

**FacePhi (FACE)** is a small Spanish tech company (Market Cap: EUR 90Mn), based in Alicante and created in 2012, specialising in the development and marketing of biometric software for facial recognition, with a strong focus on the financial sector (mainly in Latam: c. 90% of revenue). It has been listed on the Mercado Alternativo Bursátil (MAB) since 2014.

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#### Market Data

Market Cap (Mn EUR and USD)	89.4	104.2
EV (Mn EUR and USD) <sup>(1)</sup>	91.5	106.7
Shares Outstanding (Mn)	13.9	
-12m (Max/Med/Min EUR)	8.98 / 3.81 / 1.60	
Daily Avg volume (-12m Mn EUR)	0.68	
Rotation <sup>(2)</sup>	195.3	
Thomson Reuters / Bloomberg	FACE.MC / FACE SM	
Close fiscal year	31-Dec	

#### Shareholders Structure (%)

Salvador Martí Varó	9.1
Juan Alfonso	9.0
Javier Mira Miró	8.0
Nice & Green	6.2
Free Float	66.7

Financials (Mn EUR)	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	13.3	14.2	14.2	14.2
Total Revenues	8.2	9.7	10.9	12.0
Rec. EBITDA <sup>(3)</sup>	1.7	1.4	2.0	2.4
% growth	923.7	-15.7	36.7	23.6
% Rec. EBITDA/Rev.	21.0	14.9	18.1	20.3
% Inc. EBITDA sector <sup>(4)</sup>	17.1	-2.6	26.6	15.8
Net Profit	1.3	1.0	1.3	1.7
EPS (EUR)	0.10	0.07	0.10	0.12
% growth	8.9	-28.5	37.6	25.4
Ord. EPS (EUR)	0.09	0.07	0.10	0.12
% growth	335.5	-25.3	37.6	25.4
Rec. Free Cash Flow <sup>(5)</sup>	-1.5	-0.1	0.6	1.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	2.7	1.8	1.2	0.1
ND/Rec. EBITDA (x)	1.6	1.3	0.6	0.1
ROE (%)	37.0	16.5	16.6	17.5
ROCE (%) <sup>(5)</sup>	27.3	14.1	15.6	17.7

#### Ratios & Multiples (x)<sup>(6)</sup>

P/E	66.4	92.9	67.5	53.9
Ord. P/E	69.4	92.9	67.5	53.9
P/BV	n.a.	12.0	10.2	8.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	11.15	9.43	8.37	7.60
EV/Rec. EBITDA	n.a.	n.a.	46.2	37.4
EV/EBIT	47.6	n.a.	48.7	39.8
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	0.7	1.2

(1) Please refer to Appendix 3.

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

(3) FACE presents its financial statements under the Spanish GAAP and is not affected by the application of IFRS 16.

(4) Sector: TRBC Europe Technology Index.

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

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

## Growth costs (a lot)

**GROWTH CONTINUES (SALES: +140%)**, with a very strong increase in business in 1H20 taking the sales figure to EUR 2.6Mn (+140% vs 1H19). This increase is a consequence of: (i) the capture of new clients and (ii) the capacity for licence renewal (reflecting the momentum of a sound revenue base in 2019: EUR 8.2Mn).

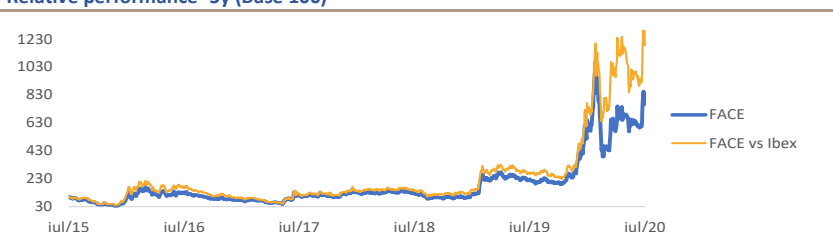
**ALTHOUGH WITH A SMALLER THAN ESTIMATED GROSS MARGIN.** The strong growth in sales has translated into a gross margin of c. EUR 1.7Mn (+80% vs 1H19), a decrease of c. 20p.p. (65% vs 87% in 1H19) as a result of greater procurements of third party technology.

**... WHICH, TOGETHER WITH AN INCREASE IN THE OPERATING STRUCTURE, PREVENTED AN IMPROVEMENT IN EBIT (EUR -0.8Mn; -20% VS 1H19).** Below the gross margin we find: (i) a big increase in the headcount (13 new hires in 1H20 on top of an average headcount of 26 in 2019; +50%), causing personnel costs to rocket 64% vs 1H19 and (ii) other extraordinary expenses such as the Euronext flotation and costs associated with the capital increases subscribed by N&G (impact of c. EUR 0.2Mn).

**IN BRIEF, WHAT HAS CHANGED?:** Despite Covid-19, FACE has achieved strong business growth in 1H20, demonstrating its ability to exploit the opportunity for growth offered (on paper) by the biometrics sector. But this has come at the expense of a significant narrowing of the gross margin and a much bigger than estimated increase in the company's operating structure. Which means that despite the growth in sales, we downgrade our 2020e-2022e EBITDA estimates. Underlining the fact that FACE's "Rubicon" has not disappeared: the big challenge remains to take advantage of the "theoretical" capacity for growth. All of which explains the title of this report: growth costs (a lot).

Today, the most logical assumption is for revenue of c. EUR 9.7Mn and EBITDA of c. EUR 1.4Mn in 2020e (EBITDA margin of c. 15%). After the rally in the share price -12m (+248%) the EV is c. EUR 90Mn. Our central scenario at present does not envisage revenue growth of > 20% CAGR 2020-2022e.

