

 facephi

ANNUAL REPORT 2022

**Consolidated Audited  
Accounts**

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# CEO'S NOTE

Javier Mira —————

As we anticipated in our Results Preview last February, after ten years since our creation, in 2022 we have celebrated that Facephi continues to break records. With more than 250 clients, a historical figure that registers a hundred more than in the previous year, we have reached an **unprecedented revenue** that reaffirms our business model, based on offering the most disruptive technology in a scalable way and without limits.

We set ourselves a new challenge with our commitment to providing a flexible and adaptable product for any type of company regardless of their size and industry, and our efforts to achieve this have paid off. The **Facephi Identity Platform** has become established as the benchmark for our on-demand secure biometric services, and in just a year and a half since its launch, its commercialisation has accounted for **more than half of the sales** registered during 2022.

Having the best product on the market has led us to boost **international sales channels with the reinforcement of our sales team**. In 2022 we opened two new subsidiaries to accelerate our growth: One in Montevideo, made up of the best technical professionals who provide support to our **LATAM** costumers; and another in London, with its own sales team that explores all opportunities throughout the **EMEA** region.

In parallel, our **commercial and partner network** has allowed us to reach more markets and countries at a time of **great**

**dynamism in the financial market** with the success of innovative Fintechs, as well as that of cryptocurrencies and gambling, future objectives of our expansion plan.

The efforts and resources used have been rewarded by **business figures** that have responded to the expansion and growth strategy outlined in our roadmap, and the **recognition and certifications** obtained that guarantee the excellence of our solutions confirm this. Once again, we reinforce our position of **leading company** in the identity verification sector, amidst a hectic and changing situation worldwide where we continue to innovate, grow and anticipate the needs of a digital society in continuous evolution.

We are aware of the challenges that arise along with the opportunities that are generated, and we are willing to assume them with the same attitude we have had since ten years ago, giving the best of ourselves to continue reaching milestones and meeting the goals we set year after year. Faithful to our spirit and mission, we will continue working to respond to the demands of our clients with the most innovative solutions that contribute to making a safer, more accessible and democratic digital world as a guarantee of our future.

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A person in a dark suit is seen from behind, walking up a wide set of stone stairs that lead towards a bright, hazy horizon. The entire scene is overlaid with a semi-transparent blue filter. In the bottom right corner, there is a faint, glowing digital graphic consisting of a grid of dots and lines that resembles a data visualization or a network map.

# COMPANY'S EVOLUTION

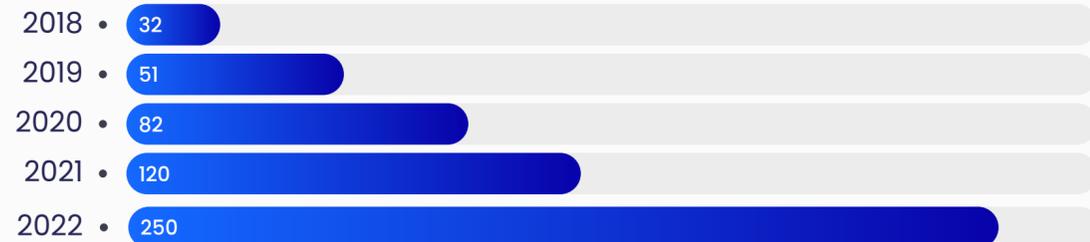
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# Company's Evolution

## New clients

2022 has been a year in which we experienced a very significant increase in the number of new clients compared to the previous year, a trend that has been repeated exponentially in recent years. With an estimated growth of more than 204%, the commercialisation of the **Facephi Identity Platform** has been a key element. The new commercial proposal is allowing us to have a more scalable business model, which has diversified our client portfolio and allowed us to reach more industries and countries.

## Evolution of number of clients per year



**+100 NEW CLIENTS**



**BANKING**



Onboarding and authentication for one of the largest financial groups in Central America.



**FINTECH**



Onboarding and Authentication for Korea's Leading P2P Non-Bank Credit Fintech.



Onboarding and authentication for the main P2P in Central America through its Kash application.



**SHARED MOBILITY**



Digital onboarding for the carsharing service promoted by Repsol and Kia. New industry.



**HEALTH**



Patient Identity verification system.



**RETAIL**



Onboarding and identity verification to obtain a credit card for the main retailer in Chile.

# Company's Evolution

Some of our clients



# Company's Evolution

## Technology



We were born in 2012 as a small group of engineers and mathematicians looking to develop an **authentication algorithm**. In this way we become pioneers in entering the world of **biometrics**, an innovative and developing market. With our **facial recognition** technology, we started a path that led us to be pioneers in **access to online banking** by facial recognition around the world.

2012 - 2016

### AUTHENTICATION

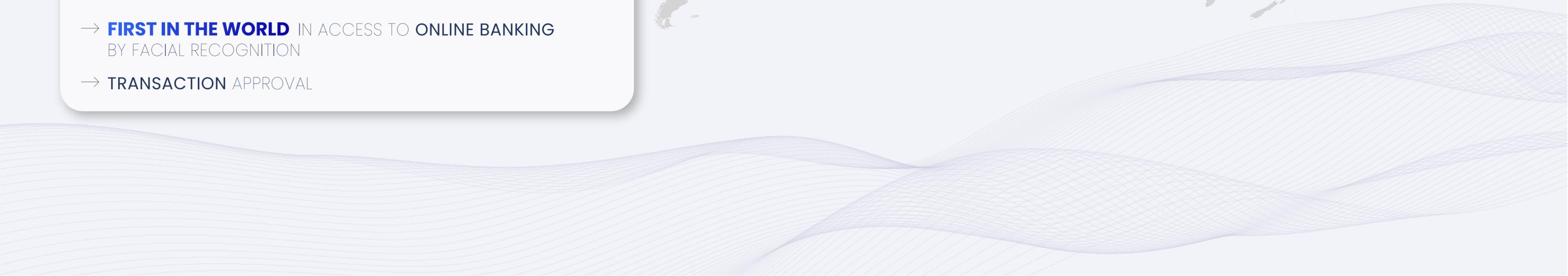


FACIAL BIOMETRICS



APPLICATIONS OF OUR TECHNOLOGY IN THE FINANCIAL INDUSTRY

- **FIRST IN THE WORLD** IN ACCESS TO ONLINE BANKING BY FACIAL RECOGNITION
- TRANSACTION APPROVAL



# Company's Evolution Technology



To continue this trend and stay at the forefront of a sector that is constantly evolving, we became **leaders in authentication technologies and digital onboarding**. In this period we develop more biometrics such as voice, fingerprint and periocular, and we reach new industries and countries offering **the fastest, safest solutions with the best user experience**.

