

FacePhi (FACE) is a small Spanish tech company, 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. 85% of revenue). It has been listed on BME Growth since 2014.

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Capable of continuing to grow at double digits (and exceed breakeven in EBIT already in 2022e)

Market Data

Market Cap (Mn EUR and USD)	40.8	42.5
EV (Mn EUR and USD) ⁽¹⁾	45.4	47.2
Shares Outstanding (Mn)	15.3	
-12m (Max/Med/Mín EUR)	5.33 / 4.02 / 2.50	
Daily Avg volume (-12m Mn EUR)	0.11	
Rotation ⁽²⁾	65.9	
Factset / Bloomberg	FACE-ES / FACE SM	
Close fiscal year	31-Dec	

2021: POSITIVE SURPRISE IN REVENUES (EUR 13.2Mn; +81% VS 2020)... Due to: (i) new clients (+60 in 2021 vs +22 in 2020), (ii) the capacity for licence renewal (reflecting the momentum of a sound base of recurrent revenue; and a client retention rate of c. 95%), (iii) entry in new markets (although c. 85% of revenue still comes from Latam) and (iv) the application of its solutions to sectors other than the financial one (e.g.: health and insurance).

Shareholders Structure (%)

Salvador Martí Varó	8.7
Juan Alfonso Ortiz	7.7
Javier Mira Miró	7.5
José Cristóbal Callado Solana	6.0
Free Float	70.2

...THAT WE EXPECT TO CONTINUE IN 2022, mainly due to: (i) the change of model implemented in October 2021 (FACE has gone from developing customised solutions for each client to an integrated solution under a “plug and play” model; something not visible in 2021 results) and (ii) on the operating structure developed in the last two years (that should allow the company to aspire to improvements in margins).

THAT LEADS US TO UPGRADE OUR ESTIMATES. FACE is a company clearly at the ramp-up stage. And 2021 can be considered the “break-out” year in terms of revenues. This leads us to significantly raise our estimates for 2022e revenue to EUR 18Mn (+36% vs 2021; +60% vs previous estimates) and those for EBIT to EUR 1.5Mn (vs EUR -0.6Mn in 2021 and our previous estimate of EUR 0.6Mn). However, cash generation will continue to come under pressure from working capital (22e net debt: EUR 6Mn; mitigated by the agreement signed in 2020 with Nice&Green that is worth up to EUR 20Mn via equity warrants).

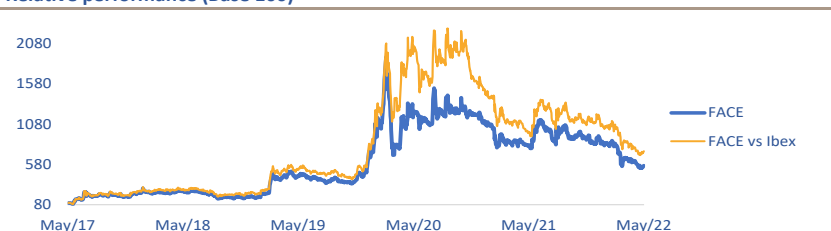
Financials (Mn EUR)	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	15.1	15.3	15.3	15.3
Total Revenues	13.2	17.9	21.3	25.2
Rec. EBITDA	-0.5	0.9	1.9	3.1
% growth	35.5	285.7	114.7	64.2
% Rec. EBITDA/Rev.	n.a.	4.9	8.9	12.4
% Inc. EBITDA sector ⁽³⁾	31.6	24.3	21.9	13.4
Net Profit	-0.6	0.8	1.3	2.0
EPS (EUR)	-0.04	0.05	0.09	0.13
% growth	71.6	248.8	59.5	51.9
Ord. EPS (EUR)	0.02	0.05	0.09	0.13
% growth	111.7	234.2	59.5	51.9
Rec. Free Cash Flow ⁽⁴⁾	-5.4	-1.9	-1.3	-0.8
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	4.7	6.0	7.3	8.0
ND/Rec. EBITDA (x)	n.a.	6.8	3.8	2.6
ROE (%)	n.a.	8.9	12.3	16.2
ROCE (%) ⁽⁴⁾	n.a.	7.8	9.8	12.2

IN CONCLUSION, 2021 RESULTS RESOLVE THE CHALLENGE OF GROWTH IN REVENUE, NOW IT'S TIME TO MAKE THE STRUCTURE PROFITABLE. 2022e is a critical year for demonstrating FACE's capacity to scale up and make its business profitable. Specifically, we highlight: (i) the strong position in the financial sector (one of the most demanding in terms of security), (ii) a consolidated position in Latam, (iii) new heavyweight clients (Caixabank, Banco Santander, Aena,...), (iv) the use of its solutions in sectors other than the financial one (health, insurance, travel?) and (v) high operating leverage. After the performance of the share price YTD (-32.3%; -29% vs Ibex Small Caps), FACE is trading at 2.5x EV/Sales 22e (sales growth 24e/22e c. 25% CAGR).

