 2022 and 2023 as assets of the Group. The deadline for the use of deductions is 15 immediate and successive years from their generation.

NOTE 15. INCOME AND EXPENSES

a) Income

1. *Disaggregation of revenue from ordinary activities.*

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

	2023		2022	
Business areas (figures in thousands of euros)	**Euros**	**%**	**Euros**	**%**
Contracts	3.073	18,63%	2.999	15%
Notification	1.640	9,94%	2.468	12%
Other SaaS	2.865	17,38%	3.115	15%
ICX Wholesale Solutions	5.583	33,85%	8.455	40%
SMS Solutions	3.330	20,19%	3.634	18%
Total	**16.491**	**100,00%**	**20.671**	**100%**

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

	2023		2022	
Geographic market description	**Euros**	**%**	**Euros**	**%**
National	8.659.086,03	52,51%	9.189.049,12	44,45%
European Union	3.510.498,57	21,29%	5.355.241,84	25,91%
Rest of the World	4.321.092,78	26,20%	6.126.400,48	29,64%
Total	**16.490.677,38**	**100,00%**	**20.670.691,44**	**100,00%**

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

	Financial Year 2023	**Financial Year 2022**
Type of contract		
Fixed price contracts (*)	14.523.366,15	19.499.516,12
Variable contracts (**)	1.968.311,23	1.171.175,32
Total	**16.490.677,38**	**20.670.691,44**

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

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

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

	Financial Year 2023	**Financial Year 2022**
Duration of contract		
Short-term contracts	-	-
Long-term contracts	16.490.677,38	20.670.691,44
Total (*)	**16.490.677.38**	**20.670.691,44**

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

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

	Financial Year 2023	Financial Year 2022
Sales channels		
Distributors or wholesalers	1.579.639,53	1.299.412,05
Retailers (*)	840.720,66	289.944,01
Direct sales	14.070.317,19	19.081.335,38
Total	**16.490.677,38**	**20.670.691,44**

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

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

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

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

b) <u>Supplies</u>

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

	2023	2022
Consumption of merchandise		
Domestics	3.271.889,34	3.961.113,67
Intra-Community Acquisitions	2.694.525,75	4.073.073,54
Imports	1.353.291,24	1.890.421,53
	7.319.706,33	**9.924.608,74**

c) <u>Staff expenses</u>

The composition of social charges as in the Profit and Loss Account are composed as follows, in euros:

	2023	2022
Company Social Security contributions	1.364.251,18	1.296.833,96
Other welfare costs	121.455,69	130.018,88
	1.485.706,87	**1.426.852,84**

In the current exercise, the Parent Company has carried out a workforce reduction procedure that has affected seventeen employees, and its effect is recorded as indemnities within the heading of "Wages, salaries and similar". Additionally, there have been 5 layoffs between Colombia and Peru. The expenses for this concept had been paid at the end of the exercise. The breakdown of the heading "Wages, salaries and similar" is as follows:

Additionally, in staff expenses, include the severance payments that have been paid at the end of the fiscal year as a result of the labor force layoffs carried out by the company. The breakdown of wages and salaries expenses is as follows:

	2023	2022
Wages and Salaries	5.243.268,59	4.900.105,09
Several payments	259.053,22	13.174,39
	5.502.321,81	**4.913.279,48**

d) <u>Financial Results</u>

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

	2023	2022
Financial incomes	**3.363,64**	**559,58**
Other financial incomes	3.363,64	559,58
Financial expenses	**(198.186,27)**	**(166.415,99)**
For debts with credit institutions	(198.186,27)	(166.415,99)
Exchange differences	(64.463,72)	(45.912,98)
Impairment and results on disposals	-	-
Financial Result Positive / (Negative)	**(259.286,35)**	**(211.769,39)**

NOTE 16. INFORMATION ON THE ENVIRONMENT

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

NOTE 17. SUBSEQUENT EVENTS

There have been no significant events, except for those mentioned above, 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.

NOTE 18. CONSOLIDATED EARNINGS

The following is the breakdown for the financial year 2023 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Result attributed to External Partners
Lleidanetworks Serveis Telemàtics, S.A.	(2.748.268,37)		(2.748.268,37)	-
Lleidanetworks Serveis Telemàtics, LTD	14.838,00	100%	14.838,00	-
Lleidanet USA Inc	9.764,62	100%	9.764,62	-
Lleidanet Honduras, SA	-	70%	-	-
LLeidanet Dominicana, SRL	10.000,98	99,98%	9.998,97	2,00
Lleida SAS	(6.848,96)	100%	(6.848,96)	-
Lleida Chile SPA	(4.551,94)	100%	(4.551,94)	-
Lleidanet do Brasil Ltda	945,91	99,99%	945,81	0,08
Lleidanet Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	1.262,16	100%	1.262,16	-
Lleidanet Costa Rica	(28,48)	100%	(28,48)	-
Lleidanet Perú	(124.537,31)	100%	(124.537,31)	-
Lleida Information Technology Network Services	(83.549,55)	49%	(40.939,28)	(42.610,27)
Lleidanet PKI SL (antes Indenova, S.L.)	(652.415,97)	100%	(652.415,97)	-
	(3.583.388,91)		**(3.540.780,75)**	**(42.608,19)**

