

12m Results 2022

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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2022 results in line. Strong top-line sales growth led EBITDA to exceed breakeven

FacePhi (FACE) is a Spanish tech company based in Alicante and with offices in South Korea, Uruguay and the UK. It specialises in the development and marketing of software for identity authentication via digital onboarding solutions and biometric authentication. It is present in Latam (today its main market; c. 85% of 2021 revenue) and has a strong position in the financial sector

FACE'S REPORTED FY 2022 EARNINGS CONFIRM FEBRUARY'S GUIDANCE. FACE delivered strong revenue growth in 2022 of EUR 22.2Mn (+68% vs 2021 and +11% vs our estimates). This sharp increase necessarily meant an (also high) operating cost structure. Rec. EBITDA in 2022 amounted to EUR 0.5Mn vs EUR -0.5Mn in 2021. Overall, the set of earnings (already known) showed better-than-expected revenue and topped our previous estimates (confirming the company's ability to sustain double-digit growth). Recurring EBITDA and EBIT were in line.

WORKING CAPITAL CONTINUES TO PUT PRESSURE ON CASH GENERATION. Despite the share capital increases in 2022 (EUR c. 5Mn through equity warrants), net debt (not included in preliminary 2022 results) rose to EUR 9Mn (vs EUR 4.7Mn in 2021). The higher debt is exclusively the result of high working capital consumption (impact of c. EUR 7Mn in 2022; c. 30% of sales).

AND NOW WHAT? CAPACITY TO CONTINUE GROWING IN DOUBLE DIGITS... After assessing the FY 2022 earnings, we are upgrading our revenue estimates to reflect more upbeat growth prospects (2023e revenue: EUR 28Mn; c. +20% vs 2022 and +15% vs our previous estimate).

...WHICH WILL FEED THROUGH TO A MEANINGFUL IMPROVEMENT IN MARGINS IN 2023E. Strong top-line growth forecast for this year (coupled with a higher operating cost structure, +15% vs our previous estimate) should translate into recurring EBITDA 2023e of c. EUR 2Mn (rec. EBITDA margin of c. 7.5%). However, cash generation is likely to remain under pressure due to working capital management (net debt 2023e: EUR 9.6Mn; potentially giving rise to additional financing needs, which the company could meet with equity raises, at least in the short term).

NOW, IT IS TIME TO TURN REVENUE GROWTH INTO PROFIT. Over the past few years, FACE has proven that it can benefit from the overall growth in the biometrics sectors. Now (2023e) it needs to show that it can turn this growth into profit (based on the operating structure now in place). This has become FACE's new equity story. The trend in the EBITDA margin on our new estimates for 2023e-2025e should provide the proof: EBITDA margin of 7%, 11% and 15% for 2023e, 2024e and 2025e.

Market Data

Market Cap (Mn EUR and USD)	53.2	58.8
EV (Mn EUR and USD) ⁽²⁾	62.2	68.7
Shares Outstanding (Mn)	18.0	
-12m (Max/Med/Min EUR)	3.49 / 2.58 / 2.00	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation ⁽³⁾	29.4	
Factset / Bloomberg	FACE-ES / FACE SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

Nice&Green	11.1
Salvador Martí Varó	7.4
Javier Mira Miró	6.0
Juan Alfonso Ortiz	5.6
Free Float	64.6

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	15.1	18.0	18.0	18.0
Total Revenues	22.4	27.1	32.5	39.0
Rec. EBITDA	0.5	2.0	3.7	6.0
% growth	221.7	309.2	85.1	61.6
% Rec. EBITDA/Rev.	2.2	7.4	11.4	15.3
% Inc. EBITDA sector ⁽⁴⁾	9.0	12.0	19.6	15.7
Net Profit	1.1	1.6	2.8	4.8
EPS (EUR)	0.07	0.09	0.16	0.27
% growth	298.1	25.2	69.9	72.2
Ord. EPS (EUR)	0.12	0.09	0.16	0.27
% growth	437.9	-20.6	69.9	72.2
Rec. Free Cash Flow ⁽⁵⁾	-8.8	-2.0	-1.6	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	9.0	9.6	11.2	11.5
ND/Rec. EBITDA (x)	18.5	4.8	3.0	1.9
ROE (%)	9.3	9.8	14.2	20.5
ROCE (%) ⁽⁵⁾	9.3	7.9	10.8	15.2

