

莱里达，2019 年 4 月 9 日

公司公告：

与 2018 年业绩预测数据，2018 年审计报告和合并报表比较，审计报告和单独合并报表以及组织结构介绍

根据关于市场滥用的（欧盟）第 596/2014 号条例第 17 条的规定以及 10 月 23 日 RDL 4/2015 批准的“证券市场法”综合文本第 228 条，协调条款以及另类证券市场（MAB）6/2018 号关于发展中企业承担的信息，特此通知 LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.（以下简称“Lleida.net”或“本公司”）

于 2019 年 1 月 22 日，本公司透过相关事件发布本公司综合收入及公司的综合债务主要数据。此数据预估是根据可用的会计信息计算的

截至今天，此信息使用了以下文件补充：

- 2018 年度审计报告和合并业绩报告
- 2018 年度审计报告和单独业绩报告
- 组织结构和内部控制系统报告。

我们将为您提供所有您所需的信息。

此致，

Francisco Sapena Soler

Lleida.net 的首席执行官

2018 年 Lleida.net 公司合并业绩报告

去年 1 月 22 日，Lleida.net 集团公布了提供了临时数据的结果预告。

经公司审计师审核后，会附上董事会制定的综合年度报表中所包含的进度数据与变更数据的差异。

综合数据 千欧元	HR 22 DE ENERO 2019 已审计年度财务报表		区别 €	区别 %
收入	12,368	12,359	(9)	0%
毛利	(6,347)	(6,335)	(12)	0%
毛利	6,021	6,024	3	0%
员工开支	(2,639)	(2,443)	(196)	-7%
第三方开支	(2,306)	(2,516)	210	9%
其他收入	23	27	4	17%
激活	787	787	0	0%
EB ITDA	1,886	1,879	(7)	0%
折旧	(1,152)	(1,152)	0	0%
赔偿款	(198)	(198)	0	
经营业绩	536	529	(7)	-1%
净债务结果	(92)	(100)	8	9%
汇率差	(9)	(17)	8	89%
税前结果	435	412	(23)	-5%

就如我们所见，该差异并不显著，因此我们将其总结为：

- 因与本公司作出的估计相比，采购成本的金额较低。因此毛利高出 3 钱欧元。
- 人事费用有所变化，初始时独立第三方的费用被列为人事费用，现账目的编制已包括在其他企业服务费中。
- 已经提供了印度股权法所占公司的参与，对财务结果产生了 16,000 欧元的影响。本集团目前已选择改变在该国的渗透战略。

其余部分没有显著变化，因此总业绩总结为：

综合数据 千欧元	2017/12/31	2018/12/31	区别 €	区别 %
收入	9,882	12,359	2,477	25%
毛利	(4,638)	(6,335)	1,697	37%
毛利	5,244	6,024	780	15%
员工开支	(2,241)	(2,443)	202	9%
第三方开支	(2,449)	(2,516)	67	3%
其他收入	21	27	6	29%
激活	849	787	(62)	-7%
EB ITD A	1,424	1,879	455	32%
折旧	(1,078)	(1,152)	74	7%
赔偿款	(77)	(198)	121	157%
经营业绩	269	529	260	97%
净债务结果	(113)	(100)	(13)	-12%
汇率差	(96)	(17)	(79)	-82%
税前结果	60	412	352	587%
盈利税	0	(140)	140	
年度盈利	60	272	212	353%

– 与 2017 年相比毛利增加 78 万欧元，这主要得益于 SaaS 产品线的增加以及批发的 SMS 解决方案的销售增长。

Lleida.net 因其对 R + D + i 的持续投资而在认证和电子承包市场中成为提供商参考。捕获大量客户，不仅在本地国家，而是在国际上，巩固其在拉丁美洲的业务，重点是哥伦比亚，并扩大其在非洲和欧洲的活动。此外，Lleida.net 已经能够利用其与全球运营商互连优点，即信息批发市场中出现的机会。

– 经营业绩的结果几乎翻了一番，从 2017 年的 269 千欧元增加到 529 千欧元。对人工的投资是持续的，包括研发领域的人员和技术人员，证书，高级生以及博士生。不考虑辞工费的人事费用增加，人员投资从 2,241 千欧元增加到 2,443 千欧元，相当与 9%，当劳动力平均达到 65 人，比 2017 年的平均员工高出 18%。

– Lleida.net 的税前结果翻了 7 倍，并且 EBITDA 为 45.5 万欧元。因对成本的详尽控制，伴随着销售额的增加，使结果的增长翻倍。

总合并销售额（千欧元）	2017	2018
非流动资产	4,580	4,377
无形固定资产	3,847	3,842
有型固定资产	388	344
其他集团公司和联营公司的投资	17	-
长期金融投资	190	188
延期税资产	138	3
流动资产	4,057	4,509
债权	2,290	2,441
短期金融投资	1,012	703
短期应计	225	238
现金和其他等价物资产	530	1,127
全部资产	8,637	8,886
股权	2,871	3,069
股权	2,765	2,994
转换差异	105	74
外部股东	1	1
非流动债务	1,143	1,374
长期债务	1,143	1,374
流动债务	4,623	4,443
短期应计	31	85
短期债务	2,810	2,346
商业债权人和其他应付账款	1,782	2,012
全部资产与债务	8,637	8,886

在资产信息方面，主要的变化在于无形资产，并可以通过今年开展的 R&D&I 开发来解释，其中 78.8 万欧元专注于 SaaS 产品线。Lleida.net 于 2018 年 12 月收到 EIDAS 对其认证电子交付（E-delivery）的合格服务的认证，它成为第一家获得此项服务的西班牙公司，并且是第六家获得此类批准的欧洲公司。该认证是 Lleida.net 近年来一直在进行的研发工作和投资的结果，因为该系统也是基于 Lleida.net 在全球范围内提交专利的方法。同样，该认证允许其在欧洲层面运作，没有任何类型的国家障碍，并且其证书在任何欧洲法院或管理部门之前默认被接纳。

就流动资产而言，尽管销售数字有所增加，但与 2017 年年底相比，客户数目并无重大变动，本集团已设法维持客户回收期及减少亏损比率。

就负债水平而言，应该指出的是，在相关的净债务相关数据公布的数据方面没有重大差异，就如业绩评估所言，其数据为 190 万欧元。

综合数据 千欧元	2017	2018	区别 €	区别 %
长期债务	1,143	1,374	231	20%
短期债务	2,810	2,346	(464)	-17%
总债务	3,953	3,720	(233)	-6%
短期金融投资	1,012	703	(309)	-31%
现金和其他等价物资产	530	1,127	597	113%
总现金	1,542	1,830	288	19%
净债务	2,411	1,890	(521)	-22%
净债务/EB ITDA	1.69	1.01		

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

**CONSOLIDATED ANNUAL ACCOUNTS AND
CONSOLIDATED DIRECTOR'S REPORT FOR THE
FINANCIAL YEAR 2018 TOGETHER WITH THE AUDIT
REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR**

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



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

Consolidated Annual Accounts and
Consolidated Director's Report for the financial
year 2018 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, 2018

Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017
Consolidated Income and Expenses Statement for the year ended on December 31, 2018 and
December 31, 2017.
Consolidated Statements of Changes in Equity for the year ended on December 31, 2018 and
December 31, 2017.
Consolidated Statements of Cash Flows for the year ended on December 31, 2018 and
December 31, 2017.
Notes to the Consolidated Annual Accounts 2018

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2018



**LLEIDANET SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARY COMPANIES**

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

**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, 2018, 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, 2018, 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
<p>Valuation of capitalized research expenditures</p> <p>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.</p>	<p>We have carried out the following audit procedures, among others:</p> <ul style="list-style-type: none">- 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.

Key audit issues	Audit response
<p>Application of the going concern principle</p> <p>Since the Group has historically presented negative working capital and given the degree of indebtedness of the Group at year-end, which represents 42% of its liabilities (46% in 2017), it is necessary for the Group to comply with its business plan, as well as to obtain new financing through new loans and renewal of credit policies. During 2018 and 2019, up to the date of this report, the Group is generating positive cash flow and renewal of policies is taking place. The net financial debt has gone from 2.410 thousand Euros in 2017 to 1.901 thousand Euros in 2018, it means a decrease of 21% in one fiscal year.</p> <p>These circumstances are causing and mitigating factors of doubt regarding the application of the going concern principle in the formulation of annual accounts, whose evaluation involves value judgements and estimates. For these reasons, we considered the application of the going concern principle as a key issue in our audit.</p>	<p>We have carried out the following audit procedures, among others:</p> <ul style="list-style-type: none"> - Understanding of the policies and procedures applied by the Group in the estimation process of the Business Plan and Treasury Budget. - Obtaining the Business Plan and Treasury Budget prepared by the Management of the Parent Company. - Obtaining support documentation relating to both the contracting of new loans and the renewal of credit policies at maturity. - We have analysed the reasonableness of the estimates and assumptions of the Business Plan and the Treasury Budget made by the Parent Company's directors, through meetings with the Group's management and verification of verifiable data, both of the key hypotheses used, as well as concordance of these with those used in previous periods by the Group. - We have evaluated the goodness of Management's forecasts by comparing the deviations and reasons for these between the budgeted and actual figures corresponding to recent years. - We have analysed the degree of compliance with both the Business Plan and the Treasury Budget based on 2018 figures, and we have analysed the financial situation to date. - Finally, we have verified that the notes to the accompanying consolidated annual accounts include the related disclosures required by the applicable financial reporting framework. In this regard, note 2.c of the attached consolidated report includes the aforementioned breakdown of information.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2018, 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 2018 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.

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 9, 2019.

Contract period

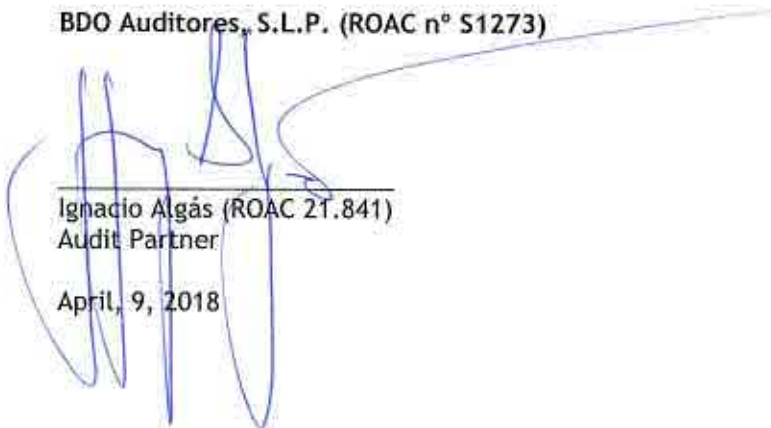
The Extraordinary General Shareholders' Meeting held on June 13, 2016 appointed us as the Group's auditors for a period of three years, starting from the year ended December 31, 2016.

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 (ROAC 21.841)
Audit Partner

April, 9, 2018

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR
THE PERIOD ENDED ON DECEMBER 31, 2018

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017

(Expressed in Euros)

ASSETS	Notes to the Consolidated Annual Accounts	31/12/2018	31/12/2017
NON-CURRENT ASSETS		4.377.136,73	4.579.953,77
Intangible assets	Note 5	3.841.712,39	3.847.507,50
Tangible fixed assets	Note 6	343.514,84	387.817,47
Land and buildings		163.217,11	143.327,21
Technical installations and other tangible fixed assets		180.297,73	244.490,26
Long-term investments in group and affiliated companies		-	16.708,11
Shares in equity method		-	16.708,11
Long-term financial investments	Note 8	188.928,55	189.820,04
Deferred Tax Assets	Note 14	2.980,95	138.100,65
CURRENT ASSETS		4.508.868,44	4.056.611,85
Trade and other receivables		2.440.972,35	2.289.412,62
Client receivables for sales and services	Note 8.2	2.198.612,84	2.172.207,60
Sundry debtors	Note 8.2	79.078,65	38.993,92
Staff	Note 8.2	4.280,40	4.625,00
Current tax assets	Note 14	112.893,14	29.693,49
Other receivables from Public Authorities	Note 14	46.107,32	43.892,61
Short-term financial assets	Note 8.2	703.005,50	1.012.416,64
Short-term accruals		237.607,74	224.784,46
Cash and cash equivalents	Note 8.1.a	1.115.538,83	529.998,13
Cash		1.115.538,83	529.998,13
TOTAL ASSETS		8.886.005,17	8.636.565,62

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Consolidated Annual Accounts	31/12/2018	31/12/2017
EQUITY		3.068.917,51	2.871.332,11
Equity		2.994.454,46	2.765.485,06
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	(1.888.464,98)	(1.923.760,42)
Legal and statutory		47.503,72	47.503,72
Other Reserves		(1.935.968,70)	(1.971.264,14)
(Shares and own holdings in equity)	Note 12.4	(954.287,73)	(935.557,23)
Financial year result attributed to the parent company	Note 18	271.864,03	59.460,37
Consolidated Losses and Profits		271.860,95	59.457,38
(Minority interest losses and profits)		3,08	2,99
Adjustments for changes in value		73.782,33	105.158,54
Minority interests	Note 4	680,72	687,71
NON-CURRENT LIABILITIES		1.373.581,25	1.143.026,35
Long-term debts		1.373.581,25	1.143.026,35
Debts with credit institutions	Note 9.1	1.126.973,02	1.023.296,73
Financial lease debts	Note 9.1	28.646,14	48.443,90
Other financial liabilities	Note 9.1	217.962,09	71.285,72
CURRENT LIABILITIES		4.443.506,41	4.622.207,16
Short-term provisions		85.450,00	31.320,00
Other provisions		85.450,00	31.320,00
Short-terms debts	Note 9.1	2.345.516,67	2.809.564,64
Debts with credit institutions		2.253.038,00	2.732.604,86
Financial lease debts		19.797,76	19.454,57
Other financial liabilities		72.680,91	57.505,21
Trade and other payables		2.012.539,74	1.781.322,52
Suppliers	Note 9.1	1.446.569,02	1.125.581,58
Sundry creditors	Note 9.1	212.433,28	373.877,19
Staff (remuneration payable)	Note 9.1	12.014,73	2.053,13
Other debts with Public Authorities	Note 14	152.900,33	100.966,77
Advances from clients	Note 9.1	188.622,38	178.843,85
TOTAL EQUITY AND LIABILITIES		8.886.005,17	8.636.565,62