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

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Result attributed to External Partners
Lleidanetworks Serveis Telemàtics, S.A.	(222.921,22)		(222.921,22)	-
Lleidanetworks Serveis Telemàtics, LTD	22.814,50	100%	22.814,50	-
Lleidanet USA Inc	10.722,36	100%	10.722,36	-
Lleidanet Honduras, SA	-	70%	-	-
LLeidanet Dominicana, SRL	1.069,31	99,98%	1.069,10	0,21
Lleida SAS	15.185,75	100%	15.185,75	-
Lleida Chile SPA	(5.691,17)	100%	(5.691,18)	-
Lleidanet do Brasil Ltda	(1.685,31)	99,99%	(1.685,14)	(0,16)
Lleidanet Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	-	100%	-	-
Lleidanet Costa Rica	(14,24)	100%	(14,24)	-
Lleidanet Perú	2.151,33	100%	2.151,33	-
Lleida Information Technology Network Services	(101.896,59)	49%	(49.929,33)	(51.967,26)
Indenova, S.L.	(671.151,84)	100%	(671.151,84)	-
Lleidanet South Africa	(832,95)	100%	(832,95)	-
	(952.250,07)		**(900.282,86)**	**(51.967,21)**

The adjustments made to the Earnings associated to Parent Company in 2023 is as follows:

Individual earnings attributed to Parent Company	**(3.540.780,43)**
Consolidation adjustments:	
Reversal of credit impairment	1.376.587,60
Amortisation of goodwill Indenova, S.L.	(449.822,20)
Impairment of goodwill Indenova, S.L.	
Total	**(2.614.015,03)**

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

Individual earnings attributed to Parent Company	
Consolidation adjustments:	**(900.282,86)**
Reversal of credit impairment	1.096.364,52
Amortisation of goodwill Indenova, S.L.	(468.842,96)
Impairment of goodwill Indenova, S.L.	(190.207,60)
Total	**(462.968,90)**

NOTA 19. PROVISIONES A LARGO PLAZO

The Group 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 finished.

NOTE 20. TRANSACTIONS WITH RELATED PARTIES

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 of the Parent Company amounted to 99.000,00 euros (100.500 euros in the previous year).

Senior Management tasks are carried out by three members of the same Board of Directors (three members in the previous year), with remuneration amounting to 296.702,25Xuros (300.474,07 euros in the previous year). The detail for this amount is as follows, in euros:

	2023	2022
Wages and salaries	296.702,25	274.274,29
Payment in kind	28.741,44	26.199,78
	325.443,69	**300.474,07**

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

Other Information Regarding the Board of Directors

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

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

NOTE 21. OTHER INFORMATION

The average number of employees during fiscal 2023 and 2022, distributed by category and gender, is as follows:

	2023	2022
Senior Executives	3	3
Administration	8,13	8,05
Commercial	27,75	27,75
Production	96,60	96,38
Maintenance	0,88	0,88
Reception	8,17	8
Business development	10,47	9,61
Compliance	6,94	5
Human Resources	3,50	3
Intellectual Property	1	2
TOTAL	**166,44**	**163,67**

The distribution of the Group's employees at the end of fiscal year 2023, by category and gender, is as follows:

	2023			
	Men	**Women**	**Total**	**Disability greater than or equal to 33%**
Senior Executives	1	2	3	-
Administration	3	5	8	1
Commercial	8	13	21	1
Production	72	17	89	-
Maintenance	-	2	2	-
Reception	1	6	7	-
Business development	3	5	8	-
Compliance	1	4	5	-
Human Resources	-	2	2	-
Intellectual Property	1	-	1	-
TOTAL	**90**	**56**	**146**	**2**

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

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

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

	2023	**2022**
Audit fees for audit services (individual and consolidated):	32.475	31.000
Fees of the auditor for rendering audit services (other group companies)	11.965	11.450
Audit fees for other 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 interim financial consolidated statements as at 30 June 2023 and 30 June 2022.
(**) The amount of fees from firms in the Statutory Auditor's network for other services other than transfer pricing reports.