#### Relative performance -5y (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	20.2	28.4	248.0	105.8	575.8	664.3
vs Ibex 35	18.6	16.4	345.0	169.4	867.8	1084.9
vs Ibex Small Cap Index	18.4	13.0	264.4	124.0	543.0	552.7
vs Eurostoxx 50	16.1	8.9	271.3	132.8	604.8	731.0
vs Sector benchmark <sup>(4)</sup>	14.0	4.5	198.6	92.0	377.7	354.3

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

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## FacePhi (FACE) is an Alternative Equity Market (MAB) company

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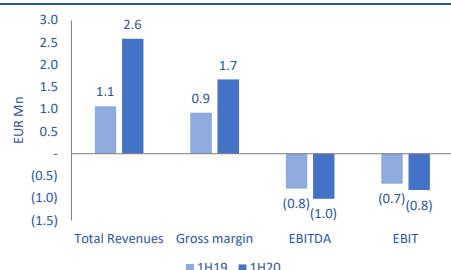
MAB is owned and operated by the Spanish Stock Exchange (BME) and is subject to the CNMV supervision. MAB is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID).

MAB 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 the MAB started in July 2009. There are currently 39 growth companies and 78 REITs listed on it.

**1H20 results preview**  
**We downgrade our estimates**

**Higher volumes. But a smaller margin. We downgrade our estimates (EBITDA 2020e: -46% vs previous estimate)**

**Chart 1. 1H20 results preview (vs 1H19)**



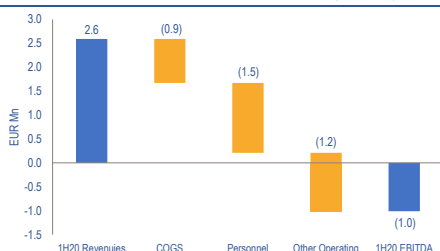
FACE has released a preview of its 1H results with a breakdown of the main (unaudited) P&L items (without including balance sheet information). Audited 1H20 results will be released on August 5. It is important to stress that FACE's business is highly seasonal; in 2019 over 85% of revenue was generated in the second half of the year (this is because of FACE's total dependence on the financial sector and its budget management policy).

This results preview shows very strong business growth in 1H20, taking the sales figure to EUR 2.6Mn (+140% vs 1H19). Albeit with a smaller than estimated gross margin, preventing the strong growth in volumes being translated to EBIT (-20% vs 1H19). Revealing the difficulties of growing volumes while maintaining high margins.

**Table 1. 1H20 results preview**

EUR Mn	1H20	1H19	1H20 vs 1H19
<b>Total Revenues</b>	<b>2.6</b>	<b>1.1</b>	<b>142.6%</b>
<b>Recurrent EBITDA</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-29.0%</b>
<i>Rec. EBITDA/Revenues</i>	<i>-39.0%</i>	<i>-73.3%</i>	<i>34.3 p.p.</i>
<b>EBITDA</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-29.0%</b>
<i>EBITDA/Revenues</i>	<i>-39.0%</i>	<i>-73.3%</i>	<i>34.3 p.p.</i>
<b>EBIT</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-20.5%</b>

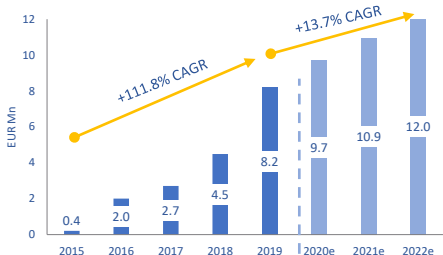
**Chart 2. From revenues to EBITDA (1H20)**



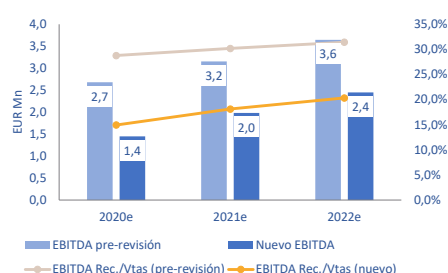
Note 1: 1H20 EBITDA excludes EUR 0.4Mn related to R&D capitalized expenses (non-cash impact).  
Note 2: Other operating income includes sales commissions (c. 20% o/Rev).

The decline in margins seen in 1H20 is basically a result of: (i) a big increase in procurements of third party technology (EUR 0.9Mn vs EUR 0.1Mn in 1H19), drastically reducing the gross margin in percentage terms (65.6% vs 86.7% in 1H19) and (ii) an increase in structural costs, basically personnel (13 new hires in 1H20 on top of an average headcount of 26 in 2019; +50%), which, while necessary to accelerate growth, was higher than our estimates (personnel costs 1H20: +64% vs 1H19).

**Chart 3. Total Revenues (2014-2021e)**



**Chart 4. Change to estimates impact on EBITDA (2020e-2022e)**



Nota: "EBITDA pre-revisión" refers to estimated EBITDA published on May 7, 2020.

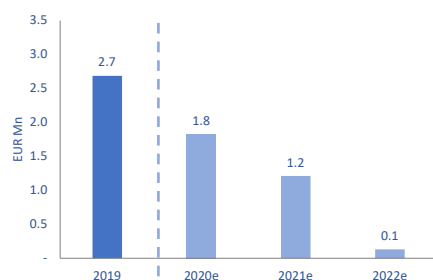
**Accordingly, we downgrade our estimates (2020e-2022e)**

Despite strong growth in volumes, the decline in margins seen in 1H20 has led us to revise our estimates for 2020e and following years, as follows:

- **Higher volumes (2020e revenues: EUR 9.7Mn; +4% vs previous estimate).** The strong business growth in 1H 2020 means we increase our 2020e revenue estimates slightly (c. +4%) to EUR 9.7Mn (+18.2% vs 2019). This implies that the company should obtain turnover of c. EUR 7Mn in the second half of the year (similar to the figure for 2H19) underpinned by: (i) the capacity for renewal of c. 80% of annual licences (c. 50% of 2019 revenues), (ii) growth in the volume of new licences (the result of the opening of new markets; South Korea in 2019 is an example) and (iii) support and maintenance revenues (c. 15% of total revenues in 2019).
- **But with smaller margins (2020e EBITDA: EUR 1.4Mn; -46% vs previous estimate).** The sharp downgrade to EBITDA is basically explained by: (i) a c. 6p.p. reduction in the gross margin vs 2019, due to the strong increase in procurements seen in 1H20 (EUR 0.9Mn vs EUR 1.2Mn estimated for the whole year), and (ii) the growth in the operating structure (13 new hires; +50% vs 2019), boosting personnel costs to c. EUR 2.9Mn (+37% vs our previous estimate; c. 50% of the EBITDA downgrade).