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

**CONSOLIDATED INCOME AND EXPENSES STATEMENT
FOR THE YEAR ENDED ON DECEMBER 31, 2018 AND 2017**

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Consolidated Annual Accounts	2018	2017
Net turnover	Note 21	12.359.533,58	9.881.552,38
Work performed by the Company for its assets	Note 5	786.636,39	848.957,59
Supplies	Note 15.a	(6.335.448,72)	(4.638.470,87)
Goods consumed		(6.335.448,72)	(4.638.470,87)
Other operating income		27.437,70	43.440,19
Staff expenses		(2.641.206,16)	(2.318.339,63)
Wage, salaries and the like		(2.055.985,95)	(1.756.066,42)
Fringe benefits	Note 15.b	(585.220,21)	(562.273,21)
Other operating expenses		(2.515.077,78)	(2.449.198,78)
External charges for services		(2.441.813,70)	(2.326.222,98)
Taxes		(56.460,39)	(33.158,84)
Losses, Impairment and change in trade provisions		(16.281,28)	(86.875,54)
Other current operating expenses		(522,41)	(2.941,42)
Amortization of fixed assets	Notes 5 and 6	(1.152.433,19)	(1.078.247,14)
Other earnings		(665,21)	(20.963,19)
OPERATING EARNINGS		528.776,61	268.730,55
Financial income	Note 15.c	465,50	17.688,78
Financial expenses	Note 15.c	(92.120,88)	(131.462,99)
Change in fair value of financial instruments	Note 15.c	8.769,51	387,35
Exchange differences	Note 15.c	(16.789,93)	(95.660,11)
Impairments of financial instruments	Note 15.c	(16.708,41)	-
FINANCIAL EARNINGS		(116.384,21)	(209.046,97)
PRE-TAX EARNINGS		412.392,40	59.683,58
Profit tax	Note 14	(140.531,45)	(226,20)
FINANCIAL YEAR'S EARNINGS	Note 18	271.860,95	59.457,38
Result attributed to the Parent Company		271.864,03	59.460,37
Result attributed to minority interests		(3,08)	(2,99)

LLEIDATRANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2017 AND 2018**

(Expressed in euros)

	Share Capital	Share Premium	Reserves and previous financial year's income	Own holdings in equity	Result attributed to the Parent Company	Adjustments for changes in value	Minority interests	Total
BALANCE, BEGINNING OF 2017	320.998,86	5.244.344,28	(452.733,62)	(898.227,80)	(1.428.897,94)	30.396,69	1.066,63	2.816.947,10
Total recognized income and expenses	-	-	-	-	59.460,37	74.761,85	(378,92)	133.843,30
Transactions with shareholders:	-	-	(42.369,86)	(37.329,43)	-	-	-	(79.699,29)
Transactions with own equity instruments (net)	-	-	(42.369,86)	(37.329,43)	-	-	-	(79.699,29)
Other changes in equity:	-	-	(1.428.656,94)	-	1.428.897,94	-	-	241,00
Distribution of earnings from the previous year	-	-	(1.428.897,94)	-	1.428.897,94	-	-	-
Others movements	-	-	241,00	-	-	-	-	241,00
BALANCE, END OF 2017	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	-	-	-	-	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)	-	-	-
Others 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

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR 2018 AND 2017
(Expressed in Euros)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	1.656.626,92	1.389.529,21
Financial year's pre-tax earnings	412.392,40	59.683,58
Adjustments to earnings	1.322.438,75	1.150.827,09
Fixed asset amortisation	1.152.433,19	1.078.247,14
Valuation changes for impairment	32.989,69	86.875,54
Change in provisions	54.130,00	(127.682,45)
Financial income	(465,50)	(17.688,78)
Financial expenses	92.120,88	131.462,99
Change in fair value of financial instruments	(8.769,51)	(387,35)
Changes in current capital	102.935,33	300.384,32
Debtors and other accounts receivable	(84.641,36)	(90.770,49)
Other current assets	(12.823,28)	(201,20)
Trade payables and other accounts payable	200.399,97	391.356,01
Other cash flow from operating activities	(181.139,56)	(121.365,78)
Interest payments	(92.120,88)	(131.462,99)
Receipts of interests	(407,28)	17.688,78
Receipts (payments) for profit tax	(88.611,40)	(7.591,57)
CASH FLOW FROM INVESTMENT ACTIVITIES	(782.949,79)	(1.117.965,60)
Payments for investments	(1.107.149,31)	(1.207.203,63)
Intangible assets	(1.018.267,51)	(1.174.190,27)
Tangible assets	(83.754,42)	(33.013,36)
Other financial assets	(5.127,38)	-
Receivables from disposals	319.072,14	89.238,03
Other financial assets	319.072,14	89.238,03
CASH FLOW FROM FINANCING ACTIVITIES	(276.392,41)	(1.235.614,84)
Receipts and payments for equity instruments	(42.899,34)	(79.699,29)
Acquisition of own equity instruments	(42.899,34)	(79.699,29)
Receipts and payments for financial-liability instruments	(233.493,07)	(1.155.915,55)
Issuance	1.106.852,07	-
Amounts owed to credit institutions	945.000,00	-
Others	161.852,07	-
Repayment and amortisation of:	(1.340.345,14)	(1.155.915,55)
Amounts owed to credit institutions	(1.340.345,14)	(1.108.864,65)
Others	-	(47.050,90)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	597.284,72	(964.051,23)
Cash and cash equivalents at start of the financial year	529.998,13	1.494.049,36
Cash and cash equivalents at end of the financial year	1.127.282,85	529.998,13

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2018

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 1, 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 consist 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. 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, 2018 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.A.	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, 2018.

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of December 31, 2018, 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 Telemàtics, S.A. subscribed in entirety.

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.

Lleidatrans Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidatrans 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.A.

Incorporated on December 4, 2015, Lleidatrans 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.

Lleidatrans 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.

Lleidatrans 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

In preparing the accompanying consolidated financial statements, the Parent's Board of Directors used estimates to measure certain of the assets, liabilities, income and expenses recorded therein. The estimates and criteria basically refer to the evaluation of the going concern principle, given that the Group has historically presented negative working capital and given the degree of indebtedness of the Group at year-end, which represents 42% of its liabilities (46% in 2017), it is necessary for the Group to comply with its business plan, as well as to obtain new financing through new loans and renewal of credit facilities. During 2018 and 2019, up to the date of preparation of these financial statements, the Group is generating positive cash flows and policies are being renewed. The net financial debt has gone from 2.410 thousand Euros in 2017 to 1.901 thousand Euros in 2018, it means a decrease of 21% in one fiscal year.

Except as mentioned in the preceding paragraph, 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 the assets and liabilities in the following year, except for those relating 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.
- Highly atomised and competitive market at local level.

Although these estimates were made on the basis of the best information available at the close of fiscal year 2018, 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 estimate in the corresponding consolidated income statement.

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 2018 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 Lleidatrans 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 **Lleidatrans 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 straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

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

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

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

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

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

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

d) Leases and Other Transactions of a Similar Nature

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

e) Financial Instruments

The 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 derivative 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, 2018, 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) Profit Tax

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

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

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

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

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

In each closing balance sheet the book value of the recognized deferred tax assets is 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.

l) Cash-Flow Statements

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

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

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

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

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

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

NOTE 4. MINORITY INTEREST

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

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidatrans Guatemala	20%	4.037,42	(613,44)	-	684,80
Lleidatrans Honduras	30%	-	-	-	-
Lleidatrans Brasil	0,01%	(8.927,94)	119,60	(13.633,16)	(2,25)
Lleidatrans República Dominicana	0,02%	(2.066,78)	1.524,69	(8.602,31)	(1,83)
					680,72

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2017, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.035,40	(591,71)	-	688,75
Lleidanet Honduras	30%	-	-	-	-
Lleidanet Brasil	0,01%	2.884,83	(1.317,49)	(11.812,17)	(1,02)
Lleidanet República Dominicana	0,02%	6.984,57	1.976,20	(9.051,35)	(0,02)
					687,71

NOTE 5. INTANGIBLE FIXED ASSETS

The details and changes in intangible fixed assets throughout the financial year 2018 were as follows, in 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)	-	-	(7.424.990,57)
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

The details and changes in intangible fixed assets throughout the financial year 2017 were as follows, in euros:

	31/12/2016	Additions	De-Recognition	Transfers	31/12/2017
Cost:					
Research	8.492.284,57	848.957,59	-	-	9.341.242,16
Industrial Property	188.966,60	-	-	199.584,39	388.550,99
Computer applications	180.706,33	40.951,57	-	-	221.657,90
Advances for intangible fixed assets	571.672,17	284.281,11	-	(199.584,39)	656.368,89
	9.433.629,67	1.174.190,27	-	-	10.607.819,94
Accumulated amortization:					
Research	(5.594.085,96)	(920.014,51)	-	-	(6.514.100,47)
Industrial Property	(27.344,34)	(38.186,67)	-	-	(65.531,01)
Computer applications	(170.663,60)	(10.017,36)	-	-	(180.680,96)
	(5.792.093,90)	(968.218,54)	-	-	(6.760.312,44)
Intangible Fixed Assets, Net	3.641.535,77	205.971,73	-	-	3.847.507,50

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, 2018 and 2017, is the following, stating their cost values in Euros:

	31/12/2018	31/12/2017
Research	5.472.949,24	4.786.791,68
Patents	26.783,16	1.376,84
Computer applications	167.566,20	167.566,20
	5.667.298,60	4.955.734,72

NOTE 6. TANGIBLE ASSETS

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

The details and changes in tangible fixed assets throughout the financial year 2017 were as follows, in euros:

	31/12/2016	Additions	Others movements	31/12/2017
Cost:				
Land and buildings	172.228,55	-	-	172.228,55
Technical installations and machinery	258.126,00	-	-	258.126,00
Other installations, tools and furniture	79.150,73	-	-	79.150,73
Data processing equipment	271.069,30	33.013,36	78.051,00	382.133,66
Other tangible fixed assets	3.087,87	-	-	3.087,87
Fixed assets under construction	78.051,00	-	(78.051,00)	-
	861.713,45	33.013,36	-	894.726,81
Accumulated amortization:				
Land and buildings	(24.595,63)	(4.305,71)	-	(28.901,34)
Technical installations and machinery	(164.510,72)	(19.955,77)	-	(184.466,49)
Other installations, tools and furniture	(38.197,68)	(7.356,08)	-	(45.553,76)
Data processing equipment	(168.731,64)	(76.168,24)	-	(244.899,88)
Other tangible fixed assets	(2.645,84)	(442,03)	-	(3.087,87)
	(398.681,51)	(108.227,83)	-	(506.909,34)
Tangible Fixed Assets, Net	463.031,94	(75.214,47)	-	387.817,47

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, 2018 and 2017, is shown below stating their cost values in Euros:

	31/12/2018	31/12/2017
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	148.061,46	129.448,92
	191.530,16	172.917,62

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial lease agreements as of December 31, 2018, 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	04/05/2017	48.433,90

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

	Financial year 2018
Total amount of minimum future payments at the close of the year	47.803,56
(-) Non-accrued financial expenses	(1.066,93)
Value of the purchase option	1.707,27
Current value at the close of the year	48.443,90

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in the year 2018 is 290.567,12 euros (330.886,92 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:

	2018	2017
Up to 1 year	254.733,36	298.328,98
Between 1 and 5 years	149.266,52	160.606,02
More of 5 years	152.242,20	170.695,80
	556.242,08	629.630,80

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments 31/12/2018	Equity instruments 31/12/2017	Credits and Others Financial Assets 31/12/2018	Credits and Others Financial Assets 31/12/2017
Loans and receivable items (Note 8.2)		-	34.851,15	35.742,64
Financial assets available for sale (Note 8.3)	154.077,40	154.077,40	-	-
	154.077,40	154.077,40	34.851,15	35.742,64

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

	Credits and Others Financial Assets 31/12/2018	Credits and Others Financial Assets 31/12/2017
Assets at fair value through the profit and loss:		
Cash or other liquid assets (Note 8.1)	1.127.282,85	529.998,13
Loans and receivable items (Note 8.2)	2.984.977,39	3.228.243,16
Total	4.112.260,24	3.758.241,29

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, 2018 and 2017 is as follows, in euros:

	Balance at 31/12/2018	Balance at 31/12/2017
Current Accounts	1.119.515,46	520.079,17
Cash	7.767,37	9.918,96
Total	1.127.282,85	529.998,13

8.2) Loans and Receivable Items

The composition of loans and receivable items as of December 31, 2018 and 2017 is as follows:

	Balance at 31/12/2018		Balance at 31/12/2017	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers	-	2.198.612,84	-	2.172.207,60
Debtors	-	79.078,65	-	38.993,92
Total loans and receivables items for commercial transactions	-	2.277.691,49	-	2.211.201,52
Loans and receivables for non-commercial transactions				
Staff	-	4.280,40	-	4.625,00
Short-term deposits (*)	-	703.005,50	-	1.012.416,64
Securities and deposits	34.851,15	-	35.742,64	-
Total loans and receivables for non-commercial transactions	34.851,15	707.285,90	35.742,64	1.017.041,64
Total	34.851,15	2.984.977,39	35.742,64	3.228.243,16

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

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

	Amount
Accumulated impairment January 1, 2017	488.616,83
Impairment losses on trade receivables	66.349,94
Accumulated impairment end of financial year 2017	554.966,77
Impairment losses on trade receivables	-
Accumulated impairment end of financial year 2018	554.966,77

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		Others liabilities		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debits and payable items (Note 9.1)	1.155.619,16	1.071.740,63	217.962,09	71.285,72	1.373.581,25	1.143.026,35

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debits and payable items (Note 9.1)	2.272.835,76	2.752.059,43	1.932.320,32	1.737.860,96	4.205.156,08	4.489.920,39

9.1) Debits and Payable Items

The breakdown as of December 31, 2018 and 2017 is as follows, in euros:

	Balance as of 31/12/2018		Balance as of 31/12/2017	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1,446,569,02	-	1,125,581,58
Creditors	-	212,433,28	-	373,877,19
Advances from costumers	-	188,622,38	-	178,843,85
Total balances for commercial transactions	-	1,847,624,68	-	1,678,302,62
For non-commercial operations:				
Debts with credit institutions	1,126,973,02	2,253,038,00	1,023,296,73	2,732,604,86
Other financial liabilities	28,646,14	19,797,76	48,443,90	19,454,57
Other debts	217,962,09	72,680,91	71,285,72	57,505,21
Debits and payable items	1,373,581,25	2,345,516,67	1,143,026,35	2,809,564,64
Staff (remuneration payable)	-	12,014,73	-	2,053,13
Total balances for non-commercial operations	1,373,581,25	2,357,531,40	1,143,026,35	2,811,617,77
Total debts and payable items	1,373,581,25	4,205,156,08	1,143,026,35	4,489,920,39

9.1.1) Debts with credit institutions

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

	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

The breakdown of debts with credit institutions at December 31, 2017 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1,342,318,02	-	1,342,318,02
Loans	1,064,033,12	1,023,296,73	2,087,329,85
Leasings	19,454,57	48,443,90	67,898,47
Discounted effects	326,253,72	-	326,253,72
	2,752,059,43	1,071,740,63	3,823,800,06

