

## Lleida.net

# BUY

A beneficiary of eIDAS, transforming the European e-delivery landscape

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Lleida.Net has released 4Q18 preliminary results marked by continued growth across all business areas, even if, with slightly softer numbers than we were anticipating. The headline profit number of €72k was almost identical to 3Q18 (€74k) and 4Q17 (€82k).

Gross profits (our preferred number to measure underlying operating growth) rose by 16% in 4Q18 to €1.6 million, fairly consistent with the reported 17% growth for the whole of 2018.

Above the Gross Profit line, Lleida.Net released an acceleration in SaaS sales to 13% (reported a meagre 2% growth in 3Q18), a 4% growth in SMS Solutions (a much-improved growth rate relative to -20% in 3Q18) and a 16% in ICX (may not seem as good as the annual increase of 51%, but remains a positive increase). An overall slowdown in sales growth to 12%, but somewhat reversed by the increase in gross margins from 51% in 4Q17 (and 47% in 3Q18) to 53% in this 4Q18.

The cash Ebitda of €203k represented an increase of 9% for the quarter, somewhat compressed by overheads increasing 29% to €721k (due to more product development expenses). Personnel costs were 9% higher at €692k but largely consistent with the additionally hiring done during 2018.

We maintain our forecasts unchanged for 2019 and 2020. Lleida.net maintains a positive growth trajectory and despite some quarter to quarter volatility, the underlying trend remains positive. The advent of eIDAS across Europe will be supportive of growth of the sector into 2019, as the legal hurdles of e-delivery software adoption continue to be lowered.

We maintain our €1,53 per share 12-month target price, providing a 44% upside to the share price.

### Equities

#### Spain

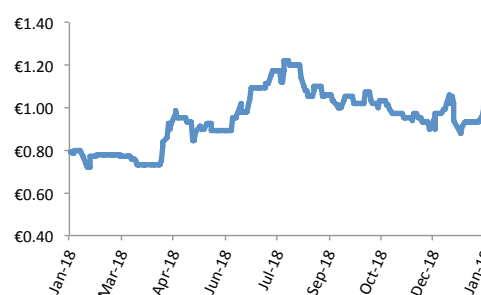
#### Telecom/Software Services

Price (4 pm 23/01/19): €1.06 (MC), €1.25(PA)  
RIC: LLN.MC, ALLLN.PA

#### Trading Data

52 week range (€): 0.51 - 1.22  
Mkt Cap (€ millions): 16,53  
No. Shares (millions): 16.04  
Avg Daily vol (€ LTM): 6,241

#### Share Price Chart (LTM)



(€ millions)	2017a	2018a	2019f	2020f
Turnover	9,9	12,4	14,2	16,2
<b>Ebitda</b>	<b>0,6</b>	<b>1,1</b>	<b>1,8</b>	<b>2,3</b>
Net Profit	0,0	0,4	1,6	1,7
<b>EPS</b>	<b>0,00</b>	<b>0,03</b>	<b>0,10</b>	<b>0,11</b>
<b>Net Debt</b>	<b>2,4</b>	<b>1,9</b>	<b>0,3</b>	<b>-1,0</b>
<b>EV/Ebitda</b>	<b>33,0</b>	<b>17,5</b>	<b>9,7</b>	<b>7,1</b>
P/E	352,7	41,1	10,7	9,8
FCY	2%	5%	10%	11%

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## Review of consolidated 4Q18 results: growth momentum steady accompanied by higher product development costs

Lleida.net 4Q18 reported profit of €72k was both close to both 4Q17 and 3Q18, but the underlying trends were somewhat different.

What distinguishes this 4Q18 from prior quarters is that all three divisions have been growing at not too dissimilar rates, whereas in prior quarters there had been more divergence. The product and geographical diversification is working well in smoothing the growth trends of the company.