The Group is hereby informed that during the year it has paid the premium corresponding to the civil liability policy that would eventually cover any damage caused to third parties by acts or omissions related to the performance of its duties. The premium amounted to 76.942,52 euros (72.904,77 euros in the previous year).

NOTE 22. GOODWILL ON CONSOLIDATION

Details of goodwill in consolidation at year-end 2023 are as follows, in euros:

	Cost 31/12/2023	**Amortisation 31/12/2023**	**Impairment 31/12/2023**	**Net Value 31/12/2023**
Cost:				
Lleidanet PKI SL (antes Indenova, S.L.)	4.668.429,58	(996.805,65)	(190.207,60)	3.501.416,33
Goodwill on consolidation	**4.688.429,58**	**(996.805,65)**	**(190.207,60)**	**3.501.416,33**

The detail of the existing consolidation goodwill at the end of the 2022 financial year is as follows, in euros:

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

The Parent Company's Board of Directors has performed the analysis of the recoverability of this consolidation goodwill mentioned above, using cash flows based on sales projections for the period 2023-2027. According to management, these projections are based on the budget for 2023, the degree of compliance with the budget at the date of formulation of these Consolidated Financial Statements and management's best expectations for the business until 2027 for the corresponding analysis of possible impairments at 31 December 2023. Sales growth has been estimated at 61%, 14%, 12%, 10% and 8% respectively for each of the next 5 years.

Cash flows have also been discounted using the average cost of funds after tax. The discount rate used was 15,3 and a perpetual income of 2% was estimated.

In view of the above, the Board of Directors of the Parent Company has decided not to impair the consolidation goodwill in the current financial year based on the expected cash flow generation in the coming years by the subsidiary company.

In the previous financial year, the Board of Directors of the Parent Company considered impairing the consolidation goodwill by an amount of 190 thousand euros (see Note 5).

GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2023

GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2023

In compliance with the provisions of the Corporations Law, the directors present below the management report for the year, in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to fiscal year 2023.

1. EVOLUTION OF RESULT AND NET TURNOVER

The year 2023 has been a year of transition for the Lleida.net group.

Sales by business line thousand euros	2022	2023	Var. Euros	Var.%
Contracts	2.999	3.073	74	2%
Notification	2.468	1.640	(828)	-34%
Other SaaS	3.115	2.865	(250)	-8%
SMS Solutions	3.634	3.330	(304)	-8%
ICX WHOLESALE Solutions	8.455	5.583	(2.872)	-34%
Total	**20.671**	**16.491**	**(4.179)**	**-20%**

The group's global sales have decreased by 20% due to two main factors:

- The SMS market, both wholesale and commercial, has declined due to market maturity, as well as the destinations where messages with lower termination prices are being sent.

- On the other hand, the reduction in the notification line was caused by the service cut to the Colombian customer, Correos Postales Colombianos, 472, due to non-payment of service invoices. They have been gradually paying off part of the outstanding invoices during the year, and new payments are expected in 2024. In Colombia, new agreements are being signed with customers to recover the lost revenue from this client.

- The notification line has grown by 2%. We are focusing on the use of standard products instead of custom developments for customers. The impact on sales is progressive, as these processes are simpler and have a lower price than custom development, but growth rates are higher.

- The line of other SaaS includes service licenses, as well as all email verification transactions, timestamp, phone number, and identity. This year, the profitability of public entity licenses has been analysed, and it was decided not to renew the contracts in order to allocate development hours to standard automation product development.

Data in thousand euros	2022	2023	Var. Euros	Var.%
Sales	20.671	16.491	(4.180)	-20%
Cost of sales	(9.925)	(7.320)	(2.605)	-26%
Gross Profit	**10.746**	**9.171**	**(1.575)**	**-15%**
Staff Expenses	(6.340)	(6.748)	408	6%
Other expenses	(3.682)	(3.202)	(480)	-13%
Capitalization	1.156	863	(293)	-25%
EBITDA	**1.880**	**84**	**(1.796)**	**-96%**
Other incomes	65	79	14	22%
Depreciation	(2.073)	(2.124)	51	2%
Results on disposals	(194)	(64)	(130)	-67%
Other results	(1)	(196)	195	19500%
Severance pay		(240)	240	
Operating Result	**(323)**	**(2.461)**	**(2.138)**	**-662%**
Financial income	(166)	(195)	29	17%
Exchange rate differences	(46)	(64)	18	39%
Profit before tax	**(535)**	**(2.720)**	**(2.185)**	**-408%**
Taxes	20	63	43	215%
Profit after tax	**(515)**	**(2.657)**	**(2.142)**	**-416%**

Sales have decreased by 20% and impact on a 15% decrease in gross profit. The increase in the relative weight of SaaS sales in the overall sales allows for an increase in the margin on sales.

