

FR: http://www.lleida.net/docs/inversores/fr/20220429 HRelev.pdf ES: http://www.lleida.net/docs/inversores/es/20220429 HRelev.pdf HRelev.pdf

Lleida, 29th April 2021

Other Relevant event:

Data preview 2021 comparison, audit reporting and consolidated accounts 2021, audit reporting and individual parent accounts, and organisational structure presentation.

Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and article 227 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 3/2020 of BME MTF Equity, we are hereby informing you of the following information relating to LLEIDANETWORKS SERVEIS TELEMÀTICS, SA ("Lleida.net", the "Company", or the "Group").

This preview was drawn up based on the available accounting information

To date, this information is complemented with the following documents:

- Audits Report and Consolidated annual accounts for the financial year 2021.
- Audits Report and Individual annual accounts for the financial year 2021.
- Audit on the Organizational Structure and Internal Control Systems.

We are available for any clarification	itions needed.
--	----------------

Francisco Sapena Soler, CEO Lleida.net

Regards



Results report of Lleida.net 2021 financial year

On 21 Feb 2022, Lleida.net, the Group published a profit and loss statement preview with the available interim data.

After review by the Company's auditors, the variation between the account data preview and those included in the consolidated annual accounts formulated by the Board of Directors is attached.

Figures in thousands of euros Consolidated	RE 21 Feb 2022	Audited accounts	Var. €	Var.%
Sales	17,973	17,975	2	0%
Sale costs	(8,597)	(8,616)	(19)	0%
Gross Margin	9,376	9,359	(17)	0%
% Margin out of sales	52%	52%		
Personnel expenses	(4,620)	(4,381)	239	-5%
External Services	(3,231)	(3,477)	(246)	8%
EBITDA W/OUT CAPITALIZATIONS	1,525	1,501	(24)	-2%
% of Gross margin	16%	16%		
Capitalizations	776	776	0	0%
EBITDA	2,301	2,277	(24)	-1%
% of Gross margin	-1289%	24%		
Depreciation	(1,289)	(1,257)	32	-2%
Other incomes	105	114		
Other results	4	(9)	(13)	-
Ordinary activities result	1,121	1,125	4	0%
Net Financial Debt	(89)	(84)	5	6%
Impairment and earnings for disposal			0	
Exchange rate differences	27	(8)	(35)	130%
Earnings before Tax	1,059	1,033	(26)	-2%

As we can see, the variations are not significant, and they can be summarised in four main lines:

- The gross margin is lower by 17 thousand euros due to the regularisation of the estimates made by the Group.
- There is a variation in personnel expenses; initially, the cost of independent third parties were included as personnel expense, and the formulation of accounts was included in external services.
- We have a depreciation expense reclassification to other results.
- The exchange rate forecast turned out to be higher than the actual exchange rate.

All the other provisions do not have significant variations, and as a result, we have:



Figures in thousands of euros Consolidated	2020	2021	YoY €	YoY.%
Sales	16,421	17,975	1,554	9%
Sale costs	(8,390)	(8,616)	(226)	3%
Gross Margin	8,031	9,359	1,328	17%
% Margin out of sales	49%	52%		
Personnel expenses	(3,403)	(4,381)	(978)	29%
External Services	(2,743)	(3,477)	(734)	27%
EBITDA W/OUT				
CAPITALIZATIONS	1,885	1,501	(384)	-20%
% of Gross margin	23%	16%		
Capitalizations	662	776	114	17%
EBITDA	2,547	2,277	(270)	-11%
% of Gross margin	-1289%	24%		
Depreciation	(1,187)	(1,257)	(70)	6%
Other incomes	160	114		
Other results		(9)	(9)	-
Impairment and earnings for disposal	(80)			
Ordinary result	1,440	1,125	(315)	-22%
Net Financial Debt	(72)	(84)	(12)	-17%
Impairment and earnings for disposal	(144)		144	
Exchange Rate Differences	(195)	(8)	187	96%
Earnings before Tax	1,029	1,033	4	0%

- We see an **increase in gross margin** of €1,328 thousand over FY2021, derived from the increase in SaaS product lines accounting for 51% of total sales in Q4 and 41% in FY2021, compared to 35% in FY2020.

Thanks to its continuous investment in R+D+i, Lleida.net has positioned itself as a reference provider within the certification and electronic contracting markets. Attracting new large accounts, both domestic and international strengthening its presence in Latin America, focusing mainly on Colombia and expanding its activity in Africa and Europe.

- **EBITDA** amounted to EUR 2.2 million. Lleida.net has invested in people and their talent in its growth strategy. Indenova's acquisition is a milestone for the Group, being the first inorganic growth operation to be carried out.

Indenova aims to be a leading manufacturer of products for the Lleida.net group, offering a wide range of products, allowing us to have a more comprehensive portfolio and thus reach a more significant number of customers. Its portfolio of clients is primarily international, focused on Latin America, mainly in the public sector, with almost no overlap with that of the Group. By integrating both customer portfolios, our two companies should increase cross-selling among the different companies.

Thanks to the acquisition of Indenova, Lleida.net has become a unique player in the electronic notifications and contracting sector, with a strong global focus.



- **Financial expenses** grew due to the new loans signed in the second half of the year to cover part of the inorganic acquisition and the integration of the cost of loans signed with the former shareholders of Indenova, S.L.
- Profit before taxes exceeds half a 1,03 million euros.
- The board of directors has proposed to the shareholders' meeting to vote on the distribution of the third **dividend** in the Company's history, keeping the amount to be paid in 2021, that is, 0.0125 euros net per share.

Consolidated balance Thousands of euros	2020	2021	YoY €	YoY.%
NON-CURRENT ASSETS	4,121	12,016	7,895	192%
Intangible fixed assets	3,583	11,031	7,448	208%
Tangible fix assets	336	627	291	87%
Long-term financial investments	42	66	24	57%
Deferred tax assets	160	292	132	83%
TOTAL CURRENT ASSETS	9,149	11,460	2,311	25%
Trade receivables and other accounts receivable	3,498	5,184	1,686	48%
Short term financial investments	1,275	812	(463)	-36%
Short terms accruals	320	407	87	27%
Cash and other equivalent liquid assets	4,056	5,057	1,001	25%
TOTAL ASSETS	13,270	23,476	10,206	77%

In terms of Balance, there is an increase in the intangible fixed assets due to the commercial fund, amounting to 4.6 million euros. The computer applications, amounting to 4.6 million euros, due to the purchase of Indenova, S.L. During this financial year, the Lleida.net Group has invested 776 thousand euros in R&D activities, thus allowing the Company to increase the portfolio of its products and ensure future sales.

Furthermore, we firmly believe that patenting our services is a solid barrier for new competitors within our innovation strategy. In this financial year, we have been granted significant patents, like in the United States for the Eidas qualified registered mail delivery method, in China for the registered mail delivery method with recognised signature, and in China for the registered receipt method for emails. Lleida.net's patent portfolio has 208 patents in 63 countries across 5 continents.

Regarding current assets, there was an increase in customers, due to the incorporation of the Indenova customer portfolio, with more extended collection periods.



One of the strategies for FY 2022 is to implement Lleida.net's collection policies to reduce the period for financing working capital. We have not detected any major customer incidents that should be considered bad debts.

The available cash held by the Group (cash plus short-term financial investments) has increased by 538 thousand euros, derived from the cash flow generated, but also due to the new financing obtained by the Group.

The Group's equity amounted to 6.7 million euros; the decrease over 2020 is explained by:

- The purchase of treasury shares to pay the deferred payments for the purchase of Indenova, totalling 175,534 shares, was acquired at an average price of 5.53 euros per share.
- Decrease in provisions of 175 thousand euros due to the change in the listed price of treasury shares and the purchase and sale of treasury shares through liquidity providers.
- Dividend distribution led to a decrease of 247 thousand euros
- Capitalisation of results for FY 2021

We have increased our liabilities to banks and former Indenova partners in terms of liabilities. Specifically:

- New loan contracts have been signed amounting to EUR 5.1 million.
- Indenova's bank and CDTI debt amounting to EUR 1.3 million have been integrated.
- Indenova's debt with its former partners, totalling 856 thousand euros, has been included.
- The outstanding payments to Indenova, amounting to 3.1 million euros, have been included in the liabilities. Lleida.net will pay part of this amount in Lleida.net shares, as the Company considers that its treasury shares will be sufficient.

Lleida.net is a healthy company with positive working capital of 3.3 million euros. As a result of the increase in the gross margin, cash flow levels generated by the group place Lleida.net as a financially robust company, where supplier payment periods remain at the same

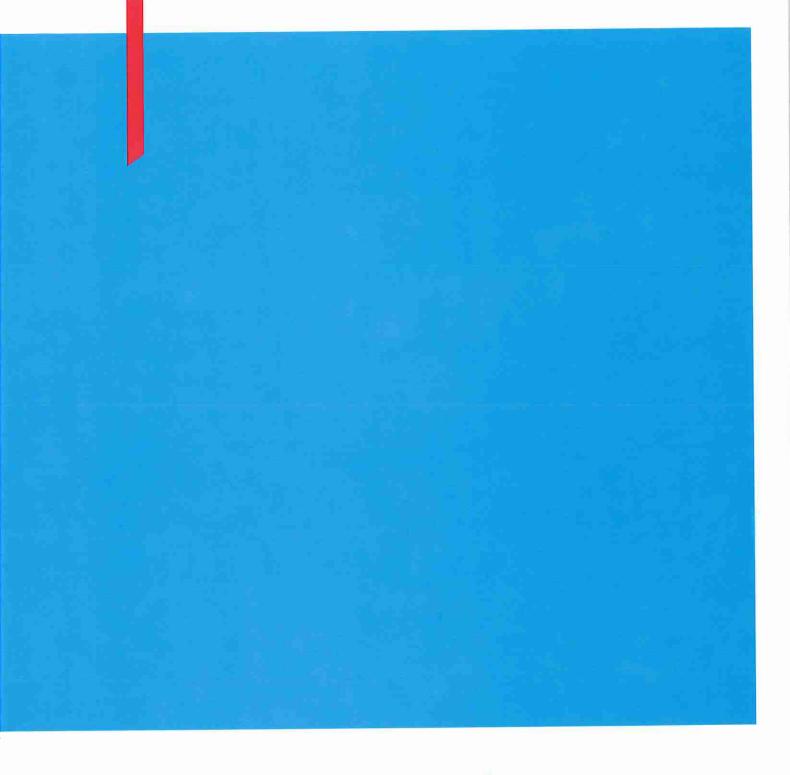
magnitudes.

E		
Figures in thousands of euros	2020	2021
Long term debts	2,100	7,100
Short term debts	910	2,986
Total debt	3,010	10,086
Short term financial investments	1,275	812
Cash and other equivalent liquid assets	4,056	3,100
Cash retained for the payment in cash for the purchase of Indenova*		1,957
Total available	5,331	5,869
Net financial debt (NFT)	-2,321	4,217
NFT/EBITDA annualised	-0.91	1.85
	•	



FR: http://www.lleida.net/docs/inversores/fr/20220429 HRelev.pdf ES: http://www.lleida.net/docs/inversores/es/20220429 HRelev.pdf ZH: http://www.lleida.net/docs/inversores/zh/20220429 HRelev.pdf

Both long-term and short-term debt payments pending for the acquisition of Indenova totalling 3,089 thousand euros have been removed, out of which cash payments of 1,957 thousand euros have been retained in the available part. The remaining share payments, worth EUR 1.1 million, will be paid in shares, which the Group believes it has already acquired on its balance sheet, and there are no plans to purchase additional shares to meet future payments from 2023 onwards.



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2021 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 2021 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, 2021

Consolidated Balance Sheets as of December 31, 2021 and December 31, 2020

Consolidated Income and Expenses Statement for the year ended on December 31, 2021 and December 31, 2020.

Consolidated Statements of Changes in Equity for the year ended on December 31, 2021 and December 31, 2020.

Consolidated Statements of Cash Flows for the year ended on December 31, 2021 and December 31, 2020.

Notes to the Consolidated Annual Accounts 2021

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2021



LLEIDANET SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARY COMPANIES

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



Tel: +34 932 003 233 Fax: +34 932 018 238 www.bdo.es San Elías 29-35, 8ª 08006 Barcelona España

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 as of December 31, 2021, 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, 2021, 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

Valuation of capitalized research expenditures

As described in notes 3.b and 5 to the accompanying consolidated report, the Group has intangible assets for expenses on capitalised research projects of a significant amount. These expenses must be specifically individualised by project and have reasons of economic-commercial profitability, among other requirements in order to be capitalized in the Group's balance sheet. In addition, the assessment by the Parent's management and directors of their recoverable amount or the involves impairment value need for judgements and estimates. For these reasons, we have considered the valuation of these assets to be a key issue in our audit.

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

- Understanding of the policies and procedures applied by the Group for the capitalization of research expenses.
- We have analysed a sample of activations of the projects during the year, obtaining evidence such as the hours and cost of the same incurred by the workers in the different projects and the cost of external collaborations.
- We have obtained the certificates issued by an independent third party on the projects regarding the tax validity of the capitalised amounts.
- We have obtained a breakdown of the carrying amount of research expenditure by project and analysed the sales projections for different projects, actual sales and profitability for the year, the reasonableness of the assumptions, review of the arithmetic calculation and deviations from past estimates in order to assess the reasonableness of the recoverable amount of the research expenditure.
- 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

Valuation of goodwill on consolidation

The accompanying consolidated balance sheet as of December 31, 2021 shows an amount 4.610 thousand Euros in intangible assets, corresponding to the goodwill arising from the

acquisition of Indenova, S.L. during the year.

We focus on this area, due to the amount of its net book value over total assets, and because the assessment by the Group's management and the Parent Company's Board of Directors of its recoverable value or need for impairment involves judgements and estimates.

For these reasons, we have considered the recoverable amount of goodwill as a key issue in our audit.

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

- Understanding of the policies and procedures applied by the Group.
- We have analysed the valuation of the company Indenova, S.L. at the date of acquisition, analysing its net worth and the price paid established in the deed of sale.
- We have assessed the estimates made by the Group's management and the Parent Company's Board of Directors to determine the expected future cash flows and other variables used in the calculation of the recoverable amount of the cash-generating unit to which the goodwill belongs.
- Lastly, 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, notes 4.b. and 6 to the accompanying consolidated annual accounts include the aforementioned disclosures.

Other information: Management report

The other information comprises exclusively the management report for the financial year 2021, 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 directors' report. Our responsibility for the consolidated directors' report, as required by the regulations governing the audit activity, is to assess and report on the consistency of the consolidated directors' report with the consolidated annual accounts, based on our knowledge of the Group obtained in the course of the audit of the consolidated annual accounts, and to assess and report on whether the content and presentation of the consolidated directors' 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 required to report them.

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 2021 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 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 obtain sufficient appropriate evidence regarding the financial information of the
 entities or business activities within the Group to express an opinion on the
 consolidated annual accounts. We are responsible for the direction, supervision and
 performance of the Group audit. We are solely responsible for our audit opinion.

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 29, 2022.



Contract period

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

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

Services provided

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

BDO Auditores, S.L.P. (ROAC nº S1273)

Ramón Roger Rull (ROAC 16.887)

Audit Partner

April 29, 2022

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR THE PERIOD ENDED ON DECEMBER 31, 2021

$\frac{\text{LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.}}{\text{AND SUBSIDIARIES}}$

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

	Notes to the Consolidated	21/12/2021	31/12/2020
ASSETS	Annual Accounts	31/12/2021	31/12/2020
NON-CURRENT ASSETS		12.016.175,29	4.120.951,34
Intangible assets	Note 5	11.031.525,90	3.583.013,57
Goodwill on consolidation		4.610.289,09	,2
Research		2.277.036,10	2.369.252,79
Industrial property		665.124,55	620.501,02
Other intangible asset		3.479.076,16	593.259,76
Tangible fixed assets	Note 6	626.565,81	335.922,80
and and buildings		147.805,21	152.942,51
rechnical installations and other tangible fixed assets		421.380,00	182.980,29
Fixed assets under construction and advances		57.380,60	п
Long-term financial investments	Note 8	66.157,21	42.055,29
Deferred Tax Assets	Note 14	291.926,37	159.959,68
CURRENT ASSETS		11.459.992,86	9.148.908,42
Stocks		489,28	-
Trade and other receivables		5.184.067,96	3.497.824,39
Client receivables for sales and services	Note 8.2	4.368.443,08	3.344.316,94
Sundry debtors	Note 8.2	75.030,31	72.134,27
Staff	Note 8.2	1.084,05	3.572,04
Current tax assets	Note 14	603.755,60	16,934,97
Other receivables from Public Authorities	Note 14	135.754,92	60.866,17
Short-term financial assets	Note 8.2	812.022,00	1.274.836,29
Short-term accruals		406.670,80	320.098,13
Cash and cash equivalents	Note 8.1.a	5.056.742,82	4.056.149,61
Cash	.,502	5.056.742,82	4.056.149,61
	PARTY BUILDING		

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

EQUITY AND LIABILITIES	Notes to the Consolidated Annual Accounts	31/12/2021	31/12/2020
EQUITY	CONTRACTOR STATE	6.731,536,93	7.265.625,76
Equity		6.727.957,69	7.156.268,10
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	1.935.015,50	1.309.912,81
Legal and statutory		64.199,77	64.199,77
Other Reserves		1.870.815,63	1.245.713,04
(Shares and own holdings in equity)	Note 12.4	(1.683.884,76)	(759.458,01)
Financial year result		044 402 04	1 040 470 16
attributed to the parent company	Note 18	911.483,81	1.040.470,16
Consolidated Losses and Profits		875.667,33	1.038.133,03
(Minority interest losses and profits)		35.816,48	2.337,13
Adjustments for changes in value		37.398,75	97.712,02
Minority interests	Note 4	(33.819,51)	11.645,64
NON-CURRENT LIABILITIES	Name of the state of the	8.610.096,44	2.100.288,04
		0.610.006.44	2.100.288,04
Long-term debts	N 0 1	8.610.096,44	1.993.897,88
Debts with credit institutions	Note 9.1	6.894.048,41	106.390,16
Other financial liabilities	Note 9.1	1.716.048,03	100.390,10
CURRENT LIABILITIES		8.134.534,78	3,903,945,96
Short-term provisions		38.021,23	42,364,76
Other provisions		38.021,23	42.364,76
Short-terms debts	Note 9.1	4.565.359,51	909.852,09
100,300 - 150,150,000 - 110,150,150 - 1, , , , , , , , , , , , , , , , , ,	11010 3.1	1.940.259,31	827.002,98
Debts with credit institutions Financial lease debts		-	8.499,14
Other financial liabilities		2.625.100,20	74.349,97
		3.531.154,04	2.951.729,11
Trade and other payables	Note 9.1	1.222.378,07	1.985.091,05
Suppliers	Note 9.1	1.478.005,69	595.440,93
Sundry creditors	Note 9.1	114.206,30	6.963,45
Staff (remuneration payable)	Note 9.1 Note 14	598.931,70	262,475,08
Other debts with Public Authorities Advances from clients	Note 14 Note 9.1	117.632,28	101.758,60
Auturous Hom onomo			
TOTAL EQUITY AND LIABILITIES		23,476,168,15	13.269.859,76

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED ON DECEBER 31, 2021 AND 2020

PROFIT AND LOSS ACCOUNTS	Notes to the Consolidated Annual Accounts	2021	2020
Net turnover	Note 15.a	17.974.836,76	16.420.644,64
Work performed by the Company for its assets	Note 5	775.602,22	662.384,37
Supplies Goods consumed	Note 15.b	(8.616.261,33) (8.616.261,33)	(8.389.768,48) (8.389.768,48)
Other operating income		47.709,76	160.418,18
Staff expenses Wage, salaries and the like Fringe benefits	Note 15.c	(4.380.569,09) (3.381.695,15) (998.873,94)	(3.403.382,45) (2.596.960,38) (806.422,07)
Other operating expenses External charges for services Taxes Losses, Impairment and change in trade provisions Other current operating expenses		(4.476.833,44) (3.228.095,28) (69.413,37) (179.494,91)	(2.743.280,81) (2.554.729,61) (169.457,76) (19.093,44)
Amortization of fixed assets	Notes 5 and 6	(1.257.358,53)	(1.187.267,28)
Impairment and results of disposals of fixed assets		(9.146,92)	(79.772,78)
Other earnings		67.650,90	æ
OPERATING EARNIGS		1.125.460,21	1.439.975,39
Financial income	Note 15.d	814,19	1.395,69
Financial expenses	Note 15.d	(85.640,40)	(73.884,23)
Change in fair value of financial instruments	Note 15.d	=	23,89
Exchange differences	Note 15.d	(7.989,05)	(194.778,19)
Impairments of financial instruments	Note 15.d	i.e.	(143.880,00)
FINANCIAL EARNINGS		(92.815,26)	(411.122,84)
PRE-TAX EARNINGS		1.032.644,95	1.028.852,55
Profit tax	Note 14	(156.977,62)	9.280,48
FINANCIAL YEAR'S EARNINGS	Note 18	875.667,33	1.038.133,03
Result attributed to the Parent Company		911.483,81	1.040.470,16
Result attributed to minority interests		(35.816,48)	(2.337,13)

$\frac{\text{LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.}}{\text{AND SUBSIDIARIES}}$

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

A) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEARS 2021 AND 2020

	2021	2020
CONSOLIDATED RESULT FOR THE YEAR	875.667,33	1.038.133,03
Income and expenses recognised		
directly to equity		
Conversion differences	(60.313,27)	44.995,50
TOTAL INCOME AND EXPENSE RECOGNISED		
DIRECTLY IN EQUITY CONSOLIDATED EQUITY	(60.313,27)	44.995,50
Transfers to the profit and loss account		
TOTAL TRANSFERS TO CONSOLIDATED		
TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT		
TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT TOTAL RECOGNISED CONSOLIDATED		
TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT TOTAL RECOGNISED CONSOLIDATED CONSOLIDATED RECOGNISED	815.354,06	1.083.128,53
TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT TOTAL RECOGNISED CONSOLIDATED CONSOLIDATED RECOGNISED INCOME AND EXPENSES	815,354,06	1.083.128,53
Transfers to the profit and loss account TOTAL TRANSFERS TO CONSOLIDATED PROFIT AND LOSS ACCOUNT TOTAL RECOGNISED CONSOLIDATED CONSOLIDATED RECOGNISED INCOME AND EXPENSES Total income and expenses attributable to the Parent Company	815.354,06 911.483,81	1.083.128,53 1.040.470,16

Consolidated Annual Accounts of Lleidanetworks Serveis Telemàtics, S.A. and Subsidiaries Financial Year 2021_

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2020 AND 2021

	Share Capital	Share Premium	Reserves and previous financial Own holdings in year's income equity	Own holdings in equity	Result attributed to the Parent Company	Adjustments for changes in value	Minority interests	Total
BALANCE, BEGINNING OF 2019	320.998,86	5.244.344,28	(1.563.397,62)	(753.310,13)	1.086.229,58	52.716,52	706,33	4.388.296,82
Total recognized income and expenses	· ·	1			1.040.470,16	44.995,50	10.939,31	1.096.404,97
Transactions with shareholders: Transactions with own equity instruments (net) Dividends		1 7 1	1.976.555,51 1.976.555,51	(6.156,88) (6.156,88)	(194.717,45) - (194.717,45)	î î î;	1 1 1	1.775.681,18 1.970.398,63 (194.717,45)
Other changes in equity: Distribution of earnings from the previous year Other movements	j. t. 1	7 (0. 1	896.754,92 891.512,13 5.242,79	1 1	(891.512,13) (891.512,13)	ir i r	E E	5.242,79
BALANCE, END OF 2020	320.998,86	5.244.344,28	1.309.912,81	(759.458,01)	1.040.470,16	91.712,02	11.645,64	7.265.625,76
Total recognized income and expenses	t.	ı	3.	3	911.483,81	(60.313,27)	(45.465,15)	805.705,39
Transactions with shareholders: Transactions with own equity instruments (net) Dividends	FTT	111	(422.289,53) (175.257,73) (247.031,80)	(924.426,75) (924.426,75)	1 1 4	1 T K	1 1 1	(1.346.716,28) (1.099.684,48) (247.031,80)
Other changes in equity: Distribution of earnings from the previous year Other movements	1 1 1	1 6 1	1.047.392,22 1.040.470,16 6.922,06	į i r	(1.040.470,16) (1.040.470,16)	# 1 E	E 1 X	6.922,06
BALANCE END OF 2021	320.998,86	5.244.344,28	1.935.015,50	(1.683.884,76)	911.483,81	37.398,75	(33.819,51)	6.731.536,93

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR 2021 AND 2020

	2021	2020
ASH FLOW FROM OPERATING ACTIVITIES	751.328,54	2.603.546,08
'inancial year's pre-tax earnings	1.032.644,95	1.028.852,55
Adjustments to earnings	1.513.823,00	1.448.892,91
Fixed asset amortisation	1.257.358,53	1.187.267,28
Valuation changes for impairment	179.494,91	19.093,44
Change in provisions	(36.659,96)	(53.585,24)
Gains and losses on derecognition and disposal of fixed assets	9.146,92	79.772,78
Gains (losses) on disposal of financial instruments	212.128.7	143.880,00
inancial income	(814,19)	(1.395,69)
inancial expenses	105.296,79	73.884,23
hange in fair value of financial instruments	-	(23,89)
Changes in current capital	(814.894,80)	128.895,01
Stocks	(489,28)	12
Debtors and other accounts receivable	(1.127.519,18)	(111.627,45)
Other current assets	(86.572,67)	(62.120,79)
Trade payables and other accounts payable	579.424,93	302.643,25
Change in fair value of financial instruments	(179.738,60)	2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -
Other cash flow from operating activities	(980.244,61)	(3.094,39)
nterest payments	(105.296,79)	(73.884,23)
Receipts of interests	814,19	1.395,69
Receipts (payments) for profit tax	(875.762,01)	69.394,15
CASH FLOW FROM INVESTMENT ACTIVITIES	(8.560.017,69)	(967.176,45)
Payments for investments	(9.023.883,53)	(967.176,45)
ntangible assets	(8.554.811,89)	(852.157,73)
Cangible assets	(469.071,64)	(102.695,25)
Other financial assets	(107.071,01)	(12.323,47)
Divestment proceeds	463.865,84	ë
Intangible assets	14.935,60	-
Tangible assets	3.287,14	-
Other financial assets	445.643,10	u
CASH FLOW FROM FINANCING ACTIVITIES	8,809,282,36	1.236.651,01
Receipts and payments for equity instruments	(1.109.001,66)	1.970.398,63
Disposals (Acquisitions) of own equity instruments	(1.109.001,66)	1.970.398,63
Receipts and payments for financial-liability instruments	10.165.315,82	(539,030,17)
Issuance	10.970.408,10	1.200.000,00
Amounts owed to credit institutions	6.810.000,00	1.200.000,00
Others	4.160.408,10	-
Repayment and amortisation of:	(805.092,28)	(1.739.030,17)
Amounts owed to credit institutions	(805.092,28)	(1.655.922,37)
Others		(83.107,80)
Payments for dividends and remuneration of other equity	(A 18 63 - 66)	/10.1.818.15
instruments	(247.031,80)	(194.717,45)
Dividends	(247.031,80)	(194.717,45)
NET INCREASE/DECREASE OF	1.000.593,21	2.873.020,64
CASH AND CASH EQUIVALENTS	1,000.595,41	2.073.020,04
Cash and cash equivalents at start of the financial year	4.056.149,61	1.183.128,97
Cash and cash equivalents at start of the financial year	5.056.742,82	4.056.149,61

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

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2021

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

a) Incorporation and registered Office of the Parent Company

LLEIDANETWORKS SERVEIS TELEMÀTICS, S. A. (hereinafter "the Company"), was incorporated in Lleida on 30 January 1995. On October 7,2017, the Company approved the change of its registered office located in General Lacy, number 42, Planta Baja - Local I, Madrid. In the previous year its registered office was located in the Parc Científic i Tecnològic Agroalimentari de Lleida, Edificio H1, Planta 2, in Lleida. On 26 October 2021, the board of directors resolved to transfer the company's registered office to Calle Téllez, 56 Local C in Madrid. At year-end, the change of registered office had not yet been registered in the Madrid Mercantile Register.

