

**FACEPHI BIOMETRÍA, S.A.**

**Interim consolidated financial statements  
corresponding to the six-month period ending  
30<sup>th</sup> June 2021**

Consolidated Balance sheet		
30 <sup>th</sup> June 2021		
(In Euros)		
ASSETS	30/06/2021	31/12/2020
<b>A) NON-CURRENT ASSETS</b>	<b>5,385,376</b>	<b>4,901,555</b>
I. Intangible fixed asset	4,295,749	4,058,442
II. Tangible fixed assets	377,351	189,325
IV. Non-current investments in group and associated companies	0	50,617
V. Non-current financial investments	259,814	150,709
VI. Deferred tax assets	452,462	452,462
<b>B) CURRENT ASSETS</b>	<b>11,460,359</b>	<b>11,067,195</b>
III. Trade and other receivables	4,784,532	4,399,024
1. Clients from sales and provision of services	4,609,675	4,153,331
4. Other debtors	174,857	245,693
V. Current financial investments	1,677,081	514,843
VI. Short term accruals	489,915	173,623
VII. Cash and cash equivalents	4,508,833	5,979,705
<b>TOTAL ASSETS</b>	<b>16,845,736</b>	<b>15,968,750</b>
EQUITY AND LIABILITIES	30/06/2021	31/12/2020
<b>A) EQUITY</b>	<b>7,633,339</b>	<b>7,017,023</b>
A-1) Shareholders' equity	7,458,033	6,811,903
I. Capital	605,373	577,141
II. Share premium	10,074,525	7,222,153
III. Reserves	(990,467)	1,208,969
IV. (Treasury stock and shares)	(546,439)	(341,760)
VI. Result attributed to the parent company	(1,684,958)	(1,854,599)
A-2) Adjustments for changes in value	9,006	0
II. conversion difference	9,006	0
A-3) Grants, donations and legacies received	166,300	205,120
<b>B) NON-CURRENT LIABILITIES</b>	<b>5,738,449</b>	<b>6,149,344</b>
I. Non-current provisions	36,904	26,494
II. Non-current debt	5,643,109	6,054,477
2. Debt with financial institutions	5,631,581	6,054,477
3. Financial lease	11,528	0
IV. Pasivos por impuesto diferido	58,435	68,373
<b>C) CURRENT LIABILITIES</b>	<b>3,473,949</b>	<b>2,803,116</b>
III. Current debt	937,445	985,270
2. Deudas con entidades de crédito	895,768	983,672
3. Financial lease	22,545	0
4. Other financial liabilities	19,132	1,598
V. Trade and other payables	1,572,737	1,058,888
1. Suppliers	301,443	238,629
4. Other payables	1,271,294	820,259
VI. Short term accruals	963,767	758,958
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,845,736</b>	<b>15,968,750</b>

Consolidated Profit and loss account corresponding to the six-month period ending 30 <sup>th</sup> June 2021 (In Euros)		
	(Debits) Credits	
	30/06/2021	31/12/2020
<b>A) CONTINUED OPERATIONS</b>		
<b>1. Net Revenue</b>	<b>4,149,864</b>	<b>7,266,240</b>
b) Services provided	4,149,864	7,266,240
<b>3. Work undertaken by the Company on its own assets</b>	<b>754,371</b>	<b>1,110,451</b>
<b>4. Supplies</b>	<b>(851,700)</b>	<b>(1,403,777)</b>
a) Consumables	0	(87,409)
c) Work undertaken by third party companies	(851,700)	(1,316,367)
<b>5. Other operating income</b>	<b>3,629</b>	<b>10,004</b>
a) Additional and other ordinary income	3,629	10,004
<b>6. Staff expenses</b>	<b>(2,465,782)</b>	<b>(3,186,468)</b>
a) Salaries, remunerations and similar expenses	(2,106,634)	(2,814,310)
b) Social contributions	(359,148)	(372,158)
<b>7. Other operating expenses</b>	<b>(2,300,693)</b>	<b>(3,424,287)</b>
a) External services	(107,117)	(383,851)
c) Loss, impairment and variations in provisions for commercial operations	(2,193,576)	(3,040,436)
<b>8. Fixed assets depreciation</b>	<b>(597,900)</b>	<b>(839,632)</b>
<b>9. Allocation of grants related to non-financial fixed assets and other</b>	<b>51,760</b>	<b>103,520</b>
<b>14. Other profit/ loss</b>	<b>(14,169)</b>	<b>(793)</b>
<b>A.1) OPERATING PROFIT/ LOSS</b>	<b>(1,270,620)</b>	<b>(364,742)</b>
<b>15. Financial expenses</b>	<b>644</b>	<b>173,777</b>
b) From third party payables	644	173,777
<b>16. Variations in the fair value of financial instruments</b>	<b>(257,490)</b>	<b>(130,097)</b>
<b>17. Exchange rate differences</b>	<b>(380,604)</b>	<b>(943,978)</b>
a) Trading portfolio and other	(380,604)	(943,978)
<b>18. Adjustments for changes</b>	<b>212,811</b>	<b>(454,077)</b>
b) Others adjustments for changes	212,811	(454,077)
<b>19. Impairment losses and gains or losses on disposal of financial instruments</b>	<b>201,434</b>	<b>(282,697)</b>
a) Impairment and losses	201,434	(282,697)
<b>A.2) FINANCIAL PROFIT/ LOSS</b>	<b>(223,207)</b>	<b>(1,637,072)</b>
<b>A.3) PROFIT/ LOSS BEFORE TAX (A.1 + A.2)</b>	<b>(1,493,826)</b>	<b>(2,001,814)</b>
<b>24. Income tax</b>	<b>(191,132)</b>	<b>147,214</b>
<b>A.4) PROFIT/LOSS FROM CONTINUED OPERATIONS (A.3 + 20)</b>	<b>(1,684,958)</b>	<b>(1,854,599)</b>
<b>B) DISCONTINUED OPERATIONS</b>		
<b>25. Results of the financial year from interrupted operations net of tax</b>	<b>0.00</b>	<b>0.00</b>
<b>A.5) PROFIT/LOSS FOR FINANCIAL YEAR (A.4 + 21)</b>	<b>(1,684,958)</b>	<b>(1,854,599)</b>
Result attributable to the parent company	(1,684,958)	(1,854,599)
Result attributable to the external partners	0	0

$\Phi$ FacePhi  
*Beyond Biometrics*

# First semester of 2021 Report

## Audited Accounts

*Limited Semestral Review*





Javier  
Mira

## Statement from the President & CEO

The first period of 2021 was very important for us, as it allowed us not only to recover but to exceed our pre-pandemic growth level, increasing our revenues by 60% compared to the same period last year.

