

Alicante, 31st of October 2023

COMMUNICATION – MARKET NOTICE - FACEPHI BIOMETRIA, S.A.

Dear Sirs,

Pursuant to Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), and section 4.2.1 of Euronext Growth Markets Rule Book Part I: Harmonized Rules, on ongoing obligations of companies listed on Euronext, (hereinafter “FacePhi” or “the Company”) hereby notifies the following:

- Interim consolidated financial statements as of June 30th, 2023
- Interim standalone financial statements as of June 30th, 2023
- Results report for the first half of the year 2023

We remain at your disposal for any clarification you might deem necessary.

Sincerely,

Javier Mira Miró
Chairman of the Board of Directors



FACEPHI BIOMETRÍA, S.A.

**Interim financial statements corresponding to the
six-month period ending 30th June 2023**

Consolidated Balance sheet		
30th June 2023		
(In Euros)		
ASSETS	30/06/2023	31/12/2022
A) NON-CURRENT ASSETS	18.798.812	16.373.886
I. Intangible fixed asset	8.731.808	7.606.650
5. Other fixed intangible	8.731.808	7.606.650
II. Tangible fixed assets	2.790.163	1.813.748
2. Technical installations and other tangible fixed assets	2.790.163	1.813.748
IV. Non-current investments in group and associated companies	0	0
V. Non-current financial investments	168.149	170.371
VI. Deferred tax assets	1.555.337	1.558.878
VII. Commercial debtors	5.553.356	5.224.239
B) CURRENT ASSETS	19.136.159	15.876.800
III. Trade and other receivables	16.185.297	13.100.287
1. Clients from sales and provision of services	14.318.166	11.200.954
4. Other debtors	1.867.131	1.899.333
V. Current financial investments	223.183	155.553
VI. Short term accruals	822.914	448.792
VII. Cash and cash equivalents	1.904.766	2.172.169
TOTAL ASSETS	37.934.971	32.250.686
EQUITY AND LIABILITIES	30/06/2023	31/12/2022
A) EQUITY	12.423.886	15.213.200
A-1) Shareholders' equity	12.235.402	15.031.547
I. Capital	720.933	697.311
II. Share premium	17.405.431	15.560.800
III. Reserves	(821.580)	(1.879.151)
IV. (Treasury stock and shares)	(374.326)	(454.079)
VI. Result attributed to the parent company	(4.695.056)	1.106.667
A-2) Adjustments for changes in value	(157.881)	4.030
II. Conversion difference	(157.881)	4.030
A-3) Grants, donations and legacies received	346.365	177.622
B) NON-CURRENT LIABILITIES	4.182.950	4.283.808
I. Non-current provisions	79.387	86.661
II. Non-current debt	3.988.108	4.133.055
2. Debt with financial institutions	3.856.051	3.649.671
3. Others	132.057	483.384
IV. Pasivos por impuesto diferido	115.455	64.092
C) CURRENT LIABILITIES	21.328.135	12.753.678
I. Current provisions	362.089	0
III. Current debt	14.127.607	7.312.155
2. Debts with financial institutions	7.634.724	3.918.990
3. Financial lease creditors	88.277	
4. Other financial liabilities	6.404.607	3.393.165
V. Trade and other payables	5.962.249	5.096.803
1. Suppliers	2.343.261	574.252
4. Other payables	3.618.989	4.522.551
VI. Short term accruals	876.189	344.720
TOTAL EQUITY AND LIABILITIES	37.934.971	32.250.686

Consolidated Profit and loss account

30th June 2023

(In Euros)

	(Debits) Credits	
	30/06/2023	30/06/2022
A) CONTINUED OPERATIONS		
1. Net Revenue	9.749.203	7.859.195
b) Services provided	9.749.203	7.859.195
3. Work undertaken by the Company on its own assets	2.100.488	1.855.813
4. Supplies	(1.899.781)	(1.426.879)
a) Consumables	-	-
c) Work undertaken by third party companies	(1.899.781)	(1.426.879)
5. Other operating income	84.878	92.960
6. Staff expenses	(6.607.843)	(4.275.452)
a) Salaries, remunerations and similar expenses	(5.550.952)	(3.537.621)
b) Social contributions	(1.000.647)	(735.070)
c) Provisions	(56.245)	(2.761)
7. Other operating expenses	(6.318.395)	(3.676.570)
a) Loss, impairment and variation in provisions for trade operations	(301.826)	(59.618)
b) Other expenses	(6.016.570)	(3.616.952)
8. Fixed assets depreciation	(1.352.150)	(869.965)
9. Allocation of grants related to non-financial fixed assets and other	141.124	51.760
14. Other profit / loss	20.268	(8.385)
A.1) OPERATING PROFIT/ LOSS	(4.082.209)	(397.523)
15. Financial expenses	20.694	476
b) From trade securities and other equity instruments	20.694	476
15. Financial expenses	(402.388)	(136.266)
17. Variations in the fair value of financial instruments	(268.802)	(551.814)
a) Trading portfolio and other	(268.802)	(551.814)
18. Adjustments for changes	219.682	291.457
b) Others adjustments for changes	219.682	291.457
19. Impairment losses and gains or losses on disposal of financial instruments	0	(124.938)
a) Impairment and losses	0	(124.938)
A.2) FINANCIAL PROFIT/ LOSS	(430.815)	(521.085)
A.3) PROFIT/ LOSS BEFORE TAX	(4.513.023)	(918.608)
24. Income tax	(182.034)	(150.190)
A.4) PROFIT/LOSS FROM CONTINUED OPERATIONS	(4.695.058)	(1.068.798)
A.5) PROFIT/LOSS FOR FINANCIAL YEAR	(4.695.058)	(1.068.798)
Result attributable to the parent company	-	-
Result attributable to the external partners	-	-

Standalone Balance sheet

30th June 2023

(In Euros)