2017 - 2021

## IDENTITY VERIFICATION

 DIGITAL ONBOARDING

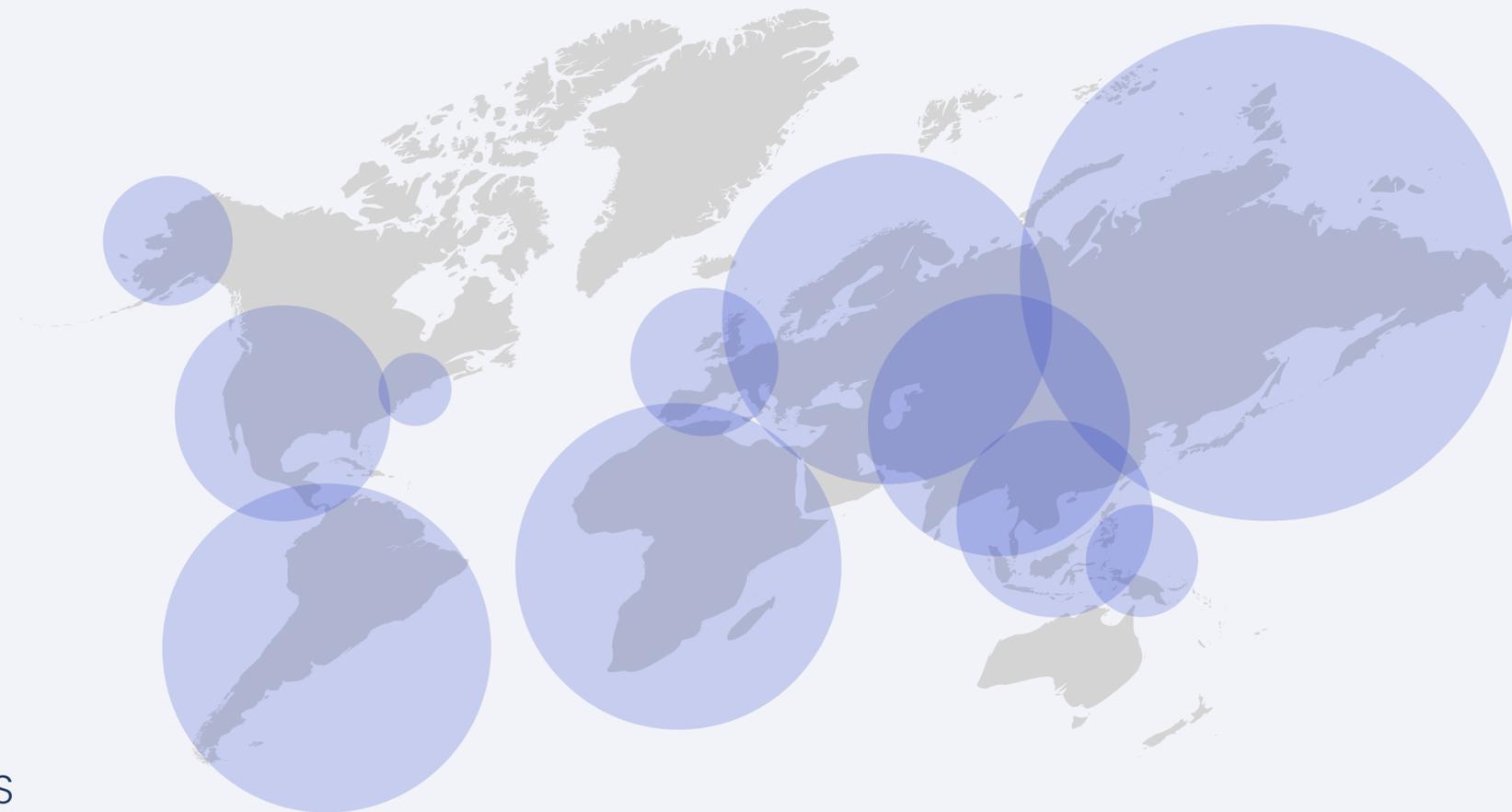
 FINGERPRINT BIOMETRICS

 FACIAL BIOMETRICS

 PERIOULAR BIOMETRICS

 VOICE BIOMETRICS

 BEHAVIOURAL BIOMETRICS



## APPLICATIONS OF OUR TECHNOLOGY

### FINANCIAL INDUSTRY

- **FIRST IN THE WORLD** IN ACCESS TO ONLINE BANKING BY FACIAL RECOGNITION
- **FIRST IN THE WORLD** TO APPLY FACIAL RECOGNITION TO CASH WITHDRAWAL AT ATMS
- OPENING **BANK ACCOUNTS**
- PROOF OF LIFE IN **PENSION COLLECTION**
- **TRANSACTION APPROVAL**

### SPORTS EVENTS INDUSTRY

- ACCESS TO FOOTBALL STADIUMS

### INSURANCE INDUSTRY

- **CONTRACTING POLICIES**

### HEALTHCARE INDUSTRY

- VERIFICATION OF **PATIENT IDENTITY**

### TRAVEL AND TRANSPORT INDUSTRY

- IDENTITY VERIFICATION IN **ACCESS TO AIRPLANES AND CHECK-IN AT AIRPORTS**

### SMART CITIES

- IDENTITY VERIFICATION WITH A SINGLE REGISTRY FOR **ACCESS TO ALL CITY SERVICES**

## WHAT SETS US APART FROM THE REST



FASTEST



SAFEST



WE DO NOT STORE  
USER DATA



BETTER USER  
EXPERIENCE

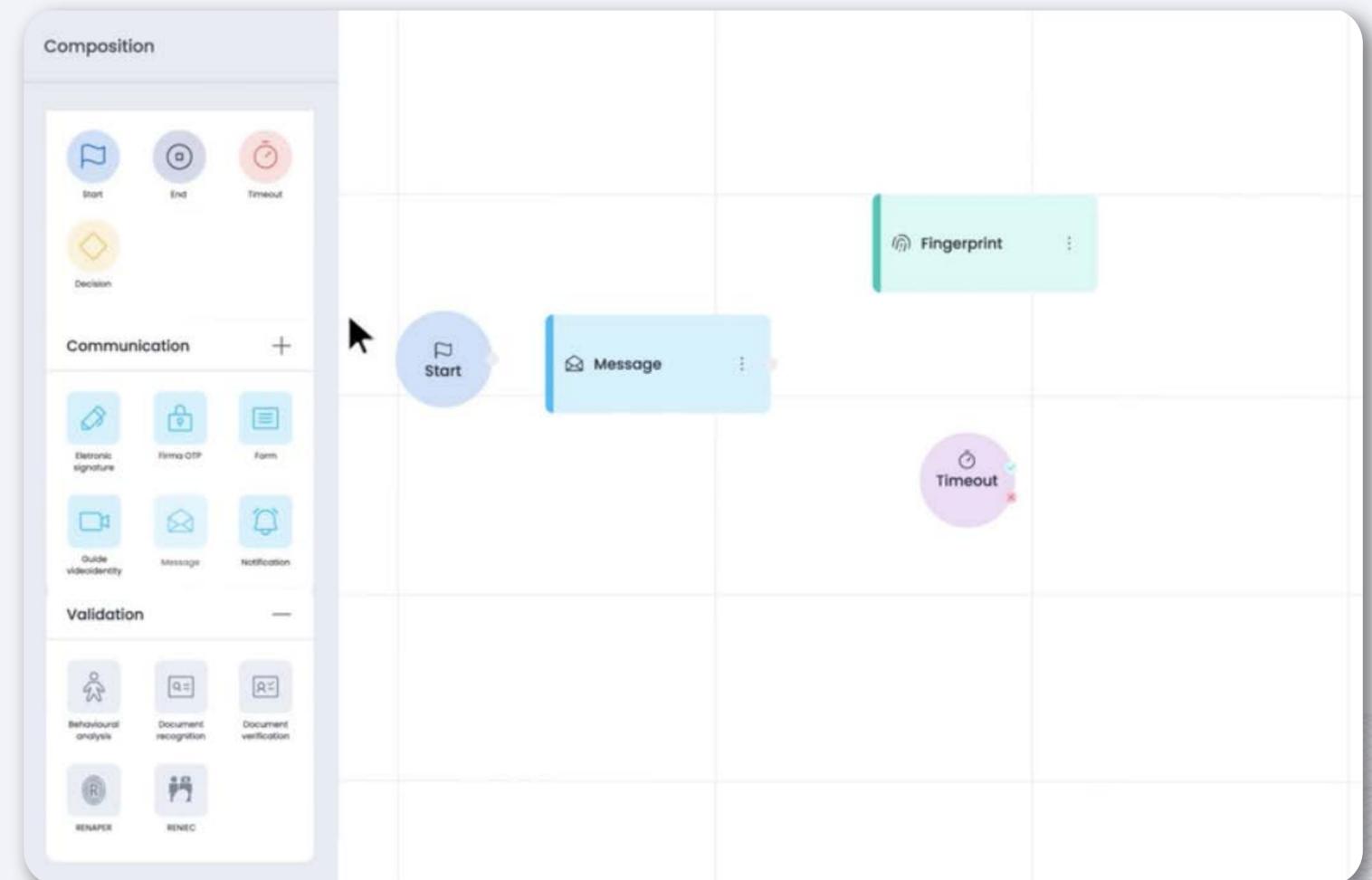
# Company's Evolution Technology



## The most complete Digital Identity verification platform on the market

At the end of 2021 we started the transformation of our business model. In addition to the On-Premise solutions we were mainly working with, thanks to the Facephi Identity Platform we can also offer solutions in SaaS and Plug & Play models.