Ratios & Multiples (x) ⁽⁶⁾

P/E	40.3	32.2	19.0	11.0
Ord. P/E	25.6	32.2	19.0	11.0
P/BV	3.5	2.9	2.5	2.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.77	2.29	1.91	1.60
EV/Rec. EBITDA	n.a.	31.1	16.8	10.4
EV/EBIT	35.6	24.1	15.3	9.3
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	7.3	-15.5	10.5	18.0	-48.4	152.1
vs Ibx 35	8.2	-14.1	4.6	7.0	-60.7	178.9
vs Ibx Small Cap Index	13.2	-6.2	23.6	10.8	-61.3	146.6
vs Eurostoxx 50	7.3	-16.5	-3.6	3.9	-65.0	106.4
vs Euro benchmark ⁽⁴⁾	11.1	-10.8	2.3	2.4	-62.4	71.7

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Technology.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(7) Others: José Cristóbal Callado Solana 5.3%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

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FacePhi (FACE) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c. 140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

12m Results 2022

EUR Mn	12m22	12m21	12m22 Real
	Real		vs 12m21
Total Revenues	22.4	13.2	69.9%
Gross Margin	19.2	11.3	69.9%
<i>Gross Margin/Revenues</i>	<i>85.8%</i>	<i>85.8%</i>	<i>0.0 p.p.</i>
Recurrent EBITDA¹	0.5	-0.4	n.a.
<i>Rec. EBITDA/Revenues</i>	<i>2.2%</i>	<i>n.a.</i>	<i>n.a.</i>
EBIT	1.7	-0.6	390.1%
PBT	1.0	-0.9	220.2%
NP	1.1	-0.6	299.8%
Net Debt	9.0	4.7	92.4%

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(1.6)	(1.2)	0.2	n.a.		
Market Cap	53.2	At the date of this report				
Net financial debt	9.0	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
Risk free rate (rf)	3.3%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.5%	Ke = Rf + (R * B)			9.4%	11.8%
Equity / (Equity + Net Debt)	85.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	14.5%	D			=	=
WACC	9.6%	WACC = Kd * D + Ke * E			8.6%	10.7%
G "Fair"	2.5%				2.5%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Egis Technology	6462-TW	171.9	n.a.	n.a.	n.a.	n.a.	2.1	n.a.	n.a.	9.9%	n.a.
Elan Microelectronics Corp.	2458-TW	840.0	15.9	n.a.	10.7	n.a.	2.2	n.a.	20.8%	8.7%	n.a.
Mitek Systems, Inc.	MITK-US	361.4	7.4	n.a.	7.8	n.a.	2.4	n.a.	31.2%	n.a.	n.a.
OneSpan	OSPN-US	479.9	n.a.	n.a.	n.a.	n.a.	1.9	n.a.	1.2%	1.7%	n.a.
Secunet	YSN-DE	1,276.6	37.7	20.0%	18.6	16.4%	3.4	14.0%	18.1%	3.8%	0.0%
Biometrics (Niche Players)			20.4	20.0%	12.4	16.4%	2.4	14.0%	17.8%	6.1%	0.0%
Diebold Nixdorf Technology	DBD-US	32.2	0.5	n.a.	5.5	n.a.	0.6	n.a.	11.6%	105.8%	n.a.
NEC	6701-JP	10,907.7	14.3	18.4%	5.7	12.0%	0.6	3.4%	10.7%	9.7%	13.6%
NICE	NICE-IL	11,319.8	22.9	13.1%	14.5	7.3%	5.0	12.4%	34.4%	4.4%	11.0%
Synaptics	SYNA-US	3,164.0	10.2	8.4%	8.7	20.1%	2.6	9.2%	30.1%	9.9%	-1.0%
Companies with exposure to biometrics			11.9	13.3%	8.6	13.1%	2.2	8.3%	21.7%	32.5%	7.9%
FACE	FACE-ES	53.2	32.2	71.1%	31.1	72.9%	2.3	19.9%	7.4%	n.a.	59.8%