All this would take 2020e EBITDA to c. EUR 1.4Mn (EBITDA margin c. 15%). What about 2022e? Despite the significant reduction in margins, FACE's operating leverage remains high, so for 2022e we assume EBITDA of c. EUR 2.5Mn with revenue of, at least, c. EUR 12Mn (EBITDA margin 20% vs 30% initially estimated).

**Chart 5. Net Debt (2019-2022e)**



- **Maintaining a financial position which, in principle, does not seem problematic (ND/EBITDA 2020e c. 1.3x).** For 2020e we estimate Rec. FCF in breakeven (vs EUR 0.9Mn initially estimated); mainly due to the reduction in EBITDA) although it will remain under pressure from long collection periods (FACE closed 2019 with a customer accounts receivable balance similar to that for turnover, the result of a business with a higher generation of revenue in 4Q; in 2019 c. 85% of revenues were generated in the second half of the year).

2020e Rec. FCF in breakeven (EUR -0.1Mn), together with the acquisition of Ecercic in January 2020 to strengthen the digital Onboarding business (EUR 1.2Mn paid in cash and EUR 0.8Mn in FACE shares), and the capital increases carried out to bring in N&G (EUR 2.1Mn to date), will take 2020e ND to c. EUR 1.8Mn (ND/EBITDA 1.3x). A financial position which, in principle, does not seem problematic (especially if the company manages to improve its working capital management; currently in the spotlight). If needed, FACE could obtain an additional c. EUR 1.4Mn from the agreement with N&G, enabling the company to access capital if required (see the analysis of the impact on the capital structure of the agreement with N&A on the next page).

**Table 2. Changes to estimates (2020e-2022e)**

EUR Mn	2020e (New)	Review (%)	2021e (New)	Review (%)	2022e (New)	Review (%)
<b>Total Revenues</b>	<b>9.7</b>	<b>4.1%</b>	<b>10.9</b>	<b>4.6%</b>	<b>12.0</b>	<b>3.9%</b>
<b>Recurrent EBITDA</b>	<b>1.4</b>	<b>-45.9%</b>	<b>2.0</b>	<b>-37.2%</b>	<b>2.4</b>	<b>-32.8%</b>
<i>Recurrent EBITDA growth</i>	<i>-15.7%</i>	<i>-72 p.p.</i>	<i>36.7%</i>	<i>19 p.p.</i>	<i>23.6%</i>	<i>8 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>14.9%</i>	<i>-14 p.p.</i>	<i>18.1%</i>	<i>-12 p.p.</i>	<i>20.3%</i>	<i>-11 p.p.</i>
<b>EBIT</b>	<b>1.4</b>	<b>-46.3%</b>	<b>1.9</b>	<b>-37.7%</b>	<b>2.3</b>	<b>-32.2%</b>
<b>Net Profit</b>	<b>1.0</b>	<b>-48.3%</b>	<b>1.3</b>	<b>-38.8%</b>	<b>1.7</b>	<b>-33.1%</b>
<b>Recurrent Free Cash Flow</b>	<b>-0.1</b>	<b>-109.8%</b>	<b>0.6</b>	<b>-44.5%</b>	<b>1.1</b>	<b>-20.1%</b>
<i>ND / EBITDA</i>	<i>1.3 x</i>	<i>0.5 x</i>	<i>0.6 x</i>	<i>0.3 x</i>	<i>0.1 x</i>	<i>0.2 x</i>

**In conclusion: What has changed?** After revenues took off in 2019 (+83% vs 2018), we said FACE's "Rubicon" was to exploit the growth potential of the sector. In our view, the 1H20 results preview represents an inflection point: (i) the strong increase in business seen in 1H20 sweetens the commercial risk (revenue growth) we pointed out in previous reports, but (ii) illustrates the difficulty of increasing the speed of growth in volumes without losing some profitability. This implies lower than estimated EBITDA (EBITDA margin c. 20% in 2022e vs c. 30% initially estimated).

**The conclusion is simple:** FACE's "Rubicon" has not gone away. A priori, we think the strategic decision to increase the number of agreements with software providers (enabling the company to enlarge its product range), together with growth in its operating structure, offers pros and cons: (i) it reduces the commercial risk (of volume growth), in exchange for (ii) paying a price in terms of operating profitability, assuming lower levels of EBITDA in the short term (at the expense of being able to offset this with higher volume growth in the future).

A different challenge from its previous period, as, while the current structure enables the company to aspire to higher turnover (2022e revenue > EUR 12.5Mn?), achieving this is also more costly: with a gross margin of 80% (in line with estimates), FACE would today need turnover of c. EUR 8Mn (in line vs 2019) to maintain EBITDA breakeven (vs EBITDA of EUR 1.7Mn in 2019). If the gross margin for the year as a whole were to fall to levels of 1H20 (65% vs 80% estimated), turnover would need to be, at least, c. EUR 10Mn to maintain breakeven. Which explains the title of this report: growth costs (a lot).

### Impact on the shareholder structure of the investment agreement with Nice and Green

In September 2019 an investment agreement was signed with Nice&Green (a Swiss institutional investor heavily specialising in the funding of listed Small Caps) with the goal of providing FACE with an appropriate level of equity with which to finance growth in a total amount of EUR 4.0Mn via: (i) a EUR 0.5Mn participatory loan (already received and capitalised for c. 2.2% of capital via a capital increase by the offsetting of credit balances) and (ii) the issuance of warrants (put warrants; sell option) in a maximum amount of EUR 3.5Mn until September 2020 (of which EUR 2.1Mn have already been obtained). Given their nature (put warrants), FACE is not obliged to issue 100% of the warrants. And will decide on a level of funds (and of the dilution to be assumed) according to the share price (the warrants will be issued at 92% of the trading price) and the capital requirements.

In the event that all the warrants established in the agreement were to be issued for an amount of EUR 1.4Mn at a conversion price of EUR 5.91 (an 8% discount on the share price at the date of this report), Nice&Green would own c. 7.8% of capital vs 6.2% at present (Table 3; central scenario). Current shareholders seeing a dilution of c. 1.1%.