ASSETS	30/06/2023	31/12/2022
A) NON-CURRENT ASSETS	19.120.053	16.681.956
I. Intangible fixed asset	8.726.894	7.606.650
II. Tangible fixed assets	2.692.939	1.713.190
IV. Non-current investments in group and associated companies	454.743	454.627
V. Non-current financial investments	136.785	127.913
VI. Deferred tax assets	1.555.337	1.555.337
VII. Commercial debtors	5.553.356	5.224.239
B) CURRENT ASSETS	20.723.362	16.252.849
III. Trade and other receivables	18.309.788	12.951.027
1. Clients from sales and provision of services	16.488.355	11.147.258
3. Other debtors	433	47.413
4. Personal	-	-
5. Assets for current taxes	(733)	-
6. Other credits with PPAA	1.821.734	1.756.357
IV. Current investments in group and associated companies	0	885.456
V. Current financial investments	43.196	55.793
VI. Short term accruals	717.091	448.792
VII. Cash and cash equivalents	1.653.286	1.911.782
TOTAL ASSETS	39.843.415	32.934.804
EQUITY AND LIABILITIES	30/06/2023	31/12/2022
A) EQUITY	14.756.321	16.301.258
A-1) Shareholders' equity	14.409.956	16.123.636
I. Capital	720.933	697.311
II. Share premium	17.405.431	15.560.800
III. Reserves	175.426	108.379
IV. (Treasury stock and shares)	(374.326)	(454.079)
V. Gains retained	0	(1.841.328)
VI. Result attributed to the parent company	(3.517.508)	2.052.553
A-3) Grants, donations and legacies received	346.365	177.622
B) NON-CURRENT LIABILITIES	4.502.556	4.229.166
I. Non-current provisions	398.993	36.904
II. Non-current debt	3.988.108	4.133.055
2. Debt with financial institutions	3.856.051	3.649.671
3. Financial lease creditors	132.057	0
4. Others	0	483.384
IV. Deferred tax liabilities	115.455	59.207
C) CURRENT LIABILITIES	20.584.537	12.404.380
III. Current debt	14.127.607	7.312.156
2. Debts with financial institutions	7.633.531	3.918.990
3. Financial lease creditors	88.277	0
5. Other financial liabilities	6.405.799	3.393.166
V. Trade and other payables	5.580.741	4.747.504
1. Suppliers	2.322.534	563.163
2. Suppliers, group companies and associated	25.897	0
3. Other creditors	1.935.498	2.300.937
4. Other payables	945.752	1.463.777
6. Other debts with Public Administration	351.060	419.627
VI. Short term accruals	876.189	344.720
TOTAL EQUITY AND LIABILITIES	39.843.415	32.934.804

Standalone Profit and loss account

30th June 2023

(In Euros)

	(Debits) Credits	
	30/06/2023	30/06/2022
A) CONTINUED OPERATIONS		
1. Net Revenue	9.544.648	21.843.067
b) Services provided	9.544.648	21.843.067
3. Work undertaken by the Company on its own assets	2.100.488	3.818.608
4. Supplies	(1.899.781)	(3.185.110)
a) Consumables	0	0
c) Work undertaken by third party companies	(1.899.781)	(3.185.110)
5. Other operating income	84.878	182.798
a) Other income and other current income	29.187	101.330
b) Subsidies	55.691	81.468
6. Staff expenses	(5.565.767)	(9.834.527)
a) Salaries, remunerations and similar expenses	(4.705.619)	(8.256.091)
b) Social contributions	(858.673)	(1.575.676)
c) Provisions	(1.475)	(2.761)
7. Other operating expenses	(5.998.433)	(8.293.565)
a) External services	(5.081.288)	(6.952.150)
b) Other expenses	(615.319)	(621.500)
c) Loss, impairment and variation in provisions for trade operations	(301.826)	(719.915)
8. Fixed assets depreciation	(1.337.593)	(1.967.525)
9. Allocation of grants related to non-financial fixed assets and other	141.124	119.639
11. Impairment losses and gains or losses on disposal of fixed assets	(142)	(1.987)
13. Other profit / loss	25.502	2.627
A.1) OPERATING PROFIT/ LOSS	(2.905.076)	2.684.025
14. Financial income	20.644	0
15. Financial expenses	(402.389)	(299.856)
a) Group companies and associated	0	0
b) From third party payables	(402.389)	(299.856)
16. Variations in the fair value of financial instruments	(268.802)	(677.308)
17. Exchange rate differences	220.150	389.626
18. Impairment losses and gains or losses on disposal of financial instruments	0	(124.938)
a) Impairment and losses	0	(124.938)
A.2) FINANCIAL PROFIT/ LOSS	(430.397)	(712.475)
A.3) PROFIT/ LOSS BEFORE TAX	(3.335.473)	1.971.549
24. Income tax	(182.034)	81.004
A.4) PROFIT/LOSS FROM CONTINUED OPERATIONS	(3.517.508)	2.052.553
A.5) PROFIT/LOSS FOR FINANCIAL YEAR	(3.517.508)	2.052.553

Reviewed Interim Financial Statements

First semester

2023

 facephi



CEO's note

Javier Mira

This first half of 2023 we have reached a milestone: the highest turnover in our history in this period with a growth of 24.05%, which shows that our **consolidation and expansion efforts** are bearing fruit and Facephi reaches more and more companies in more places.

During this period, we have continued with our **international expansion** to **continue growing** and we have opened **new strategic markets**: Middle East.

Another of the territories that we continue to explore is the **United States** with the signing of a **new contract** with the Fintech Orokii. All of this, without leaving aside our customer portfolio, whose **loyalty rate** is +95%. This constitutes a seal of guarantee and satisfaction that allows us to increase the cross-selling of our solutions, continue renewing contracts and increase our recurring income.

Likewise, in these first 6 months of 2023, projects have been put into production with **leading companies in the Korean financial market**, such as People Fund and KIS.

2023 is being a year of big bets, we continue to comply with the highest **quality standards**, and we have obtained two **important certifications**, **AWS from Amazon** and **DIATF** certification obtained in the **United Kingdom**. Both provide us with a multitude of opportunities that we support with an increase in our investment in R&D by 13.18%.

In short, in a world in constant evolution, Facephi continues **moving forward** without rest and does so at a steady pace while contributing to the creation of the future and a better digital world. All this thanks to our clients, investors, partners and employees who accompany us on this path full of new opportunities and challenges that we are prepared to address as **a leading company** in our sector.