Loans

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

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

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

The detail of the bank loans as of December 31, 2017, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Loan 14	16/02/2018	300.000,00	117.800,86
Loan 16	30/04/2018	250.000,00	19.138,07
Loan 17	18/07/2018	300.000,00	38.442,23
Loan 18	10/10/2018	150.000,00	31.250,00
Loan 19	01/03/2018	300.000,00	25.938,71
Loan 21	12/03/2019	300.000,00	79.421,24
Loan 22	08/10/2019	250.000,00	17.384,56
Loan 24 (*)	15/10/2025	78.375,60	78.375,60
Loan 25	05/12/2018	400.000,00	136.408,37
Loan 27	30/04/2018	125.000,00	14.224,26
Loan 28	14/12/2019	300.000,00	153.090,09
Loan 29	25/02/2020	250.000,00	112.017,23
Loan 30	25/06/2020	150.000,00	95.489,26
Loan 31	14/12/2020	465.000,00	285.245,54
Loan 32	31/12/2020	287.619,11	176.715,34
Loan 34	31/03/2019	350.000,00	155.555,60
Loan 35	29/09/2019	500.000,00	255.479,33
Loan 36	02/11/2022	300.000,00	295.353,56
		5.055.994,71	2.087.329,85

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

Credit Lines

As of December 31, 2018, 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 1.329.790,09 euros (1.342.318,02 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2018, the Company has discount policies granted with a total limit amounting to 650.000 euros (875.000 euros at the end of the previous year), the amount of which is as follows to date 152.486,70 euros (326.253,72 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 2018 is 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

The detail at the close of fiscal year 2017 was as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	124.750,64

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 2018 is the following:

	Maturity years						Total
	2019	2020	2021	2022	2023	More than 5 years	
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	5.574.483,87

The breakdown of the maturity dates of the liability financial instruments at the close of 2017 is the following, in Euros:

Maturity years							
	2018	2019	2020	2021	2022	More than 5 years	Total
Financial debts:	2.752.059,43	609.407,97	279.410,16	83.391,37	71.359,29	28.171,84	3.823.800,06
Debts with credit institutions	2.732.604,86	589.610,21	259.263,16	74.892,23	71.359,29	28.171,84	3.755.901,59
Financial lease	19.454,57	19.797,76	20.147,00	8.499,14	-	-	67.898,47
Other debts	57.505,21	9.928,31	9.928,31	9.928,31	9.928,31	31.572,48	128.790,93
Commercial creditors and other payable items:	1.680.355,75	-	-	-	-	-	1.680.355,75
Suppliers	1.125.581,58	-	-	-	-	-	1.125.581,58
Sundry creditors	373.877,19	-	-	-	-	-	373.877,19
Advances from costumers	178.843,85	-	-	-	-	-	178.843,85
Staff	2.053,13	-	-	-	-	-	2.053,13
Total	4.489.920,39	619.336,28	289.338,47	93.319,68	81.287,60	59.744,32	5.632.946,74

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 350.000,00 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 and pending payment on the Closing Date Balance		
	Financial year 2018 Days	Financial year 2017 Days
Average payment period to suppliers	34,06	37,98
Ratio paid operations	34,89	38,94
Ratio of outstanding payment transactions	30,42	33,97
	Financial year 2018	Financial year 2017
	Amount	Amount
Total payments	8.269.485,73	6.607.903,37
Total outstanding payments	1.876.345,74	1.587.706,21

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.

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, 2018 and 2017, 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, 2018, 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, 2017, the company with a direct or indirect stake equal to or greater than 10% of the share capital is as follows, in euros:

	Nº Shares	% Shares
SESD, FCR	3.413.680	21,27%

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:

	31/12/2018	31/12/2017
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.394.506,07	1.652.257,38
Negative results from previous years	(3.330.474,77)	(3.623.521,52)
	(1.888.464,98)	(1.923.760,42)

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, 2018, the Parent Company holds own shares for an amount of 954.287,73 euros (935.557,23 euros in the previous year).

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances at 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	419.821,44	324.103,44	88.908,30	65.107.976,88	158,76	507.759,42	44.142,90
Cash	365.261,37	101.100,18	38.630,40	766.806.684,95	10.563,39	562.395,93	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 foreign currency balances as the end of the year 2017, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRA	DOP
CURRENT ASSETS	606.804,33	388.516,30	144.554,78	491.648.430,60	35.643,15	464.819,13
Trade debtors and other accounts receivable	384.861,02	309.202,95	136.701,00	18.654.657,00	-	10.323,14
Cash	221.943,31	79.313,35	7.853,78	472.993.773,60	35.643,15	454.495,99
CURRENT LIABILITIES	471.164,92	507.054,78	37.281,80	16.771.817,59	-	73.400,08
Trade creditors and other payable accounts	471.164,92	507.054,78	37.281,80	16.771.817,59	-	73.400,08

The most significant transactions carried out during the 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	-	945.946.956,69	-	4.412,74	97.779,72	33.192,46	-	-

The most significant transactions carried out during the financial year 2017 ended December 31, 2017, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	ZAR	BRL	DOP
Purchases and services received	602.243,38	120.817,03	40.113,49	8.920.780,00	420.005,164	116.557,23	39.960,76	508.630,15
Sales and services given	374.789,93	275.277,79	60.340,63	-	888.591.437	-	1.808,55	86.292,93

NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2018 and December 31, 2017, in euros:

	31/12/2018		31/12/2017	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred Tax Assets	2.980,95	-	138.100,65	-
	2.980,95	-	138.100,65	-
Current:				
Value Added Tax	8.799,51	54.529,31	16.159,83	15.081,92
Subsidies receivable (*)	34.932,78	-	27.732,78	-
Income Tax retentions	-	42.631,58	-	41.389,85
Company Tax	112.893,14	-	29.693,49	-
Social Security bodies	2.375,03	55.739,44	-	44.495,00
	159.000,46	152.900,33	73.586,10	100.966,77

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, 2018, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2013 to the 2018 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 2018 of the Parent Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six-months)			(208.753,80)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
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 conciliation of the net amount of income and expenses for the year 2017 of the Parent Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six-months)			(252.893,09)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	-	-	-
Permanent differences	604.143,32	-	604.143,32
Compensation of tax loss carryforwards			(351.250,23)
Taxable income (tax result)			-

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

	2018	2017
Charge at 25 % of Taxable Income	-	-
Deductions	-	-
Net tax payable	-	-
Less: withholdings and payments	(42,40)	(6.358,22)
Tax payable	(42,40)	(6.358,22)

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

	2018	2017
Current tax	5.411,75	226,20
Deferred tax	135.119,70	-
Total	140.531,45	226,20

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

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

The movement of deferred taxes generated and cancelled during financial year 2017 is detailed below in euros:

	Balance at 31/12/2016	Generated	Balance at 31/12/2017
Deferred tax assets:			
Tax credits	138.100,65	-	138.100,65

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 total amount capitalised in this connection amounts to 2.980,95 euros. The detail of the tax loss carry forwards to be offset in future years is as follows:

Year of Origin	Amount
2016	1.330.543,36
2017	138.100,65
	1.468.644,01

Deductions Pending Application

As of December 31, 2018, 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
	2.312.852,97

NOTE 15. INCOME AND EXPENSES

a) Supplies

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

	2018	2017
Consumption of merchandise		
Domestics	2.852.758,70	2.126.479,62
Intra-Community Acquisitions	1.917.330,74	802.677,96
Imports	1.565.359,28	1.709.313,29
	6.335.448,72	4.638.470,87

b) Staff expenses

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

	2018	2017
Company Social Security contributions	477.065,88	435.998,39
Other welfare costs	108.154,33	126.274,82
	585.220,21	562.273,21

c) Financial Results

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

	2018	2017
Financial incomes	465,50	17.688,78
Other financial incomes	465,50	17.688,78
Financial expenses	(92.120,88)	(131.462,99)
For debts with credit institutions	(92.120,88)	(131.462,99)
Change in fair value of financial instruments	(16.789,93)	(95.660,11)
Exchange differences	8.769,51	387,35
Impairments of financial assets	(16.708,41)	-
Financial Result Positive / (Negative)	(116.384,21)	(209.046,97)

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. EVENTS AFTER THE BALANCE SHEET DATE

After December 31, 2018, no significant events have occurred affecting the Group's Annual Accounts at that date.

NOTE 18. CONSOLIDATED EARNINGS

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
Lleidatrans Serveis Telemàtics, S.A.	(208.753,80)	-	(208.753,80)	-
Lleidatrans Serveis Telemàtics, LTD	(48.488,00)	100%	(48.488,00)	-
Lleidatrans USA Inc	(953,55)	100%	(953,55)	-
Lleidatrans Honduras, SA	-	70%	-	-
Lleidatrans 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%	-	-
Lleidatrans do Brasil Ltda	(13.633,16)	99,99%	(13.631,80)	(1,36)
Lleidatrans Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	(977,25)	100%	(977,25)	-
Lleidatrans Costa Rica	(7,64)	100%	(7,64)	-
Lleidatrans Perú	(23.406,00)	100%	(23.406,00)	-
			(293.555,25)	(3,08)

The following is the breakdown for the financial year 2017 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Earnings Attributed to Minority Interests
Lleidatrans Serveis Telemàtics, S.A.	(252.893,09)	-	(252.893,09)	-
Lleidatrans Serveis Telemàtics, LTD	(9.659,00)	100%	(9.659,00)	-
Lleidatrans USA Inc	(70.678,34)	100%	(70.678,34)	-
Lleidatrans Honduras, SA	-	70%	-	-
Lleidatrans Dominicana, SRL	(9.051,35)	99,98%	(9.049,54)	(1,81)
Lleida SAS	(83.435,14)	100%	(83.435,14)	-
Lleida Chile SPA	-	100%	-	-
Lleidatrans do Brasil Ltda	(11.812,17)	99,99%	(11.810,99)	(1,18)
Lleidatrans Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	(849,82)	100%	(849,82)	-
Lleidatrans Costa Rica	-	100%	-	-
Lleidatrans Perú	(77.163,71)	100%	(77.163,71)	-
			(515.539,63)	(2,99)

The adjustments made to the Earnings associated to Parent Company 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

The adjustments made to the Earnings associated to Parent Company in 2017 is as follows:

Individual earnings attributed to Parent Company	(515.539,63)
Consolidation adjustments:	
Deterioration elimination	575.000,00
Total	59.460,37

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

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

The remuneration accrued during the financial year 2018 by the Board of Directors of the Parent Company amounted to 72.000 euros (84.750 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 219.361,07 euros (176.895,88 euros in the previous year).

As of December 31, 2018, and 2017, 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 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

The average number of employees during the financial year 2017, 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:

2017				
	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	1	2	-
Administration	-	4	4	1
Commercial	6	8	14	-
Human Resources	17	4	21	-
Production	-	2	2	-
Maintenance	-	4	4	-
Reception	2	5	7	-
	-	1	1	-
TOTAL	26	29	55	1

The fees accrued for the individual and consolidated audit services in the financial statements for the year ended 31 December 2018 amounted to 21.250 euros (20.675 euros in the previous year). The fee for other verification services for the limited review of the interim financial statements amounted to 16.650 euros (14.700 euros in the previous year). In addition, the fees accrued for other services amounted to 2.000 euros (2.060 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 (same amount 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:

	2018		2017	
Business Areas (in thousands of euros)	Euros	%	Euros	%
Certified electronic communications	2.166	17%	1.763	18%
SMS Solutions	9.243	75%	7.221	72%
Data Validation	950	8%	825	9%
Other Operations	-	-	72	1%
Total	12.359	100%	9.881	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:

	2018		2017	
Description of geographic markets	Euros	%	Euros	%
Domestic	5.973.172,35	48,33%	5.459.558,03	55,25%
European Union	3.648.218,75	29,52%	2.580.077,37	26,11%
Rest of the World	2.738.142,48	22,15%	1.841.916,98	18,64%
Total	12.359.533,58	100%	9.881.552,38	100%

GROUP LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR
THE FINANCIAL YEAR 2018

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AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR
THE FINANCIAL YEAR 2018

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 2018.

1. EVOLUTION OF RESULT AND NET TURNOVER

For the company, 2018 was a year with significant growth rates in both sales and EBITDA.

Sales have grown in the SaaS line by 17%, consolidating Lleida.net as a reference in the contracting and notification sector. The continuous investment in R&D processes has allowed us to expand the range of services offered, as well as to improve the existing ones. The diversity of the range of products and the adaptability of the company to the needs of customers has allowed it to reach new customers and develop standard products for lower volume customers.

Internally developed processes are patented globally and create entry barriers to competition. Additionally, the European homologation of electronic delivery products certified by EIDAS, opens a range of possibilities at European level, Lleida.net being the only Spanish company that has the homologation and the Sixth at European level.

The business line that has grown the most this year is the line of SMS solutions for Wholesale. With a growth rate of 50%, which represents an increase of almost 2.2 million euros over the previous year, reflects that Lleida.net has become a key player in the sector. The technology developed internally has allowed to take advantage of business opportunities. The new international destination routes negotiated by the team have turned Lleida.net into a reference company within the market.

<i>Sales by business line - Thousand of euros</i>	2017	2018	Var. €	Var.%
SaaS Services	2.660	3.116	456	17%
SMS Solutions	2.827	2.668	-159	-6%
ICX WHOLESALE Solutions	4.394	6.575	2.181	50%
Total	9.881	12.359	2.478	25%

Data in thousand of euros	2017	2018	Var. €	Var.%
Sales	9.882	12.359	2.477	25%
Cost of sales	(4.638)	(6.335)	1.697	37%
Gross Margin	5.244	6.024	780	15%
Payroll	(2.242)	(2.443)	201	9%
External Services	(2.449)	(2.515)	66	3%
Other results	22	26	4	18%
Activations	849	787	(62)	-7%
EBITDA	1.424	1.879	455	32%
Amortizations	(1.078)	(1.152)	74	7%
Indemnities	(77)	(198)	121	157%
Profit from operations	269	529	260	97%
Financial Net Result	(114)	(84)	(30)	-26%
Impairment and gains or losses on dispos:	0	(17)	17	
Exchange Rate Difference	(96)	(16)	(80)	-83%
Profit before tax	59	412	353	598%

The Gross Margin has increased 15%, 780 compared to 2017, due to the increase in sales. The gross margin on sales stands at 49% while in 2017 it was 53%. The decrease is caused by the greater weight of Wholesale SMS sales over total sales.

In 2018, the company made a strong effort to attract talent. The average workforce has increased by 10 people, representing 19% over the previous year and has led to a 9% increase in cost. The main areas reinforced were the R&D&I department with the incorporation of personnel with higher degrees and the constitution of the compliance and Intellectual Properties departments.

External services expenses rose by 66 thousand euros this year, mainly due to the necessary consultancy and audit costs to obtain EIDAS approval and the costs of incorporating Lleida.net shares into trading on Euronext Growth in Paris. Additionally, an R&D collaboration amounting to more than 100 thousand euros has been allocated.