However, the rate and volume of the warrants issue is decided by the Board of Directors (depending on the share price and the operating needs for funds presented by the company), so it is possible that not 100% of the warrants will be issued. From the point of view of the maximum dilution to be assumed by the company and scenarios of issuance of the maximum amount pending (EUR 1.4Mn):

- Dilution of 1.1% in the central scenario (conversion at a price of 5.91 EUR/share; 8% discount on the current price).
- With a 20% premium on the current price, we estimate dilution of c. 0.9%.
- With a 20% discount on the current price, we estimate dilution of c. 1.4%.

**Table 3. Impact on the shareholder structure of the conversion of the N&G warrants**

Shareholder	% Capital	Conversion price (€)				
		4.73	5.32	5.91	6.50	7.09
Salvador Martí	9.1%	8.9%	9.0%	9.0%	9.0%	9.0%
Javier Mira	8.0%	7.8%	7.8%	7.8%	7.8%	7.9%
Juan Alfonso Ortiz	8.9%	8.7%	8.7%	8.7%	8.8%	8.8%
Fernando Orteso	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
David Devesa	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nice & Green	6.2%	8.2%	7.9%	7.8%	7.6%	7.5%
<b>Free Float</b>	<b>66.7%</b>	<b>65.4%</b>	<b>65.5%</b>	<b>65.6%</b>	<b>65.7%</b>	<b>65.8%</b>

Note: The scenarios calculated assume that the company issues the total amount of the warrants pending (EUR 1.4Mn). The conversion prices used in this sensitivity analysis already include the 8% discount on the share price (at the date of this report).

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	0.9	1.0	1.1	1.2	1.6	1.6	1.5	1.3		
Fixed assets	0.0	0.0	0.0	0.0	0.0	0.3	0.6	0.9		
Other Non Current Assets	0.1	0.1	-	0.4	0.1	1.2	1.2	1.2		
Financial Investments	0.1	0.6	0.3	0.5	0.7	0.7	0.7	0.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	0.3	0.8	2.8	3.8	8.3	9.6	10.5	11.4		
<b>Total assets</b>	<b>1.3</b>	<b>2.5</b>	<b>4.2</b>	<b>6.0</b>	<b>10.7</b>	<b>13.4</b>	<b>14.5</b>	<b>15.5</b>		
Equity	0.5	0.9	1.4	2.6	4.4	7.5	8.8	10.5		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	0.1	0.1	0.1	0.1	0.1	0.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	0.4	1.5	2.0	1.9	2.7	1.8	1.2	0.1		
Current Liabilities	0.4	0.2	0.7	1.4	3.6	4.1	4.4	4.8		
<b>Equity &amp; Total Liabilities</b>	<b>1.3</b>	<b>2.5</b>	<b>4.2</b>	<b>6.0</b>	<b>10.7</b>	<b>13.4</b>	<b>14.5</b>	<b>15.5</b>		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Total Revenues</b>	<b>0.4</b>	<b>2.0</b>	<b>2.7</b>	<b>4.5</b>	<b>8.2</b>	<b>9.7</b>	<b>10.9</b>	<b>12.0</b>	<i>n.a.</i>	<b>13.7%</b>
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>392.7%</i>	<i>34.8%</i>	<i>66.0%</i>	<i>82.7%</i>	<i>18.2%</i>	<i>12.7%</i>	<i>10.2%</i>		
COGS	(0.0)	(0.0)	(0.0)	(0.1)	(1.1)	(1.9)	(2.2)	(2.5)		
<b>Gross Margin</b>	<b>0.4</b>	<b>2.0</b>	<b>2.7</b>	<b>4.4</b>	<b>7.1</b>	<b>7.8</b>	<b>8.7</b>	<b>9.6</b>	<i>n.a.</i>	<b>10.4%</b>
<i>Gross Margin/Revenues</i>	<i>98.9%</i>	<i>99.8%</i>	<i>99.5%</i>	<i>97.3%</i>	<i>86.6%</i>	<i>80.0%</i>	<i>79.7%</i>	<i>79.4%</i>		
Personnel Expenses	(0.8)	(1.1)	(1.2)	(1.7)	(1.9)	(2.9)	(3.0)	(3.1)		
Other Operating Expenses	(0.6)	(1.0)	(1.8)	(2.5)	(3.4)	(3.4)	(3.7)	(4.0)		
<b>Recurrent EBITDA</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.2</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>2.4</b>	<b>39.9%</b>	<b>12.5%</b>
<i>Recurrent EBITDA growth</i>	<i>31.6%</i>	<i>87.2%</i>	<i>-174.1%</i>	<i>150.8%</i>	<i>923.7%</i>	<i>-15.7%</i>	<i>36.7%</i>	<i>23.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>3.7%</i>	<i>21.0%</i>	<i>14.9%</i>	<i>18.1%</i>	<i>20.3%</i>		
Restructuring Expense & Other non-rec.	0.0	0.0	0.8	0.6	0.1	-	-	-		
<b>EBITDA</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.8</b>	<b>1.4</b>	<b>2.0</b>	<b>2.4</b>	<b>41.3%</b>	<b>11.1%</b>
Depreciation & Provisions	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)	(0.7)		
Capitalized Expense	0.3	0.3	0.4	0.5	0.6	0.6	0.6	0.6		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
<b>EBIT</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.9</b>	<b>1.9</b>	<b>1.4</b>	<b>1.9</b>	<b>2.3</b>	<b>46.1%</b>	<b>6.1%</b>
<i>EBIT growth</i>	<i>25.2%</i>	<i>97.2%</i>	<i>n.a.</i>	<i>59.8%</i>	<i>112.4%</i>	<i>-26.0%</i>	<i>32.2%</i>	<i>22.2%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>20.9%</i>	<i>20.2%</i>	<i>23.4%</i>	<i>14.7%</i>	<i>17.2%</i>	<i>19.1%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.8</b>	<b>1.7</b>	<b>1.3</b>	<b>1.8</b>	<b>2.3</b>	<b>42.9%</b>	<b>9.6%</b>
<i>Ordinary Profit Growth</i>	<i>24.1%</i>	<i>93.3%</i>	<i>993.7%</i>	<i>78.3%</i>	<i>102.7%</i>	<i>-23.7%</i>	<i>37.6%</i>	<i>25.4%</i>		
Extraordinary Results	-	-	(0.0)	0.0	0.0	-	-	-		
<b>Profit Before Tax</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.9</b>	<b>1.7</b>	<b>1.3</b>	<b>1.8</b>	<b>2.3</b>	<b>43.0%</b>	<b>9.4%</b>
Tax Expense	-	-	(0.1)	0.3	(0.4)	(0.3)	(0.4)	(0.6)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>n.a.</i>	<i>22.9%</i>	<i>n.a.</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>0.4</b>	<b>1.2</b>	<b>1.3</b>	<b>1.0</b>	<b>1.3</b>	<b>1.7</b>	<b>38.1%</b>	<b>9.4%</b>
<i>Net Profit growth</i>	<i>25.7%</i>	<i>93.3%</i>	<i>789.1%</i>	<i>219.9%</i>	<i>10.4%</i>	<i>-24.1%</i>	<i>37.6%</i>	<i>25.4%</i>		
<b>Ordinary Net Profit</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.3</b>	<b>1.2</b>	<b>1.0</b>	<b>1.3</b>	<b>1.7</b>	<b>36.7%</b>	<b>11.1%</b>
<i>Ordinary Net Profit growth</i>	<i>21.0%</i>	<i>91.3%</i>	<i>-389.2%</i>	<i>179.5%</i>	<i>341.4%</i>	<i>-20.6%</i>	<i>37.6%</i>	<i>25.4%</i>		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Recurrent EBITDA</b>						<b>1.4</b>	<b>2.0</b>	<b>2.4</b>	<b>39.9%</b>	<b>12.5%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.8)	(0.6)	(0.5)		
<b>Recurrent Operating Cash Flow</b>						<b>0.6</b>	<b>1.4</b>	<b>2.0</b>	<b>5.9%</b>	<b>71.3%</b>
CAPEX						(0.3)	(0.3)	(0.3)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.0)		
Tax Expense						(0.3)	(0.4)	(0.6)		
<b>Recurrent Free Cash Flow</b>						<b>(0.1)</b>	<b>0.6</b>	<b>1.1</b>	<b>-15.2%</b>	<b>39.5%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(1.2)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(1.2)</b>	<b>0.6</b>	<b>1.1</b>	<b>-18.5%</b>	<b>38.7%</b>
Capital Increase						2.1	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>(0.9)</b>	<b>(0.6)</b>	<b>(1.1)</b>		