Free Cash Flow sensitivity analysis (2024e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	12.5%	4.1	15.3x
Central	11.4%	3.7	16.8x
Min	10.3%	3.3	18.6x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 24e				Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	2.7%	3.0%	3.3%		Max	n.a.	n.a.	n.a.
4.1	(1.2)	(1.3)	(1.4)		Central	n.a.	n.a.	n.a.
3.7	(1.5)	(1.6)	(1.7)	➔	Min	n.a.	n.a.	n.a.
3.3	(1.9)	(2.0)	(2.1)					

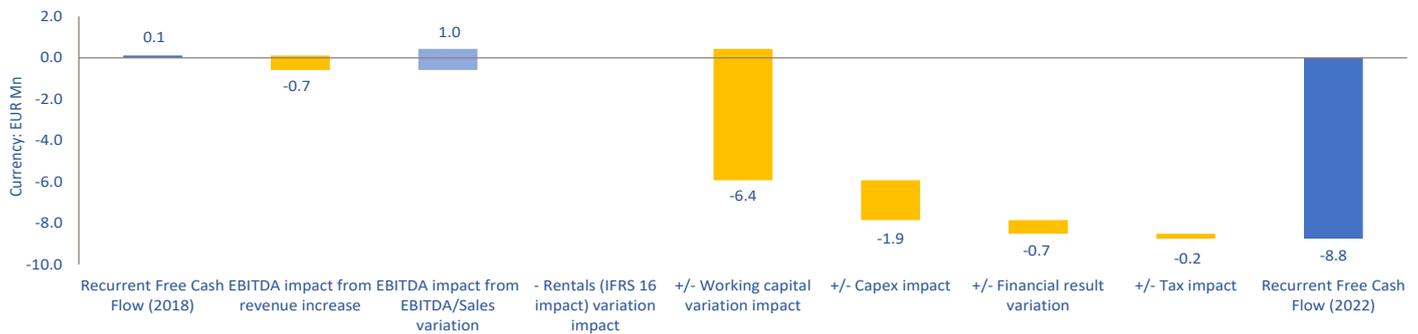
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	1.2	1.6	4.1	5.1	7.6	8.2	8.6	9.2		
Fixed assets	0.0	0.0	0.2	0.4	1.8	2.6	3.6	4.4		
Other Non Current Assets	0.4	0.1	0.5	1.1	1.6	1.6	1.6	1.6		
Financial Investments	0.5	0.7	0.2	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	3.8	8.3	4.6	9.8	18.8	22.1	26.4	31.6		
Total assets	6.0	10.7	9.5	16.6	29.9	34.7	40.3	47.0		
Equity	2.6	4.4	7.0	8.7	15.2	18.4	21.2	26.0		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2		
Other Non Current Liabilities	-	-	-	-	0.1	0.1	0.1	0.1		
Net financial debt	1.9	2.7	0.5	4.7	9.0	9.6	11.2	11.5		
Current Liabilities	1.4	3.6	1.8	3.1	5.4	6.5	7.7	9.2		
Equity & Total Liabilities	6.0	10.7	9.5	16.6	29.9	34.7	40.3	47.0		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	4.5	8.2	7.3	13.2	22.4	27.1	32.5	39.0	49.5%	20.2%
<i>Total Revenues growth</i>	<i>66.0%</i>	<i>82.7%</i>	<i>-11.3%</i>	<i>81.4%</i>	<i>69.9%</i>	<i>20.9%</i>	<i>19.9%</i>	<i>19.9%</i>		
COGS	(0.1)	(1.1)	(1.4)	(1.9)	(3.2)	(3.9)	(4.9)	(5.8)		
Gross Margin	4.4	7.1	5.9	11.3	19.2	23.2	27.6	33.1	44.8%	19.9%
<i>Gross Margin/Revenues</i>	<i>97.3%</i>	<i>86.6%</i>	<i>80.7%</i>	<i>85.8%</i>	<i>85.8%</i>	<i>85.5%</i>	<i>85.0%</i>	<i>85.0%</i>		
Personnel Expenses	(1.7)	(1.9)	(3.2)	(6.2)	(11.0)	(12.5)	(14.1)	(16.0)		
Other Operating Expenses	(2.5)	(2.8)	(3.0)	(5.6)	(7.7)	(8.7)	(9.8)	(11.2)		
Recurrent EBITDA	0.2	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	30.6%	n.a.
<i>Recurrent EBITDA growth</i>	<i>159.4%</i>	<i>n.a.</i>	<i>-114.7%</i>	<i>-13.2%</i>	<i>221.7%</i>	<i>309.2%</i>	<i>85.1%</i>	<i>61.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>3.7%</i>	<i>29.3%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.2%</i>	<i>7.4%</i>	<i>11.4%</i>	<i>15.3%</i>		