On June 30, 2011, the General Shareholders' Meeting resolved the transformation from a Limited Company to a Public Limited Company. On December 12, 2011, the agreement reached at the aforementioned meeting was submitted to the Mercantile Registry on February 17, 2012.

b) Activity of the Parent Company

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

c) Activities of the Group Companies

Main activity of the subsidiaries consists in the provision of telecommunications services, the development of programs, the sending of text messages and electronic mail, and the provision of study services and analysis of computer processes in general.

d) Legal System of the Parent Company

Parent Company is governed by its Articles of Association and by the current Corporate Enterprises Act.

e) Quotation in Stock Markets

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market, currently called BME Growth, 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. 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. On November 2, 2020, the Company was listed on the OTCQX market in New York.

f) COVID's effect on the Group

Since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain as of January 2020. and appears to begin to abate in early 2022. This event significantly affected economic activity worldwide and, as a result, the Group's operations and financial results. The effects of this crisis have had two main axes within Lleida.net:

- Boost the SaaS line, both nationally and internationally. The customer base has grown and their average consumption has increased. The Lleida.net group has more and more recurring customers who are aware of the improvements that certified products can bring to their electronic notification and contracting processes.
- Increased competition in the SMS wholesale market, where there has been an increase in the number of company purchase operations between agents, we have a more concentrated market, where Lleida.net continues to be a key player, and differentiated from the rest of its competitors.

The teleworking policy that was implemented in the Lleida.net group during the confinement has become voluntary, and most of the staff continues to do so, at least once a week.

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, 2021 is the following:

	Percentage of Holding	Applied Method of Consolidation
Group Lleidanetworks Serveis Telemàtics, S.A.		
which maintains the following investments:	1000/	Cl. L. Li. ta a setion
Lleidanetworks Serveis Telemàtics, LTD	100%	Global integration
Lleidanet USA Inc	100%	Global integration
Lleidanet Honduras, SA	70%	Global integration
Lleidanet Dominicana, SRL	99,98%	Global integration
Lleida SAS	100%	Global integration
Lleida Chile SPA	100%	Global integration
Lleidanet do Brasil Ltda	99,99%	Global integration
Lleidanet Guatemala	80%	Global integration
Portabilidades Españolas, S.L.U.	100%	Global integration
Lleidanet Costa Rica	100%	Global integration
Lleidanet Perú	100%	Global integration
Lleida Information Technology Network Services	49%	Global integration
Lleidanet South Africa	100%	Global integration
Lleidanet SAAS Middle East and Africa DMCC	100%	Global integration
Indenova, S.L.	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, 2021.

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of December 31, 2021, is indicated below:

Lleidanetworks Serveis Telemàtics, LTD

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

Lleidanet USA Inc.

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems. On December 28, 2020, was approved an increase in capital of 14,000 new shares subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

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. On December 30, 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

Lleida Chile SPA

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

Lleida Networks India Private Limited

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

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

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

Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, Lleidanetworks Serveis Telemàticos S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages. In the previous fiscal year a capital increase was carried out for an amount of 10,000 euros, fully subscribed by Lleidanetworks Serveis Telemàtics, S.A.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires from D. Francisco José Sapena Soler 100% of this Company for the amount of 16.06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidanet Perú

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters. On February 21, 2020 and December 28, 2020, capital increases were carried out by offsetting receivables held with the Parent Company for amounts of 104.283 and 33.637 euros, respectively. On 20 December 2021, a capital increase of Euros 44.309,84 was carried out by offsetting receivables from the Parent company.

Lleida Information Technology Network Services

On October 1, 2020, the Company incorporated the company in the United Arab Emirates with the partner Adil Ismail Ali Al Fahem, with a share capital of 300 shares, 147 of which are subscribed by Lleidanetworks Serveis Telemàtics, S.A. and which correspond to 49% of the share capital of the incorporated company.

Lleidanet South Africa

On September 21, 2020, the Company incorporated Lleidanet South Afica by subscribing 100% of the shares of this company.

Lleidanet SAAS Middle East and Africa DMCC

On 08 April 2021, the Company incorporated Lleidanet SAAS Middle East and Africa DMCC in Dubai, subscribing 100% of the shares of this company.

Indenova, S.L.

On 30 November 2021, the Company acquires 100% of the shares of Indenova, S.L. for a cost of 7.100.000,00 euros.

NOTE 2. PRESENTATION BASIS OF CONSOLIDATED ANNUAL ACCOUNTS

a) True and Fair View

The accompanying Consolidated Annual Accounts for the year 2021 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 annual accounts, estimates were made by the Parent Company's Board of Directors in order to measure certain of the assets, liabilities, income and expenses reported herein. The estimates and criteria relate to:

- -Reasonableness of capitalisation and recoverability of research projects.
- -Reasonableness of the recognition and recoverability of the goodwill arising from the acquisition of Indenova, S.L.

Although these estimates have been made on the basis of the best information available at yearend 2021, it is possible that future events may make it necessary to change these estimates (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding income statement.

The Parent Company's Board of Directors considers that there are no significant uncertainties or aspects about 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.

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 2021 those corresponding to the previous year. The items of both years are comparable and homogeneous, except as indicated in note 2.f (section below on changes in accounting policies).

e) 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 (see section c).

In November 2021, following the acquisition of the company Indenova, S.L., goodwill of 4,7 million euros has been generated. Indenova's main assets are its assets, as reflected in its balance sheet. Indenova has a brand image that is recognised both nationally and internationally, and a recurring customer base that values its services. Its R&D developments will enable new uses of its services, not only for its customer base, but will also be a differentiating element in the Group's R&D strategy. They have key personnel, who will remain within the Lleida.net Group and will be members of the management committee, and will help to meet the objectives set by the Board of Directors of the Group's Parent Company. With the acquisition of Indenova, synergies in sales are achieved, given that Indenova and the other companies of the Group have very few shared customers. Indenova will be able to increase its sales by selling its products to Lleida.net customers.

The Parent Company's Board of Directors has not considered it necessary to recognise any impairment of this goodwill on the basis of the expectations of positive cash flow generation forecast for the coming years by this investee company.

In order to analyse the recoverability of the aforementioned assets, cash flows based on sales projections for the period 2022-2026 have been used. According to management, these projections are based on the 2020 result, the 2021 budget and management's best expectations for the business until 2026 for the corresponding impairment analysis as at 31 December 2021.

Sales growth of 1.5% until 2026 has been estimated. Cash flows have also been discounted using the average cost of funds after tax. The discount rate used was 10,5%.

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.

f) Changes in accounting criteria

The first application of the amendments to the Spanish National Chart of Accounts introduced by Royal Decree 1/2021 from January 12th, relating mainly to the rules for the recording and valuation of financial instruments and the recognition of income, has led to the following changes:

• Financial instruments

The Company has reclassified the headings previously classified as "Loans and receivables" and "Debts and payables" as "Financial assets at amortised cost" and "Financial liabilities at amortised cost", respectively. Apart from this reclassification, there has been no accounting effect from the new classification and valuation criteria.

• Revenue recognition

The application of the new criteria has not had any impact on the revenue recognition policy applied by the Company's management.

Stock valuation

The application of the new criteria has not had any impact on the inventory valuation policy applied by the Company's management.

The reconciliation between each of the financial instrument line items as on January 1st, 2021 is as follows, in euros:

15-1		Reclassified to:				
		Balance on January 1 st , 2021	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at cost	Financial assets at fair value through equity
Reclassified to:	Loans and Receivables	4.736.914,83	-	4.736.914,83	(80)	-
	Other financial assets at fair value through profit or loss	_	-			R <u>-</u>

374		Reclassified to:		
		Balance on January 1 st , 2021	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss
sifie :	Debits and payables	5.699.394,16	5.699.394,16	-
Reclassifie d to:	Other financial liabilities at fair value through profit or loss	-	*	

g) Correction of Errors

The 2021 Annual Accounts do not include related adjustments as a result of errors detected in previous years' annual accounts.

h) Fair value

It is the price that would be received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. The fair value shall be determined without any deduction for transaction costs that might be incurred due to disposal or disposition by other means. In no case shall the fair value result from a forced or urgent transaction or as a consequence of an involuntary liquidation situation.

Fair value is estimated for a particular date and, because market conditions may change over time, that value may be inappropriate for another date. In addition, in estimating fair value, an enterprise should take into account the conditions of the asset or liability that market participants would take into account in pricing the asset or liability at the measurement date.

- a) Between interested and duly informed parties, in an arm's length transaction,
- b) In the main market of the asset or liability, understood as the market with the highest volume and level of activity, or
- c) In the absence of a principal market, in the most advantageous market to which the company has access for the asset or liability, understood as the one that maximizes the amount that would be received for the sale of the asset or minimizes the amount that would be paid for the transfer of the liability, after taking into account transaction costs and transportation expenses.

In general, fair value is calculated by reference to a reliable market value.

For those items for which there is no active market, the fair value will be obtained, where appropriate, through the application of valuation models and techniques.

The fair value of a financial instrument must consider, among other things, the credit risk and, in the specific case of a financial liability, the company's default risk, which includes, among other components, its own credit risk. However, no adjustments for volume or market capacity should be made to estimate the fair value.

NOTE 3. RECOGNITION AND VALUATION STANDARDS

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

a) Consolidation Principles

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

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

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

- The criteria used in formulation of the Balance Sheets, the Profit and Loss Account and the Statement of Changes in Equity and Cash-Flow Statements for each one of the consolidated companies are, generally, and in their basic aspects, homogenous.

- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow include all adjustments and eliminations of the consolidation process, as well as relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.
- Balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with group, affiliated and associated companies which have been excluded from the consolidation are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.
- The deletion of Subsidiary equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiaries which is represented by the shareholding on the date of the first consolidation. The first consolidation differences were treated as follows:
 - a) Positive differences which cannot be allocated to the equity elements of the Subsidiaries were included in the "Consolidation Goodwill" heading of the Consolidated Balance Sheet. The impairment losses must be recognized in the Consolidated Profit and Loss Account and are irreversible
 - b) Negative differences, obtained as first consolidation, are recognized as reserves for the year considering that the group already existed previously in the different subgroups contributed to the Parent Company.
- The consolidated income for the financial year shows the part that may be attributed to the Parent Company, comprised of the income obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the invested companies
- The shareholding value of the minority interests in the equity and the attribution of income in the consolidated subsidiaries is presented in the "Minority Interest" heading of the Equity of the Consolidated Balance Sheet. The value breakdown of these shareholdings is presented in Note 4.

b) Intangible Fixed Assets

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

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

Research and Development Costs

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

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

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

Computer Applications

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

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

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

Industrial Property

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

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

Consolidation Goodwill

This item includes positive differences between the equity of subsidiaries attributable to the Parent Company and the equity interest in the Parent Company at the date of first consolidation, which could not be attributed to specific assets and liabilities of the subsidiaries.

Goodwill is amortised over ten years and is recovered on a straight-line basis. In addition, goodwill is reviewed annually for impairment and is recognised in the balance sheet at cost less amortisation and, where applicable, accumulated impairment losses.

In order to check for impairment, at the end of each year an analysis is made of the value of each of the investees that have generated them, based on discounted expected cash flows.

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	10 – 6,67 4 - 2	
Other tangible fixed assets	15	6,67	

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

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

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

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

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

d) Leases and Other Transactions of a Similar Nature

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

e) Financial Instruments

The Company records under financial instruments those contracts that give rise to a financial asset in one company and, simultaneously, to a financial liability or equity instrument in another company.

A financial asset is any asset that is: cash, an equity instrument of another company, or involves a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties on potentially favourable terms.

Financial assets are classified for valuation purposes in the following category:

- Financial assets at amortised cost.

Financial instruments issued, incurred or assumed are classified as financial liabilities, in whole or in part, if, based on their economic substance, they create a direct or indirect contractual obligation for the Company to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with third parties on potentially unfavourable terms.

Financial liabilities are classified for measurement purposes as follows:

- Financial liabilities at amortised cost.

This treatment applies to the following financial instruments:

- a) Financial assets:
- Cash and cash equivalents;
- Trade receivables: trade receivables and sundry debtors;
- -Receivables from third parties: such as financial loans and receivables, including those arising from the sale of non-current assets;
- Other financial assets: such as deposits with credit institutions, loans and advances to employees, guarantees and deposits given, dividends receivable and payments due on own equity instruments.
- b) Financial liabilities:
- Debts from commercial operations: suppliers and sundry creditors;
- Debts with credit institutions;
- Other financial liabilities: debts to third parties, such as financial loans and credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on shareholdings.

Financial assets at amortised cost

A financial asset is included in this category, even when it is admitted to trading on an organised market, if the Company holds the investment for the purpose of receiving cash flows from the performance of the contract and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

The following are classified in this category:

- a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the sale of goods and the provision of services in the ordinary course of business; and
- b) Non-trade receivables: financial assets, other than equity instruments and derivatives, that are not of a commercial substance and for which the amount receivable is fixed or determinable.

Financial liabilities at amortised cost

The following are classified in this category:

- a) Trade payables: financial liabilities arising from the purchase of goods and services in connection with trading transactions; and
- b) Non-trade payables: financial liabilities which, not being derivative instruments, do not arise from trade transactions, but arise from loans or credits received by the Company.

Initial measurement

The financial assets and liabilities included in this category are initially measured at fair value, which is the transaction price and is equal to the fair value of the consideration given plus directly attributable transaction costs.

Notwithstanding the above, trade receivables and payables maturing in less than one year that do not bear contractual interest rates, as well as, where applicable, advances and loans to employees, dividends receivable and payments required on equity instruments, the amount of which is expected to be received in the short term, and payments required by third parties on equity investments, the amount of which is expected to be paid in the short term, are measured at nominal value when the effect of not discounting cash flows is not material.

Subsequent valuation

In subsequent valuations, both assets and liabilities are measured at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest method. Notwithstanding the above, receivables and payables maturing within one year that were initially measured at nominal value continue to be measured at nominal value, unless, in the case of receivables, they are impaired.

Impairment of financial assets at amortised cost

At least at year-end, the necessary impairment losses are recognised whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the insolvency of the debtor.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the realisation of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate at the reporting date is used in accordance with the contractual terms.

Impairment losses, as well as reversals of impairment losses when the amount of the impairment decreases due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

Reclassification of Financial Assets

When the Company changes the way in which it manages its financial assets to generate cash flows, it reclassifies all affected assets in accordance with the criteria outlined above. The reclassification is not a derecognition but a change in valuation criteria.

Derecognition of Financial Assets

The Company derecognises a financial asset, or part of a financial asset, when the contractual rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred, in circumstances that are assessed by comparing the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset. Substantially all the risks and rewards of ownership of the financial asset are deemed to have been transferred when its exposure to such changes is no longer material in relation to the total change in the present value of the future net cash flows associated with the financial asset.

When the financial asset is derecognised, the difference between the consideration received net of attributable transaction costs, taking into account any new asset obtained less any liability assumed, and the carrying amount of the financial asset determines the gain or loss arising on derecognition and forms part of the profit or loss for the period in which the gain or loss arises.

The Company does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which it has retained substantially all the risks and rewards of ownership, such as in bill discounting, factoring with recourse, sales of financial assets under repurchase agreements at a fixed price or at the sale price plus interest and securitisations of financial assets in which the transferor retains subordinated financing or other types of guarantees that absorb substantially all the expected losses.

Derecognition of financial liabilities

The Company derecognises a financial liability, or part of a financial liability, when the obligation has been extinguished, i.e. when it has been satisfied, cancelled or has expired. It also derecognises its own financial liabilities that it acquires, even if it intends to reposition them in the future.

The difference between the carrying amount of the financial liability or part of the financial liability derecognised and the consideration paid, including any costs or fees incurred and including any asset transferred other than cash or liability assumed, is recognised in the income statement in the period in which it occurs.

In the case of an exchange of debt instruments that do not have substantially different terms, the original financial liability is not derecognised. Any transaction costs or fees incurred adjust the carrying amount of the financial liability. From that date, the amortised cost of the financial liability is determined by applying the effective interest rate that matches the carrying amount of the financial liability with the cash flows payable under the new terms.

Own equity instruments

An equity instrument is any legal transaction that evidences, or reflects, a residual interest in the assets of the issuing company after deducting all its liabilities.

In the event that the company enters into any transaction with its own equity instruments, the amount of these instruments is recorded in equity, as a change in shareholders' equity, and in no case may they be recognised as financial assets of the company and no profit or loss is recorded in the profit and loss account.

Expenses arising from these transactions, including the costs of issuing these instruments, such as lawyers', notaries' and registrars' fees; printing of reports, bulletins and securities; taxes; advertising; commissions and other placement expenses, are recorded directly in equity as a reduction in reserves.

Deposits given and received

Deposits or guarantees provided as security for certain obligations are measured at the amount actually paid, which does not differ significantly from their fair value.

In the case of deposits given or received for operating leases or for the provision of services, the difference between their fair value and the amount paid (e.g. because the deposit is long-term and is not remunerated) is treated as an advance payment or collection for the lease or provision of the service, which is taken to profit or loss over the period of the lease in accordance with the standard on leases and similar transactions or over the period in which the service is rendered in accordance with the standard on revenue from sales and services.

In estimating the fair value of the collateral, the remaining period is taken to be the minimum committed contractual period during which the collateral cannot be repaid, without taking into account the statistical behaviour of repayment.

Where the guarantee is short-term, discounted cash flows are not required if their effect is not material.

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

The main services offered by the Group consist of notification, signature and electronic contracting services.

Revenue recognition for sales and services rendered

The Company recognises revenue in the ordinary course of business when (or as) control of the committed goods or services is transferred to the customer. At that time, the Company measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services.

Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

In order to apply this fundamental approach to revenue recognition, the Company follows a comprehensive process consisting of the following successive steps:

- a) Identify the contract(s) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations for the parties.
- b) Identify the obligation(s) to be fulfilled in the contract, representing commitments to transfer goods or provide services to a customer.
- c) Determine the transaction price, or contract consideration, to which the firm expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.
- d) Allocate the transaction price to the obligations to be performed on the basis of the individual selling prices of each separate good or service committed to in the contract or, where appropriate, on the basis of an estimate of the selling price when the selling price is not independently observable.
- e) Recognise revenue when (as) the company satisfies a committed obligation through the transfer of a good or the rendering of a service; such satisfaction occurs when the customer obtains control of that good or service, so that the amount of revenue recognised is the amount allocated to the contractual obligation satisfied.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a specific point in time. As specified in note 15, the invoicing issued by the Company is based on customer consumption of each product.

Fulfilment of the obligation at a specific point in time

In cases where the transfer of control over the asset does not occur over time, the Company recognises revenue using the criteria established for obligations that are discharged at a point in time. To identify the specific point in time at which the customer obtains control of the asset (generally an asset), the Company considers, among others, the following indicators:

- a) The customer assumes the significant risks and rewards of ownership of the asset. In assessing this, the Company excludes any risk that gives rise to a separate obligation other than a commitment to transfer the asset.
- b) The Company has transferred physical possession of the asset.
- c) The customer has received (accepted) the asset in accordance with the contractual specifications.
- d) The company has a collection right for transferring the asset.
- e) The customer has ownership of the asset.

Valuation

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, the fair value of the consideration received or expected to be received, which, in the absence of evidence to the contrary, is the agreed price of the assets to be transferred to the customer, less: the amount of any discounts, rebates or other similar items that the company may grant; and interest included in the nominal amount of the receivables.

However, embedded interest on trade receivables maturing in less than one year that do not have a contractual interest rate is included when the effect of not discounting cash flows is not material. If applicable

Taxes levied on the delivery of goods and services that the company must pass on to third parties, such as value added tax and excise duties, as well as amounts received on behalf of third parties, are not part of revenue.

Where variable consideration exists, the Company takes into account in the measurement of revenue the best estimate of the variable consideration if it is highly probable that there will not be a significant reversal of the amount of revenue recognised when the uncertainty associated with the consideration is subsequently resolved.

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.

1) Cash-Flow Statements

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

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

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

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

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

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

NOTE 4. MINORITY INTEREST

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2021, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority
Lleidanet Guatemala	20%	4.042,50	(524,94)	2	703,51
Lleidanet Honduras	30%	· ·		=	.
Lleidanet Brasil	0.01%	(38.909,84)	7.203,12	(2.253,98)	(3,40)
LLeidanet República Dominicana	0,02%	(9.014,54)	734,21	241,56	(1,61)
Lleida Information Technology Network Services (*)	51%	(4.575,12)	7.120,79	(70.228,05)	(34.518,01)
					(33.819,51)

^(*) Shareholders' Equity includes a portion of outstanding disbursements that correspond mainly to the Parent Company, which is why the total of Minority Interests does not correspond exactly to 49% of the total Shareholders' Equity shown in the table below.

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as the end of the financial year 2020, is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidanet Guatemala	20%	4.042,50	(971,56)	÷.	614,19
Lleidanet Honduras	30%	1		1 €1	7 =
Lleidanet Brasil	0.01%	(25.832,31)	6.030,67	658,90	(1,91)
LLeidanet República Dominicana	0,02%	3.551,30	4.579,90	(12.565,85)	(0,89)
Lleida Information Technology Network Services (*)	51%	15.532,69	(311,44)	(4.575,12)	11.034,25
	A STREET OF STREET	I To be to			11.645,64

NOTE 5. INTANGIBLE FIXED ASSETS

The details and changes in intangible fixed assets throughout the financial year 2021 were as follows, in euros:

	31/12/2020	Perimeter additions	Additions	De-Recognition	Transfers	31/12/2021
Cost:						
Goodwill on consolidation	9≆	4,688,429,58	, 1 0	-	1.70	4.688.429,58
Research	11.649.345,74	100 cm makes 1 min #1 min	722,932,06	=	5 7 7	12.372.277,80
Industrial Property	928.218,54	#	14.935,60	(14.935,60)	126.053,56	1.054.272,10
Computer applications	270.661,09	4.627.951,01	455.547,44	(32.890,63)		5.321.268,91
Advances for intangible fixed assets	564.399,48	•	158.243,81	(9.146,92)	126.053,56	587.442,81
	13,412.624,85	9,316,380,59	1.351.658,91	(56.973,15)		24.023,691,20
Accumulated amortization:						
Goodwill on consolidation	_	¥	(78.140,49)	=	7	(78.140,49)
Research	(9.280.092,95)	-	(815.148,75)	-	7	(10.095.241,70)
Industrial Property	(307.717,52)	-	(81.430,03)	₩.		(389.147,55)
Computer applications	(241.800,81)	(1.426.403,76)	(794.321,62)	32.890,63	-5	(2.429.635,56)
	(9.829,611,28)	(1,438,661,46)	(1.769.040,89)	32.890,63		(12.992.165,30)
Intangible Fixed Assets, Net	3,583.013,57	3,189,289,55	(417.381,98)	(24.082,52)	H = 1	11.031.525,90

The details and changes in intangible fixed assets throughout the financial year 2020 were as follows, in euros:

	31/12/2019	Additions	De-Recognition	Transfers	31/12/2020
Cost:					
Research	11.036.034,28	662,384,37	(49.072,91)	(11.649.345,74
ndustrial Property	783,542,63			144.675,91	928.218,54
Computer applications	259.397,28	11.263.81		· ·	270.661,09
Advances for intangible fixed assets	571.636,24	178.509,55	(41.070,40)	(144.675,91)	564.399,48
	12,650,610,43	852.157,73	(90.143,31)		13.412.624,85
Accumulated amortization:					
Research	(8.350.705,12)	(939.758,36)	10.370,53		(9.280.092,95)
ndustrial Property	(237.369,81)	(70.347,71)	(*		(307.717,52)
Computer applications	(215.419,67)	(26.381,14)	(*	=	(241.800,81)
	(8.803.494,60)	(1.036.487,21)	10,370,53		(9.829.611,28
Intangible Fixed Assets, Net	3,847,115,83	(184.329,48)	(79,772,78)		3.583,013,57

Goodwill

On 30 November 2021 the Group acquired 100% of the shares of Indenova, S.L. for a cost of 7.100.000,00 euros.

According to the estimates and projections available to the Parent Company's Board of Directors, the cash flow forecasts attributable to this company allow the net value of the aforementioned goodwill to be recovered.

This goodwill is amortised on a straight-line basis over a period of 10 years.