CONTENTS

01 Evolution of the company

02 Management report

- Our Strategy
- Technology
- Business
- Structure and people

03 Financial report

- Financial data
- Turnover and EBITDA



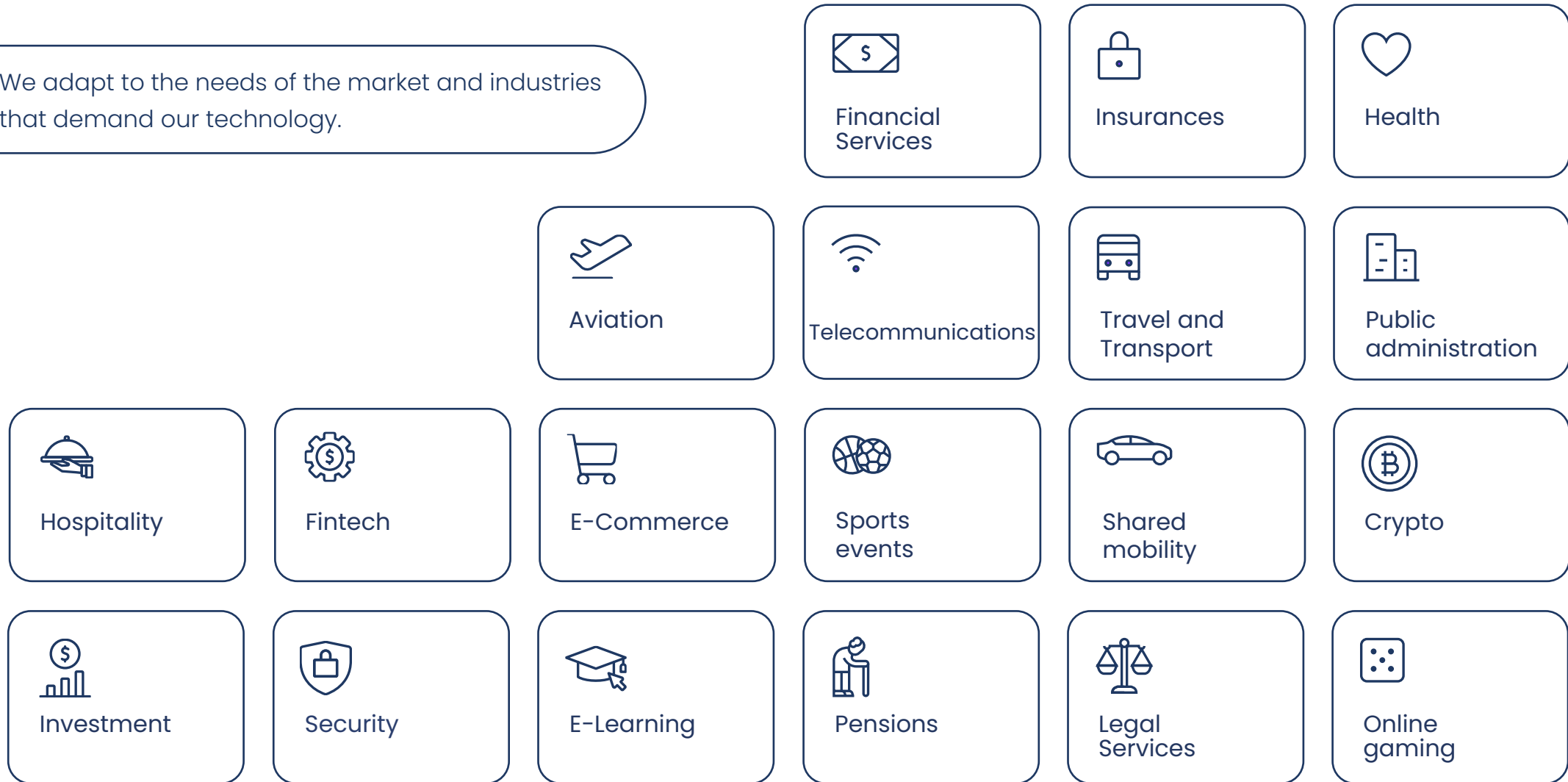
Experts in user identity verification technology,
specialising in digital onboarding and biometric authentication solutions.





OUR TECHNOLOGY

We adapt to the needs of the market and industries that demand our technology.





OUR TECHNOLOGY

World leaders in digital identity

ONBOARDING



Periocular



Fingerprint



Facial



Behaviour



Voice



facephi
Identity Platform



Additional biometrics



Facial Biometrics with passive liveness



Document capture + OCR



Digital signature



Security features



Video assistance



AUTHENTICATION



KEY DATA

+250 customers

+200 banks

+25 countries





KEY DATA

Some of our customers:





CERTIFICATES AND AWARDS

CERTIFICATIONS



AWARDS



UK SPAIN Business Awards – Tech Excellence



01 Management Report



Our Strategy

CONSOLIDATION AND EXPANSION

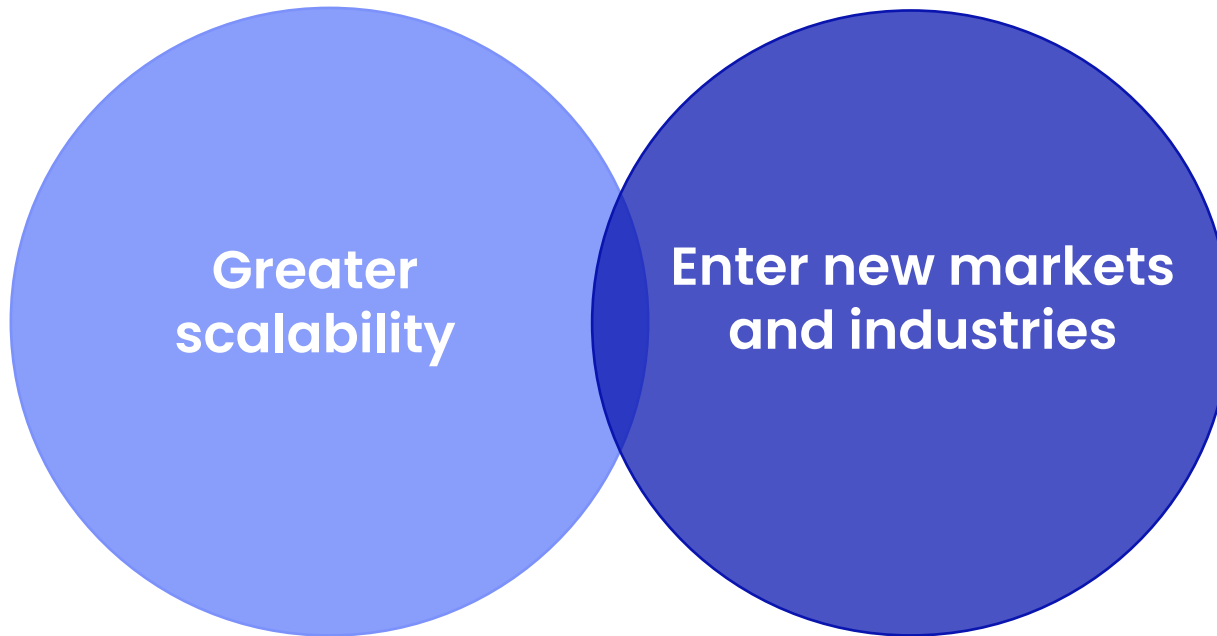
In the first half of 2023 Facephi has continued its international expansion to keep growing.

