

Miguel Medina Sivilotti – lighthouse@institutodeanalistas.com
 Alfredo Echevarría Otegui – alfredo.echevarria@institutodeanalistas.com
 +34 915 631 972

Business description

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. 95% of 2024 revenue) and has a strong position in the financial sector (c. 93% of 2024 revenues).

Market Data

Market Cap (Mn EUR and USD)	60.8	69.2
EV (Mn EUR and USD) ⁽²⁾	64.1	72.9
Shares Outstanding (Mn)	25.8	
-12m (Max/Med/Mín EUR)	2.49 / 1.86 / 1.50	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation ⁽³⁾	16.8	
Factset / Bloomberg	FACE-ES / FACE SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Nice&Green	22.6
Hancom	6.6
Javier Mira Miró	4.8
Juan Alfonso Ortiz Company	4.6
Free Float	61.5

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-0.4	9.3	26.2	-58.7
vs Ibex 35	-1.1	0.5	2.0	-78.8
vs Ibex Small Cap Index	-6.1	-0.2	10.7	-75.2
vs Eurostoxx 50	-0.1	9.3	16.8	-77.1
vs Sector benchmark ⁽⁴⁾	-1.3	17.7	27.1	-75.1

(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 2.

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

(4) vs Stoxx Europe 600 Technology.

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

2024 Results: Strong revenue growth maintained. Next step: conversion of revenue growth into EBITDA through operational leverage.

+15.8% REVENUE GROWTH... Reaching EUR 29.5Mn (EUR 25.5Mn in 2023) supported by: (i) positioning in LATAM (95% of 2024 revenue and with low emerging markets FX risk in due to USD-denominated contracts) and (ii) specialization in the financial sector (93% of 2024 revenue). The alliance with HANCOM is beginning to bear fruit (APAC 4% of revenue in 2024 versus 1.7% in 2023).

...WITH GREATER RECURRENCE. ARR (Annual Recurring Revenue) reached EUR 28.0Mn in 2024 (+28.5% vs 2023; +48% CAGR 2022-2024), representing practically 100% of the 2024 turnover versus 57% two years ago, reducing revenue volatility and increasing visibility. ARR growth is (objectively) FACE's greatest strength.

THE STRUCTURE "WEIGHS" ON EBITDA. Slight pressure on gross margin (83.8%; -3 p.p. vs 2023). Growth in structural costs still above revenue: +20.7% (c.+5 p.p. above revenue growth), essentially due to personnel expenses (+29%). This penalizes and, despite high revenue growth, brings Recurring EBITDA ("Cash" EBITDA, excluding capitalized expenses) to EUR -6.1Mn (vs EUR -3.4Mn 2023).

The greater recurrence of revenue, the expansion in APAC through the alliance with HANCOM, and the potential of already developed functionalities such as Know Your Passenger should "push" operating leverage in 2025 with an already created structure and greater FCF generation (negative in 2024).

THE OPPORTUNITY TO GROW WITHOUT DILUTION. The support of the largest shareholder (Nice&Green) has financed the investment effort in the past. FACE announced a year ago that it would discontinue financing via Nice&Green convertibles. This opens the opportunity to grow from 2025 onwards, avoiding the "toll" of dilution. Something especially relevant insofar as it was a factor that strongly penalized the stock -4y.

AWAITING THE EFFECT OF OPERATING LEVERAGE ON MARGINS AND FCF GENERATION. The 2024 results are clear. FACE's portfolio of products and services is capable of generating revenue in verticals (finance) and geographies (LATAM and APAC) with attractive growth rates. These products and services have reached a level of recurrence that theoretically should generate positive EBITDA and FCF in the short term (2025). The growth of structural costs -3y has been identical to that of revenue (2.6x), preventing margin improvement and growth.

The opportunity lies in converting high revenue growth into a genuine "take-off" of EBITDA (still negative), with the sole requirement that the structure does not grow. Something that can now be achieved without dilution. The YTD performance (+41.3%; +21.9% vs Ibex35; +42.7% vs sector) suggests that the potential "take-off" of EBITDA is beginning to be priced in, making the 2025 results key to making it credible.

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.

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Appendix 1. Results table

EUR Mn	2024	2023	2024 vs 2023
Total Revenues	29.5	25.5	15.8%
Gross Margin	24.7	22.1	11.8%
Gross Margin/Revenues	83.8%	86.7%	-3.0 p.p.
Recurrent EBITDA ⁽¹⁾	-6.1	-3.4	-78.7%
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.
EBITDA ⁽¹⁾	-4.5	-3.3	-35.1%
EBITDA/Revenues	n.a.	n.a.	n.a.
EBIT	-5.9	-5.1	-15.9%
PBT	-7.3	-7.1	-3.9%
NP	-8.9	-4.3	-106.2%
Net Debt ⁽²⁾	4.5	10.3	-56.3%

(1) "Cash" EBITDA, which excludes income from the capitalization of expenses.