Ratios & Multiples (x)⁽⁵⁾

P/E	n.a.	48.8	30.6	20.2
Ord. P/E	n.a.	48.8	30.6	20.2
P/BV	4.7	4.0	3.6	3.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.44	2.53	2.13	1.80
EV/Rec. EBITDA	n.a.	n.a.	23.9	14.6
EV/EBIT	n.a.	29.6	20.0	13.9
FCF Yield (%) ⁽⁴⁾	n.a.	n.a.	n.a.	n.a.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-9.5	-30.2	-29.7	-32.3	30.4	466.0
vs Ibex 35	-5.8	-27.0	-23.1	-29.4	45.2	644.1
vs Ibex Small Cap Index	-6.3	-28.9	-26.9	-32.6	7.0	312.7
vs Eurostoxx 50	-5.5	-21.6	-23.4	-21.1	21.7	459.3
vs Sector benchmark ⁽³⁾	-4.0	-19.5	-19.9	-7.3	6.7	316.3

(1) Please refer to Appendix 3.

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

(3) Sector: Stoxx Europe 600 Technology.

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

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

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

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. 130 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).

Estimates upgrade

EUR Mn	2022e (New)	2022e	Review (%)	2023e (New)	2023e	Review (%)	2024e (New)
Total Revenues	17.9	10.9	65.2%	21.3	12.0	77.1%	25.2
Recurrent EBITDA	0.9	0.7	18.3%	1.9	1.2	54.1%	3.1
<i>Recurrent EBITDA growth</i>	<i>285.7%</i>	<i>201.4%</i>	<i>84 p.p.</i>	<i>114.7%</i>	<i>64.7%</i>	<i>50 p.p.</i>	<i>64.2%</i>
<i>Rec. EBITDA/Revenues</i>	<i>4.9%</i>	<i>6.9%</i>	<i>-2 p.p.</i>	<i>8.9%</i>	<i>10.3%</i>	<i>-1 p.p.</i>	<i>12.4%</i>
EBIT	1.5	0.6	158.0%	2.3	1.0	119.3%	3.3
Net Profit	0.8	0.2	293.3%	1.3	0.5	151.3%	2.0
Recurrent Free Cash Flow	-1.9	-0.6	-208.3%	-1.3	-0.2	-614.2%	-0.8
<i>ND / EBITDA</i>	<i>6.8 x</i>	<i>1.0 x</i>	<i>5.9 x</i>	<i>3.8 x</i>	<i>0.7 x</i>	<i>3.1 x</i>	<i>2.6 x</i>