Following our strategic plan, FacePhi has continued to focus on our expansion into new markets and industries. The contracts and agreements we secured in the first few months of 2021 demonstrate that we have the technological and trade capacity to make our products available to any type of company and that they can be applied in any scenario that requires identity verification.

In the first semester we expanded into Africa and into a new industry with a public administration project, as well as conquering two other new markets: Vietnam and Chile. We are also continuing to expand into other industries besides finance, such as travel and transport with an airline; and sporting events, thanks to a very interesting project with an elite Spanish football team.

A strong commercial performance, in which the entry into three new territories and three new industries can be highlighted, combined with the increase in turnover, make the balance of the first six months of the year very positive for FacePhi. The increasing interest that companies and organisations have in technologies such as ours is undeniable, and at FacePhi we want to take advantage of this trend to make our technology available to all of them, making it easier for more and more people in their daily lives.

In order to address all the business opportunities presented to us, FacePhi has continued to recruit the best talent. During the first half of the year, we increased our number of employees by 103%, most of them with a technical profile, with the sole objective of continuing to improve and develop cutting-edge technology.

We are ready to continue our expansion and leadership in a sector that drives us to constantly evolve and innovate. I am convinced that, if we follow the roadmap we have set out and are able to pivot and adapt nimbly to changes in customer and industry needs, our growth will be unstoppable.