Restructuring Expense & Other non-rec.	0.6	(0.6)	(0.4)	(1.2)	(0.7)	-	-	-		
EBITDA	0.7	1.8	(0.7)	(1.6)	(0.2)	2.0	3.7	6.0	-23.4%	n.a.
Depreciation & Provisions	(0.3)	(0.5)	(0.7)	(1.2)	(1.8)	(2.5)	(2.9)	(3.2)		
Capitalized Expense	0.5	0.6	1.1	2.2	3.8	3.1	3.2	3.9		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.9	1.9	(0.4)	(0.6)	1.7	2.6	4.1	6.7	17.9%	56.2%
<i>EBIT growth</i>	<i>59.8%</i>	<i>112.4%</i>	<i>-119.0%</i>	<i>-65.0%</i>	<i>390.1%</i>	<i>48.0%</i>	<i>57.7%</i>	<i>63.2%</i>		
<i>EBIT/Revenues</i>	<i>20.2%</i>	<i>23.4%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>7.8%</i>	<i>9.5%</i>	<i>12.5%</i>	<i>17.1%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.2)	(1.6)	(0.3)	(0.7)	(0.5)	(0.6)	(0.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.8	1.7	(2.0)	(0.9)	1.0	2.1	3.5	6.0	5.0%	80.5%
<i>Ordinary Profit Growth</i>	<i>78.3%</i>	<i>102.7%</i>	<i>-217.0%</i>	<i>57.4%</i>	<i>220.2%</i>	<i>101.0%</i>	<i>69.9%</i>	<i>72.2%</i>		
Extraordinary Results	0.0	0.0	-	-	-	-	-	-		
Profit Before Tax	0.9	1.7	(2.0)	(0.9)	1.0	2.1	3.5	6.0	4.7%	80.5%
Tax Expense	0.3	(0.4)	0.1	0.3	0.1	(0.4)	(0.7)	(1.2)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>25.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.2	1.3	(1.9)	(0.6)	1.1	1.6	2.8	4.8	-1.3%	63.4%
<i>Net Profit growth</i>	<i>219.9%</i>	<i>10.4%</i>	<i>-243.9%</i>	<i>70.1%</i>	<i>299.8%</i>	<i>49.1%</i>	<i>69.9%</i>	<i>72.2%</i>		
Ordinary Net Profit	0.3	1.7	(1.6)	0.3	1.7	1.6	2.8	4.8	58.1%	40.4%
<i>Ordinary Net Profit growth</i>	<i>192.2%</i>	<i>526.1%</i>	<i>-192.6%</i>	<i>119.9%</i>	<i>442.4%</i>	<i>-5.5%</i>	<i>69.9%</i>	<i>72.2%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						2.0	3.7	6.0	30.6%	n.a.
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.3)	(3.1)	(3.7)		
Recurrent Operating Cash Flow						-0.3	0.6	2.3	n.a.	33.3%
CAPEX						(0.8)	(1.0)	(0.8)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.6)	(0.6)		
Tax Expense						(0.4)	(0.7)	(1.2)		
Recurrent Free Cash Flow						(2.0)	(1.6)	(0.3)	n.a.	66.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(2.0)	(1.6)	(0.3)	n.a.	67.7%
Capital Increase						1.5	-	-		
Dividends						-	-	-		
Net Debt Variation						0.5	1.6	0.3		

