

EN https://www.lleida.net/docs/inversores/en/20200430_HRelev.pdf ES https://www.lleida.net/docs/inversores/es/20200430_HRelev.pdf ZH https://www.lleida.net/docs/inversores/zh/20200430_HRelev.pdf

Lleida, le 22 avril 2019

Fait pertinent :

Comparaison du résultat provisoire 2019, présentation audit et comptes consolidés 2019; présentation audit et comptes individuels mères, présentation structure organisationnelle

En vertu des dispositions de l'article 17 du Règlement (UE) N 596/2014 concernant l'abus du marché et de l'article 228 du texte refondu de la Loi du Marché des actions, approuvé par le Décret royal législatif 4/2015 du 23 octobre, et des dispositions concordantes, ainsi qu'en vertu des dispositions de la circulaire 6/2018 du Marché Alternatif Bousier (MAB), les informations suivantes concernant Lleidanetworks Serveis Telemàtics, S.A (désormais « Lleida.net » « l'entreprise », « la Société » ou « le Groupe ») sont mises à la disposition du Marché :

Le 20 janvier 2020, l'entreprise a publié, via un Fait Pertinent, un aperçu des principaux montants du compte de résultat et de la dette consolidés de la Société. Cette avance a été réalisée à partir des données comptables disponibles

À ce jour, ces informations sont complétées par les documents suivants :

- Rapport d'audit et comptes annuels consolidés 2019.
- Rapport d'audit et comptes annuels individuels 2019.
- Rapport sur la structure organisationnelle et le système de contrôle interne.

Nous restons à votre disposition pour répondre à vos questions.

Cordialement

Francisco Sapena Soler

PDG de Lleida.net



Rapport des résultats du Groupe Lleida.net pour l'exercice 2019

Le 20 janvier dernier le Groupe Lleida.net a publié des résultats provisoires avec les données disponibles.

Après l'évaluation des audits de l'entreprise, nous mettons en annexe les variations des données des résultats provisoires et les données incluses dans les comptes annuels consolidés par le conseil administration.

Données en Milliers d'euros Consolidés	HR 20 Janvier 2020	Comptes audités	Var.€	Var.%
Ventes	13 622	13 661	39	0%
Coût des ventes	(6 609)	(6 607)	2	0%
Marge brute	7 013	7 054	41	1%
%Marge sur ventes	51%	52%		
Dépenses de personnel	(3 292)	(3 067)	225	-7%
Services externes	(2 488)	(2 728)	(240)	10%
Autres revenus	54	54	0	0%
Activations	935	935	0	0%
EBITDA	2 222	2 249	27	1%
Amortissement	(1 135)	(1 135)	0	0%
Autres résultats	(11)	(12)	(1) -	
Résultat d'exploitation	1 076	1 102	26	2%
Résultat financier net	22	21	(1)	5%
Différences taux de change	(24)	(24)	0	0%
Résultat avant impôts	1 074	1 099	25	2%

Nous pouvons observer les variations peu significatives et nous pouvons les résumer en trois grands points :

- La marge brute est de 41 mille euros à cause de la régularisation des estimations effectuées par le Groupe.

- Il existe une variation dans les dépenses du personnel. Au début, le coût des tiers indépendants a été compris dans les dépenses du personnel ; face à l'établissement des comptes, il a été compris dans les services externes, reclassement de 225 milliers d'euros entre les deux postes.

- Des provisions d'anciens clients ont été incluses pour un montant de 15 milliers d'euros.

Le reste des rubriques ne présentent pas de variations significatives et nous trouvons, comme conséquence :



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Données en Milliers d'euros Consolidés	2018	2019	Var.€	Var.%
Ventes	12 360	13 661	1 301	11%
Coût des ventes	(6 336)	(6 607)	(271)	4%
Marge brute	6 024	7 054	1 030	17%
%Marge sur ventes	49%	52%		
Dépenses de personnel	(2 641)	(3 067)	(426)	16%
Services externes	(2 515)	(2 728)	(213)	8%
Autres revenus	27	54	27	100%
Activations	787	935	148	19%
EBITDA	1 682	2 249	567	34%
Amortissement	(1 152)	(1 135)	17	-1%
Autres résultats	(1)	(12)	(11) -	
Résultat d'exploitation	529	1 102	573	108%
Résultat financier net	(100)	21	121	121%
Différences taux de change	(17)	(24)	(7)	-41%
Résultat avant impôts	412	1 099	687	167%
Impôt sur les Bénéfices	(140)	(13)		
Résultat avant impôts	272	1 086	814	299%

Une augmentation de la marge brute de 1 030 milliers d'euros par rapport à l'année 2018, découlant de l'augmentation des gammes de produits SaaS ainsi que de l'augmentation des ventes de solutions SMS de Wholesale.

Lleida.net a réussi, grâce à son investissement continu dans la R + D + i, à se positionner comme fournisseur de référence sur les marchés de la certification et des contrats électroniques. Capturer de gros clients, non seulement sur le territoire national mais aussi à l'international, consolider sa présence en Amérique latine en se concentrant sur la Colombie et développer ses activités en Afrique et en Europe. En outre, Lleida.net a été en mesure de tirer parti de son réseau mondial d'interconnexion, les opportunités qui se sont manifestées sur le marché Wholesale. .

Le résultat d'exploitation a pratiquement doublé, passant de 529 milliers d'euros en 2018 à 1 102 milliers d'euros.

L'investissement dans le personnel a été continu, incorporant du personnel dans le domaine de la R & D et technique : personnel qualifié, des cadres supérieurs et des doctorats. L'augmentation des frais de personnel, est passée de 2 641 milliers d'euros à 3 067 milliers d'euros, soit 16%, lorsque l'effectif moyen atteignait 80 personnes, soit 23% de plus que la moyenne des effectifs en 2018.

Lleida.net a réussi à multiplier par quatre le résultat après impôts et à augmenter l'EBITDA de 567 milliers d'euros.



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Primera Operadora	Certificadora
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Bilan consolidé Milliers d'euros	2018	2019
ACTIF NON COURANT	4 377	4 416
Immobilisé immatériel	3 842	3 847
Immobilisé matériel	343	382
Investissements financiers à long terme	189	186
Actifs d'impôts différés	3	1
ACTIF COURANT	4 509	6 266
Débiteurs commerciaux et d'autres comptes à encasisser	2 441	3 563
Investissements financiers à court terme	703	1 262
Régularisations à court terme	238	258
Trésorerie et autres actifs liquides équivalents	1 127	1 183
TOTAL ACTIF	8 886	10 682
PATRIMOINE NET	3 069	4 388
Fonds propres	2 994	4 335
Différences de conversion	74	52
Associés externes	1	1
PASSIF NON COURANT	1 374	1 678
Dettes à long terme	1 374	1 678
PASSIF COURANT	4 443	4 616
Provisions à court terme	85	96
Dettes à court terme	2 345	1 871
Créances commerciales et d'autres comptes	2 013	2 649
créditeur		
TOTAL PATRIMOINE NET ET PASSIF	8 886	10 682

Au niveau du Bilan, il n'y a pas de variations significatives des immobilisations incorporelles, puisque les amortissements sont pratiquement égaux aux activations effectuées lors de cet exercice.

En ce qui concerne les actifs courants, nous avons une augmentation considérable des clients, dérivée des ventes du dernier trimestre qui n'ont pas encore expirés. Le délai de collecte des clients sont conformes aux conditions historiques, et nous n'avons détecté aucun incident important d'aucun client devant être considéré comme irrécouvrable. La liquidité de la société, si nous analysons ensemble les investissements financiers temporaires et la trésorerie, passe de 1,8 million à 2,4 milliers d'euros, dérivée du cash-flow généré par l'activité du groupe.

Sur le plan du passif il faut souligner qu'il n'existe aucune variation significative concernant les informations publiées dans le Fait pertinent relatif à endettement net, qui est de 1,1 millions d'euros comme prévu.



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Données en milliers d'euros	2018	2019
Dettes à long terme	1 374	1 678
Dettes à court terme	2 345	1 871
Total dette	3 719	3 549
Investissements financiers à court terme	703	1 262
Trésorerie et autres actifs liquides équivalents	1 127	1 183
Total Disponible	1 830	2 445
Dette Financière Nette (DFN)	1 889	1 104
DFN/EBITDA	1,12	0,49

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2019 TOGETHER WITH THE AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

(TRANSLATION FROM THE CONSOLIDATED ANNUAL ACCOUNTS TO BE ISSUED ORIGINALLY IN SPANISH AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN SPAIN. IN THE EVENT OF A DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS)





Consolidated Annual Accounts and Consolidated Director's Report for the financial year 2019 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, 2019

Consolidated Balance Sheets as of December 31, 2019 and December 31, 2018

Consolidated Income and Expenses Statement for the year ended on December 31, 2019 and December 31, 2018.

Consolidated Statements of Changes in Equity for the year ended on December 31, 2019 and December 31, 2018. Consolidated Statements of Cash Flows for the year ended on December 31, 2019 and

December 31, 2018.

Notes to the Consolidated Annual Accounts 2019

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2019

BDD Auditores S.L.P., una sociedad limitada española, es 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.



LLEIDANET SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARY COMPANIES

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

BDO Auditores S.L.P., una sociedad limitada española, es 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.



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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 at December 31, 2019, 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, 2019, as well as its consolidated results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the consolidated annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

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

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

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

Key audit issues

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



Key audit issues	Audit response
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Valuation of capitalized research expenditures

As described in notes 3.b and 5 to the accompanying consolidated report, the Group has intangible assets for expenses on capitalised research projects of a significant amount. 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 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 validity of the capitalised amounts.
- We have obtained a detail of the book value of the research expenses individualized by projects, and analysed the sales projections for the different projects, profitability and real sales for the year, goodness of the data, the reasonableness of the hypotheses, the degree of compliance to date, revision of the arithmetic calculation, analysis of the discount rate, sensitivity to the variation of hypothesis and deviations in past estimates in order to evaluate the reasonableness of the recoverable value of the research expenses.
- We have verified the correct amortization of the different projects capitalised on the basis of the current regulations applied by the Group.
- Finally, we have verified that the notes to the accompanying consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this respect, Notes 3.b and 5 to the accompanying consolidated annual accounts include the aforementioned disclosures.

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Other information: Management report

The other information comprises exclusively the management report for the financial year 2019, 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 annual report. Our responsibility over the consolidated management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the consolidated management report with the consolidated financial statements, based on the knowledge of the Entity obtained in performing the audit of the aforementioned consolidated accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report that the content and presentation of the management 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 obliged to report this.

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 2019 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 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 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.

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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, 2020.

Contract period

The Extraordinary General Shareholders' Meeting held on June 10, 2019 appointed us as the Group's auditors for a period of three years, starting from the year ended December 31, 2019.

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

Services provided

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

BDO Auditores, S.L.P. (ROAC nº S1273)

Ignacio Algás (RØAC 21.841) Audit Partner 29, 2020 April,

<u>CONSOLIDATED ANNUAL ACCOUNTS FOR</u> THE PERIOD ENDED ON DECEMBER 31, 2019

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018

(Expressed in Euros)

	Notes to the Consolidated	31/13/3010	21/10/0010
ASSETS	Annual Accounts	31/12/2019	31/12/2018
NON-CURRENT ASSETS		4.416.020,65	4.377.136,73
Intangible assets	Note 5	3.847.115,83	3.841.712,39
Tangible fixed assets	Note 6	381.435,22	343.514,84
Land and buildings		158.079,81	163.217,11
Technical installations and other tangible fixed assets		118.057,61	180.297,73
Fixed assets under construction and advances		105.297,80	
Long-term investments in group and		-	-
affiliated companies			
Shares in equity method		-	-
Long-term financial investments	Note 8	186.402,22	188.928,55
Deferred Tax Assets	Note 14	1.067,38	2.980,95
CURRENT ASSETS		6.266.482,33	4.508.868,44
Trade and other receivables			2.440.972,35
		3,563,354,02	
Client receivables for sales and services	Note 8.2	3.177.797,00	2,198.612,84
Sundry debtors	Note 8.2	61.060,09	79.078,65
Staff	Note 8.2	11.741,21	4.280,40
Current tax assets	Note 14	235.940,94	112.893,14
Other receivables from Public Authorities	Note 14	76.814,78	46.107,32
Short-term financial assets	Note 8.2	1,262.022,00	703.005,50
Short-term accruals		257.977,34	237.607,74
Cash and cash equivalents	Note 8.1.a	1.183.128,97	1.127.282,85
Cash	and the second second second	1.183.128,97	1.127.282,85
TOTAL ASSETS	i .	10.682.502,98	8.886.005,17

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CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Consolidated Annual Accounts	31/12/2019	31/12/2018
EQUITY AND EIADILITIES	Accounts	51/12/2019	51/12/2010
EQUITY		4.388.296,82	3.068.917,51
Equity		4.334.873,97	2.994.454,46
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	(1.563.397,62)	(1.888.464,98)
Legal and statutory		47.503,72	47.503,72
Other Reserves		(1.610.901,34)	(1.935.968,70)
(Shares and own holdings in equity)	Note 12.4	(753.301,13)	(954.287,73)
Financial year result			
attributed to the parent company	Note 18	1.086.229,58	271.864,03
Consolidated Losses and Profits		1.086.228,18	271.860,95
(Minority interest losses and profits)		1,40	3,08
Adjustments for changes in value		52.716,52	73.782,33
Minority interests	Note 4	706,33	680,72
NON-CURRENT LIABILITIES		1.678.022,88	1.373.581,25
Long-term debts		1.678.022,88	1.373.581,25
Debts with credit institutions	Note 9.1	1.495.939,82	1.126.973,02
Financial lease debts	Note 9.1	8.499,14	28.646,14
Other financial liabilities	Note 9.1	173.583,92	217.962,09
CURRENT LIABILITIES		4.616.183,28	4,443,506,41
Short-term provisions		95.950,00	85.450,00
Other provisions		95.950,00	85.450,00
Short-terms debts	Note 9.1	1.871.147,42	2.345.516,67
Debts with credit institutions		1.760.736,41	2.253.038,00
Financial lease debts		20.147,00	19.797,76
Other financial liabilities		90.264,01	72.680,91
Trade and other payables		2.649.085,86	2.012.539,74
Suppliers	Note 9.1	1.876.101,10	1.446.569,02
Sundry creditors	Note 9.1	324.411,01	212.433,28
Staff (remuneration payable)	Note 9.1	1.291,85	12.014,73
Other debts with Public Authorities	Note 14	225.781,71	152.900,33
Advances from clients	Note 9.1	221.500,19	188.622,38

CONSOLIDATED INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED ON DECEBER 31, 2019 AND 2018

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Consolidated Annual Accounts	2019	2018
Net turnover	Note 21	13.660.963,08	12.359.533,58
Work performed by the Company for its assets	Note 5	934.512,30	786.636,39
Supplies	Note 15.a	(6.607.151,81)	(6.335.448,72)
Goods consumed		(6.607.151,81)	(6.335.448,72)
Other operating income		53.986,47	27.437,70
Staff expenses		(3.067.109,01)	(2.641.206,16)
Wage, salaries and the like		(2.310.168,50)	(2.055.985,95)
Fringe benefits	Note 15.b	(756.940,51)	(585,220,21)
Other operating expenses		(2.728.428,37)	(2.515.077,78)
External charges for services		(2.649.994,96)	(2.441.813,70
Taxes		(62.973,87)	(56.460,39
Losses, Impairment and change in trade provisions		(15.458,64)	(16.281,28
Other current operating expenses		(0,90)	(522,41)
Amortization of fixed assets	Notes 5 and 6	(1.134.680,64)	(1.152.433,19)
Impairment and results of disposals of fixed assets		(21.085,26)	
Other earnings		10.546,71	(665,21)
OPERATING EARNIGS		1.101.553,47	528.776,61
Financial income	Note 15.c	100.400,34	465,50
Financial expenses	Note 15.c	(79.530,92)	(92.120,88)
Change in fair value of financial instruments	Note 15.c	133,19	8,769,51
Exchange differences	Note 15.c	(23.891,79)	(16.789,93)
Impairments of financial instruments	Note 15.c	-	(16.708,41
FINANCIAL EARNINGS		(2.889,18)	(116.384,21)
PRE-TAX EARNINGS		1.098.664,29	412.392,40
Profit tax	Note 14	(12.436,11)	(140.531,45
FINANCIAL YEAR'S EARNINGS	Note 18	1.086.228,18	271.860,95
Result attributed to the Parent Company		1.086.229,58	271.864,03
Result attributed to minority interests		(1,40)	(3,08

3

4

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2018 AND 2019

(Expressed in euros)

	Share	Share	Reserves and previous financial	Own holdings in	Result attributed to the Parent	Adjustments for	Minority	
and the set of the set of the set	Capital	Premium	year's income	equity	Company	changes in value	interests	Total
BALANCE, BEGINNING OF 2018	320.998,86	5.244.344,28	(1.923.760,42)	(935.557,23)	59.460,37	105.158,54	687,71	2.871.332,11
Total recognized income and expenses	-		1.	-	271.864,03	(31.376,21)	(6,99)	240.480,83
Transactions with shareholders:	-	-	(24.155,63)	(18.730,50)	-		-	(42.886,13)
Transactions with own equity instruments (net)	-	-	(24.155,63)	(18.730,50)	-	-	-	(42.886,13)
Other changes in equity:	-	-	59.451,07	-	(59.460,37)	_	-	(9,30)
Distribution of earnings from the previous year	-	-	59.460,37	-	(59.460,37)	-	-	
Other movements	-	-	(9,30)		-	-	-	(9,30)
BALANCE, END OF 2018	320.998,86	5.244.344,28	(1.888.464,98)	(954.287,73)	271.864,03	73.782,33	680,72	3.068.917,51
Total recognized income and expenses	-	-		-	1.086.229,58	(21.065,81)	25,61	1.065.189,38
Transactions with shareholders:	1	1.1	50.927,71	200.986,60		-	-	251.914,31
Transactions with own equity instruments (net)		÷	50.927,71	200.986,60		-	-	251.914,31
Other changes in equity:	-		274.139,65	_	(271.864,03)	6-1	1 -	2.275,62
Distribution of earnings from the previous year	1	-	271.864,03		(271.864,03)		-	
Other movements	-		2.275,62		-	1.8	-	2.275,62
BALANCE END OF 2019	320.998,86	5.244.344,28	(1.563.397,62)	(753.301,13)	1.086.229,58	52.716,52	706,33	4.388.296,82

<u>LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.</u> <u>AND SUBSIDIARIES</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR 2019 AND 2018 (Expressed in Euros)

· · · · · · · · · · · · · · · · · · ·	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES	1,729.946,77	1.656.626,92
Financial year's pre-tax earnings	1.098.664,29	412.392,40
Adjustments to earnings	1.160.721,93	1.322.438,75
Fixed asset amortisation	1.134.680,64	1.152.433,19
Valuation changes for impairment	15.458,64	32.989,69
Change in provisions	10.500,00	54.130,00
Gains and losses on derecognition and disposal of fixed assets	21.085,26	54,150,00
Financial income	(100.400,34)	(465,50)
	79.530,92	92.120,88
Financial expenses		
Change in fair value of financial instruments	(133,19)	(8.769,51)
Changes in current capital	(416.738,53)	102.935,33
Debtors and other accounts receivable	(1.014.792,51)	(84.641,36)
Other current assets	(20.369,60)	(12.823,28)
Trade payables and other accounts payable	618.423,58	200.399,97
Other cash flow from operating activities	(112.700,92)	(181.139,56)
Interest payments	(79.530,92)	(92.120,88)
Receipts of interests	100.400,34	(407,28)
Receipts of Interests Receipts (payments) for profit tax	(133.570,34)	(88.611,40)
(hayments) for profit tax	(155.570,54)	(00.011,40)
CASH FLOW FROM INVESTMENT ACTIVITIES	(1.756.087,34)	(782.949,79)
Payments for investments	(1.756.087,34)	(1.102.021,93)
Intangible assets	(1.050.879, 55)	(1.018.267,51)
Tangible assets	(148.850,81)	(83.754,42)
Other financial assets	(556.356,98)	-
Receivables from disposals	-	319.072,14
Other financial assets	-	319.072,14
CASH FLOW FROM FINANCING ACTIVITIES	81.986,69	(276.392,41)
Receipts and payments for equity instruments	251.914,31	(42.899,34)
Acquisition of own equity instruments	251.914,31	(42.899,34)
Receipts and payments for financial-liability instruments	(169.927,62)	(233.493,07)
Issuance	1.200.000,00	1.106.852,07
Amounts owed to credit institutions	1.200.000,00	945.000,00
Others	-	161.852,07
Repayment and amortisation of:	(1.369.927,62)	(1.340.345,14)
Amounts owed to credit institutions	(1.343.132,55)	(1.340.345, 14) (1.340.345, 14)
Others		(1.340,343,14)
AUCI 8	(26.795,07)	
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	55.846,12	597.284,72
Cash and cash equivalents at start of the financial year	1.127.282,85	529.998,13
Cash and cash equivalents at end of the financial year	1.183.128,97	1.127.282,85

5

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019

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 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 in acting as a teleoperator for short message management services (SMS) over the Internet, 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 the Alternative Stock Market**

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market 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. The Parent Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. as a Registered Advisor and as Liquidity Provider to BEKA Finance, S.V., S.A. 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.

