CHECKPOINT

Lleida.net BUY

Bright prospects, still (strongly) undervalued

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The third quarter of 2025 confirms the operational strength and maturity of Lleida.net's business model, which maintains its ability to generate positive cash flows in a context of stable revenues and controlled costs.

In this report, we highlight two aspects that confirm our positive view of the stock: the number of invoiced clients has increased by 60% in 3Q25, and Net Debt has fallen again this quarter, by €413k. Both numbers indicate that LLN has the capacity to grow and generate positive cash flows simultaneously.

Profits before Tax rose 25% in 3Q25 to €186k, and despite higher profits, operational momentum slowed with a 2% Gross Profit growth to €2.4 million and 0% Ebitda (cash) growth to €570k.

In our 1Q25 report (published last May) we increased our Ebitda (cash) 2025 estimate from €2.8 million to €3.7 million. Based on the now-reported numbers, we are edging down our 2025 Ebitda (cash) estimate to €3.4 million.

Price Target and Valuation

Despite the share price increase of LLN since our previous 2Q25 report, the stock continues to trade at historically low EV/Ebitda (cash) multiples of 9.1x and 6.4x on 2025 and 2026 estimates.

We maintain our 12-18-month price target at €4.00, which would place the stock at a 2026 EV/Ebitda (cash) multiple of 15x. In our view, this multiple is consistent with historical multiples seen in SaaS companies and our perception of the company's growth potential.

Equities

BME Growth

Price (5pm 28/10/25): €1,585
RIC: LLN.MC
Target Price (12-18 m): €4.00

52-Wk range (€):	1.75 - 0.96
Cap. Bur. (€ millones):	25.4
No. Shares (millions):	16,05
Avg. daily Vol. (€,12m):	58k
Daily volatility (avg. LTM):	5.1%

Price Chart (12 months)

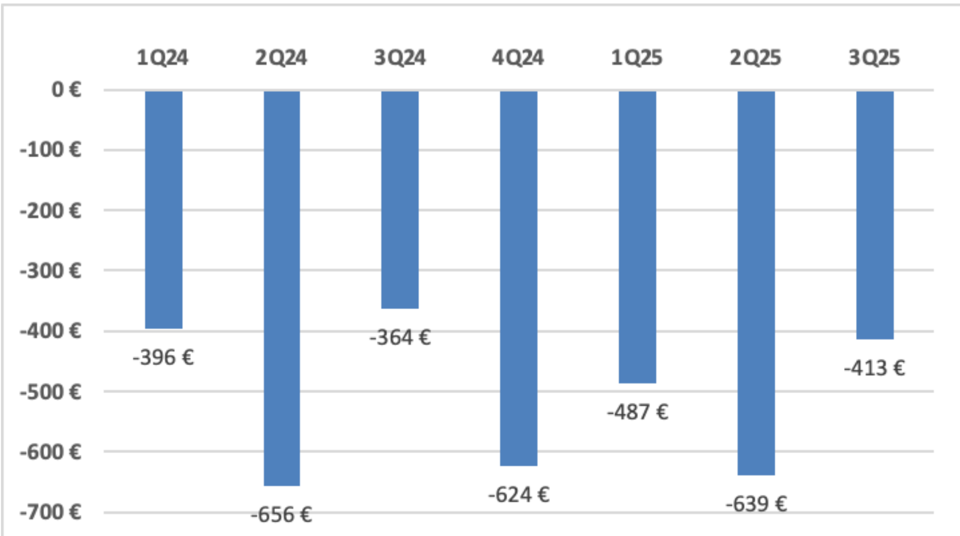
(€ millions)	2023	2024	2025e	2026e
Turnover	16,6	19,1	20,5	22,8
Ebitda	**-1,2**	**2,1**	**3,4**	**4,2**
Net Profit	-2,7	0,9	2,0	2,8
EPS	**-0,17**	**0,06**	**0,13**	**0,18**
Net Debt	**9,5**	**7,4**	**5,1**	**1,4**
EV/Sales	**2,1**	**1,7**	**1,5**	**1,2**
EV/Ebitda	**-29,1**	**15,3**	**9,1**	**6,4**
P/E	-9,6	28,8	12,6	9,0
CFY	-5%	8%	11%	13%