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, 2021 and 2020, is the following, stating their cost values in Euros:

	31/12/2021	31/12/2020
Research	8.492.284,57	7.573.601,89
Patents	108,806,51	87.223,51
Computer applications	1.387.114,48	186.000,15
	9.988.205,56	7.846.825,55

NOTE 6. TANGIBLE ASSETS

The details and changes in tangible fixed assets throughout the financial year 2021 were as follows, in euros:

	31/12/2019	Perimeter additions	Additions	De-recognitions	Transfers	31/12/2020
Cost:						avenue rai empresa.
Land and buildings Technical installations and	197.185,74	#1	~	(4)	₩)	197.185,74
nachinery Other installations,	257.392,06	. 	=		26	257.392,06
ools and furniture	106.118.89	232,962,47	391.047,47	(30.298,55)	(#1)	699.830,28
Data processing equipment	663.660,87	280,973,00	20,643,57	(50.267,54)	±9	915.009,90
Other tangible fixed assets	4.935,79	7.810,98		· ·	(4)	12.746,77
Advances for tangible fixed assets	-	- A	57.380,60	*	:= :	57.380,60
	1,229,293,35	521.746,45	469.071,64	(80.566,09)		2.139,545,35
Accumulated amortization:						000000000000000000000000000000000000000
Land and buildings Fechnical installations	(44.243,23)	請 念	(5.137,30)	₩.	*	(49.380,53)
and machinery Other installations,	(246, 191, 35)		(7.681,33)	-	:5:	(253.872,68)
tools and furniture	(74.609,25)	(219.885,39)	(12.101,84)	26.556,71	*	(280.039,77)
Data processing equipment	(524.340,02)	(289.135,32)	(162.638,71)	50.722,24	7.093,17	(918.298,64)
Other tangible fixed assets	(3.986,70)	3#2	(308,05)		(7.093,17)	(11.387,92)
	(893,370,55)	(509.020,71)	(187,867,23)	77.278,95	*	(1.512.979,54)
Tangible Fixed Assets, Net	335,922,80	12.725,74	281,204,41	(3.287,14)		626,565,81
CONTRACTOR						

Due to the increase in SaaS sales, investments have been made in servers for more storage capacity. Investments have also been made in laptops during the financial year 2021.

The details and changes in tangible fixed assets throughout the financial year 2020 were as follows, in euros:

	31/12/2019	Additions	De- recognitions	Transfers	31/12/2020
Cost:					
Land and buildings	197.185,74	¥1	24	· ·	197.185,74
Technical installations and machinery	257.820,72	≅ 7	(428,66)	(/ e :	257.392,06
Other installations, tools and furniture	106.118,89	-	12	-	106.118,89
Data processing equipment	455.667,82	102,695,25	-	105.297,80	663.660,87
Other tangible fixed assets	4.935,79		-	Sæl	4.935,79
Advances for tangible fixed assets	105.297,80			(105.297,80)	2
	1.127.026,76	102.695,25	(428,66)	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	1.229.293,35
Accumulated amortization:					
Land and buildings	(39.105,93)	(5.137,30)	# :		(44.243,23)
Technical installations and machinery	(226,066,61)	(20.553.40)	428,66		
					(246.191,35)
Other installations tools and furniture			420,00	45 50	(246.191,35) (74.609,25)
	(64.787,54)	(9.821,71)			
Data processing equipment					(74.609,25) (524.340,02)
Other installations, tools and furniture Data processing equipment Other tangible fixed assets	(64.787,54) (411.952,81)	(9.821,71) (112.387,21)	428,66		(74.609,25)

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, 2021 and 2020, is shown below stating their cost values in Euros:

	31/12/2021	31/12/2020
Technical installations and machinery	188.916,95	47.891,31
Other facilities	174.620,84	*
Furniture	85.500,79	1,220,60
Data processing equipment	683.570,38	376.580,17
Other fixed assets	3.087,87	3.087,87
	1.135.696,83	428.779,95

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has no assets financed by finance leases at 31 December 2021.

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in the year 2021 is 229.166,56 euros (217.269,19 euros in the previous year). Corresponds basically to office rentals and vehicle rentals.

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

	2021	2020
Up to 1 year	229,464,78	169.323,21
Between 1 and 5 years	101.044,71	52.405,65
More of 5 years	524.845,84	544.564,96
	855.355,32	766.293,82

NOTE 8. FINANCIAL ASSETS

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

	Equity instruments 31/12/2021	Equity instruments 31/12/2020	Credits and Other Financial Assets 31/12/2021	Credits and Other Financial Assets 31/12/2020
Financial assets at amortised cost (Note 8.2)	-	= 0	55.659,30	31.857,89
Financial assets at fair value through equity (Note 8.3)	10.497,91	10.197,40	-	-
	10.497,91	10.197,40	55.569,30	31.857,89

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

	Credits and Other Financial Assets 31/12/2021	Credits and Other Financial Assets 31/12/2020
Assets at fair value through		1 0 2 4 1 0 4 4
the profit and loss:	5.056.742,82	4.056.149,61
Cash or other liquid assets (Note 8.1)	5.056.742,82	4.056.149,61
Loans and receivable items (Note 8.2)	5.256.579,44	4.694.859,54
Total	10.313.322,26	8.751.009,15

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, 2021 and 2020 is as follows, in euros:

	Balance at 31/12/2021	Balance at 31/12/2020
Current Accounts	5.008.191,36	4.047.972,29
Cash	48.551,46	8.177,32
Total	5.056.742,82	4.056.149,61

8.2) Financial Assets at Amortised Cost

The composition of loans and receivable items as of December 31, 2021 and 2020 is as follows:

	Balance at	31/12/2021	Balance at	31/12/2020
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions		Property of		
Costumers Debtors	# 	4.368.443,08 75.030,31	*	3.344.316,94 72.134,27
Total loans and receivables items for commercial transactions	#	4.443.473,39		3.416.451,21
Loans and receivables for non-commercial transactions				
Staff Short-term deposits (*) Securities and deposits	55.659,30	1.084,05 812.022,00	31.857,89	3.572,04 1.262.022,00 12.814,29
Total loans and receivables for non-commercial transactions	55.659,30	813.106,05	31.857,89	1.278.408,33
Total	55,659,30	5.256.579,44	31.857,89	4,694.859,54

^(*) 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, 2019	575.116,52
mpairment losses on trade receivables	15.624,20
Accumulated impairment end of financial year 2020	590.740,72
Impairment losses on trade receivables	28.093,31
Accumulated impairment end of financial year 2021	618.834,03

8.3) Financial Assets at Fair Value through Shareholders' Equity

Corresponds to an investment made by the Group in previous years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the capital stock.

There are no assets as collateral for loans.

NOTE 9. FINANCIAL LIABILITIES

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

		ith credit utions	Other li	abilities	To	otal
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Financial liabilities at amortised cost (Note 9.1)	6.894.048,41	1.993.897,88	1.716.048,03	106.390,16	8.610.096,44	2.100.288,04

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

	Debts with cre	dit institutions	Otherli	abilities	То	tal
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debits and payable Items at amortised cost (Note 9.1)	1.940.259,31	835.502,12	5.557.322,54	2.763.604,00	7.497.581,85	3.599.106,12

9.1) Debits and Payable Items

The breakdown as of December 31, 2021 and 2020 is as follows, in euros:

	Balance as of 31/12/2021		Balance as of 31/12/202	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				100
Suppliers	25	1.222.378,07	÷ ¥ 2	1.985.091,05
Creditors	(₩	1.478.005,69	-	595.440,93
Advances from costumers	2. 75	117.632,28	毫:	101.758,60
Total balances for				
commercial transactions		2.818.016,04	Maria de la compansión de	2.682.290,58
For non-commercial operations:	San San James			
Debts with credit institutions	6.894.048,41	1.940.259,31	1.993.897,88	827.002,98
Other financial liabilities		: F :	-	8.499,14
Other debts	1.716.048,03	2.625.100,20	106.390,16	74.349,97
Debits and payable items	8.610.096,44	4.565.359,51	2.100.288,04	909.852,09
Staff (remuneration payable)	_	114.206,30	·	6.963,45
Total balances for	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	7-7-7-1		
non-commercial operations	8.610.096,44	4.679.565,81	2.100.288,04	916.815,54
Total debts and payable items	8.610.096,44	7.497.581,85	2.100.288,04	3,599,106,12

9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2021 is as follows, in euros:

	Short-Term	Long-Term	Total
Loans Credit policies	1.741.259,31 199.000,00	6.894.048,41	8.635.307,72 199.000,00
THE PERSON NAMED IN COLUMN TWO	1.940.259,31	6.894.048,41	8.834.307,72

The breakdown of debts with credit institutions at December 31, 2020 is as follows, in euros:

	Short-Term	Long-Term	Total
Credit policies	134.026,31	-	134.026,31
oans	692.976,67	1.993.897,88	2.686.874,55
Leasings	8.499,14		8.499,14
	835.502,12	1.993.897,88	2.829.400,00

Loans

The detail of the bank loans as of December 31, 2021, expressed in Euros, is the following:

Mary Company Co.	WILLS IN STATE	Amount	Pending at
Loans	Last Maturity	granted	closure
Loan 24 (*)	15/10/2025	78.375,60	43.627,60
Loan 36	02/11/2022	300.000,00	58.359,29
Loan 37	01/03/2022	150.000,00	9.375,00
Loan 38	18/06/2023	195.000,00	60.620,92
Loan 39	02/07/2023	200.000,00	66.329,07
Loan 40	28/12/2023	400.000,00	162.956,00
Loan 41	29/03/2024	250.000,00	115.518,23
Loan 42	12/04/2024	400.000,00	191.022,69
Loan 43	03/05/2024	300.000,00	148.548,74
Loan 44	04/06/2024	250.000,00	128.121,46
Loan 45	30/04/2025	400.000,00	334.987,79
Loan 46	22/04/2025	400.000,00	335.097,20
Loan 47	08/04/2025	400.000,00	335,151,93
Loan 48	31/03/2026	500.000,00	426.189,63
Loan 49	09/07/2028	1.200.000,00	1.129.856,99
Loan 50	31/07/2028	3.200.000,00	3.014.188,42
Loan 51	09/10/2027	1.250.000,00	1.216.577,45
Loan 52	21/03/2022	350,000,00	18.200,00
Loan 54	03/07/2023	415.829,24	136.000,00
Loan 56	18/04/2023	200.000,00	84.579,31
Loan 57	04/07/2026	150.000,00	150.000,00
Loan 58	04/07/2026	250.000,00	250.000,00
Loan 59	24/04/2026	220.000,00	220.000,00
		11.459.204,84	8.635.307,72

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

During the year 2021, loans for a total amount of 6.810 thousand euros were contracted with various financial institutions. This contracting arose basically from the acquisition of the investee Indenova, S.L.

The detail of the bank loans as of December 31	, 2020, expressed in Euros, is the following:
--	---

Loans	Last maturity	Amount granted	Pending at closure
Loan 24 (*)	15/10/2025	78.375,60	48.591,60
Loan 36	02/11/2022	300.000,00	120.251,52
Loan 37	01/03/2022	150.000,00	46.875,00
Loan 38	18/06/2023	195.000,00	100.007,72
Loan 39	02/07/2023	200.000,00	106.759,02
Loan 40	28/12/2023	400.000,00	242.944,01
Loan 41	29/03/2024	250.000,00	165.256,39
Loan 42	12/04/2024	400.000,00	270.533,37
Loan 43	03/05/2024	300.000,00	208.051,20
Loan 44	04/06/2024	250.000,00	177.604,72
Loan 45	30/04/2025	400.000,00	400.000,00
Loan 46	22/04/2025	400.000,00	400.000,00
Loan 47	08/04/2025	400.000,00	400.000,00
		3,723,375,60	2.686.874,55

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

Credit Lines

As of December 31, 2021, the Group has credit policies granted with a total limit amounting to 1.913.500 euros (1.815.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 273.500,00 euros (134.026,31 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2021, the Company has discount policies granted with a total limit amounting to 780.000 euros (650.000 euros at the end of the previous year), of which no provision has been made either at the end of this fiscal year or at the end of the previous fiscal year.

9.1.2) Other Financial Liabilities

Deferred payment for the acquisition of Indenova, S.L.

On 30 November 2021 the Group acquired 100% of the shares of Indenova, S.L. for a price of 7,100,000.00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, deferred. A schedule of payments has been established, with dates 30 November 2022, 2023, 2024 and 2025 in cash, and another schedule of payments with dates 30 November 2023, 2024 and 2025 consisting of a fixed amount to be paid by means of the delivery of shares in Lleidanetworks Serveis Telemàtics, S.A. (own shares).

Other debts

Other debts mainly comprise two loans held by the Company with the Institut Català de Finances (ICF), CDTI and former members of Indenova, S.L. The detail of these at the close of fiscal years 2021 is as follows, in euros:

Entity	Last Maturity	Amount granted	Pending at closure Cierre
Loan 2	25/07/2023	300.000,00	106.390,16
Loan 3	26/03/2024	199.151,00	84.470,17
Loan 4	23/07/2024	111.750,00	196.098,13
Loan 5	31/12/2022	217.000,00	217.000,00
Loan 6	31/12/2022	290.000,00	290.000,00
Loan 7	31/12/2022	162.000,00	162.000,00
Loan 8	31/12/2022	32.000,00	32,000,00
	The second secon	1.311.901,00	1.087.958,46

The detail at the close of fiscal year 2020 was as follows, in euros:

Company	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2013	300.000,00	173.583,92
		300.000,00	173.583,92

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 2021 is the following:

				Maturity years			
	2022	2023	2024	2025	2026	More than 5 years	Total
Financial debts: Debts with credit institutions	1.940.259,31 1.940.259,31	2.019.724,52 2.019.724,52	1.497.448,33 1.497.448,33	1.497.448,33 1.497.448,33	952.521,71 952.521,71	1.211.326,20 1.211.326,20	9.118.728,40 9.118.728,40
Other financial liabilities: Other debts Deferred payment acquisition Indenova, S.L.	2.625.100,20 1.046.403,37 1.578.696,83	606.068,72 102.430,22 503.638,50	606.340,81 102.702,31 503.638,50	503.638,50 503.638,50	# E #	* * *	4.341.148,23 1.251.535,90 3.089.612,33
Commercial creditors and other payable items: Suppliers Sundry creditors Staff Advances from costumers	2.932.222,34 1.222.378,07 1.478.005,69 117.632,28 114.206,30	*****		1111	1111	11.1.1.1	2,932,23,34 1,222,378,07 1,478,005,69 117,632,28 114,206,30
Total	7,497,581,85	2.625.793,24	2.103.789,14	2.001.086,83	952.521,71	1.211.326,20	16.392.098,97

The breakdown of the maturity dates of the liability financial instruments at the close of 2020 is the following, in Euros:

				Maturity years			
	2021	2022	2023	2024	2025	More than 5 years	Total
Financial debts: Debts with credit institutions Financial lease	835.502,12 827.002,98 8.499,14	779.183,91 779.183,91	685.205,17 685.205,17	408.566,01 408.566,01	120.942,80 120.942,80	3. 1. 1	2.829.400,01 2.820.900,87 8.499,14
Other debts	74.349,97	66,666,59	39.723,57	į	•	ĩ	180.740,13
Commercial creditors and other payable items:	2.689.254,03	,	i	F.	**		2.689.254,03
Suppliers	1.985.091,05		ř (E ZI	1 1	1. 1	595.440,93
Staff	101.758,60	•5	100	э т	1	•	101.758,60
Advances from costumers	6.963,45	•	1	3	3	ï	6.963,45
Toral	3.599.106.12	845.850.50	724.928,74	408.566,01	120.942,80		5.699.394,17

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 several financial institutions for a total amount of 577.781 euros, a standard instrument when signing an interconnection agreement.

The Group does not have any guarantees for loans.

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the third additional provision. Duty to inform of Law 15/2010, of July 5 (modified by Law 31/2014), to amend Law 3/2004 of December 29, by which are established measures to combat late payment in commercial transactions and with regard to the resolution January 29, 2016, of the Institute of Accounting and Audit Statements, about the information to include in the Notes to the Annual Accounts with regard to the average payment period to suppliers in commercial transactions, is as follows:

	Payments made an on the Closing	d pending payment Date Balance
	Financial year 2021 Days	Financial year 2020 Days
Average payment period to suppliers	33,17	33,37
Ratio paid operations	33,78	31,93
Ratio of outstanding payment transactions	30,22	39,98
	Financial year 2021	Financial year 2020
	Amount	Amount
Total payments	11.246.740,85	10.093.356,05
Total outstanding payments	2.324.889,74	2.200.257,44

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 treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Group has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Group has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

11.3) Market Risk

Possible market risks are described in note 1.e.

11.4) Exchange Rate Risk

The Group's main exchange rate risks are with the US dollar and the Colombian peso. The Group does not currently operate with exchange rate insurance, although it is a variable that is being analysed for the future. The risk is low in the group, as the Group has both expenses and revenues in these currencies, and therefore uses current accounts in these currencies to be able to match payments in foreign currency with receipts in foreign currency. When there is a currency mismatch, the Group uses the spot market, always analysing the evolution of the currency one month in advance in order to be able to take advantage of the best moment for the exchange.

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, 2021 and 2020, 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, 2021, as well as of December 31, 2020, there were no companies with a direct or indirect holding equal to or greater than 10% of the Company's share capital.

Capital Increase

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

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

12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2021	31/12/2020
Legal Reserve Voluntary Reserves Negative results from previous years	64.199,77 3.220.716,13 (1.349.900,40)	64.199,77 3.142.759,70 (1.897.046,66)
	1.935.015,50	1.309.912,81

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

On 1 June 2015, the Company's shareholders' meeting resolved to authorise the Board of Directors to derivatively acquire treasury shares under the terms provided for in current legislation. These acquisitions of treasury shares were made through the liquidity provider GVC Gaesco Valores SV, S.A. At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova. whereby it was agreed to pay part of the deferred purchase price in shares of the parent company. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A. in which 30 thousand shares were transferred from the former liquidity provider Gaesco, and an additional 150 thousand euros were provided for the management of the company's treasury shares.

Given the evolution of the Parent Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

As of December 31, 2021, the Parent Company holds own shares for an amount of 1.683.884,76 euros (759.458,01 euros in the previous year) at an average cost price of 5,14 euros per share (7,10 euros per share in the previous year).

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances at the end of the year 2021, totalled in euros and broken down into their foreign currency equivalent, are as follows:

2.586.258,00 373.231,50 4.212.075,00 860.316,00 30.000,00 661.689,00 48.349,50 328.903,00 - - - 1.924.569,00 324.882,00 3.883.172,00 860.316,00 30.000,00 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 1.303.422,00 267.663,00 1.275.191,00 35.311,20 -	EUROS USD	(SI)	0	CBP	COP	BRA	DOP	PEN	GLP.	CRC	GTQ	AED	ARS	PINE
661.689,00 48.349,50 328.903,00 - - 32.628,60 - 1.924.569,00 324.882,00 3.883.172,00 860.316,00 30.000,00 89.655,60 - 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00	3.819.629,40 294.759,60 448.301,70 2.181.680.576,00		448.301,70 2.181.680.576,	2.181.680.576,	00	287.032,57	2.586.258,00	373.231,50	4,212.075,00	860.316,00	30.000,00	122.284,20		•
661.689,00 48.349,50 324.882,00 8.60.316,00 80.000,00 89.655,60 - 1.924.569,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00 100.000,00														
1.924.569,00 324.882,00 3.883.172,00 860.316,00 30.000,00 89.655,60 - 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00	2.618,469,57 249,129,79 359,704,00 1.032,451,015,00		359.704,00 1.032.451.015,00	1.032.451.015,00		543,34	661.689,00	48.349,50	328,903,00	SE.	(1	32.628,60	î	1
1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00 1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00	1.201.159,83 - 88.597,70 1.149.229.561,00 28	1.149.229.561,00	1.149.229.561,00		28	286,489,23	1.924.569,00	324.882,00	3.883.172,00	860.316,00	30.000,00	89.655,60		
1.303.422,00 267.663,00 1.275.191,00 35.311,20 - 17.320,90 100.000,00	2.329.778,92 892.989,00 524.373,05 1.127.810.198,00 25	524.373,05 1.127.810.198,00	1.127.810.198,00	1.127.810.198,00	33	257.270,67	1.303.422,00	267.663,00	1.275.191,00	35,311,20	e e	17.320,90	100.000,00	842,47
	2.329.778,92 892.989,00 524.373,05 1.127.810.198,00 257.270,67		524.373,05 1.127.810.198,00 257	1.127.810.198,00	257	75,072,	1.303.422,00	267.663,00	1.275.191,00	35.311,20	ı	17.320,90	100.000,00	842,47

The most significant foreign currency balances as the end of the year 2020, in euros and broken down into their foreign currency equivalent, are as follows:

CLP	3.620.351,00	3.620.351,00		•
PEN	44.997,78	44.997,78		r
DOP	1.076.746,56	410.768,00 665.978,56	188.208,75	188.208,75
BRA	160.910,73	11.160,51 149.750,22		Ġ
COP	2.355.403.917,59	979.462.169,00 375.941.748,59	19.519.007,75	19.519.007,75
PNL	- 2.3	1.	1.916,44	1.916,44
ARS		9:3	324.019,54	324.019,54
ZAR		E J	49.859,65	49.859,65
GBP	168,48	168,48	136,50	136,50
CSD	490.631,38	262.178,85 228.452,53	426.692,91	426.692,91
EUROS	1.032.165,13	475.583,26 556.581,87	365.577,24	365.577,24
	CURRENT ASSETS	Trade debtors and other accounts receivable Cash	CURRENT	Trade creditors and other payable accounts

The most significant transactions carried out during the financial year 2021, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

JPY	1103.700,00	•
CHIF	700,00	•
AED	84.754,45	6.271,75
MXN	275.529,65	8,92
PNL	35.382,66	•
PER	256.979,00	384.950,00
DOP	.00	136.961,50 1.962.395,00
BRL	15.518,90	236.961,50
ZAR	362.051,93	a
COP	ı.	748.978.884,00
GLP.	8.278.070,47	r
GBP	250.301,28	464.138,55
USD	2.517.190,95 2.014.664,98 250.301,28 8.278.070,47	5.503.131,86 784.768,90 464.138,55
EUR	2.517.190,95	5.503.131,86
	Purchases and services received Sales	and services given

The most significant transactions carried out during the financial year 2020, in euros and broken down into the equivalent in foreign currency, are as

	AED	83.703,75	а
	MEXIN	ť	10,81
	PNL	74,450,87	1
	PER	257.672,15	233,433,93
	DOP	445.054,90	344.869.80
	BRL	49.875,95	186.539,67
	ZAR	223.708,95	ı.
	COP	405.855.977,27	3.829.455.147,05
	CLP	8.054.969,00	
	GBP	20.476,76	67,65
	USD	1.485.894,45	1.073.718,56
	EUR	953.108,69	1.944.025,92
follows:		Purchases and services received	Sales and services given

NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2021 and December 31, 2020, in euros:

	31/12/2	2021	31/12/2	2020
	Receivable	Payable	Receivable	Payable
Non-current: Deferred Tax Assets	291.926,37	. 7 2	159.959,68	±
10 FF - 9.1 × F	291.926,37	-	159.959,68	
Current:			10.000 Marie P. Later and M.	25.502.00
Value Added Tax	97.358,50	339.092,93	51.649,92	83.766,14
Subsidies receivable (*)	36.659,96	*	7.200,60	(m)
Income Tax retentions	=	126.185,04		104.259,75
Company Tax	603.755,60	-	16.934,97) = :
Social Security bodies	1.739,39	133.653,73	2.015,65	74.449,19
	739.510,52	598.931,70	77.801,14	262.475,08

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, 2021, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2018 to the 2021 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 2021 of the Parent Company with the taxable income tax base is as follows:

	P	rofit and Loss Accoun	t
Financial year's earnings (After taxes)			772.367,96
	Increases	Decreases	Net effect
Profit tax	~	(14.902,83)	(14.902,83)
Permanent differences	216.395,78	¥	216.395,78
Taxable income (tax result)			973.860,91

The conciliation of the net amount of income and expenses for the year 2020 of the Parent Company with the taxable income tax base is as follows:

	P	rofit and Loss Accoun	nt Hall by
Financial year's earnings (After taxes)			926.397,73
	Increases	Decreases	Net effect
Profit tax	=	(83.974,61)	(83.974,61)
Permanent differences		(67.820,43)	(67.820,43)
Compensation of tax loss carryforwards			(441.492,32)
Taxable income (tax result)			468.751,23

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

	2021	2020
Charge at 25 % of Taxable Income Deductions	243.465,23 (140.648,52)	117.187,81 (85.256,77)
Net tax payable	102.816,71	31.931,04
Less: withholdings and payments	(74.535,20)	(42.364,02)
Tax payable	28.281,50	(10.432,98)

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

	2021	2020
Current tax Deferred tax	277.197,15 (120.219,53)	125.660,68 (134.941,16)
Total	(156.977,62)	(9.280,48)

The movement of deferred taxes generated and cancelled during the year 2021 is detailed below in euros:

	Balance at 31/12/2020	Generated	Cancelled	Balance at 31/12/2021
Deferred tax assets:				
Tax credits	23.540,88	-	(12.041,50)	11.499,38
Credits for deductions	136.418,80	144.008,19	***	280.426,99
Total	159.959.68	144.008.19	(12.041,50)	291.926,37

The movement of deferred taxes generated and cancelled during financial year 2020 is detailed below in euros:

是安徽县县发出	Balance at 31/12/2019	Generated	Cancelled	Balance at 31/12/2020
Deferred tax assets: Tax credits	1.067,38	22.473,50	*	23.540,88
Credits for deductions	1.007,56	136.418,80	•	136.418,80
Total	1.067,38	158.892,30	4-1-1	159.959,68

Credits for Tax Losses Carry Forward

Part of the tax loss carryforwards have been recorded, since they comply with the requirements established by current regulations for their recording, and since there are no doubts about the Group's ability to generate future taxable income that would allow their recovery. The Group has not capitalized any amount for this concept. At year-end 2021, the Group has no tax loss carryforwards pending offset.

Deductions Pending Application

As of December 31, 2021, the Group has the following deductions to apply:

Origin Year	Amount
2006	36.337,17
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	180,537,92
2017	170.354,09
2019	163.214,66
2020	136.418,80
	131.964,53
2021	131.904,33
	2.692.963,62

In view of the Group's good performance, the Board of Directors of Parent Company has decided to recognise the deductions pending to apply tax credits for the years 2020 and 2021 as assets of the Group.