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, 2019 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%	Global Integration
Lleidanet USA Inc	100%	Global Integration
Lleidanet Honduras, SA	70%	Global Integration
Lleidanet Dominicana, SRL	99,98%	Global Integration
Lleida SAS	100%	Global Integration
Lleida Chile SPA	100%	Global Integration
Lleidanet do Brasil Ltda	99,99%	Global Integration
Lleidanet Guatemala	80%	Global Integration
Portabilidades Españolas, S.L.U.	100%	Global Integration
Lleidanet Costa Rica	100%	Global Integration
Lleidanet Perú	100%	Global Integration
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, 2019.

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of December 31, 2019, is indicated below:

Lleidanetworks Serveis Telemàtics, LTD

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

Lleidanet USA Inc.

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems.

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.

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.

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

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.

NOTE 2. PRESENTATION BASIS OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

a) True and Fair View

The accompanying Consolidated Annual Accounts for the year 2018 were prepared with the accounting records of the different constituent companies of the Group, whose respective annual statements were prepared in accordance with the applicable commercial law currently in force and according to the General Accounting Plan approved by Spanish Royal Decree 1514/2007, 16 of November, in the case of Spanish companies, and in accordance with the applicable legislation in the other countries in which the companies that are part of the Consolidated Group are located, and are submitted as provided by the Royal Decree 1159/2010 of 17 September, so as to provide a true and fair view of the net worth, financial situation, results and accuracy of the cash flows included in the Consolidated Cash Flow Statement.

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

There are no significant uncertainties or aspects about the future that could lead to 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 comparison purposes, with each of the items in 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 2019 those corresponding to the previous year. The items for both years are comparable and homogeneous.

e) Changes in Accounting Standards

As indicated in the foregoing section, this is the first year in which the Group voluntarily prepares consolidated financial statements, and therefore no changes in its own accounting policies have been made and no related adjustments are included as a result of errors.

f) 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.

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.

NOTE 3. RECOGNITION AND VALUATION STANDARDS

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

a) Consolidation Principles

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

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

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

- The criteria used in formulation of the Balance Sheets, the Profit and Loss Account and the Statement of Changes in Equity and Cash-Flow Statements for each one of the consolidated companies are, generally, and in their basic aspects, homogenous.
- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow include all adjustments and eliminations of the consolidation process, as well as relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.
- Balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with group, affiliated and associated companies which have been excluded from the consolidation are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.
- The deletion of Subsidiary equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiaries which is represented by the shareholding on the date of the first consolidation. The first consolidation differences were treated as follows:
 - a) Positive differences which cannot be allocated to the equity elements of the Subsidiaries were included in the "Consolidation Goodwill" heading of the Consolidated Balance Sheet. The impairment losses must be recognized in the Consolidated Profit and Loss Account and are irreversible
 - b) Negative differences, obtained as first consolidation, are recognized as reserves for the year considering that the group already existed previously in the different subgroups contributed to the Parent Company.

- The consolidated income for the financial year shows the part that may be attributed to the Parent Company, comprised of the income obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the invested companies
- The shareholding value of the minority interests in the equity and the attribution of income in the consolidated subsidiaries is presented in the "Minority Interest" heading of the Equity of the Consolidated Balance Sheet. The value breakdown of these shareholdings is presented in Note 4.

b) Intangible Fixed Assets

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

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

Research and Development Costs

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

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

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

Computer Applications

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

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

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

Industrial Property

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

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

c) Tangible Fixed Assets

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

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

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

	Annual Percentage	Estimated Years o 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	10 – 6,67 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 Group determines the classification of its financial assets on their initial recognition and, where permitted and appropriate, this classification is re-assessed on each closing of the consolidated balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items and Debts and Payable Items

Loans and Receivable Items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Group cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and Payable Items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: financial liabilities which, not being derivate instruments, have no commercial origins.

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, as well as, where appropriate, advances and loans made to staff, receivable dividends and called payments on equity instruments, the amounts for which are expected to be received in the short term, and payments called by third parties on holdings, the amounts for which are expected to be paid in the short term, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Consolidated Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired, i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of December 31, 2019, has been estimated on the basis of the analysis made on each of the individualized outstanding receivables on that date.

De-recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

De-recognition of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases.

Interest Received from Financial Assets

Interest from financial assets accrued subsequent to their purchase are recognized as income in the Consolidated Profit and Loss Account.

Interests are recognized by using the effective interest rate method. For these purposes in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time, and the value of the dividends agreed to by the competent body on acquisition, are recognized independently, bearing in mind their maturity.

Guarantees Given

Guarantees given and received through operating leases and provision of service are valued by the amount paid out and received respectively.

f) Transactions in Foreign Currencies

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

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

g) <u>Profit Tax</u>

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

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

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

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

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

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

h) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less the amount of any discount, reduction or other similar items, as well as the interest incorporated into the face value of the credits.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Group receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

i) Provisions and Contingencies

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

j) Grants, Donations and Legacies

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

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

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

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

k) Related-Party Transactions

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

I) Cash-Flow Statements

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

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

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

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

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

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

NOTE 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 2019, is as follows, in Euros:

Group Company	Percentage of minority interests sharcholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(478,60)		712,78
Lleidanet Honduras	30%		-	-	-
Lleidanet Brasil	0.01%	(22.561, 10)	(94,04)	(3.271, 21)	(2,59)
LLeidanet República Dominicana	0,02%	(10.669,07)	1.871,52	(5.365,63)	(3,86)
					706,33

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2018, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.037,42	(613,44)	-	684,80
Lleidanet Honduras	30%	-	-		
Lleidanet Brasil	0.01%	(8.927,94)	119,60	(13.633,16)	(2,25)
LLeidanet República Dominicana	0,02%	(2.066,78)	1.524,69	(8.602,31)	(1,83)
					680,72

NOTE 5. INTANGIBLE FIXED ASSETS

The details and changes in intangible fixed assets throughout the financial year 2019 were as follows, in euros:

	De-				
	31/12/2018	Additions	Recognition	Transfers	31/12/2019
Cost:					
Research	10.127.878,55	934.512,30	(26.356,57)		11.036.034,28
Industrial Property	698.046,72			85.495,91	783.542,63
Computer applications	226.637,13	570,00	-	32.190,15	259.397,28
Advances for intangible fixed assets	573.525,05	115.797,25	-	(117.686,06)	571.636,24
	11.626.087,45	1.050.879,55	(26.356,57)	-	12.650.610,43
Accumulated amortization:					
Research	(7.424.990,57)	(930.985,86)	5.271,31	-	(8.350.705,12)
Industrial Property	(164.285,00)	(73.084,81)	-	-	(237.369,81)
Computer applications	(195.099,49)	(20.320,18)			(215.419,67)
1	(7.784.375,06)	(1.024.390,85)	5.271,31	-	(8.803.494,60)
Intangible Fixed Assets, Net	3.841.712,39	26.488,70	(21.085,26)		3.847.115,83

The details and changes in intangible fixed assets throughout the financial year 2018 were as follows, in euros:

	De-				
-y	31/12/2017	Additions	Recognition	Transfers	31/12/2018
Cost:					
Research	9,341.242,16	786.636,39	-	-	10.127.878,55
Industrial Property	388.550,99	-	-	309.495,73	698.046,72
Computer applications	221.657,90	4.979,23		-	226.637,13
Advances for intangible fixed assets	656.368,89	226.651,89		(309.495,73)	573.525,05
	10.607.819,94	1.018.267,51	-	-	11.626.087,45
Accumulated amortization:					
Research	(6.514.100, 47)	(910.890,10)	-		(7.424.990,57)
Industrial Property	(65.531,01)	(98.753,99)	-	-	(164.285,00)
Computer applications	(180.680,96)	(14.418,53)	-		(195.099,49)
	(6.760.312,44)	(1.024.062,62)	-	-	(7.784.375,06)
Intangible Fixed Assets, Net	3.847.507,50	(5.795,11)	-	-	3.841.712,39

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, 2019 and 2018, is the following, stating their cost values in Euros:

and the second second	31/12/2019	31/12/2018
Research	6.326.149,98	5.472.949,24
Patents	71.105,76	26.783,16
Computer applications	172.062,84	167.566,20
	6.569.318,58	5.667.298,60

NOTE 6. TANGIBLE ASSETS

The details and changes in tangible fixed assets throughout the financial year 2019 were as follows, in euros:

	31/12/2018	Additions	Transfers	31/12/2019
Cost:				
Land and buildings Technical installations	197,185,74	-		197.185,74
and machinery	258.126,00	-	(305,28)	257.820,72
Other installations, tools and furniture	99.263,23	6.855,66		106.118,89
Data processing equipment	418.970,47	36.697,35		455.667,82
Other tangible fixed assets	4.935,79	-	-	4.935,79
Advances for tangible fixed assets	-	105.297,80	-	105.297,80
	978.481,23	148.850,81	(305,28)	1.127.026,76
Accumulated amortization:				
Land and buildings Technical installations	(33.968,63)	(5.137,30)		(39.105,93)
and machinery Other installations,	(205.019,89)	(21.046,72)	-	(226.066,61)
tools and furniture	(54.907,55)	(9.879,99)		(64.787,54)
Data processing equipment	(337.699,72)	(74.253,09)	-	(411.952,81)
Other tangible fixed assets	(3.370,60)	(308,05)	-	(3.678,65)
	(634.966,39)	(110.625,15)	-	(745.591,54)
Tangible Fixed Assets, Net	343.514,84	38.225,66	(305,28)	381.435,22

The details and changes in tangible fixed assets throughout the financial year 2018 were as follows, in euros:

	31/12/2017	Additions	De-Recognition	31/12/2018
Cost:				
Land and buildings	172.228,55	24.957,19	-	197.185,74
Technical installations			-	
and machinery	258.126,00	-		258.126,00
Other installations,			-	
tools and furniture	79.150,73	20.112,50		99.263,23
Data processing equipment	382.133,66	36.836,81	-	418.970,47
Other tangible fixed assets	3.087,87	1.847,92	-	4.935,79
	894.726,81	83.754,42	-	978.481,23
Accumulated amortization:				
Land and buildings	(28.901, 34)	(5.067, 29)	-	(33.968,63)
Technical installations			-	
and machinery	(184.466, 49)	(20.553, 40)		(205.019,89)
Other installations,			-	
tools and furniture	(45.553,76)	(9,353,79)		(54.907,55)
Data processing equipment	(244.899,88)	(92.799,84)	-	(337.699,72)
Other tangible fixed assets	(3.087,87)	(282,73)	-	(3.370,60)
	(506.909,34)	(128.057,05)	-	(634.966,39)
Tangible Fixed Assets, Net	387.817,47	(44.302,63)	-	343.514,84

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, 2019 and 2018, is shown below stating their cost values in Euros:

1		
	31/12/2019	31/12/2018
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	285.947,06	148.061,46
	329.415,76	191.530,16

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed though financial lease agreements as of December 31, 2019, in euros:

	Fair Value	Value of the purchase option	Due Date	Signature date	Outstanding dues
Computer equipment	80.798,12	1.707,27	04/04/2021	04/05/2018	28.646,14

The following is the total amount of future payments in financial leases at the end of the financial year is the following:

	Financial year 2019
Total amount of minimum future	
payments at the close of the year	27.316,32
(-) Non-accrued financial expenses	(377,45)
Value of the purchase option	1.707,27
Current value at the close of the year	28.646,14

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in the year 2019 is 234.873,59 euros (290.567,12 euros in the previous year).

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

	2019	2018
Up to 1 year	220.590,06	254.733,36
Between 1 and 5 years	64.150,97	149.266,52
More of 5 years	554.424,52	152.242,20
	839.165,55	556.242,08

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments 31/12/2019	Equity instruments 31/12/2018	Credits and Other Financial Assets 31/12/2019	Credits and Other Financial Assets 31/12/2018
Loans and receivable items (Note 8.2)		-	32.324,82	34.851,15
Financial assets available for sale (Note 8.3)	154.077,40	154.077,40	-	
	154.077,40	154.077,40	32.324,82	34.851,15

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

	Credits and Other Financial Assets 31/12/2019	Credits and Other Financial Assets 31/12/2018
Assets at fair value through the profit and		
loss:	1.183.128,97	1.127.282,85
Cash or other liquid assets (Note 8.1)	1.183.128,97	1.127.282,85
Loans and receivable items (Note 8.2)	4.512.620,30	2.984.977,39
Total	5.695.749,27	4.112.260,24

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, 2019 and 2018 is as follows, in euros:

Contraction of the second	Balance at 31/12/2019	Balance at 31/12/2018
Current Accounts	1.179.080,87	1.119.515,46
Cash	4.048,10	7.767,37
Total	1.183.128,97	1.127.282,85

8.2) Loans and Receivable Items

The composition of loans and receivable items as of December 31, 2019 and 2018 is as follows:

	Balance at	31/12/2019	Balance at	31/12/2018
1	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers Debtors	4	3.177.797,00 61,060,09	-	2.198.612,84 79.078,65
Total loans and receivables items for commercial transactions	-	3.238.857,09	-	2.277.691,49
Loans and receivables for non-commercial transactions				
Staff Short-term deposits (*) Securities and deposits	32.324,82	11.741,21 1.262.022,00	34.851,15	4.280,40 703.005,50 -
Total loans and receivables for non-commercial transactions	32.324,82	1.273.763,21	34.851,15	707.285,90
Total	32.324,82	4.512.620,30	34.851,15	2.984.977,39

(*) 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
554.966,77
554.966,77
20.149,75
575.116,52

8.3) Financial Assets available for Sale

Correspond to two investments made for the Group in the past year in:

- a) E.Kuantia: financial institution specialized in the issuance of means of payment and electronic money. The investment amounts to 143.880 euros and corresponds to 2% of the share capital.
- b) IBAN Wallet: global platform, linking investors and loan applicants, with high rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the share capital.

NOTE 9. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Other liabilities		Total	
h	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debits and payable items (Note 9.1)	1.504.438,96	1.155.619,16	173.583,92	217.962,09	1.678.022,88	1.373.581,25

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

	Debts with cre	dit institutions		her litics	Total	
and the second	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debits and payable items (Note 9.1)	1.780.883,41	2.272.835,76	2.513.568,16	1.932.320,32	4.294.451,57	4.205.156,08

9.1) Debits and Payable Items

The breakdown as of December 31, 2019 and 2018 is as follows, in euros:

	Balance as	of 31/12/2019	Balance as o	of 31/12/2018
here and the second	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.876.101,10	-	1.446.569,02
Creditors	-	324.411,01	-	212,433,28
Advances from costumers	-	221.500,19	-	188.622,38
Total balances for				
commercial transactions	-	2.422.012,30	-	1.847.624,68
For non-commercial operations:				
Debts with credit institutions	1.495.939,82	1.760.736,41	1.126.973,02	2.253.038,00
Other financial liabilities	8.499.14	20.147,00	28,646,14	19.797,76
Other debts	173.583,92	90.264,01	217.962,09	72.680,91
Debits and payable items	1.678.022,88	1.871.147,42	1.373.581,25	2.345.516,67
Staff (remuneration payable)	-	1.291,85	-	12.014,73
Total balances for				
non-commercial operations	1.678.022,88	1.872.439,27	1.373.581,25	2.357.531,40
Total debts and payable items	1.678.022,88	4.294.451,57	1.373.581,25	4.205.156,08

24

9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2019 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1.080.990,60	-	1.080.990,60
Loans	679.745,81	1.495.939,82	2.175.685,63
Leasings	20.147,00	8.499,14	28.646,14
	1.780.883,41	1.504.438,96	3.285.322,37

The breakdown of debts with credit institutions at December 31, 2018 is as follows, in euros:

alle and a second	A Short-Term	A Long-Term	Total
Credit policies	1.329.790,09		1.329.790,09
Loans	770.761,21	1.126.973,02	1.897.734,23
Leasings	19.797,76	28.646,14	48.443,90
Discounted effects	152.486,70	-	152.486,70
	2.272.835,76	1.155.619,16	3.428.454,92

Loans

The detail of the bank loans as of December 31, 2019, expressed in Euros, is the following:

0	Last	Initial	Pending closing
Company	maturity	amount	closing
Loan 24 (*)	15/10/2025	78.375,60	63.483,60
Loan 29	25/02/2020	250.000,00	8.811,27
Loan 30	30/06/2020	150.000,00	19.575,20
Loan 31	14/12/2020	465.000,00	97.119,33
Loan 32	31/12/2020	287.619,11	60.089,86
Loan 36	02/11/2022	300.000,00	180.346,78
Loan 37	01/03/2022	150.000,00	84.375,00
Loan 38	18/06/2023	195.000,00	138.592,16
Loan 39	02/07/2023	200.000,00	146.093,55
Loan 40	28/12/2023	400.000,00	321.954,70
Loan 41	29/03/2024	250.000,00	214.034,84
Loan 42	12/04/2024	400.000,00	348.665,70
Loan 43	03/05/2024	300.000,00	266.434,68
Loan 44	04/06/2024	250.000,00	226.108,96
		3.675.994.71	2.175.685.63

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

Compony	Last maturity	Initial amount	Pending closing
Company	maturity	anount	entering
Loan 21	12/03/2019	300.000,00	16.049,12
Loan 22	08/10/2019	250.000,00	54.214,79
Loan 24 (*)	15/10/2025	78.375,60	73.411,60
Loan 28	14/12/2019	300.000,00	77.309,86
Loan 29	25/02/2020	250.000,00	60.987,90
Loan 30	30/06/2020	150.000,00	58.003,72
Loan 31	14/12/2020	465.000,00	192.198,58
Loan 32	31/12/2020	287.619,11	118.930,40
Loan 34	31/03/2019	350.000,00	38.888,90
Loan 35	29/09/2019	500.000,00	86.414,22
Loan 36	02/11/2022	300.000,00	238.697,25
Loan 37	01/03/2022	150.000,00	121.875,00
Loan 38	18/06/2023	195.000,00	176.390,56
Loan 39	02/07/2023	200.000,00	184.362,33
Loan 40	28/12/2023	400.000,00	400.000,00
		4.175.994,71	1.897.734,23

The detail of the bank loans as of December 31, 2018, expressed in Euros, is the following:

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

Credit Lines

As of December 31, 2019, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 1.080.990,60 euros (1.329.790,09 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2019, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), of which the Company has made no disposition (152.486,70 euros at the end of the previous year).