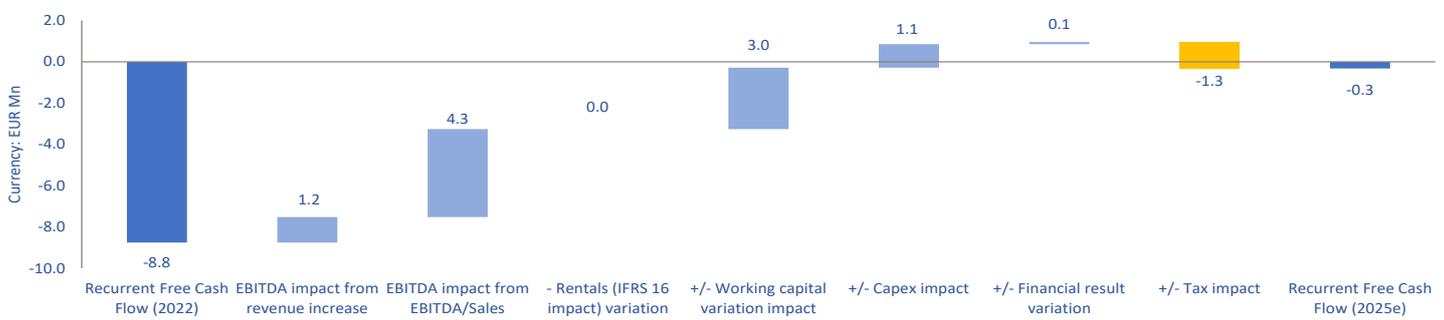
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	-41.2%	n.a.
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-114.7%</i>	<i>-13.2%</i>	<i>221.7%</i>	<i>309.2%</i>	<i>85.1%</i>	<i>61.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>29.3%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.2%</i>	<i>7.4%</i>	<i>11.4%</i>	<i>15.3%</i>		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.4)	2.0	(3.9)	(6.7)	(2.3)	(3.1)	(3.7)		
= Recurrent Operating Cash Flow	0.0	1.6	(4.3)	(6.2)	(0.3)	0.6	2.3	n.a.	33.3%
<i>Rec. Operating Cash Flow growth</i>	<i>129.5%</i>	<i>n.a.</i>	<i>-361.4%</i>	<i>-43.8%</i>	<i>95.3%</i>	<i>311.2%</i>	<i>271.1%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>0.5%</i>	<i>22.6%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.9%</i>	<i>5.8%</i>		
- CAPEX	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)		
- Net Financial Result affecting Cash Flow	(0.2)	0.0	(0.4)	(0.7)	(0.5)	(0.6)	(0.6)		
- Taxes	(0.1)	(0.2)	(0.3)	0.1	(0.4)	(0.7)	(1.2)		
= Recurrent Free Cash Flow	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)	(0.3)	-59.4%	66.5%
<i>Rec. Free Cash Flow growth</i>	<i>n.a.</i>	<i>153.7%</i>	<i>-558.0%</i>	<i>-64.6%</i>	<i>76.7%</i>	<i>19.8%</i>	<i>79.9%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>16.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others	(0.6)	(0.4)	(1.1)	(0.7)	-	-	-		
- Acquisitions / + Divestments	(0.2)	(2.1)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.4)	-	(0.3)	-	-	-		
= Free Cash Flow	(3.0)	(1.7)	(6.4)	(9.7)	(2.0)	(1.6)	(0.3)	-48.8%	67.7%
<i>Free Cash Flow growth</i>	<i>-528.4%</i>	<i>41.1%</i>	<i>-269.3%</i>	<i>-51.6%</i>	<i>79.0%</i>	<i>19.8%</i>	<i>79.9%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>2.2%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	0.1	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)		
EBITDA impact from revenue increase	0.1	(0.3)	(0.3)	(0.3)	0.1	0.4	0.7		
EBITDA impact from EBITDA/Sales variation	2.1	(2.5)	0.2	1.2	1.4	1.3	1.5		
= Recurrent EBITDA variation	2.2	(2.8)	(0.0)	0.9	1.5	1.7	2.3		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(2.1)	4.4	(5.9)	(2.8)	4.4	(0.8)	(0.6)		
= Recurrent Operating Cash Flow variation	0.2	1.6	(5.9)	(1.9)	5.9	0.9	1.7		
+/- CAPEX impact	(1.9)	1.6	0.0	(1.6)	1.1	(0.2)	0.2		
+/- Financial result variation	(0.2)	0.3	(0.4)	(0.3)	0.2	(0.0)	(0.0)		
+/- Tax impact	(0.4)	(0.1)	(0.1)	0.4	(0.5)	(0.3)	(0.5)		
= Recurrent Free Cash Flow variation	(2.3)	3.3	(6.5)	(3.4)	6.7	0.4	1.3		
Recurrent Free Cash Flow	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	1.9	(0.4)	(0.6)	1.7	2.6	4.1	6.7	-3.2%	56.2%
* Theoretical Tax rate	25.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.5)	-	-	-	(0.5)	(0.8)	(1.3)		
Recurrent EBITDA	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	-41.2%	n.a.
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.4)	2.0	(3.9)	(6.7)	(2.3)	(3.1)	(3.7)		
= Recurrent Operating Cash Flow	0.0	1.6	(4.3)	(6.2)	(0.3)	0.6	2.3	n.a.	33.3%
- CAPEX	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)		
- Taxes (pre- Financial Result)	(0.5)	-	-	-	(0.5)	(0.8)	(1.3)		
= Recurrent Free Cash Flow (To the Firm)	(2.4)	1.3	(4.6)	(8.1)	(1.6)	(1.2)	0.2	-50.8%	26.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>155.8%</i>	<i>-449.2%</i>	<i>-76.2%</i>	<i>80.0%</i>	<i>27.3%</i>	<i>113.9%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>18.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.4%</i>		
- Acquisitions / + Divestments	(0.2)	(2.1)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.4)	-	(0.3)	-	-	-		
= Free Cash Flow "To the Firm"	(2.5)	(1.2)	(4.6)	(8.4)	(1.6)	(1.2)	0.2	-48.9%	26.4%
<i>Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>52.8%</i>	<i>-285.2%</i>	<i>-81.7%</i>	<i>80.6%</i>	<i>27.3%</i>	<i>113.9%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>2.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		