In this quarter, we have seen a combination of a slowdown in sales growth to 12%, compared to an average growth rate for the year of 25%. Instead, we have seen an expansion in the gross margin to 53% relative to the 2018 average of 49%. The end result for 4Q18 is that the gross profit of Lleida.net has sustained a consistent level of growth throughout all four quarters of 2018. Product and geographical diversification at work.

Alternatively, a changing trend is observed at the cash operating costs level, with a marked 18% increase in this 4Q18 in addition to an equally strong 17% increase in 3Q18. During the first half of 2018 the cash operating costs were largely flat, relative to the same period a year earlier. The reason for this increase in cash outflows rests on an increased number of new product development projects.

Despite the resilience at the gross profit line, the pressures arising from increased product development costs have translated into a quarterly slowdown to 9% growth, or €203k, at the cash Ebitda level. This has to be seen in the context that the cash Ebitda has doubled to €1.1 million in 2018 relative to the €0.6 million of 2017.

As with prior quarters, the non-operating line is relatively less relevant for Lleida.net, with the only note-worthy element being a €87k employee dismissal cost item.

The company has released a slight increase in net debt to €1.9 million, relative to the €1.7 million reported in 3Q18. The slowdown observed at the Ebitda level has translated into an accounting cash-flow for the quarter of €74k, probably not sufficient to fund the increased working capital requirements for the quarter. The company has not yet released the year end balance sheet.

(€ 000')	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	y-o-y (%)			
Software Services	694	608	708	649	819	803	725	732	18	32	2	13
SMS Solutions	711	769	648	699	647	779	518	724	-9	1	-20	4
ICX	838	1.072	1.131	1.353	1.675	1.558	1.815	1.575	100	45	60	16
<b>Turnover</b>	<b>2.243</b>	<b>2.449</b>	<b>2.487</b>	<b>2.701</b>	<b>3.141</b>	<b>3.140</b>	<b>3.058</b>	<b>3.031</b>	<b>40</b>	<b>28</b>	<b>23</b>	<b>12</b>
Cost of sales	-938	-1.177	-1.299	-1.328	1.597	1.676	1.632	1.434	70	42	26	8
<b>Gross Profit</b>	<b>1.305</b>	<b>1.272</b>	<b>1.188</b>	<b>1.373</b>	<b>1.544</b>	<b>1.464</b>	<b>1.426</b>	<b>1.597</b>	<b>18</b>	<b>15</b>	<b>20</b>	<b>16</b>
<i>Gross Margin</i>	<i>58%</i>	<i>52%</i>	<i>48%</i>	<i>51%</i>	<i>49%</i>	<i>47%</i>	<i>47%</i>	<i>53%</i>				
Capitalized costs (R&D)*	184	203	222	240	166	162	224	235	-10	-20	1	-2
Personnel Expenses	-667	-606	-629	-636	-647	-645	-659	-692	-3	6	5	9
Other SG&A	-564	-635	-333	-561	-673	-459	-466	-721	19	-28	40	29
Depreciation	-251	-271	-273	-283	-290	-283	-290	-289	16	4	6	2
Other	5	2	2	11	0	4	-5	19	n.n.	100	n.m	73
<b>Operating Income</b>	<b>12</b>	<b>-35</b>	<b>177</b>	<b>144</b>	<b>100</b>	<b>243</b>	<b>230</b>	<b>149</b>	<b>733</b>	<b>-794</b>	<b>30</b>	<b>3</b>
<i>Operating Margin</i>	<i>1%</i>	<i>-1%</i>	<i>7%</i>	<i>5%</i>	<i>3%</i>	<i>8%</i>	<i>8%</i>	<i>5%</i>				
<b>Ebitda**</b>	<b>79</b>	<b>33</b>	<b>228</b>	<b>187</b>	<b>224</b>	<b>364</b>	<b>296</b>	<b>203</b>	<b>184</b>	<b>1.003</b>	<b>30</b>	<b>9</b>
<i>Ebitda Margin</i>	<i>4%</i>	<i>1%</i>	<i>9%</i>	<i>7%</i>	<i>7%</i>	<i>12%</i>	<i>10%</i>	<i>7%</i>				
Extraordinaries	0	-12	-9	-11	0	0	-107	-87	n.m.	n.m.	n.m.	n.m.
Financial Costs	-36	-14	-40	-18	-22	-31	-15	-23	-39	121	-63	28
FX	0	-76	3	-33	17	-31	-34	33	n.m.	n.m.	n.m.	n.m.
<b>Non-op. Results</b>	<b>-36</b>	<b>-102</b>	<b>-46</b>	<b>-62</b>	<b>-5</b>	<b>-62</b>	<b>-156</b>	<b>-77</b>	<b>-86</b>	<b>-39</b>	<b>239</b>	<b>24</b>
<b>Profit Before Tax</b>	<b>-24</b>	<b>-137</b>	<b>131</b>	<b>82</b>	<b>95</b>	<b>181</b>	<b>74</b>	<b>72</b>	<b>n.m.</b>	<b>-232</b>	<b>-44</b>	<b>-12</b>
<b>Cash Flow</b>	<b>38</b>	<b>5</b>	<b>177</b>	<b>147</b>	<b>202</b>	<b>329</b>	<b>179</b>	<b>74</b>	<b>432</b>	<b>6.480</b>	<b>1</b>	<b>-50</b>