Lleida Net remains a structurally undervalued stock following 3Q25 results

In this results report, we focus on the continued Net Debt reduction and its relationship with the valuation of the stock. From a financial standpoint, Lleida.net strengthened its position thanks to continued Net Debt reduction to €5.88 million at the end of September (7% per cent less than in the previous quarter and 21% below the start of the year). The Net Debt reduction of €413k in 3Q25 was 13% higher than in 3Q24.

In valuation terms, the annualized Net Debt reduction in 3Q25 (despite being a seasonally low quarter) was equivalent to 6.4% of the market capitalization of Lleida Net. If we take the net debt reduction of the last 12 months, €2.1 million, the number rises to 8.4%.

Net Debt Quarterly Changes (€ 000)



Source: lleida.net and Checkpoint Partners

With our target price of €4 per share, the Net Debt reduction (a proxy for Net Cash Flow Generation) of the last 12 months would be equivalent to 3.4% of the inferred market capitalization. With the Spanish 10-year benchmark around those levels, we believe that a cash-generating growth stock like Lleida Net could trade around those levels, given the growth upside.

The underlying trend continues to point towards growth, yet with a quarterly pause in 3Q25…

A 60% increase in the number of invoiced clients during 3Q25 is a sure sign that growth continues to be present at Lleida Net. These are the most powerful numbers shared in this 3Q25 by the company…

	3Q22	3Q23	% chng	3Q24	% chng	3Q25	% chng
No. Clients	1.565	1.632	4%	1.955	20%	3.128	60%
No. Clients (below €500)	1.100	1.206	10%	1.529	27%	2.690	76%

Source: lleida.net and Checkpoint Partners

… although the revenue numbers were stable in the quarter. Sales for the quarter totalled €4.39 million, essentially in line with the same period last year. The gross profit reached €2.40 million, 2% higher than in 2024, driven by improved efficiency and a 2% reduction in the cost of sales.

By business line, performance was varied.

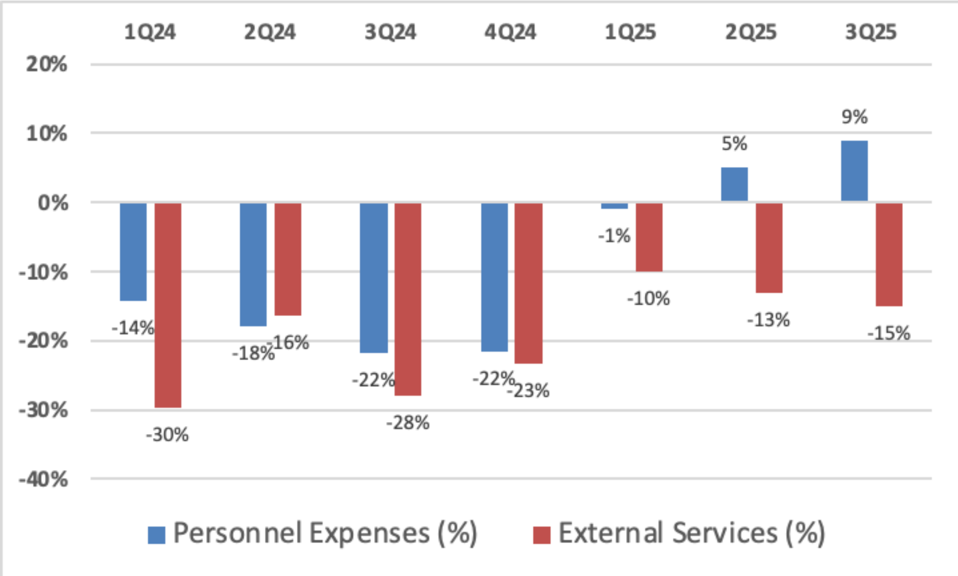
- **Contracting** activity recorded a slight contraction of 7% year-on-year, affected by a lower number of contracts per customer despite the increase in active circuits.
- The **Notification** line performed best, with growth of 21% driven by the entry into force of Law 1/2025, which reinforces judicial digitization and the demand for certified communications.
- **Other SaaS** Services fell by 36% per cent due to the impact of the new anti-spam regulations and lower activity on the PKI platform in Colombia.
- **SMS Solutions** also performed well with a growth of 9%, which confirms the strength of the Lleida net franchise within this space in Spain..
- The **ICX Wholesale** business grew by 7%, which is another positive sign of strength.

