CHECKPOINT

Lleida.net BUY

Profitability first, growth will continue in 2026

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Lleida Net has reported 4Q25 results, **mainly flat at the EBITDA (cash) level (-3% to €715k),** resulting from an 11% drop in Gross Profits, combined with a 14% drop in Opex cash costs.

The drop in Gross Profits is mostly attributable to the loss of two important accounts (operational trouble at the customer level), whilst the drop in costs reflects **a secular and structural drive to continue to make Lleida net more efficient**.

2025 finished with an **EBITDA (cash) margin** of **15% compared with 6% in the prior 7 years**. With recent management changes, the company is now laser-focused on aligning resources towards revenue growth, with high **EBITDA cash** margins.

Lleida Net announced in January a 56% increase in the number of active clients (mostly small ones, associated with these new laws), and we expect it to boost growth in 2026.

The **1/2025 Law** and the **88/2026** Royal Decree are intended to drive digitalization in legal communications and company/consumer communications, and Lleida Net is already benefiting from it.

We are lowering our 2026 forecasts (**EBITDA cash now €3.6 million vs €4.2 million**) and target price to €3.50 per share in response to a lower than expected end of 2025, but we remain positive about the company´s prospects for 2026.

Our new forecasts place the EV/bitda multiple at 6.4x and the PER at 9.6x, a historical low and, in our view, not compatible with both its growth trajectory and EBITDA margin levels.

Equities

BME Growth

Price (5pm 18/2/26): €1.20
RIC: LLN.MC
Target Price (12-18 m): €3.50

52-Wk range (€):	1.75 - 1.02
Cap. Bur. (€ millones):	19,4
No. Shares (millions):	16,05
Avg. daily Vol. (€,12m):	39k
Daily volatility (avg. LTM):	3,2%

Price Chart (12 months)

(€ millions)	2024	2025	2026e	2027e
Turnover	19,1	19,4	20,3	21,4
Ebitda	**2,1**	**3,0**	**3,6**	**4,0**
Net Profit	0,9	1,4	2,0	2,4
EPS	**0,06**	**0,09**	**0,13**	**0,15**
Net Debt	**7,4**	**5,7**	**3,5**	**0,9**
EV/Sales	**1,4**	**1,3**	**1,1**	**0,9**
EV/Ebitda	**12,4**	**8,2**	**6,4**	**5,1**
P/E	21,8	13,8	9,6	8,0
CFY	10%	13%	16%	17%

A transitional quarter for a renewed business strategy

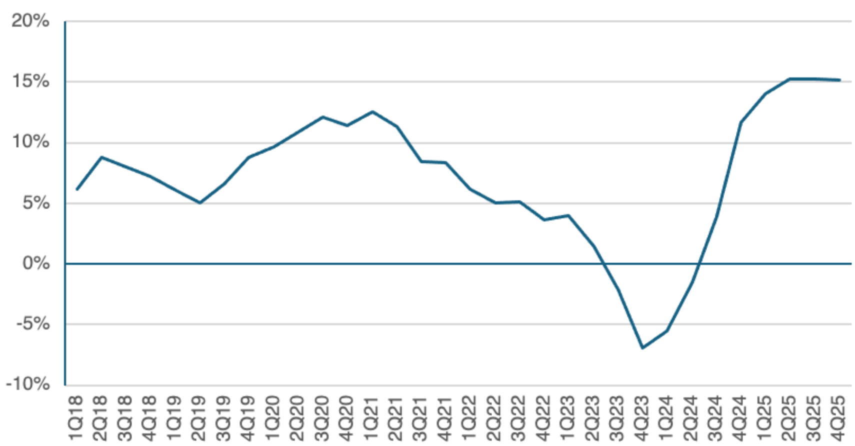
Lleida.net experienced a 4Q25 top-line revenue correction, falling 6% year-on-year to €4.8 million (vs €5.1 million in Q4 2024). This dip was primarily driven by declines in the "Contracting" and "Other SaaS" divisions, down 21% and 16%, respectively, due to **two major client losses (**business troubles at the customer level).

The company offset this through cost management. Despite lower sales, reported EBITDA for the quarter rose by 3% to over €1 million, as the **company slashed external service costs by 17% and reduced personnel expenses by 13%**.

