

**Action Summary – 12 April 2021**

Analyst Theodore R. O'Neill *is initiating coverage of LLN-ES/LLEIF-US*

- **We are initiating coverage of Lleidanetworks Serveis Telematics S.A. with a Buy rating and a \$12 price target.** LLEIF is a telecommunications company with a Software-as-a-service (SaaS) product suite that is benefitting from the global digital shift in commerce as business transactions of all kind go digital and move online. LLEIF's strength is in registered electronic notifications, eSignature and eContract and Data validation. Some industry peers place this market at more than 10B USD and growing double digits.
- **The shift to digital is being driven by four main factors:** COVID-19; regulations; economics; and social.
- **Addressing multiple verticals** that are both consumer-facing and B2B
- **There are significant barriers to entry.** Its SaaS products are protected by more than 200 worldwide patents
- **The company is experiencing noteworthy revenue growth.** While overall quarterly revenue growth is over 100% in the last 16 quarters, its SaaS product line has grown 185%
- The shares are listed in Paris (Euronext Growth), Madrid (BME Growth) and New York (OTCQX), are included in two Euronext indexes (Growth All Share and Tech Growth) and has more than 3,000 investors.
- The company reports quarterly and while it does not report in U.S. GAAP, we have come as close as we can to that format here in our financial presentation and estimates.
- **Attractive valuation. The shares appear to us inexpensive on an absolute and relative basis.**

4/9 Closing price: \$5.80	Market cap: \$93 million	2022 P/E: 18	2022 EV / Sales: 3.4
Shares outstanding: 16.05 million	Insider ownership: 62%	Avg. trading volume on OTCQB: 500	Dividend/Yield: NA/NA

**GAAP estimates (EPS in Euros – Revenue in Euro millions)**

Period	EPS	Revenue	EBITDA Margin
1Q20A	0.00	4.05	10.5%
2Q20A	0.02	3.77	16.9%
3Q20A	0.04	3.91	26.7%
4Q20P	<u>0.00</u>	<u>4.69</u>	<u>13.4%</u>
FY20P	<u>0.06</u>	<u>16.42</u>	<u>16.6%</u>
1Q21E	0.04	4.70	20.3%
2Q21E	0.03	4.80	17.8%
3Q21E	0.02	4.50	15.0%
4Q21E	<u>0.06</u>	<u>5.50</u>	<u>22.8%</u>
FY21E	<u>0.15</u>	<u>19.50</u>	<u>19.2%</u>
1Q22E	0.05	5.50	22.5%
2Q22E	0.07	6.00	26.3%
3Q22E	0.05	5.50	23.9%
4Q22E	<u>0.09</u>	<u>6.50</u>	<u>28.7%</u>
FY22E	<u>0.26</u>	<u>23.50</u>	<u>25.5%</u>

Note: Numbers may not add due to rounding. See our full model in the back of this report. P means preliminary

**Cash balance (in Euro thousands)**

• 2020P	• 3.87
• 2021E	• 2.73
• 2022E	• 7.81

**Debt (in thousands)**

• 2020P	• 1.75
• 2021E	• 0.0
• 2022E	• 0.0

**EBITDA (in thousands)**

• 2020P	• 2.6
• 2021E	• 3.7
• 2022E	• 6.0

**Risks/Valuation**

- Risks include: Highly competitive business; changes in customer demand; COVID-19.
- Our \$12 target is derived using a discounted future earnings model

**Company description:** LLEIF is a telecommunications company with a Software-as-a-service (SaaS) product suite that is benefitting from the global digital shift in commerce as business transactions of all kind go digital and move online. It also sells SMS services to business customers.

## Investment Thesis

**We are initiating coverage of Lleidanetworks Serveis Telematics S.A. with a Buy rating and a \$12 price target.**

LLEIF is a telecommunications company with a Software-as-a-service (SaaS) product suite that is benefitting from the global digital shift in commerce as business transactions of all kind go digital and move online. The tremendous growth in the Digital Verification and Identity market is part of the macro trend of businesses migrating towards digital-first online services, commerce, and transactions, including for those services once defined by physical interaction and exchange. According to recent presentations by the Telos Corporation (TLS-NR), and regulatory filings from Ipsidy Inc. (IDTY-NR), the Global Digital Identity market is valued at more than 13.7B USD and will grow with a 17.3% CAGR through 2024. In a separate regulatory filing, Ipsidy says the market for Identity-as-a-Service is currently worth 18.9B USD and is growing at a CAGR of 17%.

**The shift to digital is being driven by four main factors:** 1) COVID-19 is driving businesses and consumers desire/requirement for touchless transactions; 2) Regulations driven by terrorism, identity fraud and rapid globalization; 3) Economics. Digital transformations reduce transaction costs and can help retain customers; and 4) Social, where mobile-first consumers demand products and services with little to no friction for on-boarding and transactions.