Given that 3Q is traditionally a seasonally soft quarter compared to the other quarters in the year, there are no major conclusions to be drawn from the published numbers. With positive accumulated numbers (Gross Profit is up 10% in the first 9 months) and good client growth numbers, we remain optimistic going forward.

On the costs side, Lleida Net is starting to invest in new hires, a sure sign of business confidence, while continuing to contain external costs. Personnel expenses increased by

9% to €1.43 million, mainly due to the selective expansion of technical and development teams, while external services fell by 14% to €0.40 million, reflecting a policy of cost containment and optimization.

Quarterly Changes in Operating Costs (%) 1Q24-3Q25



Source: lleida.net and Checkpoint Partners

This combination of efficiency and prudence allowed EBITDA (cash) to remain stable at €570k, compared to €571k in the same quarter last year, with of 13%, slightly above the 2024 average of 12%.

The reported Operating Profit (as per the company results report) stood at €207k, 15% lower than the previous year, mainly affected by an extraordinary staff compensation. In this results report, we place the Operating Profit at €260k (up 7% on 3Q24) by displacing the non-recurrent extraordinary items below the operating line.

Profit before Tax rose by 25% to €186k due to lower (-31%) financial expenses and a small €10k gain in FX. Without the extraordinary staff compensation, the Profit before Tax would have risen by 200%.

Lleida.net

Profit and Loss Account by Quarter: 2024 and 2025

(€ 000´)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	% chng y-o-y		
Contracting	*804*	*784*	*897*	*981*	*1.051*	*904*	*836*	*31*	*15*	*-7*
Notification	*507*	*525*	*466*	*546*	*507*	*643*	*564*	*0*	*22*	*21*
Other SaaS	*864*	*649*	*581*	*752*	*967*	*397*	*373*	*12*	*-39*	*-36*
Software Services	2.175	1.958	1.944	2.280	2.525	1.944	1.773	16	-1	-9
SMS Solutions	757	1.008	910	1.101	973	1.148	990	29	14	9
ICX	1.781	1.897	1.529	1.719	1.792	1.752	1.631	1	-8	7
Turnover	**4.713**	**4.863**	**4.383**	**5.100**	**5.290**	**4.844**	**4.394**	**12**	**0**	**0**
Cost of sales	-2.174	-2.359	-2.033	-2.347	-2.290	-2.111	-1.997	5	-11	-2
Gross Profit	**2.539**	**2.504**	**2.350**	**2.753**	**3.000**	**2.733**	**2.397**	**18**	**9**	**2**
Gross Margin	*54%*	*51%*	*54%*	*54%*	57%	56%	55%			
Capitalized R&D	243	275	253	238	257	275	235	6	0	-7
Personnel Expenses	-1.428	-1.412	-1.312	-1.319	-1.409	-1.484	-1.426	-1	5	9
Other SG&A	-691	-636	-467	-621	-624	-553	-401	-10	-13	-14
Depreciation	-519	-523	-590	-475	-509	-517	-545	-2	-1	-8
Operating Costs	**-2.638**	**-2.571**	**-2.360**	**-2.583**	**-2.542**	**-2.554**	**-2.372**	**-4**	**-1**	**1**
Operating Income	**144**	**208**	**243**	**408**	**715**	**454**	**260**	**397**	**118**	**7**
Operating Margin	3%	4%	6%	8%	14%	9%	6%			
Ebitda	**663**	**731**	**824**	**883**	**1.224**	**971**	**805**	**85**	**33**	**-2**
Ebitda Margin	14%	15%	19%	17%	23%	20%	18%			
Ebitda (Cash)	**420**	**456**	**571**	**785**	**967**	**696**	**570**	**130**	**53**	**0**
Ebitda Margin	9%	9%	13%	15%	18%	14%	13%			
Non-recurrent expenses	3	34	0	0	1	-15	-53	n.m.	n.m.	n.m.
Financial Costs (net)	-33	-58	-94	22	-74	-158	-74	n.m.	n.m.	n.m.
Profit Before Tax	**111**	**150**	**149**	**430**	**641**	**296**	**186**	**477**	**97**	**25**