It has also entered new strategic markets and launched new projects into production.





STRATEGIC OBJECTIVE



What have we been doing to achieve it?

PRODUCT



Investing in technology.



Obtaining certifications.

BUSINESS



Launching of international partner channel.



Enhancing our commercial network.

FUNDING



Financing agreements.



OUR STRATEGY

In order to achieve our objectives, different actions have been launched such as:

Partners Community

It will boost the scalability of our business model, increasing our presence in more countries and productive sectors.

International certifications

Obtaining international certifications allows us to explore **new scenarios** where we can apply our technology and comply with the highest **quality standards**.

Financing agreement with Nice & Green

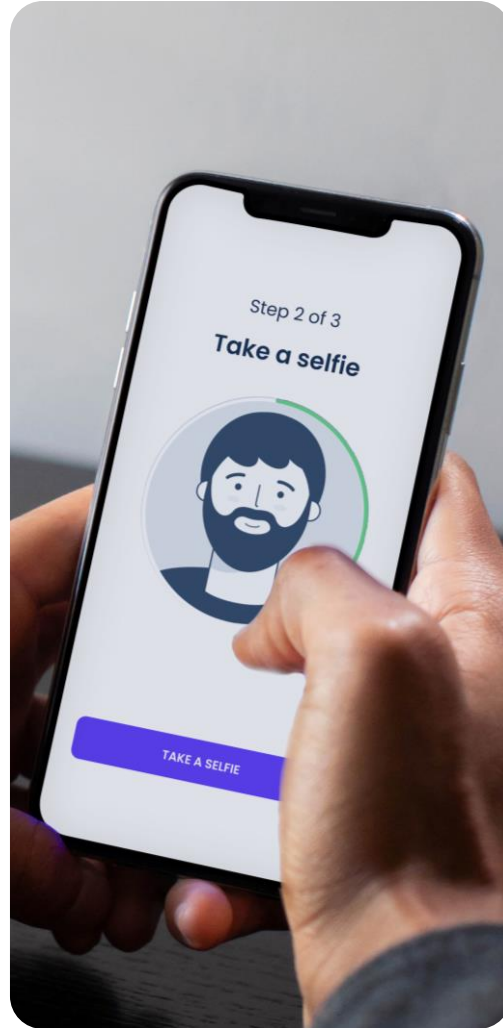
We obtain the necessary resources to enhance the planned expansion and meet our objectives with guarantees.

Strengthen our commercial network

We are hiring new team members to strengthen the commercial structure and drive our expansion in LATAM and EMEA regions.

Investment in R+D

Increasing our investment in R&D is essential to continue developing innovative processes focused on adapting our solutions to the needs of new industries and use cases.



Technology

DESIGN AND INNOVATION

The **design** and **innovation** that we incorporate into our products make them **comprehensive** and **flexible solutions** that can be implemented in any sector.



OUR PRODUCTS



+ Effectiveness

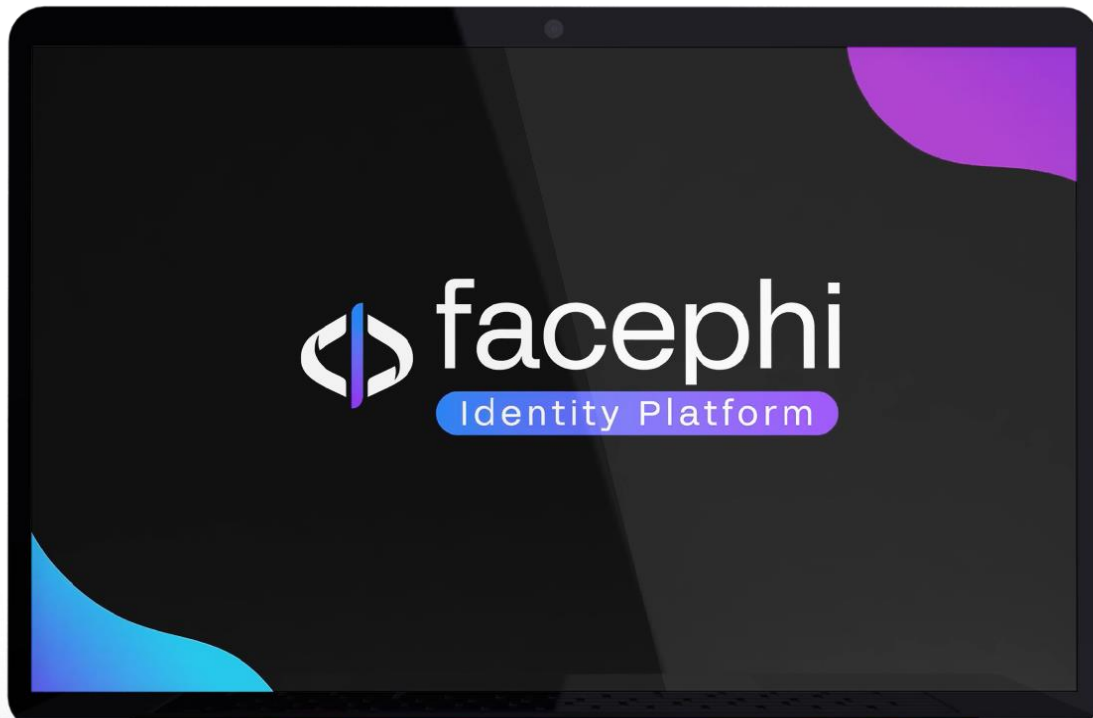


+ Speed



+ Autonomy

The design of our solutions offers a more effective implementation, greater speed and autonomy for our customers, which gives us a competitive advantage.





TECHNOLOGICAL EVOLUTION

New certifications

We meet the requirements to explore new markets.