9.1.2) Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF). The detail of these loans at the close of fiscal years 2019 is as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	17.821,88
Loan 2		300.000,00	240.777,68
		636.737,98	258.599,56

The detail at the close of fiscal year 2018 was as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	71.286,08
Loan 2	25/07/2013	300.000,00	211.677,61
		636.737,98	282.963,69

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 2019 is the following:

			Maturity years				100	
	2020	2021	2022	2023	2024	More than 5 years	Total	
Financial debts:	1.780.883.41	515,862,28	483.160.01	384,460,08	103.024,37	17.932,22	3,285,322,37	
Debts with credit institutions	1,760,736,41	507.363,14	483.160,01	384,460,08	103.024,37	17,932,22	3.256.676,23	
Financial lease	20.147,00	8.499,14	-	-	-		28.646,14	
Other debts	90.264,01	66.666,59	66.666,59	40.250,74	-	-	263.847,93	
Commercial creditors								
and other payable items:	2.423.304,15	-	-	-	-	-	2.423.304,15	
Suppliers	1.876.101.10		-	-	-	-	1.876.101,10	
Sundry creditors	324,411,01	-	-	-	-	-	324.411,01	
Staff	221.500,19	-	-			-	221,500,19	
Advances from costumers	1.291,85						1.291,85	
Total	4.294.451,57	582.528,87	549.826,60	424.710,82	103.024,37	17.932,22	5.972.474,45	

The breakdown of the maturity dates of the liability financial instruments at the close of 2018 is the following, in Euros:

and the second sec				Maturity years	ł,		
	2019	2020	2021	2022	2023	More than 5 years	Total
Financial debts:	2.272.835,76	471.525,55	277.624,44	240.401,60	137.095,10	28.972,47	3.428.454,92
Debts with credit institutions	2.253.038,00	451.378,55	269.125,30	240.401,60	137.095,10	28.972,47	3.380.011,02
Financial lease	19.797,76	20.147,00	8.499,14		-	•	48.443,90
Other debts	72.680,91	91,759,34	47.206,08	47.206,08	27,537,13	-	286.389,54
Commercial creditors							
and other payable items:	1.859.639,41			-	-	-	1.859.639,41
Suppliers	1.446.569.02	-	-	-	-	-	1.446.569,02
Sundry creditors	212.433,28	-	-	-	-	-	212,433,28
Staff	188.622,38			-	-	-	188.622,38
Advances from costumers	12.014,73	-	-		-	•	12.014,73
Total	4,205,156,08	563.284.89	324.830,52	287,607,68	164.632,23	28.972,47	5.574.483,8

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 a financial institution for a total amount of 406.505,06 euros, a standard instrument when signing an interconnection agreement.

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 an on the Closing	
	Financial year 2019 Days	Financial year 2018 Days
Average payment period to suppliers	36,02	34,06
Ratio paid operations	35,44	34,89
Ratio of outstanding payment transactions	38,37	30,42
	Financial year 2019	Financial year 2018
	Amount	Amount
Fotal payments	8.624.804,92	8.269.485,73
Fotal outstanding payments	2,108,191,76	1.876.345,74

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 general situation of financial markets, especially the banking market, has been particularly unfavourable for credit claimants. The Group pays constant attention to the evolution of the different factors that can help to solve liquidity crises, and especially to the sources of financing and their characteristics.

28

11.3) Market Risk

The general market situation during the last years has been unfavourable due to the difficult economic situation of the environment.

11.4) Exchange Rate Risk

The Group is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments.

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, 2019 and 2018, 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, 2019, there were no companies with a direct or indirect holding equal to or greater than 10% of the Company's share capital.

As of December 31, 2018, 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:

	31/12/2019	31/12/2018
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.445.433,78	1.394.506,07
Negative results from previous years	(3.056.335,12)	(3.330.474,77)
	(1.563.397,62)	(1.888.464,98)

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

The Board of Shareholders of the Parent Company agreed on June 1, 2015 to authorize the Parent Company's Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity provider GVC GAESCO, making available a total value of 1.200.000 euros to be able to carry out transactions of own shares, in accordance with the provisions of the Alternative Market and are valued at acquisition cost.

As of December 31, 2019, the Parent Company holds own shares for an amount of 753.301,13 euros (954.287,73 euros in the previous year).

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances at the end of the year 2019, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRA	DOP	PEN
CURRENT ASSETS	726.392,11	255.215,28	-	1.735.771.309,42	41.388,33	758.426,85	89.412,07
Trade debtors and other accounts receivable Cash	272.009,16 454.382,95	196.127,21 59.088,07	1	341.736.409,23 1.394.034.900,19	12.039,75 29.348,58	7.759,42 750.667,43	4.804,96 84.607,11
CURRENT LIABILITIES	122.853,37	133.679,07	1.864,30	5.096.562,86		102.658,06	1.154,31
Trade creditors and other payable accounts	122.853,37	133.679,07	1.864,30	5.096.562,86		102.658,06	1.154,31

The most significant foreign currency balances as the end of the year 2018, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRA	DOP	PEN
CURRENT ASSETS	785.082,81	425.203,62	127.538,70	831.914.661,83	10.722,15	1.070.155,35	55.655,77
Trade debtors and other accounts receivable Cash	419.821,44 365.261,37	324.103,44 101.100,18	88.908,30 38.630,40	65.107.976,88 766.806.684,95	158,76 10.563,39	507.759,42 562.395,93	44.142,90 11.512,87
CURRENT LIABILITIES	217.074,29	215.907,83	20.815,10	4.969.181,54		50.946,14	11.553,97
Trade creditors and other payable accounts	217.074,29	215.907,83	20.815,10	4.969.181,54	-	50.946,14	11.553,97

The most significant transactions carried out during the financial year 2019, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	ZAR	BRL	DOP	PER	PNL	MXN	AED
Purchases and services received	336.596,54	109.221,29	50.470,31	7.740.516,00	249.791.642,04	164.345,82	49.031,28	383.720,84	139.410,91	18.400,42	623.837,89	13.662,29
Sales and services given	768.760,06	295.241,39	165,63	-	1.668.411.640,32	-	43.341,74	169.344,16	145.828,03	-		

The most significant transactions carried out during the financial year 2018, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	ZAR	BRL	DOP	PEN	MXN	AED
Purchases and services received	334.200,26	25.800,41	174.001,00	7.546.771	21,06	332.715,14	1.347,47	120,96	-	118.913	4.492,50
Sales and services given	850.285,38	351.775,09	139.312,00	- T-	945.946.956,69	-	4.412,74	97.779,72	33.192,46	-	-

NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2019 and December 31, 2018, in euros:

	31/12/2019		2/2018
Receivable	Payable	Receivable	Payable
1.067,38	-	2.980,95	-
1.067,38	-	2.980,95	
43.882,00	67.089,34	8.799,51	54.529,31
32.932,78	-	34.932,78	
-	90.406,79		42.631,58
235.940,94	-	112.893,14	-
-	68.285,58	2.375,03	55.739,44
312.755,72	225.781,71	159.000,46	152.900,33
	1.067,38 1.067,38 43.882,00 32.932,78 - 235.940,94	1.067,38 - 1.067,38 - 43.882,00 67.089,34 32.932,78 - 90.406,79 - 235.940,94 - - 68.285,58	1.067,38 - 2.980,95 1.067,38 - 2.980,95 43.882,00 67.089,34 8.799,51 32.932,78 - 34.932,78 - 90.406,79 - 235.940,94 - 112.893,14 - 68.285,58 2.375,03

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, 2019, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2016 to the 2019 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 2019 of the Parent Company with the taxable income tax base is as follows:

	Pr	ofit and Loss Acco	unt
Financial year's earnings (After taxes)			577.352,91
	Increases	Decreases	Net effect
Profit tax	2.980,95	-	2.980,95
Permanent differences	308.717,18	-	308.717,18
Compensation of tax loss carryforwards			(889.051,04)
Taxable income (tax result)			-

The conciliation of the net amount of income and expenses for the year 2018 of the Parent Company with the taxable income tax base is as follows:

1	Pr	ofit and Loss Acco	unt
Financial year's earnings (After taxes)			(208.753,80)
	Increases	Decreases	Net effect
Profit tax	135.119,70		135.119,70
Permanent differences	614.112,91	-	614.112,91
Compensation of tax loss carryforwards			(540.478,81)
Taxable income (tax result)			-

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

	2019	2018
Charge at 25 % of Taxable Income		
Deductions	-	-
Net tax payable		-
Less: withholdings and payments	(97.797,82)	(42,40)
Tax payable	(97.797,82)	(42,40)

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

A second second second	2019	2018
Current tax	36.869,19	5.411,75
Deferred tax	(24.433,08)	135.119,70
Total	12.436,11	140.531,45

The movement of deferred taxes generated and cancelled during the year 2019 is detailed below in euros:

	Balance at 31/12/2018	Generated	Cancelled	Balance at 31/12/2019
Deferred tax assets: Tax credits	2.980,95	1.067,38	(2.980,95)	1.067,38

The movement of deferred taxes generated and cancelled during financial year 2018 is detailed below in euros:

	Balance at 31/12/2017	Generated	Baiance at 31/12/2018
Deferred tax assets: Tax credits	138.100,65	(135.119,70)	2.980,95

Credits for Tax Losses Carry Forward

Part of the tax base credits have been recorded, since they comply with the requirements established by current legislation for their recognition, and since there are no doubts about the Company's ability to generate future taxable profits that allow their recovery. The detail of the tax loss carry forwards to be offset in future years is as follows:

Year of Origin	Amount
2016	441.492,32

Deductions Pending Application

As of December 31, 2019, the Group has the following deductions to apply:

Year of Origin	Amount
2005	13.460,45
2006	71.214,06
2007	75.820,66
2008	201.266,41
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	251.779,01
2013	90.887,05
2014	127.371,20
2015	369.824,03
2016	188.991,46
2017	182.112,92
2018	171.929,09
2019	165.515,26
	2.478.368,23

NOTE 15. INCOME AND EXPENSES

a) Supplies

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

	2019	2018
Consumption of merchandise		
Domestics	2.942.027,06	2.852.758,70
Intra-Community Acquisitions	1.831.024,02	1.917.330,74
Imports	1.834.100,73	1.565.359,28
	6.607.151,81	6.335.448,72

b) Staff expenses

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

	2019	2018
Company Social Security contributions	615.181,49	477.065,88
Other welfare costs	141.759,02	108.154,33
	756.940,51	585.220,21

c) Financial Results

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

1	2019	2018
Financial incomes	100.400,34	465,50
Other financial incomes	100.400,34	465,50
Financial expenses	(79.530,92)	(92.120,88)
For debts with credit institutions	(79.530,92)	(92.120,88)
Change in fair value of financial instruments	(23.891,79)	(16.789,93)
Exchange differences	133,19	8.769,51
Impairments of financial assets	-	(16.708,41)
Financial Result Positive / (Negative)	(2.889,18)	(116.384,21)

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

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Group.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Group has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

NOTE 18. CONSOLIDATED EARNINGS

The following is the breakdown for the financial year 2019 of the Consolidated Earnings in Euros:

	Individual Earnings of the		Earnings Attributed to Parent	Earnings Attributed to Minority
Subsidiary	Companies	Shareholding	Company	Interests
Lleidanetworks Serveis				
Felemàtics, S.A.	577.352.91	-	577.352,91	-
leidanetworks Serveis Telemàtics.				
TD	90.372,48	100%	90.372,48	-
leidanet USA Inc	69.258,46	100%	69.258,46	-
leidanet Honduras, SA		70%	-	
leidanet Dominicana, SRL	(5.365,63)	99,98%	(5.364,56)	(1,07)
leida SAS	73.711,97	100%	73.711,97	н
leida Chile SPA	(262, 43)	100%	(262,43)	
leidanet do Brasil Ltda	(3.271, 21)	99,99%	(3.270,88)	(0,33)
leidanet Guatemala	-	80%	· · · · · ·	-
ortabilidades Españolas, S.L.U.	(1.641.05)	100%	(1.641,05)	
leidanet Costa Rica	(13,42)	100%	(13,42)	-
leidanet Perú	13.206,26	100%	13.206,26	
			813.349,74	(1,40)

The following is the breakdown for the financial year 2018 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Earnings Attributed to Minority Interests
Lleidanetworks Serveis				
Telemàtics, S.A.	(208.753.80)	-	(208.753.80)	-
Lleidanetworks Serveis Telemàtics,				
LTD	(48.488,00)	100%	(48.488,00)	-
Lleidanet USA Inc	(953,55)	100%	(953,55)	-
Lleidanet Honduras, SA	-	70%	-	
Lleidanet Dominicana, SRL	(8.602,31)	99,98%	(8.600,59)	(1,72)
Lleida SAS	11.263,38	100%	11.263,38	-
Lleida Chile SPA	-	100%	-	-
Lleidanet do Brasil Ltda	(13.633, 16)	99,99%	(13.631,80)	(1,36)
Lleidanet Guatemala		80%		н
Portabilidades Españolas, S.L.U.	(977,25)	100%	(977,25)	
Lleidanet Costa Rica	(7,64)	100%	(7,64)	
Lleidanet Perú	(23.406,00)	100%	(23.406,00)	
			(293.555,25)	(3,08)

The adjustments made to the Earnings associated to Parent Company in 2019 is as follows:

Individual earnings attributed to Parent Company Consolidation adjustments:	813.349,74
Reversal of credit impairment	300.000,00
Reversion of interests	(27.120,16)
Total	1.086.229,58

The adjustments made to the Earnings associated to Parent Company in 2018 is as follows:

Individual earnings attributed to Parent Company	(293.555,25)
Consolidation adjustments:	
Reversal of credit impairment	404.166,09
Reversal of investment impairment	177.961,60
Impairment of companies accounted for by the equity	
method	(16.708,41)
Total	271.864,03

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

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

The remuneration accrued during the financial year 2019 by the Board of Directors of the Parent Company amounted to 78.00 euros (72.000 euros in the previous year).

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 222.506,43 euros (231.598,43 euros in the previous year). The detail of this amount is as follows, in euros:

	2019	2018
Wages and salaries	211.323,38	219.361,07
ayment in kind	11.183,05	12.237,36
	222,506,43	231,598,43

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

As of December 31, 2019, and 2018, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

Other Information Regarding the Board of Directors

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

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

NOTE 20. OTHER INFORMATION

The average number of employees during the financial year 2019, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

		Disability greater
Women	Total	than or equal to 33%
1	2	
3	4	1
11	18	-
7	35	1
1	1	-
7	7	-
5	7	
3	3	
2	2	
-	1	-
40	80	2
1	1 3 11 7 1 7 5 3 2 -	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$

The average number of employees during the financial year 2018, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

	2018			
	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	1	2	
Administration		4	4	1
Commercial	5	11	16	-
Production	21	5	26	-
Maintenance	-	2	2	-
Reception		5	5	-
Business development	2	4	6	
Compliance		2	2	-
Human Resources		1	1	-
Intellectual Property	-	1	1	*
TOTAL	29	36	65	1

40

The fees accrued for the individual and consolidated audit services in the financial statements for the year ended 31 December 2019 amounted to 21.800 euros (21.250 euros in the previous year). The fee for other verification services for the limited review of the interim financial statements amounted to 17.065 euros (16.650 euros in the previous year). In addition, the fees accrued for other services amounted to 4.725 euros (2.000 euros in the previous year).

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 19.107 euros (19.107 euros in the previous year).

NOTE 21. SEGMENTED INFORMATION

The distribution of the net amount of turnover corresponding to the ordinary activities of the Group, by category and / or business segment, is shown below, in euros:

1	2019		2018	
Business Areas (in thousands of euros)	Euros	%	Euros	%
SMS Comercial	2.569	19%	2.637	21%
SMS Wholesale	7.507	55%	6.625	54%
SAAS	3.585	26%	3.097	25%
Total	13.661	100%	12.359	100%

The distribution of the net amount of turnover corresponding to the ordinary activities of the Group, by geographic markets, is shown below, in euros:

Description of geographic markets	2019		2018	
	Euros	%	Euros	%
Domestic	6.719.627,68	49,19%	5.973.172,35	48,33%
European Union	4.310.402,30	31,55%	3.648.218,75	29,52%
Rest of the World	2.630.933,10	19,26%	2.738.142,48	22,15%
Total	13.660.963,08	100,00%	12.359.533,58	100%

<u>GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.</u> <u>AND SUBSIDIARIES</u>

CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2019

<u>GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.</u> <u>AND SUBSIDIARIES</u>

CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2019

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 2019.

1. EVOLUTION OF RESULT AND NET TURNOVER

In 2019, sales increased by 11% to 13.6 million euros. The growth is marked by the SMS Wholesale line, which aggregates SMS sales to carriers and aggregators. The 14% increase, with a volume of 7.5 million euros, is due to the new agreements signed with Asian customers, as well as the increase in the historical product lines.

In relation to the SaaS line, which encompasses both certification, contracting and data validation, we have an increase of 469 thousand euros. The year 2018 was marked by the implementation of the new RGPD regulations, which led to an extraordinary peak in all the company's sales.

SMS sales are the ones that leave the company with the lowest margins, therefore, the most important weight of sales of the SaaS line has led, that the increase in sales of 11% has translated into an increase in the margin of 17%, one million euros in absolute variation.

In terms of SaaS sales, the company is making a major effort to recruit both technical and commercial staff. The aim is to provide an outlet for more complete standard products, which will enable exponential growth in sales. The current time of maturation of a complex circuit can be extended up to 6 months. The new functionalities that we are introducing to the standard products meet the expectations of a greater number of potential customers who are put into production immediately, instead of going through customised processes.

We have increased the number of staff in order to increase our productivity. Specifically the area of R+D+i and project management with the aim of improving both the processes and the functionalities of the products. The search for talent is an indispensable feature within the company's growth project and is also reflected in the investment it is making in R&D&I at a cost of 934,000 euros. The investment in R&D is aimed at strengthening the range of products we offer in order to continue being a key player in the sector, differentiating us by our innovation, adaptability to customer needs and reliability.

Increase of 8% in the costs of external services, derived from the expenses inherent in the incorporation of personnel, and for the participation in a greater number of international events.

The company, continuing with its growth plans and implementing the necessary expansion strategies that we have mentioned, has managed to increase its EBIDTA by 34% thanks to the increase in sales and margin.

Sales by business lines Thousands of	······································	·		
euros	2018	2019	Var. €	Var.%
SaaS Services	3.116	3.585	469	15%
SMS Solutions	2.669	2.569	-100	-4%
ICX WHOLESALE Solutions	6.575	7.507	932	14%
Total	12.360	13.661	1.301	11%

Data in thousand of Euros	2018	2019	Var. €	Var.%
Sales	12.360	13.661	1.301	11%
Coste of sales	(6.336)	(6.607)	271	4%
Gross Margin	6.024	7.054	1.030	17%
Staff Expenses	(2.641)	(3.067)	426	16%
External Services	(2.515)	(2.728)	213	8%
Other Incomes	27	54	27	100%
Capitalized expenses	786	934	148	19%
EBITDA	1.681	2.247	566	34%
Amortization	(1.152)	(1.135)	(17)	-1%
Results by sale		(21)	-	-
Other results	(1)	11	-	-
Operating profit	529	1.102	573	108%
Net financial result	(83)	21	104	125%
Impairment and results of disposals	(17)		(17)	-100%
Exchange Rate Differences	(17)	(24)	7	41%
Earnings before tax	412	1.099	687	167%

2. SUBSEQUENT EVENTS

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Group.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Group has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

3. PROBABLE EVOLUTION OF THE GROUP

The forecasts for 2019 are to increase the company's gross margin by amounts, reinforcing sales of certified products through the consolidation of products at an international level.

4. RESEARCH ACTIVITIES

In 2019, the Company invested 935 thousand euros in research activities aimed mainly at the company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with the regulations of the Alternative Stock Market, the company signed a liquidity agreement with the placing bank as part of its market launch. This agreement establishes both the delivery of a certain amount of own shares and the deposit of an amount of cash. The objective of this contract is to allow investors to trade the company's shares, ensuring that any interested person has the possibility of buying or selling shares.

On August 12, 2016, the Board of Directors approved the acquisition of own shares for a maximum amount of 200 thousand euros. The programme was extended until 1 June 2020 following the agreement of the Board of Directors on 30 July 2019.

On June 19th, the company Eiffel Investment Group bought 1,215% of Lleida.net shares at a price of 0.90 euros per share. Likewise, 75 thousand treasury shares were sold at a price of 0.90 euros per share to GVC Gaesco.