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01

# Consolidated Financial Information

FacePhi HQ, FacePhi APAC and Ecertic





# Consolidated Financial Information

## Key data

Revenue

**€4.15M**

Gross  
Margin

**79.48%**

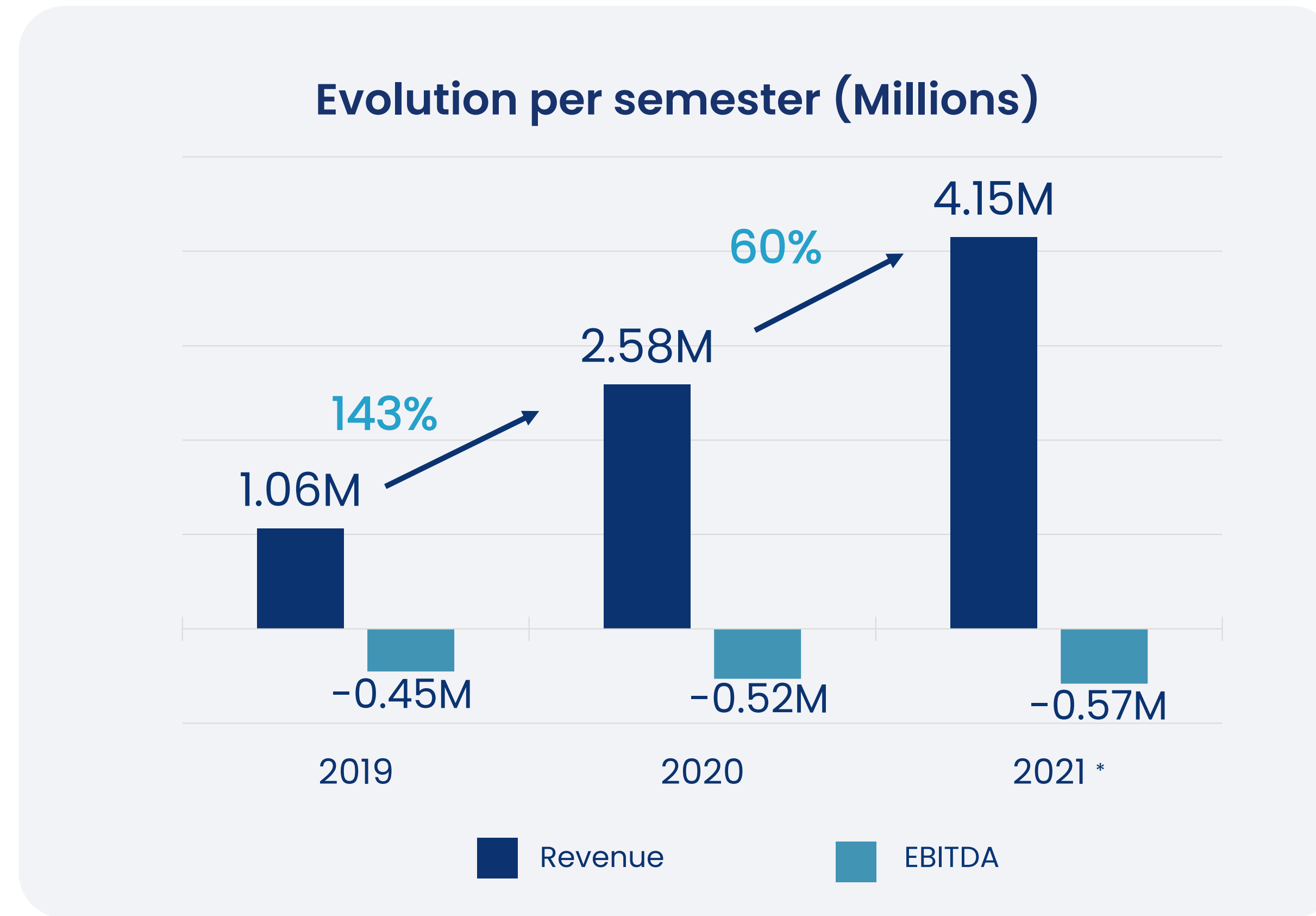
Improvement  
EBITDA / revenue

**6.76** Percentage  
points

Source: FacePhi

# Consolidated Financial Information

## Revenue and EBITDA

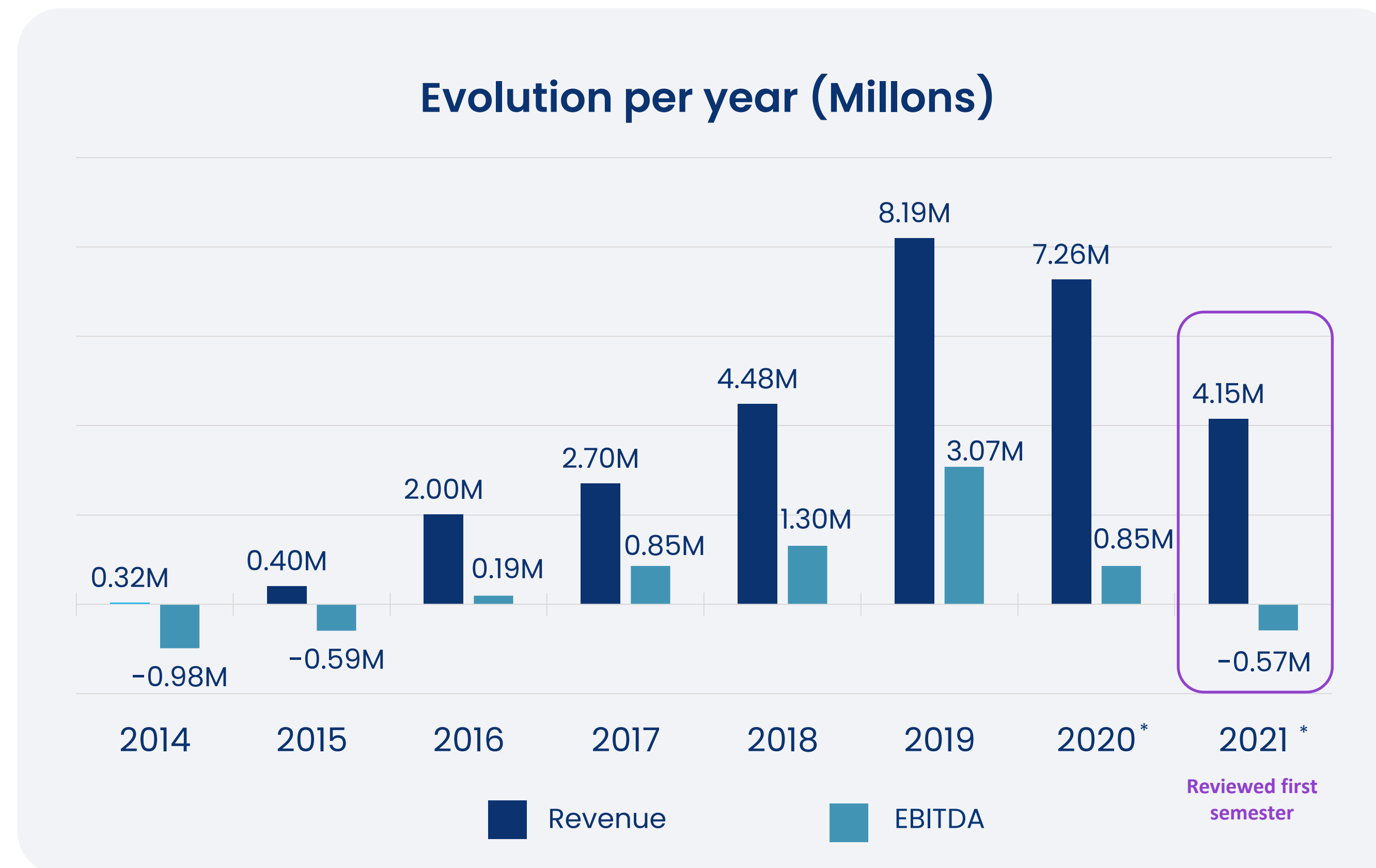


\*From 2021, consolidated data from FacePhi Group

Source: FacePhi

# Consolidated Financial Information

## Revenue and EBITDA



\*From 2020, consolidated data from FacePhi Group

Source: FacePhi

# Consolidated Financial Information

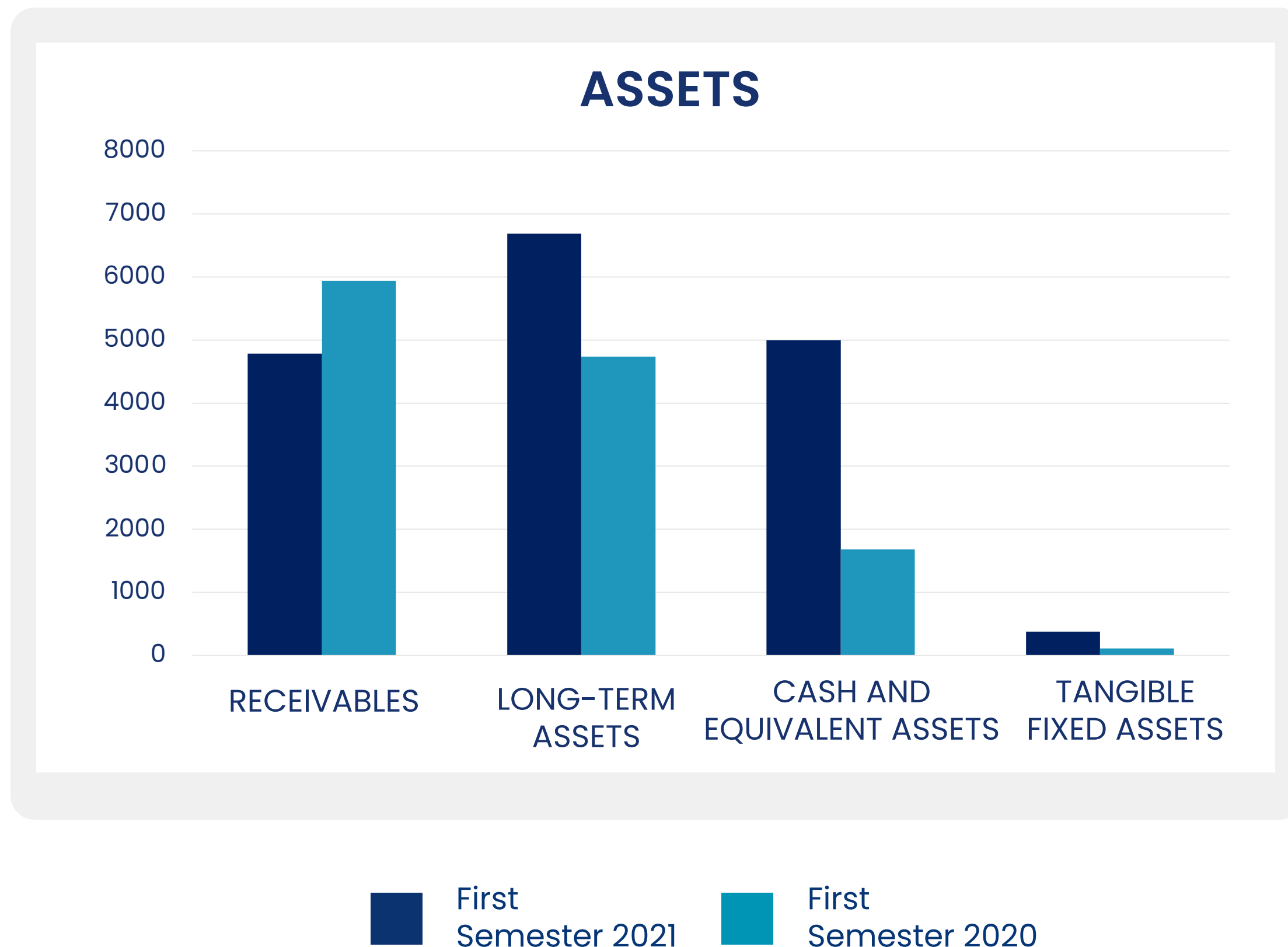
## Balance Sheet (000)

	First Semester 2021 CONSOLIDATED	First Semester 2020 INDIVIDUAL	VAR. %
NON-CURRENT ASSETS	5,385 €	4,359 €	24%
NON-CURRENT ASSETS / TOTAL ASSETS	32%	35%	-8%
CURRENT ASSETS	11,460 €	8,121 €	41%
CURRENT ASSETS / TOTAL ASSETS	68%	65%	5%
<b>TOTAL ASSETS</b>	<b>16,846 €</b>	<b>12,480 €</b>	<b>35%</b>