NOTE 15. INCOME AND EXPENSES

a) Income

1. Disaggregation of revenue from ordinary activities.

The distribution of the net turnover corresponding to the Company's ordinary activities is shown below:

	20	2021		2020	
Business areas (figures in thousands of euros)	Euros	%	Euros	%	
SaaS Services	7.447	41%	8.106	49%	
SMS Wholesale	7.818	44%	2.581	16%	
SMS Comercial	2.710	15%	5.734	35%	
Total	17.975	100%	16.421	100%	

The distribution of revenue from the Company's ordinary activities by geographical market is shown below:

	2021		2020	
Geographic market description	Euros	%	Euros	%
National European Union Rest of the World	8.187.464,82 5.048.371,88 4.739.000,06	45,55% 28,09% 26,36%	7.367.872,10 4.552.361,27 4.500.411,27	44,87% 27,72% 27,41%
Total	17.974.836,76	100,00%	16.420.644,64	100,00%

The distribution of revenue from the Company's ordinary activities, by type of contract, is shown below:

	Financial Year 2021	Financial Year 2020
Type of contract Fixed price contracts (*)	15,423.864.90	14.418.889,90
Variable contracts (**)	2.550.971,86	2.001.754,74
Total	17.974.836,76	16.420.644,64

^(*) The prices offered to customers for each SaaS product, as well as the Wholesale prices offered in a specific period of time for a destination in the SMS, are considered fixed prices. Please note that all invoices issued are based on customer consumption.

(**) There are agreements with customers where the selling price is variable depending on the number of transactions made.

The distribution of revenue from the Company's ordinary activities, by contract term, is shown below:

	Financial Year 2021	Financial Year 2020
Duration of contract		
Short-term contracts	₩//	
Long-term contracts	17.974.836,76	16.420.644,64
Total (*)	17.974.836,76	16.420.644,64

^(*) The contracts signed by Lleida.net with its clients are normally for a period of one year with tacit renewal. We are not aware of any clients who have asked us to terminate the contract in the first year.

The distribution of the net turnover corresponding to the Company's ordinary activities, by sales channels, is shown below:

	Financial Year 2021	Financial Year 2020
Sales channels	1.944.351,37	1.505.847,76
Distributors or wholesalers	265.041,39	261.069,33
Retailers (*) Direct sales	15.765.444,00	14.653.727,55
Total	17.974.836,76	16.420.644,64

^(*) Retailers are customers who buy our products online.

There are invoices to be issued, mainly for interconnection customer consumption in December 2021, which are invoices issued in January 2022.

There are no significant payment terms. The usual method of collection is by transfer, either on demand or 30 days after the invoice date.

There are no returns as there is no tangible asset. As for guarantees, they are those inherent to the service established by standard contract.

b) Supplies

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

	2021	2020
Consumption of merchandise		
Domestics	3.204.573,91	2.902.003,35
Intra-Community Acquisitions	3.547.959,27	2.933.240,66
Imports	1.863.728,15	2.554.524,47
	8.616.261,33	8.389.768,48

c) Staff expenses

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

	2021	2020
Company Social Security contributions	880.957,66	686.754,90
Other welfare costs	117.916,28	119.667,17
	998.873,94	806.422,07

d) Financial Results

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

	2021	2020
Financial incomes Other financial incomes	814,19 814,19	1.395,69 1.395,69
Financial expenses For debts with credit institutions	(1 05.296,79) (105.296,79)	(73.884,23) (73.884,23)
Change in fair value of financial instruments Exchange differences Impairments of financial assets	11.667,34	(194.778,19) 23,89 (143.880,00)
Financial Result Positive / (Negative)	(92.815,26)	(411.122,84)

NOTE 16. INFORMATION ON THE ENVIRONMENT

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

NOTE 17. SUBSEQUENT EVENTS

On 20 January 2022, a 10-year loan agreement was signed between the Parent Company and its investee Indenova S.L.U. for 1 million euros, which will be used to pay off its loans with previous partners financed at 8% interest. This will reduce the financial cost of the subsidiary and of the Lleida.net group.

At the date of drawn up these annual accounts, the Board of Directors of the Parent Company has assessed the possible impact of the war in Ukraine on its operations and results. To date, there has been no significant impact on the Group, only the increase in the price of electricity, although this is not a cost item that has a significant impact on the Group's margin.

Except as mentioned in the preceding paragraphs, there have been no significant events between the balance sheet date and the date of preparation of these financial statements that, affecting them, would not have been included in them, or the knowledge of which would be useful to a user of these financial statements.

NOTE 18. CONSOLIDATED EARNINGS

The following is the breakdown for the financial year 2021 of the Consolidated Earnings in Euros:

	Individual Earnings of the		Earnings Attributed to Parent	Resultado Atribuido a
Subsidiary	Companies	Shareholding	Company	Socios Externos
Lleidanetworks Serveis Telemàtics, S.A.	772.367,96		772.367,96	2
Lleidanetworks Serveis Telemàtics, LTD	45.932,35	100%	45.932,35	<u> </u>
Lleidanet USA Inc	14.056,31	100%	14.056,31	
Lleidanet Honduras, SA	<u> </u>	70%	*	æ
LLeidanet Dominicana, SRL	241,56	99,98%	241,51	0,05
Lleida SAS	1.890,78	100%	1.890,78	2
Lleida Chile SPA	(7.460,87)	100%	(7.460,87)	. 2
Lleidanet do Brasil Ltda	(2.253,98)	99,99%	(2.253,75)	(0,23)
Lleidanet Guatemala		80%	S#6	
Portabilidades Españolas, S.A.		100%	- FE	-
Lleidanet Costa Rica	(35,74)	100%	(35,74)	20
Lleidanet Perú	1.523,21	100%	1.523,21	-
Lleida Information Technology Network Services	(70.228,05)	49%	(34.411,74)	(35.816,31)
Indenova, S.L.	(68.323,97)	100%	(68.323,97)	**
Lleidanet South Africa	(131,86)	100%	(131,86)	40
	687.577,70		723.394,19	(35.816,48)

The following is the breakdown for the financial year 2020 of the Consolidated Earnings in Euros:

	Individual Earnings of the		Earnings Attributed to Parent	Earnings Attributed to Minority
Subsidiary	Companies	Shareholding	Сотряпу	Interests
Lleidanetworks Serveis				
Telemàtics, S.A.	926,397,73	a	926.397,73	
Lleidanetworks Serveis Telemàtics,	,			
LTD	74.183.89	100%	74.183,89	
Lleidanet USA Inc	(31.912,49)	100%	(31.912,49)	E E
Lleidanet Honduras, SA	+	70%		<u>=</u>
Lleidanet Dominicana, SRL	(12.565,84)	99,98%	(12.563,33)	(2,51)
Lleida SAS	142.569.64	100%	142.569,64	-
Lleida Chile SPA	(390,60)	100%	(390,60)	*
Lleidanet do Brasil Ltda	(13.077,53)	99,99%	(13.076,22)	(1,31)
Lleidanet Guatemala	-	80%	-	-
Portabilidades Españolas, S.L.U.	11.217,05	100%	11.217,05	. #9
Lleidanet Costa Rica	(39,23)	100%	(39,23)	(€)
Lleidanet Perú	(46.743,74)	100%	(46.743,74)	# 3
Lleida Information Technology	(1 mm m m m m m m m m m m m m m m m m m			
Network Services	(4.575,12)	49%	(2.241,81)	(2.333,31)
Lleidanet South Africa	** * * * * * * * * * * * * * * * * * *	100%		
	1.045.063,76		1.047.400,89	(2,337,13)

The adjustments made to the Earnings associated to Parent Company in 2021 is as follows:

Individual earnings attributed to Parent Company	723.394,19
Consolidation adjustments:	
Reversal of credit impairment	182.942,76
Amortisation of goodwill Indenova, S.L.	(78.140,49)
Elimination of profit/loss 2021 Indenova prior to acquisition	83.287,35
Tatal	911,483,81

The adjustments made to the Earnings associated to Parent Company in 2020 is as follows:

Individual earnings attributed to Parent Company	1.047.400,89
Consolidation adjustments:	E13-111-12-12-12-12
Reversal of credit impairment	
Reversion of interests	(6.930,73)

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 2020 by the Board of Directors of the Parent Company amounted to 100.500 euros (99.000 euros in the previous year).

The Senior Management tasks are performed by three members of the same Board of Directors, with compensation for salaries and wages amounting to 296.947,77 euros (310.336,38 euros in the previous year). The detail of this amount is as follows, in euros:

	2021	2020
Wages and salaries Payment in kind	277.749,63 19.198,14	293,259,73 17.076,65
	296.947,77	310.336,38

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

As of December 31, 2021, and 2020, 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 fiscal 2021 and 2020, distributed by category and gender, is as follows:

	2021	2020
Senior Executives	3,18	3,00
Administration	3,18 7,84	4,00
Commercial	23,50	22,14
Production	57,21	42,83
Maintenance	0,5	1,00
Reception	9.85	8,00
Business development	9,85 7,51 3,31	6,41
Compliance	3.31	3,10
Human Resources	2,77	1,12
Intellectual Property	1,5	1,12
TOTAL	117,17	92,72

The distribution of the Group's employees at the end of fiscal year 2021, by category and gender, is as follows:

		2021		
	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	2	2	4	-
Administration	3	7	10	1
Commercial	10	15	25	1
Production	85	15	102	1
Maintenance	#5	-	: = :	8
Reception	9	10	19	<u> </u>
Business development	4	5	9	-
Compliance	*	5	5	=
Human Resources	2	3	5	-
Intellectual Property	·	 .:	>₩.	÷.
TOTAL	119	62	179	3

The distribution of the Group's employees at the end of fiscal 2020, by category and gender, was as follows:

		2020				
STATE OF THE PARTY	Men	Women	Total	Disability greater than or equal to 33%		
Senior Executives	1	2	3	a		
Administration	1	3	4	1		
Commercial	9	14	23	1		
Production	38	6	44	1		
Maintenance	-	1	1	-		
Reception	#	8	8			
Business development	3	5	8	<u> </u>		
Compliance		4	4	.		
Human Resources	Ĩ	1	2	-		
Intellectual Property	2	Ē	2	*		
TOTAL	55	44	99	3		

The breakdown of the audit fees for the financial years 2021 and 2020 is as follows:

	2021	2020
Statutory Auditor's fees for the provision of audit services:	33.500	22.350
Statutory Auditor's fees for other non-audit services (*)	17.000	17.450
Statutory Auditor's network firms' fees for other and other services (**)	7.500	11.500
Total	58.000	51,300

^(*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the interim financial statements as at 30 June 2021 and 30 June 2020.

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 32.064 euros (19.107 euros in the previous year).

NOTE 21. GOODWILL ON CONSOLIDATION

Details of goodwill in consolidation at year-end 2021 are as follows, in euros:

发生的学生	Cost 31/12/2021	Amortisation 31/12/2021	Net Value 31/12/2021
Cost: Indenova, S.L.	4.688.429,58	(78.140,49)	4.610.289,09
Goodwill on consolidation	4.688.429,58	(78.140,49)	4.610.289,09

According to the estimates and projections available to the Parent's Board of Directors, the projected cash flows attributable to these cash-generating units or groups of cash-generating units to which the various goodwill units are allocated allow the net value of each of the goodwill units recognised at 31 December 2021 to be recovered.

^(**) The amount of fees from firms in the Statutory Auditor's network for other services other than transfer pricing reports.

$\frac{\text{GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.}}{\text{\underline{AND SUBSIDIARIES}}}$

 $\frac{\textbf{CONSOLIDATED DIRECTORS' REPORT FOR}}{\textbf{THE FINANCIAL YEAR 2021}}$

GROUP LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2021

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 2021.

1. EVOLUTION OF RESULT AND NET TURNOVER

This year was marked by the first purchase of a company by the Lleida.net Group. On 30 November, the agreement for the purchase and sale of 100% of the shares of Indenova S.L. was signed at a price of 7.1 million euros. The incorporation of Indenova S.L. shows the group's clear commitment to the electronic signature and contracting market, where Indenova has a strong presence with clients, especially public ones. Its sales are mainly international and the products are complementary to those already existing in the Group. With the acquisition of Indenova, the Group will be able to reach a larger number of customers, with better products and in a faster way, within the Group's SaaS line.

In financial year 2021, sales have increased by 9% to EUR 18 million. In the 2015 financial year, when we carried out the capital increase, one of the objectives was to strengthen our SaaS line. Currently, SaaS sales amount to 7.4 million euros, compared to 5.7 million euros in 2020. We have achieved this, which represents more than 41% of the Group's total sales, and reflects the change of strategy we are committed to for the future. The EUR 1.7 million increase was driven by higher international sales as well as increased consumption by our recurring customers. The pandemic increased the consumption of notifications and electronic contracting services, but we can see that this was not a one-off situation, but rather that customer usage has been consolidated, surpassing the large figures we obtained in the pandemic for these services.

The Wholesale SMS line, which aggregates all SMS sales to operators and aggregators, declined slightly compared to 2020. As a result of the pandemic, the Wholesale market has become very competitive, with a significant drop in margins. Lleida.net continues to be a benchmark company in the market, and has maintained the overall margin of this line of business. The relative weight with respect to total sales has gone from 49% in 2020 to 43% in 2021, and sales of commercial SMS, which are sales to end customers, have increased by 5% to 2.7 million euros.

The margin on sales reached 52.1%, compared to 48.9% in 2020 in percentage terms, but in absolute terms we have an increase of 17%. The increase in percentage terms is explained by the greater weight of SaaS sales, with a higher margin than the rest of the business lines, with respect to total sales.

In terms of SaaS sales, the Group is making a major effort to recruit both technical and commercial staff. The aim is to provide more complete standard products, which will enable exponential growth in sales. The new functionalities that we are implementing in the standard products meet the expectations of a greater number of potential customers and are put into production immediately, instead of going through customised processes. Staff costs have increased by 29%, and there are currently 181 people at year-end with the incorporation of Indenova in the consolidated group, which represents a 52% increase in the workforce compared to year-end 2020. The group has implemented the teleworking protocol for the majority of its staff.

External services expenses increased by 27% to 3.4 million euros, mainly due to the expenses inherent to the acquisition of Indenova S.L. in November 2021, around 180 thousand euros. Likewise, this year we have returned to face-to-face trade fairs and commercial trips, after a 2020 with contained costs in this section due to the mobility limitations that existed.

EBITDA reached 2.3 million euros, maintaining an activation of R&D costs in relation to sales similar to 2020, 4.3%, and being able to absorb the non-recurring costs of the acquisition. The operating profit was once again above EUR 1.1 million.

The pre-tax result stands at 1 million euros, the same as in the previous year, which was exceptional due to the pandemic effect.

Lleida.net has managed to maintain the 2020 figures, with a clear commitment to both organic and inorganic growth, as shown by the latest acquisition, the results of which we will see in the coming years.

Sales by business line thousand euros	2020	2021	Var. Euros	Var.%	
Saas Services	5,734	7.447	1.713		30%
SMS Solutions	2.580	2.710	130		5%
ICX WHOLESALE	8,106	7.818	-288		-4%
Total	16.420	17.975	1.555		9%
Data in thousand euros	2020	2021	Var. Euros	Var.%	
Sales	16,420	17.975	1.555		9%
Cost of sales	(8.389)	(8.616)	227		3%
Gross Profit	8.031	9.359	1,328		17%
Staff Expenses	(3.403)	(4.381)	978		29%
Other expenses	(2.743)	(3.477)	734		27%
Capitalization	662	776	114		17%
EBITDA	2.547	2.277	(270)		-11%
Other incomes	160	47	(113)		-71%
Depreciation	(1.187)	(1.257)	70		6%
Results on disposals	(80)	(9)	: * 3		
Other results	Ó	67			
Opertaing Result	1.440	1.125	(315)		-22%
Financial income	(73)	(85)	12		
Impairment and results on disposals	(144)	0	(144)		
Exchange rate differences	(194)	(7)	(187)		-96%
Profit before tax	1.029	1,033	4		0%

2. SUBSEQUENT EVENTS

After 31 December 2021 and up to the date of preparation of this Directors' Report, there have been no subsequent events other than those already mentioned in the Explanatory Notes to the financial statements, which demonstrate circumstances that already existed at 31 December 2021 and which, due to the significance of their economic impact, should entail adjustments to 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 31 December 2021 and that are of such significance as to require additional disclosures in the Explanatory Notes to the annual accounts.

3. PROBABLE EVOLUTION OF THE GROUP

The forecast for the financial year 2022 is to increase sales of SaaS products by consolidating international markets and to achieve an increase in the group's earnings.

4. RESEARCH ACTIVITIES

In 2022, the Group invested 776 thousand euros in research activities, mainly focused on the company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with BME Growth and Euronext Growth regulations, the company signed a liquidity agreement with the placement bank on the occasion of its flotation. This agreement provides for both the delivery of a certain amount of treasury shares and the deposit of a certain amount of cash. The purpose of this agreement is to allow investors to trade in the company's shares, ensuring that any interested person has the possibility to buy or sell shares.

At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

Given the evolution of the Parent Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

On 31 December 2021, the company held 320,604 shares with a valuation on that date of 1.264.492.36 euros, which represented 2% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

On 29 September 2021, the Company changed its Liquidity Provider from GVC GAESCO, S.A. to SOLVENTIS A.V., S.A.

6. FINANCIAL INSTRUMENTS,

During 2021, the Group is not exposed to significant foreign exchange risk and therefore does not enter into transactions with foreign exchange financial instruments.

The treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Group has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Group has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

The Group's main exchange rate risks are with the US dollar and the Colombian peso. The Group does not currently operate with exchange rate insurance, although it is a variable that is being analysed for the future. The risk is low in the group, as the Group has both expenses and revenues in these currencies, and therefore uses current accounts in these currencies to be able to match payments in foreign currency with receipts in foreign currency. When there is a currency mismatch, the Group uses the spot market, always analysing the evolution of the currency one month in advance in order to be able to take advantage of the best moment for the exchange.

7. DEFERMENT OF PAYMENT TO SUPPLIERS

Information concerning deferrals of payments to suppliers is shown in the Financial Statements in Note 10.

8. COVID-19 DERIVED EFFECTS

Information concerning the effects of the current situation caused by COVID-19 are shown in the Financial Statements in Note 11.6.

PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES draw up the Consolidated Annual Accounts and the Consolidated Director's Report for the financial year 2021, which comprises the attached pages number 1 to 57.

> Lleida, March 30, 2022 The Board of Directors



Firmado digitalmente por 40897755Y FRANCISCO JOSE SAPENA (R:A25345331) Fecha: 2022.03.30 17:52:19 +02'00'

Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

PEREZ SUBIAS MIGUEL -17147802Z

Digitally signed by PEREZ SUBIAS MIGUEL - 17147802Z DN: CN = PEREZ SUBIAS MIGUEL - 17147802Z, SN = PEREZ SUBIAS, G = MIGUEL, C = ES Reason: I am approving this Date: 2022.03.30 19:02:38 +02'00'

Mr. Miguel Pérez Subias Independent Director

Firmado por CARBONELL SEBARROJA JORDI *9668** el día 30/03/2022 con un certificado emitido por AC FNMT

Mr. Jordi Carbonell i Sebarroja Independent Director

SAINZ DE VICUÑA BARROSO JORGE 00811819B

-00811819B

Firmado digitalmente por SAINZ DE VICUÑA BARROSO JORGE -Fecha: 2022.03.30 18:20:14 +02'00'

D. Jorge Sainz de Vicuña Independent Director

NOMBRE GALLARDO NOMBRE GALLARDO MESEGUER MARCOS - NIF 52423593S

Firmado digitalmente por MESEGLIER MARCOS - NIE 524235935 Fecha: 2022.03.30 20:59:01 +02'00'

Mr. Marcos Gallardo Meseguer Secretary

Firmado digitalmente por LOPEZ DEL CASTILLO, ANTONIO (AUTENTICACIÓN) Fecha: 2022.03.30 18:48:00 +02'00'

Mr. Antonio López del Castillo Independent Director

USANDIZAGA RUIZ - DNI 44558454W

ARRATE MARIA Firmado digitalmente por ARRATE MARIA USANDIZAGA RUIZ -DNI 44558454W Fecha: 2022.03.30 17:04:06 +02'00'

Mrs. Arrate María Usandizaga Ruíz **Executive Director**

BEATRIZ CARMEN Firmado digitalmente por BEATRIZ CARMEN GARCIA GARCIA TORRE -DNI 43749850D

TORRE - DNI 43749850D Fecha: 2022.03.30 17:33:49 +02'00'

Mrs. Beatriz García Torre **Executive Director**

BDO Auditores S.L.P., es una sociedad limitada española, y miembro de BDO International Limited, una compañia limitada por garantia del Reino Unido, y forma parte de la red internacional BDO de empresas independientes asociadas.

bdo.es bdo.global

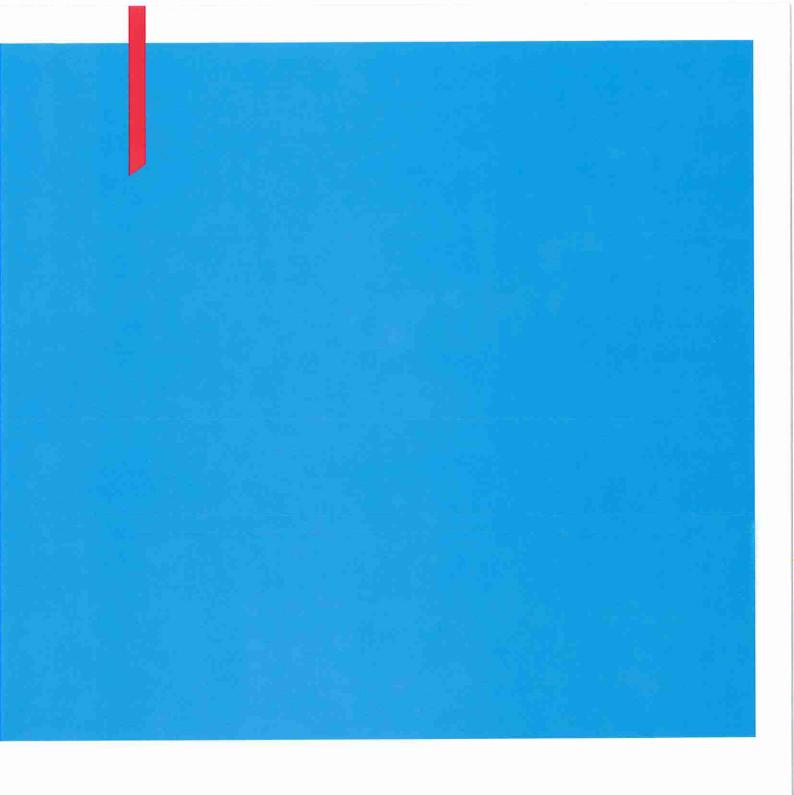












ANNUAL ACCOUNTS AND DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021 TOGETHER WITH THE AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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





Annual Accounts and Director's Report for financial year 2021 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 2021:

Balance Sheets as of December 31, 2021 and 2020
Profit and Loss Accounts for the financial years 2021 and 2020
Statement of Changes in Partner's Equity for the financial years 2021 and 2020
Cash-Flow Statement for the financial years 2021 and 2020
Notes to the accounts for the financial year 2021

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021



AUDIT REPORT ON THE ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR



Tel: +34 932 003 233 Fax: +34 932 018 238 www.bdo.es

San Flias 29-35, 8ª 08006 Barcelona España

Audit report on the annual accounts issued by an independent auditor

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

Opinion

We have audited the annual accounts of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (the Company), which comprise the balance sheet as of December 31, 2021, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts give, in all material respects, a true and fair view of the Company's equity and financial position as of December 31, 2021, as well as its results and cash flows for the financial year then ended, in accordance with the application of the regulatory framework of financial information (identified in note 2.a of the annual accounts) 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 annual accounts 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 matters

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts 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 matters

Audit response

Valuation of capitalized research expenditures

As described in notes 4.a. and 5 to the accompanying notes, the Company presents in the balance sheet intangible assets for expenses on research projects of a significant amount. These expenses must be specifically individualised by project and have a sound basis for 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 directors of their management and recoverable value and possible need for impairment involves value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key audit matter in our audit.

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

- Understanding of the policies and procedures applied by the Company 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 tax validity of the capitalised amounts.
- We have obtained a breakdown of the carrying amount of research expenditure by project and analysed the sales projections for different projects, actual sales and profitability for the year, the reasonableness of the assumptions, review of the arithmetic calculation and deviations from past estimates in order to assess the reasonableness of the recoverable amount of the research expenditure.
- We have verified the correct amortization of the different projects capitalised on the basis of their useful life.
- 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 annual accounts, investments in group companies together with the balances of group customers and other investments represent, on an aggregate basis, 25,34% 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 Directors 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 matter in our audit.

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

- Understanding of the policies and procedures applied by the Company in respect of the valuation of investments and balances with group companies.
- We analysed the evolution of the investments in group companies, loans and balances of the various subsidiaries during the year.
- We have analysed the existence of signs of impairment of investments in group companies by comparing the net book value of the investment with the net book value of the subsidiaries' financial statements and, where appropriate, through the analysis of the business plan and discounted cash flows.
- We have analysed the business plans of the different subsidiaries, comparing the actual results for the 2021 with the figures included in the previous year's forecasts in order to assess the degree of compliance and, on this basis, we have questioned the reasonableness of the future flows in the current forescats.
- We have assessed whether events up to the date of the audit report provide audit evidence regarding the estimates made.
- Finally, we have verified that the notes to the accompanying annual accounts include the disclosures of related information required by the applicable financial reporting framework. In this regard, Notes 4 d), 8, 9 and 19 of the attached report include the aforementioned information breakdown.



Other information: Directors' report

The other information comprises exclusively the directors' report for the financial year 2021, the draw up of which is the responsibility of the Board of Directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility for the directors' report, as required by the regulations governing the audit activity, is to assess and report on the consistency of the directors' report with the annual accounts, based on our knowledge of the Entity obtained in the course of the audit of the annual accounts, and to assess and report on whether the content and presentation of the directors' 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 required to report them.

Based on the work performed, as described in the preceding paragraph, the information contained in the directors' report agrees with that in the annual accounts for financial year 2021 and its content and presentation are in accordance with the applicable regulations.

The responsibility of the Board of Directors and the Audit Committee of the annual accounts

The Board of Directors are responsible for drawing up the accompanying annual accounts 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 annual accounts free of material misstatement, due to fraud or error.

In the preparation of the annual accounts, the Board of Directors 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 Board of Directors 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 annual accounts.



The auditor's responsibility for the audit of the annual accounts

Our objectives are to obtain reasonable assurance that the annual accounts 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 annual accounts.

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 annual accounts, 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, 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 Board of Directors.
- We conclude whether the use, by the Board of Directors, 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 annual accounts 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 annual accounts, including the disclosures and whether the annual accounts 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 annual accounts for the current period and that are, consequently, the key matters of the audit.