As of 31st December 2019, the company had 729.869 shares with a valuation on that date of 730.862,48 euros, which represented 4,55% of Lleidanetworks Serveis Telemàtics, S.A. shares.

6. FINANCIAL INSTRUMENTS

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During 2019, the Company has not used instruments related to financial derivatives.

7. DEFERMENT OF PAYMENT TO SUPPLIERS

The information relating to deferrals of payment to suppliers is shown in the consolidated annual accounts in Note 10.

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PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIRECTOR'S REPORT

In compliance with company law, the Sole Director of **LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.** draws up the Interim Consolidated Financial Statements and the Consolidated Director's Report for the financial year 2019, which comprises the attached pages number 1 to 46.

Lleida, March 26, 2020 The Board of Directors

Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

Mr. Miguel Pérez Subias Independent Director

Mr. Jordi Carbonell i Sebarroja Independent Director

Agrupación de Sepi Desarrollo Empresarial, S.A. Empresa Nacional de innovación, S.M.E., S.A. Y Cántabro Catalana de Inversiones, S.A. represented by D. Jorge Sainz de Vicuña External Director

Mr. Marcos Gallardo Meseguer Secretary

Mr. Antonio López del Castillo Independent Director

Mrs. Arrate María Usandizaga Ruíz Executive Director

Mrs. Beatriz García Torre Executive Director



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ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019 TOGETHER WITH THE AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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





Annual Accounts and Director's Report for financial year 2019 together with the Audit Report on Annual Accounts issued by an Independent Auditor

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019:

Balance Sheets as of December 31, 2019 and 2018 Profit and Loss Accounts for the financial years 2019 and 2018 Statement of Changes in Partner's Equity for the financial years 2019 and 2018 Cash-Flow Statement for the financial years 2019 and 2018 Notes to the accounts for the financial year 2019

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019

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AUDIT REPORT ON THE ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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Audit report on the annual accounts issued by an independent auditor

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

Opinion

We have audited the financial statements of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (the Company), which comprise the balance sheet at December 31, 2019, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the Company's equity and financial position at December 31, 2019, as well as its 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 annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

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

We are independent from the Company 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 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 S1.273 es una sociedad limitada española, es 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.



Key audit issues Audit response Valuation of capitalized research expenditures We have carried out the following audit procedures, among others: As described in notes 4.a. and 5 to the accompanying notes, the Company has intangible assets for expenses on capitalised research projects of a significant amount. 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 Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value or the judgements and estimates. For these reasons, we have considered the valuation of these assets as a key issue in our audit. We have analysed the activations of the projects and the cost of external collaborations. We have considered the valuation of these assets as a key issue in our audit. We have analysed the sales projections for the different projects, improvements in profitability and real sales for the year, with the aim of analysing the goodness of the hypotheses, the degree of compliance to date and the deviations in past estimates. We have verified the correct amortization of the different projects capitalised on the basis of the current regulations applied by the Company. Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached prort include the aforementioned profitability and sales of the current include the disclosures of related proventioned profitability and the accompanying annual accounts include the disclosures of related proventione disclosures of related proventin	·	1
 As described in notes 4.a. and 5 to the accompanying notes, the Company has intangible assets for expenses on capitalised research projects of a significant amount. 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 Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value or the need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key issue in our audit. We have analysed the sales projections for the different projects, improvements in profitability and real sales for the year, with the aim of analysing the goodness of the data, the reasonableneess of the hypotheses, the degree of compliance to date and the deviations in past estimates. We have verified the correct amortization of the basis of the current regulations applied by the Company. Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the attached regord. Notes 4.a and 5 of the attached regord. 	Key audit issues	Audit response
 accompanying notes, the Company has intangible assets for expenses on capitalised research projects of a significant amount. 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 Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value or the judgements and estimates. For these reasons, we have considered the valuation of these assets as a key issue in our audit. We have obtained the certificates issued by an independent third party on the projects regarding the validity of the capitalised amounts. We have analysed the sales projections for the different projects, improvements in profitability and real sales for the year, with the aim of analysing the goodness of the data, the reasonableness of the hypotheses, the degree of compliance to date and the deviations in past estimates. We have verified the correct amortization of the different projects capitalised on the basis of the current regulations applied by the Company. Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached report include the aforementioned 	Valuation of capitalized research expenditures	
momation breakdowns.	accompanying notes, the Company has intangible assets for expenses on capitalised research projects of a significant amount. 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 Company's balance sheet. In addition, the evaluation by the Company's management and directors of their recoverable value or the need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these	 procedures applied by the Company. We have analysed the 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 validity of the capitalised amounts. We have analysed the sales projections for the different projects, improvements in profitability and real sales for the year, with the aim of analysing the goodness of the data, the reasonableness of the hypotheses, the degree of compliance to date and the deviations in past estimates. We have verified the current regulations applied by the Company. Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached

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with group companies

As described in notes 4.d, 8, 9 and 19 to the accompanying notes to the financial statements, investments in group companies together with the balances of group customers represent, on an aggregate basis, 10,66% of the Company's total assets

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

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

Valuation of investments, loans and balances We have carried out, among others, the following audit procedures:

- Understanding of the policies and procedures applied by the Company.
- We analysed the evolution of the holdings, loans and balances of the various subsidiaries during the year.
- We have analysed the situation of the different subsidiaries, comparing the actual results for 2019 with the figures included in the forecasts for the previous year in order to assess the degree of compliance with them.
- Based on the actual results for 2019, we questioned the corresponding have adaptation, if any, of future flows in this vear's forecasts.
- We have questioned the assumptions used by the Company's management in the forecasts used in terms of growth rates and discount rates applied in relation to its sector.
- We have evaluated the need for impairment based on recoverability estimates and analysis of impairments recorded by the Company.
- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4 d), 8, 9 and 19 of the attached report include the aforementioned information breakdown.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2019, the formulation of which is the responsibility of the Parent's directors and does not form an integral part of the financial statements.



Our audit opinion on the annual accounts does not cover the annual report. Our responsibility over the management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the management report with the financial statements, based on the knowledge of the Entity obtained in performing the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report that the content and presentation of the management 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 obliged to report this.

Based on the work performed, as described in the preceding paragraph, the information contained in the management report agrees with that in the consolidated financial statements for financial year 2019 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 financial statements

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

In the preparation of the financial statements, the administrators 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 audit committee is responsible for supervising the preparation and presentation of the financial statements.

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

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

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

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

Among the matters that have been communicated to the audit committee, we determine those that have been of the greatest significance in the audit of the 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 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, 2020.

Contract period

The Extraordinary General Shareholders' Meeting held on June 10, 2019 appointed us as the Company's auditors for a period of three years, starting from the year ended December 31, 2019.

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

Services provided

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

Ignacio Algás (ROAC 21.841) Audit Parther April 29, 2020

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

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ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018

(Stated in Euros)

ASSETS	Notes to the Annual Accounts	31/12/2019	31/12/2018
NON-CURRENT ASSETS		4.792,900,99	4.812.707,36
Intangible assets	Note 5	3.847.115,83	3.841.712,39
Research		2.685.329,16	2.702.887,98
Patents, licenses, trade marks and similar		546.172,82	533.761,72
Computer applications		43,977,61	31.537,64
Other intangible assets		571.636,24	573.525,05
Tangible fixed assets	Note 6	380.120,98	337.969,59
Land and buildings		158.079,81	163.217,11
Fechnical installations and other tangible fixed assets		116.743,37	174.752,48
Tangible assets in progress		105.297,80	-
Long-term investments in group and affiliated companies		382.365,43	444.204,73
Equity instruments	Note 9	172.762,39	162.762,39
Loans to companies	Notes 8.2 y 19.1	209.603,04	281.442,34
Long-term financial investments		183.298,75	185.839,70
Equity instruments	Note 8.3	154.077,40	154.077,40
Other financial assets	Note 8.2	29.221,35	31.762,30
Deferred Tax Assets	Note 15	-	2.980,95
CURRENT ASSETS		5.973.969,81	4.976.372,02
Frade and other receivables		3.665.723,97	3,131.672,82
Client receivables for sales and services	Note 8.2	2.862.643,96	1.985.476,55
Clients of the Group and affiliated companies	Notes 8.2 y 19.1	598.225,42	1.018.177,08
Sundry debtors	Notes 8.2	59.214,97	76.772,54
Staff	Notes 8.2	11.741,21	4,280,40
Current tax assets	Note 15	97.707,82	6.400,62
Other receivables from Public Authorities	Note 15	36.190,59	40.565,63
Short-term investments in group and affiliated companies	Note 8.2 y 19.1	167.204,06	164.725,64
Loans to companies		167.204,06	164.725,64
Short-term financial investments	Note 8.2	1.262.022,00	703.005,50
Other financial assets		1.262.022,00	703.005,50
Short-term accruals		241.977,19	233.061,91
Cash and cash equivalents	Note 8.1	637.042,59	743.906,15
Cash		637.042,59	743.906,15
TOTAL ASSETS		10.766.870,80	9.789.079,38

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018 (Stated in Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2019	31/12/2018
		C ar a dr d d d d	Unitedito
EQUITY		4.619.346,35	3.790.079,13
Equity		4.619.346,35	3.790.079,13
Capital	Note 13.1	320.998,86	320.998,86
Share Capital		320.998,86	320.998,86
Issue premium	Note 13.3	5.244.344,28	5.244.344,28
Reserves	Note 13.2	1.492.937,50	1,442.009,79
Legal and statutory		47.503,72	47.503,72
Other Reserves		1.445.433,78	1.394.506,07
(Shares and own holdings in equity)	Note 13.4	(753.301,13)	(954.287,73)
Retained earnings		(2.262.986,07)	(2.054.232,27)
Financial year's earnings		577.352,91	(208.753,80)
NON-CURRENT LIABILITIES		1.678.022,88	1.373.581,25
Long-term debts	Note 10.1	1.678.022,88	1.373.581,25
Debts with credit institutions		1.495.939,82	1.126.973,02
Financial-lease debt		8.499,14	28.646,14
Other financial liabilities		173.583,92	217.962,09
CURRENT LIABILITIES		4.469.501,57	4.625.419,00
Short-term provisions		95.950,00	85.450,00
Short-term debts	Note 10.1	1.871.147,42	2,345.516,67
Debts with credit institutions		1.760.736,41	2.253.038,00
Financial-lease debt		20.147,00	19.797,70
Other financial liabilities		90.264,01	72.680,91
Trade and other payables		2.502.404,15	2.194.452,33
Suppliers	Note 10.1	1.734.418,98	1.462.172,12
Suppliers, group and affiliated companies	Note 10.1 y 19.1	68.505,92	245.540,89
Sundry creditors	Note 10.1	305.233,59	168.632,73
Other debts with Public Authorities	Note 15	172.745,47	129.484,21
Advances from clients	Note 10.1	221.500,19	188.622,38
		10.766.870,80	9,789.079,38

PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS 2019 AND 2018 (Stated in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2019	2018
Net turnover	Note 21	12.933.093,21	12.078.022,12
Net sales		12.933.093,21	12.078.022,12
Work performed by the company for its assets	Note 5	934.512,30	786.636,39
Supplies	Note 16.a	(6.396.064,44)	(6.286.002,77)
Goods consumed		(6.396.064,44)	(6.286.002,77)
Other operating income		53.986,36	22.584,72
Ancillary and other current operating income		350,00	931,22
Operating grants income		53.636,36	21.653,50
Staff expenses		(3.000.784,53)	(2.597.706,51)
Wages, salaries and the like		(2.254.494,39)	(2.012.486,30)
Fringe benefits	Note 16.b	(746.290,14)	(585.220,21)
Other operating expenses		(2.824.889,05)	(2.262.761,06)
External charges for services		(2.460.586,50)	(2.202.122,56)
Faxes		(48.843,91)	(43.886,02)
Losses, Impairment and change in trade provisions Other current operating expenses		(315.458,64)	(16.281,28) (471,20)
Amortization of fixed assets	Notes 5 y 6	(1.130.392,70)	(1.148,114,84)
impairment and results of disposals of fixed assets	Note 5	(21.085,26)	
Other earnings		12.876,22	3,44
OPERATING EARNINGS		561.252,11	592.661,49
Financial income	Note 16.c	130.483,50	40.492,28
ncome from investments in equity instruments, group companies and associates		99.820,00	
Income from negotiable securities and other financial nstruments, group and affiliated companies		30.083,16	40.026,78
Other income from negotiable securities and other third-party financial instruments		580,34	465,50
Financial expenses	Note 16.c	(77.472,01)	(91.219,17)
For debts with third parties		(77.472,01)	(91.219,17)
Exchange differences	Note 16.c	(33.929,74)	(33.441,01)
Impairments and earnings for disposals of financial			
instruments	Note 16.e	-	(582.127,69)
Impairments and losses			(582.127,69)
FINANCIAL EARNINGS		19.081,75	(666.295,59)
PRE-TAX EARNINGS		580.333,86	(73.634,10)
Profit tax	Note 15	(2.980,95)	(135.119,70)
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		577.352,91	(208.753,80)
			(
FINANCIAL YEAR'S EARNINGS		577.352,91	(208.753,80)

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STATEMENT OF CHANGES IN PARTNER'S EQUITY TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2019 AND 2018 (Stated in Euros)

	Share Capital	Own Shares	Issue Premium	Reserves	Retained Earnings	Financial Year's Earnings	Total
BALANCE END OF YEAR 2017	320.998,86	(935.557,23)	5.244.344,28	1.466.165,42	(1.801.339,18)	(252.893,09)	4.041.719,06
Total recognized income and expenses							
	-	-	-		-	(208.753,80)	(208.753,80)
Transactions with shareholders or owners							
Capital increases	-	(18.730,50)	-	(24.155,63)		-	(42.886,13)
Operation with own shares		-	-	-	-	-	-
		(18.730,50)		(24.155,63)		-	(42.886,13)
Other changes in equity							
Distribution of earnings from the previous financial year	-		_	-	(252.893,09)	252.893,09	-
					(252.893,09)	252.893.09	
BALANCE END OF YEAR 2018	320.998,86	(954.287,73)	5.244.344,28	1.442.009,79	(2.054.232,27)	(208.753,80)	3.790.079,13
Total recognized income and expenses	-	-	-	-	-	577.352,91	577.352,91
Transactions with shareholders or owners	-	200.986,60	-	50.927,71	-	_	251.914.31
Operation with own shares	-	200.986,60	-	50.927,71	-	-	251.914,31
Other changes in equity	-	-	-	1-	(208.753,80)	208.753,80	-
Distribution of earnings from the previous financial year	-	-	•	-	(208.753,80)	208.753,80	-
BALANCE END OF YEAR 2019	320.998,86	(753.301,13)	5.244.344,28	1.492.937,50	(2.262.986,07)	577.352,91	4.619.346.35

CASH FLOW STATEMENT FOR FINANCIAL YEARS 2019 AND 2018 (Stated in Euros)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES	1.170.939,53	1.191.004,09
Financial year's pre-tax earnings	580.333,86	(73.634,10)
Adjustments to earnings	1.424.425,11	1.851.380,70
Amortization of fixed assets	1.130.392,70	1.148.114,84
Valuation changes for impairment	315.458,64	598.408,97
Variation of provisions	10.500,00	54.130,00
Disposals of fixed assets	21.085,26	
Financial incomes	(130.483,50)	(40.492,28)
Financial expenses	77.472,01	91,219,17
Changes in current capital	(600.714,93)	(372.657,45)
Trade and other receivables	(899.751,47)	(620.430,58)
Other current assets	(8.915,28)	(9.852,10)
Trade and other payables	307.951,82	257.625,23
Other cash flow from operating activities	(233.104,51)	(214.085,06)
Interest payments	(77.472,01)	(91.219,17)
Interest incomes	(64.325,30)	(124.233,36)
Tax income	(91.307,20)	1.367,47
CASH FLOW FROM INVESTMENT ACTIVITIES	(1.359.789,78)	(471.473,81)
Payments for investments	(1.755.508,34)	(1.102.775,82)
Intangible fixed assets	(1.050.879,55)	(1.018.267,51)
Tangible fixed assets	(148.153,24)	(84.508,31)
Other financial assets	(556.475,55)	-
Proceeds from disposals	395.718,56	631.302,01
Group and affiliated companies	395.718,56	321.092,87
Other financial assets	-	310.209,14
CASH FLOW FROM FINANCING ACTIVITIES	81.986,69	(275,731,44)
Receipts and payments for equity instruments	251.914,31	(42.886,13)
Acquisition of own equity instruments	251.914,31	(42.886,13)
Collections and payments for financial liability instruments	(169.927,62)	(232.845,31)
Issuing:	1.200.000,00	1.107.499,83
Amounts owed to credit institutions	1.200.000,00	945.000,00
Others	-	162.499,83
Repayment and amortization of:	(1.369.927,62)	(1.340.345,14)
Amounts owed to credit institutions	(1.343.132,55)	(1.340.345,14)
Others	(26.795,07)	-
NET INCREASE/REDUCTION OF CASH		
AND CASH EQUIVALENTS	(106.863,56)	443.798,84
Cash or cash equivalents at start of financial year	743.906,15	300.107,31
Cash or cash equivalents at end of financial year	637.042,59	743.906,15

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019

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

a) Incorporation and Registered Office

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "Parent Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Parent Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. Previously its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, Lleida.

On June 30, 2011, the General Shareholders' Meeting was held in which the transformation from a Limited Company to a Public Limited Company was agreed. On December 12, 2011, the agreement reached at the aforementioned meeting was notarized and deposited in the Mercantile Registry on February 17, 2012.

b) Activities

Its activity consists in acting as a teleoperator for short message management services (SMS) over the Internet, as well as any other activity related to the aforementioned corporate purpose.

The Company financial year starts on 1 January and ends on 31 December of each year. In the rest of the Notes to this Annual Report, each time reference is made to the financial year ending on December 31, 2019, this will simply stated as "financial year 2019".

c) Legal System

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

d) **Quotation in the Alternative Stock Market**

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market 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. The Parent Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. and as Liquidity Provider to BEKA Finance, S.V., S.A. company subsequently integrated into the GVC GAESCO VALORES SV, S.A. group. 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.

NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS

a) True and Fair View

The Annual Accounts for the financial year 2019 have been taken from the Company accounting records and drawn up in accordance with the applicable commercial law currently in force and with the standards established in the General Accounting Plan approved by Spanish Royal Decree 1514/2007, of 16 November, applying the modifications introduced by Royal Decree 1159/2010, to show a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash flows included in the cash flow statement.

b) Accounting Principles Applied

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

c) Presentation Currency

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

d) Critical Aspects of Uncertainties Valuation and Estimation

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

- Possible impairment of assets: investments, loans and balances with group companies (Note 4-d):
 - At 31 December 2019, the Company has significant balances receivable from Group companies (see Note 19.1), the recovery of which will be linked to the generation of cash by the subsidiaries. On the basis of the budgets established by management, the Company's Board of Directors estimates that all the Group company receivables on the Company's balance sheet will be recovered.

Except as mentioned in the preceding paragraphs, there are no uncertainties or aspects of the future that could entail a significant risk that could lead to significant changes in the value of assets and liabilities in the following year, except for those inherent to the nature of the business:

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

Although these estimates have been made on the basis of the best information available at the close of financial year 2019, it is possible that events that may take place in the future will make it necessary to modify them (upwards or downwards) in coming years, which would be done prospectively, recognising the effects of the change in the estimate in the corresponding profit and loss account.

e) Comparison of the Information

In accordance with commercial law, for comparison purposes, the Board of Directors presents, in addition to the figures for the financial year 2019, for each of the items in the Balance Sheet, Profit and Loss Accounts, the Statement of Changes in Equity and the Cash-Flow Statement, the figures for the previous financial year. The items for both financial years are comparable and homogeneous.

f) Changes in Accounting Standards

There have been no changes in the accounting standards

g) Correction of Errors

The 2019 Annual Accounts do not include related adjustments as a result of errors detected in the annual accounts of previous years.

h) Responsibility for the Information Given and the Estimates Made

Board of Directors is responsible for the information provided in these annual accounts. These annual accounts have used estimates valuing some of the assets, liabilities, income, expenses and undertakings recorded there. These estimates basically refer to the valuation of losses due to the impairment of specific assets and the useful life of tangible and intangible assets.