NET EQUITY	7,633 €	4,899 €	56%
NET EQUITY / TOTAL LIABILITIES + NET EQUITY	45%	39%	15%
TOTAL LIABILITIES	9,212 €	7,581 €	22%
TOTAL LIABILITIES / TOTAL LIABILITIES + NET EQUITY	55%	61%	-10%
NON-CURRENT LIABILITIES	5,738 €	3,536 €	62%
NON-CURRENT LIABILITIES / TOTAL LIABILITIES + NET EQUITY	34%	28%	20%
CURRENT LIABILITIES	3,474 €	4,045 €	-14%
CURRENT LIABILITIES / TOTAL LIABILITIES + NET EQUITY	21%	32%	-36%
<b>TOTAL NET EQUITY + LIABILITIES</b>	<b>16,846 €</b>	<b>12 €</b>	<b>35%</b>



# Consolidated Financial Information

## Balance Sheet (000)



During the first half of 2021, **assets** increased 35% compared to the same period from the previous year.

The growth in **current assets** is notable, due to:

- The large increase in the treasury produced by the injection of capital by the Nice & Green fund.
- The reduction of the customer account balance by 19%.

Both movements have resulted in a 191% cash increase.

The increase in cash and equivalents has led to a doubling of the **working capital** compared to June 2020.