In 2023, the Group made a staff adjustment in order to return to profitability. In the matrix, a labor force layoffs was carried out, affecting 17 people. Additionally, layoffs were carried out in the companies in Colombia and Peru. In February 2024, layoffs were also carried out in the company Lleida.net PKI S.L.U.

Cost reductions have also been made in the outsourced services section where physical offices, external advisory services, business trips, and fairs have been eliminated. The impact is starting to be seen in the closing of the 2023 exercise, where we have an 13% decrease compared to the same period in 2022.

The capitalization corresponding to R&D&I work carried out for the development of new products has decreased compared to the 2022 exercise by 293 thousand euros due to reasonableness with the sales figure.

The decrease in sales has led to an EBITDA of 84 thousand euros, which has forced the group to take the necessary cost measures mentioned above during the 2023 exercise.

The operating result is negative by 2.461 thousand euros, derived from the expenses of several pay for the layoffs made, as well as by the provision made for possible contingencies included within other results.

The net financial result is lower due to the increased use of short-term credit lines, as well as the rise in the Euribor, which is the reference index we have for these credit lines. The group's long-term financing is mainly at fixed rates, with monthly amortizations, and with interest rates lower than the current Euribor.

The negative result after taxes of 2.7 million reflects the exceptional situation the group has experienced in this fiscal year. To reverse this situation, cost-cutting corrective measures have been implemented in the market, as well as a product standardization and vertical strategy, and geographical focus on sales. The year 2024 will be the year to reverse the losses of the 2023 period.

2. SUBSEQUENT EVENTS

After December 31, 2023, and up to the date of preparation of this Management Report, there have been no subsequent events in addition to those already mentioned in the explanatory notes of the financial statements and the previous section, which reveal circumstances that already existed as of December 31, 2023 and which, due to the importance of their economic impact, should result in adjustments to the Financial Statements or modifications to the information contained in the explanatory notes.

There are also no other subsequent events, different from 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 of the annual accounts.

3. PROBABLE EVOLUTION OF THE GROUP

After the expense adjustments that have been made in the group, both following the departures of staff due to the labor force layoffs carried out in December 2023 at the headquarters, as well as the layoffs made in the Latin American subsidiaries, and the review of all expense items, the company expects to return to a path of profit. Sales forecasts are optimistic, as evidenced by the latest contracts awarded 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 increases in consumption by recurring customers, the acquisition of new customers, as well as the marketing of new hybrid products that have been developed in collaboration with Lleida.net PKI, S.L.U. technology.

4. RESEARCH ACTIVITIES

In 2023, the Group invested 863 thousand euros in research activities primarily focused on the Group's certification line and hybrid products along with Lleida.net PKI, S.L.U. technology.

5. OPERATIONS WITH OWN SHARES

According to the regulations of BME Growth and Euronext Growth, the company signed a liquidity agreement with the placement bank for its market debut. This agreement establishes both the delivery of a certain amount of own shares, as well as the deposit of a cash amount. The objective of this contract is to allow investors to trade the company's shares, ensuring that anyone interested has the possibility to buy or sell shares.

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

6. FINANCIAL INSTRUMENTS,

During 2023, the Group is not exposed to significant exchange rate risk, so it does not carry out operations with financial instruments of exchange rate.

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

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

The main exchange rate risks that the Group faces are with the dollar and the Colombian currency (COP). The group does not currently operate with exchange rate insurance, although this is a variable that is being analysed for the future. The risk is low in the group, as we have expenses and income in these currencies, so we use current accounts in these currencies to be able to meet payments in foreign currency with receipts in foreign currency. When we have a currency shortfall, we go to the spot market, always analysing the currency's evolution a month in advance to take advantage of the best time for the exchange.

7. DEFERMENT OF PAYMENT TO SUPPLIERS

Information concerning deferrals of payments to suppliers is shown in the Financial Statements in Note 10. During the year 2023, the Group has increased the payment term to its suppliers compared to the year 2022, negotiating in most cases the extensions of the term. The operations pending payment at the end of the year have a period of less than 30 days. To reduce the term, the Group has negotiated payment lines with banking entities, as well as longer payment terms with certain suppliers. The expected cash generation for 2024 will allow for a reduction in the payment terms in the new 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 Financial Statements, in Note 1.e

* * * * * * * * * * * * *

PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of **LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES** draw up the Consolidated Annual Accounts and the Consolidated Director's Report for the financial year 2023, which comprises the attached pages number 1 to 63.

Lleida, March 27th, 2023
The 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
D. Jorge Sainz de Vicuña Independent Director	Mrs. Beatriz García Torre Executive Director