Notwithstanding that these estimates were made according to the best information available at the time of the preparation of these 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.

i) Statement of Recognized Income and Expenses

The Company has recognized no income nor expense directly to the Equity nor in the current financial year neither in the last one, having registered the totality of them in the corresponding Profit and Loss Account. This is why the current Annual Accounts does not include the Statement of Recognized Income and Expenses.

NOTE 3. DISTRIBUTION OF EARNINGS

The proposed distribution of 2019 and 2018, drawn up by the Board of Directors are shown below, in Euros:

	2019	2018
Distribution base:		
Profits obtained/ (Generated losses) in the		
financial year	577.352,91	(208.753,80)
Distribution to:		
Legal reserve	16.696,05	-
Compensation of previous years losses	371,139,64	(208.753,80)
Distribution of dividends	189.517,22	

The amount recorded under the heading Distribution of dividends corresponds to an estimate of the dividend to be paid in 2020, calculated on the basis of EUR 0,01 net per share. Any difference between the estimated amount and the amount finally paid will affect the portion distributed to reduce the negative results of previous years.

The unamortised balances of research and development expenses totalled 2.685.329,16 euros in 2019 (2.702.887,98 euros in 2018). Since the total available reserves are less than this amount, the Company may not distribute any dividends in accordance with current mercantile legislation.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Annual Accounts for the 2019 financial year, in accordance with those established by the General Accounting Plan, were as follows:

a) Intangible Fixed Assets

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

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

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

b) Tangible Fixed Assets

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

Repair and maintenance expenses incurred during the financial year are debited in the Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognized. Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straightline-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

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

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

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

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

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

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

c) Leases and Other Transactions of a Similar Nature

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

d) Financial Instruments

The Company determines the classification of its financial assets on their initial recognition and, where it is permitted and appropriated, this classification is re-assessed on each closing balance sheet. Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items and Debts and Payable Items.

Loans and receivable items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Company cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and payable items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: Financial liabilities which, not being derivate instruments, have no commercial origins

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, as well as, where appropriate, advances and loans made to staff, receivable dividends and called payments on equity instruments, the amounts for which are expected to be received in the short term, and payments called by third parties on holdings, the amounts for which are expected to be paid in the short term, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of December 31, 2019, has been estimated on the basis of the analysis made on each of the individualized outstanding receivables on that date.

Investments in group, multi-group and affiliated companies equity instrument's

They are initially valued at cost, which corresponds to the fair value of the consideration paid plus the transaction costs which are directly attributable to them.

They are subsequently valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment.

At the close of the financial year, and where there is objective evidence that the book value of an investment will not be recoverable, the necessary allowances are made.

The value of the allowance is determined as the difference between the book value and the recoverable value, unless there is better evidence of the recoverable value of the investments, account is taken, in estimating the impairment in this class of assets, of the proportion of equity of the entity in which there are holdings, corrected for the implicit capital gains present at the date of valuation, which correspond to items identifiable on the balance sheet of the entity in which there are holdings.

Allowances for impairment and, where appropriate, its reversal, are recognized as an expense or income respectively in the Profit and Loss Account. The reversal of the impairment shall be limited to the book value of the investment that would have been recognized on the reversal date had the impairment not been recognized.

De-recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

De-recognition of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases

Interest received from financial assets

Interest and dividends from financial assets accrued subsequent to their purchase are recognized as income in the Profit and Loss Account.

Interests are recognized by using the effective interest rate method, and dividends where it is declared that shareholders are entitled to receive it. For these purposes, in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time, and the value of the dividends agreed to body, on acquisition are recognized separately, bearing in mind their maturity, in the initial valuation of the financial assets.

Guarantees Given

Guarantees given through operating leases and provision of services are valued by the amount paid out and received respectively.

e) Transactions in foreign currencies

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

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

f) <u>Profit Tax</u>

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

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

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

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

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

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

g) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less: the amount of any discount, reduction or other similar items that the Company may concede, as well as the interest incorporated into the face value of the credits.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Company receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

h) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Group, and whose value and time of cancellation are indeterminate, are recognized on the 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.

i) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the 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.

j) Related-Party Transactions

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

k) Cash-Flow Statements

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

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

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

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

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

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

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2019 are as follows:

and the second se	31/12/2018	Additions	De-Recognition	Transfers	31/12/2019
Cost:					
Research	10.127.878,55	934.512,30	(26.356,57)	-	11.036.034,28
Industrial Property	698.046,72		-	85.495,91	783.542,63
Computer applications	226.637,13	570,00		32.190,15	259.397,28
Advances for intangible fixed assets	573.525,05	115.797,25	· ·	(117.686,06)	571.636,24
	11.626.087,45	1.050.879,55	(26.356,57)		12.650.610,43
Accumulated amortization:					
Research	(7.424.990,57)	(930.985,86)	5.271,31	-	(8.350.705,12)
Industrial Property	(164.285,00)	(73.084,81)		÷	(237.369,81)
Computer applications	(195.099,49)	(20.320,18)	-		(215.419,67)
	(7.784.375,06)	(1.024.390,85)	5.271,31		(8.803.494,60)
Intangible Fixed Assets, Net	3.841.712,39	26.488,70	(21.085,26)		3.847.115,83

The retirements in the year resulted in a loss for the year of 21.085,26 euros.

	31/12/2017	Additions	De-Recognition	Transfers	31/12/2018
Cost:					
Research	9.341.242,16	786.636,39			10.127.878,55
Industrial Property	388.550,99	-		309.495,73	698.046,72
Computer applications	221.657,90	4.979,23			226.637,13
Advances for intangible fixed assets	656.368,89	226.651,89		(309.495,73)	573.525,05
	10.607.819,94	1.018.267,51	-		11.626.087,45
Accumulated amortization:					
Research	(6.514.100, 47)	(910.890,10)	-	7	(7.424.990,57)
Industrial Property	(65.531,01)	(98.753,99)			(164.285,00)
Computer applications	(180.680,96)	(14.418,53)	-	-	(195.099,49)
	(6,760,312,44)	(1.024.062,62)			(7.784.375,06)
Intangible Fixed Assets, Net	3.847.507,50	(5.795,11)		-	3.841.712,39

Details of and changes in tangible fixed assets throughout the financial year 2018 are as follows:

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, 2019 and at December 31, 2018, is the following, stating their cost values in Euros:

	31/12/2019	31/12/2018	
Research	6.326.149,98	5.472.949,24	
Patents	71.105,76	26.783,16	
Computer applications	172.062,84	167.566,20	
	6.569.318,58	5.667.298,60	

NOTE 6. TANGIBLE FIXED ASSETS

The breakdown of tangible fixed assets as of December 31, 2019 is as follows, in Euros:

	31/12/2018	Additions	Transfers	31/12/2019
Cost:				
Land and buildings	197.185,74	-		197.185,74
Fechnical installations and machinery	252.969,45	-		252.969,45
Other installations, tools and furniture	99.263,23	6.855,66		106.118,89
Data processing equipment	398.519,65	35.999,78		434.519,43
Other tangible fixed assets	4.935,79			4.935,79
Advances for tangible fixed assets		105.297,80		105.297,80
	952.873,86	148.153,24	-	1.101.027,10
Accumulated amortization:				
Land and buildings Fechnical installations	(33.968,63)	(5.137,30)		(39.105,93)
and machinery	(200.661,94)	(20.553,40)	L	(221.215,34)
Other installations, tools and furniture	(54,907,55)	(9.879,99)	-	(64.787,54)
Data processing equipment	(321.995,55)	(70.123,11)		(392.118,66)
Other tangible fixed assets	(3.370,60)	(308,05)	-	(3.678,65)
	(614.904,27)	(106.001,85)	-	(720.906,12)
Tangible Fixed Assets, Net	337.969,59	42.151,39	-	380.120,98

	31/12/2017	Additions	Transfers	31/12/2018
Cost:				
Land and buildings	172.228,55	24.957,19		197.185,74
Fechnical installations and machinery	252.969,45		5 4	252.969,45
Other installations, tools and furniture	79.150,73	20.112,50	-	99.263,23
Data processing equipment	360.928,95	37.590,70	-	398.519,65
Other tangible fixed assets	3.087,87	1.847,92	-	4.935,79
	868.365,55	84.508,31	- '	952.873,86
Accumulated amortization:				
Land and buildings	(28.901,34)	(5.067,29)	-	(33.968,63)
Technical installations				
and machinery	(180.108,54)	(20.553,40)	-	(200.661,94)
Other installations, tools and furniture	(45.553,76)	(9.353,79)	-	(54.907,55)
Data processing equipment	(233,200,54)	(88.795,01)	-	(321.995,55)
Other tangible fixed assets	(3.087,87)	(282,73)	-	(3.370,60)
	(490.852,05)	(124.052,22)	-	(614.904,27)
Tangible Fixed Assets, Net	377.513,50	(39.543,91)		337.969,59

The breakdown of tangible fixed assets as of December 31, 2018 is as follows, in Euros:

Fully-amortized and In-use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is shown below stating their cost values in Euros:

	31/12/2019	31/12/2018
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	285.947,06	148.061,46
	329.415,76	191.530,16

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed though financial lease agreements as of December 31, 2019, in euros:

	Fair Value	Value of the purchase option	Due Date	Signature date	Outstanding dues
Computer equipment	80.798,12	1.707,27	04/04/2021	04/05/2018	28.646,14

The following is the total amount of future payments in financial leases as of December 31, 2019, in euros:

	Financiał year 2019
Total amount of minimum future payments at the close of the year	27.316,32
(-) Non-accrued financial expenses	(377,45)
Value of the purchase option	1.707,27
Current value at the close of the year	28.646,14

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2019 is 183.507,02 euros (247.950,62 euros in the previous year).

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

	2019	2018
Up to 1 year	139.574,94	254.733,36
Between 1 and 5 years	64.150,97	149.266,52
More of 5 years	554.424,52	152.242,20
	758.289,03	556.242,08

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments		Credits and Other	s Financial Assets
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Loans and receivable items (Note 8.2)	-		238.824,39	313.204,64
Financial assets available				
for sale (Note 8.3)	154.077,40	154.077,40	-	-
Total	154.077,40	154.077,40	238.824,39	313.204,64

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

	Credits and Others Financial Assets		
	31/12/2019	31/12/2018	
Assets at fair value through the profit and loss:	637.042,59	743.906,15	
Cash or other liquid assets (Note 8.1)	637.042,59	743.906,15	
Loans and receivable items (Note 8.2)	5.261.051,62	3.952.437,71	
Total	5.898.094,21	4.696.343,86	

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, 2019 and 2018 is as follows, in euros:

	Balance at 31/12/2019	Balance at 31/12/2018
Current Accounts Cash	628.021,80 9.020,79	736.226,19 7.679,96
Total	637.042,59	743.906,15

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2019 and 2018 is the following:

	Balance at :	31/12/2019	Balance at	31/12/2018
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers	-	2.862.643,96		1.985.476,55
Related party customers (Note 19.1)	-	598.225,42	-	1.018.177,08
Debtors	-	59.214,97	-	76.772,54
Total loans and receivables items for				
commercial transactions	-	3.520.084,35	-	3.080.426,17
Loans and receivables for non-commercial transactions				
Group Companies (Note 19.1)	209.603,04	167.204,06	281.442,34	164.725,64
Staff		11.741,21	-	4.280,40
Short-term deposits (*)	-	1.262.022,00		703.005,50
Securities and deposits	29.221,35	-	31.762,30	
Total loans and receivables for				
non-commercial transactions	238,824,39	1.440.967,27	313.204,64	872.011,54
Total	238.824,39	4.961.051,62	313.204,64	3.952.437,71

(*) 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:

	Balance at 31/12/2018	Current year impairment	Transfers	Balance at 31/12/2019
Receivables for commercial transactions:				
Clients	554.546.49	20.570,03		575.116,52
Clients group companies	-	300.000,00	141.548,88	441.548,88
Short-term credits	-	-	27.604,74	27.604,74
Total	554,546,49	320.570,03	169.153,62	1.044.270,14

The balances of credits for non-trade operations to group companies include an impairment of 474.271,07 euros of the Lleidanetworks Group company Serveis Telemàtics, LTD and an impairment of 109.536,91 euros of the Lleidanet USA Group company Inc.

8.3) Financial Assets available for Sale

Correspond to two investments made by the Company last year in:

- a) E.Kuantia: financial institution specialized in the issuance of means of payment and electronic money. The investment amounts to 143.880 euros and corresponds to 2% of the share capital.
- b) IBAN Wallet: global platform, linking investors and loan applicants, with high rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the share capital.

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

The breakdown of the holdings held of the Group companies at December 31, 2019, is as follows:

Сопряву	% Direct Equity	Cost	Impairments	Net value at 31/12/2019	Theoretical book value 31/12/2019
Group companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(535.960,63)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(578.559,25)
Lleidanet Honduras, SA	70%	659,05		659,05	941,50
LLeidanet Dominicana, SRL	99,98%	10.127,97	-	10.127,97	(16.034,70)
Lleida SAS	100%	147.789.60	-	147.789,60	128.062,92
Lleida Chile SPA	100%	3.256,83	-	3.256,83	2,994,40
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(25.832,31)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	4.042,50
Portabilidades Españolas, S.L.U.	100%	13.000,00	-	13.000,00	8.156,83
Lleidanet Costa Rica	100%	16,06	-	16,06	(101,59)
Lleidanet Perú	100%	268,09	-	268,09	(91.168,92)
Desembolsos pendientes Lleidanet USA	10070	(2.349,36)	-	(2.349,36)	
Desembolsos pendientes		(1-1 1 1	
Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Desembolsos pendientes		(003,00)		(
Lleidanet Dominica, SRL		(10.127, 97)	-	(10.127, 97)	
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	-	(3.256,83)	
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	81.425,29
Total		576.928,48	(404.166,09)	172.762,39	(1.022.033,96)

Valuation Corrections

In previous years, the Company fully impaired the interests held in Lleidanet USA, Inc and Lleida Networks India Private Limited.

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

Lleidanetworks Serveis Telemàtics, LTD

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

Lleidanet USA Inc.

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems.

Lleida SAS

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

Lleida Chile SPA

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

Lleida Networks India Private Limited

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

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

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

Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, subscribing, Lleidanetworks Serveis Telemàtics S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires D. Francisco José Sapena Soler 100% of this Company for 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

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.

The summary of the equity of the investees at 31 December 2019 is as follows, in euros:

Company	Share Capital	Reserves	Retained earnings	Profit of the year	Other Movements	Total Equity
Group Companies						(525 0(0 (2))
Lleidanetworks serveis Telemàtics, LTD	4,00	-	(626.337,11)	90.372,48	-	(535.960,63)
Lleidanet USA Inc	397.591,09	-	(1.045.408,80)	69.258,46	-	(578.559,25)
Lleidanet Honduras, SA (**)	941,50	-	-	-	-	941,50
LLeidanet Dominicana, SRL	10.128,98		(20.798.05)	(5.365.63)	-	(16.034,70)
Lleida SAS	64.969,26	-	(10.618,31)	73.711.97		128.062,92
	3.256,83		(101010,01)	(262,43)	-	2.994,40
Lleida Chile SPA (**)	10.801.08		(33.362,18)	(3.271,21)	-	(25.832,31)
Lleidanet do Brasil Ltda.		-	(55.502,10)	(5.271,21)		4.042,50
Lleidanet Guatemala, S.A. (**)	4.042,50	-	(2 202 12)	(1.641.05)		8.156.83
Portabilidades Españolas, S.L.U.(**)	13.000,00	-	(3.202,12)		-	(101,59)
Lleidanet Costa Rica (**)	16,06	-	(104,23)	(13,42)	-	
Lleidanet Perú	268,09	-	(104.643,27)	13.206,26		(91.168,92)
Affiliated companies:						
Lleida Networks India Private Limited (*)	26.300,00	83.415,22	•	(28.289,93)	-	81.425,29

(*) Figures at March 31, 2018
(**) Without activity in the year 2020

	% Direct			Net value	Theoretical book
Company	Equity	Cost	Impairments	at 31/12/2019	value 31/12/2019
Group Companies:					((22, (20, 20)
leidanetworks Serveis Telemàtics, LTD	100%	4,00		4,00	(628.609,00)
leidanet USA Inc	100%	397.591,09	(397.591,09)		(647.817,72)
leidanet Honduras, SA	70%	659,05	-	659,05	659,05
leidanet Dominicana, SRL	99,98%	10.127,97	-	10.127,97	(10.666,96)
leida SAS	100%	147.789,60	-	147.789,60	54.350,94
leida Chile SPA	100%	3.256,83	-	3.256,83	3.256,83
leidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(22.558,84)
leidanet Guatemala	80%	3.234,00	-	3.234,00	3.234,00
ortabilidades Españolas, S.L.U.	100%	3.000,00	-	3.000,00	(202,13)
leidanet Costa Rica	100%	16,06	-	16,06	(87,84)
leidanet Perú	100%	268,09	-	268,09	(104.375,18)
esembolsos pendientes Lleidanet USA		(2.349,36)	-	(2.349,36)	-
esembolsos pendientes Lleidanet Honduras, SA		(659.05)	-	(659,05)	-
esembolsos pendientes Lleidanet Dominica, SRL		(10.127,97)		(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	-	(3.256,83)	
Affiliated companies: Jeida Networks India Private Limited	25%	6.575,00	(6.575,00)		20.356,32
Cotal		566.928,48	(404.166,09)	162.762,39	(1.332.460,53)

NOTE 10. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debits and payable items (Note 10.1)	1.504.438,96	1.155.619,16	173.583,92	217.962,09	1.678.022,88	1.373.581,25

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

	Debts with credit institutions			hers ilities	Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debits and payable items (Note 10.1)	1.780.883,41	2.272.835,76	2.419.922,69	2.137.649,03	4.200.806,10	4.410.484,79

10.1) Debits and Payable Items

The breakdown as of December 31, 2019 and at December 31, 2018 is as follows, in euros:

and the second	Balance as of 31/12/2019		Balance as of	f 31/12/2018
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.734.418,98	-	1.462.172,12
Suppliers (Related parties) (Note 19.1)	-	68.505,92	-	245.540,89
Creditors	-	305.233,59	-	168.632,73
Advances from costumers		221.500,19	-	188.622,38
Total balances for				
commercial transactions		2.329.658,68	-	2.064.968,12
For non-commercial operations:				
Debts with credit institutions	1.495.939,82	1.760.736,41	1.126.973,02	2.253.038,00
Other financial liabilities	8.499,14	20.147,00	28.646,14	19.797,76
Other debts	173.583,92	90.264,01	217.962,09	72.680,91
Debits and payable items	1.678.022,88	1.871.147,42	1.373.581,25	2.345.516,67
Total balances for				
non-commercial operations	1.678.022,88	1.871.147,42	1.373.581,25	2.345.516,67
Total debts and payable items	1.678.022,88	4,200,806,10	1.373.581,25	4.410.484,79

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2019 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1.080.990,60		1.080.990,60
Loans	679.745,81	1.495.939,82	2.175.685,63
Leasings	20.147,00	8.499,14	28.646,14
	1.780.883,41	1.504.438,96	3.285.322,37

The breakdown of debts with credit institutions at December 31, 2018 is as follows, in euros:

5	A Short-Term	A Long-Term	Total
Credit policies	1.329.790,09		1.329.790,09
Loans	770.761,21	1.126.973,02	1.897.734,23
Discounted effects	19.797,76	28.646,14	48.443,90
Leasings	152.486,70	-	152.486,70
	2.272.835,76	1.155.619,16	3.428.454,92

Loans

The detail of the bank loans as of December 31, 2019, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Company	maturity	amount	ciosing
Préstamo 24 (*)	15/10/2025	78.375,60	63.483,60
Préstamo 29	25/02/2020	250.000,00	8.811,27
Préstamo 30	30/06/2020	150.000,00	19.575,20
Préstamo 31	14/12/2020	465.000,00	97.119,33
Préstamo 32	31/12/2020	287.619,11	60.089,86
Préstamo 36	02/11/2022	300.000,00	180.346,78
Préstamo 37	01/03/2022	150.000,00	84.375,00
Préstamo 38	18/06/2023	195.000,00	138.592,16
Préstamo 39	02/07/2023	200.000,00	146.093,55
Préstamo 40	28/12/2023	400.000,00	321.954,70
Préstamo 41	29/03/2024	250.000,00	214.034,84
Préstamo 42	12/04/2024	400.000,00	348.665,70
Préstamo 43	03/05/2024	300.000,00	266.434,68
Préstamo 44	04/06/2024	250.000,00	226.108,96
		3.675.994,71	2.175.685,63

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

Company	Last maturity	Initial amount	Pending closing
Loan 21	12/03/2019	300.000,00	16.049,12
Loan 22	08/10/2019	250.000,00	54.214,79
Loan 24 (*)	15/10/2025	78.375,60	73.411,60
Loan 28	14/12/2019	300.000,00	77.309,86
Loan 29	25/02/2020	250.000,00	60.987,90
Loan 30	30/06/2020	150.000,00	58.003,72
Loan 31	14/12/2020	465.000,00	192.198,58
Loan 32	31/12/2020	287.619,11	118.930,40
Loan 34	31/03/2019	350.000,00	38.888,90
Loan 35	29/09/2019	500.000,00	86.414,22
Loan 36	02/11/2022	300.000,00	238.697,25
Loan 37	01/03/2022	150.000,00	121.875,00
Loan 38	18/06/2023	195.000,00	176,390,56
Loan 39	02/07/2023	200.000,00	184.362,33
Loan 40	28/12/2023	400.000,00	400.000,00
		4.175.994,71	1.897.734,23

The detail of the bank loans as of December 31, 2018, expressed in Euros, is the following:

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

Credit Lines

As of December 31, 2019, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 1.080.990,60 euros (1.329.790,09 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2019, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), the amount of which is as follows to date 152.486,70 euros (152.486,70 euros at the end of the previous year).