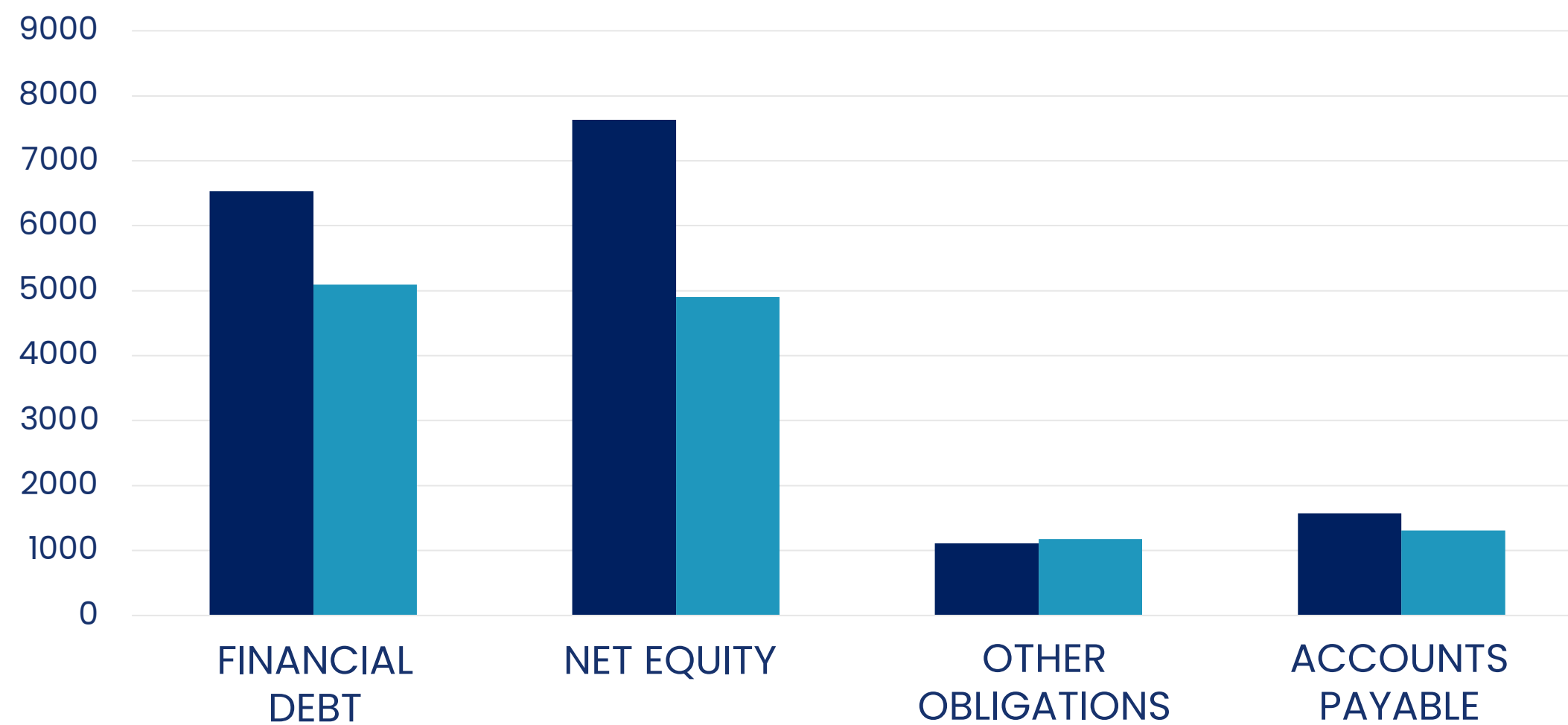
**Non-current assets** have increased by 24%, due to:

- The strong investment in the acquisition of capital goods in response to the growth of the company's workforce.
- Long-term financial investments made by the company.
- The activation of expenses and investment in R&D for the improvement and development of technology.

# Consolidated Financial Information

## Balance Sheet (000)

### LIABILITIES AND NET EQUITY



First Semester 2021
  First Semester 2020

Liabilities have grown by 22%:

**Non-current liabilities** -long-term debt- has increased by 65% due to the syndicated loan contracted with four banks at the end of 2020.

On the other hand, **current liabilities** have been reduced by 14% due to the requalification of the debt and the cancellation of the ICO loan at the end of 2020.

The fact that **equity** has increased by 2.8 million due to the Equity Warrants issuance operation has improved the position with respect to liabilities, thus reducing the debt ratio.



# Consolidated Financial Information

## Profit and Loss (000)

PROFIT AND LOSS (000)			
	First Semester 2021 CONSOLIDATED	First Semester 2021 INDIVIDUAL	Var. %
<b>Total REVENUE</b>	<b>4,904 €</b>	<b>3,029 €</b>	<b>61.91%</b>
Net Revenue	4,150 €	2,596 €	60.47%
Tasks performed by the company for assets	754 €	443 €	70.27%
<b>Total EXPENSES</b>	<b>-5,470 €</b>	<b>-3,556 €</b>	<b>53.81%</b>
Procurements	-852 €	-921 €	-7.52%
Personnel expenses	-2,466 €	-1,462 €	68.69%
Other operating expenses	-2,194 €	-1,207 €	81.72%
Other results	41 €	34 €	22.83%
<b>EBITDA</b>	<b>-566 €</b>	<b>-527 €</b>	<b>-7.28%</b>
Depreciation of Fixed Assets	-598 €	-237 €	152.60%
Losses, impairment and variation in provisions	-107 €	-173 €	-38.18%
<b>EBIT</b>	<b>-1,271 €</b>	<b>-937 €</b>	<b>35.57%</b>
Financial income	1 €	59 €	-98.76%
Financial expenses	-257 €	-46 €	459.31%
Variation in fair value of financial instruments	-381 €	0 €	-
Exchange rate differences	213 €	11 €	1,834.83%
Impairment losses and income from disposal of financial instruments	201 €	0 €	-
<b>FINANCIAL RESULT</b>	<b>-223 €</b>	<b>24 €</b>	<b>1,030.05%</b>
<b>CONSOLIDATED INCOME FOR THE PERIOD BEFORE TAXES</b>	<b>-1,494 €</b>	<b>913 €</b>	<b>63.54%</b>