**It is addressing multiple verticals that are both consumer-facing and B2B.** The company primarily addresses:

- Banks and Fintech
- Energy and utilities
- Health Services
- Insurance and Insurtech
- Public Administrators
- Real Estate

**There are significant barriers to entry.** Its SaaS products are protected by more than 203 worldwide patents, making it one of the largest portfolios in the industry. It has patents in 63 countries representing a population of nearly 3.4B people

**Endorsements from trusted gatekeepers.** It has a growing list of tier-one customers.

**The company is experiencing noteworthy revenue growth.** While overall quarterly revenue growth is over 100% in the last 16 quarters, its SaaS product line has grown 185% and is driven by the success of its products, operational execution fundamental changes in the way business is conducted

**Attractive valuation. The shares appear to us inexpensive on an absolute and relative basis.** Our \$12 price target is based on the discounted value of all future earnings according to our estimates. Relative to peers, the shares appear inexpensive.

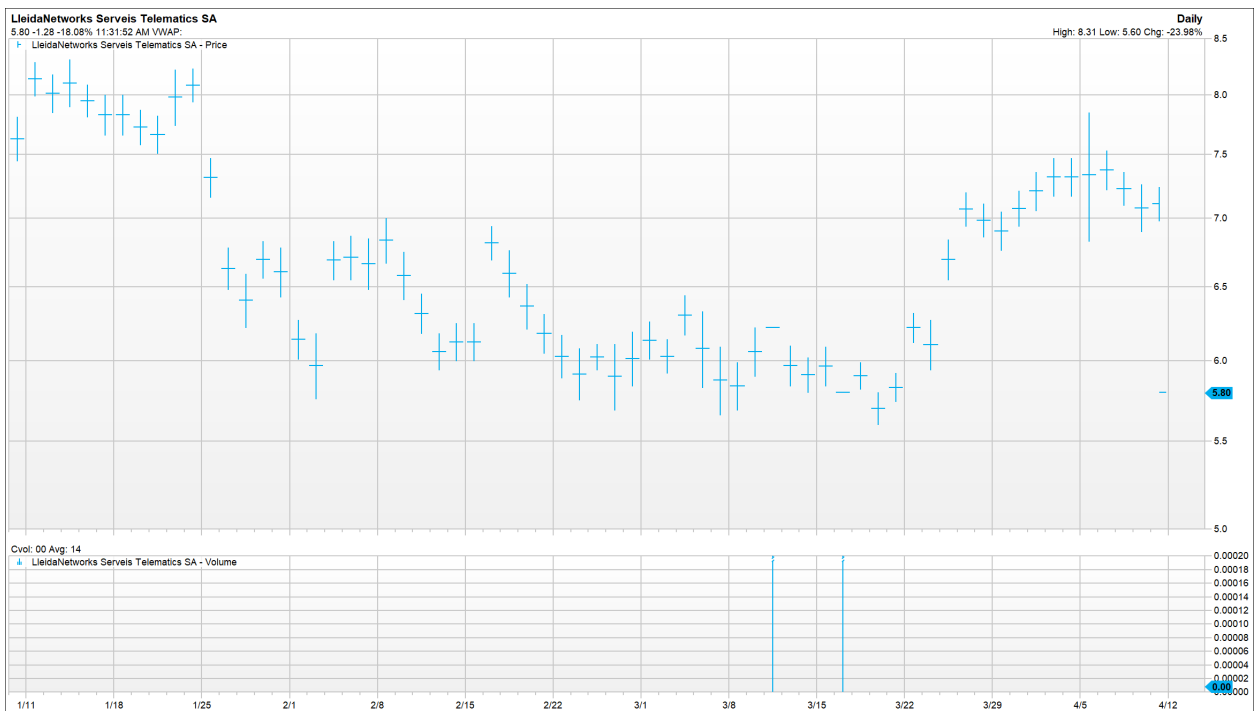
The shares are listed in Paris (Euronext Growth), Madrid (BME Growth) and New York (OTCQX Best Markets), are included in two Euronext indexes (Growth All Share and Tech Growth) and has more than 3,000 investors.

The company reports quarterly and while it does not report in U.S. GAAP, we have come as close as we can to that format here in our financial presentation and estimates. Our estimates are in Euros.