Source: LLN, Checkpoint partners

Profit and Loss Account 2023-2026e

(€ millions)	2023	2024	2025e	2026e
Sales by division				
Contracting	3,1	3,5	3,9	4,5
Notification	1,6	2,0	2,4	2,8
Other SaaS	2,9	2,8	2,7	3,3
Software Services	**7,6**	**8,4**	**9,1**	**10,7**
SMS Solutions	**3,3**	**3,8**	**4,3**	**4,6**
ICX	**5,6**	**6,9**	**7,0**	**7,5**
Turnover	**16,6**	**19,1**	**20,5**	**22,8**
Cost of sales	-7,3	-8,9	-8,9	-9,9
Gross Profit	**9,3**	**10,2**	**11,6**	**13,0**
% y-o-y growth	-14%	11%	13%	12%
Gross Margin	56%	54%	56%	57%
Capitalized costs (R&D)	0,9	1,0	1,0	1,0
Personnel Expenses	-6,7	-5,5	-5,8	-6,2
Other SG&A	-3,7	-2,6	-2,4	-2,6
Depreciation	-2,1	-2,1	-1,8	-1,6
Operating Income	**-2,5**	**1,1**	**2,6**	**3,6**
Operating Margin	*-15%*	*6%*	*13%*	*16%*
Ebitda	**-0,3**	**3,2**	**4,4**	**5,2**
Ebitda Margin	-2%	17%	22%	23%
Ebitda (ex-capitalizations)	**-1,2**	**2,1**	**3,4**	**4,2**
Ebitda Margin	*-7%*	*11%*	*16%*	*18%*
Financial Results	-0,3	-0,2	-0,2	0,0
Profit Before Tax	**-2,7**	**0,9**	**2,4**	**3,6**
Tax	0,1	0,0	-0,4	-0,7
Net Income	**-2,7**	**0,9**	**2,0**	**2,8**
Net income attr. to shareholders	**-2,6**	**0,9**	**2,0**	**2,9**
Minority Interest	0,0	0,0	0,0	0,0