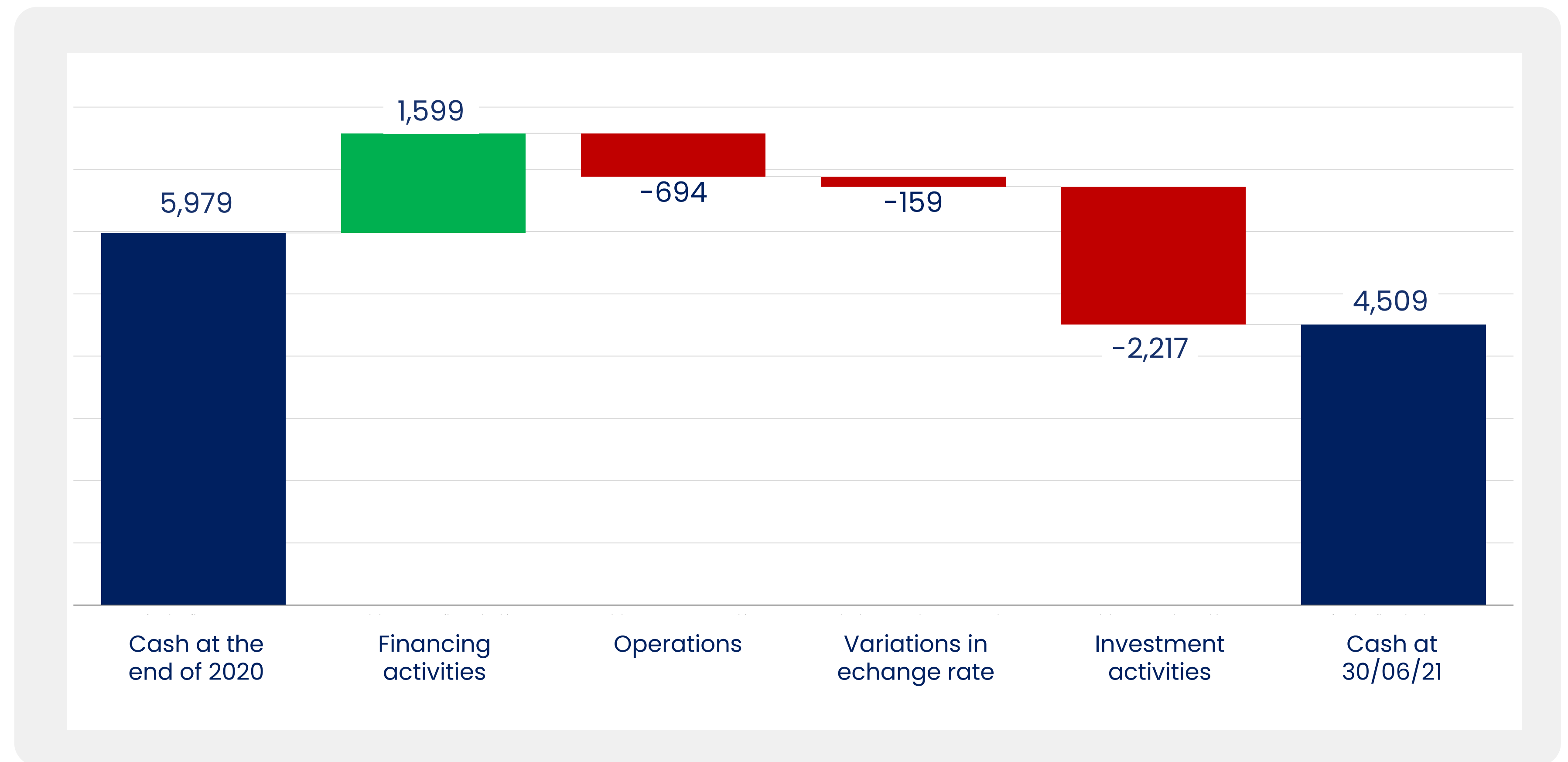
During the first half of the year, there has been a notable growth in revenue whilst the EBITDA has remained stable, despite the expense that is being undertaken to continue the organic growth of the company.

- Turnover grew by 60.47% compared to the first half of 2020.
- Expenses increased to a lesser extent than income, doing so only by 53.81% while income increased by 61.91%
- Provisions were reduced by 7.5%, improving the gross margin percentage, and therefore, FacePhi's production efficiency.
- Personnel expenses increased by 68%, due to a 103% increase in the workforce, the vast majority of whom are technical personnel. Other operating expenses increased mainly due to accrued commissions, new collaborators, sales teams, LATAM support, investment in marketing and consulting and advisory services.
- FacePhi has benefited from the price of the dollar. However, the financial result is negative, mainly due to bank debt interest expenses and the accounting impact of the N&G operation that does not involve cash outflow.
- EBITDA value/turnover improved by 6.76 percentage points.

# Consolidated Financial Information

## Cash Flow (000)

During the first six months of the year, FacePhi generated a cash flow of -€1.47M. Due to the financing lines that have contributed €1.6M, and motivated by the investment in the growth and expansion of the company, there has been a 25% decrease in cash between both periods.



# Consolidated Financial Information

## Financial Debt (000)

Net Financial Debt with respect to EBITDA has gone from -5.87 to -0.60, due to a greater increase in cash with respect to debt.