With our new **Digital Identity verification** platform we end our best year becoming precursors of the most complete solution in the market with which we will be able to reach **more customers, industries and regions.**



### WHAT DOES OUR NEW PLATFORM OFFER?

- |                              |   |   |                             |
|------------------------------|---|---|-----------------------------|
| <br>FRAUD CONTROL            | <br>ADVANCED USE OF ARTIFICIAL INTELLIGENCE | <br>DATA PRIVACY MANAGEMENT                       | <br>BIOMETRIC MULTIMODALITY |
| <br>IMPROVED USER EXPERIENCE | <br>TRANSACTION CONTROL                     | <br>DESIGN OF ONBOARDING AND AUTHENTICATION FLOWS | <br>VIDEO SUPPORT SOLUTION  |

For more information [click here](#)

# Company's Evolution

## New subsidiaries



Our international presence was strengthened and boosted in 2022 with the opening of two new subsidiaries that have allowed us to explore new opportunities.



## FACEPHI EMEA

From our new subsidiary in London, in addition to professionals in strategic countries in the region, we are committed to strengthening our presence in EMEA. We have a dynamic sales team focused on exploring new verticals that allow us to reach more countries in the region, especially in the innovative and promising sectors of fintech, crypto and gambling, where biometric solutions have many applications in the protection of the digital identity of users.



## FACEPHI LATAM

From Montevideo, a technical team made up experts, works from our American headquarters to serve our clients and partners throughout LATAM.

# Company's Evolution

## Employees



In 2022, a significant increase in our workforce reflected our expansion strategy, with new hires focused on consolidating the teams in each of the subsidiaries in LATAM, APAC and EMEA.

At the end of the year Facephi had 227 employees, 30% more than in 2021. The commercial department was one of those that experienced the greatest growth during the year, with 50% more hires. Undoubtedly, this reinforcement was one of our priorities in 2022, focused on promoting the commercialisation of products with the Facephi Identity Platform as the main driving force of our business.

227  
EMPLOYEES

A large blue circle with a white border, containing the text "227 EMPLOYEES" in white. The number "227" is significantly larger than the word "EMPLOYEES".

\*At the end of 2022

70%  
ENGINEERS

A blue rounded rectangle with a white border, containing the text "70% ENGINEERS" in blue. The percentage "70%" is larger than the word "ENGINEERS".

# Company's Evolution

## Awards and certifications



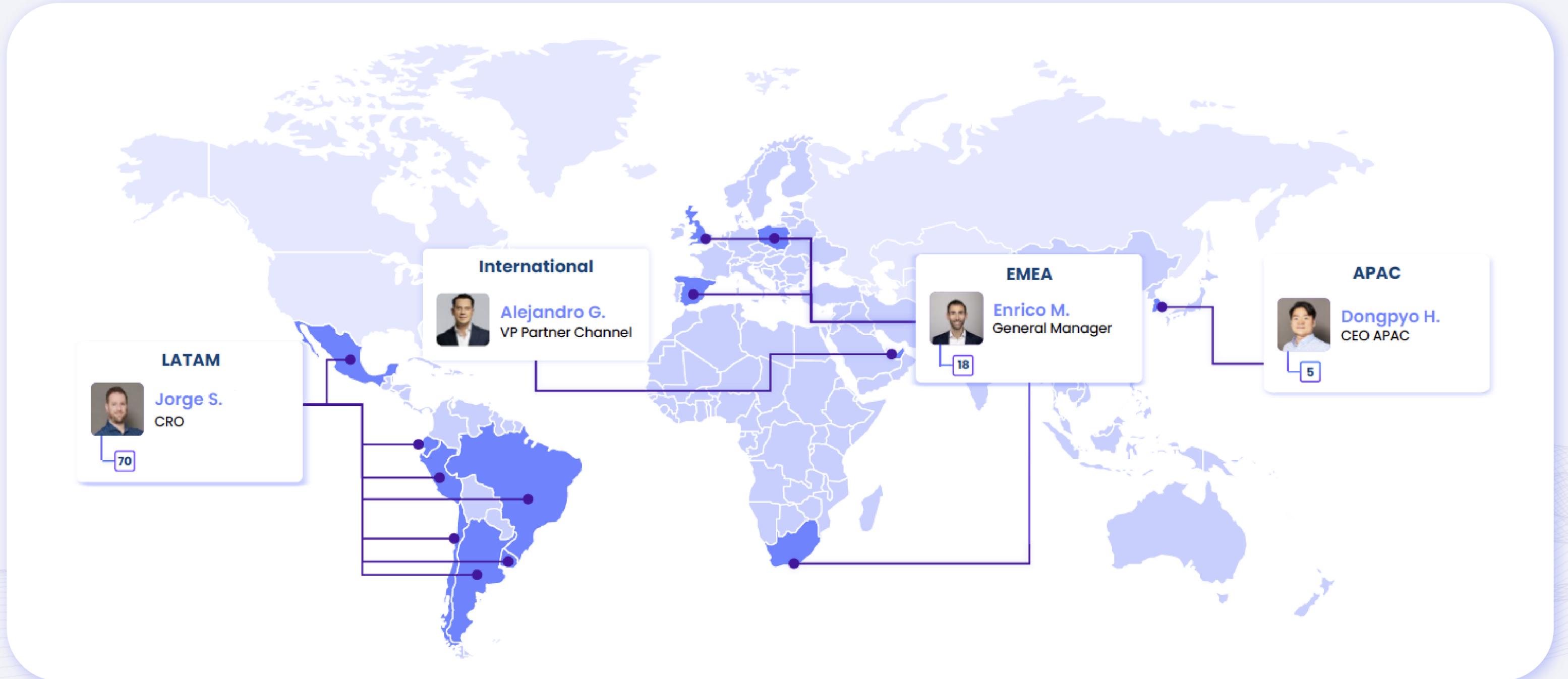
Our strong commitment to expanding internationally in 2022, with the opening of the new subsidiaries in Montevideo and London, as well as the excellence and innovation of our cybersecurity solutions, was recognised at the 2022 Tech Rocketship Awards in the Silver category. The prestigious awards are organised periodically by the Department of International Trade of the United Kingdom government, whose goal is to promote and support the establishment of foreign companies in the British market. The winners receive a complete mentoring program to accelerate their immersion and growth in the UK, a program that we have already begun to develop and that is an excellent platform for our expansion plans throughout the EMEA area.

In parallel, our solutions continue to meet the most demanding industry standards. Throughout 2022 we obtained five new certifications that guarantee the excellence of our products and services. These were:



# Company's Evolution

## Commercial team



# FINANCIAL INFORMATION

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REVENUE

€22.28M

↑ 69%\*

EBITDA

€4.44M

↑ 136%\*

EBITDA/SALES

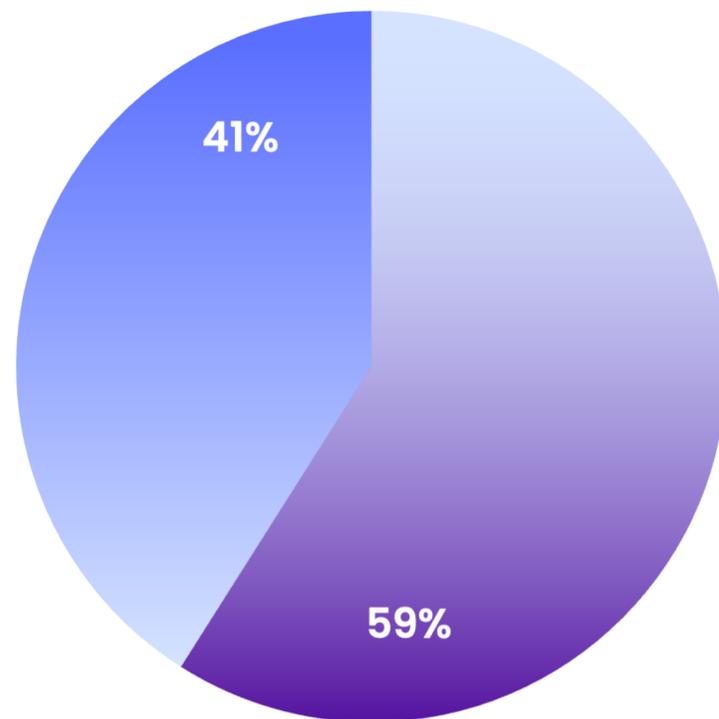
20%

# Financial Information

## Key data

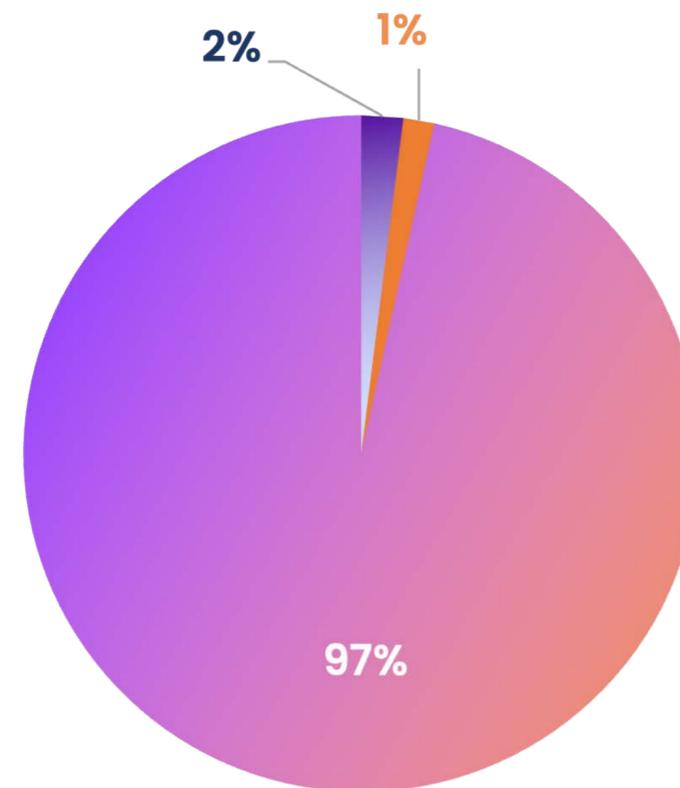


### RECURRING VS NON-RECURRING REVENUE



● Recurring ● Non-recurring

### REVENUE BY GEOGRAPHICAL AREA



● APAC ● EUROPA ● LATAM

2022 was an excellent year for sales, again concentrated in LATAM. This demonstrates the maturity of our presence in the region and encourages us to continue to grow in other geographic areas.

Due to the nature of our product, whose sales cycle per customer is complex and can be extended over time, we expect the results of the work carried out in EMEA so far to bear fruit in the next 2023-24 financial years.

The opening and start-up of the London subsidiary has undoubtedly been a great boost to take advantage of the great opportunities detected in the countries of this region.

# Financial Information

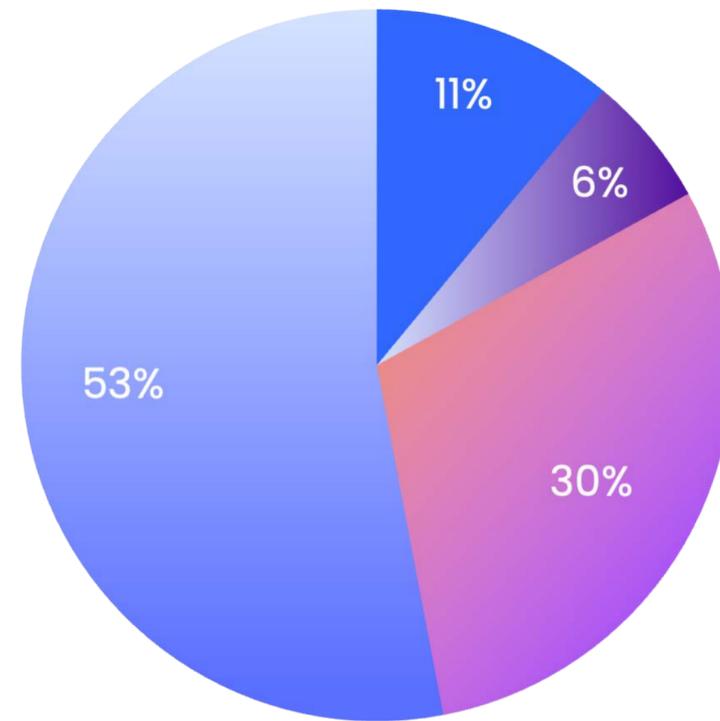
## Key data



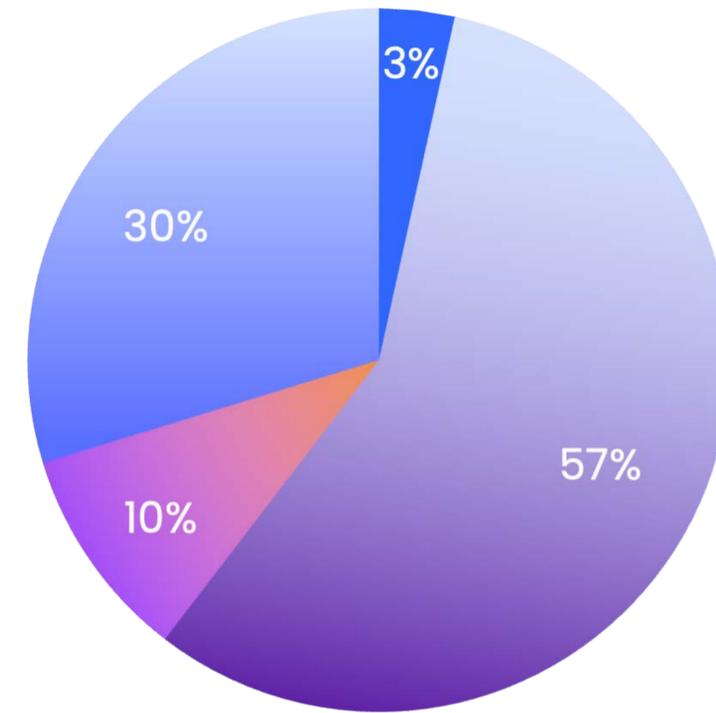
Our commitment to commercialise more scalable and flexible products through the Facephi Identity Platform is paying off. In 2022, the new product was positioned as the main source of our revenues.

### REVENUE BY PRODUCT

- Facephi Identity Platform
- Onboarding Digital
- Facial recognition
- Other products



2021



2022

# Financial Information

## Revenue & EBITDA evolution



The record figures that we reached in 2022 have endorsed our **business strategy**, focused on the commercialisation of the **Facephi Identity Platform**. The flexibility of this complete and innovative commercial proposal has allowed us to reach more industries and countries with a more scalable business model, an evolution reflected in the business figures.

In 2022 our **revenue** increased by 69% compared to 2021, reaching **€22.28M**, with a positive **EBITDA** of **€4.44M**. Of the total invoiced, more than **55%** came from the sale of the Facephi Identity Platform, the versatility of which has allowed us to diversify our client portfolio and apply our technology in many more sectors such as shared mobility, public administration and disruptive Fintech

These positive results are reflected in our CAGR over the last 6 years, which, with a growth of 61.82%, places us three times above the average of other companies in the biometrics market.