EBITA amounted to 1.9 million euros, accounting for 15.2% of sales, deriving both from the increase in sales and from more exhaustive cost control. Following the criterion of prudence, the group has opted to activate a lower amount of R&D activities in order to avoid possible fiscal contingencies, although the pace of R&D expenditure is maintained. This is the tenth quarter that the Group has positive EBITDA.

The company's result increased by 260.000 euros, an increase of 97%.

2. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to December 31, 2018 and up to the date of preparation of this Directors' Report, there have been no subsequent events, in addition to those already mentioned in the Notes to the annual accounts, which highlight circumstances that already existed at 31 December 2018 and which, due to the importance of their economic impact, should lead to adjustments in the financial statements or modifications to the information contained in the Explanatory Notes.

Nor are there any subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist at December 31, 2018 and that are of such importance that they require additional information in the Explanatory Notes to the annual accounts.

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 2018, the Company invested 787 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.

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 12 August 2018 following the agreement of the Board of Directors on August 7, 2017.

At 31 December 2018, the company held 992,257 shares with a valuation on that date of 930,068.51 euros, representing 6.18% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2018, 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.

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

In compliance with company law, the Sole Director of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Interim Consolidated Financial Statements and the Consolidated Director's Report for the financial year 2018, which comprises the attached pages number 1 to 45.

Madrid, March 25, 2019
The Board of Directors



Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer



Mr. Marcos Gallardo Meseguer
Secretary



Mr. Miguel Pérez Subias
Independent Director



Mr. Antonio López del Castillo
Independent Director



Mr. Jordi Carbonell i Sebarroja
Independent Director



Mrs. Arrate María Usandizaga Ruíz
Executive Director



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



Institut Català de Finances Capital,
S.G.E.I.C., S.A.U.
Represented by
Mr. Emilio Gómez Jané
External Director

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LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

**ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR FINANCIAL
YEAR 2018 TOGETHER WITH THE AUDIT REPORT ON ANNUAL
ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR**

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



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Annual Accounts and Director's Report
for financial year 2018 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 2018:

Balance Sheets as of December 31, 2018 and 2017
Profit and Loss Accounts for the financial years 2018 and 2017
Statement of Changes in Partner's Equity for the financial years 2018 and 2017
Cash-Flow Statement for the financial years 2018 and 2017
Notes to the accounts for the financial year 2018

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2018



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

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

**Audit report on the financial statements
Issued by an independent auditor**

To the Shareholders of **LLEIDANETWORKS SERVEIS TELEMÀTICS, 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, 2018, 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, 2018, 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.

Key audit issues	Audit response
<p>Valuation of capitalized research expenditures</p> <p>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.</p>	<p>We have carried out the following audit procedures, among others:</p> <ul style="list-style-type: none">- Understanding of the policies and procedures applied by the Company for the capitalization of research expenses.- 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 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 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 information breakdowns.

Valuation of investments, loans and balances with group companies

As described in notes 4.d, 8, 9 and 19 to the accompanying notes to the financial statements, investments in group companies together with the balances of group customers balances and other loans represent, on an aggregate basis, 16.62% 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.

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

- Understanding of the policies and procedures applied by the Company regarding the valuation of investments and group balances.
 - We have analysed the evolution of the holdings, loans and balances of the various subsidiaries during the year as well as their indications of impairment.
 - We have analysed the situation of the different subsidiaries, comparing the actual results for 2018 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 2018, we have questioned the corresponding adaptation, if any, of future flows in this year'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.
-

Application of the going concern principle

Due to the fact that the Company has historically presented negative working capital and given the degree of indebtedness that the Company maintains at year-end and which represents 38% of its liabilities, (40% in 2017), it is necessary for the Company to comply with its business plan, as well as to obtain new financing through new loans and renewal of credit policies. During the financial year 2018, as well as during the financial year 2019, up to the date of this report, the Company is generating positive cash flow and the renewal of policies is taking place. The net financial debt has gone from 2.639 thousand Euros in 2017 to 2.272 thousand Euros in 2018, it means a decrease of 14% in one fiscal year.

These circumstances are causing and mitigating factors of doubt regarding the application of the going concern principle in the formulation of annual accounts, whose evaluation involves value judgements and estimates. For these reasons, we considered the application of the going concern principle as a key issue in our audit.

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

- Understanding of the policies and procedures applied by the Company in the estimation process of the Business Plan and Treasury Budget.
- Obtaining the Business Plan and Treasury Budget prepared by the Company's Management.
- Obtaining supporting documentation relating to both the taking out of new loans and the renewal of credit policies at maturity.
- We have analysed the reasonableness of the estimates and assumptions of the Business Plan and Treasury Budget, made by the Company's directors, through meetings with management and verification of contrastable data, both of the key hypotheses used, as well as concordance of these with those used in previous periods by the Company.
- We have evaluated the goodness of the forecasts of the Direction comparing the deviations and reasons of these between the budgeted figures and the real ones corresponding to the last fiscal years.
- We have analysed the degree of compliance with both the Business Plan and the Treasury Budget based on 2018 figures, and we have analysed the financial situation to date.
- 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, note 2.d of the attached report includes the aforementioned breakdown of information.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2018, 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 2018 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.

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 9, 2019.

Contract period

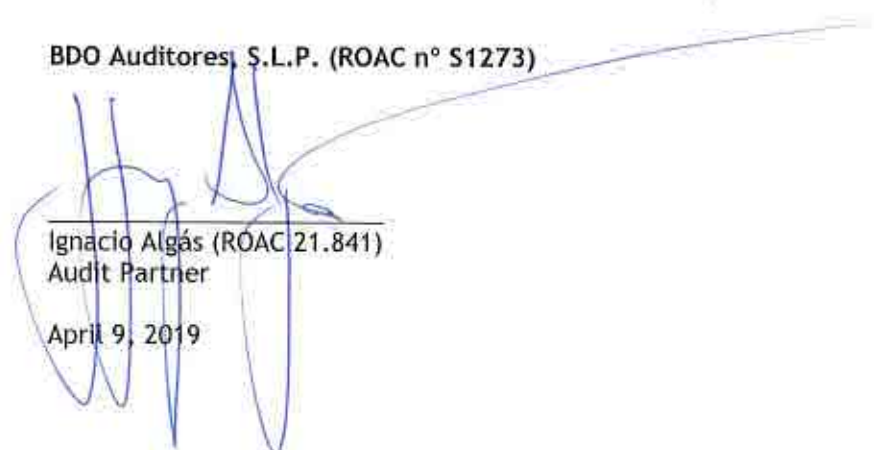
The Extraordinary General Shareholders' Meeting held on June 13, 2016 appointed us as the Company's auditors for a period of three years, starting from the year ended December 31, 2016.

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.

BDO Auditores, S.L.P. (ROAC n° S1273)



Ignacio Algás (ROAC 21.841)
Audit Partner

April 9, 2019

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2018

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017**

(Stated in Euros)

ASSETS	Notes to the Annual Accounts	31/12/2018	31/12/2017
NON-CURRENT ASSETS		4.812.707,36	5.772.485,78
Intangible assets	Note 5	3.841.712,39	3.847.507,50
Research		2.702.887,98	2.827.141,69
Patents, licenses, trade marks and similar		533.761,72	323.019,98
Computer applications		31.537,64	40.976,94
Other intangible assets		573.525,05	656.368,89
Tangible fixed assets	Note 6	337.969,59	377.513,50
Land and buildings		163.217,11	143.327,21
Technical installations and other tangible fixed assets		174.752,48	234.186,29
Long-term investments in group and affiliated companies		444.204,73	1.222.726,43
Equity instruments	Note 9	162.762,39	471.125,58
Loans to companies	Notes 8.2 y 19.1	281.442,34	751.600,85
Long-term financial investments		185.839,70	186.637,70
Equity instruments	Note 8.3	154.077,40	154.077,40
Other financial assets	Note 8.2	31.762,30	32.560,30
Deferred Tax Assets	Note 15	2.980,95	138.100,65
CURRENT ASSETS		4.976.372,02	4.189.323,61
Trade and other receivables		3.131.672,82	2.528.890,99
Client receivables for sales and services	Note 8.2	1.985.476,55	1.961.360,12
Clients of the Group and affiliated companies	Notes 8.2 y 19.1	1.018.177,08	486.126,80
Sundry debtors	Notes 8.2	76.772,54	38.664,42
Staff	Notes 8.2	4.280,40	4.625,00
Current tax assets	Note 15	6.400,62	7.768,09
Other receivables from Public Authorities	Note 15	40.565,63	30.346,56
Short-term investments in group and affiliated companies	Note 8.2 y 19.1	164.725,64	124.698,86
Loans to companies		164.725,64	124.698,86
Short-term financial investments	Note 8.2	703.005,50	1.012.416,64
Other financial assets		703.005,50	1.012.416,64
Short-term accruals		233.061,91	223.209,81
Cash and cash equivalents	Note 8.1	743.906,15	300.107,31
Cash		743.906,15	300.107,31
TOTAL ASSETS		9.789.079,38	9.961.809,39

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017
(Stated in Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2018	31/12/2017
EQUITY		3.790.079,13	4.041.719,06
Equity		3.790.079,13	4.041.719,06
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	1.442.009,79	1.466.165,42
Legal and statutory		47.503,72	47.503,72
Other Reserves		1.394.506,07	1.418.661,70
(Shares and own holdings in equity)	Note 13.4	(954.287,73)	(935.557,23)
Retained earnings		(2.054.232,27)	(1.801.339,18)
Financial year's earnings		(208.753,80)	(252.893,09)
NON-CURRENT LIABILITIES		1.373.581,25	1.143.026,35
Long-term debts	Note 10.1	1.373.581,25	1.143.026,35
Debts with credit institutions		1.126.973,02	1.023.296,73
Financial-lease debt		28.646,14	48.443,90
Other financial liabilities		217.962,09	71.285,72
CURRENT LIABILITIES		4.625.419,00	4.777.063,98
Short-term provisions		85.450,00	31.320,00
Short-term debts	Note 10.1	2.345.516,67	2.808.916,88
Debts with credit institutions		2.253.038,00	2.732.604,86
Financial-lease debt		19.797,76	19.454,57
Other financial liabilities		72.680,91	56.857,45
Trade and other payables		2.194.452,33	1.936.827,10
Suppliers	Note 10.1	1.462.172,12	1.080.209,19
Suppliers, group and affiliated companies	Note 10.1 y 19.1	245.540,89	233.022,50
Sundry creditors	Note 10.1	168.632,73	346.474,52
Staff (remuneration payable)	Note 10.1	-	297,60
Other debts with Public Authorities	Note 15	129.484,21	97.979,44
Advances from clients	Note 10.1	188.622,38	178.843,85
TOTAL EQUITY AND LIABILITIES		9.789.079,38	9.961.809,39

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

PROFIT AND LOSS ACCOUNTS
FOR THE FINANCIAL YEARS 2018 AND 2017
(Stated in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2018	2017
Net turnover	Note 21	12.078.022,12	9.655.779,89
Net sales		12.078.022,12	9.655.779,89
Work performed by the company for its assets	Note 5	786.636,39	848.957,59
Supplies	Note 16.a	(6.286.002,77)	(4.677.342,31)
Goods consumed		(6.286.002,77)	(4.677.342,31)
Other operating income		22.584,72	42.600,70
Ancillary and other current operating income		931,22	1.942,46
Operating grants income		21.653,50	40.658,24
Staff expenses		(2.597.706,51)	(2.274.996,98)
Wages, salaries and the like		(2.012.486,30)	(1.712.723,77)
Fringe benefits	Note 16.b	(585.220,21)	(562.273,21)
Other operating expenses		(2.262.761,06)	(2.157.148,64)
External charges for services		(2.202.122,56)	(2.040.115,56)
Taxes		(43.886,02)	(30.157,54)
Losses, Impairment and change in trade provisions		(16.281,28)	(86.875,54)
Other current operating expenses		(471,20)	-
Amortization of fixed assets	Notes 5 y 6	(1.148.114,84)	(1.073.727,05)
Other earnings		3,44	(27,48)
OPERATING EARNINGS		592.661,49	364.095,72
Financial income	Note 16.c	40.492,28	62.662,82
Income from negotiable securities and other financial instruments, group and affiliated companies		40.026,78	45.480,58
Other income from negotiable securities and other third-party financial instruments		465,50	17.182,24
Financial expenses	Note 16.c	(91.219,17)	(96.184,56)
For debts with third parties		(91.219,17)	(96.184,56)
Exchange differences	Note 16.c	(33.441,01)	(8.467,07)
Impairments and earnings for disposals of financial instruments	Note 16.c	(582.127,69)	(575.000,00)
Impairments and losses		(582.127,69)	(575.000,00)
FINANCIAL EARNINGS		(666.295,59)	(616.988,81)
PRE-TAX EARNINGS		(73.634,10)	(252.893,09)
Profit tax	Note 15	(135.119,70)	-
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		(208.753,80)	(252.893,09)
FINANCIAL YEAR'S EARNINGS		(208.753,80)	(252.893,09)

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

STATEMENT OF CHANGES IN PARTNER'S EQUITY
TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2018 AND 2017
 (Stated in Euros)

	Share Capital	Own Shares	Issue Premium	Reserves	Retained Earnings	Financial Year's Earnings	Total
BALANCE END OF YEAR 2016	320.998,86	(898.227,80)	5.244.344,28	1.508.535,28	(394.001,94)	(1.407.337,24)	4.374.311,44
Total recognized income and expenses	-	-	-	-	-	(252.893,09)	(252.893,09)
Transactions with shareholders or owners	-	(37.329,43)	-	(42.369,86)	-	-	(79.699,29)
Capital increases	-	-	-	-	-	-	-
Operation with own shares	-	(37.329,43)	-	(42.369,86)	-	-	(79.699,29)
Other changes in equity	-	-	-	-	(1.407.337,24)	1.407.337,24	-
Distribution of earnings from the previous financial year	-	-	-	-	(1.407.337,24)	1.407.337,24	-
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	-	(18.730,50)	-	(24.155,63)	-	-	(42.886,13)
Capital increases	-	-	-	-	-	-	-
Operation with own shares	-	(18.730,50)	-	(24.155,63)	-	-	(42.886,13)
Other changes in equity	-	-	-	-	(252.893,09)	252.893,09	-
Distribution of earnings from the previous financial year	-	-	-	-	(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

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

CASH FLOW STATEMENT
FOR FINANCIAL YEARS 2018 AND 2017
 (Stated in Euros)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	1.191.004,09	1.307.915,43
Financial year's pre-tax earnings	(73.634,10)	(252.893,09)
Adjustments to earnings	1.851.380,70	1.641.441,88
Amortization of fixed assets	1.148.114,84	1.073.727,05
Valuation changes for impairment	598.408,97	661.875,54
Variation of provisions	54.130,00	(127.682,45)
Financial incomes	(40.492,28)	(62.662,82)
Financial expenses	91.219,17	96.184,56
Changes in current capital	(372.657,45)	78.787,10
Trade and other receivables	(620.430,58)	(411.204,05)
Other current assets	(9.852,10)	944,47
Trade and other payables	257.625,23	489.046,68
Other cash flow from operating activities	(214.085,06)	(159.420,46)
Interest payments	(91.219,17)	(96.184,56)
Interest incomes	(124.233,36)	(62.036,04)
Tax income	1.367,47	(1.199,86)
CASH FLOW FROM INVESTMENT ACTIVITIES	(471.473,81)	(1.049.608,49)
Payments for investments	(1.102.775,82)	(1.209.948,60)
Intangible fixed assets	(1.018.267,51)	(1.174.190,27)
Tangible fixed assets	(84.508,31)	(35.758,33)
Proceeds from disposals	631.302,01	160.340,11
Group and affiliated companies	321.092,87	71.951,28
Other financial assets	310.209,14	88.388,83
CASH FLOW FROM FINANCING ACTIVITIES	(275.731,44)	(1.236.262,60)
Receipts and payments for equity instruments	(42.886,13)	(79.699,29)
Acquisition of own equity instruments	(42.886,13)	(79.699,29)
Collections and payments for financial liability instruments	(232.845,31)	(1.156.563,31)
Issuing:	1.107.499,83	-
Amounts owed to credit institutions	945.000,00	-
Others	162.499,83	-
Repayment and amortization of:	(1.340.345,14)	(1.156.563,31)
Amounts owed to credit institutions	(1.340.345,14)	(1.108.864,65)
Others	-	(47.698,66)
NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS	443.798,84	(977.955,66)
Cash or cash equivalents at start of financial year	300.107,31	1.278.062,97
Cash or cash equivalents at end of financial year	743.906,15	300.107,31

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2018

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, de 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, 2018, this will simply stated as "financial year 2018".