## Trading History

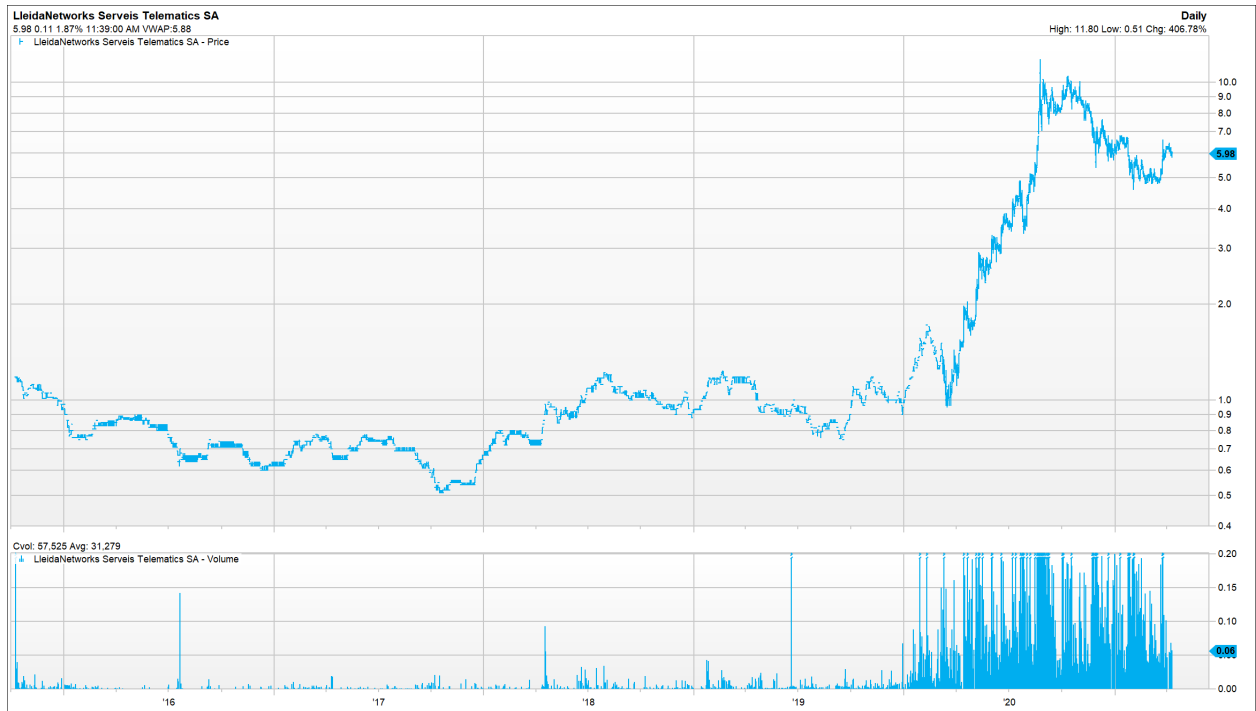
The shares have traded on the OTCQB since November 2020 so the short history of trading and low volume on that exchange is not unusual (see Figure 1). The company has been public since October 2015 and has a rich history of trading and volume in Madrid (see Figure 2).

Figure 1 – Lleidanetworks Serveis Telematics SA – Trading on OTCQB since November 2020



Source: FactSet

Figure 2 – Lleidanetworks Serveis Telematics SA – Trading History since inception



Source: FactSet

## Valuation Methodology

We believe LLEIF is undervalued and we support that belief with two valuation techniques, both of which suggest the shares are undervalued at the current price. For the purposes of determining our price target we use a discounted future earnings model. For the purpose of confirming our price target we look at comparable company valuations:

- 1) The discounted value of all future earnings was used for our price target (see Figure 3)
- 2) Valuation relative to peers (see Figure 4)

## Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$12.00 (€10) is based on a discounted future earnings model (Figure 3). For the purposes of deriving an earnings-based price target, we assume the company generates a small profit for FY21 and continues to grow into the future. The model sums up all earnings per share, discounted at 7% to arrive at a per share valuation. Note, this model understates future novel product developments, probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is €10.07 and at 1.20 conversion equals \$12.08, which we round down to \$12.00.

Figure 3 – Lleidanetworks Serveis Telematics SA – Implied Price Target Calculation

Discounted Earnings			€ 10.07
	Year 1 is 2021	Forecast EPS	Discounted EPS
	1	0.15	€ 0.15
	2	0.22	€ 0.19
	3	0.30	€ 0.24
	4	0.45	€ 0.34
	5	0.60	€ 0.43
	Terminal Value		€ 8.72

Source: Litchfield Hills Research LLC

### Valuation Relative to Peers

If we compare LLEIF to a simple average of its peers (Figure 4), the shares sell at a significant discount on every metric. These metrics indicate the stock price should be more than 100% higher than where it is today. This supports our \$12 price target. If the shares traded for \$12.00 today, its 2021 and 2022 Sales Multiples would still be below average. Details on each of the peers can be found in Figure 9 near the back of the report. The companies we used in Figure 9 are in similar lines of business although none of them are a perfect match.

Figure 4 – Lleidanetworks Serveis Telematics SA – Summary Discount to Peers

	2022 PE	2021 Sales Multiple	2021 EV / Revenue	2022 Sales Multiple	2022 EV / Revenue	2021 PE
Peers	47.16	8.98	8.96	7.22	7.25	53.77
LLEIF	22.40	4.78	4.78	3.97	3.96	38.83
<b>Discount to Peers</b>	<b>53%</b>	<b>47%</b>	<b>47%</b>	<b>45%</b>	<b>45%</b>	<b>28%</b>

Source: Litchfield Hills Research LLC and Refinitiv Eikon

### Notes on our Financial Forecasts

The company reports results using the Spanish New General Accounting Plan 1990, which is non-US GAAP. However, what we show in our published financials is our best translation into US GAAP. Because our financial model's, income statement, balance sheet and cash flow are fully integrated and rely on GAAP data, we may have to infer some balance sheet or income statement items in order to tie it all together. When we do that, we make the adjustment in the last line in the cash flow.