\* Excluded from Ebitda calculation

\*\* Ebitda with no exceptional items and no R&D capitalization

Source: Lleida.Net, Checkpoint Partners

## eIDAS: the significance of a European standard cannot be underestimated

**eIDAS** stands for **electronic Identification And trust Services** referred in Regulation (EU) No 910/2014 for electronic transactions in the internal market and since 27<sup>th</sup> of December 2018 Lleida.Net has obtained its own eIDAS certificate for **Electronic Registered Delivery Service**, part of the Trust Services provided under eIDAS.

The new eIDAS regulation is a major change in digital identification and electronic signature in Europe and a key enabler for secure cross-border electronic transactions. The qualified Trust Services side under eIDAS can be broadly classified into three main areas (in parenthesis are the number of companies with the certificate) and each company must obtain a specific eIDAS certificate in order to comply with the EU regulation No 910/2014.

### **1. Electronic registered delivery services and certificates related to those services.**

Electronic registered delivery service (Lleida.net and 7 others)

### **2. Creation, verification, validation and preservation of electronic signatures and electronic seals or electronic time stamps**

Certificate for electronic signature (196)

Validation service for qualified electronic signature (9)

Time stamp (98)

Certificate for electronic seal (86)

Validation service for qualified electronic seal (9)

Preservation service for qualified electronic signature (7)

Preservation service for qualified electronic seal (9)

### **3. Creation, verification and validation of certificates for website authentication.**

Certificate for website authentication (38)

The differing legislations regarding electronic communications across Europe meant that businesses could have been discouraged to use electronic means for contracts, notifications, communications, etc. in cross-border electronic communications for lack of a reliable legal framework.

The arrival of eIDAS means that all standards across the EU will be the same. If a company or an individual sends an electronically signed document with an eIDAS certificate, to Italy from Spain, they will no longer have to check that Italy's regulations match the Spanish one.

Lleida.net has now a distinct competitive advantage in the area of electronic delivery, where to date only 8 companies have registered with eIDAS and it is partly the result of the company's R+D efforts in past years to build an IP portfolio around electronic delivery.

### **Lleida.net Openum: the commercial name for the eIDAS associated product**



## Openum eIDAS

Entrega electrónica certificada/e-delivery

Notificaciones por correo electrónico  
conforme al reglamento eIDAS  
(electronic Identification And Signature)  
(Regulation 910/2014)

Source: Lleida.net

From a legal standpoint, Lleida.net's values add to its customers is providing the legal proof that a particular document has been delivered. It is not only confined to contracts, where a signature is always required, but becomes more relevant to things like invoices or legal notifications, where customers are for instance notified of their rights when contracting a particular consumer product like a credit card. In other instances, the financial institution may have to send a notice to claim a particular debt. In practice, this means the burden of proof is transferred from the financial institution in this instance, to the consumer that has purchased a particular product and all of it at a fraction of the equivalent paper cost.