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 2018 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:

- Evaluation of the operating principle:
 - o The Company has historically presented negative working capital and given the degree of indebtedness that the Company maintains at year-end and which represents 38% of its liabilities (40% in 2017), it is necessary for the Company to comply with its business plan, as well as to obtain new financing through new loans and renewal of credit policies. During 2018 and 2019, up to the date of preparation of these financial statements, the Company is generating positive cash flows and credit lines are being renewed. The net financial debt has gone from 2.639 thousand Euros in 2017 to 2.272 thousand Euros in 2018, it means a decrease of 14% in one fiscal year.

- Possible impairment of assets: investments, loans and balances with group companies (Note 4-d):
 - o At 31 December 2018, 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 2018, 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 2018, 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 2018 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 2018 and 2017, drawn up by the Board of Directors are shown below, in Euros:

	2018	2017
Distribution base:		
Profits obtained/ (Generated losses) in the financial year	(208.753,80)	(252.893,09)
Distribution to:		
Compensation of previous years losses	(208.753,80)	(252.893,09)

The unamortised balances of research and development expenses totalled 2.702.887,98 euros in 2018 (2.827.141,69 euros in 2017). 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 2018 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 straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

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

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

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

At the financial year's closure, the 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, 2018, 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) Profit Tax

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

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

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

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

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

In each closing balance sheet the book value of the recognized deferred tax assets is 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:

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

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

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

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

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

NOTE 5. INTANGIBLE FIXED ASSETS

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

	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)	-	-	(7.424.990,57)
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 2017 are as follows:

	31/12/2016	Additions	De-Recognition	Transfers	31/12/2017
Cost:					
Research	8.492.284,57	848.957,59	-	-	9.341.242,16
Industrial Property	188.966,60	-	-	199.584,39	388.550,99
Computer applications	180.706,33	40.951,57	-	-	221.657,90
Advances for intangible fixed assets	571.672,17	284.281,11	-	(199.584,39)	656.368,89
	9.433.629,67	1.174.190,27	-	-	10.607.819,94
Accumulated amortization:					
Research	(5.594.085,96)	(920.014,51)	-	-	(6.514.100,47)
Industrial Property	(27.344,34)	(38.186,67)	-	-	(65.531,01)
Computer applications	(170.663,60)	(10.017,36)	-	-	(180.680,96)
	(5.792.093,90)	(968.218,54)	-	-	(6.760.312,44)
Intangible Fixed Assets, Net	3.641.535,77	205.971,73	-	-	3.847.507,50

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, 2018 and at December 31, 2017, is the following, stating their cost values in Euros:

	31/12/2018	31/12/2017
Research	5.472.949,24	4.786.791,68
Patents	26.783,16	1.376,84
Computer applications	167.566,20	167.566,20
	5.667.298,60	4.955.734,72

NOTE 6. TANGIBLE FIXED ASSETS

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

	31/12/2017	Additions	Transfers	31/12/2018
Cost:				
Land and buildings	172.228,55	24.957,19	-	197.185,74
Technical installations and machinery	252.969,45	-	-	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, 2017 is as follows, in Euros:

	31/12/2016	Additions	Transfers	31/12/2017
Cost:				
Land and buildings	172.228,55	-	-	172.228,55
Technical installations and machinery	252.969,45	-	-	252.969,45
Other installations, tools and furniture	79.150,73	-	-	79.150,73
Data processing equipment	247.119,62	35.758,33	78.051,00	360.928,95
Other tangible fixed assets	3.087,87	-	-	3.087,87
Cost:	78.051,00	-	(78.051,00)	-
	832.607,22	35.758,33	-	868.365,55
Accumulated amortization:				
Land and buildings	(24.595,63)	(4.305,71)	-	(28.901,34)
Technical installations and machinery	(159.555,14)	(20.553,40)	-	(180.108,54)
Other installations, tools and furniture	(38.197,68)	(7.356,08)	-	(45.553,76)
Data processing equipment	(160.349,25)	(72.851,29)	-	(233.200,54)
Other tangible fixed assets	(2.645,84)	(442,03)	-	(3.087,87)
	(385.343,54)	(105.508,51)	-	(490.852,05)
Tangible Fixed Assets, Net	447.263,68	(69.750,18)	-	377.513,50

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, 2018 and at December 31, 2017, is shown below stating their cost values in Euros:

	31/12/2018	31/12/2017
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	148.061,46	129.448,92
	191.530,16	172.917,62

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial lease agreements as of December 31, 2018, 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	04/05/2017	48.433,90

The following is the total amount of future payments in financial leases as of December 31, 2018, in euros:

	Financial year 2018
Total amount of minimum future payments at the close of the year	47.803,56
(-) Non-accrued financial expenses	(1.066,93)
Value of the purchase option	1.707,27
Current value at the close of the year	48.443,90

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2018 is 247.950,62 euros (271.853,24 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:

	2018	2017
Up to 1 year	254.733,36	225.542,02
Between 1 and 5 years	149.266,52	160.606,02
More of 5 years	152.242,20	170.695,80
	556.242,08	556.843,84

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments		Credits and Others Financial Assets	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loans and receivable items (Note 8.2)	-	-	313.204,64	784.161,15
Financial assets available for sale (Note 8.3)	154.077,40	154.077,40	-	-
Total	154.077,40	154.077,40	313.204,64	784.161,15

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

	Credits and Others Financial Assets	
	31/12/2018	31/12/2017
Assets at fair value through the profit and loss:		
Cash or other liquid assets (Note 8.1)	743.906,15	300.107,31
Loans and receivable items (Note 8.2)	3.952.437,71	3.627.891,84
Total	4.696.343,86	3.927.999,15

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, 2018 and 2017 is as follows, in euros:

	Balance at 31/12/2018	Balance at 31/12/2017
Current Accounts	736.226,19	290.188,35
Cash	7.679,96	9.918,96
Total	743.906,15	300.107,31

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2018 and 2017 is the following:

	Balance at 31/12/2018		Balance at 31/12/2017	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Costumers	-	1.985.476,55	-	1.961.360,12
Related party customers (Note 19.1)	-	1.018.177,08	-	486.126,80
Debtors	-	76.772,54	-	38.664,42
Total loans and receivables items for commercial transactions	-	3.080.426,17	-	2.486.151,34
Loans and receivables for non-commercial transactions				
Group Companies (Note 19.1)	281.442,34	164.725,64	751.600,85	124.698,86
Staff	-	4.280,40	-	4.625,00
Short-term deposits (*)	-	703.005,50	-	1.012.416,64
Securities and deposits	31.762,30	-	32.560,30	-
Total loans and receivables for non-commercial transactions	313.204,64	872.011,54	784.161,15	1.141.740,50
Total	313.204,64	3.952.437,71	784.161,15	3.627.891,84

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

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

	Amount
Accumulated impairment end of financial year 2016	488.139,83
Impairment losses on trade receivables	66.406,66
Accumulated impairment end of financial year 2017	554.546,49
Impairment losses on trade receivables	-
Accumulated impairment as of June 30, 2018	554.546,49

The balances of credits for non-trade operations to group companies include an impairment of 575,000 euros of the Lleidanetworks Group company Serveis Telemàtics, LTD and an impairment of 177,961.60 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, 2018, is as follows:

Company	% Direct Equity	Cost	Impairments	Net value at 31/12/2018	Theoretical book value 31/12/2018
Group companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(628.609,00)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(647.817,72)
Lleidanet Honduras, SA	70%	659,05	-	659,05	659,05
Lleidanet Dominicana, SRL	99,98%	10.127,97	-	10.127,97	(10.666,96)
Lleida SAS	100%	147.789,60	-	147.789,60	54.350,94
Lleida Chile SPA	100%	3.256,83	-	3.256,83	3.256,83
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(22.558,84)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	3.234,00
Portabilidades Españolas, S.A.	100%	3.000,00	-	3.000,00	(202,13)
Lleidanet Costa Rica	100%	16,06	-	16,06	(87,84)
Lleidanet Perú	100%	268,09	-	268,09	(104.375,18)
Desembolsos pendientes Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Desembolsos pendientes Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Desembolsos pendientes 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)	-	20.356,32
Total		566.928,48	(404.166,09)	162.762,39	(1.332.460,53)

Valuation Corrections

In 2018, the Company has fully impaired its holdings in Lleidanet USA, Inc and Lleida Networks India Private Limited. This had an impact on the profit and loss account of 406.166,09 euros.

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

Lleidatrans Serveis Telemàtics, LTD

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

Lleidatrans 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 Lleidatrans USA Inc. for 397.515,00 euros which Lleidatrans Serveis Telemàtics, S.A. subscribed in entirety.

Lleidatrans Honduras, S.A.

Its registered office in Tegucigalpa (Honduras), it was incorporated on January 11, 2012 subscribing, Lleidatrans 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.

Lleidatrans Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidatrans 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, Lleidatrans 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 Lleidatrans 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, Lleidatrans 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, Lleidatrans 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

Lleidatnet do Brasil Ltda

With its registered office in Sao Paulo (Brazil), it was incorporated on October 2, 2013 subscribing, Lleidatnetworks 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.

Lleidatnet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidatnetworks 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.A.

Incorporated on December 4, 2015, subscribing, Lleidatnetworks 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.

Lleidatnet 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.

Lleidatnet 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 2018 is as follows, in euros:

Company	Share Capital	Reserves	Retained earnings	Profit of the year	Other Movements	Total Equity
Group Companies						
Lleidanetworks serveis Telemàtics, LTD	4,00	-	(580.125,00)	(48.488,00)	-	(628.609,00)
Lleidanet USA Inc	397.591,09	-	(1.044.455,26)	(70.678,34)	-	(647.817,72)
Lleidanet Honduras, SA (**)	941,50	-	-	-	-	941,50
Lleidanet Dominicana, SRL	10.128,98	-	(12.195,76)	(8.602,31)	-	(10.669,09)
Lleida SAS	64.969,26	-	(21.881,70)	11.263,38	-	54.350,94
Lleida Chile SPA (**)	3.256,83	-	-	-	-	3.256,83
Lleidanet do Brasil Ltda	10.801,08	-	(19.729,02)	(13.633,16)	-	(22.561,10)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	-	4.042,50
Portabilidades Españolas, S.A. (**)	3.000,00	-	(2.224,88)	(977,25)	-	(202,13)
Lleidanet Costa Rica (**)	16,06	-	(96,26)	(7,64)	-	(87,84)
Lleidanet Perú	268,09	-	(81.237,27)	(23.406,00)	-	(104.375,18)
Affiliated companies:						
Lleida Networks India Private Limited (*)	26.300,00	83.415,22	-	(28.289,93)	-	81.425,29

(*) Figures at March 31, 2017

(**) Without activity in the year 2018

The summary of the equity of the investees at 31 December 2017 is as follows, in euros:

Company	% Direct Equity	Cost	Net value at 31/12/2017	Theoretical book value 31/12/2017
Group Companies:				
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	4,00	(623.468,43)
Lleidanet USA Inc	100%	397.591,09	397.591,09	(646.864,36)
Lleidanet Honduras, SA	70%	659,05	659,05	659,05
Lleidanet Dominicana, SRL	99,98%	10.127,97	10.127,97	(6.837,25)
Lleida SAS	100%	51.986,70	51.986,70	(45.206,84)
Lleida Chile SPA	100%	3.256,83	3.256,83	3.526,83
Lleidanet do Brasil Ltda	99,99%	10.800,00	10.800,00	(8.926,45)
Lleidanet Guatemala	80%	3.234,00	3.234,00	3.234,00
Portabilidades Españolas, S.A.	100%	3.000,00	3.000,00	775,13
Lleidanet Costa Rica	100%	16,06	16,06	16,06
Lleidanet Perú	100%	268,09	268,09	(80.848,42)
Desembolsos pendientes Lleidanet USA		(2.349,36)	(2.349,36)	-
Desembolsos pendientes Lleidanet Honduras, SA		(659,05)	(659,05)	-
Desembolsos pendientes 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	20.356,32
Total		471.125,58	471.125,58	(1.383.584,36)

NOTE 10. FINANCIAL LIABILITIES

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debits and payable items (Note 10.1)	1.155.619,16	1.071.740,63	217.962,09	71.285,72	1.373.581,25	1.143.026,35

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

	Debts with credit institutions		Others liabilities		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debits and payable items (Note 10.1)	2.272.835,76	2.752.059,43	2.137.649,03	1.895.705,11	4.410.484,79	4.647.764,54

10.1) Debits and Payable Items

The breakdown as of December 31, 2018 and at December 31, 2017 is as follows, in euros:

	Balance as of 31/12/2018		Balance as of 31/12/2017	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.462.172,12	-	1.080.209,19
Suppliers (Related parties) (Note 19.1)	-	245.540,89	-	233.022,50
Creditors	-	168.632,73	-	346.474,52
Advances from costumers	-	188.622,38	-	178.843,85
Total balances for commercial transactions	-	2.064.968,12	-	1.838.550,06
For non-commercial operations:				
Debts with credit institutions	1.126.973,02	2.253.038,00	1.023.296,73	2.732.604,86
Other financial liabilities	28.646,14	19.797,76	48.443,90	19.454,57
Other debts	217.962,09	72.680,91	71.285,72	56.857,45
Debits and payable items	1.373.581,25	2.345.516,67	1.143.026,35	2.808.916,88
Staff (remuneration payable)	-	-	-	297,60
Total balances for non-commercial operations	1.373.581,25	2.345.516,67	1.143.026,35	2.809.214,48
Total debts and payable items	1.373.581,25	4.410.484,79	1.143.026,35	4.647.764,54