The pandemic, and the way businesses have adapted to it has had a major impact on revenue. We make the assumption that the macro business trends driving the move to digital continue. This enhances gross profit margins. We also assume the company has sufficient cash by the end of 2021 to pay off its debt, although there may be solid reasons to keep it unchanged or add to it, for instances if it decides to add growth through acquisition.

Financial forecasts always contain an element of uncertainty and it is no different here, but we expect that over time, the estimates will get increasingly accurate.

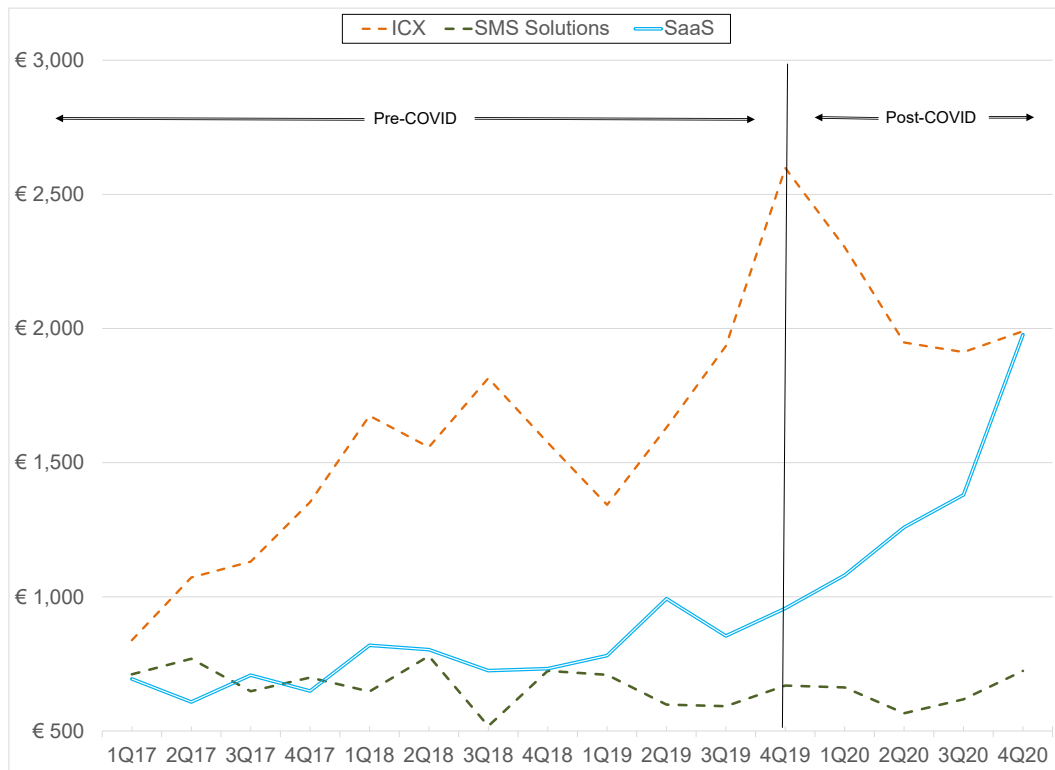
## Industry Background – Market Size

Founded in 1995 as an internet service provider and known commercially as Lleida.net, LLEIF has become one of the leading providers in the fast-growing and broadly named Digital Verification and Identity market.

It reports three segments: Software as a service (SaaS); SMS solutions and ICX wholesale solutions. In 2005 it began selling SMS services to both large (ICX wholesale solutions) and small enterprises (SMS solutions), but its customers increasingly wanted some assurance that the text messages had reached the intended recipients. In 2010, it began its SaaS business providing certainty of delivery to its SMS customers.

It's SaaS business provides more value for its customers and for that, it gets better than average margins. And it is clear from the way quarterly sales have trended, that the post-COVID business world has been a huge boost to the SaaS segment (see Figure 5). It is clear that the ICX wholesale solutions market pre-COVID was taking off as Mobile was driving traffic.

Figure 5 – Lleidanetworks Serveis Telematics SA – Quarterly Revenue by segment 2017-present (€ 000)



Source: Company filings and Litchfield Hills Research LLC

The result of its success in SaaS services is that it has enjoyed tremendous growth, with quarterly revenue growing over 185% in 16 quarters, helping the consolidated company post >100% quarterly growth (see Figure 6)

Figure 6 – Lleidanetworks Serveis Telematics SA – Quarterly Revenue growth by segment 2017-present (€ 000)

	<u>SaaS</u>	<u>ICX</u>	<u>SMS Solutions</u>	<u>Total</u>
1Q17	694	838	711	2,243
2Q17	608	1,072	769	2,449
3Q17	708	1,131	648	2,487
4Q17	649	1,353	699	2,701
1Q18	819	1,675	647	3,141
2Q18	803	1,558	779	3,140
3Q18	725	1,815	518	3,058
4Q18	732	1,575	724	3,031
1Q19	781	1,343	709	2,833
2Q19	993	1,631	598	3,222
3Q19	854	1,935	592	3,381
4Q19	957	2,598	669	4,224
1Q20	1,081	2,303	662	4,046
2Q20	1,259	1,948	566	3,773
3Q20	1,380	1,912	618	3,910
4Q20	1,977	1,990	724	4,691
<b>16 Quarter Growth Rate</b>	<b>185%</b>	<b>137%</b>	<b>2%</b>	<b>109%</b>

Source: Company filings and Litchfield Hills Research LLC

Based on the trends we have identified in this market; COVID-19, Regulations, Economics and Social, there is a good chance that if the world can get back to some fraction of normalcy in terms of travel, LLEIF could see more growth than it has ever seen in the past.