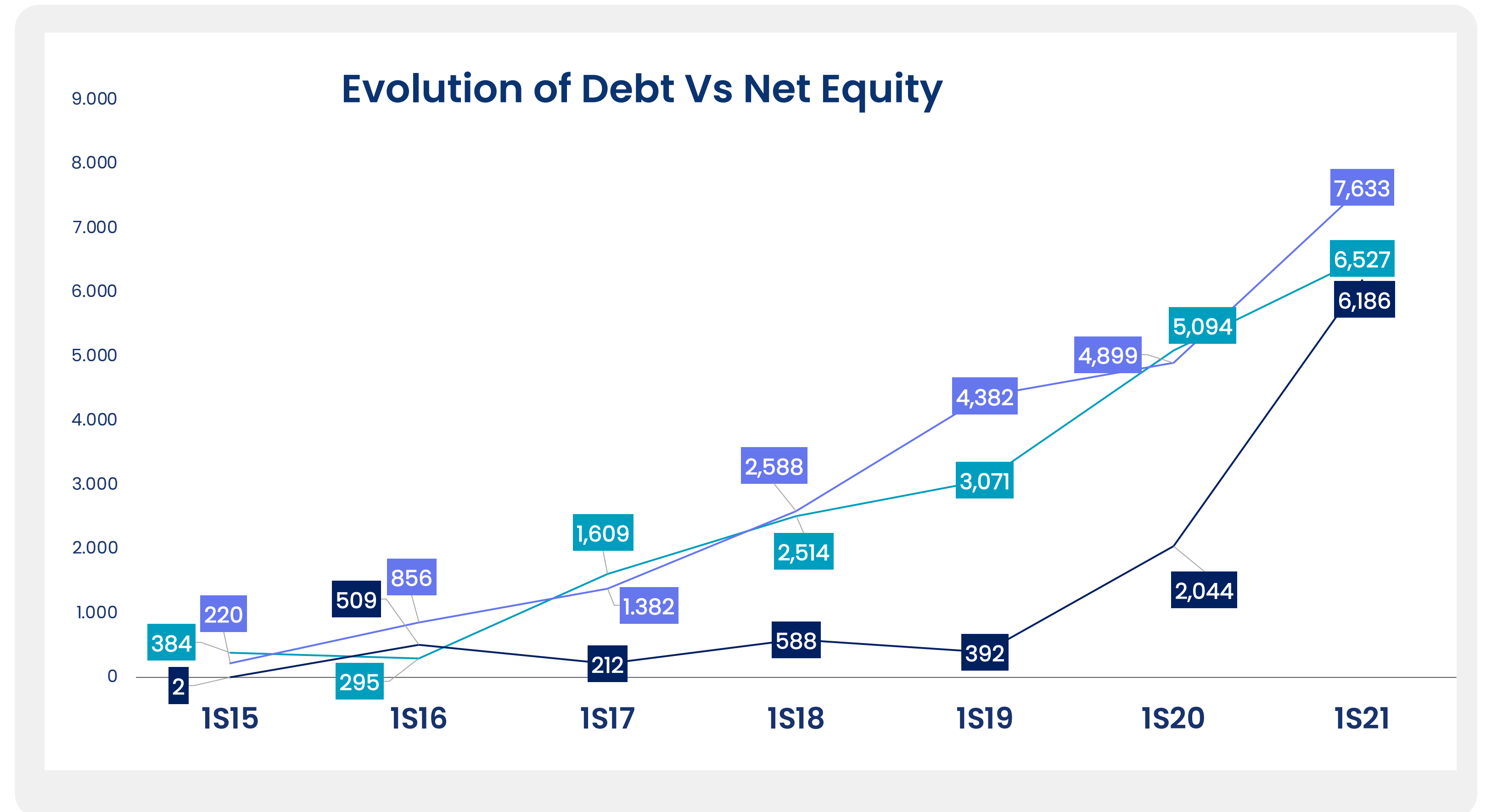
FINANCIAL DEBT			
	First Semester 2021	First Semester 2020	
Net Financial Debt	€341	€3,050	-88.81%
L/t debts	€5,632	€3,473	62.16%
S/t debts	€896	€1,621€	-44.73%
Cash and other equivalent liquid assets	€6,186	€2,044€	202.69%
Cash	€4,509	€1,548€	191.36%
S/t Financial investments	€1,677	€496 €	238.01%
EBITDA	-€566	-€527 €	7.28%
NFD/EBITDA	- €0.60	-€5.78	-89.56%



# Consolidated Financial Information

## Financial Debt (000)

There continues to be an upward trend in debt, which is offset by a significant increase in cash.