Source: LLN, Checkpoint partners

Balance Sheet 2023-2026e

(€ millions)	2023	2024	2025e	2026e
Fixed Assets	**10,8**	**11,1**	**10,8**	**9,9**
Intangible Assets	9,5	8,8	8,6	7,5
Tangible Assets	0,5	0,4	0,4	0,4
Investments in Group Companies	0,0	0,0	0,0	0,0
Other Investments	0,1	0,1	0,1	0,1
Deferred Assets	0,6	1,7	1,8	1,8
Current Assets	**6,8**	**6,5**	**6,7**	**7,3**
Debtors	5,1	5,2	5,6	6,1
Short Term Investments	0,4	0,0	0,0	0,0
Short Term Accruals	0,3	0,3	0,3	0,3
Cash	1,0	1,0	0,7	0,8
Assets	**17,6**	**17,5**	**17,5**	**17,1**
Shareholders' Funds	**3,0**	**4,1**	**6,1**	**9,0**
Capital	0,3	0,3	0,3	0,3
Share Premium	5,2	5,2	5,2	5,2
Reserves	1,5	1,8	1,8	1,8
Repurchase of share capital	-1,4	-0,2	-0,2	-0,2
Profit and Loss account	-2,6	0,9	2,0	2,9
Long Term Provisions	**0,2**	**0,0**	**0,0**	**0,0**
Long Term Debt	**5,5**	**3,7**	**3,6**	**1,1**
Current Liabilities	**8,7**	**9,4**	**7,5**	**6,8**
Short Term Debt	5,4	4,7	2,4	1,2
Provisions	0,0	0,2	0,2	0,2
Creditors	3,3	4,5	4,9	5,4
Liabilities	**17,1**	**17,2**	**17,2**	**16,8**

(€ millions)				
Dividends	0,0	0,0	0,0	0,0
Working Capital	1,9	0,7	0,7	0,7
Debtor Turnover (days)	118	99	96	94
Creditor Turnover (days)	65	83	100	101
Financial Debt	9,7	8,4	5,9	2,2
Cash	1,4	1,0	0,8	0,9
Net Debt	**9,5**	**7,4**	**5,1**	**1,4**

Source: LLN, Checkpoint partners

Checkpoint Recommendation System

The Checkpoint Recommendation System is based on absolute returns, measured by the upside potential (including dividends and capital reimbursement) over a 12-month time horizon. Checkpoint recommendations (or ratings) for each stock comprises 3 categories: Buy (B),
Neutral (N) and Sell (S).

Buy: the stock is expected to generate total return of over 15% during the next 12 months time horizon
Neutral: the stock is expected to generate total return of -15% to +15% during the next 12 months time
Sell: the stock is expected to generate total return under -15% during the next 12 months time horizon.

History of recommendations

Date	Recommen.	Price (€)	Target P.(€)	Period	Analyst
21.01.2020	BUY	1.35	1.80	12 months	Guillermo Serrano
21.04.2020	BUY	1.75	3.00	12 months	Guillermo Serrano
21.07.2020	BUY	4,34	6.00	12 months	Guillermo Serrano
26.10.2020	BUY	8,90	12.00	12 months	Guillermo Serrano
26.01.2021	BUY	6.00	11.35	12 months	Guillermo Serrano
20.04.2021	BUY	6.28	11.15	12 months	Guillermo Serrano
22.07.2021	BUY	5.59	11.15	12 months	Guillermo Serrano
11.11.2021	BUY	4.38	9.00	12 months	Guillermo Serrano
22.02.2022	BUY	3.24	9.00	12 months	Guillermo Serrano
04.05.2022	BUY	4.06	9.00	12 months	Guillermo Serrano
11.08.2022	BUY	2.50	7.50	12 months	Guillermo Serrano
25.10.2022	BUY	1.84	6.00	12 months	Guillermo Serrano
09.03.2023	BUY	2.27	5.00	12 months	Guillermo Serrano
10.05.2023	BUY	1.64	5.00	12 months	Guillermo Serrano
05.09.2023	BUY	1.15	3.00	12 months	Guillermo Serrano
12.12.2023	BUY	0.80	3.00	12 months	Guillermo Serrano
06.05.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
24.07.2024	BUY	1.22	3.00	12 months	Guillermo Serrano
30.10.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
05.02.2025	BUY	1.33	3.00	12 months	Guillermo Serrano
06.05.2025	BUY	1.33	4.00	12 months	Guillermo Serrano
29.07.2025	BUY	1.29	4.00	12 months	Guillermo Serrano
29.10.2025	BUY	1.585	4.00	12 months	Guillermo Serrano

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