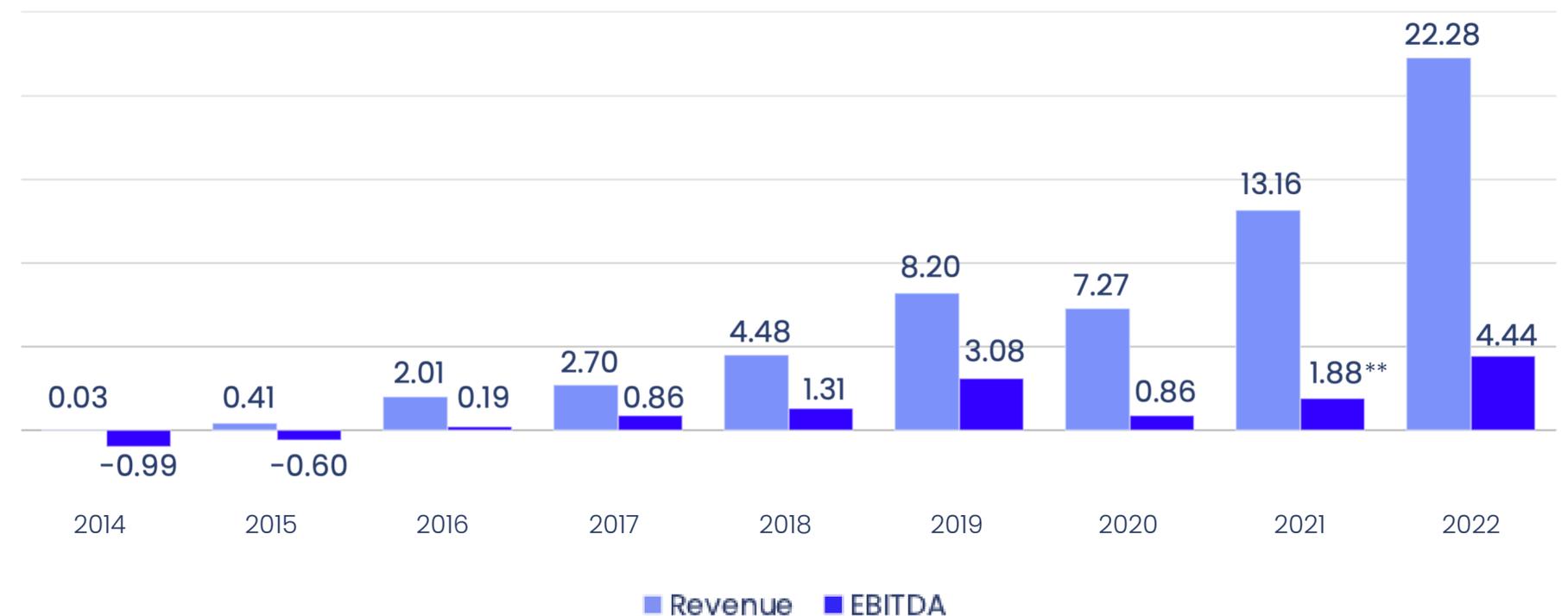
CAGR 6 years

**61.82%**

3X above the  
biometrics market

Source: Vantage Market Research

**EVOLUTION PER YEAR**  
(in million €)



\*From 2020 onwards, consolidated data from the Facephi group.

\*\*Adjusted EBITDA, having deducted from the EBITDA the expenses incurred for compensation payments according to note 15.A and the expenses of item 14 of the Profit and Loss Account of the Financial Information published on 29th April 2022.

Source: Facephi

# Financial Information

## Balance sheet (000)

	31/12/22	31/12/21	Var.
NON-CURRENT ASSETS	€ 16,373.89	€ 7,879.40	108%
% NON-CURRENT ASSETS / TOTAL ASSETS	51%	43%	18%
CURRENT ASSETS	€ 15,876.80	€ 10,475.80	52%
% CURRENT ASSETS / TOTAL ASSETS	49%	57%	-14%
<b>TOTAL ASSETS</b>	<b>€ 32,250.69</b>	<b>€ 18,355.19</b>	<b>76%</b>
NET EQUITY	€ 15,213.20	€ 8,706.65	75%
NET EQUITY / (TOTAL LIABILITIES + NET EQUITY)	47%	47%	-1%
TOTAL LIABILITIES	€ 17,037.49	€ 9,648.54	77%
TOTAL LIABILITIES / (TOTAL LIABILITIES + NET EQUITY)	53%	53%	0%
NON-CURRENT LIABILITIES	€ 4,283.81	€ 5,150.41	-17%
NON-CURRENT LIABILITIES / (TOTAL LIABILITIES + NET EQUITY)	13%	28%	-53%
CURRENT LIABILITIES	€ 12,753.68	€ 4,498.14	184%
CURRENT LIABILITIES / TOTAL LIABILITIES + NET EQUITY	40%	25%	61%
<b>TOTAL NET EQUITY + LIABILITIES</b>	<b>€ 32,250.69</b>	<b>€ 18,355.19</b>	<b>76%</b>

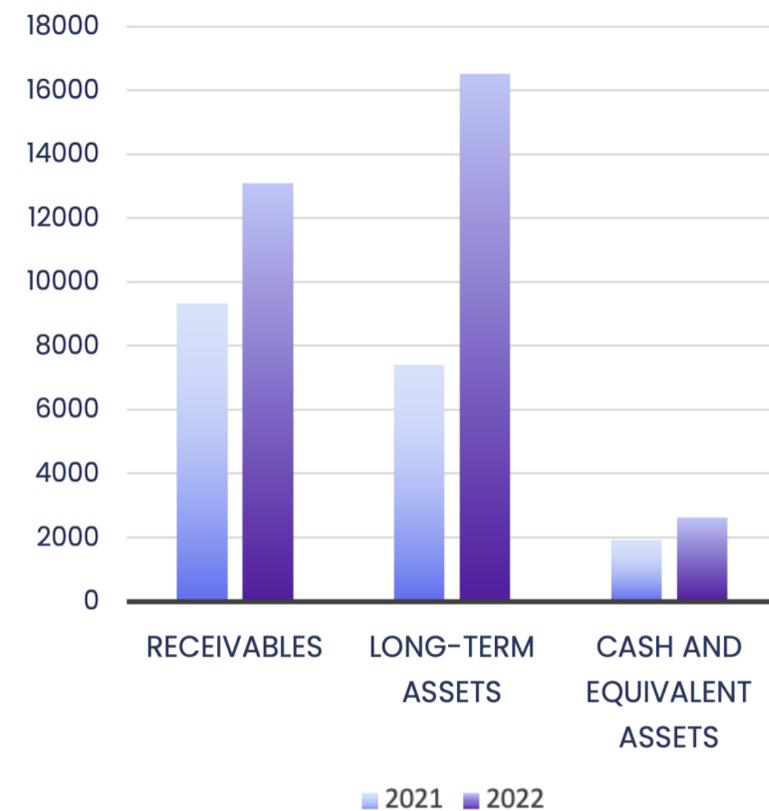
# Financial Information

## Balance sheet (000)

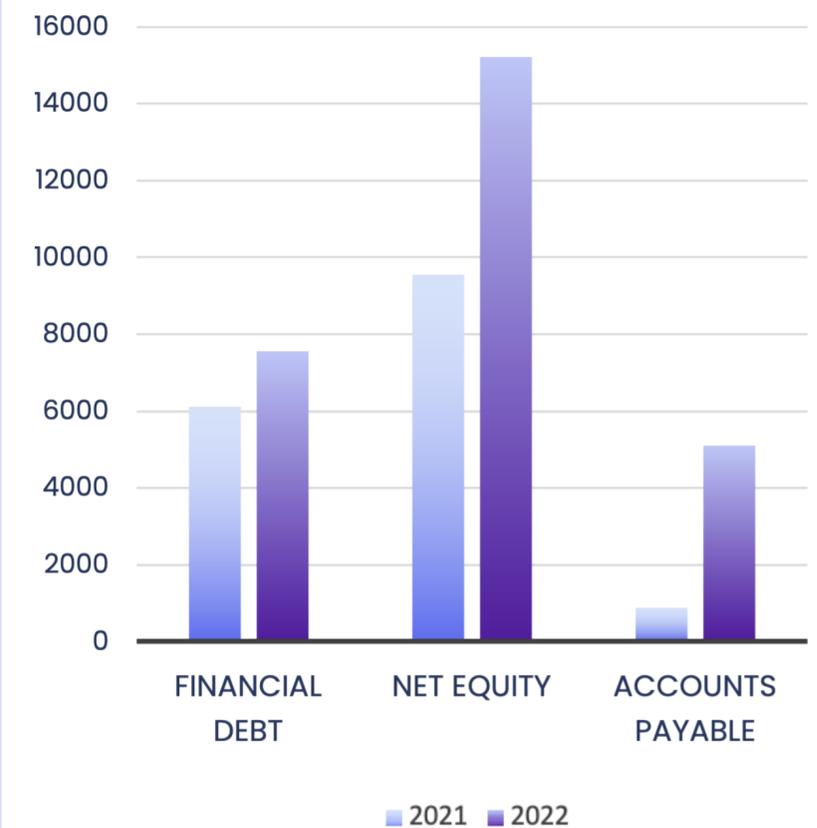
**Accounts receivable** reflect an **increase** due to the strong increase in revenue in 2022, with revenue recognition concentrated at the end of the year. **Intangible assets** have **increased** mainly due to investment in infrastructure and capitalisation in the **development of our technology**.