10.1.1) Debts with credit institutions

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

	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

The breakdown of debts with credit institutions at December 31, 2017 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1.342.318,02	-	1.342.318,02
Loans	1.064.033,12	1.023.296,73	2.087.329,85
Leasings	19.454,57	48.443,90	67.898,47
Discounted effects	326.253,72	-	326.253,72
	2.752.059,43	1.071.740,63	3.823.800,06

Loans

The detail of the bank loans as of June 30, 2018, expressed in Euros, is the following:

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

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

The detail of the bank loans as of December 31, 2017, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Loan 14	16/02/2018	300.000,00	117.800,86
Loan 16	30/04/2018	250.000,00	19.138,07
Loan 17	18/07/2018	300.000,00	38.442,23
Loan 18	10/10/2018	150.000,00	31.250,00
Loan 19	01/03/2018	300.000,00	25.938,71
Loan 21	12/03/2019	300.000,00	79.421,24
Loan 22	08/10/2019	250.000,00	17.384,56
Loan 24 (*)	15/10/2025	78.375,60	78.375,60
Loan 25	05/12/2018	400.000,00	136.408,37
Loan 27	30/04/2018	125.000,00	14.224,26
Loan 28	14/12/2019	300.000,00	153.090,09
Loan 29	25/02/2020	250.000,00	112.017,23
Loan 30	25/06/2020	150.000,00	95.489,26
Loan 31	14/12/2020	465.000,00	285.245,54
Loan 32	31/12/2020	287.619,11	176.715,34
Loan 34	31/03/2019	350.000,00	155.555,60
Loan 35	29/09/2019	500.000,00	255.479,33
Loan 36	02/11/2022	300.000,00	295.353,56
		5.055.994,71	2.087.329,85

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

Credit Lines

As of December 31, 2018, 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 1.329.790,09 euros (1.342.318,02 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2018, the Company has discount policies granted with a total limit amounting to 650.000 euros (875.000 euros at the end of the previous year), the amount of which is as follows to date 152.486,70 euros (326.253,72 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 2018 is 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

The detail at the close of fiscal year 2017 was as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 1	29/04/2020	336.737,98	124.750,64

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, 2018 is the following, in Euros:

Maturity years							
	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:	2.064.968,12	-	-	-	-	-	2.064.968,12
Suppliers	1.462.172,12	-	-	-	-	-	1.462.172,12
Suppliers (related parties)	245.540,89	-	-	-	-	-	245.540,89
Sundry creditors	168.632,73	-	-	-	-	-	168.632,73
Advances from costumers	188.622,38	-	-	-	-	-	188.622,38
Total	4.410.484,79	563.284,89	324.830,52	287.607,68	164.632,23	28.972,47	5.779.812,58

The breakdown of the maturity dates of the liability financial instruments at the close of 2017 is the following, in Euros:

Maturity years							
	2018	2019	2020	2021	2022	More than 5 years	Total
Financial debts:	2.752.059,43	609.407,97	279.410,16	83.391,37	71.359,29	28.171,84	3.823.800,06
Debts with credit institutions	2.732.604,86	589.610,21	259.263,16	74.892,23	71.359,29	28.171,84	3.755.901,59
Financial lease	19.454,57	19.797,76	20.147,00	8.499,14	-	-	67.898,47
Other debts	56.857,45	9.928,31	9.928,31	9.928,31	9.928,31	33.698,21	130.268,90
Commercial creditors and other payable items:	1.659.706,21	-	-	-	-	-	1.659.706,21
Suppliers	1.080.209,19	-	-	-	-	-	1.080.209,19
Suppliers (related parties)	233.022,50	-	-	-	-	-	233.022,50
Sundry creditors	346.474,52	-	-	-	-	-	346.474,52
Total	4.468.623,09	619.336,28	289.338,47	93.319,68	81.287,60	61.870,05	5.613.775,17

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 350.000,00 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 2018 Days	Financial Year 2017 Days
Average payment period	34,06	37,98
Paid operations ratio	34,89	38,94
Outstanding payments operations ratio	30,42	33,97
	Financial Year 2018 Euros	Financial Year 2017 Euros
Total payments paid	8.269.485,73	6.607.903,37
Total outstanding payments	1.876.345,74	1.587.706,21

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, 2018, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

As of December 31, 2017, the companies with a direct or indirect stake equal to or greater than 10% of the share capital were as follows:

	Nº Shares	% Shares
SESD, FCR	3.413.680	21,27%

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:

	31/12/2018	31/12/2017
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.394.506,07	1.418.661,70
	1.442.009,79	1.466.165,42

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, 2018, 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, 2018, the Parent Company holds own shares for an amount of 954.287,73 euros (935.557,23 euros at the end of the previous year).

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2018, totaled in euros and broken down into their foreign currency equivalent, are 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 foreign currency balances as of December 31, 2017, totaled in euros and broken down into their foreign currency equivalent, were as follows:

	EUROS	USD	GBP
CURRENT ASSETS			
Trade debtors and other accounts	37.192,96	44.197,69	267,39
CURRENT LIABILITIES			
Trade creditors and other payable accounts	51.380,74	60.724,82	-

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	1.108.095,49	963.609,63	226.826,53	7.546.771	12.983.584	118.913	332.715,14	2.745,10	4.492,50
Sales and services given	64.744,85	76.754,09	54,96						

The most significant transactions carried out during the financial year 2017 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	ZAR
Purchases and services received	733.708,31	726.114,45	59.937,81	8.920.780,00	116.557,23
Sales and services given	88.089,07	97.248,05	317,83	-	-

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2018 and 2017 in Euros:

	31/12/2018		31/12/2017	
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	2.980,95	-	138.100,65	-
Current:				
Value Added Tax	3.257,82	38.711,70	2.613,78	13.014,27
Grants to be paid (*)	34.932,78	-	27.732,78	-
Income Tax retentions	-	36.761,47	-	40.470,17
Social Security bodies	6.400,62	54.011,04	7.768,09	-
Income tax	2.375,03	-	-	44.495,00
	46.966,25	129.484,21	38.114,65	97.979,44

(*) The amount of this heading relates mainly to a grant received in the previous year for the acquisition of fixed assets and miscellaneous service expenses. (See Note 19)

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, 2018, the Company has all the taxes to which it is subject from 2014 to 2018 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 2018 with the tax base of the profit tax is:

Profit and Loss Account			
Financial year's earnings (After taxes)			(208.753,80)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
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 conciliation of the net amount of income and expenses for the year 2017 with the tax base of the profit tax is:

Profit and Loss Account			
Financial year's earnings (After taxes)			(252.893,09)
	Increases	Decreases	Net effect
Profit Tax	-	-	-
Permanent differences	604.143,32	-	604.143,32
Offset of negative tax bases			(351.250,23)
Taxable income (tax result)			-

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

	2018	2017
Charge at 25 % of Taxable Income	-	-
Deductions	-	-
Net tax payable	-	-
Less: withholdings and payments	(42,40)	(6.358,22)
Tax payable	(42,40)	(6.358,22)

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

	2018	2017
Current tax	-	-
Deferred tax	135.119,70	-
Total	135.119,70	-

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

The movement of deferred taxes generated and cancelled during financial year 2017 is detailed below in euros:

	Balance at 31/12/2016	Generated	Balance at 31/12/2017
Deferred tax assets:			
Tax credits	138.100,65	-	138.100,65

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 total amount capitalized in this concept is 2.980,95 euros. The detail of the tax loss carry forwards to be offset in future years is as follows:

Year of Origin	Amount
2016	1.330.543,36
2017	138.100,65
	1.468.644,01

Deductions pending to apply

As of December 31, 2018, 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
	2.312.852,97

NOTE 16. INCOME AND EXPENSES**a) Supplies**

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

	2018	2017
Consumption of merchandise		
National	2.852.758,70	2.126.479,62
Intracommunity acquisitions	1.861.342,99	783.784,96
Imports	1.571.901,08	1.767.077,73
	6.286.002,77	4.677.342,31

b) Social Security

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

	2018	2017
Social Security paid by the Company	477.065,88	435.998,39
Other social expenses	108.154,33	126.274,82
Employee welfare expenses	585.220,21	562.273,21

c) Financial Results

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

	2018	2017
Financial incomes		
Financial incomes from group companies	40.026,78	45.480,58
Other financial incomes	465,50	17.182,24
	40.492,28	62.662,82
Financial expenses		
For debts with credit institutions	(91.219,17)	(96.184,56)
	(91.219,17)	(96.184,56)
Change in fair value of financial instruments	(33.441,01)	(8.467,07)
Exchange differences	(582.127,69)	(575.000,00)
Financial Result Positive / (Negative)	(666.295,59)	(616.988,81)

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

Following December 31, 2018, there were no relevant events affecting the Company annual accounts on that date.

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, 2018 in Euros:

Outstanding balances with related parties in 2018	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABILLIDADES ESPANOLAS	LLEIDANET BRASIL	LLEIDANET PERU	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	632,818,18	233,633,48	-	28,890,36	3,000,00	24,524,85	110,155,69	1,381,38	1,034,403,94
Impairment	(575,000,00)	(177,961,60)	-	-	-	-	-	-	(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	36,975,75	718,541,79	255,551,49	3,520,56	-	-	3,587,49	-	1,018,177,08
Clients	36,975,75	718,541,79	255,551,49	3,520,56	-	-	3,587,49	-	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
Suppliers	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	2,029,12	239,472,20	2,005,74	2,033,83	-	-	-	-	245,540,89
Suppliers	2,029,12	239,472,20	2,005,74	2,033,83	-	-	-	-	245,540,89

Below is the breakdown of the balances held with related parties as of December 31, 2017 in Euros:

Outstanding balances with related parties in 2017	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABILI- LIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	Total
NON CURRENT ASSETS	26.466,21	504.482,54	93.404,89	20.364,40	3.000,00	24.524,85	77.976,58	1.381,38	751.600,85
Long-term loans to group companies	26.466,21	504.482,54	93.404,89	20.364,40	3.000,00	24.524,85	77.976,58	1.381,38	751.600,85
Long-term loans to group companies	601.466,21	504.482,54	93.404,89	20.364,40	3.000,00	24.524,85	77.976,58	1.381,38	1.326.600,85
Impairment	(575.000,00)	-	-	-	-	-	-	-	(575.000,00)
CURRENT ASSETS	70.085,38	392.640,95	144.808,11	2.768,76	-	-	522,46	-	610.825,66
Trade receivables	15.314,50	331.434,55	136.608,99	2.768,76	-	-	-	-	486.126,80
Clients	15.314,50	331.434,55	136.608,99	2.768,76	-	-	-	-	486.126,80
Short-term loans to group companies	54.770,88	61.206,40	8.199,12	-	-	-	522,46	-	124.698,86
Short-term loans to group companies	54.770,88	61.206,40	8.199,12	-	-	-	522,46	-	124.698,86
CURRENT LIABILITIES	2.029,12	228.959,55	-	2.033,83	-	-	-	-	233.022,50
Trade payables	2.029,12	228.959,55	-	2.033,83	-	-	-	-	233.022,50
Suppliers	2.029,12	228.959,55	-	2.033,83	-	-	-	-	233.022,50

19.2) Transactions with Related Parties

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

The most significant transactions carried out with associated parties at financial year 2017 are as follows, in Euros:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANET REP. DOMINICANA
Sales	226.470,82	10.852,35	118.433,59	734,93
Purchases	107.843,67	-	-	-
Interest incomes	19.478,99	21.051,34	4.427,75	1.672,17

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

The remuneration accrued during the financial year 2018 by the Board of Directors amounted to 72.000 euros (84.750 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 219.361,07 euros (176.895,88 euros in the previous year).

As of December 31, 2018 and 2017, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

Other Information Regarding the Board of Directors

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

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

NOTE 20. OTHER INFORMATION

The average number of employees during the financial year 2018 and 2017, 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				2017			
	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	-	4	4	1	-	4	4	1
Commercial	5	10	15	-	6	7	13	-
Production	21	5	26	-	17	4	21	-
Maintenance	-	2	2	-	-	2	2	-
Reception	-	5	5	-	-	4	4	-
Business development	2	4	6	-	2	5	7	-
Compliance	-	2	2	-	-	-	-	-
Human Resources	-	1	1	-	-	1	1	-
Intellectual Property	-	1	1	-	-	-	-	-
TOTAL	29	35	64	1	26	28	54	1

The amount of the fees accrued for the audit services of the Annual Accounts for the year ended 31 December 2018 amounted to 13.150 euros. (12.800 euros in the previous year). The amount of the fees for other verification services corresponding to the limited review of the interim financial statements amounted to 9.535 euros. Likewise, the fees accrued for other services corresponding to the completion of the transfer pricing dossier amounted to 2.000 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:

Business Areas (figures in thousands of euros)	2018		2017	
	Euros	%	Euros	%
Certified electronic communications	1.868	15,47%	1.543	15,97%
SMS Solutions	9.260	76,67%	7.288	75,48%
Data Validation	950	7,86%	825	8,55%
Total	12.078	100%	9.656	100%

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

Description of the geographic market	2018		2017	
	Euros	%	Euros	%
National	5.973.172,35	49,45%	5.577.991,62	57,77%
European Union	3.519.619,00	29,15%	2.522.047,72	26,12%
Rest of the World	2.585.230,77	21,40%	1.555.740,55	16,11%
Total	12.078.022,12	100%	9.655.779,89	100%

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
DIRECTOR'S REPORT FOR FINANCIAL YEAR 2018

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**DIRECTOR'S REPORT FOR FINANCIAL YEAR 2018**

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 2018.

1. EVOLUTION OF BUSINESS

For the company, 2018 was a year with significant growth rates in both sales and EBITDA.

Sales have grown in the SaaS line by 19%, consolidating Lleida.net as a reference in the contracting and notification sector. The continuous investment in R&D processes has allowed us to expand the range of services offered, as well as to improve the existing ones. The diversity of the range of products and the adaptability of the company to the needs of customers has allowed it to reach new customers and develop standard products for lower volume customers.

Internally developed processes are patented globally and create entry barriers to competition. Additionally, the European homologation of electronic delivery products certified by EIDAS, opens a range of possibilities at European level, Lleida.net being the only Spanish company that has the homologation and the Sixth at European level.

The business line that has grown the most this year is the line of SMS solutions for Wholesale. With a growth rate of 49%, which represents an increase of more than 2.2 million euros with respect to the previous year, it reflects that Lleida.net has become a key player in the sector. The technology developed internally has allowed to take advantage of business opportunities. The new international destination routes negotiated by the team have turned Lleida.net into a reference company within the market.