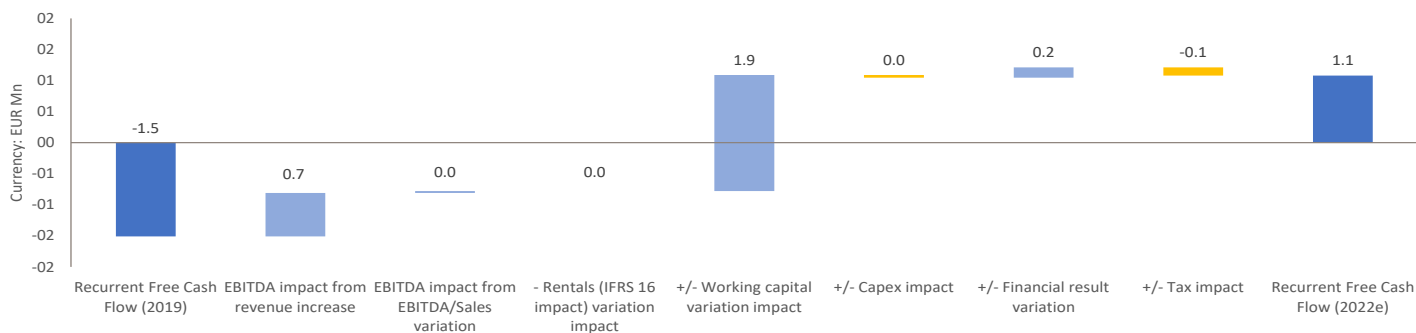
Note 1: FACE presents its financial statements under the Spanish GAAP and is not affected by the application of IFRS 16.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