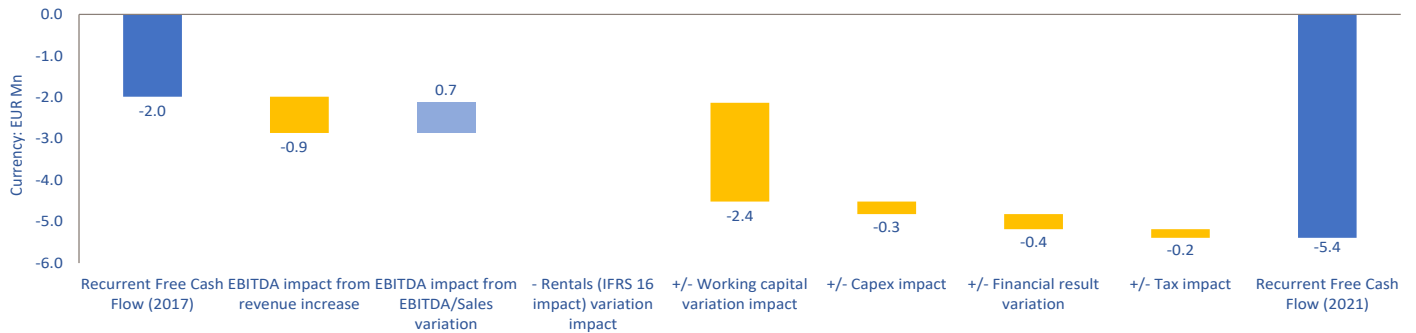
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	1.1	1.2	1.6	4.1	5.1	5.7	6.1	6.3		
Fixed assets	0.0	0.0	0.0	0.2	0.4	1.0	1.6	2.4		
Other Non Current Assets	-	0.4	0.1	0.5	1.1	1.1	1.1	1.1		
Financial Investments	0.3	0.5	0.7	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	2.8	3.8	8.3	4.6	9.8	10.9	12.8	15.2		
Total assets	4.2	6.0	10.7	9.5	16.6	18.9	21.9	25.1		
Equity	1.4	2.6	4.4	7.0	8.7	10.1	11.5	13.5		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	2.0	1.9	2.7	0.5	4.7	6.0	7.3	8.0		
Current Liabilities	0.7	1.4	3.6	1.8	3.1	2.6	3.0	3.5		
Equity & Total Liabilities	4.2	6.0	10.7	9.5	16.6	18.9	21.9	25.1		
										CAGR
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	2.7	4.5	8.2	7.3	13.2	17.9	21.3	25.2	48.6%	24.1%
<i>Total Revenues growth</i>	<i>34.8%</i>	<i>66.0%</i>	<i>82.7%</i>	<i>-11.3%</i>	<i>81.4%</i>	<i>36.0%</i>	<i>18.5%</i>	<i>18.7%</i>		
COGS	(0.0)	(0.1)	(1.1)	(1.4)	(1.9)	(2.7)	(3.3)	(4.0)		
Gross Margin	2.7	4.4	7.1	5.9	11.3	15.3	18.0	21.2	43.2%	23.3%
<i>Gross Margin/Revenues</i>	<i>99.5%</i>	<i>97.3%</i>	<i>86.6%</i>	<i>80.7%</i>	<i>85.8%</i>	<i>85.0%</i>	<i>84.5%</i>	<i>84.0%</i>		
Personnel Expenses	(1.2)	(1.7)	(1.9)	(3.2)	(6.2)	(7.0)	(7.6)	(8.3)		
Other Operating Expenses	(1.8)	(2.5)	(3.4)	(3.4)	(5.6)	(7.3)	(8.5)	(9.8)		
Recurrent EBITDA	(0.3)	0.2	1.7	(0.7)	(0.5)	0.9	1.9	3.1	-9.5%	n.a.
<i>Recurrent EBITDA growth</i>	<i>-174.1%</i>	<i>150.8%</i>	<i>923.7%</i>	<i>-142.9%</i>	<i>35.5%</i>	<i>285.7%</i>	<i>114.7%</i>	<i>64.2%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>3.7%</i>	<i>21.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>4.9%</i>	<i>8.9%</i>	<i>12.4%</i>		
Restructuring Expense & Other non-rec.	0.8	0.6	0.1	-	(1.1)	-	-	-		
EBITDA	0.5	0.7	1.8	(0.7)	(1.6)	0.9	1.9	3.1	-51.0%	58.4%
Depreciation & Provisions	(0.3)	(0.3)	(0.5)	(0.7)	(1.2)	(1.5)	(1.8)	(2.0)		
Capitalized Expense	0.4	0.5	0.6	1.1	2.2	2.2	2.2	2.2		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.6	0.9	1.9	(0.4)	(0.6)	1.5	2.3	3.3	-32.3%	94.9%