<i>Sales by business lines - Thousands of eur</i>	2017	2018	Var. €	Var.%
SaaS Services	2.368	2.818	450	19%
SMS Solutions	2.830	2.636	-194	-7%
ICX WHOLESALE Solutions	4.458	6.624	2.166	49%
Total	9.656	12.078	2.422	25%

Data in Thousands of Euros	2017	2018	Var. €	Var.%
Sales	9.656	12.078	2.422	25%
Cost of Sales	(4.677)	(6.286)	1.609	34%
Gross Margin	4.979	5.792	813	16%
Payroll	(2.198)	(2.400)	202	9%
External Services	(2.157)	(2.263)	106	5%
Other incomes	43	23	(20)	-47%
Activations	849	787	(62)	-7%
EBITDA	1.516	1.939	423	28%
Amortizations	(1.073)	(1.148)	75	7%
Indemnities	(77)	(198)	121	157%
Profit from operations	366	593	227	62%
Financial Net Result	(35)	(52)	17	49%
Impairment and gains or losses on disposi	(575)	(582)	7	1%
Exchange Rate Differences	(9)	(33)	24	267%
Profit before tax	(253)	(74)	179	71%

The Gross Margin has increased by 16%, 813 compared to 2017, due to the increase in sales. The gross margin on sales stands at 48% while in 2017 it was 51.6%. The decrease is caused by the greater weight of Wholesale SMS sales over total sales.

In 2018, the company made a strong effort to attract talent. The average workforce has increased by 10 people, representing 19% over the previous year and has led to a 9% increase in cost. The main areas reinforced were the R&D&I department with the incorporation of personnel with higher degrees and the constitution of the compliance and Intellectual Properties departments.

External services expenses rose by 97 thousand euros this year, mainly due to the necessary consultancy and audit costs to obtain EIDAS approval and the costs of incorporating Lleida.net shares into trading on Euronext Growth in Paris. Additionally, an R&D collaboration amounting to more than 100 thousand euros has been allocated.

EBITA reached 1.9 million euros, accounting for 16% of sales, deriving both from the increase in sales and from more exhaustive cost control. Following the criterion of prudence, the group has opted to activate a lower amount of R&D activities in order to avoid possible fiscal contingencies, although the pace of R&D expenditure is maintained. This is the tenth quarter that the Group has positive EBITDA.

The result of the company has increased by 179 thousand euros, representing an increase of 71% despite the provision of participation and loans to Lleida.net USA. The company, following the criterion of prudence, has opted to provision part of the investment made in the subsidiary. The slower process of obtaining profits, and due to the fact that international commercial efforts have focused more intensely on Europe, Latin America and Africa, has led to this measure, although the United States continues to be a target market for the period 2019 and 2020.

2. SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSURE

Subsequent to December 31, 2018 and up to the date of preparation of this Directors' Report, there have been no subsequent events, in addition to those already mentioned in the Notes to the annual accounts, which highlight circumstances that already existed at December 31, 2018 and which, due to the importance of their economic impact, should lead to adjustments in the financial statements or modifications to the information contained in the Explanatory Notes.

Nor are there any subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist at December 31, 2018 and that are of such importance that they require additional information in the Explanatory Notes to the annual accounts.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecasts for 2019 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. R&D ACTIVITIES

In 2018 the Company has invested 787 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 12 August 2018 following the agreement of the Board of Directors on August 7, 2017.

At December 31, the company held 992,257 shares with a valuation on that date of 930,068.51 euros, representing 6.18% of the shares of Lleidatrans Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2018 the Company has not used instruments related to financial derivatives.

7. DEFERRALS OF PAYMENT TO SUPPLIERS

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

PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2018, which comprises the attached pages number 1 to 46.

Barcelona, March 25, 2019
Board of Directors



Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer



Mr. Marcos Gallardo Meseguer
Secretary



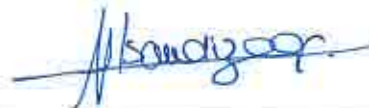
Mr. Miguel Pérez Subías
Independent Director



Mr. Antonio López del Castillo
Independent Director



Mr. Jordi Carbonell i Sebarroja
Independent Director



Mrs. Arrate María Usandizaga Ruiz
Executive 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



Institut Català de Finances Capital,
S.G.E.I.C., S.A.U.
Represented by
Mr. Emilio Gómez Jané
External Director

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REPORT ON THE ORGANIZATIONAL STRUCTURE AND INTERNAL CONTROL SYSTEM FOR THE FINANCIAL INFORMATION OF LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A

Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and article 228 of the modified text of the Spanish Stock Market Act, approved by Spanish Royal Legislative Decree 4/2015, of 23 October and related provisions, as well as Circular 15/2016 of the Spanish Alternative Investment Market (hereinafter "MAB"), on information to be provided by Expansion Companies herewith the report on the Organizational Structure and Internal Control Systems for Financial Information of Lleidanetworks Serveis Telemàtics, SA and its subsidiaries (hereinafter "Lleida.net", "Lleida Group" The "Company" or the "Company"), is published and approved by the Audit Commission and ratified by the Board of Directors at its meeting on March 25, 2019.

Lleida, 9 April 2019

Francisco Sapena Soler

Chief executive officer of Lleidanetworks Serveis Telemàtics, S.A

1. BRIEF DESCRIPTION OF THE COMPANY

Lleidanetworks Serveis Telemàtics, S.A. is a limited liability company with an indefinite duration and with registered office in Madrid (Spain) Calle General Lacy 42, ground floor according to the agreement of the Board of Directors dated 7 October 2017, with VAT number A25345331.

Previously it was incorporated as a Limited Liability Company for an indefinite period, under the name of Lleidanetworks Serveis Telemàtics, SL by means of a document authorized by the Public Notary of Lleida, Mr. Antonio Rico Morales, Notary of the Barcelona Bar Association, on 30 January 1995 , under number 547 of its protocol.

The Company is registered in the Mercantile Registry of Lleida, from 13 March 1995, motivating the 1st registration of sheet L6657 corresponding to page 137 of volume 355. Adapted its Bylaws to the current Law of Limited Liability Companies in writing of 12 June 2000, corrected by another of 3 November 2000, all authorized by the Notary of Lleida, Mr. Antonio Rico Morales, increased its capital by the Notary of Lleida, increased its capital in writing authorized by the Notary of Lleida, Mr. Pablo Gómez Clavería, on 21 October 2004 and once again increased its capital in writing authorized by the aforementioned Notary of Lleida, Mr. Gómez, 16 August , 2006 and registered in the Mercantile Registry of Lleida, in volume 355, page 141, page number L-6.657.

On 30 June 2011, the Extraordinary General Shareholders' Meeting unanimously agreed to transform the company into a Public Limited Company, being formalized in a public document by virtue of a public deed dated 12 December 2011 by means of a document issued by the Public Notary of Catalonia, Mr. Pablo Gómez Clavería with the number 3357 of his protocol and registered on February 17, 2012 in the Mercantile Registry of Lleida in Volume 355, Page 145, Sheet L6.657 and registration 8th.

On 1 June 2015, the Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market of all the shares of the Company.

On 7 October 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación S.A. approved the incorporation of 16.049.943 shares A 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of 19 October 2015.

On 14 December 2019, the Euronext Admission Committee accepts the incorporation of the shares of Lleida.net in Euronext Growth as of 19 December 2019

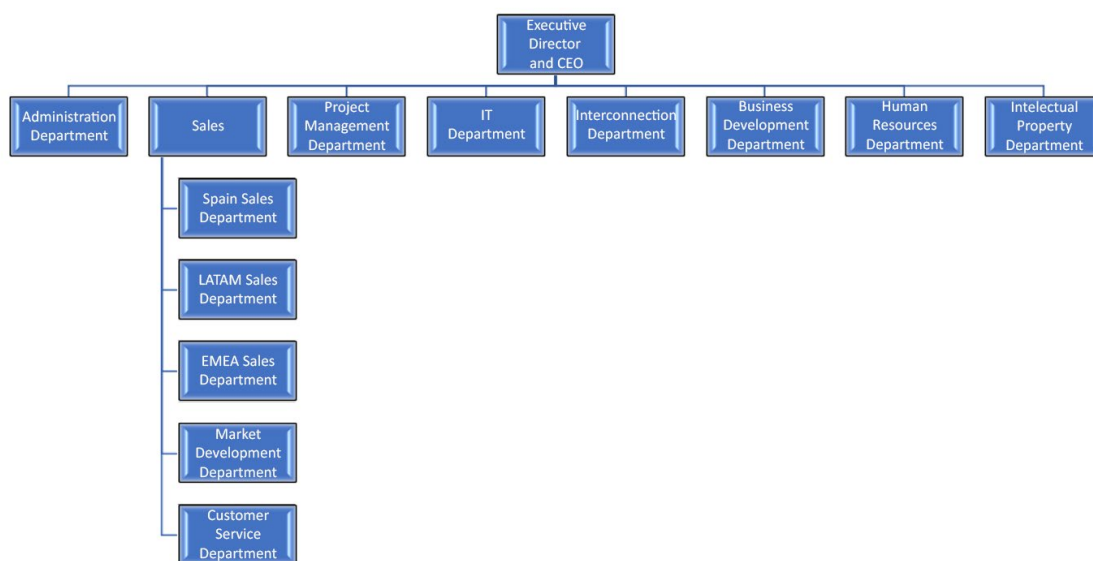
The corporate purpose of Lleida.net is expressed in article 2 of its Bylaws, the text of which is literally transcribed below

Article 2º: Corporate purpose

Electronic and information technology consulting on different matters through professionals and electronic and computing mechanisms for companies and services. Dissemination of electronic systems through activities and publications. The provision of telecommunications services .

2. Organizational structure.

The departments that make up the company are detailed below. All Chief Officers meet monthly to discuss the main lines of action of the company and propose its approval by the Board of Directors.



The financial information is prepared by the Financial Department and reviewed by the Executive Director, although the final responsibility for its preparation rests with the Board of Directors.

Below are the different bodies and functions on which have the main responsibility for the implementation and the maintenance of a correct and effective System of Internal Control of Information

a) Board of Directors:

The company's management and representation in court and out of court and in all actions included in the corporate object correspond to the Board of Directors, which shall act together without prejudice to any delegations or powers of attorney granted. In addition to the powers mentioned in the previous paragraph, the responsibility of the members of the Board of Directors is to have the appropriate commitment to guarantee taking the necessary measures to head the right direction and the control of the Company, which includes the supervision and understanding of the financial information reported to the markets, to the shareholders, as well as the internal control of the Company.

The Board of Directors is made up of :

Francisco Sapena Soler - Executive Director

He studied Technical Agricultural Engineering, specialising in Horticulture and Gardening at the University of Lleida and post graduate in Telematics at the UPC. Passionate about new technologies and the Internet. President of IRC Hispano for 9 years At present he is Chief Executive and main Shareholder of Lleida.net. He is considered, without hesitating, the alma mater of the company.

EMILI GÓMEZ JANÉ on behalf of the Institut Català de Finances Capital , S.A SGEIC, External Director

Director of Venture Capital at ICF, Industrial Engineer and MBA from the UPC. Extensive experience in investment operations (different positions in Venture Capital Funds) with specialization in technology companies and with a strong innovation component, and member of the Board of Directors of different companies, including some listed companies, AB-Biotics and Agile. In addition to the professional activity, he has also developed teaching activities as MBA professor of the University of Barcelona and the Pompeu Fabra University

Marcos Gallardo- External director

Founder and managing partner of Lexing Spain in Barcelona. Admitted to the Barcelona Bar Association in 1998 . President of the Commission on Privacy and Rights of the Digital Person (International Association of Lawyers / Union International des Avocats) . Vice-President of the Lexing[®] network, the first global network of law firms specializing in advanced technology law currently composed of 22 offices located in 25 countries in Europe, America, Africa and Asia. Vice-President of the Commission on Intellectual Property (Barcelona Bar Association - ICAB). Member of the Board of Directors of several multinational companies in the telecommunications and Internet industry. Ranked by Who's Who Legal in 2012, 2013 and 2014 as being among the world's leading Internet & e commerce & Data protection lawyer

Arrate Usandizaga- Executive Director

Chief Administrative Office Graduate in Administration and Business Management, Master in finance and accounting at the University of Deusto. After some years at Price Waterhouse Coopers as Assurance (audit) supervisor she reached Lleida.net to coordinate the audit department and risks. Currently she is the Chief Financial officer of the Company.

Miguel Pérez Subias - Independent director

Senior Telecommunications Engineer, ETSIT at the Polytechnic University of Madrid and Master in Business Management , INESE. He reconciles his position as President of the Internet Users Association (www.AUI.es) with an intense professional activity as a consultant specialized in Internet and in the new technologies.

In 1993, he edited and promoted, the first magazine published in Spain dedicated to Internet (Click Magazine) and two years later he founded the Association of Internet Users, a non-profit organization, of which he is President.

Among the most relevant initiatives, Internet World Conference (Madrid 1996-2005) and ExpoInternet (Barcelona 1997-2001), the launch of World Information Society Day: Internet Day (Tunisia 2005), Spanish neutral node EspaNIX (Madrid 1997) and the creation of the Spanish Internet Governance Forum (Madrid 2008).

Antonio López del Castillo - Independent Director

Consultant in Telecommunications and sourcing with long experience as Director of Purchases at Telefónica de España and Vivo, Telefonica Group's in Brazil.

During his professional career with Telefónica, he has participated in relevant projects such as the Barcelona 92 Olympic Telecommunication Planning, the implementation of the first High Speed Metropolitan Area Network for Interconnection of University Institutions and Hospitals in Barcelona, or the implementation in the Rigograndense Company of Telecommunications (CRT) of Sao Paulo of the Advanced Procurement System after privatization, being responsible for the award of more than 30,000 million reales from 1998 to 2002.

Technical Director of the Spanish versions of the magazines: Tele.Com, Data Communication, LAN Times and founder of Global Telecommunications.

Director of the New Technologies course at Instituto Catalan , director of Summer University Sitges courses at UNTEC , as well as Director of the Postgraduate Course in Multimedia and Telecommunications conducted by the Universitat Autònoma de Barcelona.

Jordi Carbonell i Sebarroja- Independent Director

Counsel and Advisor of the Parque Científico y Tecnológico Agroalimentario de Lleida (PCiTAL). Representative in the Spanish Association of Technological Parks (APTE) and in the World Association (IASP). Business advisor of the Park and Clusters of Lleida.

From 2005 to 2006 he was Secretary of Industry and Energy of the Department of Labour and Industry of the Generalitat of Catalonia and in the elections of the Parliament of Catalonia of 2003 was chosen deputy for the province of Lleida.

From 1996 to 2003, Director General of ACTEL, S.C.L, Cooperative of second degree of which 130 Cooperatives of Lleida are part, receiving in 2003 the Award for Business Innovation of the Generalitat of Catalonia.