**The eIDAS register is proof of Lleida.net excellent positioning in the relatively less crowded electronic delivery European landscape, backed by a patent protected product offering. As a result we remain confident of our SaaS forecasts for 2019 and 2020.**

## Profit and Loss (consolidated)

(€ millions)	2017	2018	2019f	2020f
<b>Sales by division</b>				
Software Services	2,7	3,1	4,0	4,7
SMS Solutions	2,8	2,7	2,4	2,6
ICX	4,4	6,6	7,7	8,9
<b>Sales by division (%)</b>				
Software Services	27%	25%	28%	29%
SMS Solutions	29%	22%	17%	16%
ICX	44%	54%	55%	55%
<b>Turnover</b>	<b>9,9</b>	<b>12,4</b>	<b>14,2</b>	<b>16,2</b>
Cost of sales	-4,7	-6,3	-7,0	-8,1
<b>Gross Profit*</b>	<b>5,2</b>	<b>6,0</b>	<b>7,2</b>	<b>8,1</b>
<i>% y-o-y growth</i>	25%	17%	19%	13%
<i>Gross Margin</i>	52%	49%	51%	50%
Capitalized costs (R&D)*	0,8	0,8	0,8	0,8
Personnel Expenses	-2,5	-2,6	-3,0	-3,1
Other SG&A	-2,1	-2,3	-2,4	-2,7
Depreciation	-1,1	-1,2	-0,9	-1,0
<b>Total Operating Costs</b>	<b>-5,7</b>	<b>-6,1</b>	<b>-6,3</b>	<b>-6,8</b>
<i>% y-o-y growth</i>	9	8	3	8
<b>Operating Income</b>	<b>0,4</b>	<b>0,7</b>	<b>1,7</b>	<b>2,1</b>
<i>Operating Margin</i>	4%	6%	12%	13%
<b>Ebitda</b>	<b>1,4</b>	<b>1,9</b>	<b>2,6</b>	<b>3,1</b>
<i>Ebitda Margin</i>	15%	15%	18%	19%
<b>Ebitda (ex-capitalizations)</b>	<b>0,6</b>	<b>1,1</b>	<b>1,8</b>	<b>2,3</b>
<i>Ebitda Margin</i>	6%	9%	13%	14%
Financial Income	0,0	0,0	0,0	0,0
Financial Costs	-0,1	-0,1	-0,1	-0,1
FX and Other	-0,2	-0,2	0,0	0,0
<b>Financial Results</b>	<b>-0,3</b>	<b>-0,3</b>	<b>-0,1</b>	<b>-0,1</b>
<b>Profit Before Tax</b>	<b>0,0</b>	<b>0,4</b>	<b>1,6</b>	<b>2,0</b>
Tax	0,0	0,0	0,0	-0,3
<b>Net Income</b>	<b>0,0</b>	<b>0,4</b>	<b>1,6</b>	<b>1,7</b>
<b>Cash Flow</b>	<b>0,3</b>	<b>0,8</b>	<b>1,7</b>	<b>1,9</b>