<i>EBIT growth</i>	<i>n.a.</i>	<i>59.8%</i>	<i>112.4%</i>	<i>-119.0%</i>	<i>-65.0%</i>	<i>354.6%</i>	<i>48.3%</i>	<i>43.2%</i>		
<i>EBIT/Revenues</i>	<i>20.9%</i>	<i>20.2%</i>	<i>23.4%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>8.5%</i>	<i>10.7%</i>	<i>12.9%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.1)	(0.2)	(1.6)	(0.3)	(0.4)	(0.5)	(0.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.5	0.8	1.7	(2.0)	(0.9)	1.1	1.8	2.7	-39.7%	72.8%
<i>Ordinary Profit Growth</i>	<i>993.7%</i>	<i>78.3%</i>	<i>102.7%</i>	<i>-217.0%</i>	<i>57.4%</i>	<i>230.6%</i>	<i>59.5%</i>	<i>51.9%</i>		
Extraordinary Results	(0.0)	0.0	0.0	-	-	-	-	-		
Profit Before Tax	0.5	0.9	1.7	(2.0)	(0.9)	1.1	1.8	2.7	-39.7%	72.8%
Tax Expense	(0.1)	0.3	(0.4)	0.1	0.3	(0.3)	(0.4)	(0.7)		
<i>Effective Tax Rate</i>	<i>22.9%</i>	<i>n.a.</i>	<i>25.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.4	1.2	1.3	(1.9)	(0.6)	0.8	1.3	2.0	-37.0%	78.2%
<i>Net Profit growth</i>	<i>789.1%</i>	<i>219.9%</i>	<i>10.4%</i>	<i>-243.9%</i>	<i>70.1%</i>	<i>250.9%</i>	<i>59.5%</i>	<i>51.9%</i>		
Ordinary Net Profit	(0.4)	0.3	1.2	(2.0)	0.2	0.8	1.3	2.0	28.2%	n.a.
<i>Ordinary Net Profit growth</i>	<i>-389.2%</i>	<i>179.5%</i>	<i>341.4%</i>	<i>-262.4%</i>	<i>112.3%</i>	<i>238.9%</i>	<i>59.5%</i>	<i>51.9%</i>		
										CAGR
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						0.9	1.9	3.1	-9.5%	n.a.
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.6)	(1.6)	(1.9)		
Recurrent Operating Cash Flow						-0.7	0.3	1.2	-24.1%	31.6%
CAPEX						(0.5)	(0.6)	(0.8)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.5)	(0.6)		
Tax Expense						(0.3)	(0.4)	(0.7)		
Recurrent Free Cash Flow						(1.9)	(1.3)	(0.8)	-28.3%	48.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(1.9)	(1.3)	(0.8)	-53.7%	51.2%
Capital Increase						0.6	-	-		
Dividends						-	-	-		
Net Debt Variation						1.3	1.3	0.8		