Amazon Web Services (AWS)
Foundational Technical Review (FTR)

[Read news](#)



Certification as IDSP provider
Digital Identity Certification
Scheme in the United Kingdom

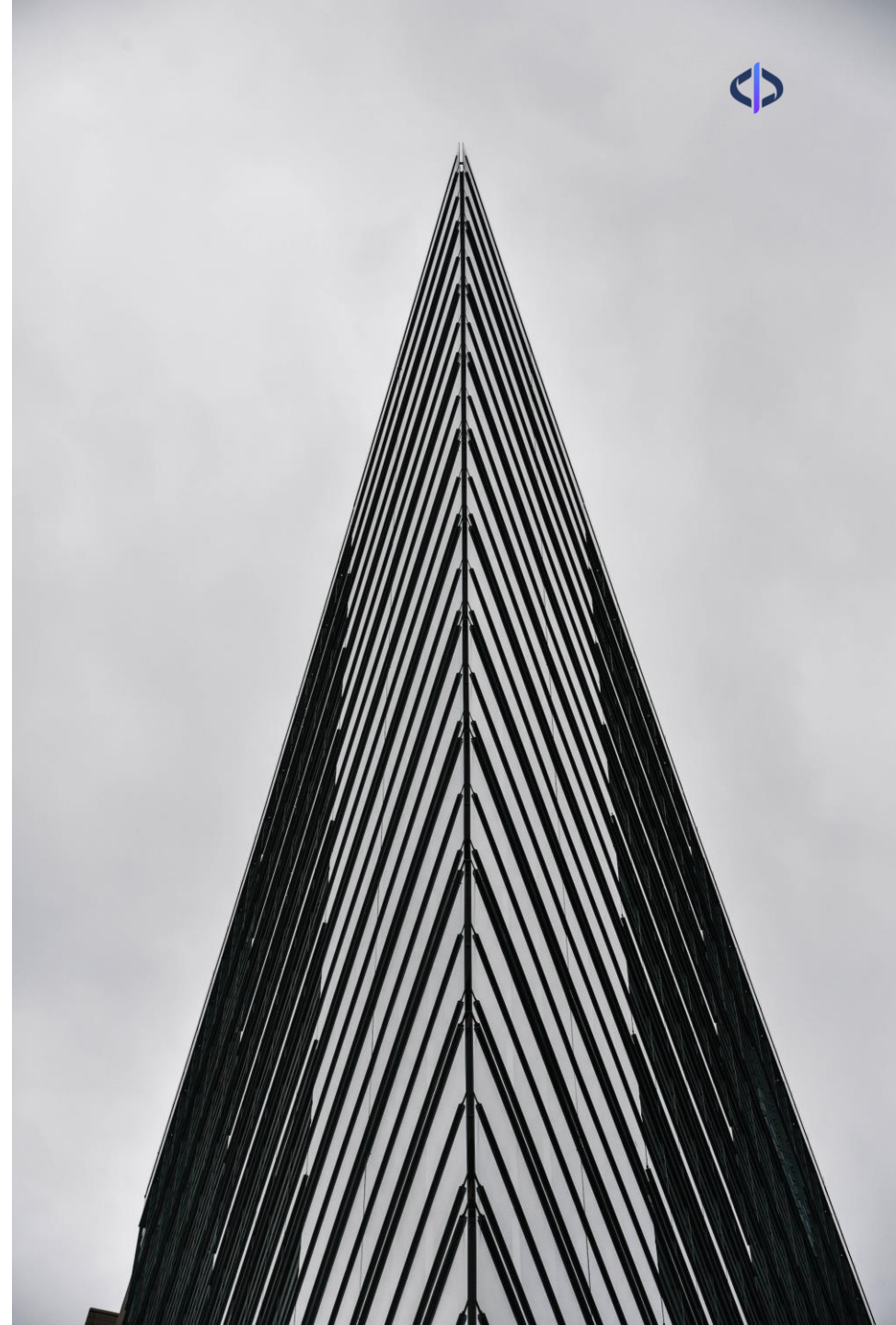
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Business

RECORD BUSINESS FIGURES

The creation of **new projects**, the **signing of contracts** and the **arrival into new areas** have allowed us to achieve a very positive turnover.



CUSTOMERS

Some relevant customers of the period:



[Read news](#)



[Read news](#)



[Read news](#)



[Read news](#)





EVENTS

Our presence at the most important events in the world drives us to continue exploring opportunities in different sectors such as **gambling** and **crypto**.

ICE LONDON



International tradeshow of **betting and games of chance** where we had the opportunity to meet with solution providers and professionals from the iGaming industry.

Seamless Middle East 2023 – Dubai



Reference event in **Middle East** where the latest developments in the sectors of **business, commerce and ecommerce** are presented.

We held **meetings** to promote our digital identity protection solutions to companies from countries within the region.

FEBRABAN TECH 2023 – Brazil



Largest **technology and innovation event of the financial sector in LATAM**, where **leaders** of financial, technological and sustainability sectors meet.

Our sales team present there **contacted** with the main **regional agents** of the financial sector to develop **new opportunities**.



SALES TEAM

In order to multiply actions that promote opportunities of each region, we continue to strengthen our **commercial network**.

We strengthen the one already positioned in LATAM with new sales agents. We also continue to drive our expansion in EMEA, and in APAC we continue to do interesting prospecting with the consolidated team in the region.

Facephi's sales team increased by 65% during these first six months of 2023. Among them, we have the signing of Enrico Montagnino who is part of the EMEA sales team as General Manager.



+65 %

sales team

Within the first 6 months of 2023.



Monitoring strategy

During the first six months of the year, we have taken steps to **strengthen** our **sales channel** by hiring our new Senior Vice President Partners Channel, Alejandro Gómez de Cuenca. His incorporation into the team has been strategic, as he has extensive experience in multinationals in the field of digital identification and protection. Under his leadership, we have designed a strategy focused on building a strong **partner network** across all continents, further supporting our growth ambitions.

Our **objective** is to turn this channel into **Facephi's business engine** in order to boost our expansion in different geographical areas and scale up in more productive sectors, which will **accelerate our growth** in the coming years.



Structure and people

OUR GREATEST ASSET

Facephi continues to increase its human team to match the needs of its growth.



STRUCTURE AND PEOPLE

In line with our expansion objective, our team continues to grow in different geographic areas. We have significantly reinforced our commercial presence in our LATAM, APAC and EMEA subsidiary offices.

Additionally, we continue to hire the best technical talent at our headquarters, reinforcing our innovative culture and excellence. At Facephi we continue to differentiate ourselves as leaders in the sector, with the best team as a guarantee of success.