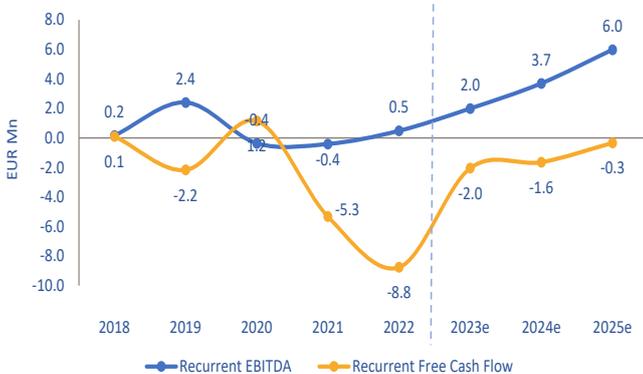
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



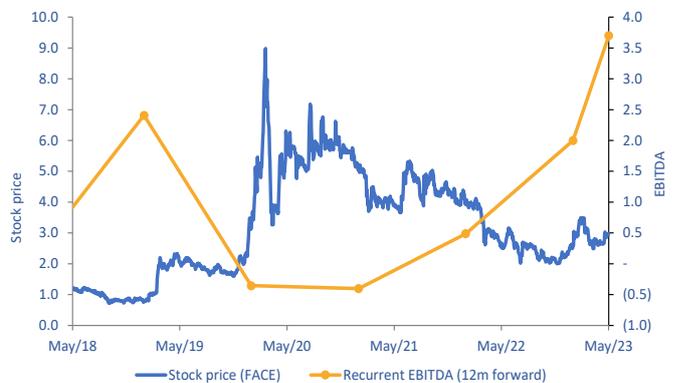
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	53.2	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.2	12m Results 2022
+ Net financial debt	9.0	12m Results 2022
- Financial Investments	0.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	62.2	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues							4.5	8.2	7.3	13.2	22.4	27.1	32.5	39.0	n.a.	20.2%
Total Revenues growth							n.a.	82.7%	-11.3%	81.4%	69.9%	20.9%	19.9%	19.9%		
EBITDA							0.7	1.8	(0.7)	(1.6)	(0.2)	2.0	3.7	6.0	n.a.	n.a.
EBITDA growth							n.a.	143.8%	-141.3%	-113.5%	85.3%	963.7%	85.1%	61.6%		
EBITDA/Sales							16.3%	21.8%	n.a.	n.a.	n.a.	7.4%	11.4%	15.3%		
Net Profit							1.2	1.3	(1.9)	(0.6)	1.1	1.6	2.8	4.8	n.a.	63.4%
Net Profit growth							n.a.	10.4%	-243.9%	70.1%	299.8%	49.1%	69.9%	72.2%		
Adjusted number shares (Mn)							13.1	13.4	14.4	15.0	15.1	18.0	18.0	18.0		
EPS (EUR)							0.09	0.10	-0.13	-0.04	0.07	0.09	0.16	0.27	n.a.	54.2%
EPS growth							n.a.	7.6%	n.a.	71.4%	n.a.	25.2%	69.9%	72.2%		
Ord. EPS (EUR)							0.02	0.13	-0.11	0.02	0.12	0.09	0.16	0.27	n.a.	32.4%
Ord. EPS growth							n.a.	n.a.	n.a.	n.a.	n.a.	-20.6%	69.9%	72.2%		
CAPEX							-	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)		
CAPEX/Sales %							0.0%	23.5%	4.5%	2.3%	8.6%	3.0%	3.0%	2.0%		
Free Cash Flow							0.7	(3.0)	(1.7)	(6.4)	(9.7)	(2.0)	(1.6)	(0.3)	n.a.	67.7%
ND/EBITDA (x) ⁽²⁾							2.6x	1.5x	n.a.	n.a.	n.a.	4.8x	3.0x	1.9x		
P/E (x)							8.4x	32.6x	n.a.	n.a.	34.2x	32.2x	19.0x	11.0x		
EV/Sales (x)							2.55x	5.30x	10.13x	4.85x	2.29x	2.29x	1.91x	1.60x		
EV/EBITDA (x) ⁽²⁾							15.7x	24.4x	n.a.	n.a.	n.a.	31.1x	16.8x	10.4x		
Absolute performance				-72.5%	78.9%	60.3%	-31.2%	316.0%	62.8%	-22.6%	-36.4%	18.0%				
Relative performance vs Ibxex 35				-70.3%	82.6%	49.3%	-19.1%	272.0%	92.6%	-28.3%	-32.6%	7.0%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2023e