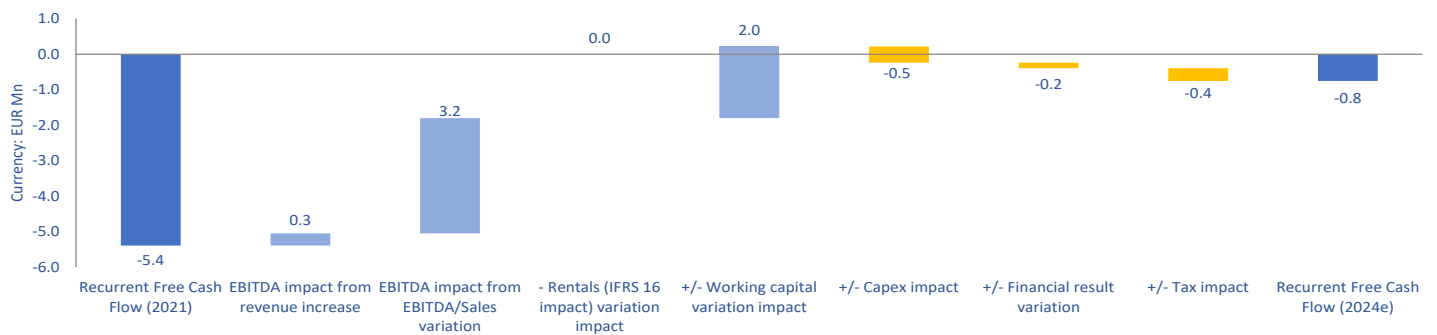
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	0.2	1.7	(0.7)	(0.5)	0.9	1.9	3.1	-69.1%	n.a.
<i>Recurrent EBITDA growth</i>	150.8%	923.7%	-142.9%	35.5%	285.7%	114.7%	64.2%		
<i>Rec. EBITDA/Revenues</i>	3.7%	21.0%	n.a.	n.a.	4.9%	8.9%	12.4%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.3)	(2.4)	2.0	(3.9)	(1.6)	(1.6)	(1.9)		
= Recurrent Operating Cash Flow	(0.1)	(0.6)	1.3	(4.4)	(0.7)	0.3	1.2	n.a.	31.6%
<i>Rec. Operating Cash Flow growth</i>	92.2%	-349.1%	295.6%	-446.8%	83.7%	145.8%	277.5%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	17.3%	n.a.	n.a.	1.5%	4.9%		
- CAPEX	-	(0.2)	(0.3)	(0.3)	(0.5)	(0.6)	(0.8)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.2)	0.0	(0.4)	(0.4)	(0.5)	(0.6)		
- Taxes	0.3	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)	(0.7)		
= Recurrent Free Cash Flow	0.1	(1.1)	0.8	(5.4)	(1.9)	(1.3)	(0.8)	n.a.	48.1%
<i>Rec. Free Cash Flow growth</i>	105.8%	n.a.	167.8%	-793.8%	63.9%	35.8%	39.7%		
<i>Rec. Free Cash Flow / Revenues</i>	2.6%	n.a.	10.7%	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others	0.6	0.1	-	(1.1)	-	-	-		
- Acquisitions / + Divestments	-	(0.2)	(2.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.0	-	-	-	-	-	-		
= Free Cash Flow	0.7	(1.2)	(1.4)	(6.5)	(1.9)	(1.3)	(0.8)	n.a.	51.2%
<i>Free Cash Flow growth</i>	159.3%	-281.2%	-8.4%	-379.6%	70.0%	35.8%	39.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	0.3%	n.a.	1.9%	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	1.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(2.0)	0.1	(1.1)	0.8	(5.4)	(1.9)	(1.3)		
EBITDA impact from revenue increase	(0.2)	0.1	(0.2)	(0.6)	(0.2)	0.2	0.4		
EBITDA impact from EBITDA/Sales variation	0.7	1.4	(2.3)	0.9	1.5	0.9	0.9		
= Recurrent EBITDA variation	0.5	1.6	(2.5)	0.3	1.4	1.0	1.2		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.2	(2.1)	4.4	(5.9)	2.3	0.0	(0.3)		
= Recurrent Operating Cash Flow variation	1.7	(0.5)	1.9	(5.6)	3.7	1.0	0.9		
+/- CAPEX impact	-	(0.2)	(0.1)	0.0	(0.2)	(0.1)	(0.1)		
+/- Financial result variation	(0.0)	(0.2)	0.3	(0.4)	(0.0)	(0.1)	(0.1)		
+/- Tax impact	0.4	(0.4)	(0.1)	(0.1)	0.0	(0.2)	(0.2)		
= Recurrent Free Cash Flow variation	2.1	(1.3)	1.9	(6.2)	3.4	0.7	0.5		
Recurrent Free Cash Flow	0.1	(1.1)	0.8	(5.4)	(1.9)	(1.3)	(0.8)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	0.9	1.9	(0.4)	(0.6)	1.5	2.3	3.3	-38.6%	94.9%
* <i>Theoretical Tax rate</i>	0.0%	25.0%	0.0%	0.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	(0.5)	-	-	(0.4)	(0.6)	(0.8)		
Recurrent EBITDA	0.2	1.7	(0.7)	(0.5)	0.9	1.9	3.1	-69.1%	n.a.
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.3)	(2.4)	2.0	(3.9)	(1.6)	(1.6)	(1.9)		
= Recurrent Operating Cash Flow	(0.1)	(0.6)	1.3	(4.4)	(0.7)	0.3	1.2	n.a.	31.6%
- CAPEX	-	(0.2)	(0.3)	(0.3)	(0.5)	(0.6)	(0.8)		
- Taxes (pre- Financial Result)	-	(0.5)	-	-	(0.4)	(0.6)	(0.8)		
= Recurrent Free Cash Flow (To the Firm)	(0.1)	(1.3)	0.9	(4.7)	(1.6)	(0.9)	(0.3)	n.a.	58.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	92.2%	-838.3%	169.3%	-600.6%	65.1%	46.2%	61.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	12.9%	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments	-	(0.2)	(2.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.0	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.1)	(1.5)	(1.2)	(4.7)	(1.6)	(0.9)	(0.3)	n.a.	58.3%
<i>Free Cash Flow (To the Firm) growth</i>	92.7%	n.a.	21.2%	-291.4%	65.1%	46.2%	61.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	2.1%	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		