## Global Identity Market

The tremendous growth in the Digital Verification and Identity market is part of the macro trend of businesses migrating towards digital-first online services, commerce, and transactions, including for those services once defined by physical interaction and exchange. According to presentations by the Telos Corporation (TLS-NR), and regulatory filings from Ipsidy Inc. (IDTY-NR), the Global Digital Identity market is valued at more than 13.7B USD and will grow with a 17.3% CAGR through 2024. In a separate regulatory filing, Ipsidy says the market for Identity-as-a-Service is currently worth 18.9B USD and is growing at a CAGR of 17%. The company offers a suite of SaaS products for this market including:

- Electronic notifications and these are primarily registered email, registered text either replacing registered mail
- eSignature and eContracting and these are primarily Click & Sign, Registered email contracts, registered text contracts and know-your-client (KYC) onboarding documents
- Data Validation where these are eKYC OCR, eKYC Docs, eKYC Photo, eKYC video, 2-Factor Authentication, Check all & Check network validations and Email validations,



It primarily sells its SaaS services to the verticals in Figure 7

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*Figure 7 - Lleidanetworks Serveis Telematics SA – Primary Verticals Served*

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*Source: Company presentation*

## Barriers to Entry

The company maintains and grows a large, high quality strategic patent portfolio, proprietary algorithms, trade secrets and unique technical expertise. It has 203 patents granted in 63 countries with many more patent applications filed.

## Endorsements from Trusted Gatekeepers

It has a growing list of tier-one customers, some of which we show in Figure 8.

Figure 8 -Lleidanetworks Serveis Telematics SA – Tier-one Customers



## Competition

The market for the company's products and solutions is intensely competitive, subject to rapid change, and significantly affected by new product introductions and other market activities of industry participants. It faces direct and indirect competition from a broad range of competitors who offer a variety of products and solutions to its current and potential customers. Its principal competition comes from: (i) customer-developed solutions; (ii) companies offering alternative methods of identity verification; and (iii) companies offering competing technologies capable of doing similar things.

It is also possible that it will face competition from new industry participants or alternative technologies. Moreover, as the markets develop, a number of companies with significantly greater resources than it has could attempt to enter or increase their presence in the industry, either independently or by acquiring or forming strategic alliances with competitors, or otherwise increase their focus on the industry.

## Management

Sisco Sapena is the co-founder, CEO and President of Lleida.net of Lleida.net. Founded in 1995, the company operates in 19 countries and is listed in OTCQX, Euronext Growth (Paris) and BME Growth (Madrid). Legend says he had to sell his motorbike to finance the company in its early stages. That same company joined the stock market in 2015 and was one of Europe's best-performing companies in the European market in 2020.

Considered to be one of the original Internet pioneers in the Spanish speaking world, he was President of the Spanish branch of IRC, from 1999 to 2007. A very public and well-known business figure in his native country of Spain, and present in all major media on a constant basis, he has made the name of his hometown, Lleida, known all around the world. Pandemic permitting, he travels all around the world, all the time, promoting the patented technology underlying Lleida.net's success.



## Lleidanetworks Serveis Telematics S.A. LLN-ES/LLEIF-US-Buy-\$12 (€10) PT

An engineer by education, he attended the Polytechnic University of Catalonia, where he qualified as an Agricultural Engineer and where he also studied a Master's Degree in Telematic Engineering. He has attended the IESE Business School - University of Navarra

Arrate Usandizaga is the CFO of Lleida.net since 2017. She also serves the company as a member of the Board of Directors. She joined the company as an Auditor and Risk Manager in 2011, and climbed the ranks to become a Chief Administrative Officer and later, the company's CFO.

An auditor by trade, she previously worked in PricewaterhouseCoopers between 2006 and 2010. She holds a Bachelor's Degree in Business Administration and a Master's Degree in Accounting and Finance from the University of Deusto, Spain's oldest private university. She has also undertaken the Women on Boards course from the IESE Business School - University of Navarra.