On an annual basis, t**he picture for 2025** is one of recovery and structural strengthening. Total revenue for the year reached €19.3 million, a slight increase over 2024, but the true standout is the bottom-line growth. The **full-year EBITDA (cash) rose by 34%**, reaching €3.0 million, driven by a significant expansion in gross margins (now at 55%). The **Operating Result (EBIT)** also saw a **52% increase**, rising from €1.1 million to €1.66 million. This was supported by the strong performance of the "Notification" and "SMS Solutions" business lines.

The key takeaway from 2025 is the structural increase in the Ebitda (operating cash-flow) margin, which now stands at the highest it has ever been as a listed company. The new strategy at Lleida Net is to focus on the most profitable segments of business, even if it means pausing on the "growth mode", as has been the case in 4Q25.

Ebitda (operating cash-flow) margin, last 12 months average



Source: Checkpoint Partners, Lleida net

In addition, the company's financial health continues to improve. As of 4Q252025, Net Financial Debt was reduced to €5.74 million, down from €7.42 million a year prior.

We estimate the potential impact of the 1/2025 Law up to €1.50 per share

Spain's 1/2025 Law constitutes a structural regulatory catalyst for the certified digital communications market, with direct commercial implications for Lleida.net. The new requirements align the core product offering and patent portfolio directly, reinforcing the company's positioning as an infrastructure-like provider rather than a commoditized software vendor.

Why is Spain´s 1/2025 Law important for Lleida Net? The Law converts certified digital communication into a procedural necessity.

> It is now a mandatory requirement for prior alternative dispute resolution (ADR/MASC) before certain civil and commercial claims may be admitted by the courts. Claims lacking verifiable and certified proof of such prior communications are automatically inadmissible.
>
> The new law accelerates the full digitalization of judicial workflows, including certified electronic notifications, electronic signatures, traceable timestamps, and electronic proof of delivery.

Lleida Net began 2026 with a total of 8,886 active clients (January press release), representing a 56% increase compared with the 5,710 clients recorded at the beginning of 2025. The increase has been driven mainly by the growing adoption of Lleida.net's technologies linked to Spain's Organic Law 1/2025. Growth has also been supported by recent changes in Spanish labor regulations, which introduce a mandatory prior hearing procedure in dismissal processes.

Market potential for Lleida Net

There are some 3.5 million judicial processes per year in Spain that will require the digital communication certificates of sorts and are impacted by the 1/2025 Organic Law.

Lleida.net's growth from 5,710 to 8,886 clients (55.62%) in just one year demonstrates rapidly accelerating adoption.

If we assume annual growth of around 50% over the next 2–3 years, while the law is fully implemented: **2026:** 13,300 clients, **2027:** 20,000 clients, and **2028:** 30,000 clients

With a conservative ARPU (average revenue per user) of €100–300 per year, this could translate into additional annual revenues of €3 to 9 million by 2028, from the Spanish market alone. Risks to consider are competition from other certified service providers, market saturation once most companies have completed their adaptation, and potential future regulatory changes.

Expected positive impact of the 88/2026 Royal Decree

In force since 12 February 2026, it establishes a new regulatory framework for the electricity sector in Spain to strengthen consumer protection and ensure transparency in commercial processes.

1. Main Obligations of RD 88/2026.

Notification of contractual changes: any modification to the terms of the contract or to the price review must be communicated at least one month in advance.

Expressed consent: It is mandatory to obtain and retain the consent of the consumer for the closing of new contracts (via email or voice).

Prohibition of unsolicited commercial practices: Advertising or contracting practices through unsolicited telephone calls are now prohibited.

Traceability in changes of supplier: maximum periods of 10 working days are established to complete the change of supplier.

Customer service and complaints: companies must offer free customer service with an electronic acknowledgement.

2. Lleida.net product portfolio that benefits.

Certified Email: to notify price reviews and contract changes, replacing the traditional email and providing legal validity and proof of receipt.

Certified SMS / Click&Sign: registrations and changes of supplier, ensuring traceability and allowing contracts to be signed electronically.

Certified Recording: telephone contracting, ensuring the custody of recordings required by law.

Automatic acknowledgement and evidence: supports the customer service function of clients by reliably recording the receipt of complaints.

3. Market size

30.4 million retail electricity consumers in Spain are divided into two contracting regimes: **Free Market,** approximately 21.8 million customers, where the set price and conditions are freely agreed upon with the supplier, and **Regulated Market (PVPC), with** 8.6 million customers.