We describe these matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Report on other legal and regulatory requirements

Additional report to the Audit Committee

The opinion expressed in this report is consistent with that expressed in our additional report to the Parent's Audit Committee dated April 29, 2022.

Contract period

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

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

Services provided

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

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

Ramón Roger Rull (ROAC 16.887)

Audit Partner

April 29, 2022

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2021

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

ASSETS	Notes to the Annual Accounts	31/12/2021	31/12/2020
NON-CURRENT ASSETS	professional and the	11.989.081,76	4.488.020,85
Intangible assets	Note 5	3.619.164,38	3.583.013,57
Research		2,277.036,10	2.369.252,79
Patents, licenses, trademarks and similar		665.124,55	637.219,74
Computer applications		89.560,92	28.860,28
Other intangible assets		587.442,81	547.680,76
Tangible fixed assets	Note 6	597.599,79	332.984,48
Land and buildings		147.805,21	152.942,51
Technical installations and other tangible fixed assets		392.413,98	180.041,97
Tangible assets in progress		57.380,60	- ,
Long-term investments in group and affiliated companies		7.471.489,74	399.732,49
Equity instruments	Note 9	7.320.499,32	358.682,89
Loans to companies	Notes 8.2 and 19.1	150.990,42	41.049,60
Long-term financial investments		44.189,52	35.871,51
Equity instruments	Note 8.3	10.197,40	10.197,40
Other financial assets	Note 8.2	33.992,12	25.674,11
Deferred Tax Assets	Note 15	256.638,33	136.418,80
CURRENT ASSETS		8.395.305,62	8.267.179,42
Trade and other receivables		3.208.211,95	3.293.821,07
Client receivables for sales and services	Note 8.2	2.523.653,09	2.316.873,86
Clients of the Group and affiliated companies	Notes 8.2 and 19.1	615.207,71	903.264,85
Sundry debtors	Note 8.2	63.269,89	47.203,27
Staff	Note 8.2	1.084,05	3.572,04
Current tax assets	Note 15	#1	10.432,98
Other receivables from Public Authorities	Note 15	4.997,21	12.474,07
	Notes 8.2 and		
Short-term investments in group and affiliated companies	19.1	151.563,19	137.285,26
Loans to companies		151.563,19	137.285,26
Short-term financial investments	Note 8.2	812.022,00	1.262.022,00
Other financial assets	~ 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	812.022,00	1.262.022,00
Short-term accruals		367.925,49	314.761,51
Cash and cash equivalents	Note 8.1	3.855.582,99	3.259.289,58
Cash		3.855.582,99	3.259.289,58
TOTAL ASSETS		20.384.387,38	12.755.200,27

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2021	31/12/2020
EQUIT AND BIABLETTIES	Annual Accounts		
EQUITY		6.614.857,27	7.189.214,27
Equity		6.614.857,27	7.189.214,27
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	3.310.931,33	3.486.189,06
Legal and statutory		64.199,77	64.199,77
Other Reserves		3.246.731,56	3.421.989,29
(Shares and own holdings in equity)	Note 13.4	(1.683.884,76)	(759.458,01)
Retained earnings		(1.349.900,40)	(1.897.046,66)
Financial year's earnings		772.367,96	794.186,74
NON-CURRENT LIABILITIES		7.646.787,39	2.100.288,04
Long-term debts	Note 10.1	7.646.787,39	2.100.288,04
Debts with credit institutions		6.096.675,49	1.993.897,88
Other financial liabilities		1.550.111,90	106.390,16
CURRENT LIABILITIES		6.122.742,72	3.465.697,96
Short-term provisions		38.021,23	42.364,76
Short-term debts	Note 10.1	3.335.343,84	909.852,09
Debts with credit institutions		1.679.852,92	827.002,98
Financial-lease debt		:	8.499,14
Other financial liabilities		1.655.490,92	74.349,97
Trade and other payables		2.749.377,65	2.513.481,11
Suppliers	Note 10.1	1.737.866,70	1.722.871,13
Suppliers, group and affiliated companies	Note 10.1 y 19.1	116.115,44	226.865,25
Sundry creditors	Note 10.1	470.907,60	248.812,48
Personnel (outstanding salaries)	Note 10.1	3.001,79	212 172 /5
Other debts with Public Authorities	Note 15	305.336,45	213.173,65
Advances from clients	Note 10.1	116.149,67	101.758,60
TOTAL EQUITY AND LIABILITIES		20.384.387,38	12.755.200,27

PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS 2021 AND 2020

PROFIT AND LOSS ACCOUNTS	Notes to the Annual Accounts	2021	2020
Net turnover Net sales	Note 16.a	16.688.870,84 16.688.870,84	15.164.306,30 15.164.306,30
Work performed by the company for its assets	Note 5	722.932,06	662.384,37
Supplies Goods consumed	Note 16.b	(8.608.860,11) (8.608.860,11)	(7. 887.415,93) (7. 887.415,93)
Other operating income Ancillary and other current operating income Operating grants income		100.748,33 100.748,33	143.880,00 143.880,00
Staff expenses Wages, salaries and the like Fringe benefits	Note 16.c	(3.969.053,63) (3.038.976,68) (930.076,95)	(3.325.872,35) (2.523.402,99) (802.469,36)
Other operating expenses External charges for services Taxes Losses, Impairment and change in trade provisions		(2.874.309,10) (2.764.546,87) (45.141,37) (64.620,86)	(2.536.410,85) (2.298.039,07) (156.590,61) (81.781,17)
Amortization of fixed assets	Notes 5 and 6	(1.093.372,65)	(1.181.018,98)
Impairment and results of disposals of fixed assets	Note 5	(9.146,92)	(79.772,78)
Other earnings		10.418,81	æ:
OPERATING EARNINGS		968.227,63	960,079,78
Financial income Income from negotiable securities and other financial instruments, group and affiliated companies Other income from negotiable securities and other third-party financial instruments	Note 16.d	16.566,00 15.753,31 812,69	25.570,98 24.188,70 1.382,28
Financial expenses For debts with third parties	Note 16.d	(72.948,51) (72.948,51)	(67.795,41) (67.795,41)
Exchange differences	Note 16.d	5.288,17	(2.267,85)
Impairments and earnings for disposals of financial instruments Impairments and losses Gains (losses) on disposals and others	Note 16.d	(159.668,16) (159.668,16)	(205.375,37) (61.495,37) (143.880,00)
FINANCIAL EARNINGS		(210.762,50)	(249.867,65)
PRE-TAX EARNINGS	of the original to	757.465,13	710.212,13
Profit tax	Note 15	14.902,83	83.974,61
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		772.367,96	794.186,74
FINANCIAL YEAR'S EARNINGS		772.367,96	794.186,74

4

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

STATEMENT OF CHANGES IN PARTNER'S EQUITY TOTAL STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2021 AND 2020

	Share Capital	Own Shares	Issue Premium	Reserves	Results from previous years	Financial Year's Earnings	Total
BALANCE END OF YEAR 2019	320,998,86	(753.301,13)	5.244.344,28	1.492.937,50	(2.262.986,07)	577.352,91	4.619.846,35
Total recognized income and expenses	¥	Ţ	ï	i,	ľ	794.186,74	794.186,74
Transactions with shareholders or owners Operation with own shares Dividends	F. F. F	(6.156,88) (6.156,88)	1 1 1	1.976.555,51	(194.717,45) - (194.717,45)	1 7 1	1.775.681,18 1.970.398,63 (194.717,45)
Other changes in equity Distribution of earnings from the previous financial year	1, 1)	1 31:	î î	16.696,05 16.696,05	577.352,91 577.352,91	(577.352,91) (577.352,91)	1 1
BALANCE END OF YEAR 2020	320.998,86	(759,458,01)	5.244.344,28	3.486.189,06	(1.897.046,66)	794.186,74	7.189.214,27
Total recognized income and expenses	•	1	9	•	Č	772.367,96	772.367,96
Transactions with shareholders or owners Operation with own shares Dividends	6 C X	(924.426,75) (924.426,75)	1 K K	(175.257,73) (175.257,73)	(247.031,80) - (247.031,80)	x x x	(1.346.716,28) (1.099.684,48) (247.031,80)
Other changes in equity Distribution of earnings from the previous financial year	1.1	î î	1.3	1 3	794.186,74 794.186,74	(794.186,74) (794.186,74)	E (
BALANCE END OF YEAR 2021	320.998,86	(1.683.884,76)	5.244.344,28	3.310.931,33	(1.349.900,40)	772.367,96	6.614.857.27

CASH FLOW STATEMENT FOR FINANCIAL YEARS 2021 AND 2020 (Stated in Euros)

Financial year's pre-tax earnings Adjustments to earnings Amortization of fixed assets Valuation changes for impairment Variation of provisions Disposals of fixed assets Gains (losses) on disposal of financial instruments Financial incomes Financial expenses Changes in current capital Trade and other receivables Other current assets Trade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Tax income CASH FLOW FROM INVESTMENT ACTIVITIES	2.026.325,51 757.465,13 1.383.191,10 1.093.372,65 224.289,02 9.146,92 (16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72) (4.965,685,91)	2.229.223,40 710.212,13 1.536.587,49 1.181.018,98 143.276,54 (53.585,24) 79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65 (843.627,42)
Adjustments to earnings Amortization of fixed assets Valuation changes for impairment Variation of provisions Disposals of fixed assets Gains (losses) on disposal of financial instruments Financial incomes Financial expenses Changes in current capital Frade and other receivables Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities interest payments interest payments frace incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES	1.383.191,10 1.093.372,65 224.289,02 9.146,92 (16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	1.536.587,49 1.181.018,98 143.276,54 (53.585,24) 79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Amortization of fixed assets Valuation changes for impairment Variation of provisions Disposals of fixed assets Disposal of fixed assets Disposa	1.093.372,65 224.289,02 9.146,92 (16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	1.181.018,98 143.276,54 (53.585,24) 79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Amortization of fixed assets //aluation changes for impairment //ariation of provisions Disposals of fixed assets Dains (losses) on disposal of financial instruments Pinancial incomes Pinancial expenses Changes in current capital Prade and other receivables Other current assets Prade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest payments Interest incomes Payments for investments	224.289,02 9.146,92 (16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	143.276,54 (53.585,24) 79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Valuation changes for impairment Variation of provisions Disposals of fixed assets Gains (losses) on disposal of financial instruments Vinancial incomes Vinancial incomes Vinancial expenses Changes in current capital Crade and other receivables Other current assets Virade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest payments Interest incomes Vinancial expenses Vinancial expenses Vinancial expenses Vinancial expenses Vinancial instruments Vinancial instrum	224.289,02 9.146,92 (16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(53.585,24) 79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Variation of provisions Disposals of fixed assets Gains (losses) on disposal of financial instruments Financial incomes Financial incomes Financial expenses Changes in current capital Frade and other receivables Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest payments Interest incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES	(16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	79.772,78 143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Disposals of fixed assets Gains (losses) on disposal of financial instruments Financial incomes Financial expenses Changes in current capital Frade and other receivables Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES	(16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	143.880,00 (25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Gains (losses) on disposal of financial instruments Financial incomes Financial expenses Changes in current capital Frade and other receivables Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES	(16.566,00) 72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Changes in current capital Crade and other receivables Other current assets Crade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Cash FLOW FROM INVESTMENT ACTIVITIES Payments for investments	72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(25.570,98) 67.795,41 (10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Changes in current capital Grade and other receivables Other current assets Grade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Grax income CASH FLOW FROM INVESTMENT ACTIVITIES	72.948,51 36.935,51 (130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(10.182,44) 49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Crade and other receivables Other current assets Crade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Cash FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(130.767,40) (53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	49.491,09 (72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Trade and other receivables Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(72.784,32) 13.110,79 (7.393,78) (67.795,41) 25.570,98 34.830,65
Other current assets Frade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Frax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(53.163,98) 235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(7.393,78) (67.795,41) 25.570,98 34.830,65
Trade and other payables Other current liabilities Other cash flow from operating activities Interest payments Interest incomes Tax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	235.896,54 (15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(7.393,78) (67.795,41) 25.570,98 34.830,65
Other current liabilities Other cash flow from operating activities Interest payments Interest incomes I ax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(15.029,65) (151.266,23) (72.948,51) 16.566,00 (94.883,72)	(67.795,41) 25.570,98 34.830,65
nterest payments nterest incomes Tax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(72.948,51) 16.566,00 (94.883,72)	(67.795,41) 25.570,98 34.830,65
nterest payments nterest incomes Tax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(72.948,51) 16.566,00 (94.883,72)	(67.795,41) 25.570,98 34.830,65
nterest incomes Fax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	16.566,00 (94.883,72)	25.570,98 34.830,65
Tax income CASH FLOW FROM INVESTMENT ACTIVITIES Payments for investments	(94.883,72)	34.830,65
Payments for investments	(4.965.685,91)	(843.627,42)
	(5.431.450,42)	(949.553,00)
Group and associated companies	(4.004.082,21)	
intangible fixed assets	(971.932,22)	(846.863,92)
Tangible fixed assets	(455.435,99)	(102.689,08)
aligible fixed assets		
Proceeds from disposals	465.764,51	105.925,58
Group and affiliated companies	5 5 .	102.378,34
Intangible fixed assets	24.082,52	9.
Other financial assets	441.681,99	3.547,24
CASH FLOW FROM FINANCING ACTIVITIES	3,535.653,81	1.236.651,01
Receipts and payments for equity instruments	(1.099.693,16)	1.970.398,63
Disposals (Acquisitions) of own equity instruments	(1.099.693,16)	1.970.398,63
Collections and payments for financial liability instruments	4.882.378,77	(539.030,17)
ssuing:	6.150.000,00	1.200.000,00
Amounts owed to credit institutions	6.150.000,00	1.200.000,00
Repayment and amortization of:	(1.267.621,23)	(1.739.030,17)
Amounts owed to credit institutions	(1.202.871,59)	(1.655.922,37)
Others	(64.749,64)	(83.107,80)
Payments for dividends and remuneration of other equity instruments	(247.031,80)	(194.717,45)
Dividends	(247.031,80)	(194.717,45)
NET INCREASE/REDUCTION	50620241	2,622,246,99
OF CASH AND CASH EQUIVALENTS	596.293,41	2.022.240,99
Cash or cash equivalents at start of financial year Cash or cash equivalents at end of financial year	3.259.289,58 3.855.582,99	637.042,59 3.259.289,58

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2021

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

a) Incorporation and Registered Office

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "Parent Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Parent Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. Previously its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, Lleida. On 26 October 2021, the board of directors resolved to transfer the company's registered office to Calle Téllez, 56 Local C in Madrid. At year-end, the change of registered office had not yet been registered in the Madrid Mercantile Register.

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.

c) Legal System

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

d) Quotation in Stock Markets

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market, currently called BME Growth, 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. 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. On November 2, 2020, the Company was listed on the OTCQX market in NewYork. On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A.

e) Effect of COVID on the Company

Since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain as of January 2020. and appears to begin to abate in early 2022. This event significantly affected economic activity worldwide and, as a result, the Group's operations and financial results. The effects of this crisis have had two main axes within Lleida.net:

- Boost the SaaS line, both nationally and internationally. The customer base has grown and their average consumption has increased. The Lleida.net group has more and more recurring customers who are aware of the improvements that certified products can bring to their electronic notification and contracting processes.
- Increased competition in the SMS wholesale market, where there has been an increase in the number of company purchase operations between agents, we have a more concentrated market, where Lleida.net continues to be a key player, and differentiated from the rest of its competitors.

The teleworking policy that was implemented in the Lleida.net group during the confinement has become voluntary, and most of the staff continues to do so, at least once a week.

NOTE 2. BASIS OF PRESENTATION OF ANNUAL ACCOUNTS

a) True and Fair View

The Annual Accounts for the financial year 2021 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, of 17 September, and Royal Decree 602/2016, of 2 December and Royal Decree 1/2021, of 12 January, to show a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash flows included in the cash flow statement.

b) Accounting Principles Applied

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

c) Presentation Currency

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

d) Critical Aspects of Uncertainties Valuation and Estimation

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

- Possible impairment of assets: investments, loans and balances with group companies (Note 4.d):
 - At 31 December 2021, the Company has significant balances receivable and equity instruments 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.
- Reasonableness of activation and recoverability of research projects.

In addition to what has been mentioned in the preceding paragraph, there are 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:

- Slower growth than expected in the Business Plan: slower maturation in some countries.
- 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 based on the best information available at the close of financial year 2021, 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 2021, 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

The first application of the amendments introduced in the General Accounting Plan by Royal Decree 1/2021 of January 12, relating mainly to the rules for recording and valuation of financial instruments and revenue recognition, has resulted in the following changes:

• Financial instruments:

The Company has reclassified the captions previously classified as "Loans and Receivables" and "Debts and Payables" as "Financial Assets at Amortized Cost" and "Financial Liabilities at Amortized Cost", respectively. Apart from this reclassification, there has been no accounting effect from the new classification and valuation criteria.

Revenue recognition:

The application of the new criteria has not had any impact on the revenue recognition policy applied by the Company's management.

Inventory valuation:

The application of the new criteria has not had any impact on the inventory valuation policy applied by the Company's management.

The reconciliation between each of the financial instrument items as of January 1, 2021 is as follows, in euros:

-7-1	OR SHEET SHEET SHEET AND		Trail C	Reclass	ified to:	115-115-1
		Balance as of January 1, 2021	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at cost	Financial assets at fair value with changes in equity
ied	Loans and Receivables	4.736.944,99	(- 2)	4.736.944,99		;
Reclassified from:	Investment in the equity of group companies, jointly controlled entities and associates	368.880,29	-	-	368.880,29	

			Reclass	ified to:
		Balance as of January 1, 2021	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
sifi m:	Debts and payables	5.310.447,59	5.310.447,59	
Reclassifi ed from:	Other financial liabilities at fair value through profit or loss		7 4	
24 9				

g) Correction of Errors

The 2021 Annual Accounts do not include related adjustments as a result of errors detected in the annual accounts of previous years.

h) Fair value

It is the price that would be received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. The fair value shall be determined without any deduction for transaction costs that might be incurred due to disposal or disposition by other means. In no case shall the fair value result from a forced or urgent transaction or as a consequence of an involuntary liquidation situation.

Fair value is estimated for a particular date and, because market conditions may change over time, that value may be inappropriate for another date. In addition, in estimating fair value, an enterprise should take into account the conditions of the asset or liability that market participants would take into account in pricing the asset or liability at the measurement date.

In estimating fair value, it is assumed that the transaction to sell the asset or transfer the liability is carried out:

- a) Between interested and duly informed parties, in an arm's length transaction,
- b) In the main market of the asset or liability, understood as the market with the highest volume and level of activity, or
- c) In the absence of a principal market, in the most advantageous market to which the company has access for the asset or liability, understood as the one that maximizes the amount that would be received for the sale of the asset or minimizes the amount that would be paid for the transfer of the liability, after taking into account transaction costs and transportation expenses.

In general, fair value is calculated by reference to a reliable market value.

For those items for which there is no active market, the fair value will be obtained, where appropriate, through the application of valuation models and techniques.

The fair value of a financial instrument must consider, among other things, the credit risk and, in the specific case of a financial liability, the company's default risk, which includes, among other components, its own credit risk. However, no adjustments for volume or market capacity should be made to estimate the fair value.

i) Statement of Recognized Income and Expenses

The information contained in these Financial Statements is the responsibility of the members of the Board of Directors of the Company. In these Financial Statements estimates have been made to value some of the assets, liabilities, income, expenses and commitments recorded therein, and basically these estimates refer to the evaluation of impairment losses of certain assets, the useful life of non-current assets and the probability of occurrence of provisions (see section d) above).

Although these estimates were made on the basis of the best information available at the date of preparation of the financial statements, it is possible that future events may make it necessary to modify them in future years. In such a case, this would be done prospectively, recognizing the effects of the change in estimate in the corresponding profit and loss accounts.

j) Statement of Recognized Revenues and Expenses

In the current year, as in the previous year, the Company has not recognized income or expenses directly in Equity, having recorded all of them in the Income Statement for the corresponding year. Therefore, these financial statements do not include the Statement of Recognized Income and Expenses.

NOTE 3. DISTRIBUTION OF EARNINGS

The proposed distribution of 2021 and 2020, drawn up by the Board of Directors are shown below, in Euros:

	2021	2020
Distribution base:		
Profits obtained/ (Generated losses)		earn woowens being
n the financial year	772.367,96	794.186,74
Distribution to:		
Compensation of previous years losses	525.327,48	547.146,26
Distribution of dividends	247.040,48	247.040,48

The amount recorded under the heading of dividend distribution corresponds to an estimate of the dividend to be paid in 2022, which is calculated on the basis of 0,0125 euros net per share. Any deviation between the estimated amount and the amount finally paid will affect the portion distributed as a reduction of the negative results of previous years.

The unamortised balances of research and development expenses totalled 2.277.036,10 euros in 2021 (2.369.252,79 euros in 2020). No dividends should be distributed that reduce the amount of available reserves below the total research and development balances shown on the assets of the balance sheet.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Annual Accounts for the 2021 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 Costs

Capitalized research 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 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:

CONTRACTOR OF THE	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	10 – 6,67 4 - 2
Other tangible fixed assets	15	6,67

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

The loss or profit resulting from writing-off a tangible fixed-asset item is determined as the difference between the net values, where appropriate, of the sales costs resulting from its alienation or disposal by other means, where available, and the item's book value, and is allocated to the 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 records under financial instruments those contracts that give rise to a financial asset in one company and, simultaneously, to a financial liability or equity instrument in another company.

A financial asset is any asset that is: cash, an equity instrument of another company, or involves a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties on potentially favorable terms.

For valuation purposes, financial assets are classified in the following category:

- Financial assets at amortized cost.

Financial instruments issued, incurred or assumed are classified as financial liabilities, in whole or in part, provided that according to their economic reality they represent a direct or indirect contractual obligation for the Company to deliver cash or another financial asset, or to exchange financial assets or liabilities with third parties under potentially unfavorable conditions.

For valuation purposes, financial liabilities are classified in the following category:

- Financial liabilities at amortized cost.

This treatment applies to the following financial instruments:

- a) Financial assets:
 - Cash and cash equivalents;
 - Trade receivables: trade accounts receivable and sundry accounts receivable;
 - Loans to third parties: such as loans and financial credits granted, including those arising from the sale of non-current assets;
 - Equity instruments of other companies acquired: shares, units in collective investment undertakings and other equity instruments;
 - Other financial assets: such as deposits in credit institutions, loans to personnel, guarantees and deposits, dividends receivable and disbursements required on own equity instruments.

b) Financial liabilities:

- Trade accounts payable: suppliers and sundry creditors;
- Debts with credit institutions;
- Other financial liabilities: debts with third parties, such as loans and financial credits received from persons or companies other than credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on participations.

Financial assets at amortized cost

A financial asset is included in this category, even when it is admitted to trading on an organized market, if the Company holds the investment with the objective of receiving cash flows from the execution of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent to an agreement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is agreed at a zero or below-market interest rate.

In this category are classified:

- a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with trade transactions, and
- b) Receivables from non-trade operations: financial assets which, not being equity instruments or derivatives, do not have a commercial origin and whose collections are of a determined or determinable amount.

Financial liabilities at amortized cost

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, but arise from loans or credit operations received by the Company.

Initial assessment

Initially, financial assets and liabilities included in this category are measured at fair value, which is the transaction price, and which is equal to the fair value of the consideration given plus directly attributable transaction costs.

Notwithstanding the preceding paragraph, trade receivables and payables maturing in less than one year that do not have a contractual interest rate, as well as, if applicable, advances and loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, and disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, are valued at their nominal value when the effect of not discounting the cash flows is not significant.

Subsequent assessment

In subsequent valuations, both assets and liabilities are valued at amortized cost. Accrued interest is recorded in the income statement, applying the effective interest rate method. Notwithstanding the foregoing, receivables and payables maturing within one year that were initially valued at their nominal value continue to be valued at that amount, unless, in the case of receivables, they have been impaired.

Impairment of financial assets at amortized cost

At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, is impaired as a result of one or more events that occurred after initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, if applicable, those from the execution of real and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of their initial recognition. For financial assets at variable interest rates, the effective interest rate corresponding to the closing date of the financial statements is used in accordance with the contractual conditions.

Impairment losses, as well as their reversal when the amount of such loss decreases due to a subsequent event, are recognized as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognized at the date of reversal had no impairment loss been recognized.

Financial assets at cost

This valuation category includes equity investments in group companies, jointly controlled entities and associates.

Initial valuation

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, applying, where applicable, in relation to group companies, the criteria included in the specific rules of the standard on transactions between group companies, and the criteria for determining the cost of the combination established in the standard on business combinations.

However, if an investment existed prior to its classification as a group company, jointly controlled entity or associate, the cost of that investment is taken to be the carrying amount that it should have had immediately before the company was classified as a group company, jointly controlled entity or associate.

The initial valuation includes the amount of any pre-emptive subscription rights and similar rights that may have been acquired.

Subsequent valuation

Equity instruments included in this category are measured at cost less any accumulated impairment losses.

Where these assets are to be valued due to derecognition or otherwise, the weighted average cost method is applied for homogeneous groups, i.e. securities with equal rights.

Impairment

At least at year-end, the necessary value adjustments are made whenever there is objective evidence that the carrying amount of an investment is not recoverable.

The amount of the impairment loss is the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs to sell and the present value of future cash flows arising from the investment, which in the case of equity instruments are calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another investee, the equity included in the consolidated financial statements prepared in accordance with the criteria of the Commercial Code and its implementing regulations is taken into account.

The recognition of impairment losses and, where applicable, their reversal, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

Reclassification of Financial Assets

When the Company changes the way in which it manages its financial assets to generate cash flows, it will reclassify all the affected assets in accordance with the criteria previously indicated. The reclassification of category is not a derecognition but a change in the valuation criteria.

Derecognition of Financial Assets

The Company derecognizes a financial asset, or part of it, when the contractual rights to the cash flows from the financial asset expire or have been transferred and the risks and rewards of ownership have been substantially transferred, in circumstances that are assessed by comparing the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset. It is understood that the risks and benefits inherent to ownership of the financial asset have been substantially transferred when its exposure to such variation ceases to be significant in relation to the total variation in the present value of the future net cash flows associated with the financial asset.

When the financial asset is derecognized, the difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying amount of the financial asset, determines the gain or loss arising on derecognition of the asset, and forms part of the profit or loss for the year in which the gain or loss arises.