**Financial debt** has **increased** due to the drawdown of part of Tranche B of the syndicated loan to meet the **costs of the implementation** of the **LATAM and EMEA** structure. Also, the debt reflects the outstanding amount to be converted by Nice & Green at 31 December 2022, which have already been converted in 2023. On the other hand, accounts payable increased due to the accrual of invoices to commission agents due to the sharp increase in turnover and the increase in operating expenses that we have recorded in 2022.

### ASSETS



### LIABILITIES & EQUITY

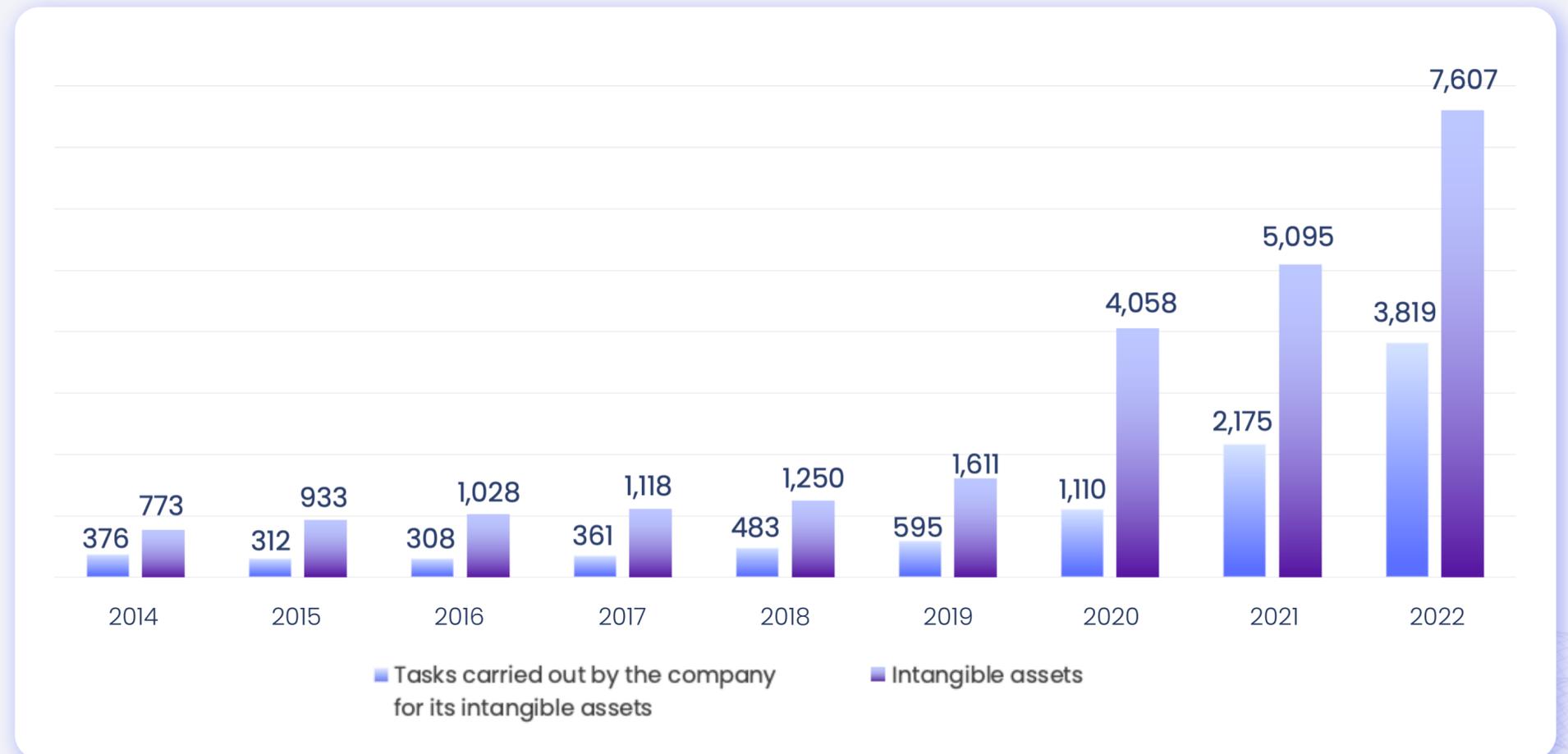


# Financial Information

## Balance sheet (000)



During 2022, we continued to invest in R&D to optimise **our product** development, allocating **76%** more resources to our platform. In this way, we are committed to improving our assets in the long term by continuously **upgrading our solutions** and developing new ones in response to market developments.



# Financial Information

## Profit & Loss (000)



The 2022 financial year has **yielded very positive results** with a turnover of €22.28M, a new record in line with the **upward trend** recorded in recent years. This increase is due to the increase in the number of **new projects** signed (more than 100) and the **renovations and extensions** of those already established.

The commitment to **internationalisation** with the opening of new subsidiaries in LATAM and EMEA, with the increase in our commercial and technical structure to accompany the expected **growth**, has led to an increase in expenses. However, for every euro of increase in expenses, we have obtained a return of 1.42 euros in revenue, a **profitability** that is reflected in the positive EBIDTA at year-end.

As in previous periods, the **financial result** was impacted by the accounting entry derived from the N&G transaction and the rise in interest rates, which made debt more expensive. However, these effects were mitigated by the positive evolution of the exchange rate of the dollar against the euro, which benefited us.

On the other hand, thanks to the fact that the company's result is positive again for the first time in several years, we can apply the corresponding **tax deductions** for our R&D investment in 2022.

	2022 (Audited)	2021 (Audited)	Var. %
<b>Total REVENUE</b>	<b>€ 26,101.70</b>	<b>€ 15,337.03</b>	<b>70.19%</b>
Net Revenue	€ 22,283.09	€ 13,161.83	69.30%
Tasks performed by the company for assets	€ 3,818.61	€ 2,175.21	75.55%
<b>Total EXPENSES</b>	<b>-€ 21,661.71</b>	<b>-€ 14,578.96</b>	<b>48.58%</b>
Procurements	-€ 3,185.11	-€ 1,877.69	69.63%
Personnel expenses	-€ 11,031.71	-€ 7,265.31	51.84%
Other operating expenses	-€ 7,712.87	-€ 5,554.19	38.87%
Other results	€ 267.98	€ 118.22	126.68%
<b>EBITDA</b>	<b>€ 4,439.99</b>	<b>€ 758.07</b>	<b>485.70%</b>
<b>Adjusted EBITDA **</b>	<b>€ 4,439.99</b>	<b>€ 1,879.00</b>	<b>136.30%</b>
Depreciation of Fixed Assets	-€ 1,973.63	-€ 1,284.63	53.63%
Losses, impairment and variation in provisions	-€ 719.92	-€ 75.29	856.14%
<b>EBIT</b>	<b>€ 1,746.44</b>	<b>-€ 601.85</b>	<b>-390.18%</b>
Financial income	€ 0.95	€ 0.29	231.93%
Financial expenses	-€ 299.97	-€ 389.89	-23.06%
Variation in fair value of financial instruments	-€ 677.31	-€ 380.60	77.96%
Exchange rate differences	€ 380.49	€ 317.24	19.94%
Impairment losses and income from disposal and financial instruments	-€ 124.94	€ 201.43	-162.02%
<b>FINANCIAL RESULT</b>	<b>-€ 720.78</b>	<b>-€ 251.53</b>	<b>186.56%</b>
Profit before tax	€ 1,025.66	-€ 853.38	-220.19%
Income tax	€ 81.00	€ 299.48	-72.95%
<b>CONSOLIDATED INCOME FOR THE PERIOD</b>	<b>€ 1,106.67</b>	<b>-€ 553.90</b>	<b>-299.79%</b>