10.1.2) Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF). The detail of these loans at the close of fiscal years 2019 is as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	17.821,88
Loan 2	25/07/2013	300.000,00	240.777,68
		636.737,98	258.599,56

The detail at the close of fiscal year 2018 was as follows, in euros:

Сотряпу	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	71.286,08
Loan 2	25/07/2013	300.000,00	211.677,61
		636,737,98	282.963,69

10.2) Other Information related to Financial Liabilities

a) Classification by Maturity Date

The breakdown of the maturity dates of the liability financial instruments as of December 31, 2019 is the following, in Euros:

	Maturity years						
	2020	2021	2022	2023	2024	More than 5 years	Total
Financial debts:	1.780.883,41	515.862,28	483.160,01	384.460,08	103.024,37	17.932,22	3.285,322,37
Debts with credit institutions	1.760.736.41	507.363,14	483.160,01	384.460,08	103.024,37	17.932,22	3.256.676,23
Financial lease	20.147,00	8.499,14		-		-	28.646,14
Other debts	90.264,01	66.666,59	66.666,59	40,250,74		-	263.847,93
Commercial creditors and other payable items:	2.329.658,68		-		-	-	2.329.658,68
Suppliers	1.734.418,98	-	-		-	-	1.734.418,98
Suppliers (related parties)	68.505,92	-	-	1.41	-	-	68.505,92
Suppriers (related parties)	305.233,59	-				-	305.233,59
Advances from costumers	221.500,19		-	-	-		221.500,19
Total	4.200.806,10	582.528,87	549.826,60	424.710,82	103.024,37	17.932,22	5.878.828,98

The breakdown of the maturity dates of the liability financial instruments at the close of 2018 is the following, in Euros:

	Maturity years							
	2019	2020	2021	2022	2023	More than 5 years	Total	
		101 505 55	277 (24 44	240.401.60	137.095,10	28.972.47	3.428.454.92	
Financial debts:	2.272.835,76	471.525,55	277.624,44		137.095.10	28,972,47	3.380.011,02	
Debts with credit institutions	2.253.038,00	451.378,55	269.125,30	240.401,60	137.093,10	20.712,41		
Financial lease	19.797,76	20.147,00	8.499,14		-	-	48.443,90	
Other debts	72.680,91	91.759,34	47.206,08	47.206,08	27.537,13	-	286.389,54	
Commercial creditors and other payable items:	2.064.968.12	-	<u> </u>	-	-	-	2.064.968,12	
Suppliers	1.462.172.12	-		-	-	-	1.462.172,12	
Suppliers (related parties)	245.540.89	_	-	-	-		245.540,89	
	168.632,73			-	-	-	168.632,73	
Sundry creditors		-					188.622,38	
Advances from costumers	188.622,38	-		-	-		100.022,50	
Total	4.410.484,79	563.284,89	324.830,52	287.607,68	164.632,23	28.972,47	5.779.812,58	

b) Breach of Contractual Obligations

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

10.3) Guarantors

The Company has contracted guarantees with a financial institution for a total amount of 406.505,06 euros, a customary instrument when signing an interconnection agreement.

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

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

	Payments Made and Outstanding at the Balance Sheet Date			
	Financial Year 2019 Days	Financial Year 2018 Days		
Average payment period	36,02	34,06		
Paid operations ratio	35,44	34,89		
Outstanding payments operations ratio	38,37	30,42		
	Financial Year 2019 Euros	Financial Year 2018 Euros		
Total payments paid	8.624.804,92	8.269.485,73		
Total outstanding payments	2.108.191,76	1.876.345,74		

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

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

12.1) Credit Risk

The Company's main financial assets are cash and cash balances, trade and other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's credit risk is attributable mainly to its commercial debts. The amounts are reflected in the net balance of provisions for bad debts, estimated by the management of the Company based on the experience of previous years and its assessment of the current economic environment.

12.2) Liquidity Risk

The general situation of financial markets, especially the banking market, has been particularly unfavourable for credit claimants. The Company pays constant attention to the evolution of the different factors that can help to solve liquidity crises, and especially to the sources of financing and their characteristics.

12.3) Market Risk

The general market situation during the last years has been unfavourable due to the difficult economic situation of the environment.

12.4) Exchange Rate Risk

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments.

12.5) Interest Rate Risk

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

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

NOTE 13. EQUITY

13.1) Share Capital

As of December 31, 2017 and December 31, 2018, 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, 2019, as well as of December 31, 2018, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

Capital Increase

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

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

13.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2019	31/12/2018
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.445.433,78	1.394.506,07
	1.492.937,50	1.442.009,79

a) Legal Reserve

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Companies, trading companies which obtain profits under this legal form are obliged to provide the reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. At December 31, 2019, the Legal Reserve was not fully endowed.

13.3) Issue Premium

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

13.4) Own Shares

The Board of Shareholders of the Parent Company agreed on June 1, 2015 to authorize the Parent Company's Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity provider GVC Gaesco Valores SV, S.A, making available a total value of 1.200.000 euros to be able to carry out transactions of own shares, in accordance with the provisions of the Alternative Market and are valued at acquisition cost.

As of December 31, 2019, the Parent Company holds own shares for an amount of 753.301,13 euros (954.287,73 euros at the end of the previous year).

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2019, totalized in euros and broken down into their foreign currency equivalent, are as follows:

1	EUROS	USD	GBP	ZAR	ARS	AED	MXIN
CURRENT ASSETS							
Trade debtors and other accounts	366.575,54	414.674,94	-				-
CURRENT LIABILITIES							
Trade creditors and other payable accounts	101.229,14	99.260,70	1.864,30	26.524,25	223.662,00	1.624,37	78.931,96

The most significant foreign currency balances as of December 31, 2018, totalized in euros and broken down into their foreign currency equivalent, were as follows:

	EUROS	USD	GBP	ZAR
CURRENT ASSETS				
Trade debtors and other accounts	3.405,75	3.843,11	14,72	
CURRENT LIABILITIES				
Trade creditors and other payable accounts	89.842,04	98.590,68	2.138,57	62.809,12

The most significant transactions carried out during the financial year 2019 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	СОР	MXN	ZAR	PNL	PEN	AED
Purchases and services received Sales and services given	1.206.913,30 318.336,91	1.264.514,90 371.600,31	50.470,31 165,63	7.740.516,00	31.980.863,50	623.837,89	164.345,82	18.400,42	3.764,49	13.662,29

The most significant transactions carried out during the financial year 2018 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	MXN	ZAR	PNL	AED
Purchases and services received Sales and services given	1.108.095,49 64.744,85	963.609,63 76.754,09	226.826,53 54,96	7.546.771	12.983.584	118.913	332.715,14	2.745,10	4.492,50

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2019 and 2018 in Euros:

	31/12/2	2019	31/12/	/2018
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	-	-	2.980,95	-
Current:				
Value Added Tax	3.257,82	55.256,44	3.257,82	38.711,70
Grants to be paid (*)	32.932,77	-	34.932,78	
Income Tax retentions		50,577,55	-	36.761,47
Social Security bodies	97.707,82	-	6.400,62	54.011,04
Income tax	-	66.911,48	2.375,03	
	133.898,41	172.745,47	46.966,25	129.484,21

Tax Matters

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

At December 31, 2019, the Company has all the taxes to which it is subject from 2016 to 2019 open for inspection by the tax authorities. Consequently, on the occasion of possible inspections, additional liabilities may arise to those recorded by the Company. However, the directors of the Company and its tax advisers consider that any such liabilities would not be material to the annual accounts taken as a whole.

Corporate Income Tax

The conciliation of the net amount of income and expenses for the year 2019 with the tax base of the profit tax is:

	Pr	ofit and Loss Accou	unt
Financial year's earnings (After taxes)			577.352,91
	Increases	Decreases	Net effect
Profit Tax	2.980,95	-	2.980,95
Permanent differences	308.717,18	-	308.717,18
Offset of negative tax bases			(889.051,04)
Taxable income (tax result)			-

The conciliation of the net amount of income and expenses for the year 2018 with the tax base of the profit tax is:

	Pr	ofit and Loss Acco	unt
Financial year's earnings (After taxes)			(208.753,80)
	Increases	Decreases	Net effect
Profit Tax	135.119,70	-	135.119,70
Permanent differences	614.112,91	-	614.112,91
Offset of negative tax bases			(540.478,81)
Taxable income (tax result)			

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

and the second	2019	2018
Charge at 25 % of Taxable Income	-	**
Deductions	-	
Net tax payable		-
Less: withholdings and payments	(97.707,82)	(42,40)
Tax payable	(97.707,82)	(42,40)

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

	2019	2018
Current tax Deferred tax	2.980,95	135.119,70
Total	2.980,95	135.119,70

The movement of deferred taxes generated and cancelled during financial year 2019 is detailed below in euros:

	Balance at 31/12/2018	Cancelled	Balance at 31/12/2019
		•	
Deferred tax assets: Tax credits	2.980,95	(2.980,95)	-

The movement of deferred taxes generated and cancelled during financial year 2018 is detailed below in euros:

	Balance at 31/12/2017	Cancelled	Balance at 31/12/2018
Deferred tax assets: Tax credits	138,100,65	(135.119,70)	2.980,95

Tax Loss Carry forwards

Part of the tax base credits have been recognised, since they meet the requirements established by current legislation for their recognition and since there are no doubts as to the Group's ability to generate future taxable profits that will enable it to be recovered. The Company has no capitalized any amount regarding this concept. The detail of the tax loss carry forwards to be offset in future years is as follows:

 Year of Origin	Amount
2016	441.492,32

Deductions pending to apply

As of December 31, 2019, the Group has the following deductions to apply:

Year of Origin	Amount	
2005	13.460,45	
2006	71.214,06	
2007	75.820,66	
2008	201.266,41	
2009	172.071,08	
2010	181.164,26	
2011	214.961,29	
2012	251.779,01	
2013	90.887,05	
2014	127.371,20	
2015	369.824,03	
2016	188.991,46	
2017	182.112,92	
2018	171.929,09	
2019	165.515,26	
	2.478.368,23	

NOTE 16. INCOME AND EXPENSES

a) Supplies

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

	2019	2018
Consumption of merchandise		
National	2,942,027,06	2.852.758,70
Intracommunity acquisitions	1.551.064,91	1.861.342,99
Imports	1.902.972,47	1.571.901,08
	6.396.064,44	6.286.002,77

b) Social Security

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

	2019	2018
Social Security paid by the Company	612.095,85	477.065,88
Other social expenses	134.194,29	108.154,33
Employee welfare expenses	746.290,14	585.220,21

c) Financial Results

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

	2019	2018
Financial incomes		
Income from equity investments	99.820,00	
Financial incomes from group companies	30.083,16	40.026,78
Other financial incomes	580,34	465,50
	130.483,50	40.492,28
Financial expenses		
Financial expenses For debts with credit institutions	(77.472,01)	(91.219,17)
	(77.472,01)	(91.219,17)
Change in fair value of financial instruments	(33.929,74)	(33.441,01)
Exchange differences	-	(582.127,69)
Financial Result Positive / (Negative)	19.081,75	(666.295,59)

NOTE 17. INFORMATION ON THE ENVIRONMENT

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

NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Company.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Company has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

19.1) Balances between Related Parties

Below is the breakdown of the balances held with related parties as of December 31, 2019 in Euros:

Outstanding balances with related parties in 2019	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABI- LIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	LLEIDANET CHILE	Total
NON CURRENT ASSETS	-		44,48	37.594,10	3.000,00	34.524,85	132.373,30	1.381,38	684,93	209.603,04
Long-term loans to group companies	-		44,48	37.594,10	3.000,00	34.524,85	132.373,30	1.381,38	684,93	209.603,04
Long-term loans to group companies Impairment	474.271,07 (474.271,07)	109.536,91 (109.536,91)	44,48	37.594,10	3.000,00	34.524,85	132.373,30	1.381,38	684,93	793.411,02 (583.807,98)
CURRENT ASSETS	68.488,79	208.989,18	450.339,79	6.008,38		2.067,30	29.536,04	-		765.429,48
Trade receivables Clients Impairment	73.124,19 (73.124,19)	131.820,55 500.245,24 (368.424,69)	440.489,64 440.489,64 -	4.830,19 4.830,19	-	Ż	21.085,04 21.085,04	÷	-	598.225,42 1.039.774,30 (441.548,88)
Short-term loans to group companies Short-term loans	68.488,79	77.168,63	9.850,15	1.178,19	-	2.067,30	8.451,00			167.204,06
to group companies Impairment	96.093,53 (27.604,74)	77.168,63	9.850,15	1.178,19	-	2.067,30	8.451,00	-	-	194.808,80 (27.604,74)
CURRENT LIABILITIES	2.029,12	62.437,23	2.005,74	2.033,83	-	-	-	-	•	68.505,92
Trade payables Suppliers	2.029,12 2.029,12	62.437,23 62.437,23	2.005,74 2.005,74	2.033,83 2.033,83	1	5	1		-	68.505,92 68.505,92

39

Outstanding balances with related parties in 2018	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABI- LIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	Total
NON CURRENT ASSETS	57.818.18	55.671,88		28.890,36	3.000,00	24.524,85	110.155,69	1.381,38	281.442,34
Long-term loans to group companies	57.818,18	55.671,88	-	28.890,36	3.000,00	24.524,85	110.155,69	1.381,38	281.442,34
Long-term loans to group companies Impairment	632.818,18 (575.000,00)	233.633,48 (177.961,60)	-	28.890,36	3.000,00	24.524,85	110.155,69	1.381,38	1.034.403,94 (752.961,60)
CURRENT ASSETS	113.893,73	791.649,93	265.401,64	3.520,56		872,78	. 7.564,08		1.182.902,72
Trade receivables Clients	36.975,75 36.975,75	718.541,79 718.541,79	255.551,49 255.551,49	3.520,56 3.520,56		5	3.587,49 3.587,49	1	1.018.177,08 1.018.177,08
Short-term loans to group companies	76.917,98	73.108,14	9.850,15	-	-	872,78	3.976,59	÷	164.725,64
Short-term loans to group companies	76.917,98	73.108,14	9.850,15	-	-	872,78	3.976,59	-	164.725,64
CURRENT LIABILITIES	2.029,12	239.472,20	2.005,74	2.033,83	-	-		-	245.540,89
Trade payables Suppliers	2.029,12 2.029,12	239.472,20 239.472,20	2.005,74 2.005,74	2.033,83 2.033,83	1	-	-	1	245.540,89 245.540,89

Below is the breakdown of the balances held with related parties as of December 31, 2018 in Euros:

19.2) Transactions with Related Parties

The most significant transactions carried out with associated parties at financial year 2019 are as follows, in Euros:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET PERÚ	LLEIDANET BRASIL	LEIDANET REP DOMINICANA
Sales	176.105,74	36.148,44	184.938,12	17.497,55		1.309,63
Purchases	68.871,74	-	-	-		-
Interest incomes	4.060,49	19.175,55	1.651,03	4.474,40	1.194,53	1.178,19

The most significant transactions carried out with associated parties at financial year 2018 are as follows, in Euros:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET PERÚ	LLEIDANET REP. DOMINICANA
Sales	387.107.24	21.661,25	119.320,75	3.587,49	751,80
Purchases	10.512,65		-	-	
Interest incomes	11.901,74	22.147,10	1.651,03	3.454,13	872,78

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

The remuneration accrued during the financial year 2019 by the Board of Directors amounted to 78.000 euros (72.000 euros in the previous year).

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 222.506,43 euros (231.598,43 euros in the previous year). The detail of this amount is as follows, in euros:

	2019	2018
Wages and salaries	211.323,38	219.361,07
Wages and salaries Payment in kind	11.183,05	12.237,36
	222.506,43	231.598,43

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

As of December 31, 2019 and 2018, 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.

41

Other Information Regarding the Board of Directors

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

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

NOTE 20. OTHER INFORMATION

The average number of employees during the financial year 2019 and 2018, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

		2019				2018		
	Men	Women	Total	Disability greater than or equal to 33%	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	1	2		1	1	2	
Administration	1	3	4	1	<u></u>	4	4	1
Commercial	6	10	16	-	5	10	15	-
Production	28	7	35	1	21	5	26	-
Maintenance	-	1	1	-	-	2	2	-
Reception	-	7	7	-	-	5	5	-
Business development	2	5	7	-	2	4	6	-
Compliance	-	3	3	-	-	2	2	-
Human Resources	-	2	2	-	-	1	1	
Intellectual Property	1		1	-	-	1	1	
TOTAL	39	39	78	2	29	35	64	1

The amount of the fees accrued for the audit services of the Annual Accounts for the year ended 31 December 2019 amounted to 13.500 euros. (13.150 euros in the previous year). The fees for other verification services corresponding to the limited review of the interim financial statements amounted to 9.775 euros. (9.535 euros in the previous year). Likewise, the fees accrued for other services corresponding to the transfer pricing dossier amounted to 4.000 euros.

It is reported that during the year the Company paid the premium corresponding to the civil liability policy that would eventually cover the damages caused to third parties by acts or omissions related to the performance of their functions. The premium amounted to 19.107 euros (19.107 euros in the previous year).

NOTE 21. SEGMENTED INFORMATION

The distribution of the net turnover corresponding to the Company's ordinary activities, by category and/or business segment, is shown below:

The second s	20	019	20)18
Business Areas (figures in thousands of euros)	Euros	%	Euros	%
SaaS Services	2.568	19,86%	2.636	21,83%
SMS Wholesale	2.946	22,78%	2.818	23,33%
SMS Comercial	7.419	57,36%	6.624	54,84%
Total	12.933	100%	12.078	100%

The breakdown, by geographical market, of the net turnover relating to the Company's ordinary activities is as follows:

10	201	9	201	8
Description of the geographic market	Euros	%	Euros	%
National	6.719.627,68	51,95%	5.973.172,35	49,45%
European Union	3.935.099.04	30,43%	3.519.619,00	29,15%
Rest of the World	2.278.366,49	17,62%	2.585.230,77	21,40%
Total	12.933.093,21	100%	12.078.022,12	100%

43

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2019

In compliance with the provisions of the Spanish Companies Act, the Board of Directors hereby submits the directors' report for the year in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to fiscal year 2019.