Figure 9 – Lleidanetworks Serveis Telematics SA – Comp Table

Ticker	Company Name	4/8/21 Close	Market Cap \$MM	EV \$MM	2022 PE	2021 Sales Multiple	2021 EV / Revenue	2022 Sales Multiple	2022 EV / Revenue	2021 PE	2021 EV / EBITDA	2022 EV / EBITDA
ADBE.O	Adobe Inc	\$499.84	238,924	238,080	36.47	15.44	15.39	13.50	13.46	42.10	30.94	27.16
0MPH.L	Deutsche Telekom AG	\$19.82	94,036	284,952	12.93	0.76	2.31	0.74	2.25	14.69	6.00	5.89
TWLO.K	Twilio Inc	\$367.07	62,577	59,866	X	25.67	24.56	19.63	18.78		X	X
DOCU.O	DocuSign Inc	\$212.28	40,989	40,932	108.68	20.76	20.73	16.22	16.19	157.52	118.46	84.71
OKTA.O	Okta Inc	\$238.48	31,292	30,501	X	28.72	27.99	22.20	21.64			X
TELIA1.HE	Telia Company AB	\$4.49	18,240	29,516	18.44	1.80	2.91	1.83	2.95	21.31	8.09	8.11
IAM.PA	Itissalat Al Maghrib Ste SA	\$15.49	13,578	16,038	19.33	3.28	3.87	3.22	3.80	19.91	7.32	8.34
TPG.AUX	TPG Telecom Ltd	\$4.84	9,035	13,131	26.20	2.09	3.04	2.01	2.92	35.49	9.35	8.65
TNET.BR	Telenet Group Holding NV	\$41.69	4,726	11,132	10.05	1.53	3.60	1.51	3.57	10.62	6.86	6.78
SAIL.K	SailPoint Technologies Holdings Inc	\$49.41	4,544	4,360	X	11.05	10.61	9.59	9.20		X	X
RAMP.K	Liveramp Holdings Inc	\$52.97	3,545	2,881	154.34	8.05	6.54	6.98	5.68	X	112.43	93.87
VG.O	Vonage Holdings Corp	\$12.41	3,090	3,554	48.66	2.32	2.67	2.12	2.44	53.60	18.39	17.23
0GB7.L	Orange Polska SA	\$1.77	2,323	4,541	11.83	0.78	1.52	0.76	1.50	13.48	5.48	5.26
TLS.O	Telos Corp	\$34.32	2,218	2,128	48.80	7.71	7.39	5.45	5.23	111.89	63.18	29.49
PING.K	Ping Identity Holding Corp	\$22.36	1,821	1,824	77.05	6.92	6.93	6.11	6.12	126.75	76.99	55.91
OBEL.BR	Orange Belgium SA	\$27.10	1,621	2,161	15.13	0.99	1.33	0.97	1.29	20.74	5.31	5.13
3738.HK	Vobile Group Ltd	\$3.34	1,570	1,615	56.69	18.47	19.00	11.63	11.96	113.37	77.66	38.55
OSPN.O	OneSpan Inc	\$26.20	1,058	943	87.88	4.79	4.27	4.35	3.87			56.98
MITK.O	Mitek Systems Inc	\$15.44	659	592	19.22	5.70	5.12	4.99	4.48	22.58	17.77	14.78
IDT	IDT Corp	\$22.53	580	455								
DMRC.O	Digimarc Corp	\$30.30	511	438		18.70	16.04	16.06	13.77			
INVE.O	Identiv Inc	\$11.61	211	220	77.03	2.10	2.19	1.80	1.88		26.08	18.55
IDTY.PK	Ipsidy Inc	\$0.28	166	168								
IDN.O	Intellicheck Inc	\$8.82	164	151	20.13	9.92	9.13	7.15	6.57	42.54	34.30	16.79
IQST.PK	Iqstel Inc	\$0.90	76	80								
LQID.CD	Liquid Avatar Technologies Inc	\$0.29	30	30								
TLIK.DE	Teles AG Informationstechnologien	\$1.69	7	6								
ORNT.L	Orient Telecoms PLC	\$0.38	4	4								
PRXM.PK	Proxim Wireless Corp	\$2.00	0									
	<b>AVERAGE</b>				<u>47.16</u>	<u>8.98</u>	<u>8.96</u>	<u>7.22</u>	<u>7.25</u>	<u>53.77</u>	<u>36.74</u>	<u>27.90</u>
LLEIF	Lleidanetworks Serveis Telematics SA	\$6.99	112	112	22.40	4.78	4.78	3.97	3.96	38.83	26.60	22.35
	<b>LLEIF discount to peers</b>				<b>-53%</b>	<b>-47%</b>	<b>-47%</b>	<b>-45%</b>	<b>-45%</b>	<b>-28%</b>	<b>-28%</b>	<b>-20%</b>

Note: We "X'd" out metrics that would have made the discount even larger than shown here.