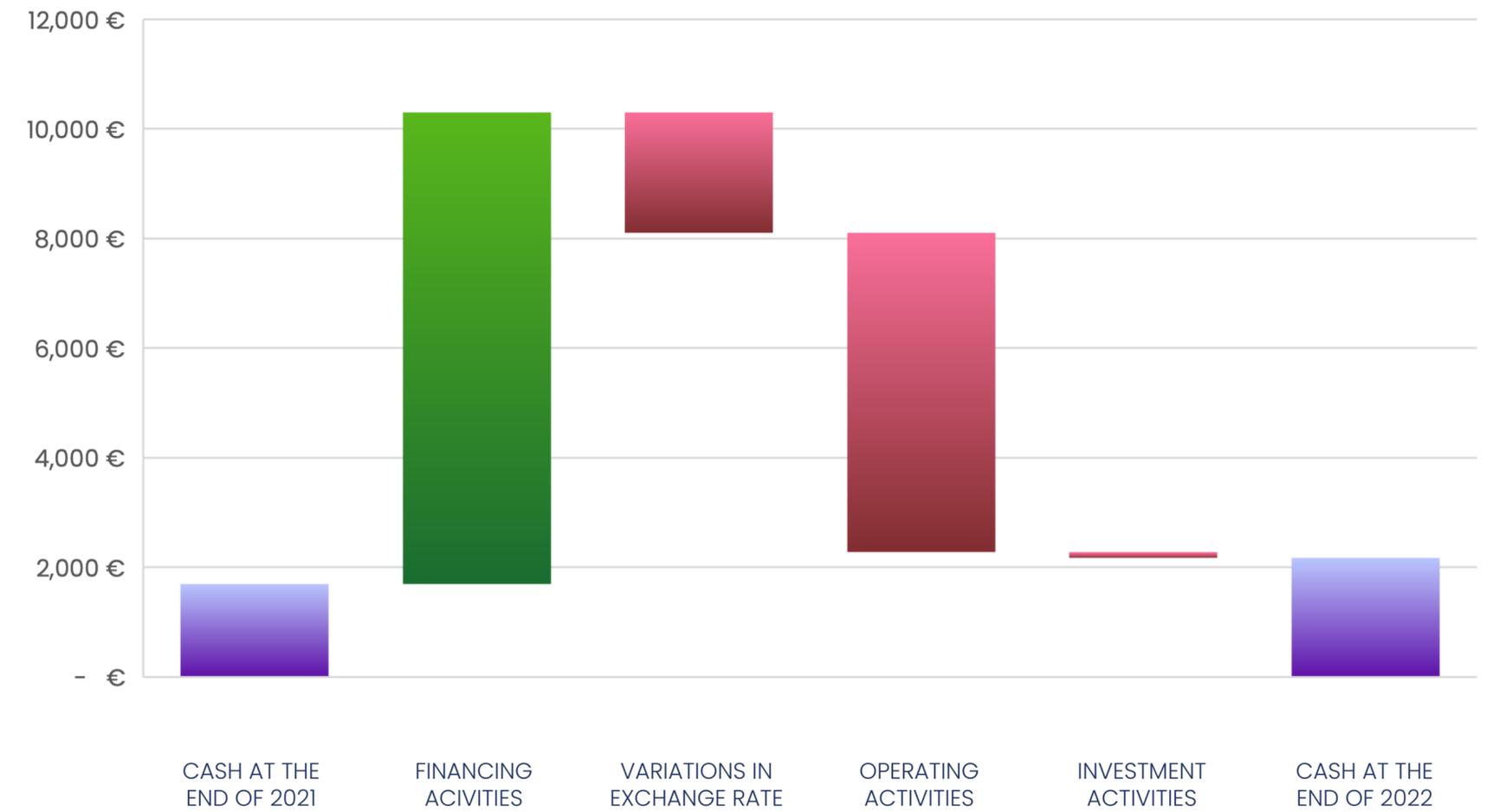
\*\*Adjusted EBITDA, having deducted from the EBITDA the expenses incurred for compensation payments according to note 15.A and the expenses of item 14 of the Profit and Loss Account of the Financial Information published on 29th April 2022.

Source: Facephi

# Financial Information

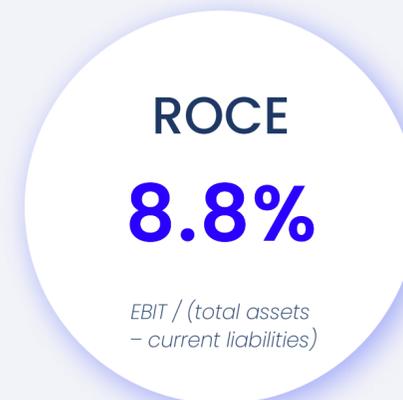
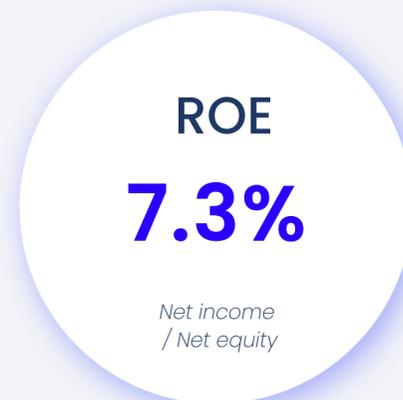
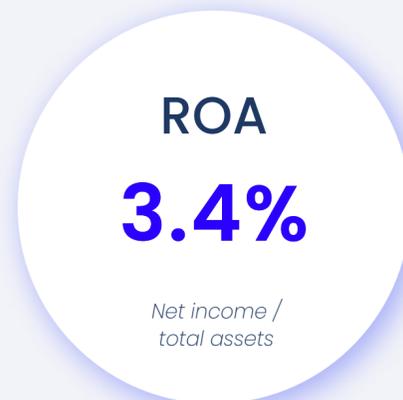
## Cash Flow (000)

In 2022 we managed to maintain a stable cash level thanks to the financing received from the investment agreement with Nice & Green and the syndicated loan. This has allowed us to meet our investments in fixed assets and cope with the increase in expenses arising from our structural expansion, especially with the opening of the new subsidiaries in LATAM and EMEA.