7.3 million users who switched suppliers in 2024

4Q and Full Year Results

(€ thousands)	4T24	4T25	% var.	2024	2025	% var.
Contracting	981	772	-21%	3.466	3.563	3%
Notification	546	672	23%	2.044	2.386	17%
Other SaaS	753	633	-16%	2.847	2.370	-17%
SMS Solutions	1.101	1.104	0%	3.776	4.215	12%
ICX Solutions WHOLESALE	1.719	1.614	-6%	6.926	6.789	-2%
Total Revenues	**5.100**	**4.795**	**-6%**	**19.059**	**19.323**	**1%**
Cost of Sales	(2.308)	(2.313)	0%	(8.874)	(8.711)	-2%
Gross Margin	**2.792**	**2.482**	**-11%**	**10.185**	**10.612**	**4%**
Gross Margin %	***55%***	***52%***		***53%***	***55%***	
Personnel Expenses	(1.349)	(1.179)	-13%	(5.471)	(5.483)	0%
External Services	(708)	(588)	-17%	(2.502)	(2.161)	-14%
EBITDA cash	**735**	**715**	**-3%**	**2.212**	**2.968**	**34%**
% of Gross Margin	***26%***	***29%***		***22%***	***28%***	
Capitalisations	258	308	19%	1.029	1.076	5%
EBITDA	**993**	**1.023**	**3%**	**3.241**	**4.044**	**25%**
% of Gross Margin	***36%***	***41%***		***36%***	***41%***	
Amortisation	(446)	(541)	21%	(2.077)	(2.112)	2%
Other Income	7	3	-57%	58	75	29%
Other Results	(3)	32	-1167%	(9)	6	-167%
Employee Compensations	(2)	(62)	3000%	(32)	(190)	494%
Provisions for Customer Balances	(83)	(152)	83%	(83)	(158)	90%
Operating Profit	**466**	**303**	**-35%**	**1.098**	**1.665**	**52%**
Net Financial Result	(43)	(60)	40%	(202)	(171)	-15%
Exchange Rate Differences	33	1	-97%	(30)	(94)	213%
Profit Before Tax	**456**	**244**	**-46%**	**866**	**1.400**	**62%**

Source: LLN, Checkpoint Partners

Profit and Loss Account 2024-2027e

(€ millions)	2024	2025e	2026e	2027e
Sales by division				
Contracting	3,5	3,6	3,8	4,1
Notification	2,0	2,4	2,6	2,9
Other SaaS	2,8	2,4	2,5	2,7
Software Services	**8,4**	**8,3**	**8,8**	**9,7**
SMS Solutions	**3,8**	**4,2**	**4,3**	**4,4**
ICX	**6,9**	**6,8**	**7,0**	**7,3**
Turnover	**19,1**	**19,4**	**20,3**	**21,4**
Cost of sales	-8,9	-8,7	-9,1	-9,5
Gross Profit	**10,2**	**10,7**	**11,2**	**12,0**
% y-o-y growth	11%	4%	5%	7%
Gross Margin	54%	55%	55%	56%
Capitalized costs (R&D)	1,0	1,1	1,1	1,1
Personnel Expenses	-5,5	-5,5	-5,3	-5,5
Other SG&A	-2,6	-2,2	-2,3	-2,5
Depreciation	-2,1	-2,1	-2,1	-2,0
Operating Income	**1,1**	**2,0**	**2,6**	**3,1**
Operating Margin	*6%*	*10%*	*13%*	*14%*
Ebitda	**3,2**	**4,1**	**4,7**	**5,1**
Ebitda Margin	17%	21%	23%	24%
Ebitda (ex-capitalizations)	**2,1**	**3,0**	**3,6**	**4,0**
Ebitda Margin	*11%*	*16%*	*18%*	*19%*
Financial Results	-0,2	-0,6	-0,1	0,0
Profit Before Tax	**0,9**	**1,4**	**2,5**	**3,0**
Tax	0,0	0,0	-0,5	-0,6
Net Income	**0,9**	**1,4**	**2,0**	**2,4**
Net income attr. to shareholders	**0,9**	**1,4**	**2,0**	**2,4**
Minority Interest	0,0	0,0	0,0	0,0