Source: Lleida.net and Checkpoint Partners

## Balance Sheet (consolidated)

(€ millions)	2017	2018f	2019f	2019f
<b>Fixed Assets</b>	<b>4,1</b>	<b>3,8</b>	<b>3,6</b>	<b>3,7</b>
Intangible Assets	3,5	3,1	2,8	3,0
Tangible Assets	0,5	0,5	0,5	0,5
Investments in Group				
Companies	0,0	0,0	0,0	0,0
Other Investments	0,0	0,0	0,0	0,0
Deferred Assets	0,1	0,1	0,2	0,2
<b>Current Assets</b>	<b>5,2</b>	<b>5,8</b>	<b>6,5</b>	<b>8,0</b>
Inventory	0,0	0,0	0,0	0,0
Debtors	2,6	3,1	3,6	4,2
Short Term Investments	0,9	0,9	0,9	1,0
Short Term Accruals	0,2	0,2	0,3	0,3
Cash	1,6	1,6	1,7	2,7
<b>Assets</b>	<b>9,4</b>	<b>9,7</b>	<b>10,0</b>	<b>11,7</b>
<b>Shareholders' Funds</b>	<b>2,9</b>	<b>3,3</b>	<b>4,9</b>	<b>6,7</b>
<i>Capital</i>	0,3	0,3	0,3	0,3
<i>Share Premium</i>	5,2	5,2	5,2	5,2
<i>Reserves</i>	-1,9	-1,8	-1,4	0,2
<i>Repurchase of share capital</i>	-0,9	-0,9	-0,9	-0,9
<i>Profit and Loss account</i>	0,1	0,4	1,6	1,7
<b>Long Term Debt</b>	<b>1,2</b>	<b>1,2</b>	<b>0,6</b>	<b>0,3</b>
<b>Current Liabilities</b>	<b>5,3</b>	<b>5,2</b>	<b>4,5</b>	<b>4,8</b>
Short Term Debt	3,7	3,2	2,3	2,3
Provisions	0,2	0,2	0,2	0,2
Creditors	1,5	1,8	2,0	2,3
<b>Liabilities</b>	<b>9,4</b>	<b>9,7</b>	<b>10,0</b>	<b>11,7</b>
<b>(€ millions)</b>				
Working Capital	1,1	1,3	1,6	1,9
Debtor Turnover (days)	89	83	86	88
Creditor Turnover (days)	58	53	56	56
Financial Debt	4,8	4,4	2,9	2,6
Cash	2,4	2,5	2,6	3,6
<b>Net Debt</b>	<b>2,4</b>	<b>1,9</b>	<b>0,3</b>	<b>-1,0</b>

Source: Lleida.net and Checkpoint Partners



## Sum of the parts valuation

Sector	Division	DCF (€)	Year	EV/Sales	EV/Ebitda
Software	Saas	14,5	2019	3,6	26,3
			2020	3,1	17,8
Telecom	SMS	1,8	2019	0,7	8,6
			2010	0,7	7,6
	ICX	10,3	2019	1,3	9,9
			2020	1,2	8,5
Sum of Parts		26,6	2019	1,9	14,8
			2020	1,6	11,8

Net Debt	1,9
Equity Valuation	24,7

Per shr 1,53

Share Price 1,06

Upside 44%

*Source: Checkpoint Partners*

To arrive at our sum of the parts valuation of €26,6 million we have assumed Lleida.net has the potential to deliver a 15% Ebitda margin in the context of a long term average growth in sales of 7%. We have used a WACC of 9.2%.

This quarter we have maintained our target price unchanged at €1.53 per share,

## Comparable Valuations

	Price	Mkt Cap.	Net Debt			EV		
	(23/1/19)		2017	2018e	2019e	2017e	2018e	2019e
	(€)	(€ m)	(€ m)	(€ m)	(€ m)	(€ m)	(€ m)	(€ m)
Altia	19,00	130,7	-16,4	-20,5	-24,9	114,3	110,2	105,8
Catenon	0,54	10,1	3,7	4,2	4,7	13,9	14,3	14,9
Commcenter	1,02	6,7	8,6	8,5	8,1	15,3	15,2	14,8
Eurona	0,82	34,5	91,8	128,5	145,4	126,3	163,0	179,9
FacePhi	1,04	13,8	2,1	2,9	4,3	15,9	16,7	18,1
Gigas	7,00	29,9	1,8	2,3	2,0	31,7	32,2	32,0
Lleida.Net	1,05	16,9	2,4	1,9	0,3	19,3	18,7	17,2
Voz Telecom	3,44	15,4	2,4	3,3	3,9	17,9	18,7	19,3
<b>Total</b>		<b>258,1</b>	<b>96,4</b>	<b>131,0</b>	<b>143,9</b>	<b>354,5</b>	<b>389,1</b>	<b>402,0</b>