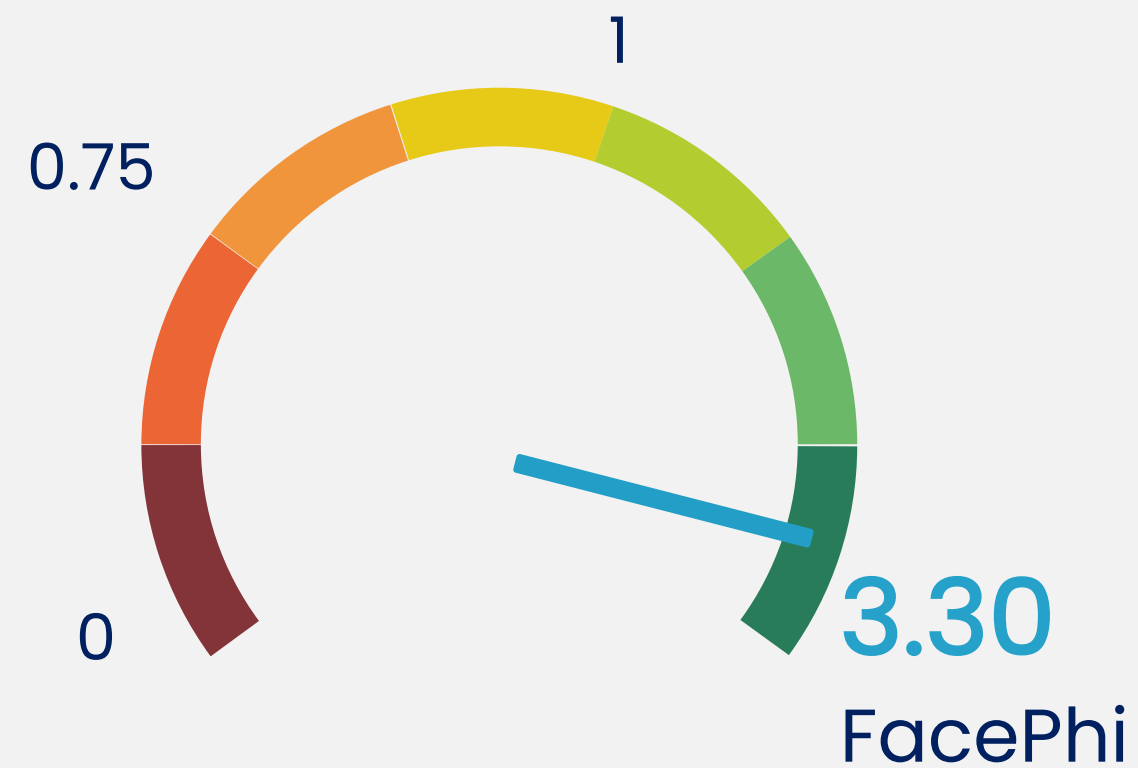
# Consolidated Financial Information

## Ratios

WORKING  
CAPITAL

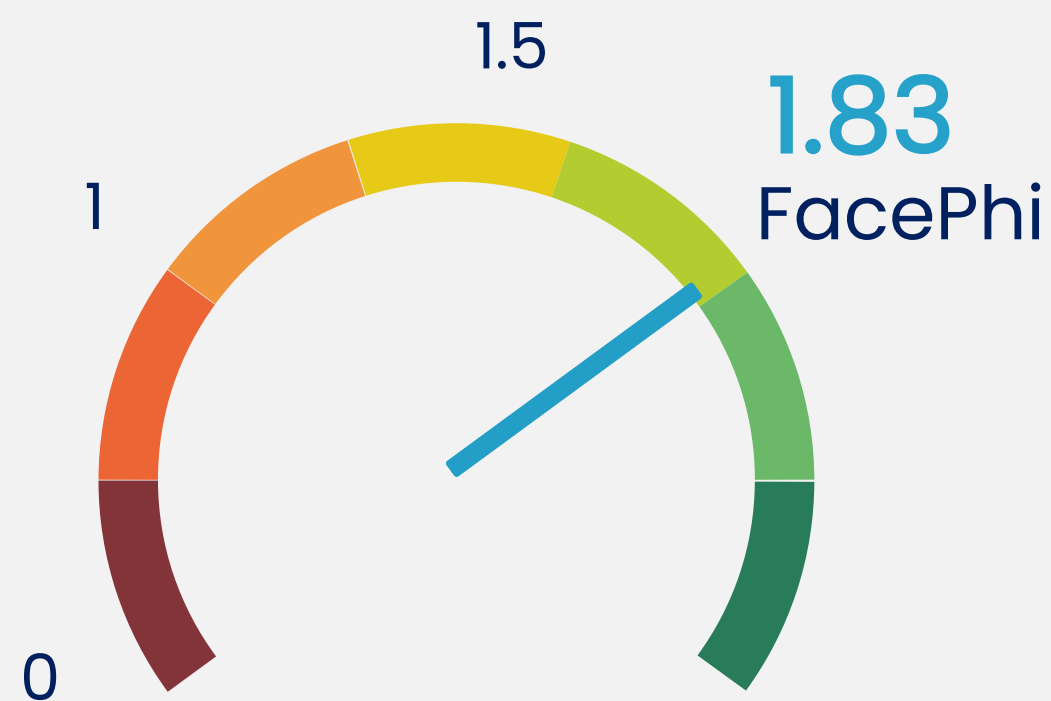
**7.99M €**

### Liquidity Ratio



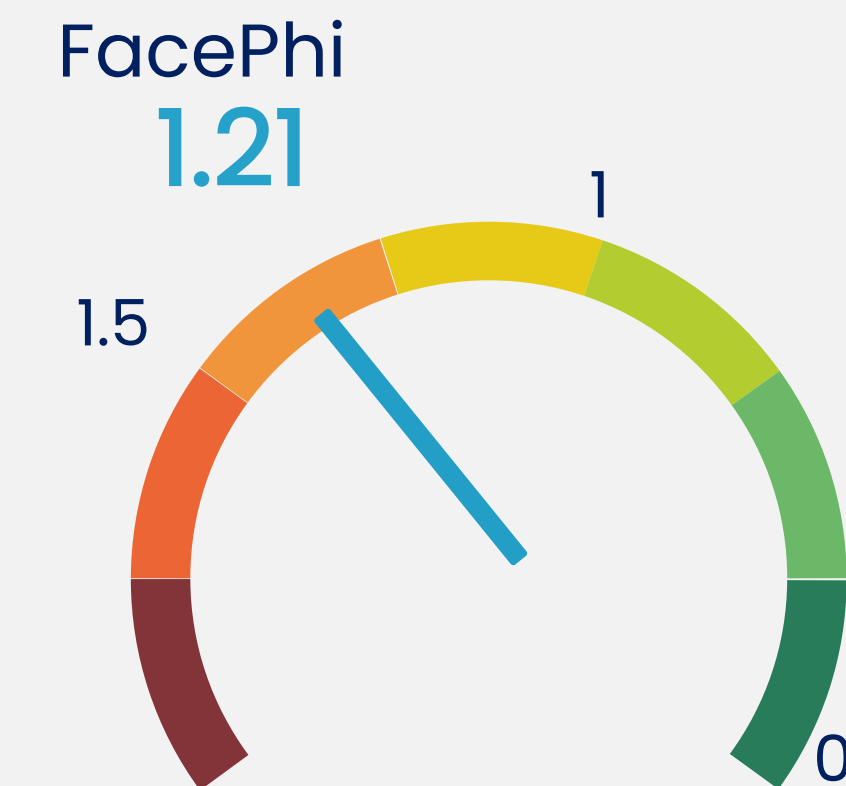
*\*Current Assets / Current Liabilities*

### Solvency Ratio



*\*Total Assets / Total Liabilities*

### Debt Ratio



*\*Liabilities / Net Worth*

02

# Business Information





# Business Information

## Highlights of the first semester of 2021

### NEW MARKETS

- ❖ Opening of Chile
- ❖ Opening of Vietnam
- ❖ Opening of Nigeria



### NEW INDUSTRIES

- ❖ Public Administration
- ❖ Travel and Transport through a project with an airline
- ❖ Sports Events with an elite football club



### NEW ALLIANCES

- ❖ Agreement with **Revelock** to offer over 90 million users the combination of biometrics and behavior analysis.
- ❖ Global agreement with **ITSS** to accelerate the digitalization of the banking sector worldwide.

**REVELOCK**



03

# Conclusions



# Conclusions



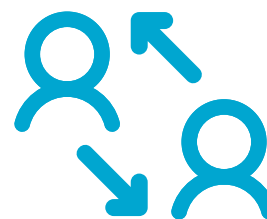
We continue to grow rapidly

Since the very beginning, we have been working to surpass the results of the previous period.



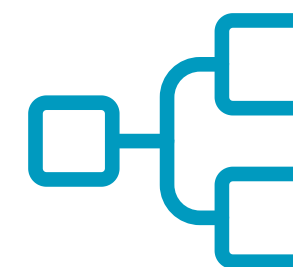
We continue to apply our technology in new industries

We are expanding the application of our technology to new scenarios such as access to football stadiums and airplanes.



We continue to expand internationally through clients and partners

Strengthening the marketing model supported by major international partners.



We continue to invest in talent and in the growth of our structure

We are committed to strengthening our organisational structure and optimising the development of our roadmap.

# First semester of 2021 Report

## Audited Accounts

*Limited Semestral Review*