(2) Net Debt adjusted to exclude convertible debt capitalized after the close of fiscal year 2024.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	60.8	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	0.0	12m Results 2024
+ Net financial debt	4.5	12m Results 2024
- Financial Investments	0.2	12m Results 2024
+/- Others ⁽¹⁾	(1.1)	Ver nota
Enterprise Value (EV)	64.1	

(1) Related to the book value (not actuarial) of deferred tax assets

Appendix 3. Main peers (2025e)

	EUR Mn	Biometrics (Niche Players)						Companies with exposure to biometrics				
		Egis Technology	Elan Microelectronics Corp.	Mitek Systems, Inc.	OneSpan	SecurNet	Average	Diebold Nixdorf Technology	NEC	NICE	Synaptics	Average
Market data	Ticker (Factset)	6462-TW	2458-TW	MITK-US	OSPN-US	YSN-DE		DBD-US	6701-JP	NICE-IL	SYNA-US	
	Country	Taiwan	Taiwan	USA	USA	Germany		USA	Japan	Israel	USA	
	Market cap	274.6	1,124.9	327.9	506.1	1,361.8		1,536.4	29,124.3	8,717.4	2,020.5	
	Enterprise value (EV)	429.9	974.6	354.3	440.2	1,321.9		2,194.0	29,680.0	7,794.6	2,271.0	
Basic financial information	Total Revenues	154.5	386.5	154.4	218.6	430.8		3,322.0	21,797.8	2,569.0	936.7	
	Total Revenues growth	14.0%	7.7%	2.0%	2.2%	6.0%	6.4%	0.7%	4.2%	4.7%	11.0%	5.1%
	2y CAGR (2025e - 2027e)	n.a.	3.4%	11.4%	3.2%	9.6%	6.9%	3.2%	4.4%	7.5%	10.3%	6.3%
	EBITDA	6.7	102.7	41.1	64.0	65.5		423.3	2,810.6	912.4	179.9	
	EBITDA growth	163.4%	7.5%	105.6%	26.4%	8.5%	62.3%	14.7%	4.2%	35.4%	512.3%	141.6%
	2y CAGR (2025e - 2027e)	n.a.	-6.4%	23.8%	5.2%	14.0%	9.1%	7.8%	8.5%	8.0%	17.7%	10.5%
	EBITDA/Revenues	4.4%	26.6%	26.6%	29.3%	15.2%	20.4%	12.7%	12.9%	35.5%	19.2%	20.1%
	EBIT	2.9	97.8	8.9	51.4	45.4		280.8	1,805.0	807.6	154.0	
	EBIT growth	108.0%	12.9%	145.1%	18.7%	6.7%	58.3%	11.2%	4.4%	64.8%	331.0%	102.8%
	2y CAGR (2025e - 2027e)	n.a.	-6.6%	69.9%	3.4%	16.5%	20.8%	14.2%	13.4%	9.6%	22.0%	14.8%
	EBIT/Revenues	1.9%	25.3%	5.8%	23.5%	10.5%	13.4%	8.5%	8.3%	31.4%	16.4%	16.2%
	Net Profit	13.1	83.2	35.9	42.0	30.8		90.6	1,232.3	691.7	123.8	
	Net Profit growth	145.2%	7.6%	n.a.	-16.4%	10.1%	36.6%	724.4%	15.2%	74.2%	12.1%	206.5%
	2y CAGR (2025e - 2027e)	n.a.	-7.2%	23.9%	11.0%	16.6%	11.1%	35.8%	13.8%	9.3%	23.0%	20.5%
	CAPEX/Sales %	n.a.	3.2%	0.9%	3.4%	2.8%	2.6%	1.0%	2.2%	1.2%	2.6%	1.7%
	Free Cash Flow	n.a.	48.4	30.2	43.3	39.8		173.5	1,350.7	709.7	51.4	
Multiples and Ratios	Net financial debt	(47.6)	(103.7)	23.0	n.a.	(58.0)		356.6	(238.8)	(1,533.8)	183.8	
	ND/EBITDA (x)	(7.1)	(1.0)	0.6	n.a.	(0.9)	(2.1)	0.8	(0.1)	(1.7)	1.0	0.0
	Pay-out	n.a.	70.5%	n.a.	n.a.	57.0%	63.8%	0.0%	21.8%	0.0%	n.a.	7.3%
	P/E (x)	n.a.	13.2	9.3	10.5	44.0	19.2	13.2	23.1	12.8	16.6	16.4
	P/BV (x)	n.a.	3.5	n.a.	n.a.	8.1	5.8	n.a.	2.2	2.3	1.7	2.1
	EV/Revenues (x)	2.8	2.5	2.3	2.0	3.1	2.5	0.7	1.4	3.0	2.4	1.9
	EV/EBITDA (x)	n.a.	9.5	8.6	6.9	20.2	11.3	5.2	10.6	8.5	12.6	9.2
	EV/EBIT (x)	n.a.	10.0	39.8	8.6	29.1	21.9	7.8	16.4	9.7	14.7	12.2
	ROE	n.a.	26.5	n.a.	n.a.	18.5	22.5	n.a.	9.3	18.2	10.2	12.6
	FCF Yield (%)	n.a.	4.3	9.2	8.5	2.9	6.2	11.3	4.6	8.1	2.5	6.7
	DPS	n.a.	0.21	n.a.	n.a.	2.71	1.46	0.00	0.20	0.00	n.a.	0.07
	Dvd Yield	n.a.	5.5%	n.a.	n.a.	1.3%	3.4%	0.0%	0.9%	0.0%	n.a.	0.3%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

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

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 91 563 19 72
institutodeanalistas.com/lighthouse

Head of research

Alfredo Echevarría Otegui

alfredo.echevarria@institutodeanalistas.com

Analysts who contributed to this report:

Pablo Victoria Rivera, CESGA

Equity research

pablo.victoria@institutodeanalistas.com

Daniel Gandoy López

Equity research

lighthouse@institutodeanalistas.com

Miguel Medina Sivilotti

Equity research

lighthouse@institutodeanalistas.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@institutodeanalistas.com

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
05-May-2025	n.a.	2.36	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
23-Oct-2024	n.a.	1.50	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	1.93	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
06-May-2024	n.a.	1.80	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
12-Feb-2024	n.a.	1.98	n.a.	n.a.	12m 2023 Preliminary results	Enrique Andrés Abad, CFA
03-Oct-2023	n.a.	2.41	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	2.52	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
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