Stock	Shares	Price	Cost	Price	Valuation	Diff.	Return
	(#)	(01/01/18)	(€)	(17/10/18)	(€)	(€)	(%)
		(€)		(€)			
Altia	61	16,39	1.000	19,00	1.159	159	<b>16</b>
Catenon	1.613	0,62	1.000	0,54	871	-129	<b>-13</b>
Commcenter	758	1,32	1.000	1,02	773	-227	<b>-23</b>
Eurona	474	2,11	1.000	0,82	388	-612	<b>-61</b>
FacePhi	917	1,09	1.000	1,04	954	-46	<b>-5</b>
Gigas	287	3,48	1.000	7,00	2.011	1.011	<b>101</b>
Lleida.Net	1.493	0,67	1.000	1,05	1.567	567	<b>57</b>
Voz Telecom	513	1,95	1.000	3,44	1.765	764	<b>76</b>
<b>Total</b>			<b>8.000</b>		<b>9.488</b>	<b>1.488</b>	<b>19</b>

Source: MAB, Checkpoint Partners

	Turnover			Ebitda			Net Profit			Cash Flow		
	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)
Altia	64,7	67,3	70,0	8,9	10,3	11,1	6,1	7,5	8,1	7,0	8,5	9,1
Catenon	13,3	13,5	14,6	1,4	1,2	1,1	0,0	-0,2	-0,3	0,8	0,7	0,7
Commcenter	48,8	50,8	52,8	2,2	0,0	0,0	0,0	-1,9	-1,9	1,9	0,1	0,2
Eurona	118,8	120,0	121,2	-4,3	-12,3	5,3	-28,1	-37,7	-17,7	-13,1	-21,8	-2,6
FacePhi	2,7	3,2	3,6	0,5	0,6	0,8	0,4	0,5	0,7	0,3	0,5	0,6
Gigas	5,9	7,3	8,4	0,4	0,6	1,3	-0,5	-0,4	0,2	0,4	0,5	1,1
Lleida.Net	9,9	12,4	14,2	0,6	1,1	1,8	0,0	0,4	1,6	0,3	0,8	1,7
Voz Telecom	9,7	10,4	11,1	-0,3	0,1	0,2	-1,6	-0,9	-0,6	-0,5	-0,1	0,0
	<b>273,8</b>	<b>284,8</b>	<b>295,9</b>	<b>9,5</b>	<b>1,5</b>	<b>21,7</b>	<b>-23,7</b>	<b>-32,6</b>	<b>-9,9</b>	<b>-3,0</b>	<b>-10,9</b>	<b>10,7</b>

	Turnover growth			Ebitda growth			Net Profit growth			Cash Flow Growth		
	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)	2017 (€ m)	2018e (€ m)	2019e (€ m)
Altia	-3%	4%	4%	-4%	16%	7%	-3%	22%	8%	-4%	20%	7%
Catenon	-6%	2%	8%	-	-12%	-5%	-99%	368%	32%	-	-8%	-5%
Commcenter	-13%	4%	4%	-	-	-	-	-	0%	-	-94%	67%
Eurona	-26%	1%	1%	-	187%	-	135%	34%	-53%	-	67%	-88%
FacePhi	35%	17%	14%	-	26%	24%	-	49%	25%	-	59%	28%
Gigas	23%	23%	15%	-	46%	125%	-36%	-27%	-	-	35%	124%
Lleida.Net	25%	25%	14%	-	83%	66%	0%	759%	285%	-	181%	121%
Voz Telecom	4%	7%	7%	-	-	220%	82%	-42%	-32%	-	-86%	-
	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>-4%</b>	<b>-84%</b>	<b>1301%</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>