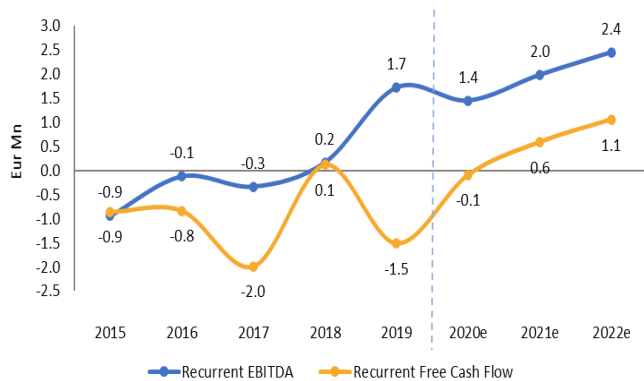
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
<b>Recurrent EBITDA</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.2</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>2.4</b>	<i>n.a.</i>	<b>12.5%</b>
<i>Recurrent EBITDA growth</i>	87.2%	-174.1%	150.8%	923.7%	-15.7%	36.7%	23.6%		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	3.7%	21.0%	14.9%	18.1%	20.3%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.7)	(1.5)	(0.3)	(2.4)	(0.8)	(0.6)	(0.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.8)</b>	<b>(1.8)</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.6</b>	<b>1.4</b>	<b>2.0</b>	<b>7.5%</b>	<b>71.3%</b>
<i>Rec. Operating Cash Flow growth</i>	1.0%	-126.3%	92.2%	-349.1%	200.1%	119.9%	37.6%		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	6.7%	13.0%	16.2%		
- CAPEX	-	-	-	(0.2)	(0.3)	(0.3)	(0.3)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.1)	(0.2)	(0.1)	(0.1)	(0.0)		
- Taxes	-	(0.1)	0.3	(0.4)	(0.3)	(0.4)	(0.6)		
<b>= Recurrent Free Cash Flow</b>	<b>(0.8)</b>	<b>(2.0)</b>	<b>0.1</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>0.6</b>	<b>1.1</b>	<b>-21.8%</b>	<b>39.5%</b>
<i>Rec. Free Cash Flow growth</i>	2.6%	-137.7%	105.8%	<i>n.a.</i>	94.7%	866.3%	76.1%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	2.6%	<i>n.a.</i>	<i>n.a.</i>	5.6%	9.0%		
- Restructuring expenses & others	0.0	0.8	0.6	0.1	-	-	-		
- Acquisitions / + Divestments	-	-	-	(0.2)	(1.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.0)	0.0	-	-	-	-		
<b>= Free Cash Flow</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>0.7</b>	<b>(1.6)</b>	<b>(1.2)</b>	<b>0.6</b>	<b>1.1</b>	<b>-25.4%</b>	<b>38.7%</b>
<i>Free Cash Flow growth</i>	0.1%	-42.3%	159.3%	-333.8%	23.0%	149.5%	76.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	0.1%	<i>n.a.</i>	<i>n.a.</i>	0.7%	1.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	0.8%	<i>n.a.</i>	<i>n.a.</i>	0.7%	1.2%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>(0.9)</b>	<b>(0.8)</b>	<b>(2.0)</b>	<b>0.1</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>0.6</b>		
EBITDA impact from revenue increase	(3.7)	(0.0)	(0.2)	0.1	0.3	0.2	0.2		
EBITDA impact from EBITDA/Sales variation	4.5	(0.2)	0.7	1.4	(0.6)	0.3	0.3		
<b>= Recurrent EBITDA variation</b>	<b>0.8</b>	<b>(0.2)</b>	<b>0.5</b>	<b>1.6</b>	<b>(0.3)</b>	<b>0.5</b>	<b>0.5</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.8)	(0.8)	1.2	(2.1)	1.6	0.2	0.1		
<b>= Recurrent Operating Cash Flow variation</b>	<b>0.0</b>	<b>(1.0)</b>	<b>1.7</b>	<b>(0.5)</b>	<b>1.3</b>	<b>0.8</b>	<b>0.5</b>		
+/- CAPEX impact	-	-	-	(0.2)	(0.1)	0.0	0.0		
+/- Financial result variation	0.0	(0.0)	(0.0)	(0.2)	0.1	0.0	0.0		
+/- Tax impact	-	(0.1)	0.4	(0.7)	0.1	(0.1)	(0.1)		
<b>= Recurrent Free Cash Flow variation</b>	<b>0.0</b>	<b>(1.2)</b>	<b>2.1</b>	<b>(1.6)</b>	<b>1.4</b>	<b>0.7</b>	<b>0.5</b>		
<b>Recurrent Free Cash Flow</b>	<b>(0.8)</b>	<b>(2.0)</b>	<b>0.1</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>0.6</b>	<b>1.1</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>(0.0)</b>	<b>0.6</b>	<b>0.9</b>	<b>1.9</b>	<b>1.4</b>	<b>1.9</b>	<b>2.3</b>	<i>n.a.</i>	<b>6.1%</b>
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	(0.5)	(0.4)	(0.5)	(0.6)		
<b>Recurrent EBITDA</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.2</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>2.4</b>	<i>n.a.</i>	<b>12.5%</b>
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.7)	(1.5)	(0.3)	(2.4)	(0.8)	(0.6)	(0.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.8)</b>	<b>(1.8)</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.6</b>	<b>1.4</b>	<b>2.0</b>	<b>7.5%</b>	<b>71.3%</b>
- CAPEX	-	-	-	(0.2)	(0.3)	(0.3)	(0.3)		
- Taxes (pre- Financial Result)	-	-	-	(0.5)	(0.4)	(0.5)	(0.6)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(0.8)</b>	<b>(1.8)</b>	<b>(0.1)</b>	<b>(1.3)</b>	<b>0.0</b>	<b>0.7</b>	<b>1.1</b>	<b>-18.2%</b>	<b>41.4%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	1.0%	-126.3%	92.2%	-838.3%	100.6%	<i>n.a.</i>	64.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0.1%	6.2%	9.3%		
- Acquisitions / + Divestments	-	-	-	(0.2)	(1.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.0)	0.0	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(0.8)</b>	<b>(1.8)</b>	<b>(0.1)</b>	<b>(1.5)</b>	<b>(1.2)</b>	<b>0.7</b>	<b>1.1</b>	<b>-23.0%</b>	<b>39.9%</b>
<i>Free Cash Flow (To the Firm) growth</i>	1.0%	-126.4%	92.7%	<i>n.a.</i>	24.1%	158.8%	64.8%		
<i>Rec. 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>	0.0%	0.7%	1.2%		
<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>	0.7%	1.2%		

Note 1: FACE presents its financial statements under the Spanish GAAP and is not affected by the application of IFRS 16.

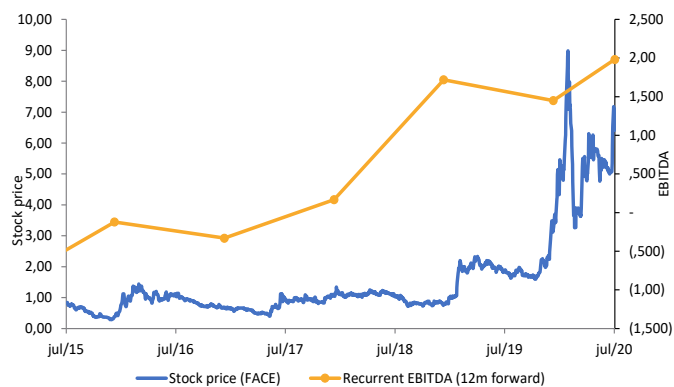
### Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



### 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	89.4	
+ Minority Interests	-	12m Results 2019
+ Provisions & Other L/T Liabilities	0.1	12m Results 2019
+ Net financial debt	2.7	12m Results 2019
- Financial Investments	0.7	12m Results 2019
+/- Others	-	
<b>Enterprise Value (EV)</b>	<b>91.5</b>	