		Biometrics (Niche Players)					Companies with exposure to biometrics					FACE	
		Egis	Elan	Mitek	OneSpan	Secunet	Average	Diebold Nixdorf	NEC	NICE	Synaptics	Average	FACE
		Technology	Microelectroni	Systems, Inc.	OSPN-US	YSN-DE		Technology	NEC	NICE	Synaptics		FACE
		EUR Mn	cs Corp.										
Market data	Ticker (Factset)	6462-TW	2458-TW	MITK-US	OSPN-US	YSN-DE		DBD-US	6701-JP	NICE-IL	SYNA-US		FACE-ES
	Country	Taiwan	Taiwan	USA	USA	Germany		USA	Japan	Israel	USA		Spain
	Market cap	171.9	840.0	361.4	479.9	1,276.6		32.2	10,907.7	11,319.8	3,164.0		53.2
	Enterprise value (EV)	275.2	731.8	418.5	400.2	1,268.5		2,207.1	13,837.5	10,634.4	3,321.5		62.2
Basic financial information	Total Revenues	128.0	328.8	172.1	214.1	375.4		3,466.1	22,409.6	2,135.8	1,271.7		27.1
	Total Revenues growth	32.3%	-14.2%	15.3%	8.1%	8.1%	9.9%	10.7%	1.4%	17.1%	-19.2%	2.5%	20.9%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	n.a.	14.0%	14.0%	n.a.	3.4%	12.4%	9.2%	8.3%	19.9%
	EBITDA	(7.4)	68.4	53.7	2.6	68.1		402.6	2,407.2	735.1	382.8		2.0
	EBITDA growth	64.4%	-25.2%	18.9%	167.1%	9.8%	47.0%	205.6%	3.7%	71.9%	-18.9%	65.6%	963.7%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	n.a.	16.4%	16.4%	n.a.	12.0%	7.3%	20.1%	13.1%	72.9%
	EBITDA/Revenues	(1.8)	20.8%	31.2%	1.2%	18.1%	17.8%	11.6%	10.7%	34.4%	30.1%	21.7%	7.4%
	EBIT	(12.8)	60.3	36.2	(4.1)	50.2		330.7	1,188.5	623.9	413.6		2.6
	EBIT growth	54.6%	-26.4%	29.4%	67.5%	6.6%	26.3%	n.a.	8.2%	122.7%	22.1%	51.0%	48.0%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	n.a.	20.0%	20.0%	n.a.	15.3%	14.2%	9.3%	13.0%	60.4%
	EBIT/Revenues	n.a.	18.3%	21.0%	n.a.	13.4%	17.6%	9.5%	5.3%	29.2%	32.5%	19.1%	9.5%
	Net Profit	(9.7)	53.1	48.3	(5.2)	34.5		68.5	746.5	503.5	322.0		1.6
	Net Profit growth	61.1%	-16.1%	20.5%	60.3%	10.2%	27.2%	113.0%	-2.3%	126.5%	38.2%	68.9%	49.1%
2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	n.a.	19.9%	19.9%	n.a.	15.5%	13.6%	9.3%	12.8%	71.1%	
CAPEX/Sales %	0.5%	1.2%	n.a.	2.0%	3.6%	1.8%	1.3%	2.7%	1.3%	2.3%	1.9%	-3.0%	