The Company does not derecognize financial assets and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which it has retained substantially all the risks and rewards of ownership, such as in bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitizations of financial assets in which the transferor retains subordinated financing or other types of guarantees that absorb substantially all the expected losses.

Derecognition of Financial Liabilities

The Company derecognizes a financial liability, or part thereof, when the obligation has been extinguished, i.e. when it has been satisfied, cancelled or has expired. The Company also derecognizes its own financial liabilities that it acquires, even if it intends to relocate them in the future.

The difference between the carrying amount of the financial liability or part thereof that has been derecognized and the consideration paid, including any costs or commissions incurred, which also includes any asset transferred other than cash or liability assumed, is recognized in the income statement for the year in which it occurs.

In case of an exchange of debt instruments that do not have substantially different terms, the original financial liability is not derecognized. Any transaction costs or commissions incurred adjust the carrying amount of the financial liability. From that date, the amortized cost of the financial liability is determined by applying the effective interest rate that matches the carrying amount of the financial liability with the cash flows payable under the new terms.

Own equity instruments

An equity instrument is any legal transaction that evidences, or reflects, a residual interest in the assets of the issuing company after deducting all its liabilities.

In the event that the company enters into any transaction with its own equity instruments, the amount of these instruments is recorded in equity, as a change in shareholders' equity, and in no case may they be recognised as financial assets of the company and no profit or loss is recorded in the profit and loss account.

Expenses arising from these transactions, including the costs of issuing these instruments, such as lawyers', notaries' and registrars' fees; printing of reports, bulletins and securities; taxes; advertising; commissions and other placement expenses, are recorded directly in equity as a reduction in reserves.

Bonds delivered and received

Deposits or guarantees provided as security for certain obligations are valued at the amount actually paid, which does not differ significantly from their fair value.

In case of deposits given or received for operating leases or for the provision of services, the difference between their fair value and the amount paid (due, for example, to the fact that the deposit is long-term and is not remunerated) is considered as an advance payment or collection for the lease or provision of the service, which is charged to the income statement over the period of the lease, in accordance with the standard on leases and other transactions of a similar nature, or over the period in which the service is rendered, in accordance with the standard on revenue from sales and services rendered.

When estimating the fair value of the bonds, the remaining period is taken as the minimum contractual term committed during which the amount cannot be returned, without taking into account the statistical behaviour of return.

When the bond is short-term, it is not necessary to discount cash flows if its effect is not significant.

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

The main services offered by the Company consist of notification, signature and electronic contracting services.

Revenue recognition for sales and services rendered

The Company recognizes revenue in the ordinary course of business when (or as) control of the committed goods or services is transferred to the customer. At that time, the Company values the revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

In order to apply this fundamental criterion for revenue recognition, the Company follows a complete process consisting of the following successive stages:

- a) Identify the contract (or contracts) with the client, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.
- b) Identify the obligation or obligations to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a customer.
- c) Determine the transaction price, or contract consideration to which the company expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.
- d) Allocate the price of the transaction to the obligations to be fulfilled, which should be based on the individual sales prices of each different good or service committed to in the contract, or, if applicable, following an estimate of the sales price when the same is not independently observable.
- e) Recognize revenue from ordinary activities when (as) the company fulfills a committed obligation through the transfer of a good or the rendering of a service; fulfillment that takes place when the customer obtains control of that good or service, so that the amount of revenue recognized will be the amount allocated to the contractual obligation satisfied.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a specific point in time. As specified in note 16, the invoicing issued by the Company is based on customer consumption of each product.

Fulfillment of the obligation at a given time

In cases where the transfer of control over the asset does not occur over time, the Company recognizes revenue following the criteria established for obligations that are fulfilled at a specific point in time. In order to identify the specific time at which the customer obtains control of the asset (generally an asset), the Company considers, among others, the following indicators:

- a) The customer assumes the significant risks and benefits inherent to the ownership of the asset. In assessing this point, the Company excludes any risk that gives rise to a separate obligation, other than the commitment to transfer the asset.
- b) The Company has transferred physical possession of the asset.
- c) The customer has received (accepted) the asset in accordance with the contractual specifications.
- d) The company has a collection right for transferring the asset.
- e) The customer has ownership of the asset.

Valuation

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, at the fair value of the consideration received or expected to be received, which, unless there is evidence to the contrary, is the price agreed for the assets to be transferred to the customer, less: the amount of any discounts, price rebates or other similar items that the Company may grant, as well as interest included in the face value of the receivables.

However, the interest incorporated in trade receivables with a maturity not exceeding one year that do not have a contractual interest rate is included, when the effect of not discounting the cash flows is not significant. If applicable

Taxes levied on the delivery of goods and provision of services that the company must pass on to third parties, such as value added tax and excise taxes, as well as amounts received on behalf of third parties, do not form part of income.

In cases where variable consideration exists, the Company takes into account in the valuation of the revenue the best estimate of the variable consideration if it is highly probable that there will not be a significant reversal of the amount of revenue recognized when the uncertainty associated with the aforementioned consideration is subsequently resolved.

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 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 equity and recognized in the 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.

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

j) Related-Party Transactions

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

k) Cash-Flow Statements

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

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

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

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.

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

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

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2021 are as follows:

31/12/2020	Additions	De-Recognition	Transfers	31/12/2021
11.649.345,74	722,932,06	-	*	12.372.277,80
928.218.54		*	126.053,56	1.054.272,10
그러면 이 아무리 맛있다면 하다면	75,820,75	-		341.188,03
564.399,48	158.243,81	(9.146,92)	(126.053,56)	587.442,81
13 407 331 04	956.996.62	(9.146.92)		14,355.180,74
220,000,000				
	756 TABLE 52 TABLE			(10.005.241.70)
(9.280.092,95)	(815.148,75)	-		(10.095.241,70)
(307.717,52)	(81.430,03)),	7/ <u>2</u> /	(389.147,55)
(236.507,00)	(15.120,11)	3 2	I. E.	(251.627,11)
(9.824.317,47)	(911.698,89)		:#	(10.736.016,36)
				3.619.164,38
	11.649.345,74 928.218,54 265.367,28 564.399,48 13.407.331,04 (9.280.092,95) (307.717,52) (236.507,00)	11.649.345,74 722.932,06 928.218,54 - 265.367,28 75.820,75 564.399,48 158.243,81 13.407.331,04 956.996,62 (9.280.092,95) (815.148,75) (307.717,52) (81.430,03) (236.507,00) (15.120,11)	11.649.345,74 722.932,06 - 928.218,54 - 265.367,28 75.820,75 - 564.399,48 158.243,81 (9.146,92) 13.407.331,04 956.996,62 (9.146,92) (9.280.092,95) (815.148,75) - (307.717,52) (81.430,03) - (236.507,00) (15.120,11) -	11.649.345,74 722.932,06 - 126.053,56 928.218,54 - 126.053,56 265.367,28 75.820,75 - 564.399,48 158.243,81 (9.146,92) (126.053,56) 13.407.331,04 956.996,62 (9.146,92) - (9.280.092,95) (815.148,75) (307.717,52) (81.430,03) (236.507,00) (15.120,11)

Details of and changes in tangible fixed assets throughout the financial year 2020 are as follows:

	31/12/2019	Additions	De-Recognition	Transfers	31/12/2020
Cost:					
Research	11.036.034,28	662.384,37	(49.072,91)	5	11.649.345,74
Industrial Property	783.542,63	¥	7#3	144.675,91	928.218,54
Computer applications	259.397,28	5.970,00	=	-	265.367,28
Advances for intangible fixed assets	571.636,24	178.509,55	(41.070,40)	(144.675,91)	564.399,48
The state of the state of	12.650.610,43	846.863,92	(90.143,31)		13.407.331,04
Accumulated amortization:					
Research	(8.350.705,12)	(939.758,36)	10.370,53	-	(9.280.092,95)
Industrial Property	(237,369,81)	(70.347,71)			(307.717,52)
Computer applications	(215.419,67)	(21.087,33)	-	=	(236.507,00)
	(8.803.494,60)	(1.031.193,40)	10.370,53	A)	(9.824.317,47)
Intangible Fixed Assets, Net	3.847.115,83	(184.329,48)	(79.772,78)	+	3.583.013,57

Disposals in the financial year 2020 resulted in a loss for the financial year of 79,772.78 euros. In the current financial year, the de-recognitions amounted to 9.146,92 euros.

The retirements in the past year resulted in a loss for the past year of 79.772,78 euros.

Fully-amortized and In-use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of December 31, 2021 and at December 31, 2020, is the following, stating their cost values in Euros:

	31/12/2021	31/12/2020
Research	8,492,284,57	7.573.601,89
Patents	108.806,51	87.223,51
Computer applications	221.657,91	180.706,34
	8.822.748,99	7.841.531,74

NOTE 6. TANGIBLE FIXED ASSETS

The breakdown of tangible fixed assets as of December 31, 2021 is as follows, in Euros:

	31/12/2020	Additions	Transfers	31/12/2021
Cost:				
Land and buildings	197.185,74	(= .	. 	197.185,74
rechnical installations and machinery	252.969,45		Pelf	252.969,45
Other installations, tools and furniture	106.118,89	-	X =)	106.118,89
Data processing equipment	642.506,31	391.047,47	(2.139,00)	1.031.414,78
Other tangible fixed assets	4.935,79	### FAR TV#/		4.935,79
Advances for tangible fixed assets	-	57.380,60	: - :	57.380,60
	1.203.716,18	448.428,07	(2.139,00)	1.650,005,25
Accumulated amortization:				
Land and buildings	(44.243,23)	(5.137,30)	:	(49.380,53)
Fechnical installations and machinery	(241.768,74)	(7.306,39)	72	(249.075,13)
Other installations, tools and furniture	(74.609,25)	(6.283,31)		(80.892,56)
	(506.123,78)	(162.638,71)	2	(668.762,49)
Data processing equipment	(3.986,70)	(308,05)	_	(4.294,75)
Other tangible fixed assets	(3.260,70)	(500,05)		(3008.918)
		(101 (52 56)		(1.052.405,46
THE RESERVE TO STATE OF THE STA	(870.731,70)	(181.673,76)		(210221112)

Due to the increase in SaaS sales, investments have been made in servers for more storage capacity. Investments have also been made in laptops during the financial year 2021.

The breakdown of tangible fixed assets as of December 31, 2020 is as follows, in Euros:

	31/12/2019	Additions	Transfers	31/12/2020
Cost:				
Land and buildings	197.185,74	E .	and it	197.185,74
Technical installations and machinery	252.969,45	-	.	252.969,45
Other installations, tools and furniture	106.118,89	5.	*	106.118,89
Data processing equipment	434.519,43	102.689,08	105.297,80	642.506,31
Other tangible fixed assets	4.935,79	. 	-	4.935,79
Advances for tangible fixed assets	105.297,80	*)	(105.297,80)	
	1.101.027,10	102.689,08		1.203.716,18
Accumulated amortization:				
	(39.105,93)	(5.137,30)	129	(44,243,23)
				(44,243,23)
			-	
Technical installations and machinery	(221.215,34)	(20.553,40)	;=: !=:	(241.768,74)
Technical installations and machinery Other installations, tools and furniture	(221.215,34) (64.787,54)	(20.553,40) (9.821,71)	- -	(241.768,74) (74.609,25)
Technical installations and machinery Other installations, tools and furniture Data processing equipment	(221.215,34) (64.787,54) (392.118,66)	(20.553,40) (9.821,71) (114.005,12)		(241.768,74) (74.609,25) (506.123,78)
Technical installations and machinery Other installations, tools and furniture Data processing equipment	(221.215,34) (64.787,54)	(20.553,40) (9.821,71)		(241.768,74) (74.609,25) (506.123,78)
Land and buildings Technical installations and machinery Other installations, tools and furniture Data processing equipment Other tangible fixed assets	(221.215,34) (64.787,54) (392.118,66)	(20.553,40) (9.821,71) (114.005,12)		(241.768,74) (74.609,25)

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, 2021 and at December 31, 2020, is shown below stating their cost values in Euros:

	31/12/2021	31/12/2020
Technical installations and machinery	188.916,95	43.468,70
Furniture	50.659,90	1.220,60
Data processing equipment	420.071,20	376.580,17
Other fixed assets	3.087,87	3.087,87
	662.735,92	424.357,34

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has no assets financed through finance leases as of December 31, 2021.

7.2) Operating Leases (the Company as Lessee)

The amount of the contingent payments recognized as an expense in year 2021 is 136.382,24 euros (147.037,63 euros in the previous year). Corresponds basically to office and car rentals.

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

	2021	2020
Up to 1 year	92.328,30	113.279,55
Between 1 and 5 years	55.510,51	52.405,65
More of 5 years	524.845,84	544.564,96
	672.684,65	710.250,15

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 ins	struments	Credits and Other	s Financial Assets
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Loans and receivable items (Note 8.2)	;e		184.982,54	66.723,71
Financial assets available for sale (Note 8.3)	10.197,40	10.197,40	ė.	-
Total	10.197,40	10.197,40	184.982,54	66.723,71

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

are " North and a second to the second	Credits and Others Financial Assets		
	31/12/2021	31/12/2020	
Assets at fair value through the profit and loss:	3.855.582,99	3.259.289,58	
Cash or other liquid assets (Note 8.1)	3.855.582,99	3.259.289,58	
Loans and receivable items (Note 8.2)	4.166.799,93	4.670.221,28	
Total	8.022.382,92	7.929.510,86	

8.1) Assets at Fair Value through the Profit and Loss

Cash and other Equivalent Liquid Assets

The detail of this assets as of December 31, 2021 and 2020 is as follows, in euros:

A STATE OF THE STA	Balance at 31/12/2021	Balance at 31/12/2020
Current Accounts	3.847.552,09	3,251,112,26
Cash	8.030,90	8.177,32
Total	3.855.582,99	3.259.289,58

8.2) Loans and Receivable Items

The composition of this epigraph as of December 31, 2021 and 2020 is the following:

	Balance at	Balance at 31/12/2020		31/12/2020
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				L'artes
Costumers Related party customers (Note 19.1) Debtors	- -	2.523.653,09 615.207,71 63.269,89	- - -	2.316.873,86 903.264,85 47.203,27
Total loans and receivables items for commercial transactions	وبدود والمراد	3,202.130,69		3.267.341,98
Loans and receivables for non-commercial transactions		M . S. 1 - 5.7		
Group Companies (Note 19.1) Staff Short-term deposits (*) Securities and deposits	150.990,42 - - 33.992,12	151.563,19 1.084,05 812.022,00	41.049,60 - - 25.674,11	137.285,26 3.572,04 1.262.022,00
Total loans and receivables for non-commercial transactions	184.982,54	964.669,24	66.723,71	1.402.879,30
Total	184.982,54	4.166.799,93	66.723,71	4.670.221,28

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

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

	Balance at 31/12/2020	Current year impairment	Transfers	Balance at 31/12/2021
Receivables for commercial transactions:		g ====================================		CHAIN CONTRACTOR
Clients Clients group companies Short-term credits	586.073,81 663.586,47 71.848,71	30.660,14 175.283,40 1.452,64	± ± ±	616.733,95 838.869,87 73.301,35
Total	1.321.508,99	207.396,18	STATE OF	1.528,905,17

The balances of receivables from non-trade operations from group companies include an impairment of 223.272,70 from the Group company Lleidanetworks Serveis Telemàtics, LTD, an impairment of 26.229,14 euros from the Group company Lleidanet Dominicana, SRL and an impairment of 4.357,86 euros from the company Lleidanet Perú as of December 31, 2021.

The balances of receivables for non-trade operations from group companies as of December 31, 2020 included an impairment of 349.310,73 euros from the Group company Lleidanetworks Serveis Telemàtics, LTD, an impairment of 51.740,08 euros from the Group company Lleidanet USA, Inc, an impairment of 26.229,14 euros from the Group company Lleidanet Dominicana, SRL and an impairment of 2.871,46 euros from the company Lleidanet Perú.

8.3) Financial Assets at Fair Value through Shareholders' Equity

Corresponds to an investment made by the Company in prior years in IBAN Wallet, a global platform, which links investors and loan applicants, with leading rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the capital stock.

There are no assets as collateral for loans.

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

The breakdown of the holdings held of the Group companies at December 31, 2021, is as follows:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2021	Theoretical book value 31/12/2021
Group Companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00		4,00	(435.019,94)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)		(523.666,68)
Lleidanet Honduras, SA	70%	659,05	<u>=</u>	659,05	7
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	(8.038,77)
Lleida SAS	100%	195.789,60	*	195.789,60	271.677,50
Lleida Chile SPA	100%	3,256,83	2	3.256,83	(7.498,74)
Lleidanet do Brasil Ltda.	99,99%	10.800,00	4	10.800,00	(33.960,70)
Lleidanet Guatemala	80%	3,234,00	2	3.234,00	3.517,56
Portabilidades Españolas, S.L.U.	100%	13,000,00	2	13.000,00	19.784,14
Lleidanet Costa Rica	100%	16,06	<u> </u>	16,06	(223,00)
Lleidanet Perú	100%	182,498,43	(182.498,43)	-	44.670,40
Lleida Information Technology	100,0		, , , , , ,		
Network Services	49%	34.141,19	-	34.141,19	(33.164,37)
Lleidanet South Africa	100%	5,02	-	5,02	(142,12)
Lleidanet SAAS Middle East and Africa DMCC		11.462,76	-	11.462,76	12.022,73
Indenova, S.L.	100%	7.100.000,00	-	7.100.000,00	2.319.313,51
muchova, S.L.	10070	7.100.000,00		,	
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)	#2	(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	40	(3.256,83)	-
Desembolsos pendientes Lleida Information		(,,		* C. W. C. W. W. W. V. E. C. P.	
Technology Network Services		(34.141,19)	41	(34.141,19)	-
Desembolsos pendientes Lleidanet SAAS		(5,)		(
Middle East and Africa DMCC		(11.462,76)	-	(11.462,76)	-
Affiliated companies: Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	£	3 <u>2</u>
Total		7.926.749,84	(606.250,52)	7.320.499,32	1.629.271,52

Valuation Corrections

In previous years, the Company fully impaired the interests held in Lleidanet USA, Inc, Lleida Networks India Private Limited and partially in Lleidanet Dominicana, S.R.L. In the current fiscal year the Company has impaired the participation held in Lleidanet Perú.

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

Lleidanetworks Serveis Telemàtics, LTD

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

Lleidanet USA Inc.

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

Lleidanet Honduras, S.A.

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

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems. On December 28, 2020, was approved an increase in capital of 14.000 new shares fully subscribed by Lleidanetworks Serveis Telemàtics, S.A..

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 100 shares out of a total of 100 that were issued. Its main activity is based on the dissemination of telematics systems. On June 15, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidanetworks Serveis Telemàtics, S.A. subscribed in full. On December 30, 2020, a capital increase was carried out in Lleida SAS in the amount of 48.000 euros subscribed in full by Lleidanetworks Serveis Telemàtics, S.A.

Lleida Chile SPA

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

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 12.500 shares out of a total of 50.000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging.

Lleidanet do Brasil Ltda

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

Lleidanet Guatemala, Sociedad Anónima

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

Portabilidades Españolas, S.L.U.

Incorporated on December 4, 2015, subscribing, Lleidanetworks Serveis Telemàtics S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages. In the current fiscal year a capital increase has been carried out for a total amount of 10.000 euros, fully subscribed by Lleidanet Serveis Telemàtics, S.A.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires D. Francisco José Sapena Soler 100% of this Company for the amount of 16.06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidanet Perú

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters. On February 21, 2020 and December 28, 2020, capital increases were carried out by offsetting receivables held with the Parent Company for amounts of 104.283 and 33.637 euros, respectively. On December 2021, a capital increase has been carried out by offsetting credits maintained with the Parent Company in the amount of 44,309.84 euros.

Lleida Information Technology Network Services

On October 1, 2020, the Company incorporated the company in the United Arab Emirates with the partner Adil Ismail Ali Al Fahem, with a share capital of 300 shares, 147 of which are subscribed by Lleidanetworks Serveis Telemàtics, S.A. and which correspond to 49% of the share capital of the incorporated company.

Lleidanet South Africa

On September 21, 2020, the Company incorporated Lleidanet South Afica by subscribing 100% of the shares of this company.

Lleidanet SAAS Middle East and Africa DMCC

On April 8, 2021, the Company incorporated Lleidanet SAAS Middle East and Africa DMCC in Dubai, subscribing 100% of the shares of this company.

Indenova, S.L.

On October 31, 2021, the Company acquired 100% of the shares of Indenova, S.L. for a cost of 7.100.000,00 euros, with a first payment of 4.010.387,67 euros, the remaining amount being deferred (see note 10.1.2).

The summary of the equity of the investees at 31 December 2021 is as follows, in euros:

Company	Share Capital	Reserves	Retained earnings	Profit of the year	Currency translation adjustments	Total Equity
Group Companies:						
Lleidanetworks Serveis			(100 05(00)	45 022 25		(425.010.04)
Telemàtics, LTD	4,00	1	(480.956,29)	45.932,35	70 710 75	(435.019,94)
Lleidanet USA Inc	397.591,09	-	(1.008.062,83)	14.056,31	72.748,75	(523.666,68)
Lleidanet Honduras, S.A. (**)		-	-		ma. 1 0 1	(0.020.77)
Lleidanet Dominicana, S.R.L.	29.714,98	-	(38.729,52)	241,56	734,21	(8.038,77)
Lleida SAS	112.969,26	-	(202.551,18)	1.890,78	359.368,64	271.677,50
Lleida Chile SPA (**)	-	*	(653,03)	(7.460,87)	615,16	(7.498,74)
Lleidanet do Brasil Ltda.	10.801,08	₹	(49.710,92)	(2.253,98)	7.203,12	(33.960,70)
Lleidanet Guatemala, S.A. (**)	4.042,50	-		-	(524,94)	3.517,56
Portabilidades Españolas, S.L.U.	13.000,00	-	6.784,14	-	-	19.784,14
Lleidanet Costa Rica (**)	16,06	-	(156,88)	(35,74)	(46,44)	(223,00)
Lleidanet Perú	182.498,43	÷.	(138.180,75)	1.523,21	(1.170,49)	44.670,40
Lleida Information Technology					_518.22	
Network Services (**)	X 4 E	-	(4.575,12)	(70.228,05)	7.120,79	
Lleidanet South Africa (**)	5,02	-); =	(131,86)	(15,28)	(142,12)
Indenova, S.L.	200.000,00	2.294.857,78	-	(175.544,27)	-	2.319.313,51
Lleidanet SAAS Middle						
East and Africa DMCC	12.022,73	-	-	©¥:	*	12.022,73
Affiliated companies: Lleida Networks India Private Limited (*)	26.300,00	83.415,22		(28.289,93)		81.425,29
		A	-		Per september 11	

^(*) Figures at March 31, 2018 (**) Without activity in the year 2021

The summary of the equity of the investees at 31 December 2020 is as follows, in euros:

Entity	% Direct Part.	Cost	Impairments	Net Value 31/12/2020	Theoretical book value 31/12/2020
Group Companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	<⊕	4,00	(480.952,29)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(610.471,74)
Lleidanet Honduras, SA	70%	659,05		659,05	659,05
Lleidanet Dominicana, SRL	99,98%	29.713,97	(19.586,00)	10.127,97	(9.012,75)
Lleida SAS	100%	195.789,60	· ·	195.789,60	315.520,44
Lleida Chile SPA	100%	3.256,83	V _E	3.256,83	2.603,80
Lleidanet do Brasil Ltda	99,99%	10.800,00	721	10.800,00	(38.905,96)
Lleidanet Guatemala	80%	3.234,00	<u>.</u>	3.234,00	3.234,00
Portabilidades Españolas, S.L.U.	100%	13.000,00	3	13.000,00	19.784,14
Lleidanet Costa Rica	100%	16,06	H	16,06	(140,82)
Lleidanet Perú	100%	138.188,59	=	138.188,59	7,84
Lleida Information Technology Network					
Services	49%	34.141,19	77.	34.141,19	31.885,35
Lleidanet South Africa	100%	=	=	-	
Desembolsos pendientes Lleidanet USA Desembolsos		(2.349,36)	-	(2.349,36)	-
pendientes Lleidanet Honduras, SA Desembolsos		(659,05)	*	(659,05)	:=:
pendientes Lleidanet Dominica, SRL		(10.127,97)	2	(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	2	(3.256,83)	(***)
Desembolsos pendientes Lleida Information Technology Network Services		(34.141,19)	2	(34.141,19)	3 4 3
Affiliated Companies: Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	=:
Total		782,434,98	(423.752,09)	358.682,89	(765.788,94)

No dividends have been received from investees and none of them are publicly traded.