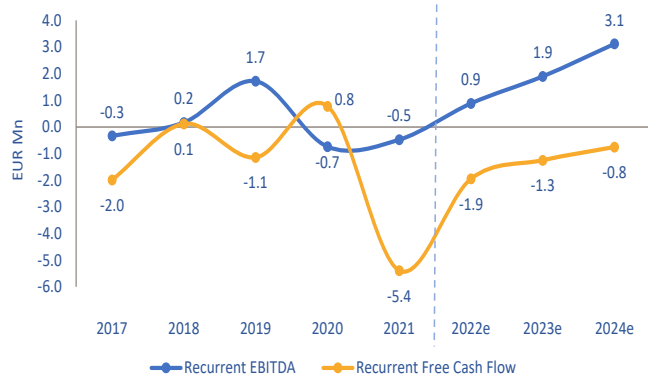
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



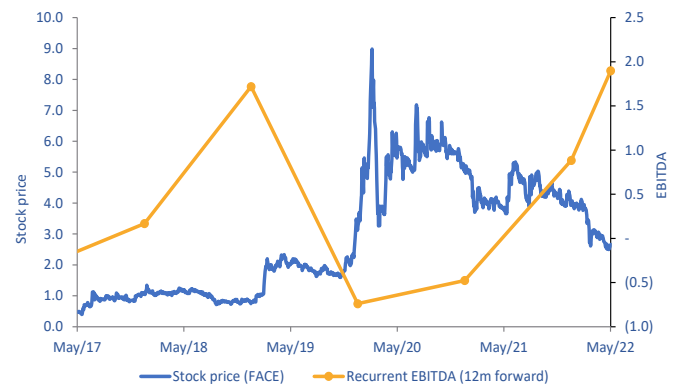
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



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	40.8	
+ Minority Interests	-	12m Results 2021
+ Provisions & Other L/T Liabilities	0.1	12m Results 2021
+ Net financial debt	4.7	12m Results 2022
- Financial Investments	0.2	12m Results 2021
+/- Others		
Enterprise Value (EV)	45.4	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															11-21	21-24e
Total Revenues					0.4	2.0	2.7	4.5	8.2	7.3	13.2	17.9	21.3	25.2	n.a.	24.1%
Total Revenues growth					n.a.	392.7%	34.8%	66.0%	82.7%	-11.3%	81.4%	36.0%	18.5%	18.7%		
EBITDA					(0.9)	(0.1)	0.5	0.7	1.8	(0.7)	(1.6)	0.9	1.9	3.1	n.a.	58.4%
EBITDA growth					34.0%	88.7%	584.2%	48.5%	143.8%	-141.3%	-113.5%	156.1%	114.7%	64.2%		
EBITDA/Sales					n.a.	n.a.	18.2%	16.3%	21.8%	n.a.	n.a.	4.9%	8.9%	12.4%		
Net Profit					(0.8)	(0.1)	0.4	1.2	1.3	(1.9)	(0.6)	0.8	1.3	2.0	n.a.	78.2%
Net Profit growth					25.7%	93.3%	789.1%	219.9%	10.4%	-243.9%	70.1%	250.9%	59.5%	51.9%		
Adjusted number shares (Mn)					11.9	13.1	13.1	13.1	13.4	14.4	15.1	15.3	15.3	15.3		
EPS (EUR)					-0.07	0.00	0.03	0.09	0.10	-0.13	-0.04	0.05	0.09	0.13	n.a.	77.6%
EPS growth					n.a.	93.9%	n.a.	n.a.	7.6%	n.a.	71.6%	n.a.	59.5%	51.9%		
Ord. EPS (EUR)					-0.07	-0.01	-0.03	0.02	0.09	-0.14	0.02	0.05	0.09	0.13	n.a.	n.a.
Ord. EPS growth					n.a.	92.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	59.5%	51.9%		
CAPEX					-	-	-	-	(0.2)	(0.3)	(0.3)	(0.5)	(0.6)	(0.8)		
CAPEX/Sales % ¹					0.0%	0.0%	0.0%	0.0%	2.7%	4.5%	2.3%	3.0%	3.0%	3.0%		
Free Cash Flow					(0.9)	(0.8)	(1.2)	0.7	(1.2)	(1.4)	(6.5)	(1.9)	(1.3)	(0.8)	n.a.	51.2%
ND/EBITDA (x) ⁽²⁾					n.a.	n.a.	4.2x	2.6x	1.5x	n.a.	n.a.	6.8x	3.8x	2.6x		
P/E (x)					n.a.	n.a.	39.2x	8.4x	32.6x	n.a.	n.a.	48.8x	30.6x	20.2x		
EV/Sales (x)					n.a.	2.29x	4.02x	3.56x	1.47x	5.75x	5.90x	2.53x	2.13x	1.80x		
EV/EBITDA (x) ⁽²⁾					n.a.	n.a.	22.0x	21.8x	6.7x	n.a.	n.a.	n.a.	23.9x	14.6x		
Absolute performance					-72.5%	78.9%	60.3%	-31.2%	316.0%	62.8%	-22.6%	-32.3%				
Relative performance vs Ibx35					-70.3%	82.6%	49.3%	-19.1%	272.0%	92.6%	-28.3%	-29.4%				

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 Factset.