Source: Litchfield Hills Research LLC and Refinitiv Eikon

Figure 10 – Lleidanetworks Serveis Telematics SA – Income Statement (€000)

December year-end	2018	2019	2020P				2020P	2021E				2021E	2022E				2022E	
	Year	Year	Q1A	Q2A	Q3A	Q4P	Year	Q1E	Q2E	Q3E	Q4E	Year	1QE	2Q3	3QE	4QE	Year	
<b>Total revenue</b>	€ 12,360	€ 13,661	€ 4,046	€ 3,773	€ 3,910	€ 4,691	€ 16,420	€ 4,700	€ 4,800	€ 4,500	€ 5,500	€ 19,500	€ 5,500	€ 6,000	€ 5,500	€ 6,500	€ 6,500	€ 23,500
<i>Growth</i>		11%	43%	17%	16%	11%	20%	16%	27%	15%	17%	19%	17%	25%	18%	18%	18%	21%
Cost of Goods	6,335	6,607	2,156	1,880	1,861	2,508	8,405	2,397	2,448	2,250	2,695	9,790	2,695	2,880	2,640	3,088		11,303
<b>Gross Profit</b>	<b>6,024</b>	<b>7,054</b>	<b>1,890</b>	<b>1,893</b>	<b>2,049</b>	<b>2,183</b>	<b>8,015</b>	<b>2,303</b>	<b>2,352</b>	<b>2,250</b>	<b>2,805</b>	<b>9,710</b>	<b>2,805</b>	<b>3,120</b>	<b>2,860</b>	<b>3,413</b>		<b>12,198</b>
<b>Gross Margin</b>	<b>48.7%</b>	<b>51.6%</b>	<b>46.7%</b>	<b>50.2%</b>	<b>52.4%</b>	<b>46.5%</b>	<b>48.8%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>50.0%</b>	<b>51.0%</b>	<b>49.8%</b>	<b>51.0%</b>	<b>52.0%</b>	<b>52.0%</b>	<b>52.5%</b>		<b>51.9%</b>
Staff expenses	2,641	3,292	874	876	903	957	3,610	900	950	975	1,000	3,825	1,000	1,000	1,000	1,000		4,000
% of total revenue	21%	24%	22%	23%	23%	20%	22%	19%	20%	22%	18%	20%	18%	17%	18%	15%		17%
External Services	2,442	2,503	760	544	437	756	2,497	600	700	750	700	2,750	720	720	720	720		2,880
% of total revenue	20%	18%	19%	14%	11%	16%	15%	13%	15%	17%	13%	14%	13%	12%	13%	11%		12%
Other operating (income)/expense	(741)	(935)	(168)	(163)	(334)	(157)	(822)	(150)	(150)	(150)	(150)	(600)	(150)	(175)	(175)	(175)		(675)
% of total revenue	-6%	-7%	-4%	-4%	-9%	-3%	-5%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%		-3%
Total Operating Expenses	4,342	4,860	1,466	1,257	1,006	1,556	5,285	1,350	1,500	1,575	1,550	5,975	1,570	1,545	1,545	1,545		6,205
<b>EBITDA</b>	<b>1,682</b>	<b>2,194</b>	<b>424</b>	<b>636</b>	<b>1,043</b>	<b>627</b>	<b>2,730</b>	<b>953</b>	<b>852</b>	<b>675</b>	<b>1,255</b>	<b>3,735</b>	<b>1,235</b>	<b>1,575</b>	<b>1,315</b>	<b>1,868</b>		<b>5,993</b>
<b>Operating Margin</b>	<b>16.1%</b>	<b>16.1%</b>	<b>10.5%</b>	<b>16.9%</b>	<b>26.7%</b>	<b>13.4%</b>	<b>16.6%</b>	<b>20.3%</b>	<b>17.8%</b>	<b>15.0%</b>	<b>22.8%</b>	<b>19.2%</b>	<b>22.5%</b>	<b>26.3%</b>	<b>23.9%</b>	<b>28.7%</b>		<b>25.5%</b>
Total Other Items	(1,153)	(1,092)	(288)	(307)	(329)	(343)	(1,267)	(300)	(300)	(300)	(300)	(1,200)	(300)	(300)	(300)	(300)		(1,200)
<b>Pre-Tax Income</b>	<b>529</b>	<b>1,102</b>	<b>136</b>	<b>329</b>	<b>714</b>	<b>284</b>	<b>1,463</b>	<b>653</b>	<b>552</b>	<b>375</b>	<b>955</b>	<b>2,535</b>	<b>935</b>	<b>1,275</b>	<b>1,015</b>	<b>1,568</b>		<b>4,793</b>
<b>Pre-Tax Margin</b>			<b>3.4%</b>	<b>8.7%</b>	<b>18.3%</b>	<b>6.1%</b>	<b>8.9%</b>	<b>13.9%</b>	<b>11.5%</b>	<b>8.3%</b>	<b>17.4%</b>	<b>13.0%</b>	<b>17.0%</b>	<b>21.3%</b>	<b>18.5%</b>	<b>24.1%</b>		<b>20.4%</b>
Taxes (benefit)	141	12	10	0	1	10	21	5	5	5	5	20	100	100	100	100		400
Tax Rate	26.6%	1.1%	7.4%	0.0%	0.1%	3.5%	1.4%	0.8%	0.9%	1.3%	0.5%	0.8%	10.7%	7.8%	9.9%	6.4%		8.3%
<b>Net Income (loss)</b>	<b>272</b>	<b>1,086</b>	<b>58</b>	<b>273</b>	<b>641</b>	<b>61</b>	<b>1,033</b>	<b>608</b>	<b>507</b>	<b>330</b>	<b>910</b>	<b>2,355</b>	<b>795</b>	<b>1,135</b>	<b>875</b>	<b>1,428</b>		<b>4,233</b>
<b>Net Margin</b>		<b>8.0%</b>	<b>1.4%</b>	<b>7.2%</b>	<b>16.4%</b>	<b>1.3%</b>	<b>6.3%</b>	<b>12.9%</b>	<b>10.6%</b>	<b>7.3%</b>	<b>16.5%</b>	<b>12.1%</b>	<b>14.5%</b>	<b>18.9%</b>	<b>15.9%</b>	<b>22.0%</b>		<b>18.0%</b>
<b>EPS, as reported</b>	<b>€ 0.02</b>	<b>€ 0.07</b>	<b>€ 0.00</b>	<b>€ 0.02</b>	<b>€ 0.04</b>	<b>€ 0.00</b>	<b>€ 0.06</b>	<b>€ 0.04</b>	<b>€ 0.03</b>	<b>€ 0.02</b>	<b>€ 0.06</b>	<b>€ 0.15</b>	<b>€ 0.05</b>	<b>€ 0.07</b>	<b>€ 0.05</b>	<b>€ 0.09</b>		<b>€ 0.26</b>
Diluted Shares Outstanding	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050		16,050