The summary of the equity of the investees as at 31 December 2020 is as follows, in euros:

A 5 4 18 18 18 18	A CONTRACTOR		f)	Results rom previous	Result of the financial	Other	
Entity	Share Capital	Reserves		years	year	movements	Total Equity
Empresas del Grupo:							
Lleidanetworks Serveis							(100.050.00)
Telemàtics, LTD	4,00		+	(555.140,18)		(- 2	(480.952,29)
Lleidanet USA Inc	397.591,09		*	(976.150,34)	(31.912,49)	9	(610.471,74)
Lleidanet Honduras, S.A. (**)	941,50		•	=		₽ <u>=</u>	941,50
Lleidanet Dominicana, S.R.L.	29.714,98		=	(26.163,68)	(12.565,85)	-	(9.014,55)
Lleida SAS	112,969,26		-	59.981,54	142.569,64	7-	0.10.0-0,
Lleida Chile SPA (**)	3,256,83		2	(262,43)	(390,60)	0,00	2,000,00
Lleidanet do Brasil Ltda.	10.801,08		~	(36.633,39)	(13.077,54)	(-	(38.909,85)
Lleidanet Guatemala, S.A. (**)	4,042,50		2	-		· · ·	4.042,50
Portabilidades Españolas, S.L.U.	13.000,00		344	(4.432,91)	11.217,05	0.7	19.784,14
Lleidanet Costa Rica (**)	16,06		-	(117,65)	(39,23)	, 4	(140,82)
Lleidanet Perú	138.188,59			(91,437,01)		72	7,84
Lleida Information Technology					8 7 7		
Network Services (**)	69.647,26			¥	(4.575,12)		65.072,14
Lleidanet South Africa (**)	-		2	=	_	-	*
Empresas del Asociadas:							
Lleida Networks India							
Private Limited (*)	26.300,00	83.415,	22		(28.289,93)	-	81.425,29

NOTE 10. FINANCIAL LIABILITIES

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

	Debts credit ins		Oth liabil		Tot	tal
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debits and payable items (Note 10.1)	6.096.675,49	1.993.897,88	1.550.111,90	106.390,16	7.646.787,39	2.100.288,04

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

	Debts credit ins		Otl liabi		То	tal
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debits and payable items (Note 10.1)	1.679.852,92	835.502,12	4.099.532,12	2.374.657,43	5.779.385,04	3.210.159,55

10.1) Debits and Payable Items

The breakdown as of December 31, 2021 and at December 31, 2020 is as follows, in euros:

CONTRACTOR OF THE PARTY OF THE	Balance as o	f 31/12/2021	Balance as o	f 31/12/2020
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:		1-01-12-1		
Suppliers	<u></u>	1.737.866,70	-	1.722.871,13
Suppliers (Related parties) (Note 19.1)	(#C)	116.115,44	-	226.865,25
Creditors	-	470.907,60	<u> </u>	248.812,48
Advances from costumers	t # 2	116.149,67	2	101.758,60
Total balances for commercial transactions		2.441.039,41		2.300.307,46
For non-commercial operations:				
Debts with credit institutions	6.096.675,49	1.679.852,92	1.993.897,88	827.002,98
Other financial liabilities	-	************	<u>-</u>	8.499,14
Personnel (outstanding salaries)	224	3.001,79		-
Other debts	1.550.111,90	1.655.490,92	106.390,16	74.349,97
Debits and payable items	7.646.787,39	3,338,345,63	2.100.288,04	909.852,09
Total balances for	Chicago Cristia	141 MOV		
non-commercial operations	7.646.787,39	3.338.345,63	2.100.288,04	909.852,09
Total debts and payable items	7.646.787,39	5.779.385,04	2.100.288,04	3.210.159,55

10.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of December 31, 2021 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Loans	1.679.852,92	6.096.675,49	7.776.528,41
	1.679.852,92	6.096.675,49	7.776.528,41

The breakdown of debts with credit institutions at December 31, 2020 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	134.026,31	-	134.026,31
Loans	692.976,67	1.993.897,88	2.686.874,55
Leasings	8.499,14	- 1900 (190) (1900)(1900 (1900)(1900 (1900 (1900 (1900 (1900 (1900 (1900 (1900 (1900 (1900 (190)(1900 (190) (1900 (1900 (190) (1900 (1900 (1900 (1900 (1900 (1900	8.499,14
	835.502,12	1.993.897,88	2.829.400,00

Loans

The detail of the bank loans as of December 31, 2021, expressed in Euros, is the following:

Loans	Last Maturity	Initial Amount	Pending at closing
Loan 24 (*)	15/10/2025	78.375,60	43.627,60
Loan 36	02/11/2022	300.000,00	58.359,29
Loan 37	01/03/2022	150.000,00	9.375,00
Loan 38	18/06/2023	195.000,00	60.620,92
Loan 39	02/07/2023	200.000,00	66.329,07
Loan 40	28/12/2023	400.000,00	162.956,00
Loan 41	29/03/2024	250.000,00	115.518,23
Loan 42	12/04/2024	400.000,00	191.022,69
Loan 43	03/05/2024	300.000,00	148.548,74
Loan 44	04/06/2024	250.000,00	128.121,46
Loan 45	30/04/2025	400.000,00	334.987,79
Loan 46	22/04/2025	400.000,00	335.097,20
Loan 47	08/04/2025	400.000,00	335.151,93
Loan 48	31/03/2026	500.000,00	426.189,63
Loan 49	09/07/2028	1.200.000,00	1.129.856,99
Loan 50	31/07/2028	3.200.000,00	3.014.188,42
Loan 51	09/10/2027	1.250.000,00	1.216.577,45
		9,873,375,60	7.776.528,41

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

The detail of the bank loans as of December	1,2020	, expressed in Euros	is the following:
---	--------	----------------------	-------------------

Loans	Last maturity	Initial amount	Pending closing
2000			
Loan 24 (*)	15/10/2025	78.375,60	48.591,60
Loan 36	02/11/2022	300.000,00	120.251,52
Loan 37	01/03/2022	150.000,00	46.875,00
Loan 38	18/06/2023	195.000,00	100.007,72
Loan 39	02/07/2023	200.000,00	106,759,02
Loan 40	28/12/2023	400.000,00	242.944,01
Loan 41	29/03/2024	250.000,00	165.256,39
Loan 42	12/04/2024	400.000,00	270.533,37
Loan 43	03/05/2024	300.000,00	208.051,20
Loan 44	04/06/2024	250.000,00	177.604,72
Loan 45	30/04/2025	400.000,00	400.000,00
Loan 46	22/04/2025	400.000,00	400.000,00
Loan 47	08/04/2025	400.000,00	400.000,00
		3.723.375,60	2.686.874,55

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

During the year 2021, loans for a total amount of 6.150 thousand euros were contracted with various financial institutions. This contracting arose basically from the acquisition of the investee Indenova, S.L.

Credit Lines

As of December 31, 2021, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.815.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 0,00 euros (134.026,31 euros at the end of the previous year).

Lines of Effects and Import Advances

As of December 31, 2021, the Company has discount policies granted with a total limit amounting to 700.000 euros (650.000 euros at the end of the previous year), of which the Company has not made any disposals either at the end of this year or at the end of the previous year.

10.1.2) Other Financial Liabilities

Deferred payment for the acquisition of Indenova, S.L.

On 30 November 2021 the Company acquired 100% of the shares of Indenova, S.L. for a price of 7.100.000,00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, being deferred. A payment schedule has been established, with the last payment due on 20 November 2025.

On 30 November 2021 the Company acquired 100% of the shares of Indenova, S.L. for a price of 7,100,000.00 euros, making a first payment of 4.010.387,67 euros, with the remaining amount, i.e. 3.089.612,33 euros, deferred. A schedule of payments has been established, with dates 30 November 2022, 2023, 2024 and 2025 in cash, and another schedule of payments with dates 30 November 2023, 2024 and 2025 consisting of a fixed amount to be paid by means of the delivery of shares in Lleidanetworks Serveis Telemàtics, S.A. (own shares).

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 2021 is as follows, in euros:

Loan	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	106.390,16
		300.000,00	106.390,16

The detail at the close of fiscal year 2020 was as follows, in euros:

Loan	Last maturity	Initial amount	Pending closing
Loan 2	25/07/2023	300.000,00	173.583,92
Contract of the Contract of th		300,000,00	173.583,92

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, 2021 is the following, in Euros:

				Maturity years			
	2022	2023	2024	2025	2026	More than 5 years	Total
Financial debts: Debts with credit institutions	1.679.852,92 1.679.852,92	1.611.346,86 1.611.346,86	1.342.472,23 1.342.472,23	1.054.591,38 1.054.591,38	876.938,82 876.938,82	1.211.326,20 1.211.326,20	7.776.528,41 7.776.528,41
Other financial liabilities: Other debts Deferred payment acquisition Indenova, S.L.	1.655.490,92 76.794,09 1.578.696,83	542.834,90 39.196,40 503.638,50	503.638,50 - 503.638,50	503.638,50 - 503.638,50	iii		3.205.602,82 115.990,49 3.089.612,33
Commercial creditors and other payable items: Suppliers	2.444.041,20 1.737.866,70	Е (3	, i i	E 1 1	i, j i	3E I I	2.444.041,20 1.737.866,70
Suppliers (refared parties) Sundry creditors Advances from costumers	470.907,60 116.149,67	91 (18	g v	1 1	1 1	a 9	470.907,60
Personnel (remunerations pending payment)	3.001,79	,	r		•		3.001,79
Total	5.779.385,04	2.154.181,76	1.846.110,73	1.558.229,88	876.938,82	1.211.326,20	13.426.172,43

The breakdown of the maturity dates of the liability financial instruments at the close of 2020 is the following, in Euros:

				Maturity years			
	2021	2022	2023	2024	2025	More than 5 years	Total
Financial debts:	835.502,12	779.183,91	685.205,17	408.566,01	120.942,80	1 1	2.829.400,01
Debts with credit institutions Financial lease	8.499,14	16,501.677	1,002,000			\$ 1 2	8.499,14
Other debts	74.349,97	66.666,59	39.723,57	1	i		180.740,13
Commercial creditors and other payable items:	2.300.307,46	1	ţ	ē	•	:30:1	2.300.307,46
Suppliers	1.722.871.13	1		t	ř	1	1.722.871,13
Suppliers (related narties)	226 865 25		1	Ĭ	ï	ĸ	226.865,25
Supday creditors	248.812.48	:#	1	9	ï	ı	248.812,48
Advances from costumers	101.758,60	ē (1 8	% 1 €3	a	9	я	101.758,60
Total	3.210.159,55	845.850,50	724.928,74	408.566,01	120.942,80		5.310.447,60

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 several financial institutions for a total amount of 403.500 euros, a customary instrument when signing an interconnection agreement.

The Company does not have any guarantees for loans.

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:

	and Outstanding ce Sheet Date
Financial Year 2021	Financial Year 2020
Days	Days
33,17	33,37
33,78	31,93
30,22	39,98
Financial Year 2021	Financial Year 2020
Euros	Euros
11.246.740,85	10.093.356,05
2.324.889,74	2.200.257,44
	at the Balance Financial Year 2021 Days 33,17 33,78 30,22 Financial Year 2021 Euros 11.246.740,85

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 treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Company has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Company has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

12.3) Market Risk

Possible market risks are described in note 1.e.

12.4) Exchange Rate Risk

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments. In the case of loans to Group companies, the reference currency is the euro, so that the exchange rate risk is borne by these Group companies.

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, 2021, and December 31, 2020, 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, 2021, as well as of December 31, 2020, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

Capital Increase

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

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

13.2) Reserves

The breakdown for Reserves is as follows, in euros:

	31/12/2021	31/12/2020
Legal Reserve	64.199,77	64.199,77
Voluntary Reserves	3.246.731,56	3.421.989,29
	3.310.931,33	3.486.189,06

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, 2021, the Legal Reserve was 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

On 1 June 2015, the Company's shareholders' meeting resolved to authorise the Board of Directors to derivatively acquire treasury shares under the terms provided for in current legislation. These acquisitions of treasury shares were made through the liquidity provider GVC Gaesco Valores SV, S.A. At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova, whereby it was agreed to pay part of the deferred purchase price in shares of the parent company. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

On 29 September 2021, the company changed its liquidity provider, appointing Solventis A.V., S.A. in which 30 thousand shares were transferred from the former liquidity provider Gaesco, and an additional 150 thousand euros were allocated for the management of the company's treasury stock.

Given the evolution of the Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

As of December 31, 2021, the Parent Company holds own shares for an amount of 1.683.884,76 euros (759.458,01euros at the end of the previous year) at an average cost price of 5,14 euros per share (7,10 euros per share in the previous year).

NOTE 14. FOREIGN CURRENCY

The most significant foreign currency balances as of December 31, 2021, totalized in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	BRL	GBP	ARS	PNL
CURRENT ASSETS				- 1 -		
Trade debtors and other accounts	27.744,46	31.932,62	25,50	·	-	-
CURRENT LIABILITIES	11,514		1 13			
Trade creditors and other payable accounts	33.864,57	37.161,87	3 4 .	46,05	100.000,00	842,47

The most significant foreign currency balances as of December 31, 2020, totalized in euros and broken down into their foreign currency equivalent, were as follows:

	EUROS	USD	GBP	ZAR	ARS	PNL	MXIN
CURRENT ASSETS		J	124 0	the second			
Trade debtors and other accounts	10.331,42	12.038,27	168,48	-	ı 17 .	*	(A)
CURRENT LIABILITIES	I Take of			- 17			-11-1
Trade creditors and other payable accounts	107.604,96	118.657,75	136,50	49.859,65	324.019,54	1.916,44	

The most significant transactions carried out during the financial year 2021 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	CSD	GBP	CLP	CHIF	MXN	ZAR	PLN	JPY	AED	BRL
Purchases and services received Salse and services given	1.534.393,20	.534.393,20 1.649.183,98 305 517 28 354 192 90	35.259,28	8.268.482,00	700,007	275.529,65	362.051,93	35.382,66	103.700,00	84.754,45	25,50

The most significant transactions carried out during the financial year 2020 totalized in euros and broken down into the equivalent in foreign currency, are as follows:

AED	83.703,75
PEN	5.272,82
PNL	74.450,87
ZAR	223.708,95
MXN	10,81
COP	7.298.627,00
CLP	7.645.734,00 7.298.627,00
GBP	20.476,76 67,65
USD	1.274.972,89 747.119,93
EUR	597.468,88 666.284,86
	Purchases and services received Sales and services given

NOTE 15. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2021 and 2020 in Euros:

	31/12/	2021	31/12/	2020
	Active	Payable	Active	Payable
Non Current:				
Deferred tax assets	256.638,33	-	136.418,80	
Current:				
Value Added Tax	3.257,82	151.685,55	3.257,82	80.710,49
Grants to be paid (*)	•	(≠	7.200,60	5 7 .5
Income Tax retentions	F421	69.718,39	-	58.013,97
Social Security bodies	124	(#	10.432,98	
Income tax	1.739,39	83.932,51	2.015,65	74.449,19
protein warming	4.997,21	305.336,45	22.907,05	213.173,65

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, 2021, the Company has all the taxes to which it is subject from 2018 to 2021 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 2021 with the tax base of the profit tax is:

	Pr	ofit and Loss Accou	int
Financial year's earnings (After taxes)	الطائب كالما		772.367,96
	Increases	Decreases	Net effect
Profit Tax	æ	(14.902,83)	(14.902,83)
Permanent differences	216.395,78) <u>~</u> :	216.395,78
Taxable income (tax result)			973.860,91

The conciliation of the net amount of income and expenses for the year 2020 with the tax base of the profit tax is:

	Pr	ofit and Loss Acco	unt
Financial year's earnings (After taxes)			794.186,74
Department Linux and south	Increases	Decreases	Net effect
Profit Tax	-	(83.974,61)	(83.974,61)
Permanent differences	200.031,42	ā	200.031,42
Offset of negative tax bases	444 F. 53		(441.492,32)
Taxable income (tax result)			468.751,23

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

	2021	2020
Charge at 25 % of Taxable Income Deductions	243.465,23 (140.648,52)	117.187,81 (85.256,77)
Net tax payable	102.816,71	31.931,04
Less: withholdings and payments	(74.535,20)	(42.364,02)
Tax payable	28.281,50	(10.432,98)

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

	2021	2020
Current tax Deferred tax	105.316,70 (120.219,53)	52.444,19 (136.418,80)
Total	(14.902,83)	(83.974,61)

The movement of deferred taxes generated and cancelled during financial year 2021 is detailed below in euros:

	Balance at 31/12/2020	Generated	Balance at 31/12/2021	
Deferred tax assets: Tax credits	136.418,80	120.219,53	256.638,33	

The movement of deferred taxes generated and cancelled during financial year 2020 is detailed below in euros:

	Balance at 31/12/2019	Generated	Balance at 31/12/2020	
Deferred tax assets: Tax credits		136.418,80	136.418,80	

Tax Loss Carry forwards

At year-end 2021, the Company has no tax loss carryforwards pending offset.

Deductions pending to apply

As of December 31, 2021, the Group has the following deductions to apply:

Year of Origin	Amount
2006	36.337,17
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	180.537,92
2018	170.354,09
2019	163.214,66
2020	136.418,80
2021	131.964,53
And the second second	2.692.963,62

In view of the Company's good performance, the Board of Directors has decided to recognise the deductions pending to apply tax credits for the years 2020 and 2021 as assets of the Company.

NOTE 16. INCOME AND EXPENSES

a) Revenues

1. Disclosure of revenues from ordinary activities.

The distribution of the net sales corresponding to the Company's ordinary activities is shown below:

	20	021	2020		
Business Areas (figures in thousands of euros)	Euros	%	Euros	%	
SaaS Services SMS Wholesale SMS Comercial	5.882 2.812 7.995	35,24% 16,85% 47,91%	4.490 2.580 8.094	29,61% 17,01% 53,38%	
Total	16.689	100,00%	15.164	100,00%	

The distribution of the net sales from the Company's ordinary activities, by geographic market, is shown below:

THE RESERVE THE PARTY OF THE PA	202	1	2020		
Geographic market description	Euros	%	Euros	%	
National	8.075.677,75	48,39%	7.434.479,27	49,03%	
European Union Rest of the world	4.880.742,55 3.732.450,54	29,25% 22,36%	3.987.063,33 3.742.763,70	26,29% 24,68%	
Total	16.688.870,84	100,00%	15.164.306,30	100,00%	

The distribution of the net sales corresponding to the Company's ordinary activities, by type of contract, is shown below:

	2021 Financial Year	2020 Financial Year	
Type of contrct			
Fixed price contracts (*)	16.094.835,96	15.051.854,85	
Variable contracts (**)	594.034,88	112.451,45	
3 /	16.688.870,84	15.164.306,30	

^(*) Fixed prices are the prices offered to customers for each SaaS product, as well as the wholesale prices offered in a specific period of time for a destination in the SMS. Please note that all invoices issued are based on customer consumption.

(**) There are agreements with customers where the selling price is variable depending on the number of transactions made.

The distribution of the net sales corresponding to the Company's ordinary activities, by contract term, is shown below:

	2021 Financial Year	2020 Financial Year	
Contract duration			
Short-term contracts	-	: *	
Long-term contracts	16.688.870,84	15.164.306,30	
Total (*)	16.688.870,84	15.164.306,30	

^(*) The contracts signed by Lleida.net with its clients are normally for a period of one year with tacit renewal. We are not aware of any client who has asked us to terminate the contract in the first year.

The distribution of the net sales from the Company's ordinary activities, by sales channel, is shown below:

	2021 Financial Year	2020 Financial Year	
Sales channels			
Distributors or wholesalers	654.799,69	387.402,58	
Retailers (*)	246.837,33	255.977,20	
Direct sales	15.787.233,82	14.520.926,52	
Total	16.688.870,84	15.164.306,30	

^(*) Retailers are the customers who buy our products online.

There are invoices to be issued, mainly for interconnection customer consumption in December 2021, which are invoices issued in January 2022.

There are no significant payment terms. The usual method of collection is by transfer, either on demand or 30 days after the invoice date.

There are no returns as there is no tangible asset. As for guarantees, they are those inherent to the service established by standard contract.

b) Supplies

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

	2021	2020
Consumption of merchandise		
National *	3.220.169,07	2.990.019,66
Intracommunity acquisitions	3.589.742,66	2.490.257,62
Imports	1.798.948,38	2.407.138,65
A STATE OF THE PERSON OF THE P	8.608.860,11	7.887.415,93

c) Social Security

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

	2021	2020
Social Security paid by the Company	812.160,67	682.802,19
Other social expenses	117.916,28	119.667,17
Employee welfare expenses	930.076,95	802.469,36

d) Financial Results

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

	2021	2020
Financial incomes		
Financial incomes from group companies	15.753,31	24.188,70
Other financial incomes	812,69	1.382,28
	16.566,00	25.570,98
Financial expenses		
For debts with credit institutions	(72.948,51)	(67.795,41)
	(72.948,51)	(67.795,41)
Change in fair value of financial instruments	5.288,17	(2.267,85)
Exchange differences	(159.668,16)	(61.495,37)
Gains (losses) on disposals and other	© makes part to electron whereast №	(143.880,00)
Financial Result Positive / (Negative)	(210.762,50)	(249.867,65)

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

On 20 January 2022, a 10-year loan agreement was signed between the Company and its investee Indenova S.L.U. for 1 million euros, which will be used to pay off its loans with previous partners financed at 8% interest. This will reduce the financial cost of the subsidiary and of the Lleida.net group.

At the date of drawn up these annual accounts, the Company has assessed the possible impact of the war in Ukraine on its operations and results. To date, there has been no significant impact on the Company, only the increase in the price of electricity, although this is not a cost item that has a significant impact on the Company's margin.

Except as mentioned in the preceding paragraphs, there have been no significant events between the balance sheet date and the date of preparation of these financial statements that, affecting them, would not have been included in them, or the knowledge of which would be useful to a user of these financial statements.

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, 2021 in Euros:

ET Total	150.990,42	150.990,42	05 404.850,12 - (253.859,70)	- 766.770,89	- 615.207,71 - 1.454.077,58 - (838.869,87)	- 151.563,18	- 224.864,53 - (73.301,35)	- 116.115,44	- 116.115,44 - 116.115,44
LLEDANET SOUTH AFRICA	94,05	94,05	94,05						
LLEIDANET EMIRATOS FREE ZONE	5.607,18	5.607,18	5.607,18	•	111	9	r) ii	C.	
LLEIDANET EMIRATOS LLC	94.817,37	94.817,37	94.817,37	2.166,18	111	2.166,18	2.166,18		3 3
LLEMANET	10.554,00	10.554,00	10.554,00	i i	1 1 1	3			1 1
LLEIDANET COSTA RICA	1.381,38	1.381,38	1,381,38		311	A	E ::		316 3 1
LLEDANET PERÚ		ï	4.357,86 (4.357,86)	7.599,72	7.599,72 52.852,98 (45.253,26)	9	11.591,79 (11.591,79)		(F. 9
LLEIDANET BRASIL	34.524,85	34,524,85	34.524,85	24.540,32	20.012,34 37.933,02 (17.920,68)	4.527,98	4.527.98		1 1
PORTABI- LIDADES ESPAÑOLAS	· · ·	Ĭ	E E	89.128,43	89.128,43 89.128,43		# E	1.524,15	1.524,15 1.524,15
LLEIDA REP. DOMINIC.	4.011,59	4.011,59	30.240,73 (26.229,14)	15.072,50	14.026,59 19.073,56 (5.046,97)	1.045,91	3.715,53 (2.669,62)	3.911,63	3.911,63 3.911,63
LLEIDA		□ Ø		175.486,68	175.486,68 175.486,68	f.	1 1		r t
LLEIDA	٠	.1	# - F:	190.574,65	108.887,05 586.848,65 (477.961,60)	81.687,60	81,687,60	108.650,54	108.650,54 108.650,54
LLEIDA NET UK		Ü	223.272,70 (223.272,70)	262.202,41	200.066,90 492.754,26 (292.687,36)	62.135,51	121.175,45 (59.039,94)	2.029,12	2.029,12 2.029,12
Outstanding balances with related parties in 2021	NON CURRENT ASSETS	Long-term loans to group companies	Long-term loans to group companies Impairment	CURRENT ASSETS	Trade receivables Clients Impairment	Short-term loans to group companies	Short-term loans to group companies Impairment	CURRENT	Trade payables Suppliers

Below is the breakdown of the balances held with related parties as of December 31, 2020 in Euros:

Total	41.049,60	41.049,60	471.201,01 (430.151,41)	1.040.550,11	903.264,85 1.566.851,32 (663.586,47)	137.285,26	209.133,96 (71.848,71)	226.865,25	226.865,25 226.865,25	
LLEMANET	5.143,37	5.143,37	5.143,37	1	íťí	ï	r 1		a k	
LLEMANET COSTA RICA	1.381,38	1.381,38	1.381,38		X 1 1	ì	x a) X	
LLEIDANET PERÚ		•	2.871,46 (2.871,46)		- 47.747,97 (47.747,97)	9	10.139,15 (10.139,15)	ı	1 1	
LLEIDANET BRASIL	34.524,85	34.524,85	34.524,85	3.299,33	- 17.920,68 (17.920,68)	3.299,33	3.299,33			
PORTABI- LIDADES ESPAÑOLAS		1	at at	147.314,05	147.314,05 147.314,05	1	3 6	241,24	241,24 241,24	
LLEIDA REP. DOMINIC.	•	1	26.229,14 (26.229,14)	•	5.046,97 (5.046,97)	•	2.669,62 (2.669,62)		1. 3	
LLEDA		21.	i. ř	208.126,79	208.104,05 208.104,05	22,74	22,74		1.1	
LLEMA		ï	51.740,08 (51.740,08)	391.856,76	310.390,52 736.612,04 (426.221,52)	81.466,24	81.466,24	224.594,89	224.594,89 224.594,89	
LLEIDA		ï	349.310,73 (349.310,73)	289.953,18	237.456,23 404.105,56 (166.649,33)	52.496,95	111.536,89 (59.039,94)	2.029,12	2.029,12 2.029,12	
Outstanding balances with related parties in 2020	NON CURRENT ASSETS	Long-term loans to group companies	Long-term loans to group companies Impairment	CURRENT ASSETS	Trade receivables Clients Impairment	Short-term loans to group companies	Short-term loans to group companies Impairment	CURRENT LIABILITIES	Trade payables Suppliers	

19.2) Transactions with Related Parties

The most significant transactions carried out with associated parties at financial year 2021 are as follows, in Euros:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NETL COLOMBIA	LEIDANET PERÚ	LLEIDANET	REP.	F PORTABILI- DADES NESPAÑOLAS	UAE LLC
Sales	206.698,76	379.168.70	971.710,21	5.105,01	20.012,34	14.026,59	226.711,47	12
Purchases	108.650,54	2 8843923896 #			· ·	3.911,63	4.151,49	<u> </u>
Interest incomes	221,36	9.638,56	(#)	1,452,64	1.228,65	1.045,91	3.	2.166,19

The most significant transactions carried out with associated parties at financial year 2020 are as follows, in Euros:

Operation with related parties in the year	LLEIDA NET USA	LLEIDA NET UK	LLEIDA NET COLOMBIA	LLEIDANE PERÚ	ILLEIDANET BRASIL	LEIDANET REPO DOMINICANA	ORTABILIDADES ESPAÑOLAS
Sales						2.250.60	100 165 55
	236.366,80	330.981,37	399.050,15	26,662,92	17.920,68	2.250,60	198.167,57
Purchases	162.157,66	· -	<u> </u>	<u> </u>		2≝	5.403,44
Interest incomes	4.297,61	15.443,36	22,72	1.688,16	1.232,02	1.491,43	(4)

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

The remuneration accrued during the financial year 2021 by the Board of Directors amounted to 100.500 euros (99.000 euros in the previous year).