227

*at the end of 2022

+250
Employees

* First semester of 2023





STRUCTURE AND PEOPLE

Corporate Social Responsibility

The CSR actions that we carry out during these first six months of the year reflect our firm commitment to meeting the UN Sustainable Development Goals.

Caring for the environment with waste collection in natural environments, and collaboration with associations such as ASPANION, focus our actions, with the aim of building a more inclusive, democratic and free digital society.



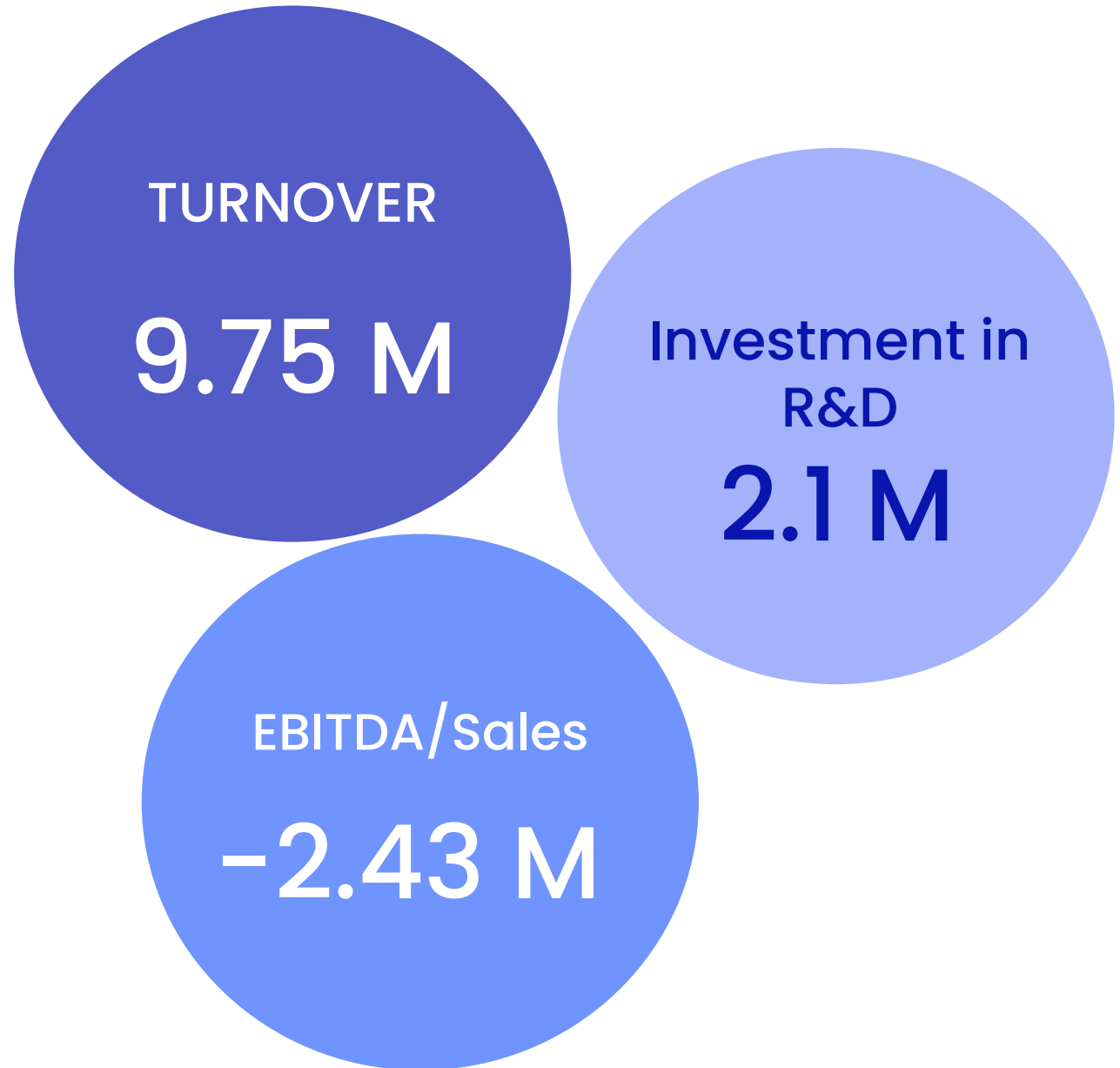


02 Financial report



FINANCIAL INFORMATION

Turnover and EBITDA



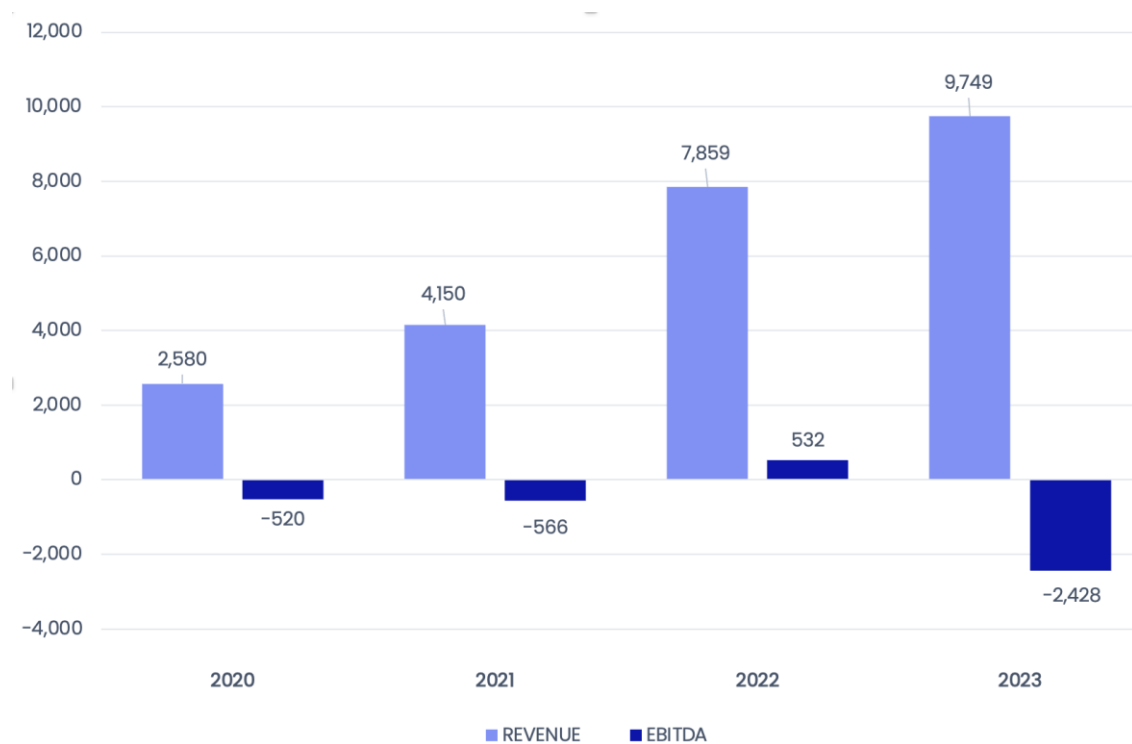
*Audited semi-annual figures under limited review