	EV/sales			EV/Ebitda			P/E			FCY		
	2017 (x)	2018e (x)	2019e (x)	2017 (x)	2018e (x)	2019e (x)	2017 (x)	2018e (x)	2019e (x)	2017 (x)	2018e (x)	2019e (x)
Altia	1,8	1,6	1,5	12,8	10,7	9,5	21,3	17,4	16,2	5%	6%	7%
Catenon	1,0	1,1	1,0	10,2	11,9	13,1	-	-	-	8%	7%	7%
Commcenter	0,3	0,3	0,3	6,8	-399,9	344,0	354,7	-	-	29%	2%	3%
Eurona	1,1	1,4	1,5	-29,5	-13,2	33,6	-	-	-	-38%	-63%	-8%
FacePhi	5,9	5,3	5,0	32,0	26,7	23,4	37,8	25,3	20,2	2%	3%	4%
Gigas	5,3	4,4	3,8	78,2	54,3	23,9	-	-	147,9	1%	2%	4%
Lleida.Net	1,9	1,5	1,2	32,7	17,4	9,6	349,4	40,7	10,6	2%	5%	10%
Voz Telecom	1,8	1,8	1,7	-	342,3	110,6	-	-	-	-4%	0%	0%
	<b>1,3</b>	<b>1,4</b>	<b>1,4</b>	<b>37,4</b>	<b>251,2</b>	<b>18,5</b>	<b>-</b>	<b>-7,9</b>	<b>-26,0</b>	<b>-1%</b>	<b>-4%</b>	<b>4%</b>

Source: Checkpoint Partners

## Checkpoint Recommendation System

The Checkpoint Recommendation System is based on absolute returns, measured by the upside potential (including dividends and capital reimbursement) over a 12-month time horizon.

Checkpoint recommendations (or ratings) for each stock comprises 3 categories: Buy (B), Neutral (N) and Sell (S).

- **Buy:** the stock is expected to generate total return of over 20% during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of -20% to +20% during the next 12 months time
- **Sell:** the stock is expected to generate total return under -20% during the next 12 months time horizon.

Our rating system applies to companies with market capitalizations of below €50 million that in most cases refer to stocks that are illiquid and more volatile than its larger sized peers.

## History of recommendations

Date	Recommen.	Price (€)	Target P.(€)	Period	Analyst
27.10.2016	BUY	0,71	0,95	12 months	Guillermo Serrano
16.01.2017	BUY	0,62	1,05	12 months	Guillermo Serrano
28.04.2017	BUY	0,66	1,25	12 months	Guillermo Serrano
20.07.2017	BUY	0,75	1,25	12 months	Guillermo Serrano
26.10.2017	BUY	0,52	1,13	12 months	Guillermo Serrano
31.01.2018	BUY	0,80	1,13	12 months	Guillermo Serrano
16.03.2018	BUY	0,84	1,13	12 months	Guillermo Serrano
17.03.2018	BUY	1.11	1.53	12 months	Guillermo Serrano
17.07.2018	BUY	1.15	1.53	12 months	Guillermo Serrano
17.10.2018	BUY	1.03	1.53	12 months	Guillermo Serrano

Checkpoint does and seeks to do business with companies covered in its research reports. As a result, investors may take the view this could affect the objectivity of the report and therefore should consider this report as only a single factor in making their investment decision.

## Frequency of analyst reports

At present Checkpoint has committed to a quarterly update of Lleida.net financial and operational performance.

## Investment horizon

Our reports focus mainly on small capitalization and illiquid stocks where standard Venture Capital investment criteria should apply. An investment into sub €50 million market capitalization stock should be done on a 3-5 year time horizon in order to realized the full potential of the investment opportunity.

## Date of publication

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