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

Appendix 5. Main peers 2022e

	EUR Mn	Biometrics (Niche Players)					Average	Companies with exposure to biometrics					Average	FACE
		Egis Technology	Elan Microelectronics Corp.	Mitek Systems, Inc.	OneSpan	Securinet		Diebold Nixdorf Technology	NEC	NICE	Synaptics			
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	242.6	1,305.4	397.7	451.6	2,209.3		244.3	10,794.5	12,245.6	5,397.4		40.8	
	Enterprise value (EV)	160.3	1,116.4	465.6	345.9	2,107.5		2,206.7	14,069.2	11,775.0	5,834.1		45.4	
Basic financial information	Total Revenues	122.9	607.0	135.1	207.3	361.0	7.6%	3,656.8	23,287.5	2,121.2	1,670.8	12.9%	17.9	
	Total Revenues growth	10.7%	2.7%	17.3%	0.6%	6.9%	22.0%	-2.6%	3.7%	20.6%	29.8%	8.5%	36.0%	
	2y CAGR (2022e - 2024e)	33.1%	n.a.	15.2%	n.a.	17.7%	n.a.	3.6%	12.0%	10.0%	8.5%	18.6%		
	EBITDA	3.6	185.0	39.5	0.6	70.0	56.9%	331.7	2,533.8	669.9	596.4	57.1%	0.9	
	EBITDA growth	165.8%	-3.2%	23.3%	103.8%	-5.2%	25.8%	8.2%	11.9%	63.3%	145.0%	10.8%	156.1%	
	2y CAGR (2022e - 2024e)	n.a.	n.a.	27.8%	n.a.	23.8%	16.5%	n.a.	8.3%	11.1%	12.9%	21.8%	87.8%	
	EBITDA/Revenues	2.9%	30.5%	29.3%	0.3%	19.4%	16.5%	9.1%	10.9%	31.6%	35.7%	21.8%	4.9%	
	EBIT	(2.1)	176.6	13.6	(16.8)	61.0	12.8%	200.8	1,240.2	600.5	621.0	159.4%	1.5	
	EBIT growth	77.9%	-3.4%	-39.0%	33.0%	-4.5%	35.8%	23.0%	34.9%	148.5%	431.3%	13.4%	354.6%	
	2y CAGR (2022e - 2024e)	n.a.	n.a.	47.0%	n.a.	24.7%	18.7%	n.a.	16.9%	13.6%	9.7%	19.1%	45.7%	
	EBIT/Revenues	n.a.	29.1%	10.1%	n.a.	16.9%	18.7%	5.5%	5.3%	28.3%	37.2%	19.1%	8.5%	
	Net Profit	(0.2)	146.8	37.6	(4.5)	41.5	111.5%	(59.2)	765.4	481.3	524.8	186.1%	0.8	
	Net Profit growth	96.9%	-10.8%	390.3%	84.7%	-3.7%	24.1%	21.9%	-27.2%	163.8%	585.9%	11.5%	250.9%	
	2y CAGR (2022e - 2024e)	n.a.	n.a.	23.6%	n.a.	24.6%	24.1%	n.a.	13.8%	13.6%	7.2%	11.5%	55.7%	
	CAPEX/Sales %	n.a.	0.7%	n.a.	1.3%	2.2%	1.4%	1.2%	2.2%	2.0%	0.8%	1.5%	-3.0%	
	Free Cash Flow	15.4	149.2	n.a.	(0.8)	5.5	1.4%	14.6	1,152.7	520.1	445.6	9.8%	(1.9)	
	Net financial debt	(56.9)	(221.7)	60.1	n.a.	(100.5)	(4.2)	1,770.3	93.8	(1,014.3)	108.9	1.0	6.0	
	ND/EBITDA (x)	(15.7)	(1.2)	1.5	n.a.	(1.4)	(4.2)	5.3	0.0	(1.5)	0.2	1.0	6.8	
	Pay-out	-1956.6%	79.2%	n.a.	n.a.	50.0%	-609.1%	0.0%	29.4%	0.0%	n.a.	9.8%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	9.6	11.0	n.a.	53.5	24.7	n.a.	14.4	26.2	10.6	17.1	48.8	
	P/BV (x)	1.3	3.8	n.a.	n.a.	14.4	6.5	n.a.	1.0	3.9	4.4	3.1	4.0	
	EV/Revenues (x)	1.3	1.8	3.4	1.7	5.8	2.8	0.6	0.6	5.6	3.5	2.6	2.5	
	EV/EBITDA (x)	44.2	6.0	11.8	n.a.	30.1	23.0	6.7	5.6	17.6	9.8	9.9	n.a.	
	EV/EBIT (x)	n.a.	6.3	34.2	n.a.	34.5	25.0	11.0	11.3	19.6	9.4	12.8	29.6	
	ROE	0.0	39.2	n.a.	n.a.	26.8	22.0	n.a.	6.8	14.8	41.7	21.1	8.9	
	FCF Yield (%)	6.4	11.4	n.a.	n.a.	0.2	6.0	6.0	10.7	4.2	8.3	7.3	n.a.	
	DPS	0.06	0.40	n.a.	n.a.	3.21	1.22	0.00	0.83	0.00	n.a.	0.28	0.00	
	Dvd Yield	1.7%	8.8%	n.a.	n.a.	0.9%	3.8%	0.0%	2.1%	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).