FINANCIAL INFORMATION

Turnover and EBITDA

Evolution in the first six months of the year

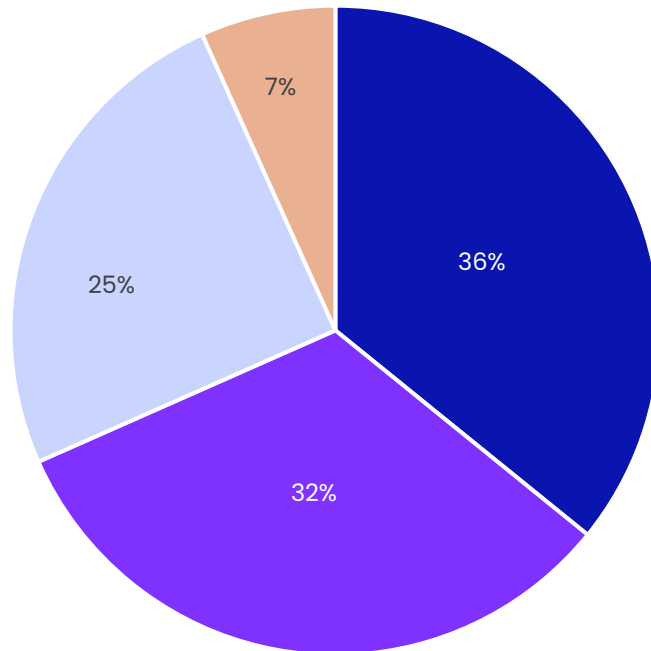




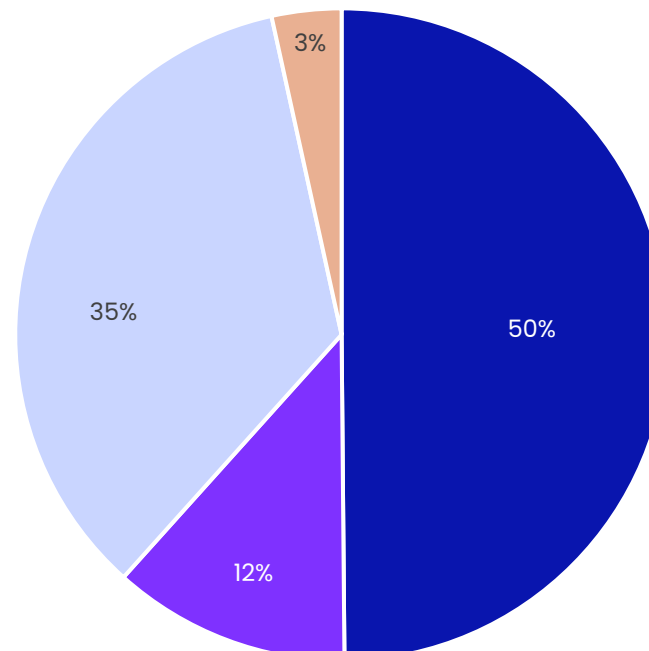
FINANCIAL INFORMATION

Revenue by product

First semester 2023



First semester 2022



- Digital onboarding
- Facial recognition
- Digital Identity Platform
- Other products



FINANCIAL INFORMATION

Balance (in thousands of €)

	30/6/2023	31/12/2022	VAR.
	CONSOLIDATED AND REVISED	CONSOLIDATED AND AUDITED	
NON-CURRENT ASSETS	18.799 €	16.374 €	15%
% NON-CURRENT ASSETS / TOTAL ASSETS	50%	51%	-2%
CURRENT ASSETS	19.136 €	15.877 €	21%
% CURRENT ASSETS / TOTAL ASSETS	50%	49%	2%
TOTAL ASSETS	37.935 €	32.251 €	18%
NET EQUITY	12.424 €	15.213 €	-18%
NET EQUITY / (TOTAL LIABILITIES + NET EQUITY)	33%	47%	-31%
TOTAL LIABILITIES	25.511 €	16.938 €	51%
TOTAL LIABILITIES / (TOTAL LIABILITIES + NET EQUITY)	67%	53%	28%
NON-CURRENT LIABILITIES	4.183 €	4.284 €	-2%
NON-CURRENT LIABILITIES / (TOTAL LIABILITIES + NET EQUITY)	11%	13%	-17%
CURRENT LIABILITIES	21.328 €	12.654 €	69%
CURRENT LIABILITIES / (TOTAL LIABILITIES + NET EQUITY)	56%	39%	43%
TOTAL NET EQUITY + LIABILITIES	37.935 €	32.152 €	18%



FINANCIAL INFORMATION

Balance (in thousands of €)

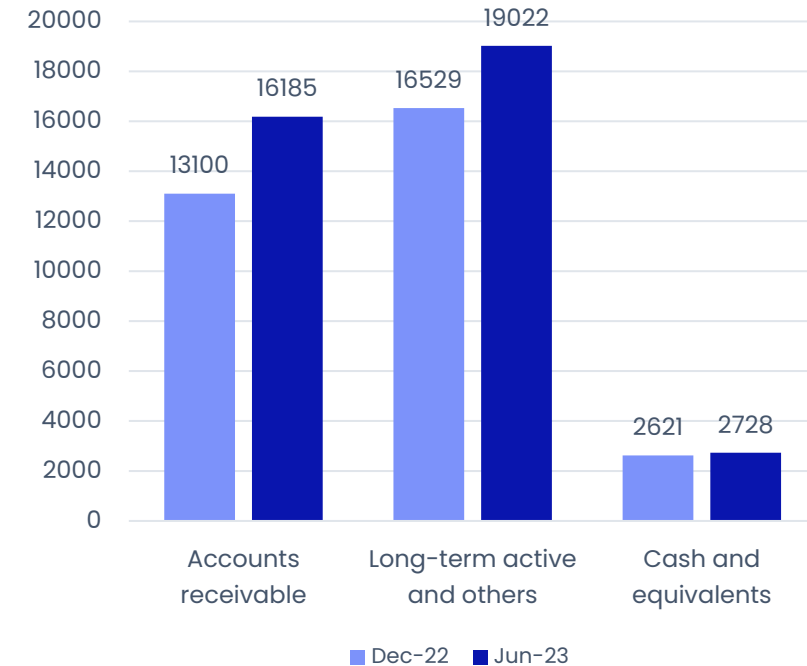
The **balance sheet** presented states an **increase in total assets** of 18% compared to the values at the end of 2022.