## Appendix 4. Historical performance <sup>(1)(2)</sup>

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
Total Revenues							0.4	2.0	2.7	4.5	8.2	9.7	10.9	12.0	n.a.	13.7%
Total Revenues growth							n.a.	392.7%	34.8%	66.0%	82.7%	18.2%	12.7%	10.2%		
EBITDA							(0.9)	(0.1)	0.5	0.7	1.8	1.4	2.0	2.4	n.a.	11.1%
EBITDA growth							n.a.	88.7%	584.2%	48.5%	143.8%	-18.8%	36.7%	23.6%		
EBITDA/Sales							n.a.	n.a.	18.2%	16.3%	21.8%	14.9%	18.1%	20.3%		
Net Profit							(0.8)	(0.1)	0.4	1.2	1.3	1.0	1.3	1.7	n.a.	9.4%
Net Profit growth							n.a.	93.3%	789.1%	219.9%	10.4%	-24.1%	37.6%	25.4%		
Adjusted number shares (Mn)							11.9	13.1	13.1	13.2	13.3	14.2	14.2	14.2		
EPS (EUR)							-0.07	0.00	0.03	0.09	0.10	0.07	0.10	0.12	n.a.	7.2%
EPS growth							n.a.	93.9%	n.a.	n.a.	8.9%	-28.5%	37.6%	25.4%		
Ord. EPS (EUR)							-0.07	-0.01	-0.03	0.02	0.09	0.07	0.10	0.12	n.a.	8.8%
Ord. EPS growth							n.a.	92.1%	n.a.	n.a.	n.a.	-25.3%	37.6%	25.4%		
CAPEX							-	-	-	-	(0.2)	(0.3)	(0.3)	(0.3)		
CAPEX/Sales %							0.0%	0.0%	0.0%	0.0%	2.7%	2.9%	2.5%	2.2%		
Free Cash Flow							(0.8)	(0.8)	(1.2)	0.7	(1.6)	(1.2)	0.6	1.1	n.a.	38.7%
ND/EBITDA (x) <sup>(2)</sup>							n.a.	n.a.	4.2x	2.6x	1.5x	1.3x	0.6x	0.1x		
P/E (x)							n.a.	n.a.	39.2x	8.4x	32.3x	92.9x	67.5x	53.9x		
EV/Sales (x)							12.24x	5.18x	6.05x	2.62x	5.40x	9.43x	8.37x	7.60x		
EV/EBITDA (x) <sup>(2)</sup>							n.a.	n.a.	33.2x	16.0x	24.8x	n.a.	46.2x	37.4x		
Absolute performance							-72.5%	78.9%	60.3%	-31.2%	316.0%	105.8%				
Relative performance vs Ibx 35							-70.3%	82.6%	49.3%	-19.1%	272.0%	169.4%				

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 Thomson Reuters.

Note 2: FACE presents its financial statements under the Spanish GAAP and is not affected by the application of IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main Competitors 2020e

Market data	Biometrics (Niche Players)								Companies with exposure to biometrics					Average	FACE
	CyberLink	Egis Technology	Elan Microelectronics Corp.	Mitek Systems, Inc.	OneSpan	Secunet	Suprema ID Inc.	Average	Diebold Nixdorf Technology	NEC	NICE	Synaptics			
Ticker (Reuters)	5203.TW	6462.TWO	2458.TW	MITK.O	OSPN.O	YSNG.DE	317770.KQ		DBD	6701.T	NICE.O	SYNA.O		FACE.MC	
Country	Taiwan	Taiwan	Taiwan	USA	USA	Germany	S. Korea		USA	Japan	Israel	USA		Spain	
Market cap	306.8	408.7	1,345.8	331.6	978.6	1,319.2	35.6		407.1	13,082.9	10,667.0	2,283.5		89.4	
Enterprise value (EV)	226.0	361.8	1,211.4	300.8	888.3	1,279.4	14.1		2,099.8	17,242.5	11,000.9	2,292.0		91.5	
Total Revenues	59.2	215.3	349.3	86.8	236.1	220.0	18.3		3,338.2	24,202.9	1,463.2	1,161.4		9.7	
Total Revenues growth	36.4%	-1.9%	23.4%	11.8%	3.9%	-3.0%	95.9%	23.8%	-15.1%	-7.3%	4.2%	-10.3%	-7.1%	18.2%	
2y CAGR (2020e - 2022e)	n.a.	5.9%	n.a.	17.6%	9.2%	9.5%	n.a.	10.6%	3.5%	3.5%	9.5%	-5.6%	2.7%	11.4%	
EBITDA	20.6	39.3	83.2	19.3	23.6	39.6	4.9		356.3	2,222.9	456.3	233.9		1.4	
EBITDA growth	150.0%	9.4%	26.5%	154.2%	-1.6%	-0.9%	545.7%	126.2%	39.0%	-17.8%	23.9%	114.7%	40.0%	-18.8%	
2y CAGR (2020e - 2022e)	n.a.	3.4%	n.a.	25.2%	49.2%	16.0%	n.a.	23.5%	7.9%	11.9%	14.1%	5.5%	9.9%	30.0%	
EBITDA/Revenues	34.9%	18.3%	23.8%	22.2%	10.0%	18.0%	27.0%	22.0%	10.7%	9.2%	31.2%	20.1%	17.8%	14.9%	
EBIT	13.4	36.1	89.1	19.9	22.3	32.3	4.6		272.5	n.a.	419.7	198.0		1.4	
EBIT growth	73.7%	9.8%	43.6%	n.a.	63.4%	-2.8%	n.a.	37.6%	398.2%	n.a.	96.5%	n.a.	247.4%	-26.0%	
2y CAGR (2020e - 2022e)	n.a.	7.9%	n.a.	14.3%	52.1%	17.5%	n.a.	22.9%	n.a.	n.a.	14.1%	-0.6%	6.8%	27.1%	
EBIT/Revenues	22.6%	16.8%	25.5%	23.0%	9.4%	14.7%	25.2%	19.6%	8.2%	n.a.	28.7%	17.0%	18.0%	14.7%	
Net Profit	15.8	30.4	67.4	19.2	16.8	22.0	3.8		26.8	686.6	326.4	180.3		1.0	
Net Profit growth	39.4%	19.3%	-8.3%	n.a.	113.9%	-0.8%	349.0%	85.4%	n.a.	-27.8%	96.8%	n.a.	34.5%	-24.1%	
2y CAGR (2020e - 2022e)	n.a.	7.9%	n.a.	16.1%	49.5%	17.6%	n.a.	22.8%	n.a.	17.3%	14.4%	-3.1%	9.5%	31.3%	
CAPEX/Sales %	-0.5%	-0.7%	-0.6%	n.a.	-2.1%	-3.6%	0.0%	-1.3%	-1.2%	-2.3%	-2.0%	-1.4%	-1.7%	-2.9%	
Free Cash Flow	17.8	40.7	66.0	n.a.	4.2	n.a.	n.a.		15.5	1,266.4	379.8	204.9		(1.2)	
Net financial debt	n.a.	(68.8)	(100.1)	n.a.	(105.6)	(46.1)	(11.0)		1,733.3	857.4	(318.8)	(154.9)		1.8	
ND/EBITDA (x)	n.a.	(1.7)	(1.2)	n.a.	(4.5)	(1.2)	(2.2)	(2.2)	4.9	0.4	(0.7)	(0.7)		1.3	
Pay-out	70.2%	71.8%	97.1%	n.a.	n.a.	50.3%	0.0%	57.9%	0.0%	23.3%	0.0%	0.0%	5.8%	0.0%	
P/E (x)	18.4	13.8	20.6	19.5	63.1	n.a.	8.5	24.0	29.6	18.3	35.5	13.3	24.2	92.9	
P/BV (x)	2.4	4.4	5.7	n.a.	4.5	14.7	1.9	5.6	n.a.	1.5	4.8	3.7	3.4	12.0	
EV/Revenues (x)	3.8	1.7	3.5	3.5	3.8	5.8	0.8	3.3	0.6	0.7	7.5	2.0	2.7	9.4	
EV/EBITDA (x)	11.0	9.2	14.6	15.6	37.7	32.3	2.8	17.6	5.9	7.8	24.1	9.8	11.9	n.a.	
EV/EBIT (x)	16.9	10.0	13.6	15.1	39.9	39.6	3.1	19.7	7.7	n.a.	26.2	11.6	15.2	n.a.	
ROE	13.0	33.9	28.8	n.a.	n.a.	26.3	22.1	24.8	n.a.	9.3	13.8	22.5	15.2	16.5	
FCF Yield (%)	5.5	9.5	4.8	n.a.	0.4	n.a.	n.a.	5.0	3.7	9.5	3.4	8.3	6.2	n.a.	
DPS	0.13	0.32	0.22	n.a.	n.a.	1.71	0.00	0.48	0.00	0.62	0.00	0.00	0.15	0.00	
Dvd Yield	3.7%	5.6%	5.1%	n.a.	n.a.	0.8%	0.0%	3.0%	0.0%	1.3%	0.0%	0.0%	0.3%	0.0%	