Appendix 6. Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(1.6)	(0.9)	(0.3)	n.a.			
Market Cap	40.8	At the date of this report					
Net financial debt	4.7	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.9%	Net debt cost			5.6%	6.1%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.7%	Kd = Cost of Net Debt * (1-T)			4.5%	4.9%	
Risk free rate (rf)	2.0%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	8.0%	R (own estimate)			7.5%	8.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	11.6%	Ke = Rf + (R * B)			10.3%	13.1%	
Equity / (Equity + Net Debt)	89.7%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	10.3%	D			=	=	
WACC	10.9%	WACC = Kd * D + Ke * E			9.7%	12.2%	
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	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Egis Technology	6462-TW	242.6	n.a.	n.a.	44.2	n.a.	1.3	33.1%	2.9%	6.4%	n.a.
Elan Microelectronics Corp.	2458-TW	1,305.4	9.6	n.a.	6.0	n.a.	1.8	n.a.	30.5%	11.4%	n.a.
Mitek Systems, Inc.	MITK-US	397.7	11.0	21.3%	11.8	27.8%	3.4	15.2%	29.3%	n.a.	n.a.
OneSpan	OSPN-US	451.6	n.a.	n.a.	n.a.	n.a.	1.7	n.a.	0.3%	n.a.	n.a.
Secunet	YSN-DE	2,209.3	55.5	24.7%	30.1	23.8%	5.8	17.7%	19.4%	0.2%	n.a.
Biometrics (Niche Players)			24.7	23.0%	23.0	25.8%	2.8	22.0%	16.5%	6.0%	n.a.
Diebold Nixdorf Technology	DBD-US	244.3	n.a.	n.a.	6.7	n.a.	0.6	n.a.	9.1%	6.0%	n.a.
NEC	6701-JP	10,794.5	14.4	15.9%	5.6	8.3%	0.6	3.6%	10.9%	10.7%	12.4%
NICE	NICE-IL	12,245.6	26.2	12.4%	17.6	11.1%	5.6	12.0%	31.6%	4.2%	13.2%
Synaptics	SYNA-US	5,397.4	10.6	6.0%	9.8	12.9%	3.5	10.0%	35.7%	8.3%	9.9%
Companies with exposure to biometrics			17.1	11.4%	9.9	10.8%	2.6	8.5%	21.8%	7.3%	11.8%
FACE	FACE-ES	40.8	48.8	55.7%	n.a.	87.8%	2.5	18.6%	4.9%	n.a.	37.8%

Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	9.8%	2.1	21.7x
Central	8.9%	1.9	23.9x
Min	8.0%	1.7	26.6x

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

FCF Rec. EUR Mn	CAPEX/Sales 23e				Scenario	Rec. FCF/Yield 23e		
EBITDA 23e	2.7%	3.0%	3.3%		Max	n.a.	n.a.	n.a.
2.1	(1.0)	(1.1)	(1.1)	➔	Central	n.a.	n.a.	n.a.
1.9	(1.2)	(1.3)	(1.3)		Min	n.a.	n.a.	n.a.
1.7	(1.4)	(1.4)	(1.5)					

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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