Free Cash Flow	17.0	73.3	n.a.	8.3	48.8		34.1	1,058.2	495.7	313.1		(2.0)	
Net financial debt	(19.1)	(132.8)	n.a.	n.a.	(45.6)		2,006.6	187.3	(1,042.8)	(75.1)		9.6	
ND/EBITDA (x)	n.a.	(1.9)	n.a.	n.a.	(0.7)	(1.3)	5.0	0.1	(1.4)	(0.2)		4.8	
Pay-out	-83.6%	68.6%	n.a.	n.a.	55.5%	13.5%	0.0%	29.4%	0.0%	n.a.		9.8%	
Multiples and Ratios	P/E (x)	n.a.	15.9	7.4	n.a.	37.7	20.4	0.5	14.3	22.9	10.2	11.9	32.2
	P/BV (x)	1.7	3.0	n.a.	n.a.	9.4	4.7	n.a.	1.0	3.7	2.5	2.4	2.9
	EV/Revenues (x)	2.1	2.2	2.4	1.9	3.4	2.4	0.6	0.6	5.0	2.6	2.2	2.3
	EV/EBITDA (x)	n.a.	10.7	7.8	n.a.	18.6	12.4	5.5	5.7	14.5	8.7	8.6	31.1
	EV/EBIT (x)	n.a.	12.1	11.6	n.a.	25.3	16.3	6.7	11.6	17.0	8.0	10.8	24.1
	ROE	n.a.	18.8	n.a.	n.a.	24.8	21.8	n.a.	6.8	16.0	25.1	15.9	9.8
	FCF Yield (%)	9.9	8.7	n.a.	1.7	3.8	6.1	105.8	9.7	4.4	9.9	32.5	n.a.
	DPS	0.12	0.13	n.a.	n.a.	2.96	1.07	0.00	0.81	0.00	n.a.	0.27	0.00
Dvd Yield	4.7%	4.6%	n.a.	n.a.	1.5%	3.6%	0.0%	2.0%	0.0%	n.a.	0.7%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
04-May-2023	n.a.	2.95	n.a.	n.a.	12m Results 2022	David López Sánchez
09-Feb-2023	n.a.	3.48	n.a.	n.a.	12m 2022 Preliminary results	David López Sánchez
05-Aug-2022	n.a.	2.62	n.a.	n.a.	6m 2022 Preliminary results	David López Sánchez
17-May-2022	n.a.	2.66	n.a.	n.a.	Estimates upgrade	David López Sánchez
08-Feb-2022	n.a.	4.03	n.a.	n.a.	12m 2021 Preliminary results	David López Sánchez
27-Jul-2021	n.a.	4.65	n.a.	n.a.	6m 2021 Preliminary results	David López Sánchez
10-May-2021	n.a.	3.84	n.a.	n.a.	12m Results 2020 - Estimates downgrade	David López Sánchez
01-Feb-2021	n.a.	4.40	n.a.	n.a.	12m 2020 Preliminary results	David López Sánchez
27-Jul-2020	n.a.	6.42	n.a.	n.a.	Estimates downgrade	David López Sánchez
07-May-2020	n.a.	5.54	n.a.	n.a.	Review of estimates	David López Sánchez
21-Jan-2020	n.a.	4.51	n.a.	n.a.	12m 2019 Preliminary results	David López Sánchez
20-Dec-2019	n.a.	2.24	n.a.	n.a.	Initiation of Coverage	David López Sánchez