This growth is mainly supported by the 24% increase in the customer portfolio.

On the other hand, in this first half of the year the **non-current assets** have also experienced **growth**. One of the main reasons for this is the activation of **research and development spending**, which amounted to **2.1M**, 13.18% more than in the first half of 2022. All of this with the objective of remaining at the forefront of R&D and continuing to be world leaders in digital identity.

Another factor that influences the growth of non-current assets is **investment in tangible fixed assets**, especially aimed at the construction of our new offices located in the Panoramis Life & Business technological hub.

ASSETS





FINANCIAL INFORMATION

Balance (in thousands of €)

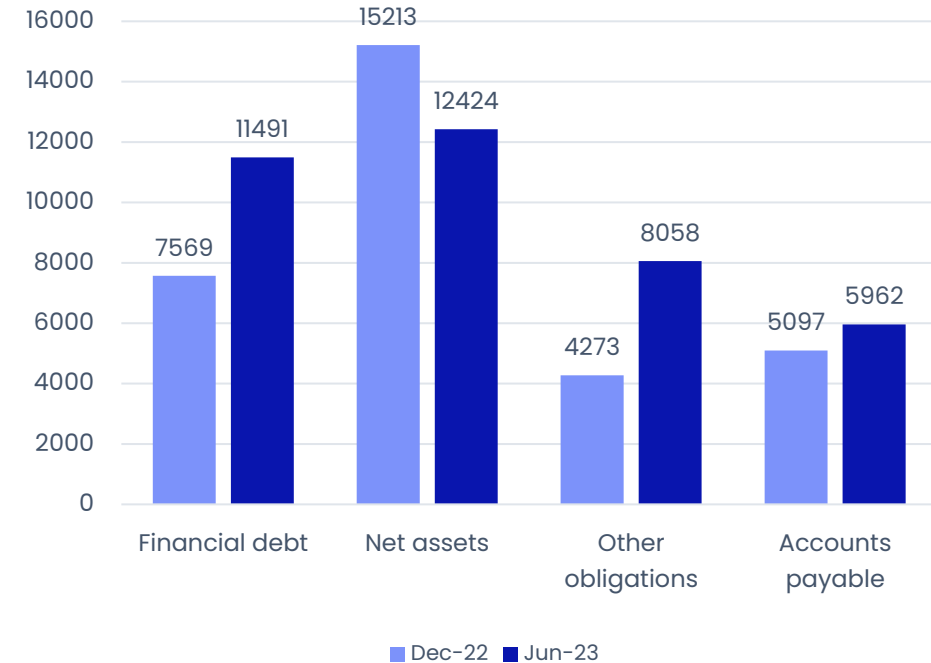
Total liabilities have **experienced a growth of 51%** due to the increase in financing used and the issuance of Nice & Green bonds.

On the other hand, current liabilities have increased by 69% due to the restructuring of the debt and due to the pending conversion, as of June 30th, of the amount corresponding to the third tranche of the current investment agreement with Nice & Green. As of today, and after the capital increase carried out last July, this amount in current liabilities has been reduced.

Debt with commercial creditors has increased due to the accrual of commissions that are generated by the recognition of the income and by the purchase of the technology that we must supply to undertake projects.

The fact that **net worth** has been reduced by 19% is due to the negative impact of the result of the first period of 2023.

LIABILITIES AND NET EQUITY





FINANCIAL INFORMATION

Profits and losses (in thousands of €)

In the first half of 2023 we have reached **€9.75M** in our turnover, a **24.05 %** more than in the same period of the previous year.

Sales increased and, consequently, spending on supplies and commissions, as well as investment in personnel to serve the growing number of customers and the search for new business opportunities. The work carried out by the company for its online asset has also increased with the aim of continuing to innovate.

These events, together with the strong investment in the company's international structure, motivated by the implementation of the Facephi EMEA and Facephi LATAM subsidiary offices, have resulted in a severe decrease in EBITDA.

The financial result has been impacted, as in previous periods, by the accounting effect of the issuance of convertible bonds issued according to the current investment agreement with Nice & Green and by an increase in interest on the payment of the debt drawn down.

Finally, the evolution of the exchange rate has been beneficial for the company in this period.

	First semester 2023 REVISED AND AUDITED	Primer semestre 2022 CONSOLIDATED AND AUDITED	Var. %
Total REVENUE	11.850 €	9.715 €	21,97%
Net Revenue	9.749 €	7.859 €	24,05%
Tasks performed by the company for the assets	2.100 €	1.856 €	13,18%
Total EXPENSES	-14.278 €	-9.183 €	55,48%
Procurements	-1.900 €	-1.427 €	33,14%
Personnel expenses	-6.608 €	-4.275 €	54,55%
Other operating expenses	-6.017 €	-3.617 €	66,34%
Other results	246 €	136 €	80,64%
EBITDA	-2.428 €	532 €	-556,38%
Depreciation of Fixed Assets	-1.352 €	-870 €	55,43%
Losses, impairment and variation in provisions	-302 €	-60 €	406,27%
EBIT	-4.082 €	-398 €	926,91%
Financial income	21 €	0 €	4248,74%
Financial expenses	-402 €	-136 €	195,01%
Variation in fair value of financial instruments	-269 €	-552 €	-51,29%
Exchange rate differences	220 €	291 €	-24,62%
Impairment losses and income from disposal and financial instruments	0 €	-125 €	-100,00%
FINANCIAL RESULT	-430 €	-521 €	-17,39%
Profit before tax	-4.513 €	-919 €	391,27%
Income tax	-182 €	-150 €	21,18%
CONSOLIDATED INCOME FOR THE PERIOD	-4.695 €	-1.069 €	339,26%



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