Source: LLN, Checkpoint Partners

Balance Sheet 2024-2027e

(€ millions)	**2024**	**2025e**	**2026e**	**2027e**
Fixed Assets	**11,1**	**10,8**	**10,5**	**10,3**
Intangible Assets	8,8	8,6	8,2	7,9
Tangible Assets	0,4	0,4	0,4	0,4
Investments in Group Companies	0,0	0,0	0,0	0,0
Other Investments	0,1	0,1	0,1	0,1
Deferred Assets	1,7	1,8	1,8	1,9
Current Assets	**6,5**	**7,1**	**7,3**	**8,8**
Debtors	5,2	5,6	6,1	6,5
Short Term Investments	0,0	0,0	0,0	0,0
Short Term Accruals	0,3	0,3	0,3	0,3
Cash	1,0	1,2	0,9	2,0
Assets	**17,5**	**17,9**	**17,9**	**19,1**
Shareholders' Funds	**4,1**	**5,5**	**7,5**	**9,9**
Capital	0,3	0,3	0,3	0,3
Share Premium	5,2	5,2	5,2	5,2
Reserves	1,8	1,8	1,8	1,8
Repurchase of share capital	-0,2	-0,2	-0,2	-0,2
Profit and Loss account	0,9	1,4	2,0	2,4
Long Term Provisions	**0,0**	**0,0**	**0,0**	**0,0**
Long Term Debt	**3,7**	**3,2**	**2,5**	**2,0**
Current Liabilities	**9,4**	**9,0**	**7,5**	**6,8**
Short Term Debt	4,7	3,8	1,9	0,9
Provisions	0,2	0,2	0,2	0,2
Creditors	4,5	4,9	5,4	5,6
Liabilities	**17,2**	**17,6**	**17,5**	**18,7**

(€ millions)				
Dividends	0,0	0,0	0,0	0,8
Working Capital	0,7	0,7	0,7	0,8
Debtor Turnover (days)	99	102	105	107
Creditor Turnover (days)	83	105	113	115
Financial Debt	8,4	6,9	4,4	3,0
Cash	1,0	1,2	1,0	2,0
Net Debt	**7,4**	**5,7**	**3,5**	**0,9**

Source: LLN, Checkpoint Partners

Checkpoint Recommendation System

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Neutral (N) and Sell (S).

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

History of recommendations

Date	Recommen.	Price (€)	Target P.(€)	Period	Analyst
21.01.2020	BUY	1.35	1.80	12 months	Guillermo Serrano
21.04.2020	BUY	1.75	3.00	12 months	Guillermo Serrano
21.07.2020	BUY	4,34	6.00	12 months	Guillermo Serrano
26.10.2020	BUY	8,90	12.00	12 months	Guillermo Serrano
26.01.2021	BUY	6.00	11.35	12 months	Guillermo Serrano
20.04.2021	BUY	6.28	11.15	12 months	Guillermo Serrano
22.07.2021	BUY	5.59	11.15	12 months	Guillermo Serrano
11.11.2021	BUY	4.38	9.00	12 months	Guillermo Serrano
22.02.2022	BUY	3.24	9.00	12 months	Guillermo Serrano
04.05.2022	BUY	4.06	9.00	12 months	Guillermo Serrano
11.08.2022	BUY	2.50	7.50	12 months	Guillermo Serrano
25.10.2022	BUY	1.84	6.00	12 months	Guillermo Serrano
09.03.2023	BUY	2.27	5.00	12 months	Guillermo Serrano
10.05.2023	BUY	1.64	5.00	12 months	Guillermo Serrano
05.09.2023	BUY	1.15	3.00	12 months	Guillermo Serrano
12.12.2023	BUY	0.80	3.00	12 months	Guillermo Serrano
06.05.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
24.07.2024	BUY	1.22	3.00	12 months	Guillermo Serrano
30.10.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
05.02.2025	BUY	1.33	3.00	12 months	Guillermo Serrano
06.05.2025	BUY	1.33	4.00	12 months	Guillermo Serrano
29.07.2025	BUY	1.29	4.00	12 months	Guillermo Serrano
29.10.2025	BUY	1.585	4.00	12 months	Guillermo Serrano
19.02.2026	BUY	1.205	3.50	12 months	Guillermo Serrano

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Frequency of analyst reports: At present, Checkpoint has committed to a quarterly update of Lleida.net's 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 in a small market capitalization stock should be done on a 3-5 year time horizon in order to realize the full potential of the investment opportunity.

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