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

## Appendix 6. Valuation inputs

### Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(1.2)	0.7	1.1	18.4		
Market Cap	89.4	At the date of this report				
Net financial debt	2.7	Debt net of Cash (12m Results 2019)				
					Best Case	Worst Case
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.6%	$K_d = \text{Cost of Net Debt} * (1-T)$			3.4%	3.8%
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (Thomson Reuters and Lighthouse)			1.1	1.3
Cost of Equity	11.2%	$K_e = R_f + (R * B)$			9.7%	12.7%
Equity / (Equity + Net Debt)	97.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	2.9%	D			=	=
WACC	11.0%	$WACC = K_d * D + K_e * E$			9.5%	12.5%
G "Fair"	4.0%				4.0%	3.0%

(1) Terminal value calculated on the recurrent Free Cash Flow "to the Firm" of the last estimated year using the normalised tax rate (T) indicated in the upper table.

### Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
CyberLink	5203.TW	306.8	18.4	n.a.	11.0	n.a.	3.8	n.a.	34.9%	5.5%	n.a.
Egis Technology	6462.TWO	408.7	13.8	9.2%	9.2	3.4%	1.7	5.9%	18.3%	9.5%	n.a.
Elan Microelectronics Corp.	2458.TW	1,345.8	20.6	n.a.	14.6	n.a.	3.5	n.a.	23.8%	4.8%	n.a.
Mitek Systems, Inc.	MITK.O	331.6	19.5	17.9%	15.6	25.2%	3.5	17.6%	22.2%	n.a.	n.a.
OneSpan	OSPN.O	978.6	63.1	53.5%	37.7	49.2%	3.8	9.2%	10.0%	0.4%	n.a.
Secunet	YSNG.DE	1,319.2	n.a.	n.a.	32.3	16.0%	5.8	9.5%	18.0%	n.a.	n.a.
Suprema ID Inc.	317770.KQ	35.6	8.5	n.a.	2.8	n.a.	0.8	n.a.	27.0%	n.a.	n.a.
<b>Biometrics (Niche Players)</b>			24.0	26.9%	17.6	23.5%	3.3	10.6%	22.0%	5.0%	n.a.
Diebold Nixdorf Technology	DBD	407.1	29.6	n.a.	5.9	7.9%	0.6	3.5%	10.7%	3.7%	n.a.
NEC	6701.T	13,082.9	18.3	15.9%	7.8	11.9%	0.7	3.5%	9.2%	9.5%	5.4%
NICE	NICE.O	10,667.0	35.5	12.2%	24.1	14.1%	7.5	9.5%	31.2%	3.4%	13.5%
Synaptics	SYNA.O	2,283.5	13.3	-2.9%	9.8	5.5%	2.0	-5.6%	20.1%	8.3%	0.1%
<b>Companies with exposure to biometrics</b>			24.2	8.4%	11.9	9.9%	2.7	2.7%	17.8%	6.2%	6.3%
FACE	FACE.MC	89.4	92.9	31.3%	n.a.	30.0%	9.4	11.4%	14.9%	n.a.	69.4%

### Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	19.9%	2.2	42.0x
Central	18.1%	2.0	46.2x
Min	16.3%	1.8	51.3x

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

FCF Rec. EUR Mn	CAPEX/Sales 21e			Scenario	Rec. FCF/Yield 21e		
	2.2%	2.5%	2.8%		Max	Central	Min
EBITDA 21e	2.2	2.0	1.8	Max	0.9%	0.9%	0.9%
	0.8	0.6	0.4	Central	0.7%	0.7%	0.6%
	0.8	0.6	0.4	Min	0.5%	0.5%	0.4%

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
27-Jul-2020	n.a.	6.42	n.a.	n.a.	Review of estimates	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 Results 2019	David López Sánchez
20-Dec-2019	n.a.	2.24	n.a.	n.a.	Initial Coverage	David López Sánchez