1. EVOLUTION OF BUSINESS

In 2019, sales increased by 7% to 12.9 million euros. The growth is marked by the SMS Wholesale line, which adds SMS sales to carriers and aggregators. The 125% increase, with a volume of 7.4 million euros, is due to new agreements signed with Asian customers, as well as the increase in the historical product lines.

In relation to the SaaS line, which encompasses both certification, contracting and data validation, we have an increase of 127 thousand euros. The year 2018 was marked by the implementation of the new RGPD regulations, which led to an extraordinary peak in all the company's sales.

SMS sales are the ones that leave lower margins to the company, therefore, the most important weight of the sales of the SaaS line has entailed, that the increase of the sales of 7% has been translated in an increase of the margin of 13%, 745 thousand euros in absolute variation.

In terms of SaaS sales, the company is making a significant effort to recruit both technical and commercial staff. The goal is to release more complete standard products, which will allow for exponential growth in sales. The current time of maturity of a complex circuit can be extended up to 6 months. The new functionalities that we are introducing to the standard products meet the expectations of a greater number of potential customers who are put into production immediately, instead of going through customised processes.

We have increased the number of staff with the aim of increasing our productivity. Specifically the area of R+D+i and project management with the aim of improving both processes and product functionalities. The search for talent is an indispensable feature within the company's growth project and is also reflected in the investment it is making in R&D&I at a cost of 934.000 euros. The investment in R&D is aimed at strengthening the range of products we offer in order to continue being a key player in the sector, differentiating us by our innovation, adaptability to customer needs and reliability.

Increase in the costs of external services by 25%, derived from the expenses inherent in the incorporation of personnel, and for the participation in a greater number of international events as well as for the provision of debit balances with the United States subsidiary for an amount of 300 thousand euros.

The company is continuing with its growth plans, and carrying out the necessary expansion strategies that we have mentioned, and has managed to increase its EBIDTA by 15% thanks to the increase in sales and margin.

Sales by business lines Thousands of	· · · · · · · · · · · · · · · · · · ·			100
<u>euros</u>	2018	2019	Var. €	Var.%
Saas Services	2.818	2.945	127	5%
SMS Solutions	2.636	2.569	-67	-3%
ICX WHOLESALE Solutions	6.624	7.419	795	12%
Total	12.078	12.933	855	7%
Data in thousand of Euros	2018	2019	Var. €	Var.%
Sales	12.078	12.933	855	7%
Cost of sales	(6.286)	(6.396)	110	2%
Gross Margin	5.792	6.537	745	13%
Staff Expenses	(2.598)	(3.001)	403	16%
Other exprenses	(2.263)	(2.825)	562	25%
Other incomes	23	54	31	135%
Amount capitalized	787	934	147	19%
EBITDA	1.741	1.699	(42)	-2%
Amortization	(1.148)	(1.130)	(18)	-2%
Sales results		(21)	-	-
Other results		13	-	÷
Operating profit	593	561	(32)	-5%
Net financial result	(52)	53	105	202%
Impairment and results of disposals	(582)		(582)	-100%
Exchange rate differences	(33)	(34)	1	3%
Profit before Tax	(74)	580	654	884%

2. SUBSEQUENT EVENTS

Since December 2019, COVID-19 a new strain of Coronavirus spread too many countries, including Spain as of January 2020. This situation has a great impact on the global economic activity and as a result on the operations and financial results of the Company.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably forecasted; inter alia, the steps taken to contain coronavirus disease and to mitigate its economic impact in affected countries.

The Company has taken measures to limit exposure by switching to remote work and its operations are fully and effectively developed in this environment. The impact on the business will depend on the duration of this public emergency and on future events, although so far it is estimated that the impact during the extension of this exceptional situation is near zero, mainly focused on the SMS business line. Sales of registered electronic communications are experiencing an increase due to the new demand that has arisen as a result of the country's lockdown and the recommendation of telecommuting. The global effect of this pandemic on the results of the financial year 2020 will depend on how long this situation will take as well as on the subsequent resilience of the markets.

Since this is a temporary situation, and taking into account the scenarios based on current estimates and the cash position to date, the directors consider they do not compromise the ongoing concern principle and its potential impact, if any, it will be prospectively recorded in the annual accounts for the financial year 2020.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecasts for 2020 are to increase the company's gross margin in euros, reinforcing sales of certified products through the consolidation of products at an international level.

4. <u>R&D ACTIVITIES</u>

In 2019 the Company has invested 935 thousand euros in research activities which have focused mainly on the development of a qualified system of certified electronic delivery based on the verification of data in situ.

5. OPERATIONS WITH OWN SHARES

In accordance with the regulations of the Alternative Stock Market, the company signed a liquidity agreement with the placing bank as part of its market launch. This agreement establishes both the delivery of a certain amount of own shares and the deposit of an amount of cash. The objective of this contract is to allow investors to trade the company's shares, ensuring that any interested person has the possibility of buying or selling shares.

The Board of Directors on August 12, 2016 approved the acquisition of own shares with a maximum amount of 200 thousand euros. The programme was extended until 1 August 2020 following the agreement of the Board of Directors on July 30, 2019.

On June 19th, Eiffel Investment Group bought 1.215% of Lleida.net shares at a price of 0,90 euros per share. Likewise, 75 thousand treasury shares were sold at a price of 0,90 euros per share to GVC Gaesco.

As of 31st December 2019, the company had 729,869 shares with a valuation on that date of 753,301.13 euros, which represented 4.55% of Lleidanetworks Serveis Telemàtics, S.A. shares.

FINANCIAL INSTRUMENTS 6.

During 2019 the Company has not used instruments related to financial derivatives.

DEFERRALS OF PAYMENT TO SUPPLIERS 7.

Information on deferrals of payment to suppliers is shown in the annual accounts in Note 11.

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PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2019, which comprises the attached pages number 1 to 48.

Lleida, March 26, 2020 Board of Directors

Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

Mr. Miguel Pérez Subias Independent Director

Mr. Jordi Carbonell i Sebarroja Independent Director

Investor Group composed of Sepi Desarrollo Empresarial, S.A., Empresa Nacional de Innovación, S.M.E., S.A. & Cántabro Catalana de Inversiones, S.A. represented by Mr. Jorge Sainz de Vicuña External Director

Mr. Marcos Gallardo Meseguer Secretary

Mr. Antonio López del Castillo Independent Director

Mrs. Arrate María Usandizaga Ruíz Executive Director

Mrs. Beatriz García Torre Executive Director



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BDO es la marca comercial utilizada por toda la red BDO y para todas sus firmas miembro.

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INFORME SOBRE ESTRUCTURA ORGANIZATIVA Y SISTEMA DE CONTROL INTERNO DE LA INFORMACIÓN FINANCIERA DE LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A

En cumplimiento con lo dispuesto en el artículo 17 del Reglamento (UE) Nº 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley de Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015 de 23 de Octubre, y disposiciones concordantes, y según la circular 15/2016 del mercado Alternativo Bursátil (en adelante "MAB") sobre información a suministrar por Empresas en Expansión, por la presente se publica el informe sobre Estructura Organizativa y Sistemas de Control Interno de la Información Financiera del Lleidanetworks Serveis Telemátics, S.A y sus sociedades dependientes (en adelante "Lleida.net", "Grupo Lleida.net", el ""Grupo", la "Compañía" o la "Sociedad), aprobado por la comisión de auditoría y ratificado por el consejo de administración en su sesión del 26 de Marzo de 2020.

Lleida, 30 de abril 2020

FRANCISCO SAPENA SOLER

Consejero Delegado de Lleidanetworks Serveis Telemátics, S.A



1. BREVE PRESENTACIÓN DE LA COMPAÑÍA:

Lleidanetworks Serveis Telemàtics, S.A es una sociedad mercantil anónima de duración indefinida y con domicilio social en Madrid, General Lacy 42, Planta Baja Local, con CIF número A25345331.

Anteriormente, fue constituida por tiempo indefinido, con la denominación Lleidanetworks Serveis Telemàtics, S.L por medio de escritura autorizada por el Notario de Lleida, D. Antonio Rico Morales, Notario del Ilustre Colegio de Barcelona, en fecha 30 de enero de 1995, bajo el número 547 de su protocolo.

La Sociedad fue inscrita en el Registro Mercantil de Lleida, el día 13 de marzo de 1.995, tomo 355, Folio 137, sección 1º hoja L6657.

Adaptados sus estatutos a la vigente Ley de Sociedades de Responsabilidad Limitada en escritura del 12 de Junio del año 2.000, subsanada por otra del 3 de Noviembre del año 2.000, todas ellas autorizada por el Notario de Lleida, Don Antonio Rico Morales, aumentado su capital por el Notario de Lleida, aumentado su capital en escritura autorizada por el Notario de Lleida, Don Pablo Gómez Clavería, el 21 de octubre del año 2.004 y vuelto a aumentar su capital en escritura autorizada por el citado Notario de Lleida, Sr Gómez, el 16 de Agosto del 2.006 e inscrita en el Registro Mercantil de Lleida, al tomo 355, folio 141, hoja número L-6.657.

En la Junta General Extraordinaria del 30 de junio de 2011 se acordó el proceso de transformación en Sociedad Anónima, elevada a pública el 12 de diciembre de 2012 mediante escritura otorgada por el Notario de Catalunya, D. Pablo Gómez Clavería con el número 3357 de orden de su protocolo e inscrita en el Registro Mercantil de Lleida, Tomo 355 Folio 145 Hoja L6.657, inscripción 8ª el 17 de febrero de 2012.

Con fecha 1 de junio de 2015, la Sociedad aprobó en Junta de Accionistas la solicitud de incorporación al Mercado Alternativo Bursátil (MAB) de la totalidad de las acciones de la Sociedad.

Con fecha 7 de Octubre de 2015, el Consejo de Administración de Bolsas y Mercados Españoles, Sistemas de Negociación S.A. aprobó incorporar al segmento de empresas en expansión del Mercado Alternativo Bursátil con efectos a partir del 9 de octubre d e2015, 16.049.943 acciones a 0,02 euros de valor nominal cada una.

Con fecha 14 de Diciembre de 2018 el comité de admisiones de Euronext admitió la incorporación de las acciones de Lleida.net en Euronext Growth a partir del 19 de Diciembre de 2018.

El objeto Social de Lleida.net está expresado en el artículo 2º de sus estatutos sociales, cuyo texto se transcribe literalmente a continuación:

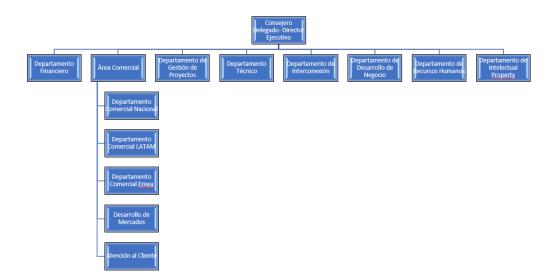
Artículo 2º: Objeto Social

"Constituye el objeto social de la asesoría telemática e informática en diferentes materias a través de profesionales, montajes telemáticos e informáticos para empresas y servicios. Difusión de sistemas telemáticos mediante realización de actividades y publicaciones. La prestación de servicios de telecomunicaciones."



2. ESTRUCTURA ORGANIZATIVA

A continuación, se detallan los diferentes departamentos, que constituyen la sociedad. Los directores de todos los departamentos se reúnen mensualmente para debatir las principales líneas de acción de la compañía y proponer su aprobación por parte del consejo de Administración.



La información financiera es preparada por el departamento de Financiero y revisada por el director ejecutivo, aunque la responsabilidad final de su elaboración recae sobre el consejo de Administración.

A continuación, se detallan los distintos órganos y funciones sobre los que recae la responsabilidad de implantación y mantenimiento de un correcto y efectivo Sistema de Control Interno de la Información

a) El Consejo de Administración:

La gestión, administración y representación de la sociedad en juicio o fuera de él, y en todos los actos comprendidos en el objeto social corresponde al Consejo de Administración de acuerdo con la legalidad vigente y a lo establecido en los Estatutos y el en Reglamento Interno de Conducta.

Además de las atribuciones mencionadas en el párrafo anterior, la responsabilidad de los miembros del Consejo de Administración es la detener la dedicación adecuada que permita tomar las medidas necesarias para la buena dirección y control de la Sociedad,



lo que incluye a efectos específicos del presente documento, la supervisión y entendimiento de la información financiera reportada a mercados, a los accionistas, así como el control interno de la Sociedad.

El consejo de Administración está compuesto por las siguientes personas:

Francisco José Sapena Soler- Consejero Ejecutivo

Estudió ingeniería agrónoma, especialidad horticultura y fruticultura, en la Universidad de Lleida y Máster en Telemática por la UPC. Además, es un gran apasionado de las nuevas tecnologías e Internet. Fue presidente de IRC Hispano durante 9 años. Hoy es el consejero delegado y máximo accionista de Lleida.net. Es, sin duda, el alma mater de la firma.

Beatriz García- Consejera Ejecutiva por cooptación:

Con más de 12 años de experiencia en Telecomunicaciones, Beatriz es licenciada en Ingeniería de Telecomunicaciones por la UPC y TU Delft (Holanda). Se graduó en Program Management Development en IESE Munich-Barcelona.

Trabajó en Orange España y posteriormente como auditora de IT en Deloitte. En 2008 se incorporó a Lleida.net en el Departamento de Routing y en el 2014 fue nombrada directora de Interconexión, donde desarrolló y ejecutó las estrategias de Interconexión. Actualmente continúa como responsable de la línea de negocio del SMS en Lleida.net, definiendo objetivos y estrategias y adaptando sus productos a las necesidades del mercado.

Marcos Gallardo- Consejero Externo

Fundador y socio director de la firma LEXING Spain en Barcelona. Miembro del Colegio de Abogados de Barcelona desde el año 1998. Presidente de la Comisión de Privacidad y de los Derechos de la Persona Digital de la Unión Internacional de Abogados (UIA). Vicepresidente de la red internacional LEXING[®], primera red mundial de despachos de abogados especializados en derecho de las tecnologías avanzadas, actualmente compuesta por 22 despachos ubicados en 25 países de Europa, América, África y Asia. Vicepresidente de la Comisión de Propiedad Intelectual del Ilustre Colegio de Abogados de Barcelona (ICAB).

Miembro del Consejo de Administración de varias sociedades multinacionales en el sector de las Telecomunicaciones y de Internet.

Presente en el Who's Who Legal 2012, 2013 y 2014. Identificado como abogado influyente en el área de Internet & Ecommerce & Data Protection

Arrate Usandizaga- Consejera Ejecutiva



Directora Financiera Licenciada en Administración y dirección de empresas, Master en finanzas y contabilidad por la Universidad de Deusto. Después de trabajar en PricewaterhouseCoopers como supervisora en la división de Assurance (auditoría de estados financieros), se incorporó a Lleida.net para coordinar el departamento de auditoría y riesgos y actualmente es la directora financiera del grupo.

Miguel Pérez Subias- Consejero Independiente

Ingeniero Superior de Telecomunicación, por la ETSIT en la Universidad Politécnica de Madrid y Master en Dirección de Empresas por el INESE. En la actualidad es Presidente de la Asociación de Usuarios de Internet - AUI.es cargo que compatibiliza con una intensa actividad profesional como consultor y asesor especializado en Internet, Telecomunicaciones y Nuevas Tecnologías.

Edito y promovió, en 1993, la primera revista que se publicó en España dedicada a Internet (Click Magazine) y dos años después fundo la Asociación de Usuarios de Internet, organización sin ánimo de lucro, de la que es Presidente.

Destacar como iniciativas más relevantes la presidencia de los congresos Mundo Internet (Madrid 1996-2005) y Expolnternet (Barcelona 1997-2001), la puesta en marcha del Día Mundial de la Sociedad de la Información: díadeInternet (Tunez 2005), el nodo neutro español EspaNIX (Madrid 1997) y la creación del Foro español de la Gobernanza de Internet (Madrid 2008).

Antonio López del Castillo- Consejero Independiente

Consultor en Telecomunicaciones y sourcing con larga experiencia como Director de Compras en Telefónica de España y Vivo, marca de telefonía del Grupo Telefónica en Brasil.

En su trayectoria con Telefónica, ha participado en proyectos relevantes como la Planificación de Telecomunicación Olimpiada Barcelona 92, la implantación de la primera Red de Area Metropolitana de Alta Velocidad para Interconexión de Instituciones Universitarias y Hospitales en Barcelona, o la implantación en la Compañía Ríograndense de Telecomunicaciones (CRT) de Sao Paulo del Sistema Avanzado de Compras tras la privatización, siendo con este proyecto responsable de la adjudicación de más de 30.000 millones de Reales durante el período 1998- 2002.

Director Técnico de las versiones españolas de las revistas: Tele.Com, Data Communication, LAN Times y fundador de la revista Global Telecommunications.

Director del curso de Nuevas Tecnologías en el Instituto Catalán, de cursos en UNTEC (Universidad de Verano Sitges), además de Director del Curso de Postgrado de Multimedia y Telecomunicaciones realizado por la Universitat Autònoma de Barcelona.



Jordi Carbonell i Sebarroja- Consejero Independiente

Consejero y Asesor del Parque Científico y Tecnológico Agroalimentario de Lleida (PCiTAL). Representante en la Asociación Española de Parques Tecnológicos (APTE) y en la Asociación Mundial (IASP). Asesor de las empresas del Parque y de los Clústeres de la provincia de Lleida.

Del 2005 al 2006 fue Secretario de Industria y Energía del Departamento de Trabajo e Industria de la Generalitat de Cataluña y en las elecciones del Parlamento de Cataluña de 2003 fue escogido diputado por la provincia de Lleida.

Del 1996 al 2003, Director General de ACTEL, S.C.L, Cooperativa de 2º grado de la que forman parte 130 Cooperativas de Lleida, recibiendo en 2003 el Premio a la Innovación Empresarial de la Generalitat de Cataluña.

Entre 1993 y 1996 fue Gobernador civil de Lleida y miembro del equipo negociador de la entrada de España en la Comunidad Económica Europea (1984-1986). Fue también secretario general técnico del Ministerio de Agricultura, Pesca y Alimentación (1982-1988).

Jorge Sainz de Vicuña Barroso- Consejero Dominical

Gestor de sociedades participadas. Experiencia en saneamiento y puesta en valor incluso en funciones propias de Director General / CEO en las sociedades controladas, y experiencia en negociaciones y procesos de venta, desde elaboración de cuadernos de venta hasta el closing, pasando por NDA´s, gestión de ofertas, Due Diligence´s, y contratos, en coordinación con asesores legales, fiscales y laborales.

b) La Comisión de Auditoria

Según los Estatutos de la Sociedad y el Reglamento del Consejo de Administración de la Compañía, la Comisión de Auditoria tiene por cometido evaluar el sistema de verificación contable de la Sociedad, velar por la Independencia del auditor externo y revisar los sistemas de control interno de la información financiera.

Sin perjuicio de cualesquiera otros cometidos que puedan serle asignados en cada momento por el Consejo de Administración, la Comisión de Auditoría ejercerá las siguientes funciones básicas:

- Informar en la Junta General de Accionistas sobre las cuestiones que en ella planteen los accionistas en materia de su competencia.

- Proponer al Consejo de Administración, para su sometimiento a la Junta General de Accionistas, el nombramiento de los auditores de cuentas externos a que se refiere el artículo 264 de la Ley de Sociedades de Capital, así como sus



condiciones de contratación, el alcance de su mandato profesional y, en su caso, su revocación o no renovación. Con el fin de asegurar la independencia del auditor externo la Sociedad comunicará como Hecho Relevante a la sociedad rectora del Mercado Alternativo Bursátil el cambio de auditor.

- Supervisar los sistemas internos de auditoría; velar por su independencia y eficacia.

- Revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad, contando para ello con la colaboración directa de los auditores externos e internos.

- Conocer y supervisar el proceso de elaboración y la integridad de la información financiera relativa a la Sociedad y, en su caso, su grupo, revisando el cumplimiento de los requisitos normativos y la correcta aplicación de los criterios contables; conocer y supervisar los sistemas de control internos de la Sociedad, comprobar la adecuación e integridad de los mismos; y revisar la designación o sustitución de sus responsables.

- Revisar periódicamente los sistemas internos de control y gestión de riesgos, para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

- Llevar las relaciones con los auditores externos para recibir información sobre aquellas cuestiones que puedan poner en riesgo la independencia de éstos y cualesquiera otras relacionadas con el proceso de desarrollo de la auditoría de cuentas, así como aquellas otras comunicaciones previstas en la legislación de auditoría de cuentas y en las normas técnicas de auditoría.

- Supervisar el cumplimiento del contrato de auditoría, procurando que la opinión sobre las cuentas anuales y los contenidos principales del informe de auditoría sean redactados de forma clara y precisa, así como evaluar los resultados de cada auditoría.

- Revisar la información financiera periódica que deba suministrar el Consejo a los mercados y a sus órganos de supervisión, asegurándose de que las cuentas intermedias se formulan con los mismos criterios contables que las anuales.

- Informar al Consejo de Administración, con carácter previo a la adopción por esté de las correspondientes decisiones, sobre todas las materias previstas en la ley, los Estatutos y en el Reglamente del Consejo y, en particular, sobre los siguientes asuntos: (i) la información financiera que la Sociedad deba hacer pública periódicamente; (ii) la creación o adquisición de participaciones en entidades de propósito especial o domiciliadas en paraísos fiscales, así como cualesquiera otras transacciones u operaciones de naturaleza análoga que por su complejidad pudieran menoscabar la transparencia del grupo; y (iii) las Operaciones Vinculadas.

Actualmente el Comité de Auditoria está formado por dos consejeros, ambos independiente y se reúnen al menos semestralmente y siempre que lo convoque su presidente. En 2019, el Comité se reunió en dos ocasiones.



c) Comité de Dirección

El mismo está integrado por el Director Ejecutivo y los responsables de los diferentes departamentos de la empresa.

La reunión se convoca como mínimo una vez al mes, con el fin de poder coordinar las diferentes actividades claves de Lleida.net. Se marcan las líneas de acción tanto a corto como medio plazo para poder alcanzar los objetivos marcados por el consejo de Administración y solventar los contratiempos o problemas surgidos.

Se trata la información de todas las áreas de la empresa, cada responsable de departamento realiza un informe de los diferentes temas a tratar. En el caso de que se detecte una información que se debiera compartir con el mercado, se comunica por parte del director ejecutivo al consejo de Administración para que se realice la comunicación oportuna.

d) Departamento Financiero

El departamento Financiero es el responsable de implementar en el día a día un correcto sistema de control de la información financiera. Es el departamento que diariamente se ocupa de la contabilidad de la sociedad matriz y de controlar los reportings de las sociedades filiales. Entre sus funciones, se encuentra la elaboración de los informes necesarios para la toma de decisiones por parte del consejo de Administración, así como para la publicación de la información requerida por los mercados

e) Auditoría Externa

Las cuentas anuales tanto individuales como consolidadas de Lleida.net son revisadas por una firma de auditoría de reconocido prestigio como es BDO auditores. Desde el ejercicio 2016, adicionalmente se realiza una revisión limitada del periodo comprendido entre el 1 de enero y 30 de junio que es revisada por la misma firma de auditoría.

3. SISTEMAS DE CONTROL DE LA COMPAÑÍA

Los mecanismos de Control Interno y de Gestión de Riesgos Relacionados con la información financiera son responsabilidad de la Comisión de Auditoría. Posteriormente, tal y como los marca el reglamento del Consejo de Administración, son revisados y supervisados por el Consejo de Administración. Los principales mecanismos de control son los siguientes:

3.1 Realización de los presupuestos anuales:

El equipo directivo de la sociedad realiza los presupuestos anuales del grupo que deben de ser revisados y aprobados por el consejo de Administración



Posteriormente, se realiza un control mensual de las desviaciones y del cumplimiento, que es revisado por el consejo de Administración y se encarga de tomar las medidas correctas y las principales líneas de acción.

3.2 Medidas de Control Interno:

Lleida.net ha definido los siguientes procesos financieros como áreas de control de nivel alto para cumplir los sistemas de control interno de la información financiera:

- Ventas, facturación de clientes y gestión de cobros
- Consolidación y reporting de empresas del grupo
- Inversiones en I+D+i
- Inversiones en Inmovilizado Material
- Tesorería
- Compras y cuentas a Pagar
- Impuestos
- Recursos Humanos
- Cierres Contables

Las principales medidas de control por área de riesgo son las siguientes:

a) Ventas, facturación de clientes y gestión de cobros.

Con periodicidad mensual se generan el detalle de las facturas a emitir, se revisa por parte del responsable de facturación y se lanza el proceso automático que permite:

- Generar los asientos contables de reconocimiento de ventas
- Enviar las facturas a los clientes

- Creación de los ficheros que son enviados a los responsables comerciales, de dirección y directora de Administración para la supervisión de las cifras mensuales

La responsable de tesorería es la persona que supervisa los cobros de los clientes, las facturas relevantes son aseguradas ante una empresa de seguro de crédito para evitar posibles impagos.

Semanalmente, se realiza un seguimiento sobre la situación de los cobros junto con los comerciales.

Los cobros son conciliados semanalmente por el departamento Financiero El sistema de gestión que utiliza la sociedad para controlar sus sistemas contables tiene definidos perfiles que definen la información a la cual puede acceder cada uno de los usuarios.

b) Consolidación y reporting:



La sociedad cuenta con asesores contables y fiscales en cada uno de los países donde el grupo cuenta con una sociedad constituida. Dichos asesores son responsables de enviar mensualmente las cifras de la filial para que puedan ser revisar desde la matriz por parte del departamento. Los asesores no tienen acceso a las cuentas bancarias de las filiales y únicamente cuenta con poderes limitados para poder realizar gestiones administrativas ante la administración pública de cada país.

c) Inversión en I+D

Los proyectos de I+D que realiza la sociedad cuenta con un presupuesto anual, que es controlado tanto por el director del departamento técnico como posteriormente por el departamento de Administración. Toda actividad realizada en el campo de I+D debe de ir fijado dentro del plan de acción anual, y si se trata de una colaboración extraordinaria debe ir aprobada por el director técnico.

d) Inversión en Inmovilizado Material:

Dentro de esta área, el importe más significativo se corresponde a las inversiones que se realizan en máquinas y servidores. Se realiza conjuntamente entre el departamento técnico y el departamento financiero un presupuesto anual, analizando los requerimientos del año, y se controla mensualmente el proceso de ejecución.

e) <u>Tesorería</u>:

La persona responsable de Tesorería debe de controlar diariamente los saldos de los diferentes instrumentos financieros que cuenta la sociedad. El Director Ejecutivo es la persona que tienen poderes para poder realizar las transferencias correspondientes. Para ello, desde Tesorería, se prepara el fichero de pagos a realizar que es revisado por la Directora Financiera para la posterior ejecución de los pagos por parte del Director General.

Se controlan desde el equipo de la matriz, las cuentas bancarias que tienen las diferentes filiales.

Semanalmente, se realiza un resumen por parte de Tesorería, con los saldos que cuenta cada instrumento, así como las principales pagos e ingresos que se han hecho desde cada cuenta y se envía tanto a la directora Financiera como al Director Ejecutivo para su supervisión.



Las cuentas bancarias son conciliadas por el departamento Financiero, personal diferente al personal de tesorería que prepara los ficheros de pagos.

f) Compras y cuentas a Pagar:

Los consumos de proveedores entran directamente en el ERP de gestión. Las tarifas de los proveedores son actualizadas automáticamente por el mismo sistema, cada vez que se comunica un cambio de precio en las rutas. Desde el departamento Financiero se comprueba, cada vez que se recibe una factura, normalmente mensualmente, que las facturas se corresponden a los consumos que han entrado en el ERP. Si es el caso, se valida los consumos y se realizan entonces automáticamente los asientos contables de la compra. En caso de discrepancia, la compañía tiene marcado un protocolo de actuación, donde se comunica al proveedor la discrepancia y se analizan las causas y se comunican al departamento de interconexión responsable de las compras.

Los pagos con los principales proveedores, que suelen ser operadoras, se realizan mediante netting. Se compensan las facturas de compras y venta. El mismo sistema genera automáticamente este netting que es enviado al proveedor para su aceptación. Una vez aceptado por el proveedor, se incluye en la siguiente remesa de pagos.

El resto de los pagos, son principalmente gastos comerciales que son abonados por los empleados por sus tarjetas personales. Mensualmente se realiza una hoja de gastos, donde se incluyen todos los documentos justificativos y deben de ser primero aprobados por su director directo y posteriormente por el departamento Financiero. Se les abonan los importes mediante transferencia, que se incluye en el fichero de pagos.

La sociedad cuenta igualmente con pagos domiciliados que se corresponden a los pagos de arrendamientos y suministros. Dichos cargos son conciliados semanalmente con los cargos en cuenta corriente.

f) Impuestos:

La Sociedad gestiona internamente la presentación de Impuestos mensuales, que vuelcan automáticamente desde el ERP. Se preparan los documentos por parte del departamento de Administración que lo deja para firma digital por parte del Director Ejecutivo, que es la persona que tiene poderes para presentarlos.

Adicionalmente, la sociedad cuenta con asesores tanto a nivel nacional como internacional, que les informan de todas las posibles modificaciones de los reglamentos que pudiesen afectarles.



g) <u>Recursos Humanos:</u>

El capital humano es una pieza clave para el éxito de Lleida.net. La gestión tanto del personal actual como de las nuevas incorporaciones se realiza desde el departamento de Recursos humanos, donde su directora gestiona tanto el desarrollo de cada individuo como sus carreras profesionales.

En las nuevas incorporaciones, se marca un perfil deseado en colaboración con el director del área donde trabajará. Se publica un anuncio en las principales redes sociales y portales de contratación, y se realiza una primera criba en función de su formación y experiencia. Posteriormente, se realiza una primera entrevista con recursos humanos y se realiza una prueba de desempeño. Finalmente se entrevista a los 3 mejores candidatos para hacer la última selección.

La directora de Recursos Humanos igualmente gestiona las retribuciones salariales y valora junto con el director del área las percepciones que debe recibir cada empleado, siempre con la aceptación final de dirección y enmarcado en el presupuesto anual.

i) Cierres Contables:

- Normativa: Lleida.net sigue la normativa fijada por el plan general contable para el registro de sus actividades. Cuenta con el apoyo de asesores en caso de duda o de actualización de la normativa que pudiese afectar a los procedimientos de la sociedad.

- Cierre contable Mensual: la sociedad realiza cierres contables mensuales, que permiten comprobar el cumplimiento del presupuesto fijado por el consejo de Administración.

- Bloqueo del Sistema: una vez realizados y revisados todos los asientos del periodo, se bloquea el periodo en contabilidad para impedir registrar nuevos asientos.

- Revisión de cierre: se revisa tanto la cuenta de pérdidas y ganancias con el balance mensualmente para comprobar si existen variaciones significativas, incongruencias o errores respecto a periodos anteriores. La información es generada por el departamento de administración, que es revisado por su directora de administración y realiza los informes resumen que son remitidos al director ejecutivo para su comprobación y envío posterior al consejo de Administración para su análisis.

- Reporte de la información financiera: con el objetivo de ofrecer una mayor transparencia sobre la actividad de la sociedad, se publica como hecho



relevante en MAB la información de las principales magnitudes financieras trimestralmente. Tal y como se indica en el punto 5.1

- Publicación de las cuentas anuales y estados financieros intermedios a 30 de junio: anualmente la junta general de accionistas aprueba las cuentas anuales auditadas formuladas por el consejo de Administración y el informe de gestión junto con la información requerida por MAB siguiendo las directrices y formatos establecidos por la misma. Adicionalmente se presentan los estados financieros intermedios a 30 de junio auditados tal y como marca la normativa MAB.

 Reporte a inversores y analistas: se presenta la información financiera y de gestión periódica, de manera presencial o conference call principalmente. Las personas responsables de estas comunicaciones son el Director Ejecutivo y la directora de Financiera

3.3 Reglamento Interno de Conducta en los Mercados de Valores

El Reglamento Interno de Conducta en el ámbito del Mercado de Valores ha sido aprobado por el Consejo de Administración de LLEIDA.NET celebrado en fecha 26 de julio de 2016, y en cumplimiento de lo dispuesto en el artículo 225.2 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre. En concreto, el Reglamento incorpora las previsiones contenidas en el Capítulo II del Título VII del texto refundido de la Ley del Mercado de Valores, aplicable a la Sociedad en virtud de lo dispuesto en Página 13 de 15 el artículo 322.3 de dicho texto refundido, así como en su normativa de desarrollo, que incluye el Real Decreto 1333/2005, de 11 de noviembre, por el que se desarrolla la Ley del Mercado de Valores en materia de abuso de mercado y la Circular 4/2009, de 4 de noviembre, de la CNMV sobre comunicación de información relevante. El Reglamento tiene por objeto establecer un conjunto de normas de conducta que rijan el comportamiento de LLEIDA.NET y de las personas afectadas por los distintos ámbitos regulados por este Reglamento, con el fin de garantizar la plena y adecuada transparencia de la Sociedad y de proteger los inversores. El órgano de control de este Reglamento es la Comisión de Auditoría.

4 EVALUACIÓN DEL RIESGO:

Las actividades del Grupo están expuestas a diferentes tipos de riesgos financieros, destacando fundamentalmente los riesgos de crédito, de liquidez y los riesgos de mercado (tipo de cambio, tipo de interés, y otros riesgos de precio).

4.1) Riesgo de Crédito



Los principales activos financieros del Grupo son saldos de caja y efectivo, deudores comerciales y otras cuentas a cobrar, e inversiones, que representan la exposición máxima del Grupo al riesgo de crédito en relación con los activos financieros. El riesgo de crédito del Grupo es atribuible principalmente a sus deudas comerciales. Los importes se reflejan en el balance netos de provisiones para insolvencias, estimadas por la Dirección de la Sociedad Dominante en función de la experiencia de ejercicios anteriores y de su valoración del entorno económico actual.

4.2) Riesgo de Liquidez

La situación general de los mercados financieros, especialmente el mercado bancario, ha sido particularmente desfavorable para los demandantes de crédito. El Grupo se presta una atención permanente a la evolución de los diferentes factores que pueden ayudar a solventar crisis de liquidez y, en especial, a las fuentes de financiación y sus características.

4.3) Riesgo de Mercado

La situación general del mercado durante los últimos años ha sido desfavorable debido a la difícil situación económica del entorno.

4.4) Riesgo de Tipo de Cambio

El Grupo no está expuesto a un riesgo significativo de tipo de cambio, por lo que no realiza operaciones con instrumentos financieros de cobertura.

4.5) Riesgo de Tipo de Interés Las variaciones de los tipos de interés modifican el valor razonable de aquellos activos y pasivos que devengan un tipo de interés fijo, así como los flujos futuros de los activos y pasivos referenciados a un tipo de interés variable. El objetivo de la gestión del riesgo de tipos de interés es alcanzar un equilibrio en la estructura de la deuda que permita minimizar el coste de la deuda en el horizonte plurianual con una volatilidad reducida en la Cuenta de Pérdidas y Ganancias.

5.COMUNICACIÓN DE LA INFORMACIÓN

La Sociedad diferencia la información a comunicar a mercado en tres tipos básicos:

- Información de carácter financiero
- Información de carácter estratégico
- Información técnica

A continuación, se detallan los diferentes procedimientos en función del tipo de información



5.1 Comunicación de la información financiera

La Sociedad realiza cierres mensuales, trimestrales, elabora los estados financieros intermedios bajo Plan General Contable, siguiendo el criterio de empresa en funcionamiento. La información es generada en el departamento Financiero, donde es revisada primero por su directora y posteriormente por el Director Ejecutivo. Se prepara la información para el consejo de Administración por parte de la dirección Financiera, y se remite a los consejeros para que puedan formular las cuentas anuales y los estados financieros intermedios. Los estados financieros son revisados por el comité de Auditoria, y formulados por el Consejo de Administración, y se ponen a disposición de los accionistas para su revisión.

En la Junta de Accionistas se presentan los principales hitos conseguidos por la compañía y se realiza la votación correspondiente a la aceptación de las cuentas anuales.

La información publicada en el MAB, se elabora a partir de los estados financieros consolidados, que se obtienen directamente del ERP de la sociedad y para determinadas sociedades del grupo en el extranjero se requiere la información de los asesores de cada país. Se realiza una homogenización tanto de normativa como de moneda de las informaciones financieras obtenidas. La Información es revisada por la directora de Administración.

Una vez obtenidos los datos financieros que se consideran relevante, se procede a la redacción del hecho relevante por parte de la directora de Administración, con la colaboración por parte del Asesor Registrado.

Se revisa el Hecho relevante tanto por el Director Ejecutivo como por el Asesor registrado y se comunica a los miembros del consejo de Administración, por si quisieran realizar alguna aportación.

Se carga por parte de Lleida.net en la web de MAB, y debe de ser aprobado por el asesor registrado antes del comienzo de la sesión o después de ella. Una vez cargado y publicado en la web de MAB se procede a publicar en la web de Lleida.net dentro del apartado de inversores.

5.2 Información de carácter estratégico:

Las negociaciones de carácter estratégico como pueden ser adquisiciones de empresas, nuevas líneas de negocio son directamente pilotadas por el director ejecutivo de la sociedad.

Se incluyen como punto a tratar dentro de la convocatoria del consejo de administración, órgano que tiene la facultad de toma de decisión.

El hecho relevante es redactado directamente por el director Ejecutivo con la colaboración del Asesor registrado y se comunica a los miembros del consejo de Administración, por si quisieran realizar alguna aportación.

Se carga por parte de Lleida.net en la web de MAB, y debe de ser aprobado por el asesor registrado antes del comienzo de la sesión o después de ella. Una vez cargado



y publicado en la web de MAB se procede a publica en la web de Lleida.net dentro del apartado de inversores.

5.3 Información técnica

Debido a la relevancia que tienen los desarrollos técnicos de nuestros productos, Lleida.net patenta todos los desarrollos y sus marcas. El procedimiento de presentación de patentes es monitorizado internamente desde el departamento de Intelectual Property. Cuenta con el apoyo de numerosas empresas externa**s** que son responsables de supervisar todos los plazos bajo la supervisión del director del departamento.

Para evitar posibles errores en los canales de comunicación, desde el departamento Financiero, se pide al departamento de IP el detalle del estado de las patentes trimestralmente.

En el caso de obtención de una de las patentes, el hecho relevante es redactado por el director de Intelectual Property con la supervisión del director Ejecutivo con la colaboración del Asesor registrado y se comunica a los miembros del consejo de Administración, por si quisieran realizar alguna aportación. Se carga por parte de Lleida.net en la web de MAB, y debe de ser aprobado por el asesor registrado antes del comienzo de la sesión o después de ella. Una vez cargado y publicado en la web de MAB se procede a publica en la web de Lleida.net dentro del apartado de inversores.

6 ACTIVIDADES DE CONTROL DE MONITORIZACIÓN Y SUPERVISIÓN:

El comité de auditoría ha realizado las siguientes actividades a lo largo del 2019 para controlar el correcto funcionamiento del sistema de control interno de la información financiera:

- Revisión de los estados financieros individuales intermedios del periodo comprendido entre el 1 de enero 2019 y 30 de junio de 2019 de la sociedad matriz - Revisión de los estados financieros y cuentas anuales individuales y consolidadas del Grupo del ejercicio 2019.

- Ha revisado el plan de auditoria y la independencia de los auditores externo BDO auditores.

- Ha revisado con el auditor externo el desarrollo de los trabajos de auditoria y las áreas de riesgo del trabajo