Between 1993 and 1996 he was Civil Governor of Lleida and member of the negotiating team of the entry of Spain into the European Economic Community (1984-1986). He was also General Technical Secretary of the Ministry of Agriculture, Fisheries and Food (1982-1988).

Jorge Sainz de Vicuña Barroso

Manager of investee companies. Experience in remediation and enhancement as General Manager / CEO in the affiliated companies, and with a wide experience in negotiations and sales processes, from the preparation of sales notes to the closing, through NDA's, management of offers, due diligence's, and contracts, in coordination with legal, fiscal and labour advisors.

b) The Audit Commission

According to the Company's Bylaws and the Board of Directors regulations the Audit Commission has to evaluate the accounting verification system of the Company, ensuring the independence of the external auditor and reviewing the internal control systems of the Company financial information.

Notwithstanding any other duties assigned at any given time by the Board of Directors, the Audit Commission shall carry out the following basic duties:

- Reporting to the General Meeting of Shareholders on matters raised by the shareholders within their competence.
- Proposing the appointment of external account auditors as indicated in article 264 of the Spanish Corporate Enterprises Act as well as their contract conditions, the scope of their professional mandates and, as applicable, their revocation or non-revocation to the Board of Directors for submission to the General Meeting of Shareholders. In order to ensure the independence of external auditors, the Company must communicate the change of auditor in a Relevant Event to the governing body of the Spanish Alternative Investment Market.
- Supervising internal auditing systems; ensuring their independence and effectiveness.



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- Reviewing the Company's accounts, supervising compliance with all legal requirements and the proper application of accounting principles, seeking direct collaboration from external and internal auditors
- Knowing and supervising the preparation and integrity of the financial information concerning the Company and, when applicable, reviewing compliance with regulatory requirements and the correct application of accounting principles; knowing and supervising the Company's internal control systems, verifying their suitability and integrity; and reviewing the appointing or replacement of those responsible.
- Regularly review internal control and risk management systems so the main risks are identified, managed and adequately reported.
- Carrying out the relations with external auditors to receive information on matters that may pose a risk to the independence thereof and, any other matters related to the account auditing process and other communications provided for by account auditing laws and technical audit standards.
- Supervising compliance with the audit contract, ensuring that the opinions of the annual accounts and main content of audit reports are written clearly and accurately as well as evaluating the results of each Audit.
- Reviewing any periodical financial information that the Board should provide to the markets and to its supervisory bodies, ensuring all mid-term accounts are prepared under the same accounting criteria as annual accounts.
- Reporting to the Board of Directors prior to the adoption of the corresponding decisions on all matters applicable by law, the by-laws, the regulations for the board of directors and in particular on the following topics: (i) the financial information the Company must periodically make public; (ii) the creation or acquisition of stakes in special entities or entities registered in offshore countries as well as any other transaction or operation of a similar nature which may undermine the group's transparency due to the complexity; and (iii) Related Party Transactions.

Currently, the Audit Commission is made up of two independent directors, and they meet at least every six months and whenever their chairman calls. In 2018, the Committee met twice.

c) Board of Directors

It consists of the Executive Director and those responsible for the different departments of the company.

The meeting is convened at least once a month, in order to coordinate the different key activities of Lleida.net. The lines of action are defined both in the short and medium term in order to achieve the objectives set by the Board of Directors and to resolve the setbacks or problems that may have arisen.

All the areas of the company are covered, and each chief officer makes a report of the issues to address at the meeting . If certain information is detected that should be shared with the market, it would be communicated by the executive director to the Board of Directors .

d) Finance Department

The Finance Department is responsible for implementing a correct control system for financial information on day-to-day basis. It deals with the accounting of the parent company and controls the reporting of the subsidiary companies. Their functions include the preparation of the necessary reports for decision making by the Board of Directors, as well as the publication of the information required by the markets.

e) External audit

The annual accounts, both individual and consolidated of Lleida.net are reviewed by BDO auditors, a renowned prestige auditing firm . Since 2016, a limited review is also carried out for the period between 1 January and 30 June , which is reviewed by the same auditing firm.

3. CONTROL SYSTEMS OF THE COMPANY

The mechanisms of Internal Control and Risk Management Related to the financial information are the responsibility of the Audit Committee . As set by the regulations of the Board of Directors, they are further reviewed and supervised by the Board of Directors. The main control mechanisms are:

3.1 Annual budgets:

The Management team makes the annual budgets of the group and they should be reviewed and approved by the Board of Directors . Subsequently, a monthly control of deviations and its compliance is carried out, which is reviewed by the Board of Directors and is responsible for taking the appropriate measures and the main lines of action.

3.2 Internal control measure:

Lleida.net has defined the following financial processes as high-level control areas to comply with the internal control systems of the financial information:

- Sales, customer billing and recovery management
- Consolidation and reporting of group companies
- Investments in R + D + i
- Investments in Property, Plant and Equipment
- Treasury

- Purchases and accounts to pay
- Taxes
- Human Resources
- Financial closing

The main control measures by risk area are the following:

a) Sales, customer billing and recovery management

On a monthly basis, the detail of the invoices to be issued is generated, reviewed by the billing manager and the automatic process is launched, which allows:

- Generate entries into the accounts of entries of sales
- Send invoices to customers
- Creation of the files that are sent to the commercial managers, Chief Officers and to the Chief administrative Officer for the monitoring of the monthly figures

The person in charge of treasury supervises the collections of payments of clients and the relevant invoices are insured before a credit insurance company to prevent defaults

On a weekly basis, a follow-up is carried out to discuss about the situation of the collections along with the sales managers

The collections are reconciled weekly by the Financial Department

The management system used by the company to control its accounting systems has defined profiles for each user to access.

b) Consolidation and reporting:

The company has accounting and tax advisors in each of the countries where the group has a registered company. These advisors are responsible for sending monthly the figures of the subsidiary so that it can be reviewed from the parent company by the Administration Department. Advisors do not have access to the bank accounts of the subsidiaries and they only have limited powers to carry out administrative procedures before the public administration of each country.

c) R+D Investment

The R & D projects carried out by the company have an annual budget, which is controlled both by the technical department director and by the Administration department. All the activity carried out in R & D must be set within the annual action plan, and if it is an extraordinary collaboration it must be approved by the Chief Technical Officer.



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d) Investment in tangible fixed assets:

In this area, the most significant amount corresponds to the investments made in servers and IT equipment. An annual budget is made jointly between the technical department and the financial department, analysing the annual requirements and the execution process is controlled every month.

e) Treasury:

The person in charge of the Treasury must control on a daily basis the balances of the different financial instruments that the company has. The Executive Director is the person who has powers to make the corresponding wire transfers. From Treasury, the payments files are drafted and reviewed by the Financial Director for its execution by the General Director.

The bank accounts of the different subsidiaries are controlled by the parent's staff.

On a weekly basis a summary is made by the Treasury, with the balances that each instrument counts, as well as the main incomes and expenditures made from each account and sent both to the Financial Director and to the Executive Director for their supervision.

The bank accounts are reconciled by the Financial department, and the staff from the Treasury Department prepares the payment files.

f) Purchases and payable accounts

The consumptions of suppliers go directly into the management ERP. The rates of the suppliers are updated automatically by the same system whenever a routing price is modified. The Financial department verifies usually on a monthly basis, that the invoices actually correspond to the consumptions entered into the ERP. If this is the case, the consumption is validated, and the accounting entries of the purchase are automatically made. In the event of any discrepancy, the company has a protocol for action, where the discrepancy is communicated to the supplier and the causes are analysed and communicated to the interconnection department responsible for the purchases.

Payments with the main providers, usually operators, are made through netting. The purchase and sale invoices are compensated. The same system automatically generates this netting that is sent to the provider for its



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acceptance. Once accepted by the supplier, it is included in the next payment remittance.

The other payments are mainly commercial expenses that are paid by employees with their personal credit cards. Every month an expense sheet is made, where all the supporting documents are included and must first be approved by its direct director and then by the Financial department. The amounts are paid by wire transfer, that are included in the payment file.

The company also has direct debits that corresponds to lease and supply payments. Such charges are reconciled weekly with the debits in the bank account

f) Taxes:

The Company internally manages the presentation of monthly taxes, which are automatically downloaded from the ERP. The documents are drafted by the Administration department for its digital signature by the Executive Director, who is the person who has the power to submit them.

In addition, the company has global advisors who inform them of all possible amendments to the regulations affecting them.

g) Human Resources:

Human capital is a key element for the success of Lleida.net. Human Resources department manages both current staff and new recruits managing both the development of each individual and their careers.

The desired profile for the new employees is set in collaboration with the director of the department concerned. The job description is posted in the company's social media profiles and job sites, and a first selection is made based on the candidates training and experience. Afterwards, a first interview with Human Resources Chief Officer is conducted and a performance test is carried out. The 3 best candidates are interviewed to make the final selection.

The Chief Human Resources Officer also manages salary payments and assesses together with the Head of the department the revenues each employee must receive, always with the final acceptance of direction and framed within the annual budget.

i) Financial closing:



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-Regulation: Lleida.net follows the regulations set by the general accounting plan for the recording of its activities. It has the support of advisors for any doubt or update of the regulations that might affect the company's procedures.

-Monthly financial closing: The company carries out monthly financial closings, which allow verifying compliance with the budget set by the Board of Directors.

-System blocking: once all the entries in the period have been made and reviewed, the accounting period is blocked to prevent new entries from being registered.

-Financial closing review: the profits and loss account is reviewed with the balance sheet on a monthly basis to check whether there are significant variations, inconsistencies or errors compared to recent periods. The information is generated by the administration department, which is reviewed by its director who makes the summary reports that are sent to the executive director for verification and then forwarded to the Board of Directors for its analysis.

- Reporting of financial information: with the aim of offering greater transparency about the company's activity, the information on the main financial figures is published quarterly in a relevant event in MAB. As mentioned on 5.1

- Publication of the annual accounts and interim financial statements at 30 June: annually the general meeting of shareholders approves the audited annual accounts prepared by the board of directors and the management report together with the information required by MAB following the established guidelines and formats. Also, the interim financial statements as of 30 June are audited and submitted as established by the MAB regulations.

- Report to investors and analysts: regular financial and management information is submitted either in person or via conference call. The people responsible for these communications are the Executive Director and the Financial Director.

3.3 Code of conduct in Stock markets

Code of Conduct for Stock Market purposes (hereinafter, the "Code") was approved by the LLEIDA.NET Board of Directors at a meeting held on July 26, 2016, pursuant to the provisions of article 225.2 of the modified text of the Spanish

Stock Market Act, approved by Spanish Royal Legislative Decree 4/2015, of 23 October. Specifically, the Code includes the precautions contained in Title VII, Chapter II of the modified text of the Spanish Stock Market Act applicable to the company in virtue of the provisions of article 322.3 of said modified text as well as the implementing regulations including Spanish Royal Decree 1333/2005, of 11 November, which develops the matter of market abuse from the Spanish Stock Market Act and Circular 4/2009, of 4 November, issued by the CNMV (Spanish National Securities Market Commission) on the communication of relevant information. The aim of the Code is to establish a set of rules of conduct governing the behaviour of LLEIDA.NET and the people affected by the different scopes regulated by this Code in order to guarantee full and adequate transparency for the company and protect investors. The body which shall supervise this code is the Audit Commission

4 RISK ASSESSMENTS:

The 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).

4.1)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.

4.2) Liquidity Risk

The general situation of the 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.

4.3) Market Risk

The general market situation over the last years has been unfavourable due to the difficult global economic situation.

4.4) Exchange Rate Risk

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

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 purpose of risk of management is to achieve a balance in the debt structure that will minimize the cost of debt deployed over a multiyear horizon while keeping income statement volatility low

5 COMUNICACION OF INFORMATION

The Company differentiates the information to be communicated to the market in three basic types:

- Financial information
- Strategic information
- Technical Information

The procedures according to the type of information are detailed below

5.1 Communication of financial information

The Company carries out monthly, quarterly closures, prepares the interim financial statements under the General Accounting Plan, and conforming to the criterion of a going company The information is drafted in the Financial department, where it is reviewed first by its director and then by the Executive Director. The information is drafted for the Board of Directors by the Financial Management and sent to the directors so they can formulate the annual accounts and the interim financial statements. The financial statements are reviewed by the Audit Commission, drafted by the Board of Directors, and made available to shareholders for review.

The main milestones achieved by the company are presented at the Shareholders' Meeting and the voting corresponding to the acceptance of the annual accounts is made.

The information published in the MAB is prepared based on the consolidated financial statements, which are obtained directly from the company's ERP . However, for some companies based abroad the information should be provided by their local advisors. There is a standardisation of both normative and currency of the financial information The information is reviewed by the Chief Administrative Officer

Once the financial data that is considered relevant is obtained, the relevant event is drafted by the Chief Administrative Officer in cooperation with the Registered Advisor.

The relevant event is reviewed by both the Executive Director and the Registered Advisor and it is reported to the members of the Board of Directors, should they wish to provide comments.

Lleida.net uploads it on MAB website, and it must be approved by the registered advisor before or after the beginning of the session. Once uploaded and published on MAB website, it is published on Lleida.net website under the Investors section

5.2 Strategic information:

Negotiations of strategic nature such as acquisitions of companies, new business lines are directly piloted by the executive director of the company.

They are included as a point to discuss within the call of the Board of Directors, the decision-making body.

The relevant event is reviewed by both the Executive Director and the Registered Advisor and is reported to the members of the Board of Directors, if they wish to provide comments.

Lleida.net uploads it on MAB website, and it must be approved by the registered advisor before or after the beginning of the session. Once uploaded and published on MAB website, it is published on Lleida.net website under the Investors section

5.3 Technical information

Due to the relevance of the technical developments of our products, Lleida.net patents all its developments and trademarks. The procedure of submission of patents is monitored internally from the department of Intellectual Property. It has the support of external companies responsible for supervising all deadlines under the supervision of the head of the department.

To prevent possible errors in the communication channels, the Financial Department on a quarterly basis asks the IP Department about the status of the patents.

When a patent is granted, the relevant event is drafted by the director of Intellectual Property with the supervision of the Executive Director together with the registered Advisor and it is communicated to the members of the Board of Directors, should they wish to provide any comments. Lleida.net uploads it on MAB website, and it must be approved by the registered advisor before or after the beginning of the session. Once uploaded and published on MAB website, it is published on Lleida.net website under the Investors section.

6 MONITORING AND SUPERVISION CONTROL ACTIVITIES:

The audit commission has carried out the following activities throughout 2018 to control the proper functioning of the internal control system of financial information:



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- Review of the individual interim financial statements for the period between 1 January 2018 and 30 June 2018 of the parent company - Review of the Group's individual and consolidated financial statements and annual accounts for 2018.
- Review the audit plan and the independence of the BDO auditors' external auditors.
- Review together with the external auditor the development of the audit work and work risk areas