# Financial Information

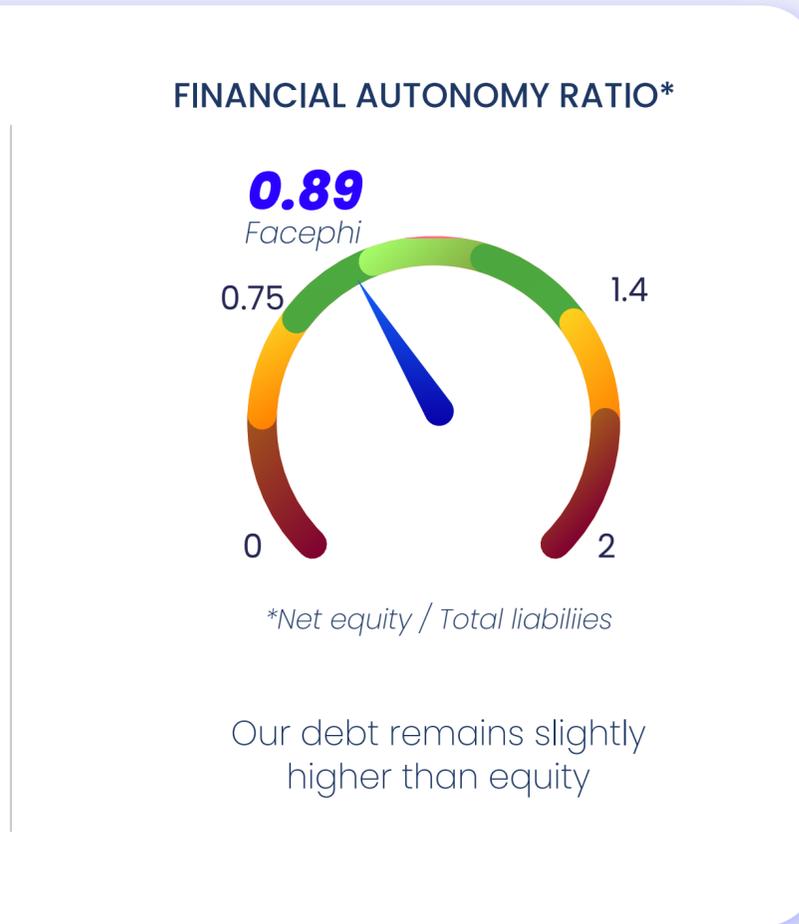
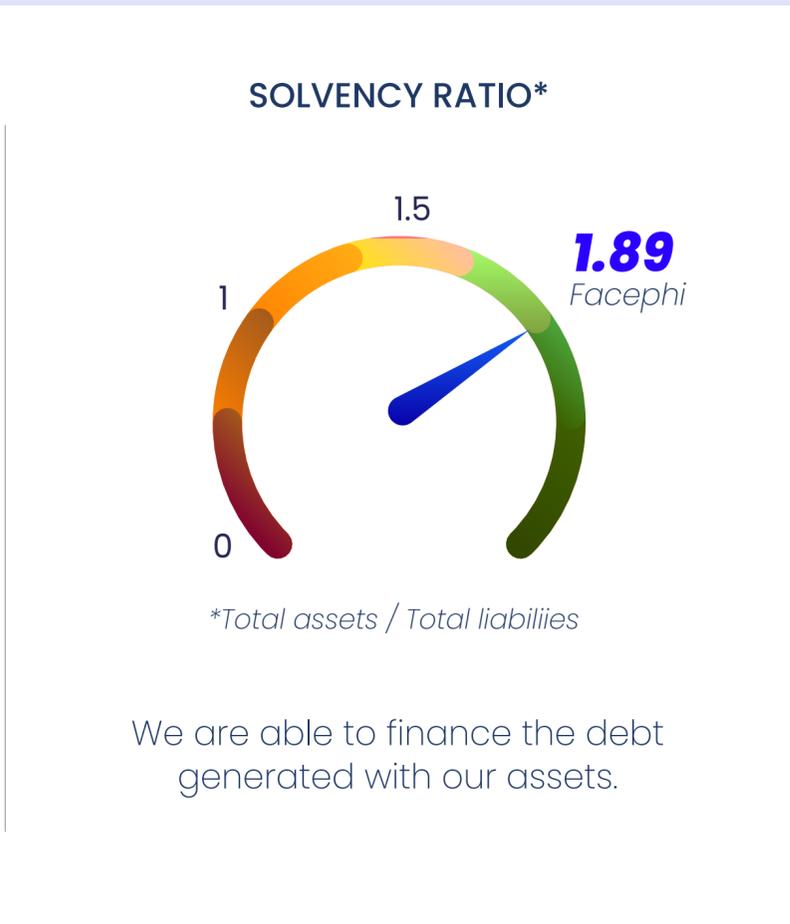
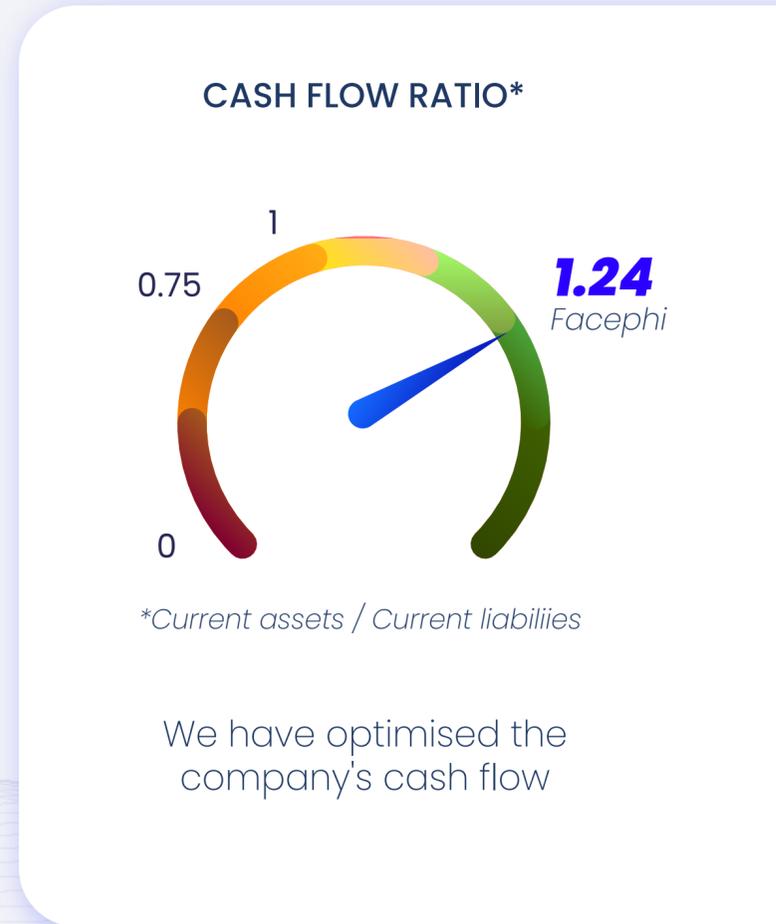
## Ratios



**WORKING CAPITAL**

**€3.12M**

We invest in new assets that generate returns, thereby improving short-term assets.



# CONCLUSIONS

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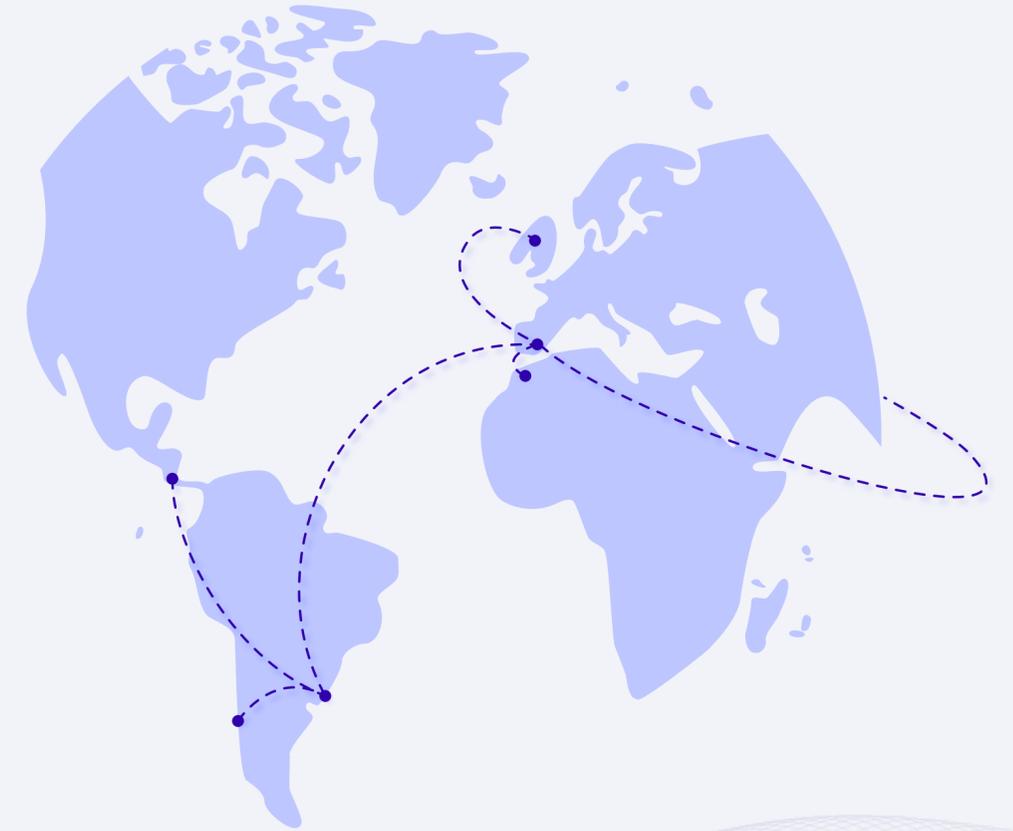
# Conclusions



2022 has been a key year in our history. Ten years after our creation, the economic data show a **strong growth** of the company in line with the trend recorded in recent years. This growth is in line with our **global expansion strategy**, which was boosted last year with the opening of our new subsidiaries in LATAM and EMEA.

Undoubtedly, the successful commercialisation of the **Facephi Identity Platform** has been a new turning point in our commercial strategy. The relevance it has gained in the total sales results, with **more than 50%** registered, places it as the most versatile proposal of the product portfolio.

In line with the demands of an ever-evolving market, our new flexible and à la carte products have been very well received, as reflected in the number of contracts won. We have doubled the total number of **clients to more than 250**, a positive figure that motivates us to continue strengthening our international expansion, now more than ever thanks to our own structure set up and consolidated in APAC, EMEA and LATAM, the most important business regions in the world.



 facephi