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 296.947,77 euros (310.336,38 euros in the previous year). The detail of this amount is as follows, in euros:

	2021	2020
Wages and salaries	277.749,63	293.259,73
Payment in kind	19.198,14	17.076,65
	296.947,77	310.336,38

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

As of December 31, 2021, and 2020, 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 people employed during fiscal years 2021 and 2020, distributed by category, is as follows:

	2021	2020
Senior Executives Administration Commercial Production Maintenance Reception Business development Compliance Human Resources Intellectual Property	3 7,62 14,17 46,11 0,5 5,84 7,51 3,31 2,24 1,5	3 4 17,5 41,04 1 8 6,41 3,1 1,12 1,12
TOTAL	91,80	86,29

The number of employees at the end of the fiscal years 2021 and 2020, , broken down by category and sex, is as follows:

	30 TV	2021	1 34 -1			2020		Control of
	Men	Women	Total	Disability greater than or equal to 33%	Men	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	2	3	4	1	2	3	12
Administration	2	6	8	1	1	3	4	1
Commercial	6	7	13	1	8	10	18	1
Production	41	Ś	46	<u>*</u>	37	6	43	1
Maintenance		1	1	_	#3	1	1	-
Reception		6	6	-	(=):	8	8	-
Business development	4	5	9	<u> </u>	3	5	8	342
Compliance	71	5	5	_	-	4	4	
Human Resources	1	2	3	<u>a</u>	1	1	2	-
Intellectual Property	2	-	2		2	:#*	2	N#
TOTAL	57	39	96	2	53	40	93	3

The breakdown of the audit fees for the financial years 2021 and 2020 is as follows:

	2021	2020
Statutory Auditor's fees for the provision of audit services:	15.000	13.850
Statutory Auditor's fees for other non-audit services (*)	9.500	9.950
Statutory Auditor's network firms' fees for other and other services (**)	7.500	11.500
Total	32.000	35.300

^(*) The amount of fees for other services corresponded to the verification corresponding to the limited review of the interim financial statements as at 30 June 2021 and 30 June 2020.

(**) The amount of fees from firms in the Statutory Auditor's network for other services other than transfer pricing reports.

It is reported that during the year the Company has paid the premium corresponding to the civil liability policy that would eventually cover damages caused to third parties due to acts or omissions related to the performance of its duties. The premium amounted to 28.119 euros (19.107 in the previous year).

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A. DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021

LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.

DIRECTOR'S REPORT FOR FINANCIAL YEAR 2021

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 2021.

1. EVOLUTION OF BUSINESS

In 2021, sales increased by 10% to 16,7 million euros. In 2015, when we carried out the capital increase, one of the objectives was to strengthen our SaaS line. Currently, SaaS sales amount to €5.9 million, compared to €4.5 million in 2020. This represents more than 35% of the Company's total sales and reflects the change of strategy we are committed to for the future. The increase of 1,4 million euros was boosted by the increase in international sales, as well as by the increase in consumption by our recurring customers. The pandemic increased the consumption of notifications and electronic contracting services, but we can see that this was not a one-off situation, but rather that the use of these services by customers has been consolidated, surpassing the large figures we obtained during the pandemic.

The Wholesale SMS line, which aggregates all SMS sales to operators and aggregators, remains at 2020 levels. As a result of the pandemic, the Wholesale market has become very competitive, with a significant drop in margins. Lleida.net continues to be a reference company within the market and has maintained the global margin of this line of business. The relative weight with respect to total sales has gone from 53% in 2020 to 48% in 2021.

Sales of commercial SMS, which are sales to end customers, increased by 9% to 2,8 million euros.

The margin on sales reached 48,4%, compared to the 48% it represented in 2020 in percentage terms, but in absolute terms we have an increase of 11%. The increase in percentage terms is explained by the greater weight of SaaS sales, with a higher margin than the rest of the business lines, with respect to total sales.

In terms of SaaS sales, the company is making a major effort to incorporate both technical and commercial personnel. The objective is to offer more complete standard products, which will allow an exponential growth in sales. The new functionalities that we are implementing in the standard products meet the expectations of a greater number of potential customers and are put into production immediately, instead of going through customized processes. Personnel costs have increased by 19%, with the parent company currently employing 94 people, which represents a 6% increase in headcount compared to the end of the 2020 financial year. The company has implemented the teleworking protocol for most of its staff.

External services expenses increased by 13% to 2,8 million euros, mainly due to the expenses inherent to the acquisition of Indenova S.L. in November 2021, amounting to around 180 thousand euros. Likewise, we have returned this year to face-to-face trade fairs and commercial travel, after a 2020 with contained costs in this section due to the mobility limitations that existed.

EBITDA reached 2 million euros, maintaining a capitalization of R&D costs in relation to sales similar to 2020, 4,3%, and being able to absorb the non-recurring costs of the acquisition. Operating income remained at around one million euros, as in fiscal year 2020.

The pre-tax result stands at 757 thousand euros, 7% higher than the previous year, which was exceptional due to the pandemic effect.

Lleida.net has managed to exceed the 2020 figures, with a clear commitment to both organic and inorganic growth, as evidenced by the latest acquisition.

Sales by business line thousand				ne 7,50
euros	2020	2021	Var. Euros	Var.%
Saas Services	4.490	5.882	1.392	31%
SMS Solutions	2.581	2.812	231	9%
ICX WHOLESALE	8.094	7.995	-99	-1%
Total	15.165	16.689	1.524	10%
Data in thousand euros	2020	2021	Var. Euros	Var.%
Sales	15.165	16.689	1.524	10%
Cost of sales	-7.997	-8.609	722	9%
Gross Profit	7.278	8.080	802	11%
Staff Expenses	-3.326	-3.969	643	19%
Other expenses	-2.536	-2.874	338	13%
Other incomes	144	100	-44	31%
Capitalization	662	723	61	9%
EBITDA	2.222	2.060	-162	-7%
Depreciation	-1.181	-1.093	-88	-7%
Results on disposals	-80	-9	-71	-89%
Other results	0	10	10	#¡DIV/0!
Opertaing Result	961	968	7	1%
Financial income	-42	-56	14	33%
Impairment and losses	-62			
Impairment and results on disposals	-144	-160	16	
Exchange rate differences	-3	5	8	267%
Profit before tax	710	757	47	7%

2. SUBSEQUENT EVENTS

On 20 January 2022, a 10-year loan agreement was signed between the parent company and its subsidiary Indenova S.L.U. for 1 million euros, which will be used to pay off its loans with previous partners financed at 8% interest. This will reduce the financial cost of the subsidiary and of the Lleida.net group.

After 31 December 2021 and up to the date of preparation of this Directors' Report, there have been no subsequent events, except as mentioned in the previous paragraph, which reveal circumstances that already existed at 31 December 2021 and which, due to the importance of their economic impact, should lead to adjustments in the annual accounts or modifications in the information contained in the notes to the annual accounts.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

The forecast for fiscal 2022 is to increase sales of SaaS products through the consolidation of international markets and to achieve an increase in the company's results.

4. R&D ACTIVITIES

In 2021, the Company invested EUR 723 thousand in research activities mainly focused on the Company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with the BME Growth Market and Euronext Growth regulations, the Company signed a liquidity agreement with the placement bank on the occasion of its market listing. This agreement establishes both the delivery of a certain amount of treasury stock and the deposit of an amount of cash. The purpose of this agreement is to allow investors to trade the Company's shares, ensuring that any interested person has the possibility to buy or sell shares.

At the shareholders' meeting on 7 June 2021, the allocation of funds for the treasury stock programme is approved. ANDBANK SAU was appointed as manager for the acquisition of the first 500,000 euros, to allocate it to Lleidanet contractual obligations with respect to the acquisition of Indenova. Subsequently, on 23 July 2021, a new allocation of a further 500 thousand euros was made, and all in all, 175,534 shares were purchased at an average price of 5.53 euros per share.

On 29 September 2021, the Company changed its Liquidity Provider from GVC GAESCO, S.A. to SOLVENTIS A.V., S.A.

Given the evolution of the Company's share price during the year 2021, there have been numerous transactions with own shares in the market. Specifically, the Group's own share transactions were carried out to pay for the acquisition of Indenova, and the results of these transactions were recognised in equity, as required by prevailing legislation. In 2021, these results have led to a decrease in Voluntary Reserves in the amount of 175.257,73 euros. During the financial year 2020, they led to an increase in Voluntary Reserves in the amount of 1.976.555,51 euros.

As of December 31, 2021, the Company held 320.604 securities with a valuation on that date of 1.264.492,36 euros, which represented 2% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2021 the Company has not used instruments related to financial derivatives (see Note 12).

The treasury department has a daily overview of the actual cash position and compares it with weekly forecasts. The Company has ample short-term financial capacity, as reflected in the positive balances on credit accounts.

In the face of global uncertainties, such as the spread of COVID-19, the Company has been able to secure the cooperation of financial institutions to sign new short and long-term financing agreements.

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments. In the case of loans to Group companies, the reference currency is the euro, so that the exchange rate risk is borne by these Group companies.

7. DEFERRALS OF PAYMENT TO SUPPLIERS

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

8. EFFECTS DERIVED FROM COVID-19

Information regarding the effects derived from the current situation caused by COVID-19 are shown in Note 1.e in the Financial Statements.

* * * * * * * * * * *

PREPARATION OF ANNUAL ACCOUNTS AND DIRECTOR'S REPORT

In compliance with company law, the Board of Directors of **LLEIDANETWORS SERVEIS TELEMÀTICS, S.A.** draws up the Annual Accounts and the Director's Report for the financial year ended December 31, 2021, which comprises the attached pages number 1 to 60.

Lleida, March 30, 2022 Board of Directors



Firmado digitalmente por 40897755Y FRANCISCO JOSE SAPENA (R:A25345331) Fecha: 2022.03.30 17:52:45 +02'00'

Mr. Francisco Sapena Soler Chairman and Chief Executive Officer

PEREZ SUBIAS MIGUEL -17147802Z

Digitally signed by PEREZ SUBIAS MIGUEL - 17147802Z DN: CN = PEREZ SUBIAS MIGUEL - 17147802Z, SN = PEREZ SUBIAS, G = MIGUEL, C = ES Reason: I am approving this document Date: 2022.03.30 19:02:03 +02'00'

Mr. Miguel Pérez Subias Independent Director

Firmado por CARBONELL SEBARROJA JORDI -***9668** el día 30/03/2022 con un certificado emitido por AC FNMT Usuarios

Mr. Jordi Carbonell i Sebarroja

Independent Director
SAINZ DE Firmado digitalmente por
SAINZ DE VICUÑA
BARROSO JORGE 00811819B
Fecha: 2022.03.30
18:18:57 +02'00'

Mr. Jorge Sainz de Vicuña Independent Director NOMBRE
GALLARDO
MESEGUER
MARCOS - NIF
52423593S

Firmado digitalmente por NOMBRE GALLARDO MESEGUER MARCOS -NIF 52423593S Fecha: 2022.03.30 20:59:52 +02'00'

Mr. Marcos Gallardo Meseguer Secretary

Firmado digitalmente por LOPEZ DEL CASTILLO, ANTONIO (AUTENTICACIÓN) Fecha: 2022.03.30 18:51:04 +02'00'

Mr. Antonio López del Castillo
Independent Director
ARRATE MARIA Firmado digitalmente
por ARRATE MARIA
USANDIZAGA RUIZ DNI 44558454W
Fecha: 2022.03.30
17:04:42 +02'00'

Mrs. Arrate María Usandizaga Ruíz Executive Director

BEATRIZ
CARMEN
GARCIA TORRE - 43749850D
Fecha: 2022.03,30
17:33:26 +02'00'

Mrs. Beatriz García Torre Executive Director BDO Auditores S.L.P., es una sociedad limitada española, y miembro de BDO International Limited, una compañía limitada por garantia del Reino Unido, y forma parte de la red internacional BDO de empresas independientes asociadas.

bdo.es bdo.global









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

Under the provisions of Article17 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 BME Growth Market 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 Telemátics, 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 25 March 2021.

Lleida, 29 April 2022

FRANCISCO SAPENA SOLER

Chairman and Chief Executive Officer of Lleidanetworks Serveis Telemátics, 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 located 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. On 26 October 2021, the Board of Directors relocated the Company's registered office to calle Téllez, 56 local C in Madrid. The new registered office had not yet been inscribed in the Madrid Mercantile Registry at year-end.

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 authorised 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 was registered in the Mercantile Registry of Lleida on 13 March 1995, volume 355, Folio 137, section 1 sheet L6657.

Adapted its By-laws to the current Law of Limited Liability Companies in writing of 12 June 2000, corrected by another of 3 November 2000, all authorised by the Notary of Lleida, Mr Antonio Rico Morales, increased its capital by the Notary of Lleida, increased its capital in writing authorised by the Notary of Lleida, Mr Pablo Gómez Clavería, on 21 October 2004 and once again increased its capital in writing authorised 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 formalised 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 17 February 2012 in the Mercantile Registry of Lleida in Volume 355, Page 145, Sheet L6.657 and registration 8th on 17 February 2012. On 1 June 2015, the Company approved at the Shareholders' Meeting the request for incorporation into the former Alternative Stock Market (MAB), currently BME growth 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 of 0,02 euros nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of 9 October 2015.

On 14 December 2018, the Euronext Admission Committee accepted the incorporation of the shares of Lleida.net in Euronext Growth as of 19 December 2018.

On 30 October 2020, FINRA gave its favourable decision for the listing of the Company on the New York OTCQX market, where the shares entered into trading as of 2 November 2020-

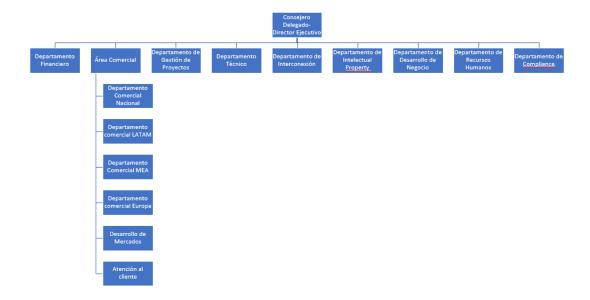
The corporate purpose of Lleida.net is expressed in article 2 of its By-laws, the text of which is transcribed below:

Article 2º: Corporate purpose

 a) Electronic and information technology consulting on different matters through professionals and electronic and computing mechanisms for companies and services. b)
 Dissemination of electronic systems through activities and publications. c)
 The provisions of telecommunication services."

2. ORGANISATIONAL STRUCTURE

The departments that make up the Company are detailed below. All Chief Officers meet monthly to discuss the Company's action plans and propose its approval by the Board of Directors.



The Financial Department prepares the financial information and reviews it by the Executive Director, although the final responsibility of its preparation rests with the Board of Directors.

The different bodies and functions that are responsible for the implementation and maintenance of a correct and effective Internal Information Control System are detailed below

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 to take the necessary measures to head in 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 composed by:

Francisco Sapena Soler Executive Director

He studied Technical Agricultural Engineering, specialising in Horticulture and Gardening at the University of Lleida and postgraduate 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.

Beatriz García Executive Director

With over 12 years of experience in Telecommunications, Beatriz is Bachelor of Science in Telecommunication Engineering and Computer Science from the Polytechnic University of Catalonia and TU Delft (The Netherlands). She graduated in Management Development from IESE Munich-Barcelona.

She worked at Orange España and later in Deloitte as an IT auditor. In 2008 she joined Lleida.net in the Routing Department. She enhanced her responsibilities in 2014 when she was appointed Chief Interconnection Officer to develop and execute Interconnection strategies. Currently, she is responsible for redefining the business strategy of the SMS business line.

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 specialising 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 Financial Officer, Graduate in Administration and Business Management, Master in finance and accounting at the University of Deusto. After some years at PricewaterhouseCoopers working as supervisor in the Assurance (financial statement audit) division, she joined Lleida.net to coordinate the audit and risk department and is currently the Group's Chief Financial Officer.

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- AUI. with an intense professional activity as a consultant specialising in the Internet and new technologies.

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

Among the most relevant initiatives are the 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 Groups 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, and the implementation of the Rigograndense Company of Telecommunications (CRT) of Sao Paulo of the Advanced Procurement System after privatisation, 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, and 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 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, he 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 a member of the negotiating team for 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 External Barroso - by co-option

Manager of investee companies. Experience in remediation and enhancement as General Manager / CEO in the affiliated companies, and with a vast 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 By-laws and the Board of Directors regulations, the Audit Commission has to evaluate the accounting verification system of the Company, ensuring the external auditor's independence and reviewing the internal control systems of the Company's financial information.

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

Report to the General Meeting of Shareholders on issues raised by the shareholders within its sphere of competence.

Propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external account auditors referred to in article 264 of the Capital Companies Act, as well as their contracting conditions, the scope of his professional mandate and where appropriate, his revocation or non-renewal. To ensure the external auditor's independence, the Company will notify the governing Company of the Alternative Stock Market in Relevant Event of the change of auditor.

Monitor internal auditing systems, ensuring their independence and effectiveness.

Review the Company's accounts, ensuring compliance with all legal requirements and the correct application of accounting principles, with direct collaboration from external and internal auditors.

- Know and supervise the preparation process and the integrity of the financial information related to the Company and, where appropriate, its Group, reviewing compliance with regulatory requirements and the correct application of accounting criteria; to know and supervise the Company's internal control systems, check their adequacy and integrity; and review the appointment or replacement of those in charge.
- Periodically review the internal risk control and management systems so that the main risks are adequately identified, managed and disclosed.

Maintain relations with external auditors to receive information on those issues that may jeopardise their independence and any others related to the process

of developing the accounts audit and those other communications provided for in the audit legislation of accounts and technical auditing standards.

Supervise compliance with the audit contract, ensure that the opinions of the annual accounts and main content of audit reports are written clearly and accurately, and evaluate the results of each audit.

- Review any periodic financial information that the Board should provide to the markets and its supervisory bodies, ensuring all mid-term accounts are prepared under the same accounting criteria as annual accounts.
- Inform the Board of Directors before the adoption of the corresponding decisions on all matters applicable by law, the By-laws, and the Board Regulations, and in particular on the following issues: (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 transactions.

Currently, the Audit Commission comprises two independent directors, and they meet at least biannually and whenever called by its President. In 2020, the Committee met twice.

c) Board of Directors

It is made up of the Executive Director and Chief officers of the Company.

The meeting is convened at least once a month to coordinate the different vital activities of Lleida.net. The lines of action are defined both in the short and medium-term to achieve the Board of directors' objectives and resolve the setbacks or problems that may have arisen.

The information from all the company areas is covered, and each chief officer makes a report of the issues to address at the meeting. If the information that should be shared with the market is detected, it is communicated by the Executive Director to the Board of Directors for timely communication.

d) Finance Department

The Finance Department is responsible for implementing a correct control system for financial information daily. It deals with the parent company's accounting and controls the subsidiary companies' reporting. Among its functions is the elaboration 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 of the period from 1 January to 30 June is also performed, reviewed by the same audit company.

3. COMPANY CONTROL SYSTEMS

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

3.1 Annual budgets implementation:

The executive team implements 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 their compliance is reviewed by the Board of Directors and responsible for taking the appropriate measures and the significant lines of action.

3.2 Internal control measures:

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 collection management
- Consolidation and reporting of group companies
- Investments in R + D + i
- Investments in Property, Plant and Equipment
- Treasury
- Purchases and accounts payable
- Taxes
- Human Resources
- Annual closings

The main control measures by risk area are the following:

a) Sales, customer billing and collection management.

A monthly 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 sales
- Send invoices to customers
- Create the files that are sent to the sales managers, Chief Officers and the Chief Financial Officer for the monitoring of the monthly figures

The head of the Treasury is the person who supervises customer collections; relevant invoices are insured before a credit insurance company to avoid possible non-payments.

Every week, a follow-up is carried out to discuss the situation of the collections 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 that define the information that each user can access.

b) Consolidation and reporting:

The Company has accounting and tax advisors in each country where the Group has a registered company. These advisors are responsible for sending monthly the subsidiary figures so that the parent company can review them by the department. Advisors do not have access to the subsidiaries' bank accounts and only have limited powers to carry out administrative procedures before the public administration in 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 Chief Technical officer and by the Financial Department. All the activity carried out in R & D must be set within the annual action plan, and in case of extraordinary collaboration, it must be approved by the Chief Technical Officer.

d) lnvestment intangible fixed assets:

The most significant amount corresponds to the investments made in servers and other IT equipment in this area. An annual budget is made jointly between the technical and financial departments, analysing the annual requirements and the execution process is controlled monthly.

e) Treasury:

The person in charge of the Treasury must control the balance of the Company's financial instruments daily. The Executive Director is the person who has the power to make the corresponding wire transfers. From the Treasury, the payments files are prepared and reviewed by the Chief Financial Officer for its execution by the Executive Director.

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

Every week, a summary is made by the Treasury, with the balances that each instrument has and the principal payments and incomes made from each account. The summary is sent to the Financial Director and the Executive Director for their supervision.

The bank accounts are reconciled by the Financial Department, different from the treasury staff that prepares the payment files.

f) Purchases and payable accounts:

Suppliers' consumptions go directly into the ERP management. The suppliers' rates are updated automatically by the same system whenever a routing price is modified. The Financial department usually verifies that the invoices correspond to the consumptions entered into the ERP. If applicable, 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 analysed and communicated to the interconnection department.

Payments with the primary providers, usually operators, are made through netting. The purchase and sale invoices are cleared. The same system automatically generates this netting sent to the provider for its acceptance. Once accepted by the supplier, it is included in the next payment remittance.

Other payments are mainly commercial expenses that employees pay with their credit cards. An ongoing monthly expense sheet is made, where all the supporting documents are included, and it must be approved, first by its direct Chief Officer and then by the Financial department. The amounts are paid by wire transfer, included in the payment file.

The Company also has direct debits that correspond 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 Financial Department prepares the documents 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 of all possible amendments to the regulations that may affect them.

g) Human Resources:

The Labour force is a key element for the success of Lleida.net. The human Resource department manages both current staff and recruits, and the Chief HR Officer manages both the development of each individual and their careers. The desired profile for the new employees is set in collaboration with the department's Chief Officer. The job description is posted on the Company's social media profiles and job sites, and initial screening and pre-selection of applicants are made depending on the training and experience provided. Subsequently, a first interview with Chief Human Resource Officer is conducted, and a performance test is carried out. The 3 best candidates are interviewed to make the final selection.

The Chief Human Resource Officer also manages salary payments and assesses, together with the department's Chief Officer, the payments of each employee, always with the final acceptance of direction and framed within the annual budget.

I) Financial closing:

Regulation: Lleida.net follows the regulations set by the general accounting plan for recording its activities. It has the advice of advisors when needed or to update the regulations that might affect the Company's procedures.

Monthly financial closing: The Company carries out monthly financial closings to check compliance with the Board of directors' budget.

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

Financial closing review: The monthly profit and loss account is reviewed with the balance sheet to check whether there are significant variations, inconsistencies, or errors compared to previous periods. The information is generated by the Financial department, which is reviewed by its Chief Officer, 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 financial information: To offer greater transparency about the Company's activity, the information on the leading financial figures is published quarterly on BME growth in a relevant event. As stated in point 5.1

- Publication of the annual accounts and interim financial statements as of 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 BME growth following the established guidelines and formats. Also, the interim financial statements as of 30 June are audited and submitted as established by BME growth regulations.
- Report to investors and analysts: regular financial and management information is submitted either in person or on a conference call. The people responsible for these communications are the Executive Director and the Chief Financial Officer

3.3 Internal Code of conduct in Stock markets

LLEIDA.NET Board has approved the Internal Code of Conduct in the area of the Stock Market of Directors held on 26 July 2016 and in compliance with the provisions of article 225.2 of the revised text of the Law on Stock Market approved by Royal Legislative Decree 4/2015, of 23 October. Specifically, the Code incorporates the provisions contained in Chapter II of Title VII of the consolidated text of the

Securities Market Law, applicable to the Company by virtue of the provisions of Page 13 of 15, article 322.3 of said consolidated text, as well as in its development regulations, which includes Royal Decree 1333/2005, of 11 November, which develops the Securities Market Law on market abuse and Circular 4/2009, of 4 November, of the CNMV on the communication of the relevant event. The Code aims 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 to guarantee full and adequate transparency for the Company and protect investors. The supervisory body of this Code is the Audit Committee.

4 RISK ASSESSMENTS:

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, representing the Group's maximum exposure to credit risk about 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 management of the Parent Company, which are 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 applicants. The Group pays permanent attention to the evolution of the different factors that can help solve the liquidity crisis, especially the financing sources and their characteristics.

4.3) Market Risk

Over the last years, the general market situation has been unfavourable due to the complex 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.

4.5) Interest Rate Risk Changes in interest rates modify the fair value of those assets and liabilities that accrue a fixed interest rate and the future flows of assets and liabilities referenced to a variable interest rate. Interest rate risk management aims to achieve a balance in the debt structure that minimises the cost of debt over the multi-year horizon with reduced volatility in the Profit and Loss Account.

5. COMUNICATION OF INFORMATION

The Company differentiates the information to be communicated to the market into 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 and quarterly closings and prepares the interim financial statements under the General Accounting Plan, prepared on a "going concern" basis. The information is generated in the Financial department, where it is reviewed first by its Chief officer and then by the Executive Director. The information is prepared for the Board of Directors by the Financial Department, and it is sent to the chief officers so they can formulate the annual accounts and the interim financial statements. The financial statements are reviewed by the Audit Commission, prepared 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 done.

The information published in the BME growth is prepared based on the consolidated financial statements obtained directly from the Company's ERP. However, for some companies based abroad, their local advisors should provide the information. A standardisation of both the regulations and the currency of the financial information obtained is carried out. The Chief Financial Officer reviews the information.

Once the financial data that is considered relevant is obtained, the relevant event is written by the Chief Financial Officer in collaboration 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 want to provide comments.

Lleida.net uploads it on the BME growth website, and it must be approved by the registered advisor before or after the start of the session. Once uploaded and published on the BME growth 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 and new business lines are directly piloted by the Company's executive director.

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, should they want to provide comments.

Lleida.net uploads it on the BME growth website, and the registered advisor must approve it before or after the start of the session. Once uploaded and published on the BME growth 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 submission procedure of patents is monitored internally by the Intellectual Property department. It has the support of external companies responsible for supervising all deadlines under the supervision of the Chief IP Officer.

To prevent possible errors in the communication channels, the Financial Department asks the IP Department about the status of the patents every quarter. When a patent is granted, the relevant event is written by the Chief Intellectual Property Officer 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 want to provide any comments. It is uploaded by Lleida.net on the BME growth website and must be approved by the registered advisor before or after the start of the session. Once uploaded and published on the BME growth website, it is published on Lleida.net website under the Investors section.

MONITORING AND SUPERVISION CONTROL ACTIVITIES:

The audit committee has carried out the following activities throughout 2021 to control the correct functioning of the internal control system of financial information:

Review the individual interim financial statements for the period between 1 January, 2021 and 30 June, 2021 of the parent company - Review the Group's individual and consolidated financial statements and annual accounts for 2021.

- 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