Source: Company reports and Litchfield Hills Research LLC

Figure 11 – Lleidanetworks Serveis Telematics SA – Balance Sheet (€000)

December year-end	FY2022E	FY2021E	FY2020P	FY2019A	FY2018
<b>Balance sheet</b>					
Current Assets					
Cash and S.T.I.	€ 7,809	€ 2,726	€ 3,871	€ 2,445	€ 1,819
Trade receivables	4,500	4,000	3,800	3,563	2,441
Prepayments, deposits and other rec.	400	400	300	258	238
Other assets	0	0	0	0	12
<b>Total Current Assets</b>	<b>12,709</b>	<b>7,126</b>	<b>7,971</b>	<b>6,267</b>	<b>4,509</b>
Net PP&E	300	300	300	381	344
Goodwill & Intangibles	200	200	200	187	192
<b>Total Assets</b>	<b>€ 16,709</b>	<b>€ 11,376</b>	<b>€ 12,271</b>	<b>€ 10,683</b>	<b>€ 8,886</b>
Current Liabilities					
Trade payables	€ 4,500	€ 3,500	€ 3,000	€ 2,649	€ 2,013
Short-term debts	0	0	2,000	1,871	2,346
Customer deposits	0	0	0	0	0
Other current liabilities	200	100	100	96	85
<b>Total current liabilities</b>	<b>4,700</b>	<b>3,600</b>	<b>5,100</b>	<b>4,616</b>	<b>4,444</b>
Long-term debt	0	0	1,750	1,678	1,374
Other long-term liabilities	0	0	0	0	0
<b>Total liabilities</b>	<b>4,700</b>	<b>3,600</b>	<b>6,850</b>	<b>6,294</b>	<b>5,817</b>
Stockholders' Equity					
Preferred stock	0	0	0	0	0
Share Capital	321	321	321	321	321
Additional paid-in-capital	5,244	5,244	5,244	5,244	5,244
Retained earnings	6,444	2,211	(144)	(1,177)	(2,496)
Cum. Other comp and treasury stock	0	0	0	0	0
Total stockholders' equity	12,009	7,776	5,421	4,388	3,069
<b>Total Liabilities and equity</b>	<b>€ 16,709</b>	<b>€ 11,376</b>	<b>€ 12,271</b>	<b>€ 10,683</b>	<b>€ 8,886</b>

Source: Company reports and Litchfield Hills Research LLC

*Figure 12 – Lleidanetworks Serveis Telematics SA – Cash Flow (€000)*

	FY22E	FY21E	FY20P	FY19A
Net Income	€ 4,233	€ 2,355	€ 1,033	€ 1,086
Trade receivables	(500)	(200)	(237)	(1,122)
Prepayments, deposits and other rec.	0	(100)	(42)	(20)
Other assets	0	0	0	12
Net PP&E	0	0	81	(38)
Goodwill & Intangibles	250	50	47	(5)
Other non-current	0	0	(13)	4
Trade payables	1,000	500	351	637
Customer deposits	0	0	0	0
Short-term debts	0	(2,000)	129	(474)
Deferred revenue	0	0	0	0
Other current liabilities	100	0	4	11
Long-term debt	0	(1,750)	72	304
Other long-term liabilities	0	0	0	0
Preferred stock	0	0	0	0
Share Capital	0	0	0	0
Additional paid-in-capital	0	0	(0)	0
Cum. trans. adj. and treasury stock	0	0	0	0
Dividends and other	0	0	0	233
<b>Total Cash Flow</b>	<b>€ 5,083</b>	<b>(€ 1,145)</b>	<b>€ 1,426</b>	<b>€ 627</b>

Source: Company reports and Litchfield Hills Research LLC

**Disclosures:**

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## Lleidanetworks Serveis Telematics S.A. LLN-ES/LLEIF-US-Buy- \$